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 September 30, 2024

OR

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

For the transition period from to

Commission file number 1-640

NL INDUSTRIES, INC.

(Exact name of Registrant as specified in its charter)

New Jersey	**13-5267260**
(State or other jurisdiction of incorporation or organization)	**(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	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
Emerging growth company	☐		

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

Number of shares of the registrant's common stock, $.125 par value per share, outstanding on November 1, 2024 48,847,734.

NL INDUSTRIES, INC. AND SUBSIDIARIES

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

NL INDUSTRIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

	December 31, 2023	September 30, 2024 (unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 111,522	**$ 145,960**
Restricted cash and cash equivalents	2,917	**29,734**
Marketable securities	53,149	**—**
Accounts and other receivables, net	17,101	**14,582**
Receivables from affiliates	628	**—**
Inventories, net	30,712	**28,008**
Prepaid expenses and other	2,235	**7,293**
Total current assets	218,264	**225,577**
Other assets:		
Restricted cash and cash equivalents	26,943	**530**
Note receivable from affiliate	10,600	**7,900**
Marketable securities	18,194	**39,969**
Investment in Kronos Worldwide, Inc.	247,582	**259,556**
Goodwill	27,156	**27,156**
Other assets, net	2,060	**701**
Total other assets	332,535	**335,812**
Property and equipment:		
Land	5,390	**5,390**
Buildings	23,239	**23,262**
Equipment	74,315	**75,334**
Construction in progress	676	**527**
	103,620	**104,513**
Less accumulated depreciation	77,757	**80,252**
Net property and equipment	25,863	**24,261**
Total assets	$ 576,662	**$ 585,650**

NL INDUSTRIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)

(In thousands)

	December 31, 2023	September 30, 2024 (unaudited)
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 3,148	**$ 3,291**
Accrued litigation settlement	11,830	**16,353**
Accrued and other current liabilities	13,182	**10,642**
Accrued environmental remediation and related costs	1,655	**2,462**
Payables to affiliates	634	**818**
Total current liabilities	30,449	**33,566**
Noncurrent liabilities:		
Long-term debt from affiliate	500	**500**
Accrued environmental remediation and related costs	89,451	**89,163**
Long-term litigation settlement	16,122	**—**
Deferred income taxes	41,733	**51,784**
Accrued pension costs	1,571	**624**
Other	5,074	**5,083**
Total noncurrent liabilities	154,451	**147,154**
Equity:		
NL stockholders' equity:		
Preferred stock	—	**—**
Common stock	6,103	**6,105**
Additional paid-in capital	298,868	**299,099**
Retained earnings	284,462	**302,420**
Accumulated other comprehensive loss	(219,621)	**(221,587)**
Total NL stockholders' equity	369,812	**386,037**
Noncontrolling interest in subsidiary	21,950	**18,893**
Total equity	391,762	**404,930**
Total liabilities and equity	$ 576,662	**$ 585,650**

Commitments and contingencies (Notes 11 and 13)

See accompanying notes to Condensed Consolidated Financial Statements.

NL INDUSTRIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2023	**2024**	**2023**	**2024**
		(unaudited)		
Net sales	$ 40,355	**$ 33,667**	$ 118,122	**$ 107,525**
Cost of sales	27,736	**24,199**	82,526	**77,225**
Gross margin	12,619	**9,468**	35,596	**30,300**
Selling, general and administrative expense	6,074	**6,119**	17,644	**18,155**
Other operating income (expense):				
Insurance recoveries	304	**1,100**	456	**1,317**
Corporate expense	(3,168)	**(2,413)**	(9,109)	**(9,279)**
Income from operations	3,681	**2,036**	9,299	**4,183**
Equity in earnings (losses) of Kronos Worldwide, Inc.	(6,229)	**21,982**	(13,382)	**30,431**
Other income (expense):				
Interest and dividend income	2,344	**2,716**	6,454	**7,945**
Marketable equity securities	491	**18,613**	(10,468)	**21,775**
Loss on pension plan termination	—	**—**	(4,911)	**—**
Other components of net periodic pension and OPEB cost	(382)	**(318)**	(1,098)	**(954)**
Interest expense	(202)	**(147)**	(600)	**(440)**
Income (loss) before income taxes	(297)	**44,882**	(14,706)	**62,940**
Income tax expense (benefit)	(965)	**8,508**	(6,844)	**10,798**
Net income (loss)	668	**36,374**	(7,862)	**52,142**
Noncontrolling interest in net income of subsidiary	737	**364**	2,031	**1,458**
Net income (loss) attributable to NL stockholders	$ (69)	**$ 36,010**	$ (9,893)	**$ 50,684**
Amounts attributable to NL stockholders:				
Basic and diluted net income (loss) per share	$ —	**$ .74**	$ (.20)	**$ 1.04**
Weighted average shares used in the calculation of net income (loss) per share	48,833	**48,848**	48,824	**48,841**

See accompanying notes to Condensed Consolidated Financial Statements.

NL INDUSTRIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands)

	Three months ended September 30,		Nine months ended September 30,	
	2023	**2024**	**2023**	**2024**
		(unaudited)		
Net income (loss)	$ 668	**$ 36,374**	$ (7,862)	**$ 52,142**
Other comprehensive income (loss), net of tax:				
Currency translation	(345)	**1,521**	(3,230)	**(2,979)**
Defined benefit pension plans	392	**378**	5,461	**1,135**
Marketable debt securities	85	**(7)**	(84)	**15**
Other postretirement benefit plans	(57)	**(45)**	(175)	**(137)**
Total other comprehensive income (loss), net	75	**1,847**	1,972	**(1,966)**
Comprehensive income (loss)	743	**38,221**	(5,890)	**50,176**
Comprehensive income attributable to noncontrolling interest	741	**364**	2,039	**1,458**
Comprehensive income (loss) attributable to NL stockholders	$ 2	**$ 37,857**	$ (7,929)	**$ 48,718**

See accompanying notes to Condensed Consolidated Financial Statements.

NL INDUSTRIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

(In thousands)

	Three months ended September 30, 2023 and 2024 (unaudited)					
	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Noncontrolling interest in subsidiary	Total equity
Balance at June 30, 2023	$ 6,103	$ 298,868	$ 283,784	$ (221,098)	$ 21,117	$ 388,774
Net income (loss)	—	—	(69)	—	737	668
Other comprehensive income, net of tax	—	—	—	71	4	75
Dividends paid - $.07 per share	—	—	(3,420)	—	—	(3,420)
Dividends paid to noncontrolling interest	—	—	—	—	(389)	(389)
Balance at September 30, 2023	$ 6,103	$ 298,868	$ 280,295	$ (221,027)	$ 21,469	$ 385,708
Balance at June 30, 2024	$ 6,105	$ 299,099	$ 291,322	$ (223,434)	$ 22,124	$ 395,216
Net income	—	—	**36,010**	—	**364**	**36,374**
Other comprehensive income, net of tax	—	—	—	**1,847**	—	**1,847**
Dividends paid - $.51 per share	—	—	**(24,912)**	—	—	**(24,912)**
Dividends paid to noncontrolling interest	—	—	—	—	**(3,595)**	**(3,595)**
Balance at September 30, 2024	**$ 6,105**	**$ 299,099**	**$ 302,420**	**$ (221,587)**	**$ 18,893**	**$ 404,930**

	Nine months ended September 30, 2023 and 2024 (unaudited)					
	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Noncontrolling interest in subsidiary	Total equity
Balance at December 31, 2022	$ 6,101	$ 298,598	$ 300,442	$ (222,991)	$ 20,597	$ 402,747
Net income (loss)	—	—	(9,893)	—	2,031	(7,862)
Other comprehensive income, net of tax	—	—	—	1,964	8	1,972
Issuance of NL common stock	2	98	—	—	—	100
Dividends paid - $.21 per share	—	—	(10,254)	—	—	(10,254)
Dividends paid to noncontrolling interest	—	—	—	—	(1,167)	(1,167)
Other, net	—	172	—	—	—	172
Balance at September 30, 2023	$ 6,103	$ 298,868	$ 280,295	$ (221,027)	$ 21,469	$ 385,708
Balance at December 31, 2023	$ 6,103	$ 298,868	$ 284,462	$ (219,621)	$ 21,950	$ 391,762
Net income	—	—	**50,684**	—	**1,458**	**52,142**
Other comprehensive loss, net of tax	—	—	—	**(1,966)**	—	**(1,966)**
Issuance of NL common stock	**2**	**98**	—	—	—	**100**
Dividends paid - $.67 per share	—	—	**(32,726)**	—	—	**(32,726)**
Dividends paid to noncontrolling interest	—	—	—	—	**(4,531)**	**(4,531)**
Other, net	—	**133**	—	—	**16**	**149**
Balance at September 30, 2024	**$ 6,105**	**$ 299,099**	**$ 302,420**	**$ (221,587)**	**$ 18,893**	**$ 404,930**

See accompanying notes to Condensed Consolidated Financial Statements.

NL INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024
	(unaudited)	
Cash flows from operating activities:		
Net income (loss)	$ (7,862)	$ **52,142**
Depreciation and amortization	2,996	**2,763**
Deferred income taxes	(7,100)	**10,588**
Equity in (earnings) losses of Kronos Worldwide, Inc.	13,382	**(30,431)**
Dividends received from Kronos Worldwide, Inc.	20,075	**15,144**
Marketable equity securities	10,468	**(21,775)**
Loss on pension plan termination	4,911	—
Benefit plan expense greater than cash funding	70	**51**
Noncash interest income	(2,833)	**(817)**
Noncash interest expense	563	**400**
Other, net	235	**233**
Change in assets and liabilities:		
Accounts and other receivables, net	(1,908)	**2,512**
Inventories, net	(3,199)	**2,494**
Prepaid expenses and other	103	**(36)**
Accounts payable and accrued liabilities	(13,183)	**(14,332)**
Income taxes	(17)	**(26)**
Accounts with affiliates	403	**812**
Accrued environmental remediation and related costs	(1,163)	**518**
Other noncurrent assets and liabilities, net	(475)	**(3,647)**
Net cash provided by operating activities	15,466	**16,593**
Cash flows from investing activities:		
Capital expenditures	(564)	**(1,194)**
Marketable securities:		
Purchases	(61,366)	—
Proceeds from maturities	54,000	**54,000**
Note receivable from affiliate:		
Collections	21,900	**20,400**
Loans	(20,700)	**(17,700)**
Net cash provided by (used in) investing activities	(6,730)	**55,506**
Cash flows from financing activities:		
Dividends paid	(10,254)	**(32,726)**
Dividends paid to noncontrolling interests in subsidiary	(1,167)	**(4,531)**
Net cash used in financing activities	(11,421)	**(37,257)**
Cash and cash equivalents and restricted cash and cash equivalents - net change from:		
Operating, investing and financing activities	(2,685)	**34,842**
Balance at beginning of year	97,502	**141,382**
Balance at end of period	$ 94,817	$ **176,224**
Supplemental disclosures - cash paid (received) for:		
Interest	$ 37	$ **39**
Income taxes, net	(473)	**21**

See accompanying Notes to Condensed Consolidated Financial Statements.

NL INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024

(unaudited)

Note 1 – Organization and basis of presentation:

Organization – At September 30, 2024, 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 September 30, 2024 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.

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, 2023 that we filed with the SEC on March 6, 2024 (the "2023 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, 2023 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, 2023) 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 September 30, 2024 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 2023 Consolidated Financial Statements contained in our 2023 Annual Report.

Cash dividends in 2024 include a $.43 per share special dividend.

Unless otherwise indicated, references in this report to "NL," "we," "us" or "our" refer to NL Industries, Inc. and its subsidiaries and affiliate, Kronos, taken as a whole.

Note 2 – Accounts and other receivables, net:

	December 31, 2023	September 30, 2024
	(In thousands)	
Trade receivables - CompX	$ 17,131	**$ 14,528**
Other receivables	40	**124**
Allowance for doubtful accounts	(70)	**(70)**
Total	$ 17,101	**$ 14,582**

Note 3 – Inventories, net:

	December 31, 2023	September 30, 2024
	(In thousands)	
Raw materials	$ 5,738	**$ 5,700**
Work in process	19,042	**17,430**
Finished products	5,932	**4,878**
Total	$ 30,712	**$ 28,008**

Note 4 – Marketable securities:

Our marketable securities consist of investments in debt and equity securities. Our current marketable securities are debt securities invested in U.S. government treasuries and are classified as available-for-sale. The fair value of our marketable debt securities are determined using Level 2 inputs because although these securities are traded, in many cases the market is not active and the period-end valuation is generally based on the last trade of the period, which may be several days prior to the end of the period. We accumulate unrealized gains and losses on marketable debt securities as part of accumulated other comprehensive income (loss), net of related deferred income taxes.

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 accounted for as available-for-sale securities, which 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 Operations.

	Fair value measurement level	Market value	Cost or amortized cost	Unrealized loss, net
			(In thousands)	
December 31, 2023				
Current assets - Fixed income securities	2	$ 53,149	$ 53,181	$ (32)
Noncurrent assets - Valhi common stock	1	$ 18,194	$ 24,347	$ (6,153)
September 30, 2024				
Noncurrent assets - Valhi common stock	1	**$ 39,969**	**$ 24,347**	**$ 15,622**

At December 31, 2023 and September 30, 2024, we held approximately 1.2 million shares of common stock of our immediate parent company, Valhi, Inc. At December 31, 2023 and September 30, 2024, the quoted per share market price of Valhi common stock was $15.19 and $33.37, respectively. All of our fixed income securities matured during the first nine months of 2024.

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 receive dividends from Valhi on these shares, when declared and paid.

Note 5 – Investment in Kronos Worldwide, Inc.:

At December 31, 2023 and September 30, 2024, we owned approximately 35.2 million shares of Kronos common stock. At September 30, 2024, the quoted market price of Kronos' common stock was $12.45 per share, or an aggregate market value of $438.5 million. At December 31, 2023, the quoted market price was $9.94 per share, or an aggregate market value of $350.1 million.

The change in the carrying value of our investment in Kronos during the first nine months of 2024 is summarized below.

		Amount
		(In millions)
Balance at the beginning of the period	**$**	**247.6**
Equity in earnings of Kronos		**30.4**
Dividends received from Kronos		**(15.1)**
Equity in Kronos' other comprehensive income (loss):		
Currency translation		**(3.7)**
Defined benefit pension plans		**.4**
Balance at the end of the period	**$**	**259.6**

Selected financial information of Kronos is summarized below:

		December 31, 2023		September 30, 2024
		(In millions)		
Current assets	$	1,117.4	**$**	**1,067.8**
Property and equipment, net		482.9		**720.9**
Investment in TiO_2 joint venture		111.0		**—**
Other noncurrent assets		126.7		**132.9**
Total assets	$	1,838.0	**$**	**1,921.6**
Current liabilities	$	370.8	**$**	**398.3**
Long-term debt		440.9		**470.4**
Accrued pension costs		150.0		**144.2**
Other noncurrent liabilities		68.0		**61.3**
Stockholders' equity		808.3		**847.4**
Total liabilities and stockholders' equity	$	1,838.0	**$**	**1,921.6**

	Three months ended September 30,				Nine months ended September 30,			
		2023		2024		2023		2024
	(In millions)							
Net sales	$	396.9	**$**	**484.7**	$	1,266.4	**$**	**1,464.0**
Cost of sales		362.5		**383.5**		1,157.1		**1,191.1**
Income (loss) from operations		(25.3)		**38.9**		(50.3)		**94.3**
Income tax expense (benefit)		(8.7)		**22.7**		(19.7)		**34.7**
Net income (loss)		(20.4)		**71.8**		(43.8)		**99.4**

Effective July 16, 2024 ("Acquisition Date"), Kronos acquired the 50% joint venture interest in Louisiana Pigment Company ("LPC") previously held by Venator Investments, Ltd ("Venator"). Prior to the acquisition, LPC was operated as a joint venture between Kronos and Venator, and through a wholly-owned subsidiary, Kronos held a 50% joint venture interest in LPC. Following the acquisition, and as a result of obtaining full control, LPC became a wholly-owned subsidiary of Kronos. Obtaining control of LPC and its estimated additional 78,000 metric tons annually of TiO_2 production volume allows Kronos to better serve the North American TiO_2 marketplace. Kronos acquired the 50% joint venture interest that it did not already own for consideration of $185 million less a working capital adjustment of $11.0 million. An additional earn-out payment of up to $15 million based on Kronos' aggregate consolidated net income before interest expense, income taxes and depreciation and amortization expense, or EBITDA, during a two-year period comprising calendar years 2025 and 2026 may be required. The aggregate EBITDA tiers for the two-year earn-out period are $650 million and $730 million, with $5 million of the earnout payable if Kronos achieves $650 million in aggregate consolidated EBITDA, and a maximum of $15 million payable if aggregate consolidated EBITDA is $730 million or greater for the period. If Kronos achieves aggregate consolidated EBITDA between $650 million and $730 million, the payment of the additional $10 million is pro-rated between the two targets. The earn-out is payable at the earliest in April 2027. The estimated fair value of the earn-out at the Acquisition Date is $4.2 million and was determined using a weighted probability of potential outcomes based on estimated future EBITDA and volatility factors, among other variables and estimates. The acquisition was financed through borrowings of $132.1 million under Kronos' revolving credit facility and the remainder paid with cash on hand. Kronos recognized a non-cash gain of $64.5 million ($50.9 million, net of income tax expense) in the third quarter of 2024 associated with the remeasurement of its investment in LPC as a result of the acquisition.

Note 6 – Accrued and other current liabilities:

	December 31, 2023	September 30, 2024
	(In thousands)	
Employee benefits	$ 11,290	**$ 8,392**
Other	1,892	**2,250**
Total	$ 13,182	**$ 10,642**

Note 7 – Long-term debt:

During the first nine months of 2024, our wholly-owned subsidiary, NLKW Holding, LLC had no borrowings or repayments under its $50 million secured revolving credit facility with Valhi. At September 30, 2024, $.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 for the nine months ended September 30, 2024 was 10.36%. The interest rate under this facility as of September 30, 2024 was 9.88%. We are in compliance with all covenants at September 30, 2024.

Note 8 – Other noncurrent liabilities:

	December 31, 2023	September 30, 2024
	(In thousands)	
Reserve for uncertain tax positions	$ 3,707	**$ 3,730**
OPEB	524	**485**
Insurance claims and expenses	579	**571**
Other	264	**297**
Total	$ 5,074	**$ 5,083**

Note 9 – 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 September 30,		Nine months ended September 30,	
	2023	2024	2023	2024
	(In thousands)			
Net sales:				
Security Products	$ 31,376	**$ 26,567**	$ 84,390	**$ 84,667**
Marine Components	8,979	**7,100**	33,732	**22,858**
Total	$ 40,355	**$ 33,667**	$ 118,122	**$ 107,525**

Note 10 – Employee benefit plans:

The components of net periodic defined benefit pension cost are presented in the table below.

	Three months ended September 30,		Nine months ended September 30,	
	2023	2024	2023	2024
		(In thousands)		
Interest cost	$ 393	**$ 365**	$ 1,255	**$ 1,095**
Expected return on plan assets	(321)	**(335)**	(1,087)	**(1,005)**
Recognized actuarial losses	358	**333**	1,074	**999**
Total	$ 430	**$ 363**	$ 1,242	**$ 1,089**

In the second quarter of 2023, we completed a termination and buy-out of our U.K. pension plan resulting in a $4.9 million settlement loss. We currently expect our 2024 contributions to our defined benefit pension plans to be approximately $1.0 million.

Note 11 – Income taxes:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2024	2023	2024
		(In thousands)		
Expected tax expense (benefit), at U.S. federal statutory income tax rate of 21%	$ (62)	**$ 9,425**	$ (3,088)	**$ 13,217**
Rate differences on equity in earnings (losses) of Kronos, net of dividends	(1,037)	**(954)**	(3,878)	**(2,512)**
U.S. state income taxes and other, net	134	**37**	122	**93**
Income tax expense (benefit)	$ (965)	**$ 8,508**	$ (6,844)	**$ 10,798**
Comprehensive provision (benefit) for income taxes allocable to:				
Net income (loss)	$ (965)	**$ 8,508**	$ (6,844)	**$ 10,798**
Additional paid-in capital	—	**—**	18	**8**
Other comprehensive income (loss):				
Currency translation	(92)	**404**	(906)	**(792)**
Pension plans	104	**99**	503	**301**
Other	6	**(14)**	(78)	**(33)**
Total	$ (947)	**$ 8,997**	$ (7,307)	**$ 10,282**

In accordance with GAAP, we recognize deferred income taxes on our undistributed equity in earnings (losses) 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 $20.1 million and $15.1 million in the first nine month periods of 2023 and 2024, 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.

Note 12 – Stockholders' equity:

Accumulated other comprehensive loss - Changes in accumulated other comprehensive loss attributable to NL stockholders, including amounts resulting from our investment in Kronos Worldwide (see Note 5), are presented in the table below.

	Three months ended September 30,		Nine months ended September 30,	
	2023	2024	2023	2024
	(In thousands)			
Accumulated other comprehensive loss, (net of tax and noncontrolling interest):				
Currency translation:				
Balance at beginning of period	$ (181,076)	**$ (181,619)**	$ (178,191)	**$ (177,119)**
Other comprehensive income (loss)	(345)	**1,521**	(3,230)	**(2,979)**
Balance at end of period	$ (181,421)	**$ (180,098)**	$ (181,421)	**$ (180,098)**
Defined benefit pension plans:				
Balance at beginning of period	$ (38,788)	**$ (40,616)**	$ (43,857)	**$ (41,373)**
Other comprehensive income -				
Amortization of prior service cost and net losses included in net periodic pension cost	392	**378**	1,319	**1,135**
Plan settlement	—	**—**	4,142	**—**
Balance at end of period	$ (38,396)	**$ (40,238)**	$ (38,396)	**$ (40,238)**
OPEB plans:				
Balance at beginning of period	$ (1,011)	**$ (1,206)**	$ (893)	**$ (1,114)**
Other comprehensive loss -				
Amortization of net gain included in net periodic OPEB cost	(57)	**(45)**	(175)	**(137)**
Balance at end of period	$ (1,068)	**$ (1,251)**	$ (1,068)	**$ (1,251)**
Marketable debt securities:				
Balance at beginning of period	$ (223)	**$ 7**	$ (50)	**$ (15)**
Other comprehensive income (loss) - unrealized gain (loss) arising during the period	81	**(7)**	(92)	**15**
Balance at end of period	$ (142)	**$ —**	$ (142)	**$ —**
Total accumulated other comprehensive loss:				
Balance at beginning of period	$ (221,098)	**$ (223,434)**	$ (222,991)	**$ (219,621)**
Other comprehensive income (loss)	71	**1,847**	1,964	**(1,966)**
Balance at end of period	$ (221,027)	**$ (221,587)**	$ (221,027)	**$ (221,587)**

See Note 10 for amounts related to our defined benefit pension plans.

Note 13 – 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 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 have been filed by or on behalf of states, counties, cities or their public housing authorities and school districts, and certain others have been asserted as class actions. These lawsuits seek recovery under a variety of theories, including public and private nuisance, negligent product design, negligent failure to warn, strict liability, breach of warranty, conspiracy/concert of action, aiding and abetting, enterprise liability, market share or risk contribution liability, intentional tort, fraud and misrepresentation, violations of state consumer protection statutes, supplier negligence and similar claims.

The plaintiffs in these actions generally seek to impose on the defendants responsibility for lead paint abatement and health concerns associated with the use of lead-based paints, including damages for personal injury, contribution and/or indemnification for medical expenses, medical monitoring expenses and costs for educational programs. To the extent the plaintiffs seek compensatory or punitive damages in these actions, such damages are generally unspecified. In some cases, the damages are unspecified pursuant to the requirements of applicable state law. A number of cases are inactive or have been dismissed or withdrawn. Most of the remaining cases are in various pre-trial stages. Some are on appeal following dismissal or summary judgment rulings or a trial verdict in favor of either the defendants or the plaintiffs.

We believe we have substantial defenses to these actions, and we intend to continue to deny all allegations of wrongdoing and liability and to defend against all actions vigorously. We do not believe it is probable we have incurred any liability with respect to pending lead pigment litigation cases to which we are a party, and with respect to all such lead pigment litigation cases to which we are a party, we believe liability to us that may result, if any, in this regard cannot be reasonably estimated, because:

- we have never settled any of the market share, intentional tort, fraud, nuisance, supplier negligence, breach of warranty, conspiracy, misrepresentation, aiding and abetting, enterprise liability, or statutory cases (other than the Santa Clara case discussed below),
- no final, non-appealable adverse judgments have ever been entered against us, and
- we have never ultimately been found liable with respect to any such litigation matters, including over 100 cases over a thirty-year period for which we were previously a party and for which we have been dismissed without any finding of liability.

Accordingly, we have not accrued any amounts for any of the pending lead pigment and lead-based paint litigation cases filed by or on behalf of states, counties, cities or their public housing authorities and school districts, or those asserted as class actions. In addition, we have determined that liability to us which may result, if any, cannot be reasonably estimated at this time because there is no prior history of a loss of this nature on which an estimate could be made and there is no substantive information available upon which an estimate could be based.

In the terms of the *County of Santa Clara v. Atlantic Richfield Company, et al.* (Superior Court of the State of California, County of Santa Clara, Case No. 1-00-CV-788657) global settlement agreement, we have one installment payment of $16.7 million remaining which is due in September 2025. Our remaining installment will be made with funds already on deposit at the court, which are included in current restricted cash on our Condensed Consolidated Balance Sheets, that are committed to the settlement, including all accrued interest at the date of payment, with amounts on deposit in excess of the final payment returned to us. See Note 16 to our 2023 Annual Report.

New cases may continue to be filed against us. We do not know if we will incur liability in the future in respect to 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 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 nine months of 2024 are as follows:

	Amount (In thousands)
Balance at the beginning of the period	$ 91,106
Additions charged to expense, net	1,428
Payments, net	(909)
Balance at the end of the period	$ 91,625
Amounts recognized in the Condensed Consolidated Balance Sheet at the end of the period:	
Current liability	$ 2,462
Noncurrent liability	89,163
Balance at the end of the period	$ 91,625

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 September 30, 2024, we had accrued approximately $92 million related to approximately 33 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 $118 million, including the amount 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 September 30, 2024, 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 2023 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 14 – Financial instruments:

See Note 4 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:

	December 31, 2023		September 30, 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
	(In thousands)			
Cash, cash equivalents and restricted cash	$ 141,382	$ 141,382	**$ 176,224**	**$ 176,224**

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

Note 15 – Recent Accounting Pronouncements:

In November 2023, the Financial Accounting Standards Board (FASB) issued ASU 2023-07, Segment Reporting (Topic 280): *Improvements to Reportable Segment Disclosures*. The ASU requires public companies to disclose significant segment expenses and other segment items on an annual and interim basis. The ASU also mandates public companies to provide all annual segment disclosures currently required annually in interim periods. Public companies will also be required to disclose the title and position of the chief operating decision maker (CODM) and explain how the CODM uses the reported measure of segment profit or loss in assessing segment performance and allocation of resources. The ASU is effective for us beginning with our 2024 Annual Report, and for interim reporting, in the first quarter of 2025, with retrospective application required. We are in the process of evaluating the additional disclosure requirements.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): *Improvements to Income Tax Disclosures*. The ASU requires additional annual disclosure and disaggregation for the rate reconciliation, income taxes paid and income tax expense by federal, state and foreign tax jurisdictions. In addition, the standard increases the disclosure requirements for items included in the rate reconciliation that meet a quantitative threshold. The ASU is effective for us beginning with our 2025 Annual Report. The ASU may be applied prospectively; however, entities have the option to apply it retrospectively. 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, 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_2). TiO_2 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, including Louisiana Pigment Company, L.P. ("LPC") into its operations and realize expected synergies and innovations;
- The extent of the dependence of certain of our businesses on certain market sectors;
- The cyclicality of our businesses (such as Kronos' TiO_2 operations);
- Customer and producer inventory levels;
- Unexpected or earlier-than-expected industry capacity expansion (such as the TiO_2 industry);
- Changes in raw material and other operating costs (such as energy, ore, zinc, aluminum, steel and brass costs) 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 Kronos' TiO_2 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, 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 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;
- Price and product competition from low-cost manufacturing sources (such as China);
- Customer and competitor strategies;
- 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 upgrading or implementing accounting and manufacturing software systems;
- The introduction of 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;
- 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, health and safety, sustainability or other regulations (such as those seeking to limit or classify TiO_2 or its use);
- The ultimate resolution of pending litigation (such as our lead pigment and environmental matters); and
- Pending or possible future litigation 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 (loss) overview

Quarter ended September 30, 2024 compared to the quarter ended September 30, 2023

Our net income attributable to NL stockholders was $36.0 million, or $.74 per share, in the third quarter of 2024 compared to a net loss attributable to NL stockholders of $.1 million, or nil per share, in the third quarter of 2023. As more fully described below, the increase in our net income attributable to NL stockholders from 2023 to 2024 is primarily due to the net effects of:

- equity in earnings of Kronos of $21.9 million in 2024 compared to equity in losses of $6.2 million in 2023;
- an unrealized gain in the relative value of marketable equity securities of $18.6 million in 2024 compared to $.4 million in 2023;
- lower income from operations attributable to CompX of $3.3 million in 2024 compared to $6.6 million in 2023; and
- higher insurance recoveries of $1.1 million in 2024 compared to $.3 million in 2023.

Our 2024 net income per share attributable to NL stockholders includes:

- income of $.25 per share, net of tax, due to Kronos' recognition of a non-cash gain resulting from the remeasurement of its investment in the TiO_2 manufacturing joint venture; and
- income of $.02 per share, net of tax, related to insurance recoveries.

Nine months ended September 30, 2024 compared to nine months ended September 30, 2023

Our net income attributable to NL stockholders was $50.7 million, or $1.04 per share, in the first nine months of 2024 compared to a net loss attributable to NL stockholders of $9.9 million, or $.20 per share, in the first nine months of 2023. As more fully described below, the increase in our earnings attributable to NL stockholders from 2023 to 2024 is primarily due to:

- equity in earnings of Kronos of $30.4 million in 2024 compared to equity in losses of $13.4 million in 2023;
- an unrealized gain in the relative value of marketable equity securities of $21.8 million in 2024 compared to an unrealized loss of $10.5 million in 2023;
- lower income from operations attributable to CompX of $12.1 million in 2024 compared to $18.0 million in 2023;
- a non-cash loss on the termination of our U.K. pension plan of $4.9 million in 2023;
- higher interest and dividend income of $7.9 million in 2024 compared to $6.5 million in 2023; and
- higher insurance recoveries of $1.3 million in 2024 compared to $.4 million in 2023.

Our 2024 net income per share attributable to NL includes:

- income of $.25 per share, net of tax, due to Kronos' recognition of a non-cash gain resulting from the remeasurement of its investment in the TiO_2 manufacturing joint venture;
- income of $.02 per share, net of tax, related to insurance recoveries; and
- a loss of $.01 per share due to Kronos' recognition of an aggregate charge related to a write-off of deferred financing costs.

Our 2023 net loss per share attributable to NL stockholders includes:

- a loss of $.08 per share, net of tax, due to the termination of our U.K. pension plan, and
- income of $.01 per share, net of tax, due to Kronos' recognition of a pre-tax insurance settlement gain related to a business interruption insurance claim arising from Hurricane Laura in 2020.

Income from operations

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

	Three months ended September 30, 2023	2024	% Change	Nine months ended September 30, 2023	2024	% Change
	(In millions)			(In millions)		
CompX	$ 6.6	**$ 3.3**	(49)%	$ 18.0	**$ 12.1**	(32)%
Corporate expense	(3.2)	**(2.3)**	(24)	(9.1)	**(9.2)**	2
Insurance recoveries	.3	**1.1**	262	.4	**1.3**	189
Income from operations	$ 3.7	**$ 2.1**	(45)	$ 9.3	**$ 4.2**	(55)

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

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

	Three months ended September 30, 2023	2024	% Change	Nine months ended September 30, 2023	2024	% Change
	(In millions)			(In millions)		
Equity in earnings (losses) of Kronos	$ (6.2)	**$ 21.9**	453 %	$ (13.4)	**$ 30.4**	327 %
Marketable equity securities unrealized gain (loss)	.4	**18.6**	3,691	(10.5)	**21.8**	308
Loss on pension plan termination	—	**—**	n.m.	(4.9)	**—**	n.m.
Other components of net periodic pension and OPEB cost	(.4)	**(.3)**	(17)	(1.1)	**(.9)**	(13)
Interest and dividend income	2.4	**2.7**	16	6.5	**7.9**	23
Interest expense	(.2)	**(.2)**	(27)	(.6)	**(.5)**	(27)

n.m. not meaningful

CompX International Inc.

CompX's income from operations in the third quarter of 2024 was $3.3 million compared to $6.6 million in the third quarter of 2023. The decrease in income from operations in the third quarter of 2024 compared to 2023 is due to lower sales and gross margin at both Security Products and Marine Components reporting units. Income from operations for the first nine months of 2024 was $12.1 million compared to $18.0 million in the first nine months of 2023. The decrease in income from operations in the first nine months of 2024 compared to 2023 is primarily due to lower Marine Components sales and gross margin.

	Three months ended September 30, 2023	2024	% Change	Nine months ended September 30, 2023	2024	% Change
	(In millions)			(In millions)		
Net sales	$ 40.3	**$ 33.6**	(17)%	$ 118.1	**$ 107.5**	(9)%
Cost of sales	27.7	**24.1**	(13)	82.5	**77.2**	(6)
Gross margin	12.6	**9.5**	(25)	35.6	**30.3**	(15)
Operating costs and expenses	6.0	**6.2**	1	17.6	**18.2**	3
Income from operations	$ 6.6	**$ 3.3**	(49)	$ 18.0	**$ 12.1**	(32)
Percentage of net sales:						
Cost of sales	69 %	**72 %**		70 %	**72 %**	
Gross margin	31	**28**		30	**28**	
Operating costs and expenses	15	**18**		15	**17**	
Income from operations	16	**10**		15	**11**	

Net sales – Net sales decreased $6.7 million in the third quarter of 2024 compared to the same period in 2023 primarily due to lower Security Products sales to a government security customer and to a lesser extent lower Marine Components sales primarily to the towboat market. Net sales decreased $10.6 million for the first nine months of 2024 compared to the same period in 2023 primarily due to lower Marine Components sales to the towboat market. See discussion of reporting units below.

Cost of sales and gross margin – Cost of sales as a percentage of sales increased 3% in the third quarter of 2024 compared to the same period in 2023. As a result, gross margin as a percentage of sales decreased over the same period. Gross margin percentage decreased in the third quarter of 2024 compared to the same period in 2023 primarily due to lower gross margin percentages at both Security Products and Marine Components reporting units. Cost of sales as a percentage of sales increased 2% for the first nine months of 2024 compared to the same period in 2023. As a result, gross margin as a percentage of sales declined over the same period. The decline in gross margin percentage for the nine-month comparative period is primarily due to lower gross margin percentage at Marine Components. See discussion of reporting units below.

Operating costs and expenses – Operating costs expenses consist primarily of sales and administrative-related personnel costs, sales commissions and advertising expenses directly related to product sales and administrative costs relating to business unit and corporate management activities, as well as any gains and losses on property and equipment. Operating costs and expenses for the third quarter of 2024 were comparable to the same period in 2023. For the first nine months of 2024, operating costs and expenses increased $.6 million compared to the same period in 2023 primarily due to higher employee salaries and benefits at Security Products during the first half of the year. Operating costs and expenses as a percentage of net sales increased for the third quarter of 2024 compared to the same period in 2023 due to decreased coverage of operating costs and expenses as a result of lower sales. Operating costs and expenses as a percentage of net sales increased for the first nine months of 2024 compared to the same period in 2023 due to decreased coverage of operating costs and expenses as a result of lower sales and higher operating costs as noted above.

Income from operations – As a percentage of net sales, income from operations for the third quarter and the first nine months of 2024 compared to the same periods of 2023 was primarily impacted by the factors affecting sales, cost of sales, gross margin and operating costs and expenses. See discussion of reporting units below.

Results by reporting unit

The key performance indicators for CompX's reporting units is the level of their gross margin and income from operations (see discussion below). Reporting unit results exclude CompX corporate expenses.

	Three months ended September 30,		%	Nine months ended September 30,		%
	2023	2024	Change	2023	2024	Change
	(In millions)			(In millions)		
Security Products:						
Net sales	$ 31.4	**$ 26.6**	(15)%	$ 84.4	**$ 84.7**	— %
Cost of sales	21.4	**18.5**	(13)	58.5	**58.9**	1
Gross margin	10.0	**8.1**	(19)	25.9	**25.8**	—
Operating costs and expenses	3.5	**3.6**	—	9.9	**10.4**	5
Operating income	$ 6.5	**$ 4.5**	(30)	$ 16.0	**$ 15.4**	(4)
Gross margin	32 %	**30 %**		31 %	**31 %**	
Operating income margin	21	**17**		19	**18**	

Security Products – Security Products net sales decreased 15% in the third quarter of 2024 compared to the same period in 2023 primarily due to lower sales for a government security customer related to a pilot project that began shipping in the third quarter of 2023 for which there were no related sales in the third quarter of 2024. Relative to prior year, sales were $5.0 million lower to the government security market and $1.4 million lower to the transportation market, partially offset by $1.2 million higher sales to the healthcare market. Security Products net sales in the first nine months of 2024 were comparable to the same period in 2023, as $1.5 million higher sales to the healthcare market and $.6 million higher sales to the tool storage market were offset by $1.1 million lower sales to the transportation market, $.7 million lower sales to distributors and $.4 million lower sales to the government security market.

Gross margin as a percentage of net sales decreased for the third quarter of 2024 compared to the same period in 2023 primarily due to lower sales, higher materials costs (primarily brass and electronics), higher labor costs and decreased coverage of fixed costs as a result of lower sales. Operating income as a percentage of net sales decreased in the third quarter of 2024 compared to the same period in 2023 due to the factors impacting gross margin as well as decreased coverage of operating costs and expenses on lower sales. Gross margin as a percentage of net sales for the first nine months of 2024 is comparable to the same period in 2023. Operating income as a percentage of net sales decreased in the first nine months of 2024 compared to the same period in 2023 due to increased operating costs and expenses including higher employee salaries and benefits of $.4 million, primarily in the first half of the year.

	Three months ended September 30, 2023	Three months ended September 30, 2024	% Change	Nine months ended September 30, 2023	Nine months ended September 30, 2024	% Change
	(In millions)			(In millions)		
Marine Components:						
Net sales	$ 8.9	**$ 7.0**	(21)%	$ 33.7	**$ 22.8**	(32)%
Cost of sales	6.3	**5.6**	(11)	24.0	**18.3**	(24)
Gross margin	2.6	**1.4**	(46)	9.7	**4.5**	(54)
Operating costs and expenses	.9	**.8**	(13)	2.7	**2.5**	(9)
Operating income	$ 1.7	**$ .6**	(64)	$ 7.0	**$ 2.0**	(71)
Gross margin	29 %	**20 %**		29 %	**20 %**	
Operating income margin	19	**9**		21	**9**	

Marine Components – Marine Components net sales decreased 21% in the third quarter of 2024 compared to the same period in 2023. Relative to prior year, the decrease in third quarter sales was primarily due to $1.3 million lower sales to the towboat market and $.5 million lower sales to the industrial market. Marine Components net sales decreased 32% in the first nine months of 2024 compared to the same period in 2023. Relative to prior year, the decrease in sales for the first nine months was primarily due to $8.7 million lower sales to the towboat market, $1.1 million lower sales to the industrial market and $.6 million lower sales to each the engine builder market and distributors.

Gross margin as a percentage of sales decreased in the third quarter of 2024 compared to the same period in 2023 primarily due to lower sales and decreased coverage of fixed costs as a result of lower sales, partially offset by a more favorable customer and product mix as well as lower employee salaries and benefits of approximately $.5 million related to headcount reductions. Operating income as a percentage of net sales decreased in the third quarter of 2024 compared to the same period in 2023 due to the factors impacting gross margin as well as decreased coverage of operating costs and expenses on lower sales, partially offset by slightly reduced operating costs and expenses, including lower employee salaries and benefits of approximately $.1 million. For the first nine months of 2024, gross margin as a percentage of net sales declined compared to the same period in 2023 primarily due to higher cost inventory produced during the fourth quarter of 2023 and sold in the first quarter of 2024 and decreased coverage of fixed costs as a result of lower sales, partially offset by a more favorable customer and product mix as well as lower employee salaries and benefits of approximately $1.7 million related to headcount reductions. Operating income as a percentage of net sales decreased in the first nine months of 2024 compared to the same period in 2023 due to the factors impacting gross margin as well as decreased coverage of operating costs and expenses on lower sales, partially offset by reduced operating costs and expenses, including lower employee salaries and benefits of $.2 million.

Outlook **–** As previously noted, beginning in the third quarter of 2023 CompX's Security Products reporting unit had significant sales from a pilot project to a government security customer. Excluding these sales in 2023, Security Products sales would have increased in the first nine months of 2024 as compared to the first nine months of 2023 due to increased sales across a variety of markets, particularly increased sales of mechanical locks to the government security market. At CompX's Marine Components reporting unit, the decline in sales to the towboat market as a result of the contraction in the recreational marine industry that began late in the first quarter of 2023 has continued. CompX is focused on aligning its resources with current demand levels, and particularly at Marine Components, CompX is adjusting inventory levels, operating expenses and labor resources to align with current orders while also preserving its ability to respond quickly when demand increases. Raw material prices have been relatively stable during the first nine months of 2024; however, CompX is beginning to experience price increases in certain raw materials. CompX's supply chains are stable and transportation and logistical delays are minimal. CompX has adjusted its order patterns in response to its customer demand levels and the stability of its raw materials supplies.

CompX expects Security Products sales comparisons for the remainder of the year will be challenged by lower government security sales as the 2023 pilot project to a government security customer will not repeat. CompX expects its recurring Security Products sales for the remainder of the year to continue to be strong relative to the prior year. Overall, CompX expects Security Products gross margin and operating income margin for 2024 will be lower than 2023 primarily due to reduced coverage of fixed, selling, general and administrative costs as a result of lower expected sales as well as a less favorable product mix and higher materials and labor costs in the current economic environment. CompX expects Marine Components net sales for the full year of 2024 will be lower as compared to 2023 due to decreased demand in the towboat market. The recreational marine industry faces strong headwinds due to higher interest rates and broader market weakness. Overall, CompX expects Marine Components gross margin as a percentage of net sales for 2024 to be lower than 2023 due to lower coverage of fixed overhead as a result of lower expected sales, and operating income as a percentage of net sales to be similarly lower as a result of reduced coverage of selling, general and administrative expenses due to lower expected sales. CompX ended 2023 with elevated inventory balances at its Marine Components segment as a result of increased orders of certain raw materials due to previously long lead times coupled with the rapidly changing towboat demand which created a misalignment of its raw materials with near term demand. CompX made significant progress in aligning its Marine Components inventory balances with current demand in the first nine months of 2024; however, we expect further reduction of inventory quantities will be offset by higher raw materials costs for certain projects in the industrial and other marine components markets, outside of the towboat market, which in many instances are more expensive than the stainless steel inventory used in towboat products.

CompX's expectations for its operations and the markets it serves are based on a number of factors outside its control. CompX has experienced global and domestic supply chain challenges, and any future impacts on its operations will depend on, among other things, any future disruption in its operations or its suppliers' operations, the impact of economic conditions and geopolitical events on 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 $2.3 million in the third quarter of 2024, $.9 million lower than in the third quarter of 2023, primarily due to lower litigation fees and related costs and lower environmental remediation and related costs. Included in corporate expense in the third quarter of 2023 and 2024 are:

- litigation fees and related costs of $.6 million in 2024 compared to $1.2 million in 2023, and
- environmental remediation and related costs of $.1 million in 2024 compared to $.3 million in 2023.

Corporate expenses were $9.2 million in the first nine months of 2024, $.1 million higher than in the first nine months of 2023 as lower litigation fees and related costs were offset by higher environmental remediation and related costs. Included in corporate expense in the first nine months of 2023 and 2024 are:

- litigation fees and related costs of $2.6 million in 2024 compared to $3.7 million in 2023, and
- environmental remediation and related costs of $1.4 million in 2024 compared to $.4 million in 2023.

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 13 to our Condensed Consolidated Financial Statements. If our current expectations regarding the number of cases in which we expect to be involved during 2024 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 2024, 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 13 to our Condensed Consolidated Financial Statements.

Overall, we currently expect that our net general corporate expenses in 2024 will be higher than in 2023 primarily due to higher expected environmental remediation and related costs.

Interest and dividend income – Interest and dividend income increased in the third quarter and for the first nine months of 2024 compared to the same periods of 2023 primarily due to higher average interest rates and increased investment balances, somewhat offset by lower average balances on CompX's revolving promissory notes receivable from Valhi. See Note 4 to our Condensed Consolidated Financial Statements.

Marketable equity securities – We recognized an unrealized gain of $18.6 million on the change in value of our marketable equity securities in the third quarter of 2024 compared to $.4 million in the third quarter of 2023. We recognized an unrealized gain of $21.8 million on the change in value of our marketable equity securities in the first nine months of 2024 compared to an unrealized loss of $10.5 million in the first nine months of 2023. See Note 4 to our Condensed Consolidated Financial Statements.

Income tax expense – We recognized income tax expense of $8.5 million in the third quarter of 2024 compared to an income tax benefit of $.9 million in the third quarter of 2023 and income tax expense of $10.8 million in the first nine months of 2024 compared to an income tax benefit of $6.8 million in the first nine months of 2023. 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 $20.1 million and $15.1 million in the first nine month periods of 2023 and 2024, 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 12.7% in the first nine months of 2024 compared to an effective rate of 50% in the first nine months of 2023. The decrease in our effective rate from 2023 to 2024 is primarily attributable to Kronos' anticipated higher full year earnings offset by the effect of lower anticipated full year dividends in 2024 as compared to 2023. See Note 11 to our Condensed Consolidated Financial Statements for more information about our 2024 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 decreased during the third quarter of 2024 and for the first nine months of 2024 compared to the same prior year periods. 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 September 30, 2023	Three months ended September 30, 2024	% Change	Nine months ended September 30, 2023	Nine months ended September 30, 2024	% Change
	(In millions)			(In millions)		
Net sales	$ 396.9	**$ 484.7**	22 %	$ 1,266.4	**$ 1,464.0**	16 %
Cost of sales	362.5	**383.5**	6	1,157.1	**1,191.1**	3
Gross margin	$ 34.4	**$ 101.2**		$ 109.3	**$ 272.9**	
Income (loss) from operations	$ (25.3)	**$ 38.9**	254 %	$ (50.3)	**$ 94.3**	287 %
Gain on remeasurement of investment in TiO_2 manufacturing joint venture	—	**64.5**		—	**64.5**	
Interest and dividend income	1.5	**1.1**		5.0	**4.5**	
Marketable equity securities unrealized gain (loss)	—	**2.2**		(1.3)	**2.6**	
Other components of net periodic pension and OPEB cost	(1.0)	**(.4)**		(4.1)	**(1.0)**	
Interest expense	(4.3)	**(11.8)**		(12.8)	**(30.8)**	
Income (loss) before income taxes	(29.1)	**94.5**		(63.5)	**134.1**	
Income tax expense (benefit)	(8.7)	**22.7**		(19.7)	**34.7**	
Net income (loss)	$ (20.4)	**$ 71.8**		$ (43.8)	**$ 99.4**	
Percentage of net sales:						
Cost of sales	91 %	**79 %**		91 %	**81 %**	
Income (loss) from operations	(6)	**8**		(4)	**6**	
Equity in earnings (losses) of Kronos Worldwide, Inc.	$ (6.2)	**$ 21.9**		$ (13.4)	**$ 30.4**	
TiO_2 operating statistics:						
Sales volumes*	107	**130**	21 %	313	**394**	26 %
Production volumes*	102	**141**	37	296	**399**	35
Change in TiO_2 net sales:						
TiO_2 sales volumes			21 %			26 %
TiO_2 product pricing			(1)			(7)
TiO_2 product mix/other			2			(3)
Changes in currency exchange rates			—			—
Total			22 %			16 %

* Thousands of metric tons

As previously reported, effective July 16, 2024, Kronos acquired the 50% joint venture interest in Louisiana Pigment Company, L.P. (“LPC”) previously held by Venator Investments, Ltd. (“Venator”). Prior to the acquisition, LPC was operated as a manufacturing joint venture between Kronos and Venator, and through a wholly-owned subsidiary, Kronos held a 50% joint venture interest in LPC. Following the acquisition, LPC became a wholly-owned subsidiary of Kronos. Kronos acquired the 50% joint venture interest that it did not already own for consideration of $185 million less a working capital adjustment of $11.0 million. An additional earn-out payment of up to $15 million based on Kronos’ aggregate consolidated net income before interest expense, income taxes and depreciation and amortization expense, or EBITDA, during a two-year period comprising calendar years 2025 and 2026 may be required. The acquisition was financed through borrowings of $132.1 million under Kronos’ revolving credit facility and the remainder paid with cash on hand. Kronos accounted for the acquisition of LPC’s interest as a business combination. See Note 5 to our Condensed Consolidated Financial Statements.

Kronos’ key performance indicators are its TiO_2 average selling prices, its level of TiO_2 sales and production volumes and the cost of titanium-containing feedstock purchased from third parties. TiO_2 selling prices generally follow industry trends and prices will increase or decrease generally as a result of competitive market pressures.

Current industry conditions

Kronos and the TiO_2 industry experienced an extended period of significantly reduced demand across all major markets which was reflected in its sales volumes throughout 2023. While demand has improved in 2024 resulting in increased sales volumes across all major markets compared to the prior year, overall demand remains below average historical levels and during the third quarter of 2024, demand moderated as compared to the first half of the year. Kronos started 2024 with average TiO_2 selling prices 13% lower than at the beginning of 2023 and its average TiO_2 selling prices increased 4% during the first nine months of 2024. Kronos' average TiO_2 selling prices in the first nine months of 2024 were 7% lower than average prices during the first nine months of 2023.

Kronos operated its production facilities at 71% of practical capacity utilization in the first nine months of 2023 in response to decreased demand and higher production costs. As a result of increased demand experienced in the fourth quarter of 2023 and first nine months of 2024, along with more favorable production costs, Kronos began increasing its production rates during the first quarter of 2024 and it operated at near practical capacity in the second and third quarters of 2024 resulting in 93% of practical capacity utilization in the first nine months of 2024.

The following table shows Kronos' capacity utilization rates during 2023 and 2024.

	Production Capacity Utilization Rates	
	2023	2024
First Quarter	76 %	**87 %**
Second Quarter	64 %	**99 %**
Third Quarter	73 %	**92 %**

Excluding the effect of changes in currency exchange rates, Kronos' cost of sales per metric ton of TiO_2 sold in the first nine months of 2024 was significantly lower as compared to the comparable period in 2023 primarily due to significant decreases in per metric ton production costs (primarily feedstock and energy).

In response to the extended period of reduced demand in 2023, discussed above, Kronos took measures to reduce its operating costs and improve its long-term cost structure such as the implementation of certain voluntary and involuntary workforce reductions during the third quarter of 2023 that primarily impacted its European operations. A substantial portion of Kronos' workforce reductions were accomplished through voluntary programs, for which eligible workforce reduction costs are recognized at the time both the employee and employer are irrevocably committed to the terms of the separation. These workforce reductions impacted approximately 100 employees. Kronos recognized a total of approximately $6 million in charges primarily in the fourth quarter of 2023 related to workforce reductions it implemented during the second half of the year. Kronos has paid approximately $4 million through the end of the third quarter. The majority of the remaining related cash payments will be paid by the end of 2024.

In the third quarter of 2024, Kronos closed its sulfate process line at its plant in Varennes, Canada. As a result of the sulfate process line closure, Kronos recognized charges to cost of sales in the first nine months of 2024 of approximately $2 million related to workforce reductions for employees impacted of which approximately $.6 million was paid through the end of the third quarter. Kronos also recognized a total of approximately $14 million in non-cash charges primarily related to accelerated depreciation in the second and third quarters of 2024.

Net sales – Kronos' net sales in the third quarter of 2024 increased 22%, or $87.8 million, compared to the third quarter of 2023 primarily due to the effects of a 21% increase in sales volumes (which increased net sales by approximately $83 million) partially offset by a 1% decrease in average TiO_2 selling prices (which decreased net sales by approximately $4 million). The effects of changes in currency exchange rates in the third quarter of 2024 were comparable to the third quarter of 2023. TiO_2 selling prices will increase or decrease generally as a result of competitive market pressures, changes in the relative level of supply and demand as well as changes in raw material and other manufacturing costs.

Kronos' sales volumes increased 21% in the third quarter of 2024 as compared to the third quarter of 2023 due to higher overall demand across all major markets. Incremental sales volumes generated from the LPC acquisition did not materially impact quarter to quarter comparisons.

Kronos' net sales in the first nine months of 2024 increased 16%, or $197.6 million, compared to the first nine months of 2023 primarily due to the effects of a 26% increase in sales volumes due to improved overall demand across all major markets (which increased net sales by approximately $329 million) partially offset by a 7% decrease in average TiO_2 selling prices (which decreased net sales by approximately $89 million). Changes in product mix negatively contributed to net sales, primarily due to changes in product sales mix in export markets in the first nine months of 2024 as compared to the same period in 2023. Additionally, Kronos estimates that changes in currency exchange rates (primarily the euro) increased its net sales by approximately $5 million in the first nine months of 2024 as compared to the first nine months of 2023. TiO_2 selling prices will increase or decrease generally as a result of competitive market pressures and changes in the relative level of supply and demand as well as changes in raw material and other manufacturing costs. Incremental sales volumes resulting from the LPC acquisition did not materially impact period to period comparisons in the respective nine-month periods.

Cost of sales and gross margin – Kronos' cost of sales increased by $21.0 million, or 6%, in the third quarter of 2024 compared to the third quarter of 2023 due to the net effects of a 21% increase in sales volumes, higher production rates and lower production costs of approximately $24 million (primarily energy and raw materials). Kronos' cost of sales in the third quarter of 2024 also includes approximately $4 million in non-cash charges related to accelerated depreciation in connection with the closure of its sulfate process line in Canada. Kronos' cost of sales in the third quarter of 2023 includes $20 million of unabsorbed fixed production and other manufacturing costs associated with production curtailments at its facilities during the third quarter of 2023 as it adjusted its TiO_2 production volumes to align inventory levels with lower demand. Kronos' third quarter production volumes include approximately 13,000 metric tons of incremental production resulting from the LPC acquisition.

Kronos' cost of sales as a percentage of net sales improved to 79% in the third quarter of 2024 compared to 91% in the same period of 2023 primarily due to the favorable effects of lower production costs and higher production volumes resulting in increased coverage of fixed production costs.

Kronos' gross margin as a percentage of net sales increased to 21% in the third quarter of 2024 compared to 9% in the third quarter of 2023. As discussed and quantified above, Kronos' gross margin as a percentage of net sales increased primarily due to higher sales and production volumes and lower production costs, which were partially offset by lower average TiO_2 selling prices.

Kronos' cost of sales increased $34.0 million, or 3%, in the first nine months of 2024 compared to the first nine months of 2023 due to the net effects of a 26% increase in sales volumes, higher production rates resulting in reduced unabsorbed fixed production costs, and lower production costs of approximately $108 million (primarily raw materials and energy). Kronos' unabsorbed fixed production costs in the first nine months of 2024 were $12 million (incurred in the first quarter) compared to $74 million in the first nine months of 2023 related to curtailments in 2023 and continuing into the first quarter of 2024, as discussed above. Kronos' cost of sales in the first nine months of 2024 includes a charge of approximately $2 million related to workforce reductions and approximately $14 million in non-cash charges primarily related to accelerated depreciation in connection with the closure of its sulfate process line in Canada. Sales and production volumes resulting from the LPC acquisition did not materially impact comparisons to the prior year.

Kronos' cost of sales as a percentage of net sales decreased to 81% in the first nine months of 2024 compared to 91% in the same period of 2023 primarily due to the favorable effects of lower production costs and higher production volumes resulting in increased coverage of fixed production costs.

Kronos' gross margin as a percentage of net sales increased to 19% in the first nine months of 2024 compared to 9% in the first nine months of 2023. As discussed and quantified above, Kronos' gross margin as a percentage of net sales increased primarily due to higher sales and production volumes as well as lower production costs, partially offset by lower average TiO_2 selling prices.

Selling, general and administrative expense – Kronos' selling, administrative expense increased $8.7 million, or 16%, in the third quarter of 2024 compared to the third quarter of 2023 primarily due to higher distribution costs related to higher sales volumes during the quarter. Kronos' selling, general, and administrative expense in the third quarter of 2024 also includes $2.2 million of transaction costs incurred in connection with the LPC acquisition. Kronos' selling, general and administrative expense as a percentage of net sales remained consistent at 13% in the third quarter of 2024 compared to the third quarter of 2023.

Kronos' selling, general and administrative expense increased $17.5 million, or 11%, in the first nine months of 2024 compared to the same period in 2023 primarily due to higher distribution costs related to higher sales volumes. Kronos' selling, general and administrative expense in the first nine months of 2024 also includes $2.2 million of transaction costs incurred in connection with the LPC acquisition. Kronos' selling, general and administrative expense as a percentage of net sales remained consistent in the first nine months of 2024 compared to the first nine months of 2023.

Income (loss) from operations – Kronos had income from operations of $38.9 million in the third quarter of 2024 compared to a loss from operations of $25.3 million in the third quarter of 2023 as a result of the factors impacting gross margin discussed above. Kronos estimates that changes in currency exchange rates increased its income from operations by approximately $13 million in the third quarter of 2024 as compared to the same period in 2023, as discussed in the effects of currency exchange rates section below.

Kronos had income from operations of $94.3 million in the first nine months of 2024 compared to a loss from operations of $50.3 million in the first nine months of 2023 as a result of the factors impacting gross margin discussed above. Kronos recognized a gain of $2.5 million in the first nine months of 2023 related to cash received from the settlement of a business interruption insurance claim. Kronos estimates that changes in currency exchange rates increased its income from operations by approximately $10 million in the first nine months of 2024 as compared to the same period in 2023, as further discussed below.

Other non-operating income (expense) – Kronos recognized a gain on the remeasurement of its investment in LPC of $64.5 million in the third quarter of 2024 as a result of the acquisition. Kronos' interest expense in the third quarter of 2024 increased $7.5 million compared to interest expense in the third quarter of 2023 as a result of the February 2024 exchange of €325 million of its 3.75% Senior Secured Notes due 2025 for newly issued €276.174 million of 9.50% Senior Secured Notes due March 2029 plus additional cash consideration, the July 30, 2024 issuance of an additional €75 million of 9.50% Senior Secured Notes due 2029, and as a result of the $53.7 million subordinated, unsecured term loan from Contran due September 2029 at an interest rate of 11.5% which Kronos entered into in February 2024 in connection with the exchange and which interest rate was amended to 9.54% in August 2024 in conjunction with the issuance of the additional €75 million of 9.50% Senior Secured Notes due 2029. Kronos recognized an unrealized gain of $2.2 million in the third quarter of 2024 related to the change in market price of its marketable equity securities. There was no change in the relative market value of Kronos' marketable equity securities in the third quarter of 2023. Kronos' other components of net periodic pension and OPEB cost in the third quarter of 2024 decreased $.6 million compared to the third quarter of 2023 primarily due to a higher expected return on plan assets.

Kronos' interest expense in the first nine months of 2024 increased $18.0 million compared to the first nine months of 2023 primarily due to higher interest rates on the debt exchange and the issuance of new notes noted above. As a result of the exchange, interest expense for the first nine months of 2024 includes a charge of $1.5 million for the write-off of deferred financing costs. Kronos recognized a gain of $2.6 million on the change in value of its marketable equity securities in the first nine months of 2024 compared to a loss of $1.3 million in the first nine months of 2023. Kronos' other components of net periodic pension and OPEB cost in the first nine months of 2024 decreased $3.1 million compared to the first nine months of 2023 primarily due to a higher expected return on plan assets and a non-recurring $1.3 million in settlement costs related to the termination and buy-out of its U.K. pension plan in the second quarter of 2023.

Income tax expense (benefit) – Kronos recognized income tax expense of $22.7 million in the third quarter of 2024 compared to an income tax benefit of $8.7 million in the third quarter of 2023. The difference is primarily due to higher earnings in the third quarter of 2024 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 its 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 allowance or changes in its reserve for uncertain tax positions, to be higher than the U.S. federal statutory tax rate of 21% primarily because of its sizeable non-U.S. operations.

Kronos recognized income tax expense of $34.7 million in the first nine months of 2024 compared to an income tax benefit of $19.7 million in the first nine months of 2023. The difference is primarily due to higher earnings in 2024 and the jurisdictional mix of such earnings. Kronos' earnings 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 its 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 allowance or changes in its reserve for uncertain tax positions, to be higher than the U.S. federal statutory tax rate of 21% primarily because of its sizeable non-U.S. operations. However, in the first nine months of 2024, Kronos' consolidated effective income tax rate, excluding the effect of the valuation allowance and change in reserve for uncertain tax positions, is lower than the U.S. federal statutory rate of 21% due to the effect of lower earnings and tax benefits associated with losses incurred in certain high tax jurisdictions.

The Organization for Economic Cooperation and Development (the "OECD"), the European Union and other countries have committed to enacting the OECD's Pillar Two initiative that would provide a global minimum level of taxation for multinational companies to be applied on a country-by-country basis. Currently, many countries are drafting or have enacted legislation to implement the Pillar Two rules effective for years beginning on or after December 31, 2023. Based on legislation currently enacted, Kronos does not anticipate any material impact to its Consolidated Financial Statements; however, until all the jurisdictions it operates in enact legislation, the full impact of Pillar Two to Kronos is unknown.

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, and (ii) changes in currency exchange rates during time periods when Kronos' non-U.S. operations are holding non-local currency (primarily U.S. dollars).

Overall, Kronos estimates that fluctuations in currency exchange rates had the following effects on its sales and income (loss) from operations for the periods indicated.

Impact of changes in currency exchange rates
Three months ended September 30, 2024 vs September 30, 2023

	Transaction gains (losses) recognized			Translation gains/(losses) - impact of rate changes	Total currency impact 2024 vs 2023
	2023	2024	Change		
			(In millions)		
Impact on:					
Net sales	$ —	$ —	$ —	$ (1)	$ (1)
Income (loss) from operations	(4)	3	7	6	13

The $1 million decrease in net sales (translation losses) was caused primarily by a strengthening of the U.S. dollar relative to the euro, as Kronos' euro-denominated sales were translated into fewer U.S. dollars in 2024 as compared to 2023. The strengthening of the U.S. dollar relative to the Canadian dollar and the Norwegian krone in 2024 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 $13 million increase in income from operations was comprised of the following:

- Lower net currency transaction losses of approximately $7 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, and
- Approximately $6 million from net currency translation gains primarily caused by a strengthening of the U.S. dollar relative to the Canadian dollar and the Norwegian krone, as local currency-denominated operating costs were translated into fewer U.S. dollars in 2024 as compared to 2023. The effect of the weakening of the U.S. dollar relative to the euro was nominal in 2024 as compared to 2023.

Impact of changes in currency exchange rates
Nine months ended September 30, 2024 vs September 30, 2023

	Transaction gains recognized			Translation gains - impact of rate changes	Total currency impact 2024 vs 2023
	2023	2024	Change		
			(In millions)		
Impact on:					
Net sales	$ —	$ —	$ —	$ 5	$ 5
Income (loss) from operations	4	5	1	9	10

The $5 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 2024 as compared to 2023. The strengthening of the U.S. dollar relative to the Canadian dollar and the Norwegian krone in 2024 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 $10 million increase in income from operations was comprised of the following:

- Higher net currency transaction gains of approximately $1 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, and
- Approximately $9 million from net currency translation gains primarily caused by a strengthening of the U.S. dollar relative to the Canadian dollar and the Norwegian krone, as local currency-denominated operating costs were translated into fewer U.S. dollars in 2024 as compared to 2023. The effect of the weakening of the U.S. dollar relative to the euro was nominal in 2024 as compared to 2023.

Outlook

Overall Kronos' customer demand has improved in 2024 compared to the historical low demand it experienced during 2023, although overall demand levels remain below historical averages and, during the third quarter of 2024, customer demand moderated as compared to the first half of the year across all major markets. Kronos expects demand to further soften in the fourth quarter; however, based on the improved demand experienced through the first nine months, along with the severe demand contraction it experienced during most of 2023, Kronos continues to expect sales volumes in 2024 will exceed 2023 sales volumes. Kronos is operating its facilities at production rates in line with the current and expected near-term demand and believes its production rates for the remainder of 2024 will continue to be higher than comparable periods in 2023. Kronos has had limited success implementing TiO_2 selling price increases, which need to continue to be realized to achieve margins more in-line with historical levels.

Throughout 2023, Kronos implemented cost reduction initiatives designed to improve its long-term cost structure, including targeted workforce reductions. In the third quarter of 2024, to further improve gross margins through the optimization of production of its purified grades, Kronos closed its sulfate process line at its facility in Canada. Raw material, energy and other input costs have generally improved compared to 2023. While the full positive impact of input cost improvements and cost reduction efforts are not yet fully reflected in Kronos' gross margin, during the second quarter gross margin began to improve and has continued to improve as it replaces higher cost inventory with lower cost inventory produced in 2024. Overall, due to improved demand, modest increases in selling prices and lower production costs, including lower unabsorbed fixed costs, Kronos expects to report higher operating results for the full year of 2024 as compared to 2023.

As noted above, Kronos acquired control of LPC in July 2024. Kronos believes this acquisition is a unique opportunity to immediately add value to its customers and better serve the North American marketplace by allowing it to expand its product offerings and increase sales to new and existing customers while recognizing significant synergies, including commercial, overhead and supply chain optimization. Kronos is in the process of fully integrating the additional LPC production capacity and it expects the acquisition will have a positive impact on its earnings, although the potential positive impact in 2024 will be limited by competitive pressures, demand moderation in North America and by the additional debt service costs associated with the increase in borrowings to complete the transaction. With the increased borrowing availability under Kronos' revolving credit facility, as well as cash on hand, Kronos is well positioned to finance the required working capital build needed to fully integrate the acquired LPC production capacity, which it expects to be complete by the end of the year. Beginning in the third quarter, Kronos reduced its quarterly dividend rate from $.19 per share to $.05 per share to provide the flexibility to absorb increased debt service costs, working capital needs and capital improvements from the LPC acquisition.

Kronos' expectations for the TiO_2 industry and its operations are based on a number of factors outside its control. Kronos has experienced global market disruptions, including high energy costs, and future impacts on its operations will depend on, among other things, future energy costs and the impact economic conditions and geopolitical events have 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 $16.6 million in the first nine months of 2024 compared to $15.5 million in the first nine months of 2023. The increase in cash provided by operating activities in the first nine months of 2024 includes:

- higher net cash provided for relative changes in receivables, inventories, prepaids, payables and accrued liabilities in 2024 of $8.8 million;
- higher interest income received in 2024 of $3.1 million due to higher interest rates and increased investment balances, partially offset by lower average balances on loan to affiliate;
- higher insurance recoveries received of $.9 million;
- lower dividends received from Kronos in 2024 of $5.0 million;
- lower income from operations from CompX in 2024 of $5.9 million; and
- higher cash paid for taxes in 2024 of $.5 million due to the relative timing of tax payments.

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 NL Parent in the table below is a reference to NL Industries, Inc., as the parent company of CompX and our wholly-owned subsidiaries.

	Nine months ended September 30,	
	2023	2024
	(In millions)	
Net cash provided by operating activities:		
CompX	$ 11.8	**$ 15.6**
NL Parent and wholly-owned subsidiaries	11.8	**32.2**
Eliminations	(8.1)	**(31.2)**
Total	$ 15.5	**$ 16.6**

Relative changes in working capital can have a significant effect on cash flows from operating activities. As shown below, average days sales outstanding increased from December 31, 2023 to September 30, 2024 primarily as a result of relative changes in the timing of sales and collections relative to the end of the quarter. Total average number of days in inventory increased from December 31, 2023 to September 30, 2024 primarily because days in inventory at December 31, 2023 is lower than usual due to the fulfillment and shipping of a significant order during the fourth quarter of 2023. Total average number of days in inventory decreased from September 30, 2023 to September 30, 2024 due to planned inventory reductions. For comparative purposes, we have provided December 31, 2022 and September 30, 2023 numbers below.

	December 31, 2022	September 30, 2023	December 31, 2023	September 30, 2024
Days sales outstanding	41 days	45 days	36 days	39 days
Days in inventory	99 days	112 days	95 days	105 days

Investing activities

Our capital expenditures, all of which relate to CompX, were $1.2 million in the first nine months of 2024 compared to $.6 million in the first nine months of 2023. During the first nine months of 2024, Valhi repaid a net $2.7 million under the promissory note ($17.7 million of gross borrowings and $20.4 million of gross repayments). During the first nine months of 2023, Valhi repaid a net $1.2 million under the promissory note ($20.7 million of gross borrowings and $21.9 million of gross repayments).

During the first nine months of 2024, we received gross proceeds from U.S. treasury bill maturities totaling $54.0 million. During the first nine months of 2023, we had gross purchases of U.S. treasury marketable securities aggregating $61.4 million and received gross proceeds totaling $54.0 million related to U.S. treasury bill maturities.

Financing activities

Our board of directors declared a quarterly dividend of $.08 per share in each of the first, second and third quarters of 2024, and our board of directors declared a quarterly dividend of $.07 per share in each of the first, second and third quarters of 2023. During the first nine months of 2024 and 2023, we paid aggregate quarterly dividends to NL shareholders of $11.7 million and $10.3 million, respectively. Additionally, in August 2024 our board of directors declared a special dividend of $.43 per share on our common stock ($21.0 million). 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 the first nine months of each of 2023 and 2024 also include CompX dividends paid to its stockholders other than us.

Outstanding debt obligations

At September 30, 2024, 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 September 30, 2024. See Note 7 to our Condensed Consolidated Financial Statements.

At September 30, 2024, Kronos had $25 million outstanding on its $300 million global revolving credit facility (the "Global Revolver"). Availability under the Global Revolver is subject to a borrowing base calculation, as defined in the agreement, and at September 30, 2024, approximately $268 million was available for borrowings. Effective July 17, 2024, Kronos completed an amendment to its Global Revolver (the "Second Amendment"). Among other things, the Second Amendment increased the maximum borrowing amount from $225 million to $300 million, extended the maturity date to July 2029 and expanded the facility to include LPC and LPC's receivables and certain of its inventories in the borrowing base. The LPC acquisition was financed through borrowings of $132.1 million under Kronos' Global Revolver with the remainder paid with cash on hand. In February 2024, Kronos exchanged €325 million principal amount of its outstanding 3.75% Senior Secured Notes due in September 2025 (the "Old Notes") for newly issued €276.174 million aggregate outstanding 9.50% Senior Secured Notes due March 2029 (the "New Notes" and together with the Old Notes, the "Senior Secured Notes") plus additional cash consideration of €48.75 million ($52.6 million). In connection with the exchange, Kronos entered into a $53.7 million unsecured term loan from Contran Corporation due in September 2029 (the "Contran Term Loan"). On July 30, 2024, Kronos' wholly-owned subsidiary, KII, issued an additional €75 million principal amount of 9.50% Senior Secured Notes due 2029 (the "Additional New Notes"). The Additional New Notes were issued at a premium of 107.50% of their principal amount, plus accrued interest from February 12, 2024, resulting in net proceeds of approximately $90 million, after fees and estimated expenses. The Additional New Notes will be fungible with the New Notes, will be treated as a single series with the New Notes, and will have the same terms as the New Notes, other than their date of issuance and issue price. The proceeds from the Additional New Notes were used to pay down borrowings under Kronos' Global Revolver. Subsequent to the issuance of the Additional Notes, in August 2024, the Contran Term Loan was amended to change the interest rate from 11.5% to 9.54%. The amended rate reflects the effective interest rate of the Additional New Notes plus an additional interest rate spread of 2% which is based upon comparable debt transactions at the time of issuance of the Additional New Notes.

The Contran Term loan is subordinated in right of payment to Kronos' Senior Secured Notes and its Global Revolver. Kronos' Senior Secured Notes, the Contran Term Loan and Kronos' Global Revolver contain a number of covenants and restrictions which, among other things, restrict its ability to incur or guarantee additional debt, incur liens, pay dividends or make other restricted payments, or merge or consolidate with, or sell or transfer substantially all of its assets to, another entity, and contain other provisions and restrictive covenants customary in lending transactions of these types. Kronos' credit agreements contain provisions which could result in the acceleration of indebtedness prior to their stated maturity for reasons other than defaults for failure to comply with typical financial or payment covenants. For example, the credit agreements allow the lender to accelerate the maturity of the indebtedness upon a change of control (as defined in the agreement) of the borrower. In addition, the credit agreements could result in the acceleration of all or a portion of the indebtedness following a sale of assets outside the ordinary course of business. Kronos is in compliance with all of its debt covenants at September 30, 2024. Kronos believes it will be able to continue to comply with the financial covenants contained in its credit facility through its maturity.

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 September 30, 2024, we had aggregate restricted and unrestricted cash and cash equivalents of $176.2 million, all of which was held in the U.S. A detail by entity is presented in the table below.

		Amount (In millions)
CompX	$	58.8
NL Parent and wholly-owned subsidiaries		117.4
Total	$	176.2

In addition, at September 30, 2024 we owned approximately 1.2 million shares of Valhi common stock with an aggregate market value of $40.0 million. See Note 4 to our Condensed Consolidated Financial Statements. We also owned approximately 35.2 million shares of Kronos common stock at September 30, 2024 with an aggregate market value of $438.5 million. See Note 5 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 September 30, 2025) and long-term obligations (defined as the five-year period ending September 30, 2029) including any amounts CompX might loan 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 September 30, 2024, we had $.5 million in outstanding borrowings under this facility, and we had $49.5 million available for future borrowing. See Note 7 to our Condensed Consolidated Financial Statements.

Capital expenditures

Firm purchase commitments for capital projects in process at September 30, 2024 totaled $.6 million. CompX expects to spend $2.1 million during 2024 on capital investments, primarily those expenditures required to meet CompX's existing customer demand and to properly maintain its facilities and technology infrastructure.

Repurchases of common stock

At September 30, 2024, 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 2024, based on the number of shares of common stock of these affiliates we own as of September 30, 2024 and their current regular quarterly dividend rate, is presented in the table below. In July of 2024, Kronos announced a decrease in its regular quarterly dividend from $.19 per share to $.05 per share beginning in the third quarter of 2024. The amount shown in the table below for Kronos reflects aggregate dividends we expect to receive from Kronos during 2024 (including actual receipts in the first, second and third quarters). Additionally, CompX's board of directors declared a special dividend on its Class A common stock of $2.00 per share that was paid on August 28, 2024. We received $21.5 million from this dividend which is not included in the table below because it is not expected to be recurring.

	Shares held September 30, 2024	Quarterly dividend rate	Annual expected dividend
	(In millions)		(In millions)
Kronos	35.2	$ .05	$ 16.9
CompX	10.8	.30	12.9
Valhi	1.2	.08	.4
Total expected annual dividends			$ 30.2

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 2023 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 2023 Annual Report, or in Note 13 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 15 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 2023 Annual Report. There have been no changes in our critical accounting policies during the first nine months of 2024.

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 2023 Annual Report, and we refer you to Part I, Item 7A. – "Quantitative and Qualitative Disclosure about Market Risk" in our 2023 Annual Report. See also Note 14 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 September 30, 2024. 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 (i) internal control over financial reporting of equity method investees and (ii) internal control over the preparation of any financial statement schedules which would be required by Article 12 of Regulation S-X. 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 September 30, 2024 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 13 to our Condensed Consolidated Financial Statements, our Current Report on Form 8-K dated September 4, 2024 and filed on September 5, 2024, our June 30, 2024 Quarterly Report on Form 10-Q and our 2023 Annual Report for descriptions of certain legal proceedings.

Gowanus Canal Superfund Site. In October 2024, we were served in *Brooklyn Union Gas Co. v. Consolidated Edison* Co. *of New York, et al.* (United States District Court for the Eastern District of New York, Case No. 1:24-cv-06993). This complaint asserts claims under CERCLA and New York law against NL and a number of other private parties, federal and state agencies, and agencies of the City of New York. The plaintiff, a former gas manufacturer, seeks to recover a portion of investigation and remediation costs it allegedly incurred to address contamination at the Gowanus Canal Superfund Site. NL intends to deny liability and will vigorously defend 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 2023 Annual Report.

Item 6. Exhibits

10.1*	Supplemental Indenture No. 2, dated as of August 8, 2024, among Louisiana Pigment Company, L.P. and Kronos LPC, LLC (as new guarantors under the Indenture dated as of September 13, 2017, as amended), Kronos International, Inc., and Deutsche Bank Trust Company Americas, as trustee, collateral agent, paying agent, transfer agent and registrar.
10.2*	Second Supplemental Indenture dated as of August 8, 2024, among Louisiana Pigment Company, L.P. and Kronos LPC, LLC (as new guarantors under the Indenture dated as of February 12, 2024, as amended), Kronos International, Inc., and Deutsche Bank Trust Company Americas, as trustee, collateral agent, paying agent, transfer agent and registrar.
10.3*	Joinder No. 1 dated as of August 8, 2024, to the Pledge Agreement dated as of September 13, 2017, joining Louisiana Pigment Company, L.P. and Kronos LPC, LLC to the Pledge Agreement.
10.4*	Pledge Amendment dated as of August 8, 2024, to the Pledge Agreement dated as of September 13, 2017, executed by Kronos Louisiana, Inc. and Kronos LPC, LLC regarding additional pledged securities.
10.5*	First Amendment to Guaranty and Security Agreement, entered into as of July 17, 2024, by and among Kronos Worldwide, Inc., Kronos Louisiana, Inc., Kronos (US), Inc., Kronos International, Inc. and Wells Fargo Bank, National Association as administrative agent and lender, amending Guaranty and Security Agreement dated as of April 20, 2021.
10.6*	Joinder No. 1 dated as of August 7, 2024, joining Louisiana Pigment Company, L.P. and Kronos LPC, LLC to the Guaranty and Security Agreement dated as of April 20, 2021, as amended.
10.7*	Amendment to Purchase and Sale Agreement dated August 13, 2024, by and between Kronos Louisiana, Inc., Kronos Worldwide, Inc., Venator Investments, Ltd., Venator Materials PLC. and Louisiana Pigment Company, L.P, amending Purchase Agreement dated as of July 16, 2024.
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)

*Filed herewith

SIGNATURES

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

NL INDUSTRIES, INC.
(Registrant)

Date: November 6, 2024

/s/ Amy Allbach Samford
Amy Allbach Samford
(Executive Vice President and Chief Financial Officer, Principal Financial Officer)

Date: November 6, 2024

/s/ Amy E. Ruf
Amy E. Ruf
(Vice President and Controller,
Principal Accounting Officer)

SUPPLEMENTAL INDENTURE NO. 2

SUPPLEMENTAL INDENTURE NO. 2 (this "***Supplemental Indenture***"), dated as of August 8, 2024, among the new guarantors named in the signature pages hereto (the "***Guarantors***"), Kronos International, Inc., a Delaware corporation (the "***Issuer***"), and Deutsche Bank Trust Company Americas, as trustee (the "***Trustee***") under the Indenture dated as of September 13, 2017 (the "***Base Indenture***"), as heretofore amended and restated by Supplemental Indenture No. 1, dated as of February 12, 2024 ("***Supplemental Indenture No. 1***") among the Issuer, the Trustee, Deutsche Bank Trust Company Americas, as paying agent, and Deutsche Bank Trust Company Americas, as registrar (the Base Indenture as amended and restated by Supplemental Indenture No. 1, and as amended, supplemented or otherwise modified, the "***Indenture***").

W I T N E S S E T H :

WHEREAS the Issuer has heretofore executed and delivered to the Trustee the Indenture, providing initially for the issuance of €400,000,000 aggregate principal amount of 3.750% Senior Secured Notes due 2025 (the "***Notes***");

WHEREAS pursuant the Exchange Offer €325,000,000 aggregate principal amount of the Notes were exchanged for the €276,174,000 aggregate principal amount of the Issuer's 9.50% Senior Secured Notes due 2029 and certain cash consideration, leaving €75,000,000 aggregate principal amount of Notes outstanding;

WHEREAS Sections 4.11 and 10.07 of the Indenture provide that under certain circumstances the Issuer is required to cause the Guarantors to execute and deliver to the Trustee a supplemental indenture pursuant to which the Guarantors shall unconditionally guarantee all of the Issuer's Obligations under the Notes and the Indenture pursuant to a Guarantee on the terms and conditions set forth herein; and

WHEREAS pursuant to Section 9.01 of the Indenture, the Trustee and the Issuer are authorized to execute and deliver this Supplemental Indenture without the consent of the Holders of the Notes;

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Guarantors, the Issuer and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

1. Defined Terms. As used in this Supplemental Indenture, terms defined in the Indenture or in the preamble or recital hereto are used herein as therein defined, except that the term "Holders" in this Guarantee shall refer to the term "Holders" as defined in the Indenture and the Trustee acting on behalf of and for the benefit of such Holders. The words "herein," "hereof" and "hereby" and other words of similar import used in this Supplemental Indenture refer to this Supplemental Indenture as a whole and not to any particular section hereof.

2. Guarantee. The Guarantors hereby, jointly and severally with all existing Guarantors (if any), irrevocably and unconditionally guarantee the Issuer's Obligations under the Notes and the Indenture on the terms and subject to the conditions set forth in the Indenture,

including, but not limited to, Article Ten of the Indenture, and to be bound by all other applicable provisions of the Indenture and the Notes and to perform all of the obligations and agreements of a Guarantor under the Indenture.

3. Releases. A Guarantee as to any Guarantor shall terminate and be of no further force or effect and such Guarantor shall be deemed to be released from all obligations as provided in Section 10.03 of the Indenture.

4. Notices. All notices or other communications to the Guarantors shall be given as provided in Section 13.01 of the Indenture.

5. Ratification of Indenture; Supplemental Indentures Part of Indenture. Except as expressly amended and supplemented hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder of Notes heretofore or hereafter authenticated and delivered shall be bound hereby.

6. No Recourse Against Others. No past, present or future director, officer, employee, manager, incorporator, agent or holder of any Equity Interests in Parent or its Subsidiaries shall have any liability for any obligations of the Issuer and the Guarantors under the Notes, the Guarantees, the Indenture or this Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

7. Governing Law. THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. EACH OF THE NEW GUARANTOR AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS SUPPLEMENTAL INDENTURE, THE INDENTURE, THE NOTES OR THE TRANSACTION CONTEMPLATED HEREBY.

8. Trustee Makes No Representation. The Trustee makes no representation as to the validity or sufficiency of this Supplemental Indenture.

9. Multiple Originals. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. One signed copy is enough to prove this Supplemental Indenture. The exchange of copies of this Supplemental Indenture and of signature pages by facsimile or email (in PDF format or otherwise) shall constitute effective execution and delivery of this Supplemental Indenture as to the parties hereto and may be used in lieu of the original Supplemental Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or email (in PDF format or otherwise) shall be deemed to be their original signatures for all purposes.

10. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction thereof.

11. The Trustee. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals or statements contained herein, all of which recitals and statements are made solely by the Guarantors.

12. Successors. All agreements of the Guarantors in this Supplemental Indenture shall bind its successors. All agreements of the Trustee in the Indenture shall bind its successors.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

LOUISIANA PIGMENT COMPANY, L.P.

By: /s/ Tim C. Hafer
Name: Tim C. Hafer
Title: Executive Vice President and Chief Financial Officer

KRONOS LPC, LLC

By: /s/ Tim C. Hafer
Name: Tim C. Hafer
Title: Executive Vice President and Chief Financial Officer

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Trustee and Collateral Agent

By: /s/ Irina Golovashchuk
Name: Irina Golovashchuk
Title: Vice President

By: /s/ Carol Ng
Name: Carol Ng
Title: Vice President

ISSUER

KRONOS INTERNATIONAL, INC.

By: /s/ Tim C. Hafer
Name: Tim C. Hafer
Title: Executive Vice President and Chief Financial Officer

[Signature Page of Supplemental Indenture No. 2 (2017 Indenture)]

SECOND SUPPLEMENTAL INDENTURE

SECOND SUPPLEMENTAL INDENTURE (this "***Supplemental Indenture***"), dated as of August 8, 2024, among the new guarantors named in the signature pages hereto (the "***Guarantors***"), Kronos International, Inc., a Delaware corporation (the "***Issuer***"), and Deutsche Bank Trust Company Americas, as trustee (the "***Trustee***") under the Indenture dated as of February 12, 2024 (the "***Base Indenture***"), as heretofore supplemented by the First Supplemental Indenture, dated as of July 30, 2024 ("***First Supplemental Indenture***"), among the Issuer, the guarantors party thereto, the Trustee, Deutsche Bank Trust Company Americas, as paying agent, and Deutsche Bank Trust Company Americas, as registrar (the Base Indenture as supplemented by the First Supplemental Indenture, and as amended, supplemented or otherwise modified, the "***Indenture***").

W I T N E S S E T H :

WHEREAS the Issuer has heretofore executed and delivered to the Trustee the Indenture, providing initially for the issuance of €276,174,000 aggregate principal amount of 9.50% Senior Secured Notes due 2029 (the "***Initial Notes***"), and the issuance of €75,000,000 aggregate principal amount of 9.50% Senior Secured Notes due 2029 (the "***Additional Notes***" and collectively with the Initial Notes, the "***Notes***");

WHEREAS Sections 4.11 and 10.07 of the Indenture provide that under certain circumstances the Issuer is required to cause the Guarantors to execute and deliver to the Trustee a supplemental indenture pursuant to which the Guarantors shall unconditionally guarantee all of the Issuer's Obligations under the Notes and the Indenture pursuant to a Guarantee on the terms and conditions set forth herein; and

WHEREAS pursuant to Section 9.01 of the Indenture, the Trustee and the Issuer are authorized to execute and deliver this Supplemental Indenture without the consent of the Holders of the Notes;

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Guarantors, the Issuer and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

1. Defined Terms. As used in this Supplemental Indenture, terms defined in the Indenture or in the preamble or recital hereto are used herein as therein defined, except that the term "Holders" in this Guarantee shall refer to the term "Holders" as defined in the Indenture and the Trustee acting on behalf of and for the benefit of such Holders. The words "herein," "hereof" and "hereby" and other words of similar import used in this Supplemental Indenture refer to this Supplemental Indenture as a whole and not to any particular section hereof.

2. Guarantee. The Guarantors hereby, jointly and severally with all existing Guarantors (if any), irrevocably and unconditionally guarantee the Issuer's Obligations under the Notes and the Indenture on the terms and subject to the conditions set forth in the Indenture, including, but not limited to, Article Ten of the Indenture, and to be bound by all other applicable provisions of the Indenture and the Notes and to perform all of the obligations and agreements of a Guarantor under the Indenture.

3. Releases. A Guarantee as to any Guarantor shall terminate and be of no further force or effect and such Guarantor shall be deemed to be released from all obligations as provided in Section 10.03 of the Indenture.

4. Notices. All notices or other communications to the Guarantors shall be given as provided in Section 13.01 of the Indenture.

5. Ratification of Indenture; Supplemental Indentures Part of Indenture. Except as expressly amended and supplemented hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder of Notes heretofore or hereafter authenticated and delivered shall be bound hereby.

6. No Recourse Against Others. No past, present or future director, officer, employee, manager, incorporator, agent or holder of any Equity Interests in Parent or its Subsidiaries shall have any liability for any obligations of the Issuer and the Guarantors under the Notes, the Guarantees, the Indenture or this Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

7. Governing Law. THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. EACH OF THE NEW GUARANTOR AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS SUPPLEMENTAL INDENTURE, THE INDENTURE, THE NOTES OR THE TRANSACTION CONTEMPLATED HEREBY.

8. Multiple Originals. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. One signed copy is enough to prove this Supplemental Indenture. The exchange of copies of this Supplemental Indenture and of signature pages by facsimile or email (in PDF format or otherwise) shall constitute effective execution and delivery of this Supplemental Indenture as to the parties hereto and may be used in lieu of the original Supplemental Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or email (in PDF format or otherwise) shall be deemed to be their original signatures for all purposes.

9. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction thereof.

10. The Trustee. The Trustee makes no representation as to, and shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals or statements contained herein, all of which recitals and statements are made solely by the Guarantors.

11. Successors. All agreements of the Guarantors in this Supplemental Indenture shall bind its successors. All agreements of the Trustee in the Indenture shall bind its successors.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

LOUISIANA PIGMENT COMPANY, L.P.

By: /s/ Tim C. Hafer
Name: Tim C. Hafer
Title: Executive Vice President and Chief Financial Officer

KRONOS LPC, LLC

By: /s/ Tim C. Hafer
Name: Tim C. Hafer
Title: Executive Vice President and Chief Financial Officer

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Trustee and Collateral Agent

By: /s/ Irina Golovashchuk
Name: Irina Golovashchuk
Title: Vice President

By: /s/ Carol Ng
Name: Carol Ng
Title: Vice President

ISSUER

KRONOS INTERNATIONAL, INC.

By: /s/ Tim C. Hafer
Name: Tim C. Hafer
Title: Executive Vice President and Chief Financial Officer

[Signature Page of Second Supplemental Indenture (2024 Indenture)]

Certain information identified by "[***]" has been excluded from this exhibit because it is both not material and is the type that the company treats as private or confidential.

Exhibit 10.3

JOINDER

Joinder No. 1 (this "Joinder"), dated as of August 8, 2024, to the Pledge Agreement, dated as of September 13, 2017 (as amended, restated, supplemented, or otherwise modified from time to time, including without limitation by the Additional Notes Priority Joinder Agreement dated February 12, 2024 and the Additional Notes Priority Joinder Agreement dated July 30, 2024 relating to Additional Obligations issued by the Issuer, the "Pledge Agreement"), by and among each of the parties listed on the signature pages thereto and those additional entities that thereafter become parties thereto (collectively, jointly and severally, "Grantors" and each, individually, a "Grantor") and **DEUTSCHE BANK TRUST COMPANY AMERICAS**, in its capacity as collateral agent for the Secured Parties (in such capacity, together with its successors and assigns in such capacity, "Agent").

W I T N E S S E T H:

WHEREAS, the Grantors have entered into the Pledge Agreement in order to induce the Holders to purchase the Notes and the Additional Obligations;

WHEREAS, initially capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Pledge Agreement or, if not defined therein, in the Indenture, and this Joinder shall be subject to the rules of construction set forth in Section 1(b) of the Pledge Agreement, which rules of construction are incorporated herein by this reference, *mutatis mutandis*; and

WHEREAS, pursuant to Section 4.11 of the Indenture and Section 26 of the Pledge Agreement, certain Subsidiaries of Parent, must execute and deliver a joinder to the Pledge Agreement under certain circumstances, and the joinder to the Pledge Agreement by the undersigned new Grantor or Grantors (collectively, the "New Grantors") may be accomplished by the execution of this Joinder in favor of Agent, for the benefit of the Secured Parties.

NOW, THEREFORE, for and in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each New Grantor hereby agrees as follows:

1. In accordance with Section 26 of the Pledge Agreement, each New Grantor, by its signature below, becomes a "Guarantor" and a "Grantor" under the Pledge Agreement with the same force and effect as if originally named therein as a "Guarantor" and a "Grantor" and each New Grantor hereby (a) agrees to all of the terms and provisions of the Pledge Agreement applicable to it as a "Guarantor" and a "Grantor" thereunder and (b) represents and warrants that the representations and warranties made by it as a "Guarantor" or as a "Grantor" thereunder are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that are already qualified or modified by materiality in the text thereof) on and as of the date hereof. In furtherance of the foregoing, each New Grantor hereby

unconditionally grants, assigns, and pledges to Agent, for the benefit of the Secured Parties, to secure the Secured Obligations, a continuing security interest in and to all of such New Grantor's right, title and interest in and to the Notes Collateral. Each reference to a "Guarantor" and a "Grantor" in the Pledge Agreement shall be deemed to include each New Grantor. The Pledge Agreement is incorporated herein by reference.

2. Schedule 1, Name; Chief Executive Office; Tax Identification Numbers and Organizational Numbers, Schedule 2, "List of Uniform Commercial UCC Filing Jurisdictions" and Schedule 3, "Pledged Securities" attached hereto supplement Schedule 1, Schedule 2 and Schedule 3, respectively, to the Pledge Agreement and shall be deemed a part thereof for all purposes of the Pledge Agreement.

3. Each New Grantor authorizes Agent at any time and from time to time to file, transmit, or communicate, as applicable, financing statements and amendments thereto (i) describing the Notes Collateral by any description which reasonably approximates the description contained in the Pledge Agreement or (ii) that contain any information required by part 5 of Article 9 of the UCC for the sufficiency or filing office acceptance. Each New Grantor also hereby ratifies any and all financing statements or amendments previously filed by Agent in any jurisdiction in connection with Security Documents.

4. Each New Grantor represents and warrants to Agent and the other Secured Parties, that this Joinder has been duly executed and delivered by such New Grantor and constitutes its legal, valid, and binding obligation, enforceable against it in accordance with its terms, except as enforceability thereof may be limited by bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium, or other similar laws affecting creditors' rights generally and general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

5. This Joinder may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Joinder. Delivery of an executed counterpart of this Joinder by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Joinder. Any party delivering an executed counterpart of this Joinder by telefacsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Joinder but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Joinder.

6. The Pledge Agreement, as supplemented hereby, shall remain in full force and effect.

7. THIS JOINDER SHALL BE SUBJECT TO THE PROVISIONS REGARDING CHOICE OF LAW AND VENUE, JURY TRIAL WAIVER, AND JUDICIAL REFERENCE SET FORTH IN SECTION 25 THE PLEDGE AGREEMENT, AND SUCH PROVISIONS ARE INCORPORATED HEREIN BY THIS REFERENCE, *MUTATIS MUTANDIS*.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Joinder to the Pledge Agreement to be executed and delivered as of the day and year first above written.

NEW GRANTORS: **LOUISIANA PIGMENT COMPANY, L.P.**

By: /s/ Tim C. Hafer
Name: Tim C. Hafer
Title: Executive Vice President and Chief Financial Officer

KRONOS LPC, LLC

By: /s/ Tim C. Hafer
Name: Tim C. Hafer
Title: Executive Vice President and Chief Financial Officer

AGENT: **DEUTSCHE BANK TRUST COMPANY AMERICAS**

By: /s/ Irina Golovashchuk
Name: Irina Golovashchuk
Title: Vice President

By: /s/ Carol Ng
Name: Carol Ng
Title: Vice President

[Signature Page to Joinder]

SCHEDULE 3

PLEDGED SECURITIES

ISSUER	Holder	CLASS OF STOCK OR INTERESTS	PAR VALUE	CERTIFICATE NO(S).	NUMBER OF SHARES OR INTERESTS PLEDGED	PERCENTAGE OF ALL ISSUED CAPITAL OR OTHER EQUITY INTERESTS OF ISSUER
Louisiana Pigment Company, L.P.	Kronos Louisiana, Inc.	General Partnership Interests	No	[***]	[***]	50%
Louisiana Pigment Company, L.P.	Kronos Louisiana, Inc.	Limited Partnership Interests	No	[***]	[***]	49%
Louisiana Pigment Company, L.P.	Kronos LPC, LLC	Limited Partnership Interests	No	[***]	[***]	1%
Kronos LPC, LLC	Kronos Louisiana, Inc.	Membership Interest	No	[***]	[***]	100%

Certain information identified by “[***]” has been excluded from this exhibit because it is both not material and is the type that the company treats as private or confidential.

PLEDGE AMENDMENT

This Pledge Amendment, dated as of August 8, 2024, is delivered pursuant to Section 9(a) of the Pledge Agreement (as amended, amended and restated, supplemented or otherwise modified from time to time, the “Pledge Agreement;” capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Pledge Agreement), dated as of September 13, 2017, by and among each of the parties listed on the signature pages thereto and those additional entities that thereafter become parties thereto (collectively, jointly and severally, “Grantors” and each, individually, a “Grantor”) and DEUTSCHE BANK TRUST COMPANY AMERICAS, in its capacity as collateral agent for the Secured Parties (in such capacity, together with its successors and assigns in such capacity, “Agent”). The undersigned hereby agrees that this Pledge Amendment may be attached to the Pledge Agreement and that the Pledged Securities listed on this Pledge Amendment shall be deemed to be and shall become part of the Notes Collateral and shall secure all Secured Obligations.

PLEDGED SECURITIES

ISSUER	HOLDER	CLASS OF STOCK OR INTERESTS	PAR VALUE	CERTIFICATE NO(S).	NUMBER OF SHARES OR INTERESTS	PERCENTAGE OF ALL ISSUED CAPITAL OR OTHER EQUITY INTERESTS OF ISSUER
Louisiana Pigment Company, L.P.	Kronos Louisiana, Inc.	General Partnership Interests	No	[***]	[***]	50%
Louisiana Pigment Company, L.P.	Kronos Louisiana, Inc.	Limited Partnership Interests	No	[***]	[***]	49%
Louisiana Pigment Company, L.P.	Kronos LPC, LLC	Limited Partnership Interests	No	[***]	[***]	1%
Kronos LPC, LLC	Kronos Louisiana, Inc.	Membership Interests	No	[***]	[***]	100%

KRONOS LOUISIANA, INC.,
as Grantor

By: /s/ Tim C. Hafer
Name: Tim C. Hafer
Title: Executive Vice President and Chief Financial Officer

KRONOS LPC, LLC
as Grantor

By: /s/ Tim C. Hafer
Name: Tim C. Hafer
Title: Executive Vice President and Chief Financial Officer

AGREED TO AND ACCEPTED:

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Agent

By: /s/ Irina Golovashchuk
Name: Irina Golovashchuk
Title: Vice President

By: /s/ Carol Ng
Name: Carol Ng
Title: Vice President

[SIGNATURE PAGE TO PLEDGE AMENDMENT]

FIRST AMENDMENT TO GUARANTY AND SECURITY AGREEMENT

This First Amendment to the Guaranty and Security Agreement (this "Amendment") is entered into as of July 17, 2024, by and among **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association ("Wells Fargo") in its capacity as administrative agent for each member of the Lender Group and the Bank Product Providers (in such capacity, together with its successors and assigns in such capacity, "Agent"), **KRONOS WORLDWIDE, INC.**, a Delaware corporation ("Worldwide"), **KRONOS LOUISIANA, INC.**, a Delaware corporation ("Kronos Louisiana"), **KRONOS (US), INC.**, a Delaware corporation ("Kronos US"), and **KRONOS INTERNATIONAL, INC.**, a Delaware corporation ("KII"; together with Worldwide, Kronos Louisiana and Kronos US, collectively, "Grantors" and each, a "Grantor").

W I T N E S S E T H:

WHEREAS, pursuant to that certain Credit Agreement dated as of April 20, 2021 (as amended, restated, supplemented, or otherwise modified from time to time, the "Credit Agreement") by and among Worldwide, Kronos Louisiana, Kronos US (together with Worldwide and Kronos Louisiana, each individually a "US Borrower", and individually and collectively, jointly and severally, the "US Borrowers"), Kronos Canada, Inc., a Canadian corporation ("Canadian Borrower"), Kronos Europe NV, a public limited company (*naamloze vennootschap*) ("Belgian Borrower"), KRONOS TITAN GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) ("German Borrower"; together with US Borrowers, Canadian Borrower and Belgian Borrower, are referred to hereinafter each individually as a "Borrower", and individually and collectively, jointly and severally, as "Borrowers"), the lenders party thereto as "Lenders" (each of such Lenders, together with its successors and assigns, is referred to hereinafter as a "Lender") and Agent, the Lender Group has agreed to make certain financial accommodations available to Borrowers from time to time pursuant to the terms and conditions thereof;

WHEREAS, Grantors entered into that certain Guaranty and Security Agreement dated as of April 20, 2021 by and among Grantors and Agent (the "Guaranty and Security Agreement") in order to induce the Lender Group and the Bank Product Providers to make certain financial accommodations to Borrowers as provided for in the Credit Agreement, the other Loan Documents, and the Bank Product Agreements;

WHEREAS, initially capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Guaranty and Security Agreement or, if not defined therein, in the Credit Agreement, and this Joinder shall be subject to the rules of construction set forth in Section 1(b) of the Guaranty and Security Agreement, which rules of construction are incorporated herein by this reference, *mutatis mutandis*;

WHEREAS, Grantors and Agent have agreed to amend the Guaranty and Security Agreement in certain respects as set forth herein.

NOW, THEREFORE, for and in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Agent and each Grantor hereby agree that the Guaranty and Security Agreement is hereby amended as follows:

(a) The definition of "Cash Dominion Event" set forth in Section 1(a)(vii) of the Guaranty and Security Agreement is hereby amended and restated in its entirety as follows:

> (vii) "<u>Cash Dominion Event</u>" means the occurrence of either of the following: (A) the occurrence and continuance of any Event of Default, or (B) Excess Availability is less than the greater of (x) 12.5% of the Line Cap, and (y) $33,000,000 for three (3) consecutive days.

(b) The definition of "Cash Dominion Period" set forth in Section 1(a)(viii) of the Guaranty and Security Agreement is hereby amended and restated in its entirety as follows:

> (viii) "<u>Cash Dominion Period</u>" means the period commencing after the occurrence of a Cash Dominion Event and continuing until the date when (A) no Event of Default shall exist and be continuing, and (B) Excess Availability is greater than the greater of (x) 12.5% of the Line Cap, and (y) $33,000,000 for 30 consecutive days.

(c) The definition of "Guarantied Obligations" set forth in Section 1(a)(xxviii) of the Guaranty and Security Agreement is hereby amended and restated in its entirety as follows:

> (xxviii) "<u>Guarantied Obligations</u>" means all Obligations (including any Bank Product Obligations) now or hereafter existing, whether for principal, interest (including any interest that accrues after the commencement of an Insolvency Proceeding, regardless of whether allowed or allowable in whole or in part as a claim in any such Insolvency Proceeding), fees (including the fees provided for in the Fee Letter), Lender Group Expenses (including any fees or expenses that accrue after the commencement of an Insolvency Proceeding, regardless of whether allowed or allowable in whole or in part as a claim in any such Insolvency Proceeding), or otherwise, and any and all expenses (including reasonable counsel fees and expenses) incurred by Agent, any other member of the Lender Group, or any Bank Product Provider (or any of them) in enforcing any rights under the any of the Loan Documents. Without limiting the generality of the foregoing, Guarantied Obligations shall include all amounts that constitute part of the Guarantied Obligations and would be owed by any Borrower to Agent, any other member of the Lender Group, or any Bank Product Provider but for the fact that they are unenforceable or not allowable, including due to the existence of a bankruptcy, reorganization, other Insolvency Proceeding or similar proceeding involving any Borrower or any Guarantor; provided that, anything to the contrary contained in the foregoing notwithstanding, the Guarantied Obligations shall exclude any Excluded Swap Obligation.

(d) The definition of "Secured Obligations" set forth in Section 1(a)(xliii) of the Guaranty and Security Agreement is hereby amended and restated in its entirety as follows:

(xxviii) "Secured Obligations" means each and all of the following: (A) all of the present and future obligations of each of the Grantors arising from, or owing under or pursuant to, this Agreement (including the Guaranty), the Credit Agreement, or any of the other Loan Documents, (B) all Bank Product Obligations, and (C) all other Obligations of each Borrower and all other Guarantied Obligations of each Guarantor (including, in the case of each of clauses (A), (B) and (C), Lender Group Expenses and any interest, fees, or expenses that accrue after the filing of an Insolvency Proceeding, regardless of whether allowed or allowable in whole or in part as a claim in any Insolvency Proceeding); provided that, anything to the contrary contained in the foregoing notwithstanding, the Secured Obligations shall exclude any Excluded Swap Obligation.

(e) Sections 2(a), 2(d) and 2(i)(iii) of the Guaranty and Security Agreement are hereby amended by removing the parenthetical "(other than Canadian Borrower)" therefrom in its entirety each time it appears therein.

2. This Amendment is a Loan Document. This Amendment may be executed by means of (a) an electronic signature that complies with the federal Electronic Signatures in Global and National Commerce Act, state enactments of the Uniform Electronic Transactions Act, or any other relevant and applicable electronic signatures law; (b) an original manual signature; or (c) a faxed, scanned, or photocopied manual signature. Each electronic signature or faxed, scanned, or photocopied manual signature shall for all purposes have the same validity, legal effect, and admissibility in evidence as an original manual signature. Agent reserves the right, in its sole discretion, to accept, deny, or condition acceptance of any electronic signature on this Amendment. This Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original, but such counterparts shall, together, constitute only one instrument. Delivery of an executed counterpart of a signature page of this Amendment will be as effective as delivery of a manually executed counterpart of this Amendment.

3. Except as expressly supplemented or amended hereby, nothing in this Amendment shall constitute a modification or alteration of the terms, conditions or covenants of the Guaranty and Security Agreement or a waiver of any terms or provisions thereof, and the Guaranty and Security Agreement shall remain in full force and effect.

4. THIS AMENDMENT SHALL BE SUBJECT TO THE PROVISIONS REGARDING CHOICE OF LAW AND VENUE, JURY TRIAL WAIVER, AND JUDICIAL REFERENCE SET FORTH IN SECTION 23 OF THE GUARANTY AND SECURITY AGREEMENT, AND SUCH PROVISIONS ARE INCORPORATED HEREIN BY THIS REFERENCE, *MUTATIS MUTANDIS*.

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IN WITNESS WHEREOF, each Grantor and Agent have duly executed this First Amendment to Guaranty and Security Agreement as of the day and year first above written.

GRANTORS: **KRONOS WORLDWIDE, INC.**

By: /s/ Tim C. Hafer
Name: Tim C. Hafer
Title: Executive Vice President and Chief Financial Officer

KRONOS LOUISIANA, INC.

By: /s/ Tim C. Hafer
Name: Tim C. Hafer
Title: Executive Vice President and Chief Financial Officer

KRONOS (US), INC.

By: /s/ Tim C. Hafer
Name: Tim C. Hafer
Title: Executive Vice President and Chief Financial Officer

KRONOS INTERNATIONAL, INC.

By: /s/ Tim C. Hafer
Name: Tim C. Hafer
Title: Executive Vice President and Chief Financial Officer

AGENT: **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association

By: /s/ Jake Elliott
Name: Jake Elliott
Its Authorized Signatory

Signature Page to First Amendment to Guaranty and Security Agreement

Execution Version

JOINDER NO. 1

Joinder No. 1 (this "Joinder"), dated as of August 7, 2024, to the Guaranty and Security Agreement, dated as of April 20, 2021 (as amended by that certain First Amendment to Guaranty and Security Agreement dated July 17, 2024, and as further amended, restated, supplemented, or otherwise modified from time to time, the "Guaranty and Security Agreement"), by and among each of the parties listed on the signature pages thereto and those additional entities that thereafter become parties thereto (collectively, jointly and severally, "Grantors" and each, individually, a "Grantor") and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association ("Wells Fargo"), in its capacity as administrative agent for each member of the Lender Group and the Bank Product Providers (in such capacity, together with its successors and assigns in such capacity, "Agent").

W I T N E S S E T H:

WHEREAS, pursuant to that certain Credit Agreement dated as of April 20, 2021 (as amended by that certain First Amendment to Credit Agreement dated May 8, 2023 and as further amended, restated, supplemented or otherwise modified from time to time, including by that Second Amendment to Credit Agreement dated as of July 17, 2024, the "Credit Agreement") by and among Kronos Worldwide, Inc., a Delaware corporation ("Worldwide"), Kronos Louisiana, Inc., a Delaware corporation ("Kronos Louisiana"), Kronos (US), Inc., a Delaware corporation ("Kronos US"; together with Worldwide and Kronos Louisiana, are referred to hereinafter each individually as a "US Borrower", and individually and collectively, jointly and severally, as the "US Borrowers"), Kronos Canada, Inc., a Canadian corporation ("Canadian Borrower"), Kronos Europe NV, a limited liability company (*naamloze vennootschap*) ("Belgian Borrower"), KRONOS TITAN GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) ("German Borrower"; together with US Borrowers, Canadian Borrower and Belgian Borrower, are referred to hereinafter each individually as a "Borrower", and individually and collectively, jointly and severally, as "Borrowers"), the lenders party thereto as "Lenders" (each of such Lenders, together with its successors and assigns, is referred to hereinafter as a "Lender") and Agent, the Lender Group has agreed to make certain financial accommodations available to Borrowers from time to time pursuant to the terms and conditions thereof;

WHEREAS, initially capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Guaranty and Security Agreement or, if not defined therein, in the Credit Agreement, and this Joinder shall be subject to the rules of construction set forth in Section 1(b) of the Guaranty and Security Agreement, which rules of construction are incorporated herein by this reference, *mutatis mutandis*;

WHEREAS, Grantors have entered into the Guaranty and Security Agreement in order to induce the Lender Group and the Bank Product Providers to make certain financial accommodations to Borrowers as provided for in the Credit Agreement, the other Loan Documents, and the Bank Product Agreements;

WHEREAS, pursuant to Section 5.11 of the Credit Agreement and Section 24 of the Guaranty and Security Agreement, certain Subsidiaries of the Loan Parties, must execute and deliver certain Loan Documents, including the Guaranty and Security Agreement, and the joinder to the Guaranty and Security Agreement by the undersigned new Grantors (collectively, the "New Grantors" and each individually a "Grantor") may be accomplished by the execution of this Joinder in favor of Agent, for the benefit of the Lender Group and the Bank Product Providers; and

WHEREAS, each New Grantor (a) is a Subsidiary of a Borrower and, as such, will benefit by virtue of the financial accommodations extended to Borrowers by the Lender Group or the Bank Product Providers and (b) by becoming a Grantor will benefit from certain rights granted to the Grantors pursuant to the terms of the Loan Documents and the Bank Product Agreements.

NOW, THEREFORE, for and in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each New Grantor hereby agrees as follows:

1. In accordance with Section 24 of the Guaranty and Security Agreement, each New Grantor, by its signature below, becomes a "Grantor" and "Guarantor" under the Guaranty and Security Agreement with the same force and effect as if originally named therein as a "Grantor" and "Guarantor" and each New Grantor hereby (a) agrees to all of the terms and provisions of the Guaranty and Security Agreement applicable to it as a "Grantor" or "Guarantor" thereunder and (b) represents and warrants that the representations and warranties made by it as a "Grantor" or "Guarantor" thereunder are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that are already qualified or modified by materiality in the text thereof) on and as of the date hereof. In furtherance of the foregoing, each New Grantor hereby (i) jointly and severally unconditionally and irrevocably guarantees as a primary obligor and not merely as a surety the full and prompt payment when due, whether upon maturity, acceleration, or otherwise, of all of the Guarantied Obligations, and (ii)]unconditionally grants, assigns, and pledges to Agent, for the benefit of the Lender Group and the Bank Product Providers, to secure the Secured Obligations, a continuing security interest in and to all of such New Grantor's right, title and interest in and to the Collateral (as defined in Section 3 of the Guaranty and Security Agreement). Each reference to a "Grantor" or "Guarantor" in the Guaranty and Security Agreement shall be deemed to include each New Grantor. The Guaranty and Security Agreement is incorporated herein by reference.

2. Schedule 1, Name; Chief Executive Office; Tax Identification Numbers and Organizational Numbers, Schedule 2, "Deposit Accounts and Securities Accounts", Schedule 3, "Controlled Account Banks", and Schedule 4, "List of Uniform Commercial Code Filing Jurisdictions" attached hereto supplement Schedule 1, Schedule 2, Schedule 3, and Schedule 4 respectively, to the Guaranty and Security Agreement and shall be deemed a part thereof for all purposes of the Guaranty and Security Agreement.

3. Each New Grantor authorizes Agent at any time and from time to time to file, transmit, or communicate, as applicable, financing statements and amendments thereto (a) describing the Collateral by any description which reasonably approximates the description contained in the Guaranty and Security Agreement, (b) describing the Collateral as being of equal or lesser scope or with greater detail, or (c) that contain any information required by part 5 of Article 9 of the Code for the sufficiency or filing office acceptance. Each New Grantor also hereby ratifies any and all financing statements or amendments previously filed by Agent in any jurisdiction in connection with the Loan Documents.

4. Each New Grantor represents and warrants to Agent, the Lender Group and the Bank Product Providers that this Joinder has been duly executed and delivered by such New Grantor and constitutes its legal, valid, and binding obligation, enforceable against it in accordance with its terms, except as enforceability thereof may be limited by bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium, or other similar laws affecting creditors' rights generally and general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

5. This Joinder is a Loan Document. This Joinder may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Joinder. Delivery of an executed counterpart of this Joinder by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Joinder. Any party delivering an executed counterpart of this Joinder by telefacsimile or other electronic method of transmission also shall deliver

an original executed counterpart of this Joinder but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Joinder.

6. The Guaranty and Security Agreement, as supplemented hereby, shall remain in full force and effect.

7. THIS JOINDER SHALL BE SUBJECT TO THE PROVISIONS REGARDING CHOICE OF LAW AND VENUE, JURY TRIAL WAIVER, AND JUDICIAL REFERENCE SET FORTH IN SECTION 23 OF THE GUARANTY AND SECURITY AGREEMENT, AND SUCH PROVISIONS ARE INCORPORATED HEREIN BY THIS REFERENCE, *MUTATIS MUTANDIS*.

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IN WITNESS WHEREOF, the parties hereto have caused this Joinder to the Guaranty and Security Agreement to be executed and delivered as of the day and year first above written.

NEW GRANTORS:

LOUISIANA PIGMENT COMPANY, L.P.,
a Delaware limited partnership

By: /s/ Tim C. Hafer
Name: Tim C. Hafer
Title: Executive Vice President and Chief Financial Officer

KRONOS LPC, LLC,
a Delaware limited liability company

By: /s/ Tim C. Hafer
Name: Tim C. Hafer
Title: Executive Vice President and Chief Financial Officer

AGENT:

WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association

By: /s/ Jake Elliot
Name: Jake Elliot
Title: Authorized Signatory

AMENDMENT TO PURCHASE AND SALE AGREEMENT

This Amendment (this "Amendment") to the Purchase Agreement (defined below) is made effective as of 13/8/2024 (the "Effective Date"), by and between Kronos Louisiana, Inc., a corporation organized under the laws of the State of Delaware ("Kronos Partner"), Kronos Worldwide, Inc., a corporation organized under the laws of the State of Delaware ("Kronos Parent" and together with Kronos Partner, "Kronos"), Venator Investments Ltd., a limited liability company organized under the laws of the Cayman Islands ("Venator Partner" and together with Kronos Partner, the "Partners"), Venator Materials PLC, a public limited company organized under the laws of England and Wales ("Venator Parent" and together with Venator Partner, "Venator") and Louisiana Pigment Company, L.P., a limited partnership organized under the laws of Delaware (the "Joint Venture"). Kronos Partner, Kronos Parent, Venator Partner, Venator Parent and the Joint Venture may each be individually referred to as a "Party" and collectively referred to as the "Parties."

RECITALS

WHEREAS, the Parties entered into that certain Purchase and Sale Agreement (the "Purchase Agreement") on July 16, 2024;

WHEREAS, the Parties have determined to amend the Purchase Agreement in accordance with Section 6.10 of the Purchase Agreement as set forth herein;

WHEREAS, Venator has requested that the Joint Venture deliver certain Venator Packaging to Venator Partner as soon as practicable after the date of this Amendment; and

WHEREAS, Kronos has agreed to cause the Joint Venture to deliver certain Venator Packaging to Venator Partner as soon as practicable after the date of this Amendment;

WHEREAS, Venator has agreed that Kronos be compensated for the cost of such Venator Packaging in the amount of $23,000; and

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and pursuant to the Purchase Agreement, the Parties agree as follows:

ARTICLE I
AMENDMENT

Section 1.01 Definitions. Capitalized terms used herein and not otherwise defined have the meanings set forth in the Purchase Agreement.

Section 1.02 Amendment of Section 2.3(b). Section 2.3(b) is hereby amended to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as follows:

> The post-closing adjustment shall be an amount equal to (i) the Final Consideration minus (ii) the Closing Consideration, (iii) minus $23,000 (the

"**Post-Closing Adjustment**"). If the Post-Closing Adjustment is a positive number, Kronos Partner shall pay to Venator Partner an amount equal to the Post-Closing Adjustment. If the Post-Closing Adjustment is a negative number, Venator Partner shall pay to Kronos Partner an amount equal to the Post-Closing Adjustment.

Section 1.03 Delivery of Venator Packaging. As soon as practicable following the date of this Amendment, Kronos shall cause the Joint Venture to make available for collection by Venator (or its nominee) 50,000 Venator-branded AA (paper with a capacity of 25kg and Joint Venture reference PO775TT) bags.

Section 1.04 Subject to the Purchase Agreement. Except as expressly amended by this Amendment, nothing in this Amendment shall, or shall be deemed or construed to, supersede, amend, alter, modify, limit or waive any of the terms or provisions of the Purchase Agreement in any manner whatsoever and the Purchase Agreement shall remain in full force and effect and be enforceable against the parties thereto in accordance with its terms and provisions. Each reference to "hereof," "herein," "hereby," and "this Agreement" in the Purchase Agreement will from and after the entry into this Amendment refer to the Purchase Agreement as amended by this Amendment. Notwithstanding anything to the contrary in this Amendment, the date of the Purchase Agreement, as amended hereby, will in all instances remain as July 16, 2024, and any references in the Purchase Agreement to "the date of this Agreement," "the date hereof," "the date first written above," and similar references will continue to refer to July 16, 2024.

ARTICLE II
MISCELLANEOUS

Section 2.01 Miscellaneous. The terms and provisions of Section 6.2through 6.18 of the Purchase Agreement shall apply to this Amendment, *mutatis mutandis*.

(Signature Pages Follow)

IN WITNESS WHEREOF, the Parties have executed and delivered this Amendment effective as of the Effective Date.

KRONOS LOUISIANA, INC.

By: /s/ Brian W. Christian
Name: Brian W. Christian
Title: Executive Vice President and COO

KRONOS WORLDWIDE, INC.

By: /s/ Brian W. Christian
Name: Brian W. Christian
Title: Executive Vice President and COO

[*Signature Page to Amendment to Purchase Agreement*]

IN WITNESS WHEREOF, the Parties have executed and delivered this Amendment effective as of the Effective Date.

VENATOR INVESTMENTS LTD.

By: /s/ Bertrand Maurice Andre Defoort
Name: Bertrand Maurice Andre Defoort
Title: Authorized Signatory

VENATOR MATERIALS PLC

By: /s/ Alex Paterson
Name: Alex Paterson
Title: Authorized Signatory

[*Signature Page to Amendment to Purchase Agreement*]

IN WITNESS WHEREOF, the Parties have executed and delivered this Amendment effective as of the Effective Date.

LOUISIANA PIGMENT COMPANY, L.P.

KRONOS LOUISIANA, INC.,
its general partner

By: /s/ Brian W. Christian
Name: Brian W. Christian
Title: Executive Vice President and COO

[*Signature Page to Amendment to Purchase Agreement*]

EXHIBIT 31.1

CERTIFICATION

I, Courtney J. Riley, certify that:

1) I have reviewed this quarterly report on Form 10-Q of NL Industries, Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer 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: November 6, 2024

/s/Courtney J. Riley

Courtney J. Riley
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Amy Allbach Samford, certify that:

1) I have reviewed this quarterly report on Form 10-Q of NL Industries, Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer 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: November 6, 2024

/s/ Amy Allbach Samford

Amy Allbach Samford
Executive Vice President and Chief Financial Officer

EXHIBIT 32.1

**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 NL Industries, Inc. (the Company) on Form 10-Q for the quarter ended September 30, 2024 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

November 6, 2024

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.