

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

---

**FORM 10-Q**

---

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934**  
For the quarterly period ended June 30, 2026

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 1-640

---

**NLI HOLDINGS, INC.**

(Exact name of Registrant as specified in its charter)

---

Delaware  
(State or other jurisdiction of  
incorporation or organization)

13-5267260  
(IRS Employer  
Identification No.)

5430 LBJ Freeway, Suite 1700  
Dallas, Texas 75240-2620

(Address of principal executive offices)

Registrant's telephone number, including area code: (972) 233-1700

---

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---------------------|-------------------|-------------------------------------------|
| Common stock        | NL                | NYSE                                      |

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 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 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, 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.

|                         |                                     |                           |                          |
|-------------------------|-------------------------------------|---------------------------|--------------------------|
| Large accelerated filer | <input type="checkbox"/>            | Accelerated filer         | <input type="checkbox"/> |
| Non-accelerated filer   | <input checked="" type="checkbox"/> | Smaller reporting company | <input type="checkbox"/> |
| Emerging growth company | <input type="checkbox"/>            |                           |                          |

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 Act). Yes ☐ No ☒

Number of shares of the registrant's common stock, \$.125 par value per share, outstanding on July 31, 2026 48,898,734.

---

---

NLI HOLDINGS, INC. AND SUBSIDIARIES

INDEX

|                                                                                                                                                   | <u>Page<br/>number</u> |
|---------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| <b>Part I. FINANCIAL INFORMATION</b>                                                                                                              |                        |
| Item 1. Financial Statements                                                                                                                      |                        |
| <a href="#">Condensed Consolidated Balance Sheets (unaudited) -<br/>    December 31, 2025; June 30, 2026</a>                                      | 3                      |
| <a href="#">Condensed Consolidated Statements of Income (unaudited) -<br/>    Three and six months ended June 30, 2025 and 2026</a>               | 5                      |
| <a href="#">Condensed Consolidated Statements of Comprehensive Income (unaudited) -<br/>    Three and six months ended June 30, 2025 and 2026</a> | 6                      |
| <a href="#">Condensed Consolidated Statements of Equity (unaudited) -<br/>    Three and six months ended June 30, 2025 and 2026</a>               | 7                      |
| <a href="#">Condensed Consolidated Statements of Cash Flows (unaudited) -<br/>    Six months ended June 30, 2025 and 2026</a>                     | 8                      |
| <a href="#">Notes to Condensed Consolidated Financial Statements (unaudited)</a>                                                                  | 9                      |
| <a href="#">Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</a>                                     | 18                     |
| <a href="#">Item 3. Quantitative and Qualitative Disclosure About Market Risk</a>                                                                 | 33                     |
| <a href="#">Item 4. Controls and Procedures</a>                                                                                                   | 33                     |
| <b>Part II. OTHER INFORMATION</b>                                                                                                                 | 34                     |
| <a href="#">Item 1. Legal Proceedings</a>                                                                                                         | 34                     |
| <a href="#">Item 1A. Risk Factors</a>                                                                                                             | 34                     |
| <a href="#">Item 6. Exhibits</a>                                                                                                                  | 34                     |

Items 2, 3, 4 and 5 of Part II are omitted because there is no information to report.

**NLI HOLDINGS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(Unaudited)**  
**(In thousands)**

|                                      | <b>December 31,<br/>2025</b> | <b>June 30,<br/>2026</b> |
|--------------------------------------|------------------------------|--------------------------|
| <b>ASSETS</b>                        |                              |                          |
| Current assets:                      |                              |                          |
| Cash and cash equivalents            | \$ 110,615                   | \$ 106,988               |
| Restricted cash and cash equivalents | 3,123                        | 3,130                    |
| Accounts and other receivables, net  | 13,801                       | 19,574                   |
| Inventories, net                     | 30,410                       | 31,756                   |
| Prepaid expenses and other           | 1,954                        | 2,177                    |
| Total current assets                 | 159,903                      | 163,625                  |
| Other assets:                        |                              |                          |
| Note receivable from affiliate       | 8,000                        | 6,800                    |
| Marketable securities                | 14,433                       | 17,571                   |
| Investment in Kronos Worldwide, Inc. | 230,088                      | 230,017                  |
| Goodwill                             | 27,156                       | 27,156                   |
| Operating lease right-of-use asset   | —                            | 993                      |
| Other assets, net                    | 931                          | 928                      |
| Total other assets                   | 280,608                      | 283,465                  |
| Property and equipment:              |                              |                          |
| Land                                 | 5,390                        | 5,390                    |
| Buildings                            | 23,634                       | 23,634                   |
| Equipment                            | 78,021                       | 78,948                   |
| Construction in progress             | 477                          | 818                      |
|                                      | 107,522                      | 108,790                  |
| Less accumulated depreciation        | 83,813                       | 85,309                   |
| Net property and equipment           | 23,709                       | 23,481                   |
| Total assets                         | \$ 464,220                   | \$ 470,571               |

**NLI HOLDINGS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)**

(Unaudited)  
(In thousands)

|                                                     | December 31,<br>2025 | June 30,<br>2026 |
|-----------------------------------------------------|----------------------|------------------|
| <b>LIABILITIES AND EQUITY</b>                       |                      |                  |
| Current liabilities:                                |                      |                  |
| Accounts payable                                    | \$ 2,697             | \$ 3,949         |
| Accrued and other current liabilities               | 15,021               | 11,263           |
| Accrued environmental remediation and related costs | 2,071                | 1,951            |
| Payables to affiliates                              | 791                  | 969              |
| Total current liabilities                           | 20,580               | 18,132           |
| Noncurrent liabilities:                             |                      |                  |
| Long-term debt from affiliate                       | 500                  | 500              |
| Accrued environmental remediation and related costs | 10,969               | 10,778           |
| Deferred income taxes                               | 54,103               | 57,246           |
| Operating lease liability                           | —                    | 908              |
| Other                                               | 1,277                | 1,168            |
| Total noncurrent liabilities                        | 66,849               | 70,600           |
| Equity:                                             |                      |                  |
| NLI stockholders' equity:                           |                      |                  |
| Preferred stock                                     | —                    | —                |
| Common stock                                        | 6,107                | 6,112            |
| Additional paid-in capital                          | 299,349              | 299,939          |
| Retained earnings                                   | 249,380              | 252,902          |
| Accumulated other comprehensive loss                | (196,067)            | (195,920)        |
| Total NLI stockholders' equity                      | 358,769              | 363,033          |
| Noncontrolling interest in subsidiary               | 18,022               | 18,806           |
| Total equity                                        | 376,791              | 381,839          |
| Total liabilities and equity                        | \$ 464,220           | \$ 470,571       |

Commitments and contingencies (Notes 12 and 14)

See accompanying notes to Condensed Consolidated Financial Statements.

**NLI HOLDINGS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

(Unaudited)  
(In thousands, except per share data)

|                                                                         | Three months ended<br>June 30, |           | Six months ended<br>June 30, |           |
|-------------------------------------------------------------------------|--------------------------------|-----------|------------------------------|-----------|
|                                                                         | 2025                           | 2026      | 2025                         | 2026      |
| Net sales                                                               | \$ 40,366                      | \$ 43,614 | \$ 80,638                    | \$ 84,183 |
| Cost of sales                                                           | 27,476                         | 28,078    | 55,585                       | 55,395    |
| Gross margin                                                            | 12,890                         | 15,536    | 25,053                       | 28,788    |
| Selling, general and administrative expense                             | 6,570                          | 6,615     | 12,864                       | 12,817    |
| Corporate expense                                                       | 3,519                          | 2,788     | 6,240                        | 5,731     |
| Income from operations                                                  | 2,801                          | 6,133     | 5,949                        | 10,240    |
| Equity in earnings (losses) of Kronos Worldwide, Inc.                   | (2,811)                        | 4,644     | 2,714                        | 3,167     |
| Other income (expense):                                                 |                                |           |                              |           |
| Interest and dividend income                                            | 1,504                          | 1,144     | 3,542                        | 2,396     |
| Marketable equity securities                                            | (108)                          | 443       | (8,659)                      | 3,138     |
| Other components of net periodic pension and OPEB cost                  | (285)                          | —         | (570)                        | —         |
| Interest expense                                                        | (90)                           | (11)      | (666)                        | (22)      |
| Income before income taxes                                              | 1,011                          | 12,353    | 2,310                        | 18,919    |
| Income tax expense (benefit)                                            | (43)                           | 2,462     | (66)                         | 3,934     |
| Net income                                                              | 1,054                          | 9,891     | 2,376                        | 14,985    |
| Noncontrolling interest in net income of subsidiary                     | 699                            | 937       | 1,354                        | 1,687     |
| Net income attributable to NLI stockholders                             | \$ 355                         | \$ 8,954  | \$ 1,022                     | \$ 13,298 |
| Amounts attributable to NLI stockholders:                               |                                |           |                              |           |
| Basic and diluted net income per share                                  | \$ .01                         | \$ .18    | \$ .02                       | \$ .27    |
| Weighted average shares used in the calculation of net income per share | 48,855                         | 48,881    | 48,852                       | 48,872    |

See accompanying notes to Condensed Consolidated Financial Statements.

**NLI HOLDINGS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(Unaudited)  
(In thousands)

|                                                              | Three months ended<br>June 30, |          | Six months ended<br>June 30, |           |
|--------------------------------------------------------------|--------------------------------|----------|------------------------------|-----------|
|                                                              | 2025                           | 2026     | 2025                         | 2026      |
| Net income                                                   | \$ 1,054                       | \$ 9,891 | \$ 2,376                     | \$ 14,985 |
| Other comprehensive income (loss), net of tax:               |                                |          |                              |           |
| Currency translation                                         | 3,437                          | (1,042)  | 7,622                        | (27)      |
| Defined benefit pension plans                                | 323                            | 85       | 640                          | 171       |
| Other postretirement benefit plans                           | (31)                           | 2        | (64)                         | 3         |
| Total other comprehensive income (loss), net                 | 3,729                          | (955)    | 8,198                        | 147       |
| Comprehensive income                                         | 4,783                          | 8,936    | 10,574                       | 15,132    |
| Comprehensive income attributable to noncontrolling interest | 699                            | 937      | 1,354                        | 1,687     |
| Comprehensive income attributable to NLI stockholders        | \$ 4,084                       | \$ 7,999 | \$ 9,220                     | \$ 13,445 |

See accompanying notes to Condensed Consolidated Financial Statements.

**NLI HOLDINGS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY**

(Unaudited)  
(In thousands)

|                                           | Three months ended June 30, 2025 and 2026 |                            |                   |                                      |                                       |                   |
|-------------------------------------------|-------------------------------------------|----------------------------|-------------------|--------------------------------------|---------------------------------------|-------------------|
|                                           | Common stock                              | Additional paid-in capital | Retained earnings | Accumulated other comprehensive loss | Noncontrolling interest in subsidiary | Total equity      |
| Balance at March 31, 2025                 | \$ 6,105                                  | \$ 299,099                 | \$ 311,327        | \$ (218,887)                         | \$ 19,186                             | \$ 416,830        |
| Net income                                | —                                         | —                          | 355               | —                                    | 699                                   | 1,054             |
| Other comprehensive income, net of tax    | —                                         | —                          | —                 | 3,729                                | —                                     | 3,729             |
| Issuance of NLI common stock              | 2                                         | 118                        | —                 | —                                    | —                                     | 120               |
| Dividends paid - \$.09 per share          | —                                         | —                          | (4,398)           | —                                    | —                                     | (4,398)           |
| Dividends paid to noncontrolling interest | —                                         | —                          | —                 | —                                    | (471)                                 | (471)             |
| Other, net                                | —                                         | 132                        | —                 | —                                    | 15                                    | 147               |
| Balance at June 30, 2025                  | <u>\$ 6,107</u>                           | <u>\$ 299,349</u>          | <u>\$ 307,284</u> | <u>\$ (215,158)</u>                  | <u>\$ 19,429</u>                      | <u>\$ 417,011</u> |
| Balance at March 31, 2026                 | \$ 6,107                                  | \$ 299,349                 | \$ 248,838        | \$ (194,965)                         | \$ 18,302                             | \$ 377,631        |
| Net income                                | —                                         | —                          | 8,954             | —                                    | 937                                   | 9,891             |
| Other comprehensive loss, net of tax      | —                                         | —                          | —                 | (955)                                | —                                     | (955)             |
| Issuance of NLI common stock              | 5                                         | 235                        | —                 | —                                    | —                                     | 240               |
| Dividends paid - \$.10 per share          | —                                         | —                          | (4,890)           | —                                    | —                                     | (4,890)           |
| Dividends paid to noncontrolling interest | —                                         | —                          | —                 | —                                    | (474)                                 | (474)             |
| Other, net                                | —                                         | 355                        | —                 | —                                    | 41                                    | 396               |
| Balance at June 30, 2026                  | <u>\$ 6,112</u>                           | <u>\$ 299,939</u>          | <u>\$ 252,902</u> | <u>\$ (195,920)</u>                  | <u>\$ 18,806</u>                      | <u>\$ 381,839</u> |

|                                           | Six months ended June 30, 2025 and 2026 |                            |                   |                                      |                                       |                   |
|-------------------------------------------|-----------------------------------------|----------------------------|-------------------|--------------------------------------|---------------------------------------|-------------------|
|                                           | Common stock                            | Additional paid-in capital | Retained earnings | Accumulated other comprehensive loss | Noncontrolling interest in subsidiary | Total equity      |
| Balance at December 31, 2024              | \$ 6,105                                | \$ 299,099                 | \$ 315,056        | \$ (223,356)                         | \$ 18,999                             | \$ 415,903        |
| Net income                                | —                                       | —                          | 1,022             | —                                    | 1,354                                 | 2,376             |
| Other comprehensive income, net of tax    | —                                       | —                          | —                 | 8,198                                | —                                     | 8,198             |
| Issuance of NLI common stock              | 2                                       | 118                        | —                 | —                                    | —                                     | 120               |
| Dividends paid - \$.18 per share          | —                                       | —                          | (8,794)           | —                                    | —                                     | (8,794)           |
| Dividends paid to noncontrolling interest | —                                       | —                          | —                 | —                                    | (939)                                 | (939)             |
| Other, net                                | —                                       | 132                        | —                 | —                                    | 15                                    | 147               |
| Balance at June 30, 2025                  | <u>\$ 6,107</u>                         | <u>\$ 299,349</u>          | <u>\$ 307,284</u> | <u>\$ (215,158)</u>                  | <u>\$ 19,429</u>                      | <u>\$ 417,011</u> |
| Balance at December 31, 2025              | \$ 6,107                                | \$ 299,349                 | \$ 249,380        | \$ (196,067)                         | \$ 18,022                             | \$ 376,791        |
| Net income                                | —                                       | —                          | 13,298            | —                                    | 1,687                                 | 14,985            |
| Other comprehensive income, net of tax    | —                                       | —                          | —                 | 147                                  | —                                     | 147               |
| Issuance of NLI common stock              | 5                                       | 235                        | —                 | —                                    | —                                     | 240               |
| Dividends paid - \$.20 per share          | —                                       | —                          | (9,776)           | —                                    | —                                     | (9,776)           |
| Dividends paid to noncontrolling interest | —                                       | —                          | —                 | —                                    | (944)                                 | (944)             |
| Other, net                                | —                                       | 355                        | —                 | —                                    | 41                                    | 396               |
| Balance at June 30, 2026                  | <u>\$ 6,112</u>                         | <u>\$ 299,939</u>          | <u>\$ 252,902</u> | <u>\$ (195,920)</u>                  | <u>\$ 18,806</u>                      | <u>\$ 381,839</u> |

See accompanying notes to Condensed Consolidated Financial Statements

**NLI HOLDINGS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited)  
(In thousands)

|                                                                                       | Six months ended<br>June 30, |            |
|---------------------------------------------------------------------------------------|------------------------------|------------|
|                                                                                       | 2025                         | 2026       |
| Cash flows from operating activities:                                                 |                              |            |
| Net income                                                                            | \$ 2,376                     | \$ 14,985  |
| Depreciation and amortization                                                         | 1,868                        | 1,725      |
| Deferred income taxes                                                                 | (84)                         | 3,082      |
| Equity in earnings of Kronos Worldwide, Inc.                                          | (2,714)                      | (3,167)    |
| Dividends received from Kronos Worldwide, Inc.                                        | 3,522                        | 3,522      |
| Marketable equity securities                                                          | 8,659                        | (3,138)    |
| Benefit plan expense greater than cash funding                                        | 621                          | —          |
| Noncash interest expense                                                              | 157                          | —          |
| Other, net                                                                            | 268                          | 637        |
| Change in assets and liabilities:                                                     |                              |            |
| Accounts and other receivables, net                                                   | 6,757                        | (5,782)    |
| Inventories, net                                                                      | (4,664)                      | (1,452)    |
| Prepaid expenses and other                                                            | 474                          | (213)      |
| Accounts payable and accrued liabilities                                              | (1,155)                      | (2,605)    |
| Accounts with affiliates                                                              | (73)                         | 179        |
| Accrued environmental remediation and related costs                                   | (55,977)                     | (310)      |
| Other noncurrent assets and liabilities, net                                          | (223)                        | (39)       |
| Net cash provided by (used in) operating activities                                   | (40,188)                     | 7,424      |
| Cash flows from investing activities:                                                 |                              |            |
| Capital expenditures                                                                  | (2,165)                      | (1,522)    |
| Note receivable from affiliate:                                                       |                              |            |
| Collections                                                                           | 6,400                        | 8,800      |
| Loans                                                                                 | (6,000)                      | (7,600)    |
| Other                                                                                 | 10                           | —          |
| Net cash used in investing activities                                                 | (1,755)                      | (322)      |
| Cash flows from financing activities:                                                 |                              |            |
| Dividends paid                                                                        | (8,794)                      | (9,776)    |
| Dividends paid to noncontrolling interests in subsidiary                              | (939)                        | (944)      |
| Net cash used in financing activities                                                 | (9,733)                      | (10,720)   |
| Cash and cash equivalents and restricted cash and cash equivalents - net change from: |                              |            |
| Operating, investing and financing activities                                         | (51,676)                     | (3,618)    |
| Balance at beginning of period                                                        | 184,190                      | 114,053    |
| Balance at end of period                                                              | \$ 132,514                   | \$ 110,435 |
| Supplemental disclosures:                                                             |                              |            |
| Cash paid for interest                                                                | \$ 509                       | \$ 21      |
| Income taxes, net                                                                     | 93                           | 586        |
| Noncash investing and financing activities:                                           |                              |            |
| Change in accruals for capital expenditures                                           | \$ (424)                     | \$ (23)    |
| Right-of-use asset obtained in exchange for a lease liability                         | —                            | 1,014      |

See accompanying Notes to Condensed Consolidated Financial Statements.

**NLI HOLDINGS, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2026**

**(Unaudited)**

**Note 1 – Organization and basis of presentation:**

**Organization** – At June 30, 2026, Valhi, Inc. (NYSE: VHI) held approximately 83% of our outstanding common stock and a wholly-owned subsidiary of Contran Corporation held approximately 91% of Valhi’s outstanding common stock. A majority of Contran’s outstanding voting stock is held directly by Lisa K. Simmons and by family stockholders (Thomas C. Connelly (the husband of Ms. Simmons’ late sister), a family-owned entity and various family trusts established for the benefit of Ms. Simmons, Mr. Connelly and their children) who are required to vote their shares of Contran voting stock in the same manner as Ms. Simmons. Such voting rights are personal to Ms. Simmons and last through April 22, 2030. The remainder of Contran’s outstanding voting stock is held by another trust (the “Family Trust”), which was established for the benefit of Ms. Simmons and her late sister and their children and for which a third-party financial institution serves as trustee. Consequently, at June 30, 2026, Ms. Simmons and the Family Trust may be deemed to control Contran, and therefore may be deemed to indirectly control the wholly-owned subsidiary of Contran, Valhi and us.

On May 26, 2026, through a merger transaction, NLI Holdings, Inc. (“NLI”), formerly NL Industries, Inc., was reincorporated in Delaware.

**Basis of presentation** – Consolidated in this Quarterly Report are the results of our majority-owned subsidiary, CompX International Inc. We also own approximately 31% of Kronos Worldwide, Inc. (“Kronos”). CompX (NYSE American: CIX) and Kronos (NYSE: KRO) each file periodic reports with the Securities and Exchange Commission (“SEC”).

The unaudited Condensed Consolidated Financial Statements contained in this Quarterly Report have been prepared on the same basis as the audited Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2025 that we filed with the SEC on March 9, 2026 (the “2025 Annual Report”). In our opinion, we have made all necessary adjustments (which include only normal recurring adjustments) in order to state fairly, in all material respects, our consolidated financial position, results of operations and cash flows as of the dates and for the periods presented. We have condensed the Consolidated Balance Sheet at December 31, 2025 contained in this Quarterly Report as compared to our audited Consolidated Financial Statements at that date, and we have omitted certain information and footnote disclosures (including those related to the Consolidated Balance Sheet at December 31, 2025) normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Our results of operations for the interim periods ended June 30, 2026 may not be indicative of our operating results for the full year. The Condensed Consolidated Financial Statements contained in this Quarterly Report should be read in conjunction with our 2025 Consolidated Financial Statements contained in our 2025 Annual Report.

Unless otherwise indicated, references in this report to “NLI,” “we,” “us” or “our” refer to NLI Holdings, Inc. and its subsidiaries and affiliate, Kronos, taken as a whole.

**Note 2 – Segment information:**

Our chief operating decision maker (“CODM”) evaluates segment performance based on net income and segment profit (a non-GAAP measure), which we define as gross margin less selling, general and administrative expenses directly attributable to CompX. Differences between segment profit and the amounts included in net income are included in the table below. Substantially all depreciation and amortization amounts are included in the calculation of segment profit.

|                                                        | <b>Three months ended June 30,</b> |             | <b>Six months ended June 30,</b> |             |
|--------------------------------------------------------|------------------------------------|-------------|----------------------------------|-------------|
|                                                        | <b>2025</b>                        | <b>2026</b> | <b>2025</b>                      | <b>2026</b> |
|                                                        | <b>(In thousands)</b>              |             |                                  |             |
| Net sales                                              | \$ 40,366                          | \$ 43,614   | \$ 80,638                        | \$ 84,183   |
| Segment profit                                         | 6,320                              | 8,921       | 12,189                           | 15,971      |
| Corporate expenses                                     | (3,519)                            | (2,788)     | (6,240)                          | (5,731)     |
| Equity in earnings (losses) of Kronos Worldwide, Inc.  | (2,811)                            | 4,644       | 2,714                            | 3,167       |
| Interest and dividend income                           | 1,504                              | 1,144       | 3,542                            | 2,396       |
| Marketable equity securities                           | (108)                              | 443         | (8,659)                          | 3,138       |
| Other components of net periodic pension and OPEB cost | (285)                              | —           | (570)                            | —           |
| Interest expense                                       | (90)                               | (11)        | (666)                            | (22)        |
| Income tax benefit (expense)                           | 43                                 | (2,462)     | 66                               | (3,934)     |
| Net income                                             | \$ 1,054                           | \$ 9,891    | \$ 2,376                         | \$ 14,985   |

**Note 3 – Accounts and other receivables, net:**

|                                 | <b>December 31,<br/>2025</b> | <b>June 30,<br/>2026</b> |
|---------------------------------|------------------------------|--------------------------|
|                                 | <b>(In thousands)</b>        |                          |
| Trade receivables - CompX       | \$ 13,836                    | \$ 19,634                |
| Other receivables               | 35                           | 10                       |
| Allowance for doubtful accounts | (70)                         | (70)                     |
| Total                           | \$ 13,801                    | \$ 19,574                |

**Note 4 – Inventories, net:**

|                   | <b>December 31,<br/>2025</b> | <b>June 30,<br/>2026</b> |
|-------------------|------------------------------|--------------------------|
|                   | <b>(In thousands)</b>        |                          |
| Raw materials     | \$ 5,620                     | \$ 5,883                 |
| Work in process   | 19,907                       | 21,189                   |
| Finished products | 4,883                        | 4,684                    |
| Total             | \$ 30,410                    | \$ 31,756                |

**Note 5 – Marketable securities:**

Our noncurrent marketable securities are equity securities and consist of our investment in the publicly-traded shares of our immediate parent company Valhi, Inc. Our shares of Valhi common stock are carried at fair value using quoted market prices in active markets and represent a Level 1 input within the fair value hierarchy, as defined by ASC Topic 820, *Fair Value Measurements and*

*Disclosures.* We record any unrealized gains or losses on the securities in other income (expense) on our Condensed Consolidated Statements of Income.

|                                        | <u>Fair value<br/>measurement<br/>level</u> | <u>Market<br/>value</u> | <u>Cost<br/>basis</u> | <u>Unrealized<br/>loss, net</u> |
|----------------------------------------|---------------------------------------------|-------------------------|-----------------------|---------------------------------|
|                                        |                                             |                         | (In thousands)        |                                 |
| <b>December 31, 2025</b>               |                                             |                         |                       |                                 |
| Noncurrent assets - Valhi common stock | 1                                           | <u>\$ 14,433</u>        | <u>\$ 24,347</u>      | <u>\$ (9,914)</u>               |
| <b>June 30, 2026</b>                   |                                             |                         |                       |                                 |
| Noncurrent assets - Valhi common stock | 1                                           | <u>\$ 17,571</u>        | <u>\$ 24,347</u>      | <u>\$ (6,776)</u>               |

At December 31, 2025 and June 30, 2026, we held approximately 1.2 million shares of common stock of our immediate parent company, Valhi, Inc. At December 31, 2025 and June 30, 2026, the quoted per share market price of Valhi common stock was \$12.05 and \$14.67, respectively.

The Valhi common stock we own is subject to restrictions on resale pursuant to certain provisions of the SEC Rule 144. In addition, as a majority-owned subsidiary of Valhi we cannot vote our shares of Valhi common stock under Delaware General Corporation Law, but we do receive dividends from Valhi on these shares, when declared and paid.

#### **Note 6 – Investment in Kronos Worldwide, Inc.:**

At December 31, 2025 and June 30, 2026, we owned approximately 35.2 million shares of Kronos common stock. At June 30, 2026, the quoted market price of Kronos' common stock was \$6.33 per share, or an aggregate market value of \$222.9 million. At December 31, 2025, the quoted market price was \$4.42 per share, or an aggregate market value of \$155.7 million.

The change in the carrying value of our investment in Kronos during the first six months of 2026 is summarized below.

|                                               | <u>Amount</u>   |
|-----------------------------------------------|-----------------|
|                                               | (In millions)   |
| Balance at the beginning of the period        | <u>\$ 230.1</u> |
| Equity in earnings of Kronos                  | 3.2             |
| Dividends received from Kronos                | (3.5)           |
| Equity in Kronos' other comprehensive income: |                 |
| Currency translation                          | —               |
| Defined benefit pension plans                 | .2              |
| Balance at the end of the period              | <u>\$ 230.0</u> |

Selected financial information of Kronos is summarized below:

|                                            | December 31,<br>2025 | June 30,<br>2026  |
|--------------------------------------------|----------------------|-------------------|
|                                            | (In millions)        |                   |
| Current assets                             | \$ 994.5             | \$ 942.6          |
| Property and equipment, net                | 724.3                | 707.6             |
| Other noncurrent assets                    | 98.0                 | 93.8              |
| Total assets                               | <u>\$ 1,816.8</u>    | <u>\$ 1,744.0</u> |
| Current liabilities                        | \$ 368.8             | \$ 285.8          |
| Long-term debt                             | 557.4                | 569.6             |
| Accrued pension costs                      | 80.9                 | 73.7              |
| Other noncurrent liabilities               | 58.6                 | 63.9              |
| Stockholders' equity                       | 751.1                | 751.0             |
| Total liabilities and stockholders' equity | <u>\$ 1,816.8</u>    | <u>\$ 1,744.0</u> |

|                        | Three months ended<br>June 30, |          | Six months ended<br>June 30, |            |
|------------------------|--------------------------------|----------|------------------------------|------------|
|                        | 2025                           | 2026     | 2025                         | 2026       |
|                        | (In millions)                  |          |                              |            |
| Net sales              | \$ 494.4                       | \$ 558.1 | \$ 984.2                     | \$ 1,067.9 |
| Cost of sales          | 431.6                          | 455.3    | 814.5                        | 881.8      |
| Income from operations | 7.4                            | 37.6     | 45.8                         | 50.2       |
| Income tax expense     | 3.5                            | 7.7      | 11.1                         | 10.5       |
| Net income (loss)      | (9.2)                          | 15.2     | 8.9                          | 10.4       |

**Note 7– Accrued and other current liabilities:**

|                   | December 31,<br>2025 | June 30,<br>2026 |
|-------------------|----------------------|------------------|
|                   | (In thousands)       |                  |
| Employee benefits | \$ 11,569            | \$ 8,755         |
| Other             | 3,452                | 2,508            |
| Total             | <u>\$ 15,021</u>     | <u>\$ 11,263</u> |

**Note 8 – Long-term debt:**

During the first six months of 2026, our wholly-owned subsidiary, NLKW Holding, LLC had no borrowings or repayments under its \$50 million secured revolving credit facility with Valhi. At June 30, 2026, \$.5 million was outstanding and \$49.5 million was available for future borrowing under this facility. Outstanding borrowings bear interest at the prime rate plus 1.875% per annum, and the average interest rate as of and for the six months ended June 30, 2026 was 8.6%. We are in compliance with all covenants at June 30, 2026.

**Note 9 – Leases:**

In March 2026, CompX entered into an operating lease for its distribution center located in Southern California. Upon commencement, we recognized an operating lease right-of-use asset and a corresponding operating lease liability, which are included in our Condensed Consolidated Balance Sheet. As of June 30, 2026, the remaining lease term of CompX's operating lease was approximately 7 years and the discount rate associated with such lease was 6.75%.

**Note 10 – Other noncurrent liabilities:**

|                               | December 31,<br>2025 | June 30,<br>2026 |
|-------------------------------|----------------------|------------------|
|                               | (In thousands)       |                  |
| OPEB                          | \$ 312               | \$ 246           |
| Insurance claims and expenses | 684                  | 766              |
| Other                         | 281                  | 156              |
| Total                         | <u>\$ 1,277</u>      | <u>\$ 1,168</u>  |

**Note 11 – Revenue recognition:**

The following table disaggregates our net sales by reporting unit, which are the categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

|                   | Three months ended<br>June 30, |                  | Six months ended<br>June 30, |                  |
|-------------------|--------------------------------|------------------|------------------------------|------------------|
|                   | 2025                           | 2026             | 2025                         | 2026             |
|                   | (In thousands)                 |                  |                              |                  |
| Net sales:        |                                |                  |                              |                  |
| Security Products | \$ 30,683                      | \$ 33,348        | \$ 60,913                    | \$ 63,244        |
| Marine Components | 9,683                          | 10,266           | 19,725                       | 20,939           |
| Total             | <u>\$ 40,366</u>               | <u>\$ 43,614</u> | <u>\$ 80,638</u>             | <u>\$ 84,183</u> |

**Note 12 – Income taxes:**

|                                                                             | Three months ended<br>June 30, |                 | Six months ended<br>June 30, |                 |
|-----------------------------------------------------------------------------|--------------------------------|-----------------|------------------------------|-----------------|
|                                                                             | 2025                           | 2026            | 2025                         | 2026            |
|                                                                             | (In thousands)                 |                 |                              |                 |
| Expected tax expense, at U.S. federal statutory income tax rate of 21%      | \$ 212                         | \$ 2,594        | \$ 485                       | \$ 3,973        |
| Rate differences on equity in earnings (losses) of Kronos, net of dividends | (275)                          | (247)           | (594)                        | (272)           |
| U.S. state income taxes and other, net                                      | 20                             | 115             | 43                           | 233             |
| Income tax expense (benefit)                                                | <u>\$ (43)</u>                 | <u>\$ 2,462</u> | <u>\$ (66)</u>               | <u>\$ 3,934</u> |
| Comprehensive provision for income taxes allocable to:                      |                                |                 |                              |                 |
| Net income                                                                  | \$ (43)                        | \$ 2,462        | \$ (66)                      | \$ 3,934        |
| Additional paid-in capital                                                  | 8                              | 21              | 8                            | 21              |
| Other comprehensive income (loss):                                          |                                |                 |                              |                 |
| Currency translation                                                        | 914                            | (277)           | 2,026                        | (7)             |
| Defined benefit pension plans                                               | 85                             | 23              | 170                          | 46              |
| Other                                                                       | (9)                            | 1               | (18)                         | 1               |
| Comprehensive income tax expense                                            | <u>\$ 955</u>                  | <u>\$ 2,230</u> | <u>\$ 2,120</u>              | <u>\$ 3,995</u> |

In accordance with GAAP, we recognize deferred income taxes on our undistributed equity in earnings of Kronos. Because we and Kronos are part of the same U.S. federal income tax group, any dividends we receive from Kronos are nontaxable to us. Accordingly, we do not recognize and we are not required to pay income taxes on dividends from Kronos. We received aggregate dividends from Kronos of \$3.5 million in each of the first six months of 2025 and 2026, respectively. The amounts shown in the above table of our income tax rate reconciliation for rate differences on equity in earnings (losses) of Kronos, net of dividends, represent the income tax benefit associated with the nontaxable dividends we received from Kronos compared to the amount of deferred income taxes we recognized on our equity in earnings (losses) of Kronos.

On July 4, 2025, the One Big Beautiful Bill Act was signed into law in the United States. It did not have a material impact on our consolidated financial statements.

**Note 13 – Stockholders’ equity:**

*Accumulated other comprehensive loss* - Changes in accumulated other comprehensive loss attributable to NLI stockholders, including amounts resulting from our investment in Kronos Worldwide (see Note 6), are presented in the table below.

|                                                                                         | Three months ended<br>June 30, |                     | Six months ended<br>June 30, |                     |
|-----------------------------------------------------------------------------------------|--------------------------------|---------------------|------------------------------|---------------------|
|                                                                                         | 2025                           | 2026                | 2025                         | 2026                |
|                                                                                         | (In thousands)                 |                     |                              |                     |
| Accumulated other comprehensive loss, (net of tax and noncontrolling interest):         |                                |                     |                              |                     |
| Currency translation:                                                                   |                                |                     |                              |                     |
| Balance at beginning of period                                                          | \$ (181,238)                   | \$ (176,497)        | \$ (185,423)                 | \$ (177,512)        |
| Other comprehensive income (loss)                                                       | 3,437                          | (1,042)             | 7,622                        | (27)                |
| Balance at end of period                                                                | <u>\$ (177,801)</u>            | <u>\$ (177,539)</u> | <u>\$ (177,801)</u>          | <u>\$ (177,539)</u> |
| Defined benefit pension plans:                                                          |                                |                     |                              |                     |
| Balance at beginning of period                                                          | \$ (36,349)                    | \$ (17,273)         | \$ (36,666)                  | \$ (17,359)         |
| Other comprehensive income -                                                            |                                |                     |                              |                     |
| Amortization of prior service cost and net losses included in net periodic pension cost | 323                            | 85                  | 640                          | 171                 |
| Balance at end of period                                                                | <u>\$ (36,026)</u>             | <u>\$ (17,188)</u>  | <u>\$ (36,026)</u>           | <u>\$ (17,188)</u>  |
| OPEB plans:                                                                             |                                |                     |                              |                     |
| Balance at beginning of period                                                          | \$ (1,300)                     | \$ (1,195)          | \$ (1,267)                   | \$ (1,196)          |
| Other comprehensive income (loss) -                                                     |                                |                     |                              |                     |
| Amortization of net gain (loss) included in net periodic OPEB cost                      | (31)                           | 2                   | (64)                         | 3                   |
| Balance at end of period                                                                | <u>\$ (1,331)</u>              | <u>\$ (1,193)</u>   | <u>\$ (1,331)</u>            | <u>\$ (1,193)</u>   |
| Total accumulated other comprehensive loss:                                             |                                |                     |                              |                     |
| Balance at beginning of period                                                          | \$ (218,887)                   | \$ (194,965)        | \$ (223,356)                 | \$ (196,067)        |
| Other comprehensive income (loss)                                                       | 3,729                          | (955)               | 8,198                        | 147                 |
| Balance at end of period                                                                | <u>\$ (215,158)</u>            | <u>\$ (195,920)</u> | <u>\$ (215,158)</u>          | <u>\$ (195,920)</u> |

**Note 14 – Commitments and contingencies:**
**General**

We are involved in various environmental, contractual, product liability, patent (or intellectual property), employment and other claims and disputes incidental to our current and former businesses. At least quarterly our management discusses and evaluates the status of any pending litigation or claim to which we are a party or which has been asserted against us. The factors considered in such evaluation include, among other things, the nature of such pending cases and claims, the status of such pending cases and claims, the advice of legal counsel and our experience in similar cases and claims (if any). Based on such evaluation, we make a determination as to whether we believe (i) it is probable a loss has been incurred, and if so, if the amount of such loss (or a range of loss) is reasonably estimable, or (ii) it is reasonably possible but not probable a loss has been incurred, and if so, if the amount of such loss (or a range of loss) is reasonably estimable, or (iii) the probability a loss has been incurred is remote.

**Lead pigment litigation**

Our former operations included the manufacture of lead pigments for use in paint and lead-based paint. We, other former manufacturers of lead pigments for use in paint and lead-based paint (together, the “former pigment manufacturers”), and the Lead Industries Association (“LIA”), which discontinued business operations in 2002, have previously been named as defendants in various legal proceedings seeking damages for personal injury, property damage and governmental expenditures allegedly caused by the use of lead-based paints. Certain of these actions were filed by or on behalf of states, counties, cities or their public housing authorities and school districts, and certain others were asserted as class actions. We currently have no pending lead paint class action cases or pending lead paint cases brought by housing authorities, school districts or other government entities.

New cases may continue to be filed against us. We do not know if we will incur liability in the future in respect of any of the pending or possible litigation in view of the inherent uncertainties involved in court and jury rulings. In the future, if new information regarding such matters becomes available to us (such as a final, non-appealable adverse verdict against us or otherwise ultimately being found liable with respect to such matters), at that time we would consider such information in evaluating any remaining cases then pending against us as to whether it might then have become probable we have incurred liability with respect to these matters, and whether such liability, if any, could have become reasonably estimable. The resolution of any of these cases could result in the recognition of a loss contingency accrual that could have a material adverse impact on our net income for the interim or annual period during which such liability is recognized and a material adverse impact on our consolidated financial condition and liquidity.

### ***Environmental matters and litigation***

Our operations are governed by various environmental laws and regulations. Certain of our businesses are and have been engaged in the handling, manufacture or use of substances or compounds that may be considered toxic or hazardous within the meaning of applicable environmental laws and regulations. As with other companies engaged in similar businesses, certain of our past and current operations and products have the potential to cause environmental or other damage. We have implemented and continue to implement various policies and programs in an effort to minimize these risks. Our policy is to maintain compliance with applicable environmental laws and regulations at all of our plants and to strive to improve environmental performance. From time to time, we may be subject to environmental regulatory enforcement under U.S. statutes, the resolution of which typically involves the establishment of compliance programs. It is possible that future developments, such as stricter requirements of environmental laws and enforcement policies, could adversely affect our production, handling, use, storage, transportation, sale or disposal of such substances. We believe all of our facilities are in substantial compliance with applicable environmental laws.

Certain properties and facilities used in our former operations, including divested primary and secondary lead smelters and former mining locations, are the subject of civil litigation, administrative proceedings or investigations arising under federal and state environmental laws and common law. Additionally, in connection with past operating practices, we are currently involved as a defendant, potentially responsible party (“PRP”) or both, pursuant to the Comprehensive Environmental Response, Compensation and Liability Act, as amended by the Superfund Amendments and Reauthorization Act (“CERCLA”), and similar state laws in various governmental and private actions associated with waste disposal sites, mining locations, and facilities that we or our predecessors, our subsidiaries or their predecessors currently or previously owned, operated or used, certain of which are on the United States Environmental Protection Agency’s (“EPA”) Superfund National Priorities List or similar state lists. These proceedings seek cleanup costs, damages for personal injury or property damage and/or damages for injury to natural resources. Certain of these proceedings involve claims for substantial amounts. Although we may be jointly and severally liable for these costs, in most cases we are only one of a number of PRPs who may also be jointly and severally liable, and among whom costs may be shared or allocated. In addition, we are occasionally named as a party in a number of personal injury lawsuits filed in various jurisdictions alleging claims related to environmental conditions alleged to have resulted from our operations.

Obligations associated with environmental remediation and related matters are difficult to assess and estimate for numerous reasons including the:

- complexity and differing interpretations of governmental regulations,
- number of PRPs and their ability or willingness to fund such allocation of costs,
- financial capabilities of the PRPs and the allocation of costs among them,
- solvency of other PRPs,
- multiplicity of possible solutions,
- number of years of investigatory, remedial and monitoring activity required,
- uncertainty over the extent, if any, to which our former operations might have contributed to the conditions allegedly giving rise to such personal injury, property damage, natural resource and related claims, and
- number of years between former operations and notice of claims and lack of information and documents about the former operations.

In addition, the imposition of more stringent standards or requirements under environmental laws or regulations, new developments or changes regarding site cleanup costs or the allocation of costs among PRPs, solvency of other PRPs, the results of future testing and analysis undertaken with respect to certain sites or a determination that we are potentially responsible for the release of hazardous substances at other sites, could cause our expenditures to exceed our current estimates. Actual costs could exceed accrued

amounts or the upper end of the range for sites for which estimates have been made, and costs may be incurred for sites where no estimates presently can be made. Further, additional environmental and related matters may arise in the future. If we were to incur any future liability, this could have a material adverse effect on our Condensed Consolidated Financial Statements, results of operations and liquidity.

We record liabilities related to environmental remediation and related matters (including costs associated with damages for personal injury or property damage and/or damages for injury to natural resources) when estimated future expenditures are probable and reasonably estimable. We adjust such accruals as further information becomes available to us or as circumstances change. Unless the amounts and timing of such estimated future expenditures are fixed and reasonably determinable, we generally do not discount estimated future expenditures to their present value due to the uncertainty of the timing of the payout. We recognize recoveries of costs from other parties, if any, as assets when their receipt is deemed probable.

We do not know and cannot estimate the exact time frame over which we will make payments for our accrued environmental and related costs. The timing of payments depends upon a number of factors, including but not limited to the timing of the actual remediation process; which in turn depends on factors outside of our control. At each balance sheet date, we estimate the amount of our accrued environmental and related costs which we expect to pay within the next twelve months, and we classify this estimate as a current liability. We classify the remaining accrued environmental costs as a noncurrent liability.

Changes in the accrued environmental remediation and related costs during the first six months of 2026 are as follows:

|                                                                                          | <b>Amount</b><br><b>(In thousands)</b> |
|------------------------------------------------------------------------------------------|----------------------------------------|
| Balance at the beginning of the period                                                   | \$ 13,040                              |
| Additions charged to expense, net                                                        | 561                                    |
| Payments, net                                                                            | (872)                                  |
| Balance at the end of the period                                                         | \$ 12,729                              |
| Amounts recognized in the Condensed Consolidated Balance Sheet at the end of the period: |                                        |
| Current liability                                                                        | \$ 1,951                               |
| Noncurrent liability                                                                     | 10,778                                 |
| Balance at the end of the period                                                         | \$ 12,729                              |

On a quarterly basis, we evaluate the potential range of our liability for environmental remediation and related costs at sites where we have been named as a PRP or defendant, including sites for which our wholly-owned environmental management subsidiary, NL Environmental Management Services, Inc. ("EMS"), has contractually assumed our obligations. At June 30, 2026, we had accrued approximately \$13 million related to approximately 27 sites associated with remediation and related matters we believe are at the present time and/or in their current phase reasonably estimable. The upper end of the range of reasonably possible costs to us for remediation and related matters for which we believe it is possible to estimate costs is approximately \$38 million, including the amounts currently accrued. These accruals have not been discounted to present value.

We believe it is not reasonably possible to estimate the range of costs for certain sites. At June 30, 2026, there were approximately five sites for which we are not currently able to reasonably estimate a range of costs. For these sites, generally the investigation is in the early stages, and we are unable to determine whether or not we actually had any association with the site, the nature of our responsibility, if any, for the contamination at the site, if any, and the extent of contamination at and cost to remediate the site. The timing and availability of information on these sites is dependent on events outside of our control, such as when the party alleging liability provides information to us. At certain of these previously inactive sites, we have received general and special notices of liability from the EPA and/or state agencies alleging that we, sometimes with other PRPs, are liable for past and future costs of remediating environmental contamination allegedly caused by former operations. These notifications may assert that we, along with any other alleged PRPs, are liable for past and/or future clean-up costs. As further information becomes available to us for any of these sites, which would allow us to estimate a range of costs, we would at that time adjust our accruals. Any such adjustment could result in the recognition of an accrual that would have a material effect on our Consolidated Financial Statements, results of operations and liquidity.

#### ***Insurance coverage claims***

We are involved in certain legal proceedings with a number of our former insurance carriers regarding the nature and extent of the carriers' obligations to us under insurance policies with respect to certain lead pigment and asbestos lawsuits. The issue of whether

insurance coverage for defense costs or indemnity or both will be found to exist for our lead pigment and asbestos litigation depends upon a variety of factors and we cannot assure you that such insurance coverage will be available.

We have agreements with certain of our former insurance carriers pursuant to which the carriers reimburse us for a portion of our future lead pigment litigation defense costs, and one such carrier reimburses us for a portion of our future asbestos litigation defense costs. We are not able to determine how much we will ultimately recover from these carriers for defense costs incurred by us because of certain issues that arise regarding which defense costs qualify for reimbursement. While we continue to seek additional insurance recoveries, we do not know if we will be successful in obtaining reimbursement for either defense costs or indemnity. Accordingly, we recognize insurance recoveries in income only when receipt of the recovery is probable and we are able to reasonably estimate the amount of the recovery.

For a complete discussion of certain litigation involving us and certain of our former insurance carriers, refer to our 2025 Annual Report.

### ***Other litigation***

In addition to the litigation described above, we and our affiliates are also involved in various other environmental, contractual, product liability, patent (or intellectual property), employment and other claims and disputes incidental to present and former businesses. In certain cases, we have insurance coverage for these items, although we do not expect additional material insurance coverage for environmental matters. We currently believe the disposition of all of these various other claims and disputes (including asbestos-related claims), individually and in the aggregate, should not have a material adverse effect on our consolidated financial position, results of operations or liquidity beyond the accruals already provided.

### **Note 15 – Financial instruments:**

See Note 5 for information on how we determine fair value of our marketable securities.

The following table presents the financial instruments that are not carried at fair value but which require fair value disclosure:

|                                            | <b>December 31, 2025</b>   |                       | <b>June 30, 2026</b>       |                       |
|--------------------------------------------|----------------------------|-----------------------|----------------------------|-----------------------|
|                                            | <b>Carrying<br/>amount</b> | <b>Fair<br/>value</b> | <b>Carrying<br/>amount</b> | <b>Fair<br/>value</b> |
|                                            | <b>(In thousands)</b>      |                       |                            |                       |
| Cash, cash equivalents and restricted cash | \$ 114,053                 | \$ 114,053            | \$ 110,435                 | \$ 110,435            |

Due to their near-term maturities, the carrying amounts of accounts receivable and accounts payable are considered equivalent to fair value.

### **Note 16 – Recent Accounting Pronouncements:**

In November 2024, the FASB issued ASU No. 2024-03, *Reporting Comprehensive Income - Expense Disaggregation Disclosures*. The ASU requires additional information about specific expense categories in the notes to financial statements for both interim and annual reporting periods. The ASU is effective for us beginning with our 2027 Annual Report, and for interim reporting, in the first quarter of 2028, with early adoption permitted. We are in the process of evaluating the additional disclosure requirements.

## **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

### **RESULTS OF OPERATIONS**

#### **Business overview**

We are primarily a holding company. We operate in the component products industry through our majority-owned subsidiary, CompX International Inc. We also own a non-controlling interest in Kronos Worldwide, Inc. Both CompX (NYSE American: CIX) and Kronos (NYSE: KRO) file periodic reports with the Securities and Exchange Commission ("SEC").

CompX is a leading manufacturer of engineered components utilized in a variety of applications and industries. Through its Security Products operations, CompX manufactures mechanical and electronic cabinet locks and other locking mechanisms used in postal, recreational transportation, office and institutional furniture, cabinetry, tool storage and healthcare applications. CompX also manufactures wake enhancement systems, stainless steel exhaust systems, custom metal fabricated parts, gauges, throttle controls, trim tabs and related hardware and accessories for the recreational marine and other industries through its Marine Components operations.

We account for our approximate 31% non-controlling interest in Kronos by the equity method. Kronos is a leading global producer and marketer of value-added titanium dioxide pigments ("TiO<sub>2</sub>"). TiO<sub>2</sub> is used for a variety of manufacturing applications including paints, plastics, paper and other industrial and specialty products.

#### **Forward-looking information**

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. Statements in this Quarterly Report on Form 10-Q that are not historical facts are forward-looking in nature and represent management's beliefs and assumptions based on currently available information. Statements in this report including, but not limited to, statements found in Item 2 - "Management's Discussion and Analysis of Financial Condition and Results of Operations," are forward-looking statements that represent our management's beliefs and assumptions based on currently available information. In some cases you can identify forward-looking statements by the use of words such as "believes," "intends," "may," "should," "could," "anticipates," "expects" or comparable terminology, or by discussions of strategies or trends. Although we believe the expectations reflected in forward-looking statements are reasonable, we do not know if these expectations will be correct. Such statements by their nature involve substantial risks and uncertainties that could significantly impact expected results. Actual future results could differ materially from those predicted. The factors that could cause our actual future results to differ materially from those described herein are the risks and uncertainties discussed in this Quarterly Report and those described from time to time in our other filings with the SEC including, but are not limited to, the following:

- Future supply and demand for our products;
- Kronos' ability to realize expected cost savings from strategic and operational initiatives;
- Kronos' ability to integrate acquisitions into its operations and realize expected synergies and innovations;
- The extent of the dependence of certain of our businesses on certain market sectors;
- The cyclical nature of our businesses (such as Kronos' TiO<sub>2</sub> operations);
- Customer and producer inventory levels;
- Unexpected or earlier-than-expected industry capacity expansion (such as the TiO<sub>2</sub> industry);
- Changes in raw material and other operating costs (such as energy, ore, zinc, aluminum, steel and brass costs) or the implementation of tariffs on imported raw materials and our ability to pass those costs on to our customers or offset them with reductions in other operating costs;
- Changes in the availability of raw materials (such as ore);
- General global economic and political conditions that harm the worldwide economy, disrupt our supply chain, increase material and energy costs or reduce demand or perceived demand for TiO<sub>2</sub> and our products or impair our ability to operate our facilities (including changes in the level of gross domestic product in various regions of the world, tariffs, natural disasters, terrorist acts, global conflicts and public health crises);

- Operating interruptions (including, but not limited to, labor disputes, leaks, natural disasters, fires, explosions, unscheduled or unplanned downtime, transportation interruptions, certain regional and world events or economic conditions and public health crises);
- Technology related disruptions (including, but not limited to, cyber-attacks; software implementation, upgrades, or improvements; technology processing failures; or other events) related to our technology infrastructure (including manufacturing and accounting systems) that could impact our ability to continue operations, or at key vendors which could impact our supply chain, or at key customers which could impact their operations and cause them to curtail or pause orders;
- Competitive products and substitute products;
- Competition from Chinese suppliers with less stringent regulatory and environmental compliance requirements;
- Customer and competitor strategies;
- Our ability to retain key customers;
- Potential consolidation of Kronos' competitors;
- Potential consolidation of Kronos' customers;
- The impact of pricing and production decisions;
- Competitive technology positions;
- Our ability to protect or defend intellectual property rights;
- Potential difficulties in integrating future acquisitions;
- The introduction of new, or changes in existing, tariffs, trade barriers or trade disputes;
- Fluctuations in currency exchange rates (such as changes in the exchange rate between the U.S. dollar and each of the euro, the Norwegian krone and the Canadian dollar and between the euro and the Norwegian krone), or possible disruptions to our business resulting from uncertainties associated with the euro or other currencies;
- Decisions to sell operating assets other than in the ordinary course of business;
- Kronos' ability to renew or refinance credit facilities or other debt instruments in the future;
- Changes in interest rates;
- Kronos' ability to comply with covenants contained in its revolving bank credit facility;
- Our ability to maintain sufficient liquidity;
- The timing and amounts of insurance recoveries;
- The ability of our subsidiaries or affiliates to pay us dividends;
- Uncertainties associated with CompX's development of new products and product features;
- The ultimate outcome of income tax audits, tax settlement initiatives or other tax matters, including future tax reform;
- Our ability to utilize income tax attributes or changes in income tax rates related to such attributes, the benefits of which may or may not have been recognized under the more-likely-than-not recognition criteria;
- Environmental matters (such as those requiring compliance with emission and discharge standards for existing and new facilities or new developments regarding environmental remediation or decommissioning obligations at sites related to our former operations);
- Government laws and regulations and possible changes therein (such as changes in government regulations which might impose various obligations on former manufacturers of lead pigment and lead-based paint, including us, with respect to asserted health concerns associated with the use of such products), including new environmental, sustainability, health and safety or other regulations (such as those seeking to limit or classify TiO<sub>2</sub> or its use);
- The ultimate resolution of pending litigation (such as our lead pigment and environmental matters); and
- Pending or possible future litigation (such as litigation related to CompX's use of certain permitted chemicals in its production process) or other actions.

Should one or more of these risks materialize (or if the consequences of such a development worsen), or should the underlying assumptions prove incorrect, actual results could differ materially from those currently forecasted or expected. We disclaim any intention or obligation to update or revise any forward-looking statement whether as a result of changes in information, future events or otherwise.

## Results of operations

### Net income overview

#### Quarter ended June 30, 2026 compared to the quarter ended June 30, 2025

Our net income attributable to NLI stockholders was \$9.0 million, or \$.18 per share, in the second quarter of 2026 compared to \$.3 million, or \$.01 per share, in the second quarter of 2025. As more fully described below, the increase in our net income attributable to NLI stockholders from 2025 to 2026 is primarily due to the net effects of:

- equity in earnings of Kronos of \$4.6 million in 2026 compared to equity in losses of \$2.8 million in 2025;
- higher CompX segment profit of \$8.9 million in 2026 compared to \$6.3 million in 2025; and
- an unrealized gain in the relative value of marketable equity securities of \$.5 million in 2026 compared to an unrealized loss of \$.1 million in 2025.

#### Six months ended June 30, 2026 compared to six months ended June 30, 2025

Our net income attributable to NLI stockholders was \$13.3 million, or \$.27 per share, in the first six months of 2026 compared to \$1.0 million, or \$.02 per share, in the first six months of 2025. As more fully described below, the increase in our earnings attributable to NLI stockholders from 2025 to 2026 is primarily due to the net effects of:

- an unrealized gain in the relative value of marketable equity securities of \$3.1 million in 2026 compared to an unrealized loss of \$8.6 million in 2025;
- higher CompX segment profit of \$16.0 million in 2026 compared to \$12.2 million in 2025;
- lower interest and dividend income of \$2.4 million in 2026 compared to \$3.5 million in 2025; and
- equity in earnings of Kronos of \$3.2 million in 2026 compared to \$2.7 million in 2025.

### Income from operations

The following table shows the components of our income from operations.

|                        | Three months ended |        | %<br>Change | Six months ended |         | %<br>Change |
|------------------------|--------------------|--------|-------------|------------------|---------|-------------|
|                        | 2025               | 2026   |             | 2025             | 2026    |             |
|                        | (In millions)      |        |             | (In millions)    |         |             |
| CompX segment profit   | \$ 6.3             | \$ 8.9 | 41 %        | \$ 12.2          | \$ 16.0 | 31 %        |
| Corporate expense      | (3.5)              | (2.8)  | (21)        | (6.2)            | (5.8)   | (8)         |
| Income from operations | \$ 2.8             | \$ 6.1 | 119         | \$ 6.0           | \$ 10.2 | 72          |

CompX is our component products business and corporate expense relates to NLI. Each of these items is further discussed below.

The following table shows the components of our income before income taxes exclusive of our income from operations.

|                                                        | Three months ended<br>June 30, |        |        | % | Six months ended<br>June 30, |        |        | % |
|--------------------------------------------------------|--------------------------------|--------|--------|---|------------------------------|--------|--------|---|
|                                                        | 2025                           | 2026   | Change |   | 2025                         | 2026   | Change |   |
|                                                        | (In millions)                  |        |        |   | (In millions)                |        |        |   |
| Equity in earnings (losses) of Kronos                  | \$ (2.8)                       | \$ 4.6 | 265 %  |   | \$ 2.7                       | \$ 3.2 | 17 %   |   |
| Marketable equity securities gain (loss)               | (.1)                           | .5     | 510    |   | (8.6)                        | 3.1    | 136    |   |
| Other components of net periodic pension and OPEB cost | (.3)                           | —      | (100)  |   | (.6)                         | —      | (100)  |   |
| Interest and dividend income                           | 1.5                            | 1.2    | (24)   |   | 3.5                          | 2.4    | (32)   |   |
| Interest expense                                       | (.1)                           | —      | (88)   |   | (.7)                         | —      | (97)   |   |

#### CompX International Inc.

CompX's segment profit in the second quarter of 2026 was \$8.9 million compared to \$6.3 million in the same period of 2025. CompX's segment profit for the first six months of 2026 was \$16.0 million compared to \$12.2 million for the comparable prior year period. CompX's segment profit increased in the second quarter and for the first six months of 2026 due to higher sales and gross margins, predominantly at the Security Products reporting unit, and to a lesser extent, at the Marine Components reporting unit.

|                                              | Three months ended<br>June 30, |         |  | %      | Six months ended<br>June 30, |         |  | %      |
|----------------------------------------------|--------------------------------|---------|--|--------|------------------------------|---------|--|--------|
|                                              | 2025                           | 2026    |  | Change | 2025                         | 2026    |  | Change |
|                                              | (In millions)                  |         |  |        | (In millions)                |         |  |        |
| Net sales                                    | \$ 40.3                        | \$ 43.6 |  | 8 %    | \$ 80.6                      | \$ 84.2 |  | 4 %    |
| Cost of sales                                | 27.4                           | 28.1    |  | 2      | 55.5                         | 55.4    |  | —      |
| Gross margin                                 | 12.9                           | 15.5    |  | 21     | 25.1                         | 28.8    |  | 15     |
| Selling, general and administrative expenses | 6.6                            | 6.6     |  | 1      | 12.9                         | 12.8    |  | —      |
| Segment profit (1)                           | \$ 6.3                         | \$ 8.9  |  | 41     | \$ 12.2                      | \$ 16.0 |  | 31     |
| Percentage of net sales:                     |                                |         |  |        |                              |         |  |        |
| Cost of sales                                | 68 %                           | 64 %    |  |        | 69 %                         | 66 %    |  |        |
| Gross margin                                 | 32                             | 36      |  |        | 31                           | 34      |  |        |
| Selling, general and administrative expenses | 16                             | 15      |  |        | 16                           | 15      |  |        |
| Segment profit                               | 16                             | 20      |  |        | 15                           | 19      |  |        |

- (1) We use segment profit to assess the performance of CompX. Segment profit is defined as gross margin less selling, general and administrative expenses directly attributable to CompX's operations.

**Net sales** – CompX's net sales increased \$3.3 million and \$3.6 million in the second quarter and for the first six months of 2026, respectively, compared to the same periods in 2025 due to higher Security Products sales across a variety of markets and higher Marine Components sales to the industrial market. See discussion of reporting units below.

**Cost of sales and gross margin** – CompX's cost of sales as a percentage of net sales improved by 3.7% and 3.1% in the second quarter and first six months of 2026, respectively, compared to the same periods in 2025. As a result, CompX's gross margin as a percentage of sales increased over the same periods. The improvement in CompX's gross margin percentage for the second quarter and first six months of 2026 was primarily due to a higher gross margin percentage at Security Products. In addition, improved gross margin performance at Marine Components contributed favorably to the increase in the second-quarter comparative period. See discussion of reporting units below.

**Selling, general and administrative expenses** – CompX's selling, general and administrative expenses consist primarily of sales and administrative-related personnel costs, sales commissions and advertising expenses directly related to product sales, administrative costs relating to CompX's business unit and corporate management activities, and gains and losses on property and equipment. CompX's selling, general and administrative expenses for the second quarter and first six months of 2026 were comparable to the same periods in 2025. CompX's selling, general and administrative expenses as a percentage of net sales decreased in the second quarter and first six months of 2026 due to higher coverage of operating costs and expenses as a result of higher sales.

**Segment profit** – As a percentage of net sales, CompX’s segment profit for the second quarter and the first six months of 2026 increased compared to the same periods of 2025 and was primarily impacted by the factors impacting CompX’s sales, cost of sales, gross margin and selling, general and administrative expenses. See discussion of reporting units below.

### Results by reporting unit

The key performance indicator for CompX’s reporting units is the level of their reporting unit profit (see discussion below). Reporting unit results exclude CompX corporate expenses.

|                                              | Three months ended<br>June 30, |         |  | %      | Six months ended<br>June 30, |         |  | %      |
|----------------------------------------------|--------------------------------|---------|--|--------|------------------------------|---------|--|--------|
|                                              | 2025                           | 2026    |  | Change | 2025                         | 2026    |  | Change |
|                                              | (In millions)                  |         |  |        | (In millions)                |         |  |        |
| Security Products:                           |                                |         |  |        |                              |         |  |        |
| Net sales                                    | \$ 30.7                        | \$ 33.3 |  | 9 %    | \$ 60.9                      | \$ 63.2 |  | 4 %    |
| Cost of sales                                | 21.1                           | 21.5    |  | 2      | 42.3                         | 41.4    |  | (2)    |
| Gross margin                                 | 9.6                            | 11.8    |  | 23     | 18.6                         | 21.8    |  | 18     |
| Selling, general and administrative expenses | 3.8                            | 3.8     |  | —      | 7.3                          | 7.2     |  | —      |
| Reporting unit profit (2)                    | \$ 5.8                         | \$ 8.0  |  | 39     | \$ 11.3                      | \$ 14.6 |  | 29     |
|                                              |                                |         |  |        |                              |         |  |        |
| Gross margin                                 | 31 %                           | 35 %    |  |        | 31 %                         | 35 %    |  |        |
| Reporting unit profit margin                 | 19                             | 24      |  |        | 19                           | 23      |  |        |

- (2) Reporting unit profit includes reporting unit sales less cost of sales and selling, general and administrative expenses directly attributable to the reporting unit. Interunit sales are not material.

**Security Products** – Security Products net sales increased 9% in the second quarter of 2026 compared to the same period in 2025 primarily due to \$.9 million higher sales to the healthcare market, \$.7 million higher sales to the transportation market, \$.5 million higher sales to distributors and \$.4 million higher sales to the tool storage market. Security Products net sales increased 4% in the first six months of 2026 compared to the same period in 2025 primarily due to \$.8 million higher sales to the transportation market, \$.7 million higher sales to the tool storage market, \$.6 million higher sales to the healthcare market and \$.4 million higher sales to distributors. Sales to the government security market in the second quarter and in the first six months of 2026 were comparable to the same periods in 2025.

Gross margin as a percentage of net sales increased in the second quarter and first six months of 2026 compared to the same periods in 2025 primarily due to a more favorable customer and product mix and lower cost of sales driven by lower employer-related medical expenses and the one-time recovery of prior-period import costs recognized during the second quarter of 2026. Reporting unit profit margin increased for both periods, primarily due to the improvement in gross margin and increased coverage of selling, general and administrative expenses on higher sales.

|                                              | Three months ended<br>June 30, |         |  | %      | Six months ended<br>June 30, |         |  | %      |
|----------------------------------------------|--------------------------------|---------|--|--------|------------------------------|---------|--|--------|
|                                              | 2025                           | 2026    |  | Change | 2025                         | 2026    |  | Change |
|                                              | (In millions)                  |         |  |        | (In millions)                |         |  |        |
| Marine Components:                           |                                |         |  |        |                              |         |  |        |
| Net sales                                    | \$ 9.6                         | \$ 10.3 |  | 6 %    | \$ 19.7                      | \$ 21.0 |  | 6 %    |
| Cost of sales                                | 6.3                            | 6.6     |  | 3      | 13.2                         | 14.0    |  | 6      |
| Gross margin                                 | 3.3                            | 3.7     |  | 12     | 6.5                          | 7.0     |  | 7      |
| Selling, general and administrative expenses | 1.0                            | .9      |  | 4      | 1.9                          | 1.9     |  | 2      |
| Reporting unit profit (2)                    | \$ 2.3                         | \$ 2.8  |  | 16     | \$ 4.6                       | \$ 5.1  |  | 10     |
|                                              |                                |         |  |        |                              |         |  |        |
| Gross margin                                 | 35 %                           | 37 %    |  |        | 33 %                         | 33 %    |  |        |
| Reporting unit profit margin                 | 25                             | 27      |  |        | 24                           | 24      |  |        |

- (2) Reporting unit profit includes reporting unit sales less cost of sales and selling, general and administrative expenses directly attributable to the reporting unit. Interunit sales are not material.

**Marine Components** – Marine Components net sales increased 6% in both the second quarter and first six months of 2026 compared to the same periods in 2025. The increase in second quarter sales was primarily due to \$1.6 million higher sales to the industrial market, partially offset by \$1.0 million lower sales to the government market. The increase in sales for the first six months of 2026 was primarily due to \$3.5 million higher sales to the industrial market, partially offset by \$1.5 million lower sales to the towboat market and \$1.0 million lower sales to the government market. Towboat market sales in the first quarter of 2025 benefited from a one-time customer stocking event that did not repeat in 2026.

Gross margin as a percentage of net sales increased in the second quarter of 2026 compared to the same period in 2025 primarily due to a more favorable customer and product mix, partially offset by higher cost of sales, including increased maintenance and supply costs. Reporting unit profit margin increased in the second quarter of 2026 primarily due to the factors impacting gross margin. Gross margin as a percentage of net sales for the first six months of 2026 was comparable to the same period in 2025 as a more favorable customer and product mix and increased coverage of fixed costs on higher sales were largely offset by higher cost of sales, including sales of higher-cost inventory and increased maintenance and supply costs. Reporting unit profit margin increased for the first six months of 2026 primarily due to increased coverage of selling, general and administrative expenses on higher sales.

**Outlook** – CompX’s results for the first six months of 2026 reflected higher sales and favorable customer and product mix for both the Security Products and Marine Components reporting units. CompX expects these trends to continue through the remainder of 2026, and it currently expects net sales for the full year of 2026 to exceed 2025 levels (excluding the impact of the one-time stocking event noted above). Within Security Products, CompX expects demand from several end markets, including healthcare, transportation and tool storage, to remain strong in the second half of 2026. Within Marine Components, CompX expects increased demand will continue to be driven by industrial market demand, particularly aeroderivative demand, while recreational marine and towboat-related demand is expected to remain relatively consistent with 2025 levels. Based on CompX’s first-half operating performance, it currently expects full-year gross margin and segment profit margin to exceed 2025 levels, although margins during the second half of 2026 may be challenged by the factors discussed below. CompX’s future operating results will continue to be influenced by product and customer mix, raw material costs and overall demand levels in the markets it serves.

CompX manufactures substantially all of its products in the U.S. and sources a substantial majority of its raw materials from U.S. suppliers. CompX also sources certain components, primarily electronic components, from suppliers in Asia, including China. Beginning in the second quarter of 2025 and continuing through the second quarter of 2026, CompX experienced cost increases for certain imported raw materials, primarily electronic components, including increases in tariffs and shipping costs. In addition, inflationary pressures have increased costs for certain domestically-sourced raw materials. Where possible, CompX increases selling prices to recover these higher raw material costs, although the extent to which it can fully recover such costs will depend on a variety of factors including the ultimate tariff rate, duration of tariffs, and CompX’s customers’ ability to substitute alternative products. Accordingly, CompX continues to closely monitor raw material costs, including zinc, brass, aluminum, steel and energy, as well as current and anticipated customer demand levels, to ensure its production capacity and inventory levels remain aligned with market conditions.

CompX’s expectations for its operations and the markets it serves are based on a number of factors outside its control. Currently, CompX’s supply chains are stable and transportation and logistical delays are minimal. CompX has experienced global and domestic supply chain challenges in the past. Any future impacts on CompX’s operations will depend on, among other things, disruption to its operations or its suppliers’ operations, the effect of tariffs, and the impact of broader economic conditions, consumer confidence, and geopolitical events affecting demand for its products or its customers’ and suppliers’ operations, all of which remain uncertain and cannot be predicted.

#### **General corporate and other items**

**Corporate expense** – Corporate expenses were \$2.8 million in the second quarter of 2026, \$7 million lower than in the second quarter of 2025, primarily due to lower environmental remediation and related costs. Included in corporate expense in the second quarter of 2025 and 2026 are:

- litigation fees and related costs of \$.6 million in 2026 compared to \$.7 million in 2025, and
- environmental remediation and related costs of \$.2 million in 2026 compared to \$.9 million in 2025.

Corporate expenses were \$5.8 million in the first six months of 2026, \$.4 million lower than in the first six months of 2025, primarily due to lower environmental remediation and related costs, partially offset by higher general and administrative costs. Included in corporate expense in the first six months of 2025 and 2026 are:

- litigation fees and related costs of \$1.2 million in each of 2026 and 2025, and

- environmental remediation and related costs of \$.6 million in 2026 compared to \$1.5 million in 2025.

The level of our litigation fees and related costs varies from period to period depending upon, among other things, the number of cases in which we are currently involved, the nature of such cases and the current stage of such cases (e.g. discovery, pre-trial motions, trial or appeal, if applicable). See Note 14 to our Condensed Consolidated Financial Statements. If our current expectations regarding the number of cases in which we expect to be involved during 2026 or the nature of such cases were to change, our corporate expenses could be higher than we currently estimate.

Obligations for environmental remediation costs are difficult to assess and estimate and it is possible that actual costs for environmental remediation will exceed accrued amounts or that costs will be incurred in the future for sites in which we cannot currently estimate our liability. If these events were to occur in 2026, our corporate expenses would be higher than we currently estimate. In addition, we adjust our environmental accruals as further information becomes available to us or as circumstances change. Such further information or changed circumstances could result in an increase in our accrued environmental costs. See Note 14 to our Condensed Consolidated Financial Statements.

Overall, we currently expect that our net general corporate expenses in 2026 will be higher than in 2025 primarily due to expected increases in litigation fees and related costs, predominantly in the second half of the year. See Note 14 to our Condensed Consolidated Financial Statements.

**Interest and dividend income** – Interest and dividend income decreased in the second quarter and first six months of 2026 compared to the same periods of 2025 primarily due to decreased average investment balances and lower average interest rates.

**Marketable equity securities** – We recognized an unrealized gain of \$.5 million on the change in value of our marketable equity securities in the second quarter of 2026 compared to an unrealized loss of \$.1 million in the second quarter of 2025. We recognized an unrealized gain of \$3.1 million on the change in value of our marketable equity securities in the first six months of 2026 compared to an unrealized loss of \$8.6 million in the first six months of 2025. See Note 5 to our Condensed Consolidated Financial Statements.

**Other components of net periodic pension and OPEB costs** - Other components of net periodic pension and OPEB costs decreased in the second quarter and first six months of 2026 compared to the same periods of 2025 as a result of the pension plan liability settlement completed in the fourth quarter of 2025.

**Interest expense** – Interest expense decreased in the second quarter and first six months of 2026 compared to the same periods of 2025 primarily due to the final payment of a structured settlement obligation in October of 2025.

**Income tax expense** – We recognized income tax expense of \$2.5 million in the second quarter of 2026 compared to an income tax benefit of less than \$.1 million in the second quarter of 2025 and income tax expense of \$3.9 million in the first half of 2026 compared to an income tax benefit of \$.1 million in the first half of 2025. In accordance with GAAP, we recognize deferred income taxes on our undistributed equity in earnings of Kronos. Because we and Kronos are part of the same U.S. federal income tax group, any dividends we receive from Kronos are nontaxable to us. Accordingly, we do not recognize and we are not required to pay income taxes on dividends from Kronos. Therefore, our full-year effective income tax rate will generally be lower than the U.S. federal statutory income tax rate in years during which we receive dividends from Kronos and recognize equity in earnings of Kronos. Conversely, our effective income tax rate will generally be higher than the U.S. federal statutory income tax rate in years during which we receive dividends from Kronos and recognize equity in losses of Kronos. During interim periods, our effective income tax rate may not necessarily correspond to the foregoing due to the application of accounting for income taxes in interim periods which requires us to base our effective rate on full year projections. We received dividends from Kronos of \$3.5 million in the first six months of 2025 and 2026, respectively.

Our effective tax rate attributable to our equity in earnings of Kronos, including the effect of the nontaxable dividends we received from Kronos, was an effective tax rate of 12.4% in the first six months of 2026 compared to a negative effective tax rate of .9% in the first six months of 2025. The change in our effective rate from 2025 to 2026 is primarily attributable to Kronos' anticipated higher full year earnings in 2026 as compared to 2025. See Note 12 to our Condensed Consolidated Financial Statements for more information about our 2026 income tax items, including a tabular reconciliation of our statutory tax expense to our actual expense.

**Noncontrolling interest** – Noncontrolling interest in net income of CompX increased during the second quarter and first six months of 2026 compared to the same prior year period. The noncontrolling interest we recognize in each period is directly related to the level of earnings at CompX for the period.

**Equity in earnings (losses) of Kronos Worldwide, Inc. –**

|                                                        | Three months ended<br>June 30, |                 | %<br>Change | Six months ended<br>June 30, |                 | %<br>Change |
|--------------------------------------------------------|--------------------------------|-----------------|-------------|------------------------------|-----------------|-------------|
|                                                        | 2025                           | 2026            |             | 2025                         | 2026            |             |
|                                                        | (In millions)                  |                 |             | (In millions)                |                 |             |
| Net sales                                              | \$ 494.4                       | \$ 558.1        | 13 %        | \$ 984.2                     | \$ 1,067.9      | 9 %         |
| Cost of sales                                          | 431.6                          | 455.3           | 5           | 814.5                        | 881.8           | 8           |
| Gross margin                                           | <u>\$ 62.8</u>                 | <u>\$ 102.8</u> | 64          | <u>\$ 169.7</u>              | <u>\$ 186.1</u> | 10          |
| Income from operations                                 | \$ 7.4                         | \$ 37.6         | 408 %       | \$ 45.8                      | \$ 50.2         | 10 %        |
| Interest and dividend income                           | .3                             | .3              |             | .7                           | .5              |             |
| Marketable equity securities unrealized gain (loss)    | —                              | —               |             | (1.0)                        | .3              |             |
| Other components of net periodic pension and OPEB cost | (.6)                           | (.8)            |             | (1.1)                        | (1.6)           |             |
| Interest expense                                       | (12.8)                         | (14.2)          |             | (24.4)                       | (28.5)          |             |
| Income (loss) before income taxes                      | (5.7)                          | 22.9            |             | 20.0                         | 20.9            |             |
| Income tax expense                                     | 3.5                            | 7.7             |             | 11.1                         | 10.5            |             |
| Net (loss) income                                      | <u>\$ (9.2)</u>                | <u>\$ 15.2</u>  |             | <u>\$ 8.9</u>                | <u>\$ 10.4</u>  |             |
| Percentage of net sales:                               |                                |                 |             |                              |                 |             |
| Cost of sales                                          | 87 %                           | 82 %            |             | 83 %                         | 83 %            |             |
| Income from operations                                 | 1                              | 7               |             | 4                            | 5               |             |
| Equity in earnings (losses) of Kronos Worldwide, Inc.  | <u>\$ (2.8)</u>                | <u>\$ 4.6</u>   |             | <u>\$ 2.7</u>                | <u>\$ 3.2</u>   |             |
| TiO <sub>2</sub> operating statistics:                 |                                |                 |             |                              |                 |             |
| Sales volumes*                                         | 132                            | 153             | 16 %        | 268                          | 295             | 10 %        |
| Production volumes*                                    | 125                            | 135             | 8           | 268                          | 263             | (2)         |
| Change in TiO <sub>2</sub> net sales:                  |                                |                 |             |                              |                 |             |
| TiO <sub>2</sub> sales volumes                         |                                |                 | 16 %        |                              |                 | 10 %        |
| TiO <sub>2</sub> product pricing                       |                                |                 | (3)         |                              |                 | (4)         |
| TiO <sub>2</sub> product mix/other                     |                                |                 | (2)         |                              |                 | (1)         |
| Changes in currency exchange rates                     |                                |                 | 2           |                              |                 | 4           |
| Total                                                  |                                |                 | <u>13 %</u> |                              |                 | <u>9 %</u>  |

\* Thousands of metric tons

Kronos' key performance indicators are its TiO<sub>2</sub> average selling prices, its level of TiO<sub>2</sub> sales and production volumes and the cost of titanium-containing feedstock purchased from third parties. TiO<sub>2</sub> selling prices generally follow industry trends, and prices will increase or decrease generally as a result of competitive market pressures.

**Current industry conditions**

Kronos started 2026 with average TiO<sub>2</sub> selling prices lower than at the beginning of 2025; however, its average TiO<sub>2</sub> selling prices increased 4% during the first six months of 2026. During the second quarter of 2026, Kronos announced and implemented various price increases and surcharges in response to higher operating costs. Kronos' average TiO<sub>2</sub> selling prices for the first six months of 2026 were 4% lower than its average TiO<sub>2</sub> selling prices for the first six months of 2025. Overall, Kronos' sales volumes increased in the first six months of 2026 compared to the same period in 2025 primarily due to market share gains across all markets resulting from changing competitive and supply conditions and the continued effect of anti-dumping duties which remain in effect in certain markets.

During the fourth quarter of 2025, Kronos implemented cost reduction initiatives, including workforce reductions and other measures, to permanently improve its cost structure and enable more efficient operation of its facilities at lower production rates for extended periods. As a result, Kronos adjusted its normal production capacity range in 2026 to reflect its production capabilities under this new cost structure.

Excluding the effect of changes in currency exchange rates, Kronos' cost of sales per metric ton of TiO<sub>2</sub> sold in the first half of 2026 was lower than the comparable period of 2025 due to decreases in per metric ton production costs driven primarily by the cost reduction initiatives discussed above, as well as lower raw material costs (primarily feedstock costs) and lower unabsorbed fixed costs.

*Net sales* – Kronos' net sales in the second quarter of 2026 increased 13%, or \$63.7 million, compared to the second quarter of 2025 primarily due to the effects of a 16% increase in sales volumes (which increased net sales by approximately \$79 million) and the favorable impact of changes in currency exchange rates (primarily the euro) which it estimates increased its net sales by approximately \$10 million. These increases were partially offset by a 3% decrease in average TiO<sub>2</sub> selling prices (which decreased net sales by approximately \$15 million) and by changes in product mix, primarily due to lower average selling prices and lower sales volumes in Kronos' complementary businesses. TiO<sub>2</sub> selling prices will increase or decrease generally as a result of competitive market pressures, change in the relative level of supply and demand as well as change in raw material and other manufacturing costs.

Kronos' sales volumes increased 16% in the second quarter of 2026 as compared to the second quarter of 2025 primarily due to market share gains in all major markets resulting from changing competitive and supply conditions and anti-dumping duties that remain in effect in certain markets.

Kronos' net sales in the first six months of 2026 increased 9%, or \$83.7 million, compared to the first six months of 2025 primarily due to the effects of a 10% increase in sales volumes (which increased net sales by approximately \$98 million) and the favorable impact of changes in currency exchange rates (primarily the euro), which Kronos estimates increased its net sales by approximately \$41 million. These increases were partially offset by a 4% decrease in average TiO<sub>2</sub> selling prices (which decreased net sales by approximately \$39 million) and by changes in product mix, primarily due to lower average selling prices and lower sales volumes in Kronos' complementary businesses. TiO<sub>2</sub> selling prices will increase or decrease generally as a result of competitive market pressures, change in the relative level of supply and demand as well as change in raw material and other manufacturing costs.

Kronos' sales volumes increased 10% in the first six months of 2026 as compared to the same period in 2025 primarily due to market share gains in all major markets resulting from changing competitive and supply conditions and anti-dumping duties that remain in effect in certain markets.

*Cost of sales and gross margin* – Kronos' cost of sales increased by \$23.7 million, or 5%, in the second quarter of 2026 compared to the second quarter of 2025 due to a 16% increase in sales volumes and the unfavorable impact from changes in currency exchange rates. These increases were partially offset by lower production costs resulting primarily from the cost reduction initiatives implemented in the fourth quarter of 2025, lower raw material costs (primarily feedstock) and lower unabsorbed fixed costs. Unabsorbed fixed costs were not material in the second quarter of 2026 compared to approximately \$20 million in the second quarter of 2025.

Kronos' cost of sales as a percentage of net sales improved to 82% in the second quarter of 2026 compared to 87% in the same period of 2025, primarily due to the favorable effects of higher sales volumes and lower production costs, discussed above. These favorable impacts were partially offset by lower average TiO<sub>2</sub> selling prices and the unfavorable impact of lower average selling prices and sales volumes within Kronos' complementary businesses.

Kronos' gross margin as a percentage of net sales increased to 18% in the second quarter of 2026 compared to 13% in the second quarter of 2025. Kronos' gross margin as a percentage of net sales increased primarily due to the net effects of higher sales volumes, lower average TiO<sub>2</sub> selling prices, lower production costs as discussed above, and the unfavorable impact from changes in currency exchange rates.

Kronos' cost of sales increased by \$67.3 million, or 8%, in the first six months of 2026 compared to the first six months of 2025 due to a 10% increase in sales volumes and the unfavorable impact from changes in currency exchange rates. These increases were partially offset by lower production costs resulting primarily from the cost reduction initiatives implemented in the fourth quarter of 2025, lower raw material costs (primarily feedstock), and lower unabsorbed fixed costs. Unabsorbed fixed costs were not material in the first six months of 2026 compared to \$30 million in the first six months of 2025.

Kronos' cost of sales as a percentage of net sales was comparable at 83% in the first six months of 2026 and 2025 as the favorable effects of higher sales volumes and lower cost of inventory sold were offset by lower average TiO<sub>2</sub> selling prices, the unfavorable impact of changes in currency exchange rates, and lower average selling prices and sales volumes within Kronos' complementary businesses.

Kronos' gross margin as a percentage of net sales was comparable at 17% in the first six months of 2026 and 2025 based on the factors affecting net sales and cost of sales, discussed above.

*Selling, general and administrative expense* – Kronos’ selling, general and administrative expense increased \$2.4 million, or 4%, in the second quarter of 2026 compared to the second quarter of 2025, as the unfavorable impact of changes in currency exchange rates and higher distribution costs more than offset cost savings realized from the fourth quarter of 2025 restructuring. Excluding the effects of changes in currency exchange rates, Kronos’ distribution costs increased primarily due to higher sales volumes and elevated U.S. freight rates beginning early in the second quarter of 2026. Kronos’ selling, general and administrative expense as a percentage of net sales decreased to 12% in the second quarter of 2026 compared to 13% in the second quarter of 2025, primarily due to the effects of higher sales.

Kronos’ selling, general and administrative expense increased \$4.4 million, or 4%, in the first six months of 2026 compared to the first six months of 2025, as the unfavorable impact of changes in currency exchange rates and slightly higher distribution costs more than offset cost savings realized from the fourth quarter of 2025 restructuring. Excluding the effects of changes in currency exchange rates, Kronos’ distribution costs increased primarily due to higher sales volumes and elevated U.S. freight rates beginning early in the second quarter of 2026. These increases more than offset the benefit of the restructuring implemented in the fourth quarter of 2025 and the one-time impact of additional warehousing costs in the first quarter of 2025 to position finished goods inventory in the U.S. in advance of anticipated U.S. federal government tariff announcements. Kronos’ selling, general and administrative expense as a percentage of net sales decreased to 12% in the first six months of 2026 compared to 13% in the same period of 2025, primarily due to the effects of higher sales.

*Income from operations* – Kronos’ income from operations increased by \$30.2 million to \$37.6 million in the second quarter of 2026 compared to \$7.4 million in the second quarter of 2025, primarily as a result of the factors impacting gross margin discussed above. Kronos estimates that changes in currency exchange rates decreased income from operations by approximately \$12 million in the second quarter of 2026 compared to the same period in 2025, as discussed in the effects of currency exchange rates section below.

Kronos’ income from operations increased by \$4.4 million to \$50.2 million in the first six months of 2026 compared to \$45.8 million in the first six months of 2025, primarily as a result of the factors impacting gross margin discussed above. Kronos estimates that changes in currency exchange rates decreased income from operations by approximately \$18 million in the first six months of 2026 compared to the same period in 2025, as discussed in the effects of currency exchange rates section below.

*Other non-operating income (expense)* – Kronos’ interest expense in the second quarter of 2026 increased by \$1.4 million compared to the second quarter of 2025 primarily due to higher average debt balances and higher interest rates. Other components of net periodic pension and OPEB cost in the second quarter of 2026 increased \$.2 million compared to the second quarter of 2025 primarily due to lower expected return on plan assets.

Kronos’ interest expense in the first six months of 2026 increased by \$4.1 million compared to the first six months of 2025 primarily due to higher average debt balances and higher interest rates. Other components of net periodic pension and OPEB costs in the first six months of 2026 increased \$.5 million compared to the first six months of 2025 primarily due to lower expected return on plan assets. Kronos recognized an unrealized gain of \$.3 million in the first six months of 2026 related to the change in marketable equity securities compared to an unrealized loss of \$1.0 million in the same period of 2025.

*Income tax expense* – Kronos recognized income tax expense of \$7.7 million in the second quarter of 2026 compared to income tax expense of \$3.5 million in the second quarter of 2025. The increase is primarily due to higher earnings in the second quarter of 2026 and the jurisdictional mix of such earnings. Kronos’ earnings and losses are subject to income tax in various U.S. and non-U.S. jurisdictions, and the income tax rates applicable to the pre-tax earnings (losses) of Kronos’ non-U.S. operations are generally higher than the income tax rates applicable to its U.S. operations. Kronos would generally expect its overall effective tax rate, excluding the effect of any increase or decrease in its deferred income tax asset valuation allowances, changes in its reserve for uncertain tax positions, or tax rate changes to be higher than the U.S. federal statutory tax rate of 21% primarily because of Kronos’ sizeable non-U.S. operations.

Kronos’ recognized income tax expense of \$10.5 million in the first six months of 2026 compared to income tax expense of \$11.1 million in the same period of 2025. The decrease is primarily due to the jurisdictional mix of earnings partially offset by a net uncertain tax position of \$2.0 million recognized in the first quarter of 2026. Kronos’ earnings and losses are subject to income tax in various U.S. and non-U.S. jurisdictions, and the income tax rates applicable to the pre-tax earnings (losses) of Kronos’ non-U.S. operations are generally higher than the income tax rates applicable to its U.S. operations. Kronos would generally expect its overall effective tax rate, excluding the effect of any increase or decrease in its deferred income tax asset valuation allowances, changes in its reserve for uncertain tax positions, or tax rate changes to be higher than the U.S. federal statutory tax rate of 21% primarily because of Kronos’ sizeable non-U.S. operations.

## Effects of currency exchange rates

Kronos has substantial operations and assets located outside the United States (primarily in Germany, Belgium, Norway and Canada). The majority of Kronos' sales from non-U.S. operations are denominated in currencies other than the U.S. dollar, principally the euro, other major European currencies and the Canadian dollar. A portion of Kronos' sales generated from its non-U.S. operations is denominated in the U.S. dollar (and consequently Kronos' non-U.S. operations will generally hold U.S. dollars from time to time). Certain raw materials used in all Kronos production facilities, primarily titanium-containing feedstocks, are purchased primarily in U.S. dollars, while labor and other production and administrative costs are incurred primarily in local currencies. Consequently, the translated U.S. dollar value of Kronos' non-U.S. sales and operating results are subject to currency exchange rate fluctuations which may favorably or unfavorably impact reported earnings and may affect the comparability of period-to-period operating results. In addition to the impact of the translation of sales and expenses over time, Kronos' non-U.S. operations also generate currency transaction gains and losses which primarily relate to (i) the difference between the currency exchange rates in effect when non-local currency sales or operating costs (primarily U.S. dollar denominated) are initially accrued and when such amounts are settled with the non-local currency, (ii) changes in currency exchange rates during time periods when Kronos' non-U.S. operations are holding non-local currency (primarily U.S. dollars), and (iii) relative changes in the aggregate fair value of currency forward contracts held from time to time. Kronos periodically uses currency forward contracts to manage a portion of its currency exchange risk, and relative changes in the aggregate fair value of any currency forward contracts it holds from time to time serves in part to mitigate the currency transaction gains or losses it would recognize from the first two items described above.

Fluctuations in currency exchange rates had the following effects on Kronos' sales and income from operations for the periods indicated.

### Impact of changes in currency exchange rates Three months ended June 30, 2026 vs June 30, 2025

| Three months ended June 30, 2026 vs June 30, 2025 |                               |      |        |                                                   |                                    |  |  |
|---------------------------------------------------|-------------------------------|------|--------|---------------------------------------------------|------------------------------------|--|--|
|                                                   | Transaction losses recognized |      |        | Translation gains (losses) impact of rate changes | Total currency impact 2026 vs 2025 |  |  |
|                                                   | 2025                          | 2026 | Change |                                                   |                                    |  |  |
|                                                   | (In millions)                 |      |        |                                                   |                                    |  |  |
| Impact on:                                        |                               |      |        |                                                   |                                    |  |  |
| Net sales                                         | \$ —                          | \$ — | \$ —   | \$ 10                                             | \$ 10                              |  |  |
| Income from operations                            | 9                             | (1)  | (10)   | (2)                                               | (12)                               |  |  |

The \$10 million increase in net sales (translation gains) was caused primarily by a weakening of the U.S. dollar relative to the euro, as Kronos' euro-denominated sales were translated into more U.S. dollars in 2026 as compared to 2025. The weakening of the U.S. dollar relative to the Canadian dollar and the Norwegian krone in 2026 did not have a significant effect on Kronos' net sales, as a substantial portion of the sales generated by its Canadian and Norwegian operations is denominated in the U.S. dollar.

The \$12 million decrease in income from operations was comprised of the following:

- Higher net currency transaction losses of approximately \$10 million primarily caused by relative changes in currency exchange rates at each applicable balance sheet date between the U.S. dollar and the euro, Canadian dollar and the Norwegian krone, and between the euro and the Norwegian krone, which causes increases or decreases, as applicable, in U.S. dollar-denominated receivables and payables and U.S. dollar currency held by Kronos' non-U.S. operations, and in Norwegian krone denominated receivables and payables held by its non-U.S. operations. In the first quarter of 2025, Kronos entered into a currency forward contract to purchase €25 million at an exchange rate of €1.05 per U.S. dollar. Kronos recognized a \$2.3 million currency transaction gain for the three months ended June 30, 2025, and
- Approximately \$2 million from net currency translation losses primarily caused by a weakening of the U.S. dollar relative to the Canadian dollar, Norwegian krone and euro, as local currency-denominated operating costs were translated into more U.S. dollars in 2026 as compared to 2025. The net translation gains from the favorable effects of the weaker U.S. dollar on euro-denominated sales more than offset the negative effects on euro-denominated operating costs being translated into more U.S. dollars in 2026 as compared to 2025.

**Impact of changes in currency exchange rates**  
**Six months ended June 30, 2026 vs June 30, 2025**

|                        | Transaction gains recognized |      |               | Translation gains/(losses) impact of rate changes | Total currency impact 2026 vs 2025 |
|------------------------|------------------------------|------|---------------|---------------------------------------------------|------------------------------------|
|                        | 2025                         | 2026 | Change        |                                                   |                                    |
|                        |                              |      | (In millions) |                                                   |                                    |
| <b>Impact on:</b>      |                              |      |               |                                                   |                                    |
| Net sales              | \$ —                         | \$ — | \$ —          | \$ 41                                             | \$ 41                              |
| Income from operations | 5                            | (6)  | (11)          | (7)                                               | (18)                               |

The \$41 million increase in net sales (translation gains) was caused primarily by a weakening of the U.S. dollar relative to the euro, as Kronos' euro-denominated sales were translated into more U.S. dollars in 2026 as compared to 2025. The weakening of the U.S. dollar relative to the Canadian dollar and the Norwegian krone in 2026 did not have a significant effect on Kronos' net sales, as a substantial portion of the sales generated by its Canadian and Norwegian operations is denominated in the U.S. dollar.

The \$18 million decrease in income from operations was comprised of the following:

- Higher net currency transaction losses of approximately \$11 million primarily caused by relative changes in currency exchange rates at each applicable balance sheet date between the U.S. dollar and the euro, Canadian dollar and the Norwegian krone, and between the euro and the Norwegian krone, which causes increases or decreases, as applicable, in U.S. dollar-denominated receivables and payables and U.S. dollar currency held by Kronos' non-U.S. operations, and in Norwegian krone denominated receivables and payables held by its non-U.S. operations. In the first quarter of 2025, Kronos entered into a currency forward contract to purchase €25 million at an exchange rate of €1.05 per U.S. dollar. Kronos recognized a \$3.2 million currency transaction gain for the six months ended June 30, 2025, and
- Approximately \$7 million from net currency translation losses primarily caused by a weakening of the U.S. dollar relative to the Canadian dollar, Norwegian krone and euro, as local currency-denominated operating costs were translated into more U.S. dollars in 2026 as compared to 2025. The net translation gains from the favorable effects of the weaker U.S. dollar on euro-denominated sales more than offset the negative effects on euro-denominated operating costs being translated into more U.S. dollars in 2026 as compared to 2025.

## Outlook

During the second quarter of 2026, Kronos continued the positive momentum from the first quarter, with sales volumes improving compared to the same period in 2025. Kronos' volume growth was driven by higher sales across all major markets as a result of market share gains, particularly in Europe, reflecting changing competitive and supply conditions that created opportunities to expand its customer base. While demand has improved compared to 2025, overall demand remains below historical levels, particularly in North America, where demand continues to be affected by broader economic uncertainty, prolonged elevated interest rates and subdued consumer spending. Kronos believes industry-wide TiO<sub>2</sub> inventories remain constrained and customer order levels have improved in response to geopolitical instability and recent supply and shipping disruptions in certain regions. As a result, customer order lead times have lengthened. Kronos' order backlog entering the third quarter is favorable compared to prior year, providing greater flexibility in its near- and intermediate-term production planning.

Based on Kronos' performance during the first six months of 2026, it currently expects full-year net sales to exceed 2025 levels and expects gross margin and operating income margins to improve compared to 2025. Kronos implemented additional price increases and surcharges during the second quarter of 2026 in response to higher production, energy and logistic costs, and it expects the overall pricing environment to remain favorable through the remainder of the year. While Kronos' overall selling prices remain below prior year levels, industry supply conditions and ongoing pricing initiatives are expected to support further price increases during the second half of 2026. However, additional pricing actions may be required to further improve profit margins toward historical levels.

The cost-reduction initiatives Kronos implemented during the fourth quarter of 2025, including workforce reductions and other measures designed to align its cost structure with current demand continue to benefit Kronos' operating results in 2026. During the second quarter of 2026, Kronos realized improved gross margins, and it expects margins to continue to benefit from lower cost inventory produced during 2026 and more favorable selling prices. Kronos' operational restructuring allows it to run its facilities more efficiently at lower production rates for extended periods while maintaining flexibility to respond to changing market conditions. Kronos operated its facilities within its normal capacity range during the first six months of 2026, and Kronos currently expects to continue operating within its normal capacity range for the remainder of the year.

Kronos remains focused on improving profitability through pricing actions, disciplined cost management and continued execution of its operating cost structural realignment initiatives. Kronos also continues to pursue targeted sales growth opportunities in regions affected by changing competitive and supply conditions, logistical challenges and trade measures that have reduced the competitiveness of certain imports.

Kronos' liquidity and capital resources remain sufficient to support its operations and planned capital investments. While Kronos typically experiences significant seasonal cash usage in the first half of the year, it expects cash on hand to improve over the remainder of the year. Kronos will continue to actively manage working capital, including inventories and receivables, to bolster operating cash flows and maintain financial flexibility. Kronos believes its revolving credit facility availability, combined with the absence of near-term debt maturities and improved operating cash flows, will provide adequate liquidity for expected working capital needs and capital allocation requirements.

Kronos' expectations for the TiO<sub>2</sub> industry and its operations are based on a number of factors outside its control. Kronos' operations are affected by global and regional economic, political and regulatory factors, and it has experienced global market disruptions. Future impacts on Kronos' operations will depend on, among other things, future energy costs, the effect of newly enacted tariffs in jurisdictions where it or its customers and suppliers operate, its success in implementing mitigation strategies, and the impact of economic conditions, consumer confidence, and geopolitical events on its operations or its customers' and suppliers' operations, all of which remain uncertain and cannot be predicted.

## Liquidity and Capital Resources

### Consolidated cash flows

#### Operating activities

Trends in cash flows from operating activities, excluding the impact of deferred taxes and relative changes in assets and liabilities, are generally similar to trends in our income from operations.

Net cash provided by operating activities was \$7.4 million in the first six months of 2026 compared to net cash used in operating activities of \$40.2 million in the first six months of 2025. The increase in net cash provided by operating activities in the first six months of 2026 is primarily due to the net effects of:

- lower cash paid for environmental remediation and related costs of \$55.7 million primarily due to the payment of a settlement for an environmental remediation site in 2025;
- higher net cash used by relative changes in receivables, inventories, prepaids, payables and accrued liabilities in 2026 of \$11.5 million; and
- higher segment profit from CompX in 2026 of \$3.8 million.

We do not have complete access to CompX's cash flows in part because we do not own 100% of CompX. A detail of our consolidated cash flows from operating activities is presented in the table below. Intercompany dividends have been eliminated. The reference to NLI Parent in the table below is a reference to NLI Holdings, Inc., as the parent company of CompX and our wholly-owned subsidiaries.

|                                                      | Six months ended<br>June 30, |               |
|------------------------------------------------------|------------------------------|---------------|
|                                                      | 2025                         | 2026          |
|                                                      | (In millions)                |               |
| Net cash provided by (used in) operating activities: |                              |               |
| CompX                                                | \$ 4.6                       | \$ 6.0        |
| NLI Parent and wholly-owned subsidiaries             | (38.3)                       | 7.8           |
| Eliminations                                         | (6.5)                        | (6.4)         |
| Total                                                | <u>\$ (40.2)</u>             | <u>\$ 7.4</u> |

Relative changes in working capital can have a significant effect on cash flows from operating activities. As shown below, the change in average days sales outstanding increased from December 31, 2025 to June 30, 2026 primarily as a result of differences in the timing of sales and collections relative to the end of the quarter, including differences arising from CompX's fiscal month-end close occurring before the calendar month-end, when certain large customers typically remit payments. Total average number of days in

inventory decreased from December 31, 2025 to June 30, 2026 due to a reduction in days in inventory at CompX's Security Products reporting unit, driven by higher sales volumes in the second quarter of 2026 compared to the fourth quarter of 2025. This improvement was partially offset by an increase in days in inventory at CompX's Marine Components reporting unit, primarily due to higher work-in-process inventory balances resulting from delays in certain raw material shipments, as well as the timing of customer order fulfillment. For comparative purposes, we have provided December 31, 2024 and June 30, 2025 numbers below.

|                        | <b>December 31,<br/>2024</b> | <b>June 30,<br/>2025</b> | <b>December 31,<br/>2025</b> | <b>June 30,<br/>2026</b> |
|------------------------|------------------------------|--------------------------|------------------------------|--------------------------|
| Days sales outstanding | 33 days                      | 38 days                  | 33 days                      | 41 days                  |
| Days in inventory      | 94 days                      | 109 days                 | 108 days                     | 103 days                 |

### ***Investing activities***

Our capital expenditures, all of which relate to CompX, were \$1.5 million in the first six months of 2026 compared to \$2.2 million in the first six months of 2025. During the first six months of 2026, Valhi repaid a net \$1.2 million under the promissory note (\$7.6 million of gross borrowings and \$8.8 million of gross repayments). During the first six months of 2025, Valhi repaid a net \$.4 million under the promissory note (\$6.0 million of gross borrowings and \$6.4 million of gross repayments).

### ***Financing activities***

Our board of directors declared a quarterly dividend of \$.10 per share in each of the first, second and third quarters of 2026, and our board of directors declared a quarterly dividend of \$.09 per share in each of the first, second and third quarters of 2025. The declaration and payment of future dividends, and the amount thereof, is discretionary and is dependent upon our financial condition, cash requirements, contractual obligations and restrictions and other factors deemed relevant by our board of directors. The amount and timing of past dividends is not necessarily indicative of the amount or timing of any future dividends which might be paid. There are currently no contractual restrictions on the amount of dividends which we may pay.

Cash flows from financing activities in each of the first six months of 2025 and 2026 also include CompX dividends paid to its stockholders other than us.

### **Outstanding debt obligations**

At June 30, 2026, NLKW had outstanding debt obligations of \$.5 million under its secured revolving credit facility with Valhi, and CompX did not have any outstanding debt obligations. We are in compliance with all of the covenants contained in our secured revolving credit facility with Valhi at June 30, 2026. See Note 8 to our Condensed Consolidated Financial Statements.

### **Future cash requirements**

### ***Liquidity***

Our primary source of liquidity on an ongoing basis is our cash flow from operating activities and credit facilities with affiliates as further discussed below. We generally use these amounts to fund capital expenditures (substantially all of which relate to CompX), pay ongoing environmental remediation and litigation costs and provide for the payment of dividends (if declared).

At June 30, 2026, we had aggregate restricted and unrestricted cash and cash equivalents of \$110.4 million, all of which was held in the U.S. A detail by entity is presented in the table below.

|                                          | <b>Amount<br/>(In millions)</b> |
|------------------------------------------|---------------------------------|
| CompX                                    | \$ 52.4                         |
| NLI Parent and wholly-owned subsidiaries | 58.0                            |
| <b>Total</b>                             | <b>\$ 110.4</b>                 |

In addition, at June 30, 2026 we owned approximately 1.2 million shares of Valhi common stock with an aggregate market value of \$17.6 million. See Note 5 to our Condensed Consolidated Financial Statements. We also owned approximately 35.2 million shares of Kronos common stock at June 30, 2026 with an aggregate market value of \$222.9 million. See Note 6 to our Condensed Consolidated Financial Statements.

We routinely compare our liquidity requirements and alternative uses of capital against the estimated future cash flows we expect to receive from our subsidiaries and affiliates. As a result of this process, we have in the past and may in the future seek to raise additional capital, incur debt, repurchase indebtedness in the market or otherwise, modify our dividend policies, consider the sale of our interests in our subsidiaries, affiliates, business, marketable securities or other assets, or take a combination of these and other steps, to increase liquidity, reduce indebtedness and fund future activities. Such activities have in the past and may in the future involve related companies.

We periodically evaluate acquisitions of interests in or combinations with companies (including related companies) perceived by management to be undervalued in the marketplace. These companies may or may not be engaged in businesses related to our current businesses. We intend to consider such acquisition activities in the future and, in connection with this activity, may consider issuing additional equity securities and increasing indebtedness. From time to time, we also evaluate the restructuring of ownership interests among our respective subsidiaries and related companies.

Based upon our expectations of our operating performance, and the anticipated demands on our cash resources we expect to have sufficient liquidity to meet our short-term obligations (defined as the twelve-month period ending June 30, 2027) and long-term obligations (defined as the five-year period ending June 30, 2031) including any amounts CompX might lend from time to time under the terms of its revolving loan to Valhi (which loans would be solely at CompX's discretion). If actual developments differ materially from our expectations, our liquidity could be adversely affected. In this regard, Valhi has agreed to loan us up to \$50 million on a revolving basis. At June 30, 2026, we had \$.5 million in outstanding borrowings under this facility, and we had \$49.5 million available for future borrowing. See Note 8 to our Condensed Consolidated Financial Statements.

### ***Capital expenditures***

Firm purchase commitments for capital projects in process at June 30, 2026 totaled \$1.1 million. CompX expects to spend approximately \$5.5 million during 2026 on capital investments, primarily to increase CompX's capacity through investments in manufacturing equipment, including new technologies and increased automation and for improvements to its manufacturing facilities.

### ***Repurchases of common stock***

At June 30, 2026, CompX has 523,647 shares available for repurchase under a stock repurchase program authorized by its board of directors.

### ***Dividends***

Because our operations are conducted primarily through subsidiaries and affiliates, our long-term ability to meet parent company-level corporate obligations is largely dependent on the receipt of dividends or other distributions from our subsidiaries and affiliates. A detail of annual dividends we expect to receive from our subsidiaries and affiliates in 2026, based on the number of shares of common stock of these affiliates we own as of June 30, 2026 and their current regular quarterly dividend rate, is presented in the table below.

|                                 | <b>Shares held<br/>June 30, 2026<br/>(In millions)</b> | <b>Quarterly<br/>dividend rate</b> | <b>Annual expected<br/>dividend<br/>(In millions)</b> |
|---------------------------------|--------------------------------------------------------|------------------------------------|-------------------------------------------------------|
| Kronos                          | 35.2                                                   | \$ .05                             | \$ 7.0                                                |
| CompX                           | 10.8                                                   | .30                                | 12.9                                                  |
| Valhi                           | 1.2                                                    | .08                                | .4                                                    |
| Total expected annual dividends |                                                        |                                    | <u><u>\$ 20.3</u></u>                                 |

### ***Investments in our subsidiaries and affiliates and other acquisitions***

We have in the past and may in the future, purchase the securities of our subsidiaries and affiliates or third-parties in market or privately-negotiated transactions. We base our purchase decisions on a variety of factors, including an analysis of the optimal use of our capital, taking into account the market value of the securities and the relative value of expected returns on alternative investments. In connection with these activities, we may consider issuing additional equity securities or increasing our indebtedness. We may also evaluate the restructuring of ownership interests of our businesses among our subsidiaries and related companies.

## **Commitments and contingencies**

There have been no material changes in our contractual obligations since we filed our 2025 Annual Report and we refer you to that report for a complete description of these commitments.

We are subject to certain commitments and contingencies, as more fully described or referenced in our 2025 Annual Report, or in Note 14 to our Condensed Consolidated Financial Statements or in Part II, Item 1 of this report, including certain legal proceedings. In addition to such legal proceedings, various legislation and administrative regulations have, from time to time, been proposed that seek to (i) impose various obligations on present and former manufacturers of lead pigment and lead-based paint (including us) with respect to asserted health concerns associated with the use of such products and (ii) effectively overturn court decisions in which we and other pigment manufacturers have been successful. Examples of such proposed legislation include bills which would permit civil liability for damages on the basis of market share, rather than requiring plaintiffs to prove that the defendant's product caused the alleged damage and bills which would revive actions barred by the statute of limitations. While no legislation or regulations have been enacted to date that are expected to have a material adverse effect on our consolidated financial position, results of operations or liquidity, enactment of such legislation could have such an effect.

## **Recent accounting pronouncements**

See Note 16 to our Condensed Consolidated Financial Statements.

## **Critical accounting policies and estimates**

For a discussion of our critical accounting policies, refer to Part I, — “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our 2025 Annual Report. There have been no changes in our critical accounting policies during the first six months of 2026.

## **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK**

We are exposed to market risk, including currency exchange rates, interest rates and equity security prices. There have been no material changes in these market risks since we filed our 2025 Annual Report, and we refer you to Part I, Item 7A. — “Quantitative and Qualitative Disclosure about Market Risk” in our 2025 Annual Report. See also Note 15 to our Condensed Consolidated Financial Statements.

## **ITEM 4. CONTROLS AND PROCEDURES**

***Evaluation of disclosure controls and procedures*** – We maintain disclosure controls and procedures which, as defined in Exchange Act Rule 13a-15(e), means controls and other procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit to the SEC under the Securities Exchange Act of 1934, as amended (the Act), is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information we are required to disclose in the reports we file or submit to the SEC under the Act is accumulated and communicated to our management, including our principal executive officer and our principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions to be made regarding required disclosure. Each of Courtney J. Riley, our President and Chief Executive Officer and Amy Allbach Samford, our Executive Vice President and Chief Financial Officer, have evaluated the design and effectiveness of our disclosure controls and procedures as of June 30, 2026. Based upon their evaluation, these executive officers have concluded that our disclosure controls and procedures are effective as of the date of this evaluation.

***Internal control over financial reporting*** – Our management is responsible for establishing and maintaining adequate internal control over financial reporting which, as defined by Exchange Act Rule 13a-15(f) means a process designed by, or under the supervision of, our principal executive and principal financial officers, or persons performing similar functions, and effected by the board of directors, management and other personnel, 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, and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect transactions and dispositions of our assets,

- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures are made only in accordance with authorizations of our management and directors, and
- Provide reasonable assurance regarding prevention or timely detection of an unauthorized acquisition, use or disposition of assets that could have a material effect on our Condensed Consolidated Financial Statements.

**Other** – As permitted by the SEC, our assessment of internal control over financial reporting excludes internal control over financial reporting of equity method investees. However, our assessment of internal control over financial reporting with respect to equity method investees did include controls over the recording of amounts related to our investment that are recorded in the consolidated financial statements, including controls over the selection of accounting methods for our investments, the recognition of equity method earnings and losses and the determination, valuation and recording of our investment account balances.

**Changes in internal control over financial reporting** – There have been no changes to our internal control over financial reporting during the quarter ended June 30, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II. OTHER INFORMATION**

### **Item 1. Legal Proceedings**

In addition to the matter discussed below, refer to Note 14 to our Condensed Consolidated Financial Statements, our March 31, 2026 Quarterly Report on Form 10-Q and our 2025 Annual Report for descriptions of certain legal proceedings.

*California Department of Toxic Substances v. NL Industries, Inc.* In July 2026, the trial court set the amount of past costs recoverable under CERCLA at \$27.5 million, but did not allocate that amount among the defendants. We have denied liability and will continue to defend vigorously against all claims.

### **Item 1A. Risk Factors**

For a discussion of the risk factors related to our businesses, please refer to Part I, Item 1A, “Risk Factors,” in our 2025 Annual Report.

### **Item 6. Exhibits**

31.1 [Certification](#)

31.2 [Certification](#)

32.1 [Certification](#)

101.INS Inline XBRL Instance – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

101.SCH Inline XBRL Taxonomy Extension Schema

101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase

101.DEF Inline XBRL Taxonomy Extension Definition Linkbase

101.LAB Inline XBRL Taxonomy Extension Label Linkbase

101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase

104 Cover page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

## 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.

NLI HOLDINGS, INC.  
\_\_\_\_\_  
(Registrant)

Date: August 5, 2026

/s/ Amy Allbach Samford  
\_\_\_\_\_  
Amy Allbach Samford  
(Executive Vice President and Chief Financial Officer)

Date: August 5, 2026

/s/ Amy E. Ruf  
\_\_\_\_\_  
Amy E. Ruf  
(Vice President and Controller)

## CERTIFICATION

I, Courtney J. Riley, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of NLI Holdings, 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 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 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: August 5, 2026

/s/Courtney J. Riley

Courtney J. Riley

President and Chief Executive Officer

---

## CERTIFICATION

I, Amy Allbach Samford, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of NLI Holdings, 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 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 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: August 5, 2026

/s/ Amy Allbach Samford

Amy Allbach Samford

Executive Vice President and Chief Financial Officer

---

**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 of NLI Holdings, Inc. (the Company) on Form 10-Q for the quarter ended June 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Courtney J. Riley, President and Chief Executive Officer of the Company, and I, Amy Allbach Samford, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (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.

/s/ Courtney J. Riley

---

Courtney J. Riley

President and Chief Executive Officer

/s/ Amy Allbach Samford

---

Amy Allbach Samford

Executive Vice President and Chief Financial Officer

August 5, 2026

Note: The certification the registrant furnished in this exhibit is not deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. Registration Statements or other documents filed with the Securities and Exchange Commission shall not incorporate this exhibit by reference, except as otherwise expressly stated in such filing.

---