VALHI

2025

ANNUAL REPORT

VALHI, INC. CORPORATE AND OTHER INFORMATION

Board of Directors

Loretta J. Feehan
Chair of Board (non-executive)
Financial Consultant

Michael S. Simmons
Vice Chairman, President and
Chief Executive Officer

Thomas E. Barry (a) (b)
Emeritus Professor of Marketing at
Southern Methodist University

Terri L. Herrington (a) (b)
Private Investor

W. Hayden McIlroy (a) (b)
Private Investor

Gina A. Norris (a)
Private Investor

Mary A. Tidlund (a)
Private Investor

Board Committees

(a) Audit Committee

(b) Management Development and Compensation Committee

Corporate Officers

Michael S. Simmons
Vice Chairman, President and
Chief Executive Officer

Kristin B. McCoy
Executive Vice President, Tax

Andrew B. Nace
Executive Vice President and General Counsel

Amy A. Samford
Executive Vice President and
Chief Financial Officer

John A. Sunny
Executive Vice President and
Chief Information Officer

Bryan A. Hanley
Senior Vice President and Treasurer

Jane R. Grimm
Vice President, Secretary and
Associate General Counsel

Edward R. Moore
Vice President and Controller

Bart W. Reichert
Vice President, Internal Audit

Darci B. Scott
Vice President, Tax

Management of Subsidiaries

Kronos Worldwide, Inc.
Brian W. Christian
Director, President and
Chief Executive Officer

NL Industries, Inc.
Courtney J. Riley
Director, President and
Chief Executive Officer

CompX International Inc.
Scott C. James
Director, President and Chief
Executive Officer

Basic Management, Inc. and
The LandWell Company
Lee Farris
President and Chief
Executive Officer

Stock Exchanges

Valhi's common shares are listed on the New York Stock Exchange under the symbol "VHI."

Kronos' common shares are listed on the New York Stock Exchange under the symbol "KRO."

NL's common shares are listed on the New York Stock Exchange under the symbol "NL."

CompX's Class A common shares are listed on the NYSE American under the symbol "CIX."

Annual Meeting

The 2026 Annual Meeting of Stockholders will be held at the Conference Center at Three Lincoln Centre, 5430 LBJ Freeway, Suite 350, Dallas, Texas 75240-2620, on the date and time as set forth in the notice of the meeting, proxy statement and form of proxy that will be furnished to stock holders in advance of the meeting

Form 10-K Report

The Company's Annual Report on Form 10-K for the year ended December 31, 2025, as filed with the Securities and Exchange Commission, is printed as part of this Annual Report. Additional copies are available without charge upon written request to:

Bryan A. Hanley
Investor Relations
Valhi, Inc.
Three Lincoln Centre
5430 LBJ Freeway, Suite 1700
Dallas, Texas 75240-2620

Transfer Agent

Computershare acts as transfer agent, registrar and dividend paying agent for the Company's common stock. Communications regarding stockholder accounts, dividends and change of address should be directed to:

Computershare Trust Company, N.A.
P.O. Box 43006
Providence, Rhode Island 02940-3006
(877) 373-6374
http://www.computershare.com/investor

Visit us on the Web
http://www.valhi.net

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

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2025

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 1-5467

VALHI, INC.
(Exact name of Registrant as specified in its charter)

Delaware	**87-0110150**
(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	VHI	NYSE

No securities registered pursuant to Section 12(g) of the Act:

Indicate by check mark:

If the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

If the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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 ☐

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 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. ☐

Whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

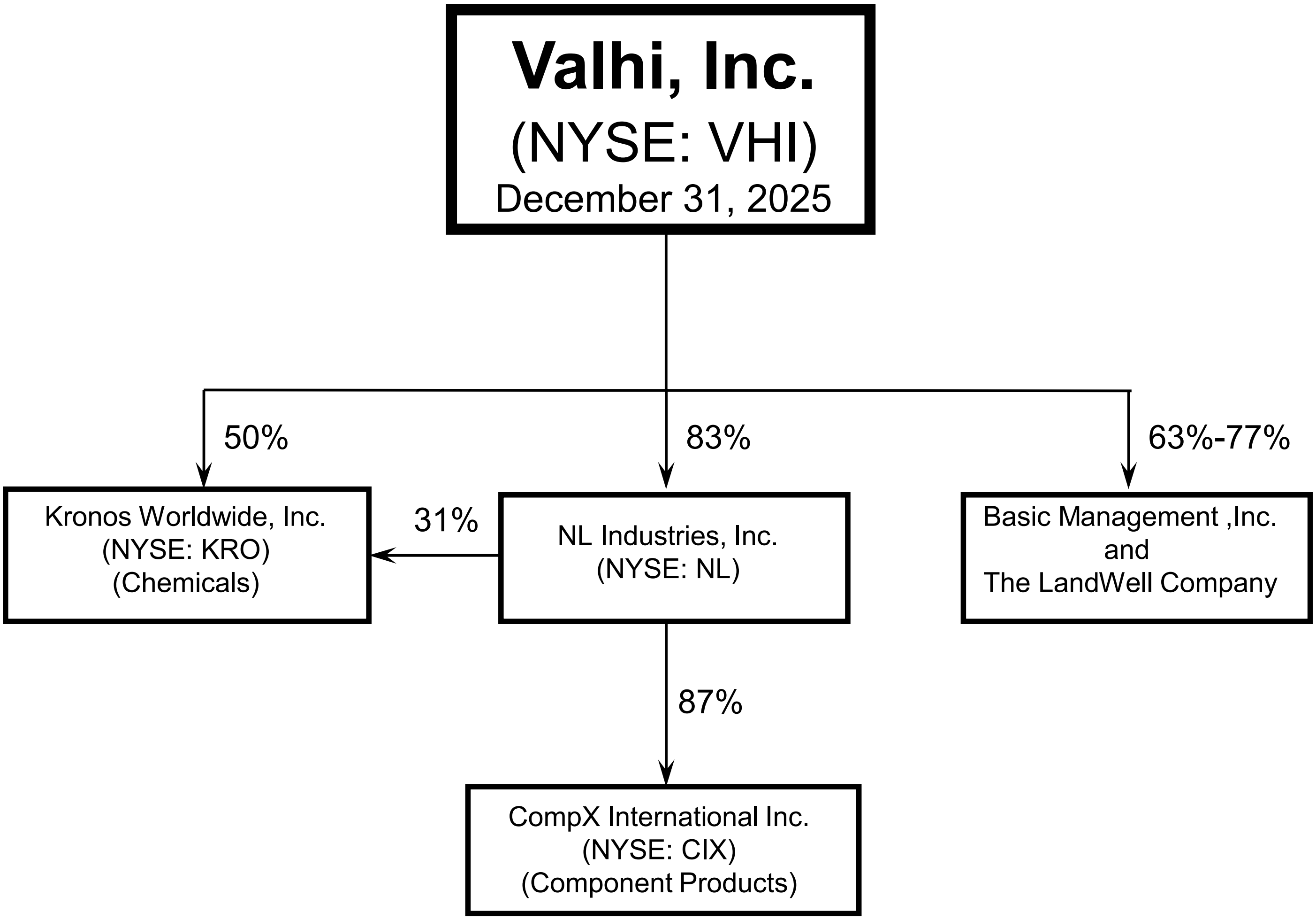
Whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒.

The aggregate market value of the 2.4 million shares of voting common stock held by nonaffiliates of Valhi, Inc. as of June 30, 2025 (the last business day of the Registrant's most recently-completed second fiscal quarter) approximated $39.4 million.

Number of shares of the registrant's common stock, $.01 par value per share, outstanding on March 2, 2026: 28,302,293.

Documents incorporated by reference

The information required by Part III is incorporated by reference from the Registrant's definitive proxy statement to be filed with the Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this report.


Valhi, Inc.
(NYSE: VHI)
December 31, 2025
50%
83%
63%-77%
Kronos Worldwide, Inc.
(NYSE: KRO)
(Chemicals)
31%
NL Industries, Inc.
(NYSE: NL)
Basic Management ,Inc.
and
The LandWell Company
87%
CompX International Inc.
(NYSE: CIX)
(Component Products)

PART I

ITEM 1. BUSINESS

Valhi, Inc. (NYSE: VHI) is primarily a holding company. We operate through our wholly-owned and majority-owned subsidiaries, including NL Industries, Inc., Kronos Worldwide, Inc., CompX International Inc., Basic Management, Inc. and The LandWell Company. Kronos (NYSE: KRO), NL (NYSE: NL) and CompX (NYSE American: CIX) each file periodic reports with the U.S. Securities and Exchange Commission (SEC).

Our principal executive offices are located at Three Lincoln Center 5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240-2620. Our telephone number is (972) 233-1700. We maintain a website at www.valhi.net.

Brief History

LLC Corporation, our legal predecessor, was incorporated in Delaware in 1932. We are the successor company of the 1987 merger of LLC Corporation and another entity controlled by Contran Corporation. One of Contran's wholly-owned subsidiaries held approximately 91% of Valhi's outstanding common stock at December 31, 2025. As discussed in Note 1 to our Consolidated Financial Statements, Lisa K. Simmons and a trust established for the benefit of Ms. Simmons and her late sister and their children (the "Family Trust") may be deemed to control Contran and us.

Key events in our history include:

- 1979 – Contran acquires control of LLC;
- 1981 – Contran acquires control of our other predecessor company;
- 1982 – Contran acquires control of Keystone Consolidated Industries, Inc., a predecessor to CompX;
- 1984 – Keystone spins-off an entity that includes what is to become CompX; this entity subsequently merges with LLC;
- 1986 – Contran acquires control of NL, which at the time owns 100% of Kronos;
- 1987 – LLC and another Contran controlled company merge to form Valhi, our current corporate structure;
- 2003 – NL completes the spin-off of Kronos through the pro-rata distribution of Kronos shares to its shareholders including us;
- 2004 through 2005 – NL distributes Kronos shares to its shareholders, including us, through quarterly dividends;
- 2010 – Kronos completes a secondary offering of its common stock lowering our ownership of Kronos to 80%;
- 2012 – In December CompX completes the sale of its furniture components business;
- 2013 – In December we purchased an additional ownership interest in and became the majority owner of Basic Management, Inc. ("BMI") and The LandWell Company ("LandWell");
- 2015 – The first homes in our Cadence planned community were completed by third-party builders and sold to the public;
- 2020 – In December LandWell completed the first bulk sale of land within the Cadence planned community;
- 2022 – In July Basic Water Company ("BWC") ceased water delivery due to a decline in water levels at Lake Mead in Nevada and in September BWC filed for bankruptcy protection;
- 2023 – In November, upon the Bankruptcy Court's approval of BWC's plan of reorganization, BWC sold substantially all of its assets. In December BMI sold Basic Power Company ("BPC");
- 2024 – In July, Kronos acquired the remaining 50% joint venture interest in Louisiana Pigment Company, L.P. ("LPC") previously held by Venator Investments, Ltd. ("Venator"); and

- 2025 – In October, LandWell completed the sale of the last parcel within the Cadence planned community.

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

Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. Statements in this Annual Report that are not historical facts are forward-looking in nature and represent 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 such 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 actual future results to differ materially from those described herein are the risks and uncertainties discussed in this Annual Report and those described from time to time in our other filings with the SEC and include, but are not limited to, the following:

- Future supply and demand for our products;
- Our ability to realize expected cost savings from strategic and operational initiatives;
- Our ability to integrate acquisitions into Kronos’ operations and realize expected synergies and innovations;
- The extent of the dependence of certain of our businesses on certain market sectors;
- The cyclicality of certain of our businesses (such as Kronos’ titanium dioxide (“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 ore, zinc, brass, aluminum, steel and energy costs) or the implementation of tariffs on imported raw materials;
- 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, reduce demand or perceived demand for TiO_2, component products and land held for development or impair our ability to operate our facilities (including changes in the level of gross domestic product in various regions of the world, tariffs, natural disasters, terrorist acts, global conflicts and public health crises);
- Operating interruptions (including, but not limited to, labor disputes, leaks, natural disasters, fires, explosions, unscheduled or unplanned downtime, transportation interruptions, certain regional and world events or economic conditions and public health crises);
- Technology related disruptions (including, but not limited to, cyber-attacks; software implementation, upgrades or improvements; technology processing failures; or other events) related to our technology infrastructure (including manufacturing and accounting systems) that could impact our ability to continue operations, or at key vendors which could impact our supply chain, or at key customers which could impact their operations and cause them to curtail or pause orders;
- Competitive products and substitute products;
- Competition from Chinese suppliers with less stringent regulatory and environmental compliance requirements;
- Customer and competitor strategies;
- Potential consolidation of our competitors;

- Potential consolidation of our customers;
- Our ability to retain key customers;
- The impact of pricing and production decisions;
- Competitive technology positions;
- Our ability to protect or defend intellectual property rights;
- The introduction of new, or changes in existing, tariffs, trade barriers or trade disputes;
- The ability of our subsidiaries to pay us dividends;
- Uncertainties associated with new product development and the development of new product features;
- 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;
- The timing and amounts of insurance recoveries;
- Our 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 ultimate outcome of income tax audits, tax settlement initiatives or other tax matters, including future tax reform;
- Our ability to utilize income tax 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 NL, with respect to asserted health concerns associated with the use of such products) including new environmental, sustainability, health and safety or other regulations (such as those seeking to limit or classify TiO_2 or its use);
- The ultimate resolution of pending litigation (such as NL's lead pigment and environmental matters);
- Our ability to comply with covenants contained in our revolving bank credit facilities;
- Our ability to complete and comply with the conditions of our licenses and permits;
- Changes in construction costs in Henderson, Nevada; and
- Pending or possible future litigation (such as litigation related to CompX's use of certain permitted chemicals in its productions process) or other actions.

Should one or more of these risks materialize (or the consequences of such 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.

Segments

We currently have three consolidated reportable operating segments at December 31, 2025:

Chemicals Kronos Worldwide, Inc.	Our Chemicals Segment is operated through our majority control of Kronos. Kronos is a leading global producer and marketer of value-added titanium dioxide pigments. TiO_2 is used to impart whiteness, brightness, opacity and durability to a wide variety of products, including paints, plastics, paper, fibers and ceramics. Additionally, TiO_2 is a critical component of everyday applications, such as coatings, plastics and paper, as well as many specialty products such as inks, cosmetics and pharmaceuticals.
Component Products CompX International Inc.	We operate in the component products industry through our majority control of CompX. CompX is a leading manufacturer of security products used in the postal, recreational transportation, office and institutional furniture, cabinetry, tool storage, healthcare applications and a variety of other industries. CompX is also a leading manufacturer of wake enhancement systems, stainless steel exhaust systems, gauges, throttle controls, trim tabs and related hardware and accessories for the recreational marine and other industries.
Real Estate Management and Development Basic Management, Inc. and The LandWell Company	We operate in real estate management and development through our majority control of BMI and LandWell. BMI and LandWell own real property in Henderson, Nevada. LandWell is engaged in efforts to develop certain land holdings for commercial, industrial and residential purposes in Henderson, Nevada. BMI previously, through wholly-owned subsidiaries, also was responsible for the delivery of water to the City of Henderson and various other users through September 2022, and provided utility services to certain industrial customers prior to December 2023.

For additional information about our segments and equity investments see "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and Notes 2, 3 and 12 to our Consolidated Financial Statements.

CHEMICALS SEGMENT – KRONOS WORLDWIDE, INC.

Business Overview

Our majority-controlled subsidiary, Kronos, is a leading global producer and marketer of value-added titanium dioxide pigments, or TiO_2, a base industrial product used in a wide range of applications. Kronos, along with its distributors and agents, sells and provides technical services for its products to approximately 3,000 customers in 100 countries with the majority of sales in Europe, North America and the Asia Pacific region. We believe Kronos has developed considerable expertise and efficiency in the manufacture, sale, shipment and service of its products in domestic and international markets. Effective July 16, 2024 ("Acquisition Date"), Kronos acquired the 50% joint venture interest in LPC held by Venator for consideration of $185 million less a working capital adjustment. Prior to the acquisition, Kronos held a 50% joint venture interest in LPC through a wholly-owned subsidiary. LPC was operated as a manufacturing joint venture between Kronos and Venator. Following the acquisition, LPC became a wholly-owned subsidiary of Kronos. In 2025, Kronos merged LPC into Kronos' wholly-owned subsidiary Kronos Louisiana, Inc. (the combined company is referred to as "Kronos Louisiana"). See Note 3 to our Consolidated Financial Statements.

TiO_2 is a white inorganic pigment used in a wide range of products for its exceptional durability and its ability to impart whiteness, brightness and opacity. TiO_2 is a critical component of everyday applications, such as coatings, plastics and paper, as well as many specialty products such as inks, cosmetics and pharmaceuticals. TiO_2 is widely considered to be superior to alternative white pigments in large part due to its hiding power (or opacity), which is the ability to cover or mask other materials effectively and efficiently. TiO_2 is designed, marketed and sold based on specific end-use applications.

TiO_2 is the largest commercially used whitening pigment because it has a high refractive index, giving it more hiding power than any other commercially produced white pigment. In addition, TiO_2 has excellent resistance to interaction with other chemicals, good thermal stability and resistance to ultraviolet degradation. Although there are other white pigments on the market, we believe there are no effective substitutes for TiO_2 because no other white pigment has the physical properties for achieving comparable opacity and brightness or can be incorporated in as cost-effective a manner. Pigment extenders such as kaolin clays, calcium carbonate and polymeric opacifiers are used together with TiO_2 in a number of end-use markets. However, these products are not able to duplicate the opacity performance characteristics of TiO_2 and we believe these products are unlikely to have a significant impact on the use of TiO_2.

TiO_2 is considered a "quality-of-life" product. Demand for TiO_2 has generally been driven by worldwide gross domestic product and has generally increased with rising standards of living in various regions of the world. According to industry estimates, TiO_2 consumption has grown at a compound annual growth rate of approximately 2-3% since 2000. Per capita consumption of TiO_2 in Western Europe and North America far exceeds that in other areas of the world, and these regions are expected to continue to be the largest consumers of TiO_2 on a per capita basis for the foreseeable future. We believe Western Europe and North America account for approximately 14% and 15% of global TiO_2 consumption, respectively. Markets for TiO_2 are generally increasing in China, the Asia Pacific region, South America and Eastern Europe and we believe these are significant markets which will continue to grow as economies in these regions develop and quality-of-life products, including TiO_2, experience greater demand.

Products and end-use markets

Including its predecessors, Kronos has produced and marketed TiO_2 in North America and Europe, its primary markets, for over 100 years. We believe Kronos is the largest TiO_2 producer and chloride process TiO_2 producer in Europe with 45% of its 2025 sales volumes attributable to markets in Europe. The table below shows Kronos' estimated market share for its significant markets, Europe and North America, for the last three years.

	2023	2024	2025
Europe	12 %	14 %	15 %
North America	16 %	17 %	19 %

We believe Kronos is the leading seller of TiO_2 in several countries, including Germany. Overall, Kronos is one of the top four producers of TiO_2 in the world.

Kronos offers its customers a broad portfolio of products that include over 30 different TiO_2 pigment grades under the *KRONOS®* trademark, which provide a variety of performance properties to meet customers' specific requirements. Kronos' major customers include domestic and international paint, plastics, decorative laminate and paper manufacturers. Kronos ships TiO_2 to its customers in either a dry or slurry form via rail, truck and/or ocean carrier. Sales of Kronos' core TiO_2 pigments represented approximately 90% of our Chemicals Segment's net sales in 2025. Kronos and its agents and distributors primarily sell its products in three major end-use markets: coatings, plastics and paper as well as into the market for white packaging inks.

The following tables show Kronos' approximate TiO_2 sales volume by geographic region and end-use for the year ended December 31, 2025:

Sales volume percentages by geographic region		**Sales volume percentages by end-use**	
Europe	45%	Coatings	59%
North America	40%	Plastics	30%
Asia Pacific	8%	Paper	8%
Rest of World	7%	Other	3%

Some of the principal applications for Kronos' products include the following:

TiO_2 for coatings – Kronos' TiO_2 is used to provide opacity, durability, tinting strength and brightness in industrial coatings, as well as coatings for commercial and residential interiors and exteriors, automobiles, aircraft, machines, appliances, traffic paint and other special purpose coatings. The amount of TiO_2 used in coatings varies widely depending on the opacity, color and quality desired. In general, the higher the opacity requirement and the quality of the coating, the greater the TiO_2 content.

TiO_2 for plastics – Kronos produces TiO_2 pigments that improve the optical and physical properties of plastics, including whiteness and opacity. TiO_2 is used to provide opacity to items such as containers and packaging materials, and vinyl products such as windows, door profiles and siding. TiO_2 also generally provides hiding power, neutral undertone, brightness and surface durability for housewares, appliances, toys, computer cases and food packages. TiO_2's high brightness along with its opacity, is used in some engineering plastics to help mask their undesirable natural color. TiO_2 is also used in masterbatch, which is a concentrate of TiO_2 and other additives and is one of the largest uses for TiO_2 in the plastics end-use market. In masterbatch, the TiO_2 is dispersed at high concentrations into a plastic resin and is then used by manufacturers of plastic containers, bottles, packaging and agricultural films. Kronos' TiO_2 is also included in engineering materials like polycarbonate or acrylonitrile butadiene styrene ("ABS") which is used in the automotive industry and for appliances, consumer electronics and other applications.

TiO_2 for paper – Kronos' TiO_2 is used in the production of several types of paper, including laminate (decorative) paper, filled paper and coated paper to provide whiteness, brightness, opacity and color stability. Although Kronos sells its TiO_2 to all segments of the paper end-use market, its primary focus is on the TiO_2 grades used in coated board and paper laminates, where several layers of paper are laminated together using melamine resin under high temperature and pressure. The top layer of paper contains TiO_2 and plastic resin and is the layer that is printed with decorative patterns. Paper laminates are used to replace materials such as wood and tile for such applications as counter tops, furniture and wallboard. TiO_2 is beneficial in these applications because it assists in preventing the material from fading or changing color after prolonged exposure to sunlight and other weathering agents.

TiO_2 for other applications – Kronos produces TiO_2 to improve the opacity and hiding power of printing inks. TiO_2 allows inks to achieve very high print quality while not interfering with the technical requirements of printing machinery, including low abrasion, high printing speed and high temperatures. Kronos' TiO_2 is also used in textile applications where TiO_2 functions as an opacifying and delustering agent. In man-made fibers such as rayon and polyester, TiO_2 corrects an otherwise undesirable glossy and translucent appearance. Without the presence of TiO_2, these materials would be unsuitable for use in many textile applications.

Kronos markets high purity sulfate process anatase TiO_2 used to provide opacity, whiteness and brightness in a variety of cosmetic and personal care products, such as skin cream, lipstick, eye shadow and toothpaste. In pharmaceuticals, Kronos' TiO_2 is used commonly as a colorant in tablet and capsule coatings as well as in liquid medicines to provide uniformity of color and appearance. KRONOS® purified anatase grades meet the applicable requirements of the CTFA (Cosmetics, Toiletries and Fragrances Association), USP (United States Pharmacopoeia), BP (British Pharmacopoeia) and the FDA (United States Food and Drug Administration).

Kronos' TiO_2 business is enhanced by the following three complementary businesses, which comprised approximately 10% of our Chemicals Segment's net sales in 2025:

- Kronos owns and operates an ilmenite mine in Norway pursuant to a governmental concession with an unlimited term. Ilmenite is a raw material used directly as a feedstock by some sulfate-process TiO_2 plants. Along with supplying ilmenite ore to its sulfate plants in Europe, Kronos also sells ilmenite ore to third parties, some of whom are its competitors. The mine has estimated ilmenite reserves that Kronos expects, based on internal estimates, to last approximately 50 years.
- Kronos manufactures and sells iron-based chemicals, which are co-products and processed co-products of the sulfate and chloride process TiO_2 pigment production. These co-product chemicals are marketed through its Ecochem division and are primarily used as treatment and conditioning agents for industrial effluents and municipal wastewater as well as in the manufacture of iron pigments, cement and agricultural products.
- Kronos manufactures and sells other specialty chemicals, which are side-stream products from the production of TiO_2. These specialty chemicals are used in applications in the formulation of pearlescent pigments, production of electroceramic capacitors for cell phones and other electronic devices and natural gas pipe and other specialty applications.

Manufacturing, operations and properties

Manufacturing – Kronos produces TiO_2 in a rutile form. Rutile TiO_2 is manufactured using both a chloride production process and a sulfate production process. Manufacturers of many end-use applications can use either form, especially during periods of tight supply for TiO_2. The chloride process is the preferred form for use in coatings and plastics, the two largest end-use markets. Due to environmental factors and customer considerations, the proportion of TiO_2 industry sales represented by chloride process pigments has remained stable relative to sulfate process pigments, and in 2025, chloride process production facilities represented approximately 39% of industry capacity. The sulfate process is preferred for use in selected paper products, ceramics, rubber tires, man-made fibers, pharmaceuticals and cosmetics. Once an intermediate TiO_2 pigment has been produced by either the chloride or sulfate process, it is "finished" into products with specific performance characteristics for particular end-use applications through proprietary processes involving various chemical surface treatments and intensive micronizing (milling).

- *Chloride process* – The substantial majority of Kronos' production capacity is manufactured using a chloride process which is a continuous process that uses chlorine to extract rutile TiO_2. The chloride process produces less waste than the sulfate process because much of the chlorine is recycled, and it utilizes ore containing a higher TiO_2 content. The chloride process also has lower energy requirements and is less labor-intensive than the sulfate process, although the chloride process requires a higher-skilled labor force and uninterrupted power. The chloride process produces an intermediate base pigment with a wide range of properties. The chloride process produces a product with a blueish undertone and is the preferred form to produce TiO_2 pigments for use in coatings and plastics, the two largest end-use markets.
- *Sulfate process* – The sulfate process is a batch process in which sulfuric acid is used to extract the TiO_2 from ilmenite or titanium slag. After separation from the impurities in the ore (mainly iron), the TiO_2 is precipitated and calcined to form an intermediate base pigment ready for sale or can be upgraded through finishing treatments. The sulfate process produces a warmer undertone and is preferred for use in selected paper products, ceramics, rubber tires, man-made fibers, food products, pharmaceuticals and cosmetics, some of which generate higher profit margins.

Joint Venture – Prior to July 16, 2024, one of Kronos' subsidiaries and Venator each owned a 50% interest in LPC, which was operated as a manufacturing joint venture. LPC owned and operated a chloride-process TiO_2 plant located near Lake Charles, Louisiana. On July 16, 2024, Kronos acquired the 50% interest in LPC held by Venator. In 2025, Kronos merged LPC into Kronos' wholly-owned subsidiary Kronos Louisiana, Inc.

Prior to the acquisition, Kronos accounted for its interest in the joint venture by the equity method. The joint venture operated on a break-even basis and therefore Kronos did not have any equity in earnings of the joint venture. Kronos was required to purchase one-half of the TiO_2 produced by the joint venture. All costs and capital expenditures were shared equally with Venator, with the exception of feedstock (purchased natural rutile ore or chlorine slag) and packaging costs for the pigment grades produced. Kronos' share of net costs was reported as cost of sales as the TiO_2 was sold. See Note 3 to our Consolidated Financial Statements.

As a result of the acquisition, for financial reporting purposes, the assets acquired and liabilities assumed of LPC are included in our Consolidated Balance Sheets as of December 31, 2024 and December 31, 2025, and the results of operations and cash flows of LPC are included in our Consolidated Statements of Operations and Cash Flows beginning as of the Acquisition Date. See Note 3 to our Consolidated Financial Statements.

Operations – Kronos produced 401,000, 535,000 and 480,000 metric tons of TiO_2 in 2023, 2024 and 2025, respectively. Kronos' production volumes for 2023 and 2024 through the Acquisition Date include its share of the output produced by its TiO_2 manufacturing joint venture. Subsequent to the Acquisition Date, Kronos' 2024 and 2025 production volumes include 100% of the production volumes from the Kronos Louisiana facility.

Kronos' average production capacity utilization rates were approximately 72% in 2023, 96% in 2024 and 77% in 2025. Kronos' production levels during 2023 and the second half of 2025 were reduced to align with lower customer demand resulting from challenging economic conditions and geopolitical uncertainties. In 2024, Kronos increased production to meet higher overall customer demand.

Properties – Kronos operates facilities throughout North America and Europe. Kronos has four TiO_2 plants in Europe (one in each of Leverkusen, Germany; Nordenham, Germany; Langerbrugge, Belgium; and Fredrikstad, Norway). In North America, Kronos has a TiO_2 plant in Varennes, Quebec, Canada and a TiO_2 plant near Lake Charles, Louisiana.

The following table presents the division of Kronos' expected 2026 manufacturing capacity by plant location and type of manufacturing process:

		% of capacity by TiO_2 manufacturing process	
Facility	**Description**	**Chloride**	**Sulfate**
Leverkusen, Germany (1)	TiO_2 production, chloride process, co-products	28 %	— %
Nordenham, Germany	TiO_2 production, sulfate process, co-products	—	11
Langerbrugge, Belgium	TiO_2 production, chloride process, co-products, titanium chemicals products	15	—
Fredrikstad, Norway (2)	TiO_2 production, sulfate process, co-products	—	6
Varennes, Canada (3)	TiO_2 production, chloride process, slurry facility, titanium chemicals products	16	—
Lake Charles, LA, US	TiO2 production, chloride process, slurry facility	24	—
Total		83 %	17 %

(1) The Leverkusen facility is located within a more extensive manufacturing complex. Kronos owns its Leverkusen facility, which represents approximately 28% of its current TiO_2 production capacity, but Kronos leases the land under the facility under a long-term agreement which expires in 2050. Lease payments are periodically negotiated for periods of at least two years at a time. A third-party operator of the manufacturing complex provides some raw materials including chlorine, auxiliary and operating materials, utilities and services necessary to operate the Leverkusen facility under separate supplies and services agreements.

(2) The Fredrikstad facility is located on public land and is leased until 2063.

(3) In the third quarter of 2024, Kronos closed its sulfate process line at its plant in Varennes, Canada. See Note 20 to our Consolidated Financial Statements.

Kronos owns the land underlying all of its principal production facilities unless otherwise indicated in the table above.

Kronos also operates an ilmenite mine in Norway pursuant to a governmental concession with an unlimited term. In addition, Kronos has corporate and administrative offices located in the U.S., Germany, Norway, Canada, Belgium and France.

Raw materials

The primary raw materials used in chloride process TiO_2 are titanium-containing feedstock (purchased natural rutile ore, chlorine slag or other high-grade feedstocks), chlorine and petroleum coke. Chlorine is available from a number of suppliers, while petroleum coke is available from a limited number of suppliers. Titanium-containing feedstock suitable for use in the chloride process is available from a limited but increasing number of suppliers principally in Australia, South Africa, Africa, the Middle East, Norway, Canada and India. Kronos purchases feedstock for its chloride process TiO_2 from the following primary suppliers for volumes for delivery extending in some cases, through 2028:

Supplier	Product	Renewal Terms
Rio Tinto Iron and Titanium Ltd	Chloride process grade slag	Auto-renews every two years
Rio Tinto Iron and Titanium Ltd	Upgraded slag	Auto-renews every two years
Iluka Resources Limited	Rutile ore	Renewal terms upon negotiation

In the past Kronos has been, and it expects that it will continue to be, successful in obtaining short-term and long-term extensions to these and other existing supply contracts. Kronos expects the raw materials purchased under these contracts, and contracts it may enter into, will meet its chloride process feedstock requirements over the next several years. Multi-year contracts generally may be terminated with a 12-month written notice or based on certain defaults by either party or failure to agree on pricing as noted in the agreements.

The primary raw materials used in sulfate process TiO_2 are titanium-containing feedstock, primarily ilmenite or purchased sulfate grade slag and sulfuric acid. Sulfuric acid is available from a number of suppliers. Titanium-containing feedstock suitable for use in the sulfate process is available from a limited number of suppliers principally in Norway, Canada, Australia, Africa, India and South Africa. As one of the few vertically-integrated producers of sulfate process TiO_2, Kronos operates a rock ilmenite mine in Norway, which provided all of the feedstock for its sulfate process TiO_2 plants in 2025. Kronos expects ilmenite production from its mine to meet its sulfate process feedstock requirements for the foreseeable future. Kronos expects the raw materials purchased under these contracts, and other contracts that it may enter into, to meet its sulfate process feedstock requirements over the next several years.

Many of Kronos' raw material contracts contain fixed quantities it is required to purchase, or specify a range of quantities within which it is required to purchase. The pricing under these agreements is generally negotiated quarterly or semi-annually.

The following table summarizes Kronos' raw materials purchased or mined in 2025.

Production process/raw material	Raw materials procured or mined
	(In thousands of metric tons)
Chloride process plants -	
Purchased slag or rutile ore	458
Sulfate process plants:	
Ilmenite ore mined and used internally	229

Sales and marketing

Kronos' marketing strategy is aimed at developing and maintaining strong relationships with new and existing customers. Because TiO_2 represents a significant input cost for its customers, the purchasing decisions are often made by Kronos' customers' senior management. Kronos works to maintain close relationships with the key decision makers through in-depth and frequent contact. Kronos endeavors to extend these commercial and technical relationships to multiple levels within its customers' organizations using its direct sales force and technical service group to accomplish this objective. Kronos believes this helps build customer loyalty and strengthens its competitive position. Close cooperation and strong customer relationships enable Kronos to stay closely attuned to trends in its customers' businesses. Where appropriate, Kronos works in conjunction with its customers to solve formulation or application problems by modifying specific product properties or developing new pigment grades. Kronos also focuses its sales and marketing efforts on those geographic and end-use market segments where it believes it can realize higher selling prices. This focus includes continuously reviewing and optimizing its customer and product portfolios.

Kronos also works directly with its customers to monitor the performance of its products in their end-use applications, evaluates the need for improvements in its product and process technology and identifies opportunities to develop new product solutions for its customers. Kronos' marketing staff closely coordinates with its sales force and technical specialists to ensure the needs of its customers are met, and to help develop and commercialize new grades where appropriate.

Kronos sells a majority of its products through its direct sales force operating in Europe, North America and other markets. Kronos also utilizes sales agents and distributors who are authorized to sell its products in specific geographic areas. In Europe, Kronos' sales efforts are conducted primarily through its direct sales force and its sales agents. Kronos' agents do not sell any TiO_2 products other than KRONOS® branded products. In North America, its sales are made primarily through its direct sales force and supported by a network of distributors. Kronos has increased its marketing efforts over the last several years in export markets and its sales are now made through its direct sales force, sales agents and distributors. In addition to its direct sales force and sales agents, many of Kronos' sales agents also act as distributors to service its customers in all regions. Kronos offers customer and technical service to customers who purchase its products through distributors as well as to its larger customers serviced by its direct sales force.

Kronos sells to a diverse customer base with no single customer representing 10% or more of our Chemicals Segment's net sales in 2025. Kronos' largest ten customers accounted for approximately 35% of our Chemicals Segment's net sales in 2025.

Neither our Chemicals Segment's business as a whole nor any of its principal product groups is seasonal to any significant extent. However, TiO_2 sales are generally higher in the second and third quarters of the year, due in part to the increase in coatings production in the spring in the northern hemisphere to meet demand during the spring and summer painting seasons. Kronos generally builds inventories to meet expected customer demand.

Competition

The TiO_2 industry is highly competitive. Kronos competes primarily on the basis of price, product quality, technical service, long-term stability and the availability of high performance pigment grades. Since TiO_2 is not traded through a commodity market, its pricing is largely a product of negotiation between suppliers and their respective customers. Price and availability are the most significant competitive factors along with quality and customer service for the majority of Kronos' product grades. Increasingly, Kronos is focused on providing pigments that are differentiated to meet specific customer requirements and specialty grades that are differentiated from its competitors' products. During 2025, Kronos had an estimated 7% share of worldwide TiO_2 sales volume, and based on sales volume, we believe Kronos is the leading seller of TiO_2 in several countries, including Germany.

Kronos' principal competitors are The Chemours Company, Tronox Holdings PLC and LB Group Co. Ltd. The top four TiO_2 producers (i.e. Kronos and its three principal competitors) account for approximately 42% of the world's production capacity.

The following chart shows our estimate of worldwide production capacity in 2025:

	Worldwide production capacity - 2025
LB Group	14 %
Chemours	11 %
Tronox	11 %
Kronos	6 %
Other	58 %

Chemours has approximately one-half of total North American TiO_2 production capacity and is Kronos' principal North American competitor. LB Group previously announced it plans to add an additional 200,000 tons of chloride process capacity which we expect may be added incrementally over the next several years. However, due to the current extended downturn in the industry as a whole, several of Kronos' competitors have recently closed facilities or announced plans to reduce capacity, including Chemours, which closed its Taiwan facility with an estimated 160,000 tons of chloride process capacity in 2023, and Tronox, which closed its 90,000 ton chloride capacity facility in the Netherlands in 2025 and announced its plans to permanently close its 46,000 ton sulfate facility in China in January 2026. In 2025 Venator's U.K.

parent company entered bankruptcy and its facilities were idled and marketed for sale, with a total production capacity of approximately 400,000 tons at least temporarily off the market. In addition, in 2024 Kronos closed its sulfate production line in Varennes, Canada.

The TiO_2 industry is characterized by high barriers to entry consisting of high capital costs, proprietary technology and significant lead times required to construct new facilities or to expand existing capacity. Therefore, over the past ten years, Kronos and its competitors increased industry capacity through debottlenecking projects; however, this increase only partly compensated for the shut-down of various TiO_2 plants throughout the world. Other than through debottlenecking projects and the LB Group expansion mentioned above, Kronos does not expect any significant efforts will be undertaken by it or its principal competitors to further increase capacity and Kronos believes it is unlikely any new TiO_2 plants will be constructed in Europe or North America for the foreseeable future. If actual developments differ from Kronos' expectations, the TiO_2 industry and Kronos' performance could be unfavorably affected.

Research and development

Kronos employs scientists, chemists, process engineers and technicians who are engaged in research and development, process technology and quality assurance activities in Leverkusen, Germany. These individuals have the responsibility for improving Kronos' chloride and sulfate production processes, reducing production costs, improving product quality and strengthening its competitive position by developing new products and applications. Kronos' expenditures for these activities were approximately $18 million in 2023, $14 million in 2024 and $16 million in 2025. Kronos expects to spend approximately $13 million on research and development in 2026.

Kronos continually seeks to improve the quality of its grades and has been successful at developing new grades for existing and new applications to meet the needs of its customers and increase product life cycles. Since the beginning of 2020, Kronos has added eight new grades for pigments and other applications.

Patents, trademarks, trade secrets and other intellectual property rights

Kronos has a comprehensive intellectual property protection strategy that includes obtaining, maintaining and enforcing its patents, primarily in the United States, Canada and Europe. Kronos also registers, maintains and protects its trademark rights. Kronos maintains the secrecy of its trade secret rights and protects them by means of security protocols and confidentiality agreements. In some instances, Kronos has entered into license agreements with third parties concerning various intellectual property matters. Kronos has also from time to time been involved in disputes over intellectual property.

Patents – Kronos has obtained patents and has numerous patent applications pending that cover certain aspects of its products and the technology used in the manufacture of its products. Kronos' patent strategy is important to it and its continuing business activities. In addition to maintaining its patent portfolio, Kronos seeks patent protection for its technical developments, principally in the United States, Canada and Europe. U.S. patents are generally in effect from the time that they issue as patents and then extend for 20 years from the date of filing. Kronos' U.S. patent portfolio includes patents having remaining terms ranging from one year to 18 years.

Trademarks – Kronos' trademarks, including KRONOS®, are covered by issued and/or pending registrations, including in Canada and the United States. Kronos protects the trademarks it uses in connection with the products it manufactures and sells and has developed goodwill in connection with its long-term use of its trademarks.

Trade secrets – Kronos conducts research activities in secret and it protects the confidentiality of its trade secrets through reasonable measures, including confidentiality agreements and security procedures, including data security. Kronos relies upon unpatented proprietary knowledge and continuing technological innovation and other trade secrets to develop and maintain its competitive position. Kronos' proprietary chloride production process is an important part of its technology and its business could be harmed if it fails to maintain confidentiality of its trade secrets used in this technology.

Regulatory and environmental matters

Kronos' operations and properties are governed by various environmental laws and regulations which are complex, change frequently and have tended to become stricter over time. These environmental laws govern, among other things, the generation, storage, handling, use, disposition and transportation of hazardous materials; the emission and discharge of hazardous materials into the ground, air, or water; and the health and safety of Kronos' employees. Certain of Kronos' operations are, or have been, engaged in the generation, storage, 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 Kronos' past and current operations and products have the potential to cause environmental or other damage. Kronos has implemented and continues to implement various policies and programs in an effort to minimize these risks. Kronos' policy is to comply with applicable environmental laws and regulations at all its facilities and to strive to improve its environmental performance and overall sustainability. It is possible that future developments, such as stricter requirements in environmental laws and enforcement policies, could adversely affect Kronos' operations, including production, handling, use, storage, transportation, sale or disposition of hazardous or toxic substances or require Kronos to make capital and other expenditures to comply, and could adversely affect our consolidated financial position and results of operations or liquidity.

Kronos has a history of identifying new ways to reduce consumption and waste by converting byproducts to co-products through its KRONOS ecochem® products. Kronos has a published Safety, Environment, Energy and Quality Policy which is translated into local languages and distributed to all its employees and shared publicly via its website. Kronos has implemented rigorous procedures for incident reporting and investigation, including root cause analysis of environmental and safety incidents and near misses. Because TiO_2 production requires significant energy input, Kronos is focused on energy efficiency at all production locations. Five of its six TiO_2 production facilities maintain certifications to the ISO 50001:2018 Energy Management standard and all locations have local energy teams in place. These teams are responsible for maintaining ISO 50001:2018 certifications (where applicable), performing regular reviews of local energy consumption, making recommendations regarding capital projects that reduce energy consumption and associated Greenhouse Gas ("GHG") emissions or enhance efficiency. When possible, Kronos looks for opportunities to partner with local government authorities through grant opportunities to reduce energy consumption and associated GHG emissions. Kronos also actively manages potential water-related risks, including flooding and water shortages. Kronos' manufacturing facilities are strategically located adjacent to sources of water, which it uses for process operations and for shipping and receiving raw materials and finished products. Water-critical processes are identified and ongoing efforts to minimize water use are incorporated into environmental planning.

Kronos' U.S. manufacturing operations are governed by federal, state, and local environmental and worker health and safety laws and regulations. These include the Resource Conservation and Recovery Act, or RCRA, the Occupational Safety and Health Act, the Clean Air Act, the Clean Water Act, the Safe Drinking Water Act, the Toxic Substances Control Act and the Comprehensive Environmental Response, Compensation and Liability Act, as amended by the Superfund Amendments and Reauthorization Act, or CERCLA, as well as the state counterparts of these statutes. Some of these laws hold current or previous owners or operators of real property liable for the costs of cleaning up contamination, even if these owners or operators did not know of, and were not responsible for, such contamination. These laws also assess liability on any person who arranges for the disposal or treatment of hazardous substances, regardless of whether the affected site is owned or operated by such person. Although Kronos has not incurred and does not currently anticipate any material liabilities in connection with such environmental laws, Kronos may be required to make expenditures for environmental remediation in the future.

While the laws regulating operations of industrial facilities in Europe vary from country to country, a common regulatory framework is provided by the European Union, or the EU. Germany and Belgium are members of the EU and follow its initiatives. Norway is not a member but generally adopts laws and patterns its environmental regulatory actions after those of the EU.

From time to time, Kronos' facilities may be subject to environmental regulatory enforcement under local or national laws. Typically, Kronos updates its compliance programs to resolve these matters. Occasionally, Kronos may pay penalties. To date, such penalties have not involved amounts having a material adverse effect on our consolidated financial position, results of operations or liquidity. Kronos believes all of its facilities are in substantial compliance with applicable environmental laws.

From time to time, new environmental, sustainability, health and safety regulations are passed or proposed in the countries in which Kronos operates or sells its products, seeking to regulate its operations or to restrict, limit or classify TiO_2. Kronos believes it is in substantial compliance with laws applicable to the regulation of TiO_2. However, increased regulatory scrutiny could affect consumer perception of TiO_2 or limit the marketability and demand for TiO_2 or products containing TiO_2 and increase Kronos' regulatory and compliance costs.

On October 1, 2021, EU Regulation No. 1272/2008 classifying dry TiO_2 and mixtures containing dry TiO_2 as a suspected carcinogen via inhalation went into force. Kronos' dry TiO_2 products do not meet the criteria set forth in the regulation and therefore do not require classification labels. On November 23, 2022 the General Court of the European Union annulled the classification of TiO_2 as a suspected carcinogen in its entirety, and in August 2025, the Court of Justice of the European Union upheld this decision on appeal.

Kronos' capital expenditures related to ongoing environmental compliance, protection and improvement programs, including capital expenditures which are primarily focused on increasing operating efficiency but also result in improved environmental protection such as lower emissions from its manufacturing facilities, were $26 million in 2025 and are currently expected to be approximately $30 million in 2026.

COMPONENT PRODUCTS SEGMENT – COMPX INTERNATIONAL INC.

Business overview

Through our majority-controlled subsidiary, CompX, we are a leading manufacturer of engineered components utilized in a variety of applications and industries. CompX manufactures security products including mechanical and electrical cabinet locks and other locking mechanisms used in postal, recreational transportation, office and institutional furniture, cabinetry, tool storage, healthcare applications and a variety of other industries. 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 various other industries. CompX continuously seeks to diversify into new markets and identify new applications and features for its products, which it believes provides a greater potential for higher rates of earnings growth as well as diversification of risk.

Manufacturing, operations and products

Security Products. CompX's security products reporting unit manufactures mechanical and electrical cabinet locks and other locking mechanisms used in a variety of applications including mailboxes, ignition systems, file cabinets, desk drawers, tool storage cabinets, high security medical cabinetry, integrated inventory and access control secured narcotics boxes, electronic circuit panels, storage compartments, gas station security, vending and cash containment machines. CompX's security products reporting unit has one manufacturing facility in Mauldin, South Carolina and one in Grayslake, Illinois which is shared with its marine components reporting unit. CompX believes it is a North American market leader in the manufacture and sale of cabinet locks and other locking mechanisms. These products include:

- disc tumbler locks which provide moderate security and generally represent the lowest cost lock CompX produces;
- pin tumbler locks which are more costly to produce and are used in applications requiring higher levels of security, including *KeSet®* and *System 64®* (which each allow the user to change the keying on a single lock 64 times without removing the lock from its enclosure), *TuBar®* and *Turbine®*; and
- CompX's innovative *CompX eLock®* and *StealthLock®* electronic locks which provide stand-alone or networked security and audit trail capability for drug storage and other valuables through the use of a proximity card, magnetic stripe, radio frequency or other keypad credential.

A substantial portion of security products' sales consist of products with specialized adaptations to an individual customer's specifications, some of which are listed above. CompX also has a standardized product line suitable for many customers, which is offered through a North American distribution network to locksmith and smaller original equipment manufacturer ("OEM") distributors via its *STOCK LOCKS®* distribution program.

Marine Components. CompX's marine components reporting unit manufactures and distributes wake enhancement systems, stainless steel exhaust components, gauges, throttle controls, trim tabs and related hardware and accessories primarily for ski/wakeboard boats (towboats) and performance boats. CompX's marine components reporting unit also manufactures and distributes to the industrial market. CompX's marine components reporting unit has a facility in Neenah, Wisconsin and a facility in Grayslake, Illinois which is shared with its security products reporting unit. CompX's specialty marine components products are high precision components designed to operate within tight tolerances in the highly demanding marine environment. These products include:

- wake enhancement devices, trim tabs, steering wheels, and billet aluminum accessories;
- original equipment and aftermarket stainless steel exhaust headers, exhaust pipes, mufflers and other exhaust components;
- high performance gauges such as GPS speedometers and tachometers;
- mechanical and electronic controls and throttles;
- dash panels, LED indicators, and wire harnesses;
- grab handles, pin cleats and other accessories; and
- made to order fabricated metal products primarily to the industrial market.

CompX operated three principal operating facilities at December 31, 2025 as shown below.

Facility Name	Reporting Unit	Location	Size (square feet)
Owned Facilities:			
National [(1)]	SP	Mauldin, SC	198,000
Grayslake[(1)]	SP/MC	Grayslake, IL	133,000
Custom[(1)]	MC	Neenah, WI	95,000

SP – Security Products
MC – Marine Components
(1) ISO-9001 registered facilities

Raw materials

CompX's primary raw materials are:

- Security Products - zinc and brass (for the manufacture of locking mechanisms).
- Marine Components - stainless steel (for the manufacture of exhaust headers and pipes and wake enhancement systems), aluminum (for the manufacture of throttles and trim tabs) and other components.

These raw materials are purchased from several suppliers, are readily available from numerous sources and accounted for approximately 14% of our Component Products Segment's total cost of sales for 2025. Total material costs, including purchased components, represented approximately 43% of our Component Products Segment's cost of sales in 2025.

CompX occasionally enters into short-term commodity-related raw material supply arrangements to mitigate the impact of future price increases in commodity-related raw materials, including zinc, brass, aluminum and stainless steel. These arrangements generally provide for stated unit prices based upon specified purchase volumes, which help CompX to stabilize its commodity-related raw material costs to a certain extent. At other times CompX may make spot buys of larger quantities of raw materials to take advantage of favorable pricing or volume-based discounts. During 2025, CompX experienced increases in the cost of certain raw materials. Throughout the year, market prices for brass and aluminum experienced a general upward trend. Stainless steel prices were relatively stable in the first part of the year but began increasing during the latter half of the year. Zinc pricing was relatively stable, and CompX was able to mitigate cost impacts through strategic spot buy purchases. In most cases, commodity raw materials CompX purchases include processing and conversion costs, such as alloying, extrusion and rolling, which remain elevated due to costs of labor, transportation, and energy. Processing and conversion costs are not expected to decrease. Based on current economic conditions, CompX expects the prices for zinc, brass, aluminum, stainless steel and other manufacturing materials in 2026 to be more volatile compared to 2025. In addition to supply and demand, governmental actions such as tariffs may impact raw material markets. When purchased on the spot market, each of these raw materials may be subject to sudden and unanticipated price increases. When possible, CompX seeks to mitigate the impact of fluctuations in these raw material costs on its margins through improvements in production efficiencies or other operating cost reductions. In the event CompX is unable to offset raw material cost increases with other cost reductions, it may be difficult to recover those cost increases through increased product selling prices or raw material surcharges due to the competitive nature of the markets in which CompX competes. Consequently, overall operating margins can be negatively affected by commodity-related raw material cost pressures. Commodity market prices are cyclical, reflecting overall economic trends, specific developments in consuming industries and speculative investor activities.

Patents and trademarks

CompX holds a number of patents relating to its component products, certain of which it believes to be important to it and its continuing business activity. Patents generally have a term of 20 years, and CompX's patents have remaining terms ranging from less than one year to 15 years at December 31, 2025. CompX's major trademarks and brand names in addition to *CompX®* include:

Security Products	Security Products	Marine Components
CompX® Security Products™	*Lockview®*	*CompX Marine®*
National Cabinet Lock®	*System 64®*	*Custom Marine®*
Fort Lock®	*SlamCAM®*	*Livorsi® Marine*
Timberline® Lock	*RegulatoR®*	*Livorsi II® Marine*
Chicago Lock®	*CompXpress®*	*CMI Industrial®*
STOCK LOCKS®	*GEM®*	*Custom Marine® Stainless Exhaust*
KeSet®	*Turbine®*	*The #1 Choice in Performance Boating®*
TuBar®	*NARC iD®*	*Mega Rim®*
StealthLock®	*NARC®*	*Race Rim®*
ACE®	*ecoForce®*	*Vantage View®*
ACE® II	*Pearl®*	*GEN-X®*
CompX eLock®		

Sales, marketing and distribution

A majority of our Component Products Segment's sales are direct to large OEM customers through its factory-based sales and marketing professionals supported by engineers working in concert with field salespeople and independent manufacturer's representatives. CompX selects manufacturer's representatives based on special skills in certain markets or relationships with current or potential customers.

In addition to sales to large OEM customers, a substantial portion of CompX's security products sales are made through distributors. CompX has a significant North American market share of cabinet lock security product sales as a result of the locksmith distribution channel. CompX supports its locksmith distributor sales with a line of standardized products used by the largest segments of the marketplace. These products are packaged and merchandised for easy availability and handling by distributors and end users.

Our Component Products Segment sells to a diverse customer base with only one customer representing 10% or more of its consolidated net sales in 2025 (United States Postal Service – 26%). Our Component Products Segment's largest ten customers accounted for approximately 52% of its consolidated net sales in 2025.

Competition

The markets in which CompX participates are highly competitive. CompX competes primarily on the basis of product design, including space utilization and aesthetic factors, product quality and durability, price, on-time delivery, service and technical support. CompX focuses its efforts on the middle and high-end segments of the market, where product design, quality, durability and service are valued by the customer. CompX's security products reporting unit competes against a number of domestic and foreign manufacturers. CompX's marine components reporting unit competes with small domestic manufacturers and is minimally affected by foreign competitors.

Regulatory and environmental matters

CompX has a history of incorporating environmental management and compliance in its operations and decision making. CompX operates three manufacturing facilities and CompX's production processes requiring waste-water discharge are consolidated at its Mauldin, South Carolina facility. This facility has received a ReWa Compliance Excellence Award multiple years for its exemplary performance from Renewable Water Resources, an organization which sets regulatory and water policies for the Mauldin facility's geographic region. In addition, CompX operates extensive scrap metal recycling programs to reduce landfill waste.

CompX's operations are subject to federal, state and local laws and regulations relating to the use, storage, handling, generation, transportation, treatment, emission, discharge, disposal, remediation of and exposure to hazardous and non-hazardous substances, materials and wastes, some of which are becoming stricter over time. CompX's operations are also subject to federal, state, and local laws and regulations relating to worker health and safety. CompX believes it is in substantial compliance with all such laws and regulations. To date, the costs of maintaining compliance with such laws and regulations have not significantly impacted CompX's results; however, it is possible future laws and regulations may require it to incur significant additional expenditures.

REAL ESTATE MANAGEMENT AND DEVELOPMENT SEGMENT – BASIC MANAGEMENT, INC. AND THE LANDWELL COMPANY

Business overview

Our Real Estate Management and Development Segment consists of our majority owned subsidiaries, BMI and LandWell. BMI and LandWell own real property in Henderson, Nevada. LandWell is actively engaged in developing certain real estate in Henderson, Nevada including approximately 2,100 acres zoned for residential/planned community purposes. Prior to 2023, BMI also was responsible for the delivery of water to the City of Henderson and various other users through a water distribution system owned and operated by BWC, a wholly-owned subsidiary of BMI. See Notes 2 and 3 to our Consolidated Financial Statements and also Item 7 – "Management's Discussion and Analysis of Financial Condition and Results of Operations – Real Estate Management and Development".

Operations and services

Over the years, LandWell and BMI have focused on developing and selling the land transferred to LandWell as part of its formation in the early 1950's as well as additional land holdings acquired by LandWell in the surrounding area subsequent to LandWell's formation (although BMI and LandWell have not had significant real property acquisitions since 2004). Since LandWell's formation, LandWell and BMI have had a history of successfully developing and selling retail, light industrial, commercial and residential projects in the Henderson, Nevada area. LandWell is focused primarily on the development of a large tract of land in Henderson zoned for residential/planned community purposes (approximately 2,100 acres). Planning and zoning work on the project began in 2007, but intensive development efforts of the residential/planned community did not begin until 2013 (with LandWell acting as the master developer for all such development efforts). During 2025, LandWell sold the last remaining land parcel within its residential/planned community. Land sales are generally made to established home builders in tracts of land that are pre-zoned for a maximum number of home lots. LandWell supports the builders' efforts to market and sell specific residential homes within its residential/planned community through joint marketing campaign and community wide education efforts.

In addition, prior to 2023, BMI delivered water to the City of Henderson and various other users through a water delivery system owned and operated by BWC, and prior to the sale of BPC on December 1, 2023, provided certain utility services to an industrial park located in Henderson, Nevada. Substantially all BWC's assets were sold in November 2023. Following the sale of the BWC assets and BPC, BMI no longer provides services to the industrial park.

Sales

LandWell began marketing land for sale in the residential/planned community in December 2013 and sold the last remaining residential parcel during 2025. In addition, LandWell has been actively marketing and selling land zoned for commercial and light industrial use and, at December 31, 2025, approximately 8 saleable acres remain adjacent to the residential/planned community. Contracts for land sales are negotiated on an individual basis, and sales terms and prices will vary based on such factors as location (including location within a planned community), expected development work and individual buyer needs. Although land may be under contract or land sales may be completed, we do not recognize revenue until we have satisfied the criteria for revenue recognition. In most instances buyers can cancel an escrow agreement with no financial penalties until shortly before the closing date. In some instances, LandWell will receive cash proceeds at the time the contract closes and record deferred revenue for some or all of the cash amount received, with such deferred revenue being recognized in subsequent periods. Although all the land in the residential/planned community has been sold, we continue to complete our development obligations. We expect the development work to be completed by the end of 2027.

Our Real Estate Management and Development Segment's sales consist principally of land sales. During 2025 we had recognized revenue on land sales to three customers that exceeded 10% of our Real Estate Management and Development Segment's net sales (DR Horton – 34%, Richmond American Homes – 12% and Lennar Homes – 12%) related to land sales.

Competition

There are multiple new construction residential communities in the greater Las Vegas, Nevada area. LandWell competes with these communities on the basis of location, planned community amenities and features, proximity to major retail and recreational activities, and the perception of quality of life within the new community. We believe LandWell's residential/planned community is unique within the greater Las Vegas area due to its location and amenities which include 490 acres of community and neighborhood parks and open space interconnected with major regional trails and parks. LandWell markets its residential/planned community to builders who target first-time to middle market home buyers to maximize sales.

Regulatory and environmental matters

LandWell and the subcontractors it uses must comply with many federal, state and local laws and regulations, including zoning, density and development requirements, building, environmental, advertising, labor and real estate sales rules and regulations. These regulations and requirements affect substantially all aspects of its land development. Our Real Estate Management and Development Segment's operations are subject to federal, state and local laws and regulations relating to the use, storage, handling, generation, transportation, treatment, emission, discharge, disposal, remediation of and exposure to hazardous and non-hazardous substances, materials and wastes. We believe our Real Estate Management and Development Segment is in substantial compliance with all such laws and regulations. To date, the costs of maintaining compliance with such laws and regulations have not significantly impacted our results. We currently do not anticipate our Real Estate Management and Development Segment will incur significant costs or expenses relating to such matters; however, it is possible future laws and regulations may require it to incur significant additional expenditures.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

We seek to operate our businesses in line with sound ESG principles that include corporate governance, social responsibility, sustainability and cybersecurity. We believe ESG means conducting operations with high standards of environmental and social responsibility, practicing exemplary ethical standards, focusing on safety as a top priority, respecting human rights and supporting our local communities, and continuously developing our employees. At our facilities, we undertake various environmental sustainability programs, and we promote social responsibility and volunteerism through programs designed to support and give back to the local communities in which we operate. Each of our locations maintains site-specific safety programs and disaster response and business continuity plans. All manufacturing facilities have detailed, site-specific emergency response procedures we believe adequately address regulatory compliance, vulnerability to potential hazards, emergency response and action plans, employee training, alarms and warning systems and crisis communication.

Governmental agencies of countries in which Kronos operates have adopted or are contemplating regulatory changes relating to certain ESG topics, such as the Corporate Social Responsibility Directive adopted by the European Union on November 28, 2022 ("EU CSRD"). Kronos is evaluating and will continue to evaluate the applicability of the EU CSRD as amendments are adopted and as regulatory guidance is issued and as the European countries in which it operates adopt implementing legislation and Kronos will establish a compliance program to address any applicable requirements.

In an effort to align our non-employee directors' financial interests with those of our stockholders, our board of directors established share ownership guidelines for our non-management directors. In addition, we have an insider trading policy that applies to both employees and non-employee directors.

Kronos has taken steps to integrate ESG considerations into operating decisions along with other critical business factors. Kronos periodically publishes an ESG Report, which is available on its public website. The primary purpose of its ESG Report is to describe Kronos' policies and programs in the area of ESG, including certain internal metrics and benchmarks related to various aspects of ESG. Kronos voluntarily developed these internal metrics and benchmarks, which Kronos uses to identify progress and opportunities for improvement. These metrics are not intended to be directly comparable to similar metrics utilized by other companies to track ESG performance, as the standards, methodologies and assumptions used to determine these metrics vary by company and jurisdiction.

HUMAN CAPITAL RESOURCES

Employees

Our operating results depend in part on our ability to successfully manage our human capital resources, including attracting, identifying and retaining key talent. Each of our businesses has a well-trained labor force with a substantial number of long-tenured employees. Our businesses provide competitive compensation and benefits to our employees, some of which are offered under collective bargaining agreements. In addition to salaries, these programs, which vary by segment and by country/region, can include annual bonuses, a defined benefit pension plan, a defined contribution plan with employer matching, a profit sharing plan, healthcare and insurance benefits, health savings and flexible spending accounts, paid time off, family leave, family care resources, employee assistance programs and tuition assistance.

We recognize that everyone deserves respect and equal treatment. As a global company, we embrace diversity and collaboration in our workforce and our business initiatives. We are an equal opportunity employer, and we base employment decisions on merit, competence and qualifications, without regard to race, color, national origin, gender, age, religion, disability, sex, sexual orientation or other characteristics protected by applicable law in the jurisdictions in which we operate. We promote a respectful, diverse and inclusive workplace in which all individuals are treated with respect and dignity.

As of December 31, 2025, our Chemicals Segment employed the following number of people (an approximate 10.5% decrease from 2024):

Europe	1,650
Canada	302
United States	311
Total	2,263

Certain employees at each of Kronos' production facilities are organized by labor unions. Kronos strives to maintain good relationships with all its employees, including the unions and workers' councils representing those employees. In Europe, Kronos' union employees are covered by master collective bargaining agreements for the chemical industry that are generally renewed annually. At December 31, 2025, approximately 76% of Kronos' worldwide workforce is organized under collective bargaining agreements. Kronos did not experience any work stoppages during 2025, although it is possible that there could be future work stoppages or other labor disruptions that could materially and adversely affect Kronos' business, results of operations, financial position or liquidity.

As of December 31, 2025, our Component Products Segment and our Real Estate Management and Development Segment employed 549 people and 14 people, respectively, all in the United States. We believe CompX's and BMI's labor relations are good.

Health and safety

Protecting the health and safety of our workforce, our customers, our business partners and the natural environment is one of our core values. We are committed to maintaining a strong safety culture where all workers meet or exceed required industry performance standards, and we continuously seek to improve occupational and process safety performance. We are conducting our businesses in ways that provide all personnel with a safe and healthy work environment and have established safety and environmental programs and goals to achieve such results. We expect our manufacturing facilities to produce our products safely and in compliance with applicable local regulations and company policies, standards and practices intended to protect the environment and people and have established global policies designed to promote such compliance. We require our employees to comply with such requirements. We provide our workers with the tools and training necessary to make the appropriate decisions to prevent accidents and injuries. Each of our operating facilities develops, maintains and implements safety programs encompassing key aspects of their operations. In addition, management reviews and evaluates safety performance throughout the year. We monitor conditions that could lead to a safety incident and keep track of injuries through reporting systems in accordance with laws in the jurisdictions in which we operate. With this data we calculate incident frequency rates to assess the quality of our safety performance. At the global level we also track overall safety performance. Each Kronos operating location is subject to local laws and regulations that dictate what injuries are required to be recorded and reported, which may differ from location to location and result in different methods of injury rate calculation. For internal global tracking, benchmarking and identification of opportunities for improvement, Kronos collects the location specific information and applies a U.S.-based injury rate calculation method to arrive at a global total frequency rate, which is expressed as the number of incidents at its operating locations per 200,000 hours. This internal safety metric may not be directly comparable to a recordable incident rate calculated under U.S. law. Kronos' global total frequency rate aggregating information about employees and contractors was 0.95 in 2023 (0.74 of the aggregate represents employees only), 0.70 in 2024 (0.80 of the aggregate represents employees only) and 0.57 in 2025 (0.64 of the aggregate represents employees only).

CompX uses lost time incidents as a key measure of worker safety. CompX defines lost time incidents as work-related accidents where a worker sustains an injury that results in time away from work. CompX had one lost time incident in each of 2023 and 2024 and two in 2025.

OTHER

NL Industries, Inc. – At December 31, 2025, NL owned approximately 87% of CompX and approximately 31% of Kronos. NL also holds certain marketable securities and other investments.

Tremont LLC – Tremont is primarily a holding company through which we hold our 63% ownership interest in BMI and our 77% ownership interest in LandWell. Our 77% ownership interest in LandWell includes 27% we hold through our ownership of Tremont and 50% held by a subsidiary of BMI. Tremont also owns 100% of Tall Pines Insurance Company, an insurance company that also holds certain marketable securities and other investments. See Note 17 to our Consolidated Financial Statements.

In addition, we also own real property related to certain of our former business units.

Business Strategy – We routinely compare our liquidity requirements and alternative uses of capital against the estimated future cash flows to be received from our subsidiaries and unconsolidated affiliates, and the estimated sales value of those businesses. As a result, we have in the past, and may in the future, seek to raise additional capital, refinance or restructure indebtedness, repurchase indebtedness in the market or otherwise, modify our dividend policy, consider the sale of an interest in our subsidiaries, business units, marketable securities or other assets, or take a combination of these or other steps, to increase liquidity, reduce indebtedness and fund future activities, which have in the past and may in the future involve related companies. From time to time, we and our related entities consider restructuring ownership interests among our subsidiaries and related companies. We expect to continue this activity in the future.

We and other entities that may be deemed to be controlled by or affiliated with Ms. Simmons and the Family Trust routinely evaluate acquisitions of interests in, or combinations with, companies, including related companies, that provide strategic opportunities and synergies or that we perceive to be undervalued in the marketplace. These companies may or may not be engaged in businesses related to our current businesses. In some instances, we actively manage the businesses we acquire with a focus on maximizing return-on-investment through cost reductions, capital expenditures, improved operating efficiencies, selective marketing to address market niches, disposition of marginal operations, use of leverage and redeployment of capital to more productive assets. In other instances, we have disposed of our interest in a company prior to gaining control. We intend to consider such activities in the future and may, in connection with such activities, consider issuing additional equity securities and increasing our indebtedness.

Website and Available Information – Our fiscal year ends December 31. We furnish our stockholders with annual reports containing audited financial statements. In addition, we file annual, quarterly and current reports, proxy and information statements and other information with the SEC. Certain of our consolidated subsidiaries (Kronos, NL and CompX) also file annual, quarterly and current reports, proxy and information statements and other information with the SEC. We also make our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments thereto, available free of charge through our website at www.valhi.net as soon as reasonably practical after they have been filed with the SEC. We also provide to anyone, without charge, copies of such documents upon written request. Requests should be directed to the attention of the Corporate Secretary at our address on the cover page of this Form 10-K.

Additional information, including our Audit Committee Charter, our Code of Business Conduct and Ethics and our Corporate Governance Guidelines, can also be found on our website. Information contained on our website is not part of this Annual Report.

The SEC maintains an internet website at www.sec.gov that contains reports, proxy and information statements and other information regarding issuers, such as us, that file electronically with the SEC.

ITEM 1A. RISK FACTORS

Listed below are certain risk factors associated with us and our businesses. See also certain risk factors discussed in Item 7 – "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Estimates". In addition to the potential effect of these risk factors, any risk factor which could result in reduced earnings or increased operating losses, or reduced liquidity, could in turn adversely affect our ability to service our liabilities or pay dividends on our common stock or adversely affect the quoted market prices for our securities.

Operational Risk Factors

Demand for, and prices of, certain of our Chemicals Segment's products are influenced by changing market conditions for its products, which may result in reduced earnings or operating losses.

Our Chemicals Segment's sales and profitability are largely dependent on the TiO_2 industry. In 2025, approximately 90% of our Chemicals Segment's sales were attributable to sales of TiO_2. TiO_2 is used in many "quality of life" products for which demand historically has been linked to global, regional, and local gross domestic product and discretionary spending, which can be negatively impacted by regional and world events or economic conditions. Such events are likely to cause a decrease in demand for our products and, as a result, may have an adverse effect on our results of operations and financial condition.

Pricing within the global TiO_2 industry over the long term is cyclical and changes in economic conditions worldwide can significantly impact our Chemicals Segment's earnings and operating cash flows. Historically, the markets for many of our Chemicals Segment's products have experienced alternating periods of increasing and decreasing demand. Relative changes in the selling prices for our Chemicals Segment's products are one of the main factors that affect the level of our Chemicals Segment's profitability. In periods of increasing demand, our Chemicals Segment's selling prices and profit margins generally will tend to increase, while in periods of decreasing demand selling prices and profit margins generally tend to decrease. In addition, pricing may affect customer inventory levels as customers may from time to time accelerate purchases of TiO_2 in advance of anticipated price increases or defer purchases of TiO_2 in advance of anticipated price decreases. Our Chemicals Segment's ability to further increase capacity without additional investment in greenfield or brownfield capacity may be limited and as a result, our Chemicals Segment's profitability may become even more dependent upon the selling prices of its products.

The TiO_2 industry is concentrated and highly competitive and our Chemical Segment faces price pressures in the markets in which it operates, which may result in reduced earnings or operating losses.

The global market in which our Chemicals Segment operates is concentrated, with the top four TiO_2 producers accounting for approximately 42% of the world's production capacity, and is highly competitive. Competition is based on a number of factors, such as price, product quality and service. Our Chemicals Segment faces significant competition from international and regional competitors, including increasing competition from TiO_2 producers in China, who have significant sulfate production process capacity. Chinese producers have also continued to develop chloride process technology, and the risk of substitution of our Chemicals Segment's products with products made by Chinese producers could increase if Chinese producers increase the use of chloride process technology and improve the quality of their sulfate and chloride products. Some of our Chemicals Segment's competitors may be able to drive down prices for our Chemicals Segment's products if their costs are lower than our Chemicals Segment's costs, including its competitors with vertically integrated sources of raw materials for the chloride process who may have a competitive advantage during periods of high or rising raw material costs or who operate in regions with less stringent regulatory requirements. For example, Chinese competition generally has lower operating costs due to less stringent regulatory and environmental compliance requirements and less expensive energy prices. China has dumped lower cost sulfate process TiO_2 into markets our Chemicals Segment serves. In some cases, Western TiO_2 producers have been successful in obtaining anti-dumping duties on Chinese imports such as the duties recently enacted in the European Union, Brazil, Saudi Arabia, and other jurisdictions. In addition, some of our Chemicals Segment's competitors' financial, technological and other resources may be greater than its resources and such competitors may be better able to withstand extended periods of reduced demand or other changes in market conditions. Our Chemicals Segment's competitors may be able to respond more quickly than it can to new or emerging technologies and changes in customer requirements. Further, consolidation of our Chemicals Segment's competitors or customers may result in reduced demand for its products or make it more difficult for it to compete with its competitors. The occurrence of any of these events could result in reduced earnings or operating losses.

Many of the markets in which our Component Products Segment operates are mature and highly competitive resulting in pricing pressure and the need to continuously reduce costs.

Many of the markets our Component Products Segment serves are highly competitive, with a number of competitors offering similar products. Our Component Products Segment focuses its efforts on the middle and high-end segment of the market where it feels that it can compete due to the importance of product design, quality and durability to the customer. However, our Component Products Segment's ability to effectively compete is impacted by a number of factors. The occurrence of any of these factors could result in reduced earnings or operating losses.

- Competitors may be able to drive down prices for our Component Products Segment's products beyond its ability to adjust costs because their costs are lower than our Component Products Segment's, especially products sourced from Asia.
- Competitors' financial, technological and other resources may be greater than our Component Products Segment's resources, which may enable them to more effectively withstand changes in market conditions.
- Competitors may be able to respond more quickly than our Component Products Segment can to new or emerging technologies and changes in customer requirements.
- Consolidation of our Component Products Segment's competitors or its customers in any of the markets in which it competes may result in reduced demand for its products.
- New competitors could emerge by modifying their existing production facilities to manufacture products that compete with our Component Products Segment's products.
- Our Component Products Segment may not be able to sustain a cost structure that enables it to be competitive.
- Customers may no longer value our Component Products Segment's product design, quality or durability over the lower cost products of its competitors.

Our development of innovative features for current products is critical to sustaining and growing our Component Product Segment's sales.

Historically, our Component Products Segment's ability to provide value-added custom engineered products that address requirements of technology and space utilization has been a key element of its success. Our Component Products Segment spends a significant amount of time and effort to refine, improve and adapt its existing products for new customers and applications. Since expenditures for these types of activities are not considered research and development expense under accounting principles generally accepted in the United States of America ("GAAP"), the amount of our Component Products Segment's research and development expenditures, which is not significant, is not indicative of the overall effort involved in the development of new product features. The introduction of new product features requires the coordination of the design, manufacturing and marketing of the new product features with current and potential customers. The ability to coordinate these activities with current and potential customers may be affected by factors beyond our Component Products Segment's control. While our Component Products Segment will continue to emphasize the introduction of innovative new product features that target customer-specific opportunities, we do not know if any new product features our Component Products Segment introduces will achieve the same degree of success that it has achieved with its existing products. At times our Component Products Segment works with new and existing customers on specific product innovations. Sometimes it has a cost sharing arrangement for development efforts, although our Component Products Segment may also fully bear the development costs. If a customer were to ultimately reject or abandon custom product innovation efforts, our Component Products Segment may not be able to recover its development costs.

Higher costs or limited availability of our raw materials may reduce our earnings and decrease our liquidity. In addition, many of our raw material contracts contain fixed quantities we are required to purchase.

For our Chemicals Segment, the number of sources for and availability of certain raw materials is specific to the particular geographical region in which our facilities are located. Titanium-containing feedstocks suitable for use in our Chemicals Segment's TiO_2 facilities are available from a limited number of suppliers around the world. Political and economic instability or increased regulations in the countries from which our Chemicals Segment purchases or mines its raw material supplies could adversely affect raw material availability. If our Chemicals Segment or its worldwide vendors are unable to meet their planned or contractual obligations and our Chemicals Segment is unable to obtain necessary raw materials, it could incur higher costs for raw materials or may be required to reduce production levels. For example, our Chemicals Segment experienced increases in feedstock costs in 2023 and 2024, which negatively affected its margins. Our Chemicals Segment has also experienced higher operating costs such as energy costs. Future variations in the cost of energy, which primarily reflect market prices for oil and natural gas, and for raw materials may significantly affect its operating results and decrease liquidity as our Chemicals Segment may not always be able to increase its selling prices to offset the impact of any higher costs or reduced production levels.

Our Chemicals Segment has supply contracts that provide for its TiO_2 feedstock requirements. While our Chemicals Segment believes it will be able to renew these contracts, as necessary, we do not know if our Chemicals Segment will be successful in renewing them or in obtaining long-term extensions to them prior to expiration. Our Chemicals Segment's feedstock agreements have minimum purchase requirements, targeted purchases, or require it to purchase certain minimum percentage-based quantities of feedstock based upon its annual purchasing requirements. We estimate aggregate purchases under these feedstock agreements will be between approximately $375 million and $450 million in 2026. In addition, our Chemicals Segment has other long-term supply and service contracts that provide for various raw materials and services which may require it to purchase certain minimum quantities. Our Chemicals Segment's obligations under these contracts could adversely affect our financial results if it significantly reduces its production and is unable to modify the contractual commitments.

Certain raw materials used in our Component Products Segment's products are commodities that are subject to significant fluctuations in price in response to world-wide supply and demand as well as speculative investor activity. Zinc and brass are the principal raw materials used in the manufacture of security products. Stainless steel and aluminum are the major raw materials used in the manufacture of marine components. These raw materials are purchased from several suppliers and are generally readily available from numerous sources. Our Component Products Segment occasionally enters into short-term raw material supply arrangements to mitigate the impact of future increases in commodity-related raw material costs and ensure supply. Materials purchased outside of these arrangements are sometimes subject to unanticipated and sudden price increases.

Certain components used in our Component Products Segment's products are manufactured by foreign suppliers located in China and elsewhere. Global economic and political conditions, including natural disasters, terrorist acts, transportation disruptions, global conflicts or trade wars and public health crises such as pandemics, could prevent our Component Products Segment's vendors from being able to supply these components. Should our Component Products Segment's vendors not be able to meet their supply obligations or should it be otherwise unable to obtain necessary raw materials or components, it may incur higher supply costs or may be required to reduce or suspend production. In addition, the imposition of new tariffs or increases in existing tariffs by the U.S. government on imports from China, Mexico or other countries from which our Component Products Segment imports raw materials and other components could increase its supply costs. Increases in our Component Products Segment's supply costs may decrease its liquidity or negatively impact its financial condition or results of operations as our Component Products Segment may be unable to offset the higher costs with increases in its selling prices or reductions in other operating costs.

Dependence on our Component Product Segment's significant customers could adversely affect their business and results of operations.

For the year ended December 31, 2025, our Component Products Segment's largest ten customers accounted for approximately 52% of its consolidated net sales, with a single customer accounting for 26% of its consolidated net sales. Because our Component Products Segment's customers' purchases are made through purchase orders rather than long-term contracts or minimum purchase commitments, order levels can fluctuate significantly from period to period based on customer needs. In addition, significant customers may negotiate more favorable pricing or terms, which may pressure our Component Products Segment's operating margins. If any of our Component Products Segment's significant customers reduces their purchases, loses market share for its end-use products, experiences financial difficulty, changes suppliers, or otherwise alters its relationship with our Component Products Segment, demand for its products could decline. Any such reduction in sales could potentially have a material adverse effect on our Component Products Segment's revenues and results of operations.

Kronos' acquisition of the remaining 50% interest in LPC may not generate benefits we anticipate and may otherwise affect our business and prospects.

In July 2024 Kronos completed the LPC acquisition in which it purchased the 50% ownership interest in LPC it did not previously own, and Kronos subsequently merged LPC into Kronos' wholly-owned subsidiary, Kronos Louisiana. If Kronos experiences unforeseen technological, operational or other difficulties in integrating the Kronos Louisiana facility into its operations, Kronos may not be able to implement the process innovations at the facility that it expects. In addition, Kronos may not be able to achieve the anticipated synergies or improvements in efficiency and product quality that it expects. With or without such difficulties, the integration of the Kronos Louisiana facility into Kronos' operations may divert significant management time and attention from its other operations. If Kronos fails to successfully integrate the Kronos Louisiana facility into its operations, if the acquisition does not provide expected synergies or sales increases, or if Kronos Louisiana has unexpected legal, regulatory, or financial liabilities, Kronos' business, financial condition, results of operations and prospects could be adversely affected.

Our Real Estate Management and Development Segment has significant development obligations related to a residential/planned community in Henderson, Nevada. Increases in labor or construction costs related to the completion of such development obligations may reduce our earnings and decrease our liquidity.

A substantial portion of the revenues and assets associated with our Real Estate Management and Development Segment relates to certain land under development in Henderson, Nevada, including approximately 2,100 acres zoned for residential/planned community purposes. All of the remaining land in the residential/planned community was sold in 2025. We generally recognize revenue from these land sales over time using cost-based inputs because we receive substantially all cash payment at the time of sale but significant development obligations still exist for post-closing obligation activities and several community-wide large projects. We currently estimate development obligations are approximately $54 million and will take approximately one to two years to complete. Our estimates of our development obligations include certain assumptions about future labor and construction costs. If actual costs were significantly above our estimates, revenue, profits and liquidity in our Real Estate Management and Development Segment may be significantly and negatively affected.

Financial Risk Factors

Our assets consist primarily of investments in our operating subsidiaries, and we are dependent upon distributions from our subsidiaries to service our liabilities.

The majority of our operating cash flows are generated by our operating subsidiaries, and our ability to service liabilities and pay dividends on our common stock depends to a large extent upon the cash dividends or other distributions we receive from our subsidiaries. Our subsidiaries are separate and distinct legal entities and they have no obligation, contingent or otherwise, to pay cash dividends or other distributions to us. In addition, the payment of dividends or other distributions from our subsidiaries could be subject to restrictions under applicable law, monetary transfer restrictions, currency exchange regulations in jurisdictions in which our subsidiaries operate or any other restrictions imposed by current or future agreements to which our subsidiaries may be a party, including debt instruments. Events beyond our control, including changes in general business and economic conditions, could adversely impact the ability of our subsidiaries to pay dividends or make other distributions to us. If our subsidiaries were to become unable to make sufficient cash dividends or other distributions to us, our ability to service our liabilities and to pay dividends on our common stock could be adversely affected.

In addition, a significant portion of our assets consist of ownership interests in our subsidiaries. If we were required to liquidate our subsidiaries' securities in order to generate funds to satisfy our liabilities, we may be required to sell such securities at a time or times for less than what we believe to be the long-term value of such assets.

Our leverage may impair our financial condition or limit our ability to operate our businesses.

We have a significant amount of debt, primarily related to Kronos' 9.50% Senior Secured Notes due 2029, Kronos' term loan from Contran, Kronos' borrowings on its global revolving credit facility (the "Global Revolver"), our loan from Contran Corporation and the LandWell bank note. As of December 31, 2025, our total consolidated debt was approximately $592 million. Our level of debt could have important consequences to our stockholders and creditors, including:

- making it more difficult for us to satisfy our obligations with respect to our liabilities;
- increasing our vulnerability to adverse general economic and industry conditions;
- requiring that a portion of our cash flows from operations be used for the payment of interest on our debt, which reduces our ability to use our cash flow to fund working capital, capital expenditures, dividends on our common stock, acquisitions or general corporate requirements;
- limiting the ability of our subsidiaries to pay dividends to us;
- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions or general corporate requirements;
- limiting our flexibility in planning for, or reacting to, changes in our businesses and the industries in which we operate; and
- placing us at a competitive disadvantage relative to other less leveraged competitors.

Indebtedness outstanding under our loan from Contran and Kronos' Global Revolver accrues interest at variable rates. To the extent market interest rates rise, the cost of our debt could increase, even if the amount borrowed remains the same, adversely affecting financial condition, results of operations and cash flows.

In addition to our indebtedness, we are party to various lease and other agreements (including feedstock purchase contracts with minimum commitments and other long-term supply and service contracts as discussed above) pursuant to which, along with our indebtedness, we are committed to pay approximately $213 million in 2026. Our ability to make payments on and refinance our debt and to fund planned capital expenditures depends on our ability to generate cash flow in the future. To some extent, this is subject to general economic, financial, competitive, legislative, regulatory, and other factors that are beyond our control. In addition, our ability to borrow funds under certain of our revolving credit facilities in the future, in some instances, will depend in part on these subsidiaries' ability to maintain specified financial ratios and satisfy certain financial covenants contained in the applicable credit agreement.

Our businesses may not generate cash flows from operating activities sufficient to enable us to pay our debts when they become due and to fund our other liquidity needs. As a result, we may need to refinance all or a portion of our debt before maturity, as we have done in the past. We may not be able to refinance any of our debt in a timely manner on favorable terms, if at all, in the current credit markets. Any inability to generate sufficient cash flows or to refinance our debt on favorable terms could have a material adverse effect on our financial condition.

Changes in currency exchange rates and interest rates can adversely affect our net sales, profits, and cash flows.

We operate our businesses in several different countries and sell our products worldwide. For example, during 2024 and 2025 approximately 44% and 45% of our Chemicals Segment's sales volumes, respectively, were sold into European markets. The majority (but not all) of our sales from our Chemicals Segment's operations outside the United States are denominated in currencies other than the United States dollar, primarily the euro, other major European currencies and the Canadian dollar. Therefore, we are exposed to risks related to the need to convert currencies we receive from the sale of our products into the currencies required to pay for certain of our operating costs and expenses and other liabilities (including indebtedness), all of which could result in future losses depending on fluctuations in currency exchange rates and affect the comparability of our results of operations between periods.

Legal, Compliance and Regulatory Risk Factors

We could incur significant costs related to legal and environmental remediation matters.

NL formerly manufactured lead pigments for use in paint. NL and others 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. 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. NL entered into a legal settlement in one public-nuisance lead pigment case and has recognized a material liability related to the settlement. Any additional liability NL might incur in the future for these matters could be material. See also Item 3 - "Legal Proceedings - Lead pigment litigation - NL."

Certain properties and facilities used in NL's former operations are the subject of litigation, administrative proceedings or investigations arising under various environmental laws. These proceedings seek cleanup costs, personal injury or property damages and/or damages for injury to natural resources. Some of these proceedings involve claims for substantial amounts. Environmental obligations are difficult to assess and estimate for numerous reasons, and we may incur costs for environmental remediation in the future in excess of amounts currently estimated. Any liability we might incur in the future could be material. See also Item 3 - "Legal Proceedings - Environmental matters and litigation."

Environmental, health and safety laws and regulations may result in increased regulatory scrutiny which could decrease demand for our products, increase our manufacturing and compliance costs or obligations and result in unanticipated losses which could negatively impact our financial results or limit our ability to operate our Chemicals Segment's business.

From time to time, new environmental, health and safety regulations are passed or proposed in the countries in which we operate or sell our products, seeking to regulate our operations or to restrict, limit or classify TiO_2, or its use. Increased regulatory scrutiny could affect consumer perception of TiO_2 or limit the marketability and demand for TiO_2 or products containing TiO_2 or increase our manufacturing and regulatory compliance obligations and costs. Increased compliance obligations and costs or restrictions on operations, raw materials and certain TiO_2 applications could negatively impact our future financial results through increased costs of production, or reduced sales which may decrease our liquidity, operating income and results of operations.

If some or all of our intellectual property were to be declared invalid, held to be unenforceable or copied by competitors or some or all of our confidential information become known to competitors, or if our competitors were to develop similar or superior intellectual property or technology, our ability to compete could be adversely impacted.

Protection of our intellectual property rights, including patents, copyrights, trade secrets, confidential information, trademarks and tradenames, is important to our businesses and our competitive positions. We endeavor to protect our intellectual property rights in key jurisdictions in which our products are produced, sold or used and in jurisdictions into which our products are imported. However, we may be unable to obtain protection for our intellectual property in key jurisdictions. Although we own and have applied for numerous patents and trademarks throughout the world, we may have to engage in judicial enforcement in order to protect our patent rights and other proprietary rights. Our patents and other intellectual property rights may be challenged, invalidated, circumvented, rendered unenforceable or otherwise compromised. A failure to protect, defend or enforce our intellectual property could have an adverse effect on our financial condition and results of operations. Similarly, third parties may assert claims against us and our customers and distributors alleging our products infringe upon third-party intellectual property rights. In the event that any such third-party prevails against us on such claims, there could be an adverse effect on our financial condition and results of operations.

Although it is the practice of our Chemicals Segment to enter into confidentiality agreements with its employees and third parties to protect its proprietary expertise and other trade secrets, these agreements may not provide sufficient protection for its trade secrets or proprietary know-how, or adequate remedies for breaches of such agreements may not be available in the event of an unauthorized use or disclosure of such trade secrets and know-how. Our Chemicals Segment also may not be able to readily detect breaches of such agreements. The failure of our Chemicals Segment's confidentiality agreements to protect its proprietary technology, know-how or trade secrets could result in a material loss of its competitive position, which could lead to significantly lower revenues, reduced profit margins or loss of market share.

Our Component Products Segment relies on patent, trademark and trade secret laws in the United States and similar laws in other countries to establish and maintain our intellectual property rights in our technology and designs. Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated. Third parties may independently discover our trade secrets and proprietary information, and in such cases our Component Products Segment could not assert any trade secret rights against such parties. Further, we do not know if any of our Component Products Segment's pending trademark or patent applications will be approved. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our intellectual property rights. In addition, the laws of certain countries do not protect intellectual property rights to the same extent as the laws of the United States. Therefore, in certain jurisdictions, we may be unable to protect our technology and designs adequately against unauthorized third-party use, which could adversely affect our competitive position.

Third parties may claim that we or our customers are infringing upon their intellectual property rights. Even if we believe that such claims are without merit, they can be time-consuming and costly to defend and distract our management's and technical staff's attention and resources. Claims of intellectual property infringement also might require us to redesign affected technology, enter into costly settlement or license agreements or pay costly damage awards, or face a temporary or permanent injunction prohibiting us from marketing or selling certain of our technology. If we cannot or do not license the infringed technology on reasonable pricing terms or at all, or substitute similar technology from another source, our business could be adversely impacted.

If we must take legal action to protect, defend or enforce our intellectual property rights, any suits or proceedings could result in significant costs, including attorney's fees and diversion of resources and management's attention, and we may not prevail in any such suits or proceedings.

Global climate change laws and regulations could negatively impact our financial results or limit our ability to operate our businesses.

We operate production facilities in several countries and many of our facilities require large amounts of energy, including electricity and natural gas, in order to conduct operations. Governmental agencies of countries in which we operate have determined, or may determine in the future, the consumption of energy derived from fossil fuels is a major contributor to climate change and have adopted or are contemplating regulatory changes in response to the potential impact of climate change, including laws and regulations requiring enhanced reporting (such as the Corporate Social Responsibility Directive adopted by the European Union on November 28, 2022) as well as legislation regulating carbon and other GHG emissions and the use of renewable energy. International treaties or agreements may also result in increasing regulation of GHG emissions, including emissions permits and/or energy taxes or the introduction of carbon emissions trading mechanisms. To date, the existing GHG laws and regulations in effect in the various countries in which we operate have not had a material adverse effect on our financial results. Until the timing, scope and extent of any new or future regulation become known, we cannot predict the effect on our business, results of operations or financial condition. However, if further GHG laws and regulations were to be enacted in one or more countries, it could negatively impact our future results of operations through increased costs of production, particularly as it relates to our energy requirements or our need to obtain emissions permits. If such increased costs of production were to materialize, we may be unable to pass price increases on to our customers to compensate for increased production costs, which may decrease our liquidity, operating income and results of operations. In addition, any adopted future laws and regulations focused on climate change and/or GHG emissions could negatively impact our ability (or that of our customers and suppliers) to compete with companies situated in areas not subject to such laws and regulations.

General Risk Factors

Operating as a global business presents risks associated with global and regional economic, political and regulatory environments.

Our Chemicals Segment manufactures and distributes its products globally. Our Chemicals Segment's revenue from non-U.S. markets accounted for approximately 66%, 66% and 64% of its revenue for the years ended December 31, 2023, 2024 and 2025, respectively. Our Chemicals Segment has significant international operations which, along with its customers and suppliers, could be substantially affected by a number of risks arising from operating a multi-national business, including:

- global or regional economic downturn;
- changes in tariffs, trade barriers, and regulatory requirements, such as the enactment of tariffs on goods imported into the U.S. including, but not limited to, tariffs enacted on goods imported from Canada where it manufactures a significant portion of the TiO_2 it sells in North America. Tariffs could make its products more expensive which would reduce demand or require our Chemicals Segment to absorb the increased costs reducing its operating margins;
- protectionist laws, policies, and business practices and nationalistic campaigns such as economic sanctions and exchange controls;
- U.S. relations with the governments of the other countries in which our Chemicals Segment operates;
- terrorism, armed conflict (such as the current conflicts between Russia and Ukraine);
- natural disasters, pandemics or other health crises, climate change, and other events beyond our control;
- difficulties enforcing agreements or other legal rights; and
- our Chemicals Segment's effective tax rate may fluctuate based on the variability of geographic earnings and statutory rates.

TiO_2 production requires significant energy input, and economic sanctions or supply disruptions resulting from armed conflict could lead to additional volatility in global energy prices and energy supply disruptions. These risks, individually or in the aggregate, could have an adverse effect on our results of operations and financial condition.

The U.S. federal government has recently implemented tariffs on certain foreign goods and may implement additional tariffs on foreign goods. As our Chemicals Segment currently manufactures a significant portion of its North American TiO_2 in Canada, if sustained for an extended period of time, a tariff on our Chemicals Segment's imports into the U.S. from Canada would make its products manufactured in Canada and sold into the U.S. more expensive. As a result, demand for these products could be reduced, or our Chemicals Segment could be required to absorb the increased costs or increase prices of such products. Tariff mitigation strategies, such as those our Chemicals Segment undertook in the first quarter of 2025 which included building and positioning inventory from its Canadian facility into the U.S., may result in increased shipping and warehousing costs. Future mitigation strategies may offer only temporary relief from the effect of these tariffs. Such tariffs and, if enacted, any further legislation or actions taken by the U.S. government that restrict trade, such as additional tariffs, trade barriers and other protectionist or retaliatory measures taken in response, could adversely impact our Chemicals Segment's ability to sell its products in the U.S. or reduce its revenues and gross margins. These measures may also increase our Chemicals Segment's costs of Canadian feedstock imported into the U.S. and could adversely impact its gross margins or require our Chemicals Segment to raise prices thereby making its products less competitive. Additional tariffs imposed by the U.S or any retaliatory or reciprocal tariffs imposed by other countries could also increase the cost of feedstock and other raw materials that go into making TiO_2, the extent of which is unknown. The ultimate impact of any tariffs will depend on various factors, including the length of time tariffs are ultimately implemented and the amount, scope and nature of the tariffs.

Technology failures or cybersecurity breaches could have a material adverse effect on our operations.

Our businesses rely on integrated information technology systems to manage, process and analyze data, including to facilitate the manufacture and distribution of products to and from our facilities, receive, process and ship orders, manage the billing of and collections from customers and manage payments to vendors. Although we have systems and procedures in place to protect our information technology systems, there can be no assurance that such systems and procedures will be sufficiently effective. Therefore, any of our information technology systems may be susceptible to outages, disruptions or destruction from power outages, telecommunications failures, employee error, cybersecurity breaches or attacks and other similar events. This could result in a disruption of our business operations, injury to people, harm to the environment or our assets, and/or the inability to access our information technology systems and could adversely affect our results of operations and financial condition. We have in the past experienced, and we expect to continue to experience, cyber-attacks, including phishing and other attempts to breach or gain unauthorized access to, our systems, and vulnerabilities introduced into our systems by trusted third-party vendors who have experienced cyber-attacks. To date we have not suffered breaches in our systems, either directly or through a trusted third-party vendor, which have led to material losses. Due to the increase in global cybersecurity incidents it has become increasingly difficult to obtain insurance coverage on reasonable pricing terms to mitigate some risks associated with technology failures or cybersecurity breaches, and we are experiencing such difficulties in obtaining insurance coverage.

Physical impacts of climate change could have a material adverse effect on our costs and operations.

Climate change may increase both the frequency and severity of extreme weather conditions and natural disasters, such as hurricanes, thunderstorms, tornadoes, drought and snow or ice storms. Extreme weather conditions may increase our costs or cause damage to our facilities, and any damage resulting from extreme weather may not be fully insured. Climate change has also been associated with rising sea levels and many of our facilities are located near coastal areas or waterways where rising sea levels or flooding could disrupt our operations or adversely impact our facilities. Furthermore, periods of extended inclement weather or associated droughts or flooding may inhibit our facility operations and delay or hinder shipments of our products to customers. Any such events could have a material adverse effect on our costs or results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

We operate through our subsidiaries and receive services through our intercorporate services agreement ("ISA") with Contran (see Note 17 to our Consolidated Financial Statements). We recognize the importance of proactively assessing, identifying, and managing material risks associated with cybersecurity threats. These risks include, among other things: operational disruptions, intellectual property theft, fraud, extortion, harm to employees or customers and violations of data privacy or security laws. Our cybersecurity programs are built on both operational and compliance foundations. The operational component focuses on continuous monitoring, detection, prevention, measurement, analysis, and response to cybersecurity threats and incidents, including emerging risks. The compliance component provides oversight through risk-based controls designed to protect the confidentiality, integrity and availability of company data stored, processed or transmitted. Our cybersecurity program is fully integrated into our enterprise-wide risk management framework.

Kronos and CompX each have their own cybersecurity programs. Our corporate cybersecurity program is led by our chief information officer ("CIO"), who is ultimately responsible for developing and executing our overall information security strategy, policies, security engineering, operations and cyber threat detection and response. Our corporate information systems are owned and operated by Contran and provided to us through the ISA. Our CIO, who also serves as the Kronos CIO, reports to our and Kronos' chief executive officers, respectively. CompX's cybersecurity program is led by the director of information technology ("IT"). The director of IT reports to CompX's vice president in charge of coordinating operational activities within CompX's two operating reporting units. Both our CIO and the CompX director of IT have extensive information technology and program management experience and lead teams with significant tenure and familiarity with each organization. Cybersecurity risks at each company are also reviewed and tested annually through third-party assessments and internal and external information technology audits. Our, Kronos' and CompX's information technology teams review cybersecurity risks at least annually, integrating findings into strategic risk assessments and applicable corrective action plans.

We, Kronos and CompX continually enhance our cyber defense strategy with the ultimate goal of preventing cybersecurity incidents to the extent feasible, while simultaneously bolstering our system resilience in an effort to minimize the business impact should an incident occur. Third parties also play a role in our cybersecurity posture. We, Kronos and CompX engage reputable third-party security firms to provide guidance on industry best practices and regulatory standards, to support proactive and reactive cybersecurity efforts, and to conduct periodic evaluations of our cybersecurity posture, such as through penetration testing and security audits; these evaluations include testing both the design and operational effectiveness of our security controls. All company employees are required to complete cybersecurity training at least once a year, have access to on-demand cybersecurity training through a web-based tool, and receive additional informational updates as necessary. Employees in certain roles also receive additional role-based, specialized cybersecurity training.

We, Kronos and CompX each have a Cybersecurity Incident Disclosure and Controls Committee ("CIDAC") which is central to the response and evaluation of cybersecurity incidents. Our CIDAC is comprised of our CIO and other senior executives including our chief executive officer, chief financial officer and general counsel. Information security events and incidents are evaluated, ranked by severity and prioritized for response and remediation. The IT teams are responsible for categorizing cybersecurity incidents, and those deemed high-risk or critical are escalated to the CIDAC for strategic review and response coordination. Incidents are evaluated to determine regulatory requirements, materiality, and potential operational, financial and reputational impact. Our CIDAC, as well as the Kronos and CompX CIDAC, performs simulations and tabletop exercises at a management level to evaluate our readiness and response to cybersecurity incidents. As needed, we collaborate with external cybersecurity experts and legal advisors to help ensure a robust response strategy.

Our board of directors oversees management's processes for identifying and mitigating risks, including cybersecurity risks, to help align our risk exposure with our strategic objectives. Senior leadership, including our chief financial officer and CIO, provides regular updates to the board of directors on our cybersecurity posture, emerging threats and our risk mitigation efforts. Our board of directors is apprised of cybersecurity incidents deemed to have significant business impact, even if they are not material to us. The board has delegated some of its primary risk oversight to board committees, including that our audit committee facilitates the board's process of oversight of our overall risk management approach. Our full board retains oversight of cybersecurity because of its importance to us and visibility with our customers.

We also maintain a documented incident response plan. In the event of an incident, we follow a structured incident response playbook, which outlines clear and defined steps to be followed from incident detection to mitigation, recovery and notification, including notifying functional areas (such as legal and human resources), senior leadership, our CIDAC and the board, as appropriate. We also conduct post-incident reviews to identify lessons learned and implement continuous improvements.

We, Kronos and CompX face multiple cybersecurity risks. To date, such risks have not materially affected us, including our business strategy, results of operations or financial condition. While we have not experienced any major breaches, we actively monitor and mitigate cyber threats, including phishing attempts, malware and targeted attacks. To date all such incidents have been minor, isolated and promptly contained. For more information about the cybersecurity risks we face, see the risk factor entitled "Technology failures or cybersecurity breaches could have a material adverse effect on our operations." in Item 1A- "Risk Factors."

ITEM 2. PROPERTIES

We along with our subsidiaries, Kronos, CompX and NL lease office space through Contran for our principal executive offices in Dallas, Texas. Our BMI and LandWell subsidiaries' principal offices are in an owned building in Henderson, Nevada. A list of principal operating facilities for each of our subsidiaries is described in the applicable business sections of Item 1 – "Business." We believe our facilities are generally adequate and suitable for their respective uses.

ITEM 3. LEGAL PROCEEDINGS

We are involved in various legal proceedings. In addition to information included below, certain information called for by this Item is included in Note 18 to our Consolidated Financial Statements, which is incorporated herein by reference.

Lead Pigment Litigation – NL

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

In the matter titled *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) on July 24, 2019, an order approving a global settlement agreement entered into among all of the plaintiffs and the three defendants remaining in the case (the Sherwin Williams Company, ConAgra Grocery Products and NL) was entered by the court and the case was dismissed with prejudice. The global settlement agreement provided that an aggregate $305 million would be paid collectively by the three co-defendants in full satisfaction of all claims resulting in a dismissal of the case with prejudice and the resolution of (i) all pending and future claims by the plaintiffs in the case, and (ii) all potential claims for contribution or indemnity between NL and its co-defendants in respect to the case. In the agreement, NL expressly denies any and all liability and the dismissal of the case with prejudice was entered by the court without a final judgment of liability entered against NL. The settlement agreement fully concludes this matter.

Under the terms of the global settlement agreement, each defendant paid an aggregate $101.7 million to the plaintiffs as follows: $25.0 million within sixty days of the court's approval of the settlement and dismissal of the case, and the remaining $76.7 million in six annual installments beginning on the first anniversary of the initial payment ($12.0 million for the first five installments and $16.7 million for the sixth installment). NL's sixth installment, which was paid in October 2025, was funded with amounts that were already on deposit at the court and, previously included in current restricted cash on our Consolidated Balance Sheets, as those amounts, together with all accrued interest at the date of payment. Per the terms of the settlement, any amounts on deposit in excess of the final payment were to be returned to NL and, in October 2025, NL received accrued interest of approximately $1.6 million from such restricted cash.

For financial reporting purposes, NL used a discount rate of 1.9% per annum to discount the aggregate $101.7 million settlement to the estimated net present value of $96.3 million. NL recognized an aggregate accretion expense of $.7 million, $.5 million and $.2 million in 2023, 2024 and 2025, respectively.

In January 2024, NL was served with a third-party complaint in a matter titled *Arrioena Beal v. Hattie Mitchell, et al.* (Circuit Court of Milwaukee County, Wisconsin, Case No. 21-cv-3276). The plaintiff in this case sued her former landlords and several former manufacturers of lead paint for injuries allegedly attributable to lead paint, but did not sue NL. Several of the former lead paint manufacturer defendants later filed a third-party complaint against NL, seeking contribution for any damages they may ultimately have to pay to the plaintiff. NL believes it has substantial defenses to these claims under Wisconsin law and intends to defend itself vigorously.

New cases may continue to be filed against NL. We do not know if NL will incur liability in the future in respect of any of the pending or possible litigation in view of the inherent uncertainties involved in court and jury rulings. In the future, if new information regarding such matters becomes available to us (such as a final, non-appealable adverse verdict against NL 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 NL as to whether it might then have become probable NL has 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

Certain properties and facilities used in our former operations (primarily NL's 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 and NL or its predecessors, 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 NL is 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 the 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.

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 NL's wholly-owned environmental management subsidiary, NL Environmental Management Services, Inc., ("EMS"), has contractually assumed NL's obligations. At December 31, 2025, NL had accrued approximately $13 million related to approximately 27 sites associated with remediation and related matters NL believes 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 NL believes it is possible to estimate costs is approximately $26 million, including amounts currently accrued. These accruals have not been discounted to present value.

NL believes that it is not reasonably possible to estimate the range of costs for certain sites. At December 31, 2025, there were approximately five sites for which NL is not currently able to reasonably estimate a range of costs. For these sites, generally the investigation is in the early stages, and NL is unable to determine whether or not it actually had any association with the site, the nature of its 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 NL's control, such as when the party alleging liability provides information to NL. At certain of these previously inactive sites, NL has received general and special notices of liability from the EPA and/or state agencies alleging that NL, 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 NL, 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.

We have also accrued approximately $4 million at December 31, 2025 for other environmental cleanup matters which represents our best estimate of the liability.

In June 2008, NL received a Directive and Notice to Insurers from the New Jersey Department of Environmental Protection ("NJDEP") regarding the Margaret's Creek site in Old Bridge Township, New Jersey. NJDEP alleged that a waste hauler transported waste from one of its former facilities for disposal at the site in the early 1970s. NJDEP referred the site to the EPA, and in November 2009, the EPA added the site to the National Priorities List under the name Raritan Bay Slag Site ("RBS Site"). In 2012, EPA notified NL of its potential liability at this site. In June 2013, NL filed a contribution suit under CERCLA and the New Jersey Spill Act titled *NL Industries, Inc. v. Old Bridge Township, et al.* (United States District Court for the District of New Jersey, Civil Action No. 3:13-cv-03493-MAS-TJB) against the current owner, Old Bridge Township, several federal and state entities and a number of private companies.

In February 2025, the United States District Court for the District of New Jersey entered an order approving a consent decree relating to the RBS Site in Middlesex County, New Jersey. The consent decree requires the United States Army Corps of Engineers (and other federal agencies), the State of New Jersey, the Township of Old Bridge, NL, and twenty-two other private companies to pay a total of $151.1 million, plus interest, to resolve all federal and state law claims for past and future response costs under CERCLA and the New Jersey Spill Act, including natural resource damages, contribution, and indemnification, relating to the RBS Site. The consent decree is a global settlement of all such claims relating to the RBS Site and resolves a lawsuit captioned *United States of America, et al. v. NL Industries, Inc., et al.* (United States District Court for the District of New Jersey, Civil Action No. 3:24-cv-08946) as well as all claims asserted by NL and the other settling parties in NL's previously filed contribution lawsuit, *NL Industries, Inc. v. Old Bridge Township, et al.,* discussed above.

Under the terms of the consent decree, in the first quarter of 2025 NL paid $56.1 million, plus $.5 million interest, toward the global settlement and received approximately $9.6 million from the other private companies participating in the settlement. We recognized aggregate income of approximately $31.4 million in 2024 related to the adjustment of NL's environmental accrual related to this matter and the recording of a $9.6 million receivable for the funds which NL received in the first quarter of 2025 from the other private companies participating in the settlement. The satisfaction of NL's obligations under the consent decree fully concludes this matter.

In August 2009, NL was served with a complaint in *Raritan Baykeeper, Inc. d/b/a NY/NJ Baykeeper et al. v. NL Industries, Inc. et al.* (United States District Court, District of New Jersey, Case No. 3:09-cv-04117). This is a citizen's suit filed by two local environmental groups pursuant to the Resource Conservation and Recovery Act and the Clean Water Act against NL, current owners, developers and state and local government entities. The complaint alleges that hazardous substances were and continue to be discharged from its former Sayreville, New Jersey property into the sediments of the adjacent Raritan River. The former Sayreville site is currently being remediated by owner/developer parties under the oversight of the NJDEP. The plaintiffs seek a declaratory judgment, injunctive relief, imposition of civil penalties and an award of costs. In June 2022, NL received a letter from the NJDEP informing NL that remediation of contaminated sites upriver of the former Sayreville site had progressed to the point that it was now appropriate for NL to resume investigating the sediments adjacent to the Sayreville site. NL has been diligently conducting that investigation in compliance with NJDEP regulations. The lawsuit remains pending. NL continues to deny liability and will defend vigorously against all claims.

In 2011, NL was served in *ASARCO LLC v. NL Industries, Inc., et al.* (United States District Court, Western District of Missouri, Case No. 4:11-cv-00138-DGK) and *ASARCO LLC v. NL Industries, Inc., et al.* (United States District Court, Eastern District of Missouri, Case No. 4:11-cv-00864). Both cases are CERCLA contribution actions brought against several defendants to recover a portion of the amount the plaintiff paid in settlement with the U.S. Government during its Chapter 11 bankruptcy. The court in each case entered indefinite stays of the litigation in 2013 and 2015, which remain in place.

In July 2012, NL was served in *EPEC Polymers, Inc., v. NL Industries, Inc.*, (United States District Court for the District of New Jersey, Case 3:12-cv-03842-PGS-TJB). The plaintiff, a landowner of property located across the Raritan River from NL's former Sayreville, New Jersey operation, claims that contaminants from NL's former Sayreville operation came to be located on its land. The complaint seeks compensatory and punitive damages and alleges, among other things, trespass, private nuisance, negligence, strict liability, and claims under CERCLA and the New Jersey Spill Act. NL has denied liability and will defend vigorously against all claims.

In September 2013, EPA issued to NL and 34 other PRPs general notice of potential liability and a demand for payment of past costs and performance of a Remedial Design for the Gowanus Canal Superfund Site in Brooklyn, New York. In March 2014, EPA issued a unilateral administrative order ("UAO") to NL and approximately 27 other PRPs for performance of the Remedial Design at the site. EPA contends that NL is liable as the alleged successor to the Doehler Die Casting Company, and therefore responsible for any potential contamination at the site resulting from Doehler's ownership/operation of a warehouse and a die casting plant it owned 90 years ago. In April 2019, the EPA issued a second UAO to NL and approximately 27 other PRPs for performance of certain work related to the Remedial Design at the site. In October 2024, NL was 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 has denied liability and will defend vigorously against all claims.

In January 2020, NL was sued in *Atlantic Richfield, Co. v. NL Industries, Inc.*, (United States District Court for the District of Colorado, Case 1:20-cv-00234). This is a CERCLA cost recovery action brought by a past owner and operator of certain mining properties located in Rico, Colorado. In 2023, the trial court granted partial summary judgment for NL based on the statute of limitations and the plaintiff appealed that decision to the Court of Appeals for the Tenth Circuit. In January 2025, the Court of Appeals reversed the trial court's grant of partial summary judgment and returned the matter to the trial court. NL continues to deny liability and will defend vigorously against all claims.

In December 2020, NL and several other defendants were sued in *California Department of Toxic Substances v. NL Industries, Inc.*, (United States District Court for the Central District of California, Case 2:20-cv-11293). This complaint by a California state agency asserts claims under CERCLA, a state environmental statute, and the common law relating to lead contamination allegedly connected to a secondary lead smelter located in Vernon, California. In October 2022, the trial court issued an order finding that NL and the other defendants are not liable under CERCLA for lead contamination in residential neighborhoods surrounding, but at a distance from, the former secondary lead smelter. In August 2023, the trial court issued orders finding that NL and several other defendants are jointly liable for contamination on areas where operations were previously conducted, but are not liable for contamination outside those former operating areas. Neither the amount of damages owed, nor any party's allocated share of such damages, has yet been determined. NL has denied liability and will continue to defend vigorously against all claims.

Other Litigation

NL – NL has been named as a defendant in various lawsuits in several jurisdictions, alleging personal injuries as a result of occupational exposure primarily to products manufactured by our former operations containing asbestos, silica and/or mixed dust. In addition, some plaintiffs allege exposure to asbestos from working in various facilities previously owned and/or operated by NL. There are 120 of these types of cases pending, involving a total of approximately 598 plaintiffs. In addition, the claims of approximately 8,715 plaintiffs have been administratively dismissed or placed on the inactive docket in Ohio state courts. We do not expect these claims will be re-opened unless the plaintiffs meet the courts' medical criteria for asbestos-related claims. We have not accrued any amounts for this litigation because of the uncertainty of liability and inability to reasonably estimate the liability, if any. To date, NL has not been adjudicated liable in any of these matters. Based on information available to us, including:

- facts concerning historical operations,
- the rate of new claims,
- the number of claims from which NL has been dismissed, and
- its prior experience in the defense of these matters,

We believe the range of reasonably possible outcomes of these matters will be consistent with NL's historical costs (which are not material). Furthermore, we do not expect any reasonably possible outcome would involve amounts material to our consolidated financial position, results of operations or liquidity. NL has sought and will continue to vigorously seek, dismissal and/or a finding of no liability from each claim. In addition, from time to time, NL has received notices regarding asbestos or silica claims purporting to be brought against former subsidiaries, including notices provided to insurers with which it has entered into settlements extinguishing certain insurance policies. These insurers may seek indemnification from NL.

Other – In addition to the matters 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 that the disposition of all of these various other claims and disputes (including asbestos related claims), individually or 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.

Insurance Coverage Claims – NL

NL is involved in certain legal proceedings with a number of its former insurance carriers regarding the nature and extent of the carriers' obligations to NL 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 NL's lead pigment and asbestos litigation depends upon a variety of factors and we cannot assure you that such insurance coverage will be available.

NL has agreements with certain of its former insurance carriers pursuant to which the carriers reimburse it for a portion of its future lead pigment litigation defense costs, and one such carrier reimburses NL for a portion of its future asbestos litigation defense costs. We are not able to determine how much NL will ultimately recover from these carriers for defense costs incurred by NL because of certain issues that arise regarding which defense costs qualify for reimbursement. While NL continues to seek additional insurance recoveries, we do not know if it 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.

In January 2014, NL was served with a complaint in *Certain Underwriters at Lloyds, London, et al v. NL Industries, Inc.* (Supreme Court of the State of New York, County of New York, Index No. 14/650103). The plaintiff, a former insurance carrier of NL, is seeking a declaratory judgment of its obligations to NL under insurance policies issued to NL by the plaintiff with respect to certain lead pigment lawsuits. Other insurers have been added as parties to the case and have also sought a declaratory judgment regarding their obligations under certain insurance policies. NL has filed a counterclaim seeking a declaratory judgment that all of the insurers are obligated to provide NL with certain coverage and seeking damages for breach of contract. In December 2020, the trial court denied the insurers' motion for summary judgment, finding that the arguments raised by the insurers did not bar NL from coverage under the relevant policies. We intend to defend NL's rights and prosecute NL's claims in this action vigorously.

NL has settled insurance coverage claims concerning environmental claims with certain of its principal former insurance carriers. We do not expect further material settlements relating to environmental remediation coverage.

Litigation – CompX

In 2024, CompX was served with four lawsuits by public water companies in South Carolina that seek recovery of future costs to remove perfluoroalkyl and polyfluoroalkyl substances (known as "PFAS") from their water supplies. The lawsuits have been consolidated with other PFAS cases before a single judge in Spartanburg, South Carolina and were subsequently removed to federal court. The defendants in the lawsuits include the manufacturers of PFAS products, as well as companies that allegedly used PFAS-containing products in their manufacturing operations. The four lawsuits naming CompX allege that CompX was one of many companies that used products containing PFAS in its manufacturing operations, and that such operations have collectively impacted drinking water supplies used by the water companies. The plaintiffs do not allege that CompX has failed to comply with, or has violated, any environmental regulation, permit or statute. The plaintiffs instead assert claims under common law theories of negligence, nuisance, trespass, failure to warn, and unfair trade practices. CompX intends to deny liability and will defend vigorously against all claims.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

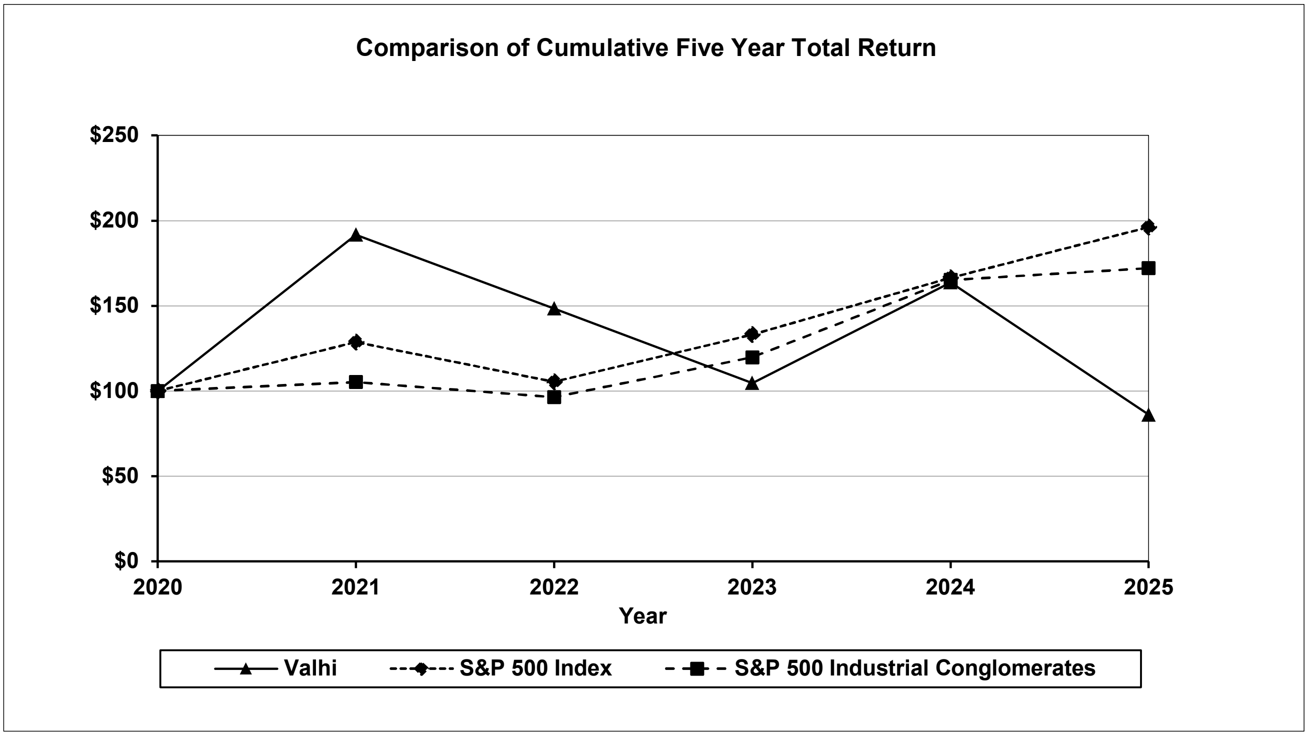
PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Common Stock and Dividends – Our common stock is listed and traded on the New York Stock Exchange (symbol: VHI). As of March 2, 2026, there were approximately 685 holders of record of our common stock.

Performance Graph – Set forth below is a line graph comparing the yearly change in our cumulative total stockholder return on our common stock against the cumulative total return of the S&P 500 Composite Stock Price Index and the S&P 500 Industrial Conglomerates Index for the period from December 31, 2020 through December 31, 2025. The graph shows the value at December 31 of each year assuming an original investment of $100 at December 31, 2020, and assumes the reinvestment of our regular quarterly dividends in shares of our stock.

	December 31,					
	2020	2021	2022	2023	2024	2025
Valhi common stock	$ 100	$ 192	$ 148	$ 105	$ 164	$ 86
S&P 500 Index	100	129	105	133	166	196
S&P 500 Industrial Conglomerates	100	105	96	120	165	172



The information contained in the performance graph shall not be deemed "soliciting material" or "filed" with the SEC, or subject to the liabilities of Section 18 of the Securities Exchange Act, as amended, except to the extent we specifically request that the material be treated as soliciting material or specifically incorporate this performance graph by reference into a document filed under the Securities Act or the Securities Exchange Act.

Equity Compensation Plan Information – We have an equity compensation plan, which was approved by our stockholders, pursuant to which an aggregate of 100,000 shares of our common stock can be awarded to non-employee members of our board of directors. At December 31, 2025, an aggregate of 70,800 shares were available for future award under this plan. See Note 16 to our Consolidated Financial Statements.

Treasury Stock Purchases – In March 2005 and November 2006, our board of directors authorized the repurchase of shares of our common stock in open market transactions, including block purchases, or in privately negotiated transactions, which may include transactions with our affiliates. The aggregate number of shares authorized for repurchase is 833,333, and we have approximately 334,000 shares available for repurchase at December 31, 2025. We may purchase the stock from time to time as market conditions permit. The stock repurchase program does not include specific price targets or timetables and may be suspended at any time. Depending on market conditions, we could terminate the program prior to completion. We will use our cash on hand to acquire the shares. Repurchased shares will be retired and cancelled or may be added to our treasury stock and used for employee benefit plans, future acquisitions or other corporate purposes. See Note 16 to our Consolidated Financial Statements.

ITEM 6. RESERVED

ITEM 7. 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 through our wholly-owned and majority-owned subsidiaries, including NL Industries, Inc., Kronos Worldwide, Inc., CompX International Inc., Tremont LLC, Basic Management, Inc. ("BMI") and the LandWell Company ("LandWell"). Kronos (NYSE: KRO), NL (NYSE: NL) and CompX (NYSE American: CIX) each file periodic reports with the SEC.

We have three consolidated reportable operating segments:

- *Chemicals* – Our Chemicals Segment is operated through our majority control of Kronos. Kronos is a leading global producer and marketer of value-added TiO_2. TiO_2 is used to impart whiteness, brightness, opacity and durability to a wide variety of products, including paints, plastics, paper, fibers and ceramics. Additionally, TiO_2 is a critical component of everyday applications, such as coatings, plastics and paper, as well as many specialty products such as inks, cosmetics and pharmaceuticals.
- *Component Products* – We operate in the component products industry through our majority control of CompX. CompX is a leading manufacturer of security products used in the postal, recreational transportation, office and institutional furniture, cabinetry, tool storage, healthcare applications and a variety of other industries. CompX is also a leading manufacturer of wake enhancements systems, stainless steel exhaust systems, gauges, throttle controls, trim tabs and related hardware and accessories for the recreational marine and other industries.
- *Real Estate Management and Development* – We operate in real estate management and development through our majority control of BMI and LandWell. BMI and LandWell own real property in Henderson, Nevada. LandWell is engaged in efforts to develop certain land holdings for commercial, industrial and residential purposes in Henderson, Nevada. Prior to 2023, BMI was responsible for the delivery of water to the City of Henderson and various other users and provided utility services to certain industrial customers.

Operations Overview

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024 –

We reported a net loss attributable to Valhi stockholders of $57.6 million or $2.02 per diluted share in 2025 compared to net income of $108.0 million or $3.79 per diluted share in 2024.

Our net income attributable to Valhi stockholders decreased from 2024 to 2025 primarily due to the net effects of:

- an operating loss from our Chemicals Segment of $24.5 million in 2025 compared to operating income of $138.5 million in 2024;
- a non-cash gain of $64.5 million resulting from the remeasurement of the Chemicals Segment's investment in the TiO_2 manufacturing joint venture in 2024;
- aggregate income of $31.4 million in 2024 related to the settlement of a liability for an environmental remediation site;
- a non-cash settlement loss of $28.7 million on the termination and buy-out of our pension plan in the United States in 2025;
- a non-cash deferred income tax expense of $19.3 million to reduce the Chemicals Segment's net German deferred tax asset as a result of the German tax rate reduction in 2025;
- aggregate charges of $10.3 million related to restructuring costs associated with workforce reductions in our Chemicals Segment in 2025;
- a non-cash deferred income tax expense of $8.5 million related to the recognition of a valuation allowance on our Chemicals Segment's German interest deduction limitation deferred tax asset recognized in the fourth quarter;
- a non-cash gain of $4.6 million resulting from the remeasurement of the Chemicals Segment's acquisition earn-out liability in 2025; and
- income from tax increment infrastructure reimbursement of $34.2 million in 2025 compared to $30.3 million in 2024.

Our diluted net loss per share in 2025 includes:

- income of $.62 per share related to tax increment infrastructure reimbursements recognized in the second and third quarters;
- a loss of $.62 per share due to the termination and buy-out of our pension plan in the United States in the fourth quarter;
- a loss of $.45 per share related to the recognition of a non-cash deferred income tax expense to reduce the Chemicals Segment's net German deferred tax asset as a result of the German tax rate reduction in the third quarter;
- a loss $.18 per share related to restructuring costs related to our Chemicals Segment's workforce reductions in the fourth quarter;
- a loss of $.20 per share related to the recognition of a non-cash deferred income tax expense related to the recognition of a valuation allowance on our Chemicals Segment's German net deferred tax asset in the fourth quarter; and
- income of $.08 per share due to the recognition of a non-cash gain resulting from the remeasurement of the Chemicals Segment's acquisition earn-out liability in the third quarter.

Our diluted net income per share in 2024 includes:

- income of $1.18 per share due to the recognition of a non-cash gain resulting from the remeasurement of the Chemicals Segment's investment in the TiO_2 manufacturing joint venture recognized in the third quarter;
- aggregate income of $.72 per share related to the settlement of a liability for an environmental remediation site recognized in the fourth quarter;
- income of $.55 per share related to tax increment infrastructure reimbursements recognized in the third and fourth quarters;
- a loss of $.38 per share due to the recognition of a non-cash deferred income tax expense related to final tax regulations on the treatment of certain currency translation gains and losses related to our Chemicals Segment in the fourth quarter; and
- a loss of $.19 per share due to the recognition of a non-cash deferred income tax expense related to the recognition of a valuation allowance on our Chemicals Segment's Belgian net deferred tax assets in the fourth quarter.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023 –

We reported net income attributable to Valhi stockholders of $108.0 million or $3.79 per diluted share in 2024 compared to a net loss of $9.9 million or $.35 per diluted share in 2023.

Our net income attributable to Valhi stockholders increased from 2023 to 2024 primarily due to the net effects of:

- operating income from our Chemicals Segment of $138.5 million in 2024 compared to an operating loss of $41.1 million in 2023;
- a non-cash gain of $64.5 million in 2024 resulting from the remeasurement of the Chemicals Segment's investment in the TiO_2 manufacturing joint venture;
- aggregate income of $31.4 million in 2024 related to the settlement of a liability for an environmental remediation site;
- income from tax increment infrastructure reimbursement of $30.3 million in 2024 compared to $25.2 million in 2023;
- a non-cash deferred income tax expense of $16.5 million in 2024 related to final tax regulations on the treatment of certain currency translation gains and losses related to our Chemicals Segment;
- a non-cash deferred income tax expense of $8.2 million in 2024 related to the recognition of a deferred income tax asset valuation allowance related to our Chemicals Segment's Belgian net deferred tax assets;
- a non-cash loss on the termination of our U.K. pension plan of $6.2 million in 2023; and
- higher interest expense in 2024 as a result of refinancing of the Chemicals Segment's Senior Secured Notes in the first quarter and debt incurred to finance the LPC acquisition in the third quarter.

In addition to the 2024 items noted above, our diluted net loss per share in 2023 includes:

- income of $.46 per share related to tax increment infrastructure reimbursements recognized in the third and fourth quarters;
- a loss of $.13 per share due to the termination of our U.K. pension plan recognized in the second quarter;
- a loss of $.10 per share related to workforce reductions by our Chemicals Segment recognized in the fourth quarter;
- a loss of $.06 per share related to the write-off of certain costs resulting from a capital project termination recognized in the fourth quarter; and

- a gain of \$.05 per share related to a business interruption insurance claim arising from Hurricane Laura in 2020 at our Chemicals Segment recognized in the first, second and third quarters.

We discuss these amounts more fully below.

Current Forecast for 2026 –

We currently expect consolidated operating income for 2026 to be higher as compared to 2025 primarily due to the net effects of:

- higher operating income from our Chemicals Segment in 2026 primarily due to the positive impacts of increased operating rates, higher sales volumes and selling prices, and lower operating costs;
- lower operating income from our Real Estate Management and Development Segment in 2026 due to the wind down of development activities; and
- a non-cash settlement loss of \$28.7 million related to the termination of the U.S. pension plan in 2025.

Our expectations for our future operating results are based upon a number of factors beyond our control, including worldwide growth of gross domestic product, competition in the marketplace, continued operation of competitors, technological advances, worldwide production capacity, public health crises, the effect of tariffs, and the impact of economic conditions and geopolitical events on demand for our products or our customers' and suppliers' operations, all of which remain uncertain and cannot be predicted. If actual developments differ from our expectations, our results of operations could be unfavorably affected.

Segment Operating Results – 2025 Compared to 2024 and 2024 Compared to 2023

Chemicals –

We consider TiO_2 to be a "quality of life" product, with demand affected by gross domestic product, or GDP, and overall economic conditions in our markets located in various regions of the world. Over the long-term, we expect demand for TiO_2 will grow by 2% to 3% per year, consistent with our expectations for the long-term growth in GDP. However, even if our Chemicals Segment and its competitors maintain consistent shares of the worldwide market, demand for TiO_2 in any interim or annual period may not change in the same proportion as the change in GDP, in part due to relative changes in the TiO_2 inventory levels of our Chemicals Segment's customers. We believe our Chemicals Segments' customers' inventory levels are influenced in part by their expectation for future changes in TiO_2 selling prices as well as their expectation for future availability of product. Although certain of our Chemicals Segment's TiO_2 grades are considered specialty pigments, the majority of its grades and substantially all of its production are considered differentiated commodity pigment products with price and availability being the most significant competitive factors along with product quality and customer and technical support services.

The factors having the most impact on our Chemicals Segment's reported operating results are:

- TiO_2 selling prices,
- TiO_2 sales and production volumes,
- Manufacturing costs, particularly raw materials such as third-party feedstock, maintenance and energy-related expenses, and
- Currency exchange rates (particularly the exchange rate for the U.S. dollar relative to the euro, the Norwegian krone and the Canadian dollar and the euro relative to the Norwegian krone).

Our Chemicals Segment's key performance indicators are its TiO_2 average selling prices, its 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 selling prices will increase or decrease generally as a result of competitive market pressures.

As previously reported, effective July 16, 2024 (the "Acquisition Date"), Kronos acquired the 50% joint venture interest in LPC previously held by Venator Investments, Ltd. ("Venator"). Prior to the acquisition, Kronos held a 50% joint venture interest in LPC through a wholly-owned subsidiary. LPC was operated as a manufacturing joint venture between Kronos and Venator. Following the acquisition, LPC became a wholly-owned subsidiary of Kronos. In 2025, Kronos merged LPC into its wholly-owned subsidiary Kronos Louisiana, Inc. (the combined company is referred to as "Kronos Louisiana"). Kronos accounted for the acquisition as a business combination. The results of operations of LPC are included in our Consolidated Statements of Operations beginning as of the Acquisition Date. See Note 3 to our Consolidated Financial Statements.

	Years ended December 31,			% Change	
	2023	2024	2025	2023-24	2024-25
		(Dollars in millions)			
Net sales	$ 1,666.5	$ 1,887.1	**$ 1,859.4**	13 %	**(1)%**
Cost of sales	1,502.7	1,530.1	**1,648.4**	2	**8**
Gross margin	$ 163.8	$ 357.0	**$ 211.0**	118	**(41)**
Operating income (loss)	$ (41.1)	$ 138.5	**$ (24.5)**	437	**(118)**
Percent of net sales:					
Cost of sales	90 %	81 %	**89 %**		
Gross margin	10	19	**11**		
Operating income (loss)	(2)	7	**(1)**		
TiO_2 operating statistics:					
Sales volumes*	419	504	**512**	20 %	**2 %**
Production volumes*	401	535	**480**	33 %	**(10)%**
Percent change in TiO_2 net sales:					
TiO_2 sales volumes				20 %	**2 %**
TiO_2 product pricing				(5)	**(4)**
TiO_2 product mix/other				(2)	**—**
Changes in currency exchange rates				—	**1**
Total				13 %	**(1)%**

* Thousands of metric tons

Industry Conditions and 2025 Overview – Throughout 2025, the market faced significant global uncertainty driven by evolving U.S. trade policies and sustained geopolitical tensions. These factors, combined with continued market weakness compared to historical periods, contributed to additional global capacity reductions by TiO_2 producers in 2025, including both announced plant closures and lower operating rates. While our Chemicals Segment has seen some incremental benefit as a result of certain plant closures, primarily in Europe and particularly in the fourth quarter of 2025, the prolonged market downturn has negatively impacted its sales volume and led to pricing degradation as the year progressed. Our Chemicals Segment started 2025 with average TiO_2 selling prices 2% higher than at the beginning of 2024 but ended 2025 with average TiO_2 selling prices 10% lower. Overall, our Chemicals Segment's sales volumes have increased slightly in 2025 as compared to 2024 with higher overall sales volumes in both the European and North American markets offset by lower sales volumes to the export market.

Our Chemicals Segment operated its production facilities at 96% of practical capacity utilization in 2024 and continued operating at similar rates in early 2025. When the demand outlook began to soften, our Chemicals Segment adjusted its production operating rates downward in the second and third quarters of 2025, and our Chemicals Segment implemented a more significant production curtailment in the fourth quarter of 2025 to reduce finished goods inventory levels and preserve liquidity.

The following table shows our Chemicals Segment's capacity utilization rates during 2024 and 2025.

	Production Capacity Utilization Rates	
	2024	2025
First quarter	87 %	**93 %**
Second quarter	99 %	**81 %**
Third quarter	92 %	**80 %**
Fourth quarter	97 %	**55 %**
Overall	96 %	**77 %**

Excluding the effect of changes in currency exchange rates and unabsorbed fixed costs, our Chemical Segment's cost of sales per metric ton of TiO_2 sold in 2025 was lower as compared to 2024 primarily due to decreases in per metric ton production costs (primarily raw materials).

In response to the extended period of reduced demand in 2025, discussed above, our Chemicals Segment has taken measures to further reduce its operating costs and improve its long-term cost structure. In the fourth quarter of 2025, our Chemicals Segment implemented certain voluntary and involuntary workforce reductions across its operating locations impacting both manufacturing and selling, general and administrative costs. Our Chemicals Segment recognized a total of approximately $10 million in restructuring charges in the fourth quarter of 2025 related to workforce reductions impacting approximately 226 positions. See Note 20 to our Consolidated Financial Statements.

Net Sales – Our Chemicals Segment's net sales in 2025 decreased 1%, or $27.7 million, compared to 2024 primarily due to a 4% decrease in average TiO_2 selling prices (which decreased net sales by approximately $75 million) somewhat offset by a 2% increase in sales volumes (which increased net sales by approximately $38 million). Additionally, we estimate that changes in currency exchange rates (primarily the euro) increased our Chemical Segment's net sales by approximately $24 million in 2025 as compared to 2024. 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.

Our Chemicals Segment's sales volumes increased 2% as compared to 2024 primarily due to market share gains in European, North American and Latin American markets related to the 2024 acquisition of LPC. Our Chemical Segment's sales volumes were 7% higher in the fourth quarter of 2025 as compared to the fourth quarter of 2024 primarily due to incremental market share increases in the European market as a result of competitor plant closures in Europe.

Our Chemicals Segment's net sales in 2024 increased 13%, or $220.6 million, compared to 2023 primarily due to the effects of a 20% increase in sales volumes resulting from improved overall demand across all major markets (which increased net sales by approximately $333 million) partially offset by a 5% decrease in average TiO_2 selling prices (which decreased net sales by approximately $83 million). Changes in product mix negatively contributed to net sales, primarily due to changes in product sales mix in export markets in 2024 as compared to 2023. Additionally, we estimate that changes in currency exchange rates (primarily the euro) increased our Chemicals Segment's net sales by approximately $5 million in 2024 as compared to 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 significantly impact comparisons to the prior year.

Cost of Sales and Gross Margin – Cost of sales increased $118.3 million, or 8%, in 2025 compared to 2024 due to the net effects of approximately $111 million in unabsorbed fixed production costs (including $54 million in the fourth quarter) recognized as a result of reduced operating rates at our Chemicals Segment's production facilities, lower production costs of approximately $14 million (primarily raw materials) and favorable currency fluctuations (primarily the euro). Our Chemicals Segment's unabsorbed fixed production costs in 2024 were $12 million. Our Chemical Segment's cost of sales in 2025 includes a charge in the fourth quarter of 2025 of approximately $4 million related to workforce reductions noted above. Our Chemical Segment's cost of sales in 2024 include a charge of approximately $2 million related to workforce reductions and approximately $14 million in non-cash charges related to the closure of its sulfate process line in Canada.

Our Chemicals Segment's cost of sales as a percentage of net sales increased to 89% in 2025 compared to 81% in 2024 primarily due to the unfavorable fixed cost absorption and currency fluctuations, as discussed above.

Gross margin as a percentage of net sales decreased to 11% in 2025 compared to 19% in 2024. As discussed and quantified above, our Chemicals Segment's gross margin as a percentage of net sales decreased primarily due to lower average TiO_2 selling prices and lower production volumes resulting in unfavorable fixed cost absorption.

Cost of sales increased $27.4 million, or 2%, in 2024 compared to 2023 due to the net effects of a 20% increase in sales volumes, a 33% increase in production rates resulting in reduced unabsorbed fixed production costs, and lower production costs of approximately $115 million (primarily energy and raw materials). Our Chemicals Segment's unabsorbed fixed production costs in 2024 were $12 million (incurred in the first quarter) compared to $96 million in 2023 related to curtailments that began in 2022 and continued into the first quarter of 2024, as discussed above. Our Chemicals Segment's cost of sales in 2024 include a charge of approximately $2 million related to workforce reductions and approximately $14 million in non-cash charges related to 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.

Our Chemicals Segment's cost of sales as a percentage of net sales decreased to 81% in 2024 compared to 90% in 2023 primarily due to the favorable effects of increased sales, lower production costs and higher production volumes resulting in increased coverage of fixed production costs.

Gross margin as a percentage of net sales increased to 19% in 2024 compared to 10% in 2023. As discussed and quantified above, our Chemicals Segment's 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.

Operating Income (Loss) – Our Chemicals Segment had an operating loss of $24.5 million in 2025 compared to operating income of $138.5 million in 2024 as a result of the factors impacting gross margin discussed above. We estimate that changes in currency exchange rates decreased our Chemicals Segment's operating loss by approximately $8 million in 2025 as compared to 2024, as further discussed below.

Our Chemicals Segment had operating income of $138.5 million in 2024 compared to an operating loss of $41.1 million in 2023 as a result of the factors impacting gross margin discussed above. Our Chemicals Segment recognized a gain of $2.5 million in 2023 related to cash received from the settlement of a business interruption insurance claim. We estimate that changes in currency exchange rates increased our Chemicals Segment's operating income by approximately $10 million in 2024 as compared to 2023, as further discussed below.

Our Chemicals Segment's operating income (loss) is net of amortization of purchase accounting adjustments made in conjunction with our acquisitions of interests in NL and Kronos. As a result, we recognize additional depreciation expense above the amounts Kronos reports separately, substantially all of which is included within cost of sales. We recognized additional depreciation expense of $1.3 million in 2023, $2.5 million in 2024 and $2.2 million in 2025, which increased our reported Chemicals Segment's operating loss as compared to amounts reported by Kronos.

Currency Exchange Rates – Our Chemicals Segment has substantial operations and assets located outside the United States (primarily in Germany, Belgium, Norway and Canada). The majority of our Chemicals Segment's 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 our Chemicals Segment's sales generated from its non-U.S. operations is denominated in the U.S. dollar (and consequently our Chemicals Segment's non-U.S. operations will generally hold U.S. dollars from time to time). Certain raw materials used in all our Chemicals Segment's 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 our Chemicals Segment's 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, our non-U.S. operations also generate currency transaction gains and losses which primarily relate to (i) the difference between the currency exchange rates in effect when non-local currency sales or operating costs (primarily U.S. dollar denominated) are initially accrued and when such amounts are settled with the non-local currency (ii) changes in currency exchange rates during time periods when our Chemicals Segment's non-U.S. operations are holding non-local currency (primarily U.S. dollars) and (iii) relative changes in the aggregate fair value of currency forward contracts held from time to time. Our Chemicals Segment periodically use currency forward contracts to manage a portion of its currency exchange risk, and relative changes in the aggregate fair value of any currency forward contracts our Chemicals Segment holds from time to time serve in part to mitigate the currency transaction gains or losses we would recognize from the first two items described above.

Fluctuations in currency exchange rates had the following effects on our Chemicals Segment's sales and operating income (loss) for the periods indicated.

Impact of changes in currency exchange rates - 2025 vs 2024

	Transaction gains recognized			Translation gains impact of rate changes	Total currency impact 2025 vs 2024
	2024	2025	Change		
			(In millions)		
Impact on:					
Net sales	$ —	$ —	$ —	$ 24	$ 24
Operating income (loss)	2	5	3	5	8

The $24 million increase in net sales (translation gains) was caused primarily by a weakening of the U.S. dollar relative to the euro, as euro-denominated sales were translated into more U.S. dollars in 2025 as compared to 2024. The strengthening of the U.S. dollar relative to the Canadian dollar and the weakening of the U.S. dollar relative to the Norwegian krone in 2025 did not have a significant effect on the reported amount of net sales, as a substantial portion of the sales generated by our Chemicals Segment's Canadian and Norwegian operations is denominated in the U.S. dollar.

The $8 million decrease in loss from operations was comprised of the following:

- Higher net currency transaction gains of approximately $3 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 our non-U.S. operations, and in Norwegian krone denominated receivables and payables held by our Chemicals Segment's non-U.S. operations. As discussed in Note 19 to our Consolidated Financial Statements, in order to manage currency exchange rate risk associated with the maturity in September 2025 of Kronos' €75 million 3.75% Senior Secured Notes due 2025, in the first quarter of 2025 — our Chemicals Segment entered into a currency forward contract to purchase €25 million at an exchange rate of €1.05 per U.S. dollar. The contract was settled in August 2025, resulting in an overall transaction gain of $2.8 million included in our Consolidated Statement of Operations for the year ended 2025; and
- Approximately $5 million from net currency translation gains primarily caused by a strengthening of the U.S. dollar relative to the Canadian dollar, as local currency-denominated operating costs were translated into fewer U.S. dollars in 2025 as compared to 2024. The effect of the weakening of the U.S. dollar relative to the Norwegian krone caused net translation losses as local currency-denominated costs were translated into more U.S. dollars in 2025 as compared to 2024. Additionally, combined with the effect of the weakening of the U.S. dollar relative to the euro caused further net translation losses, as the positive effects of the weaker U.S. dollar on euro-denominated sales was more than offset by the unfavorable effects on euro-denominated operating costs being translated into more U.S. dollars in 2025 as compared to 2024.

Impact of changes in currency exchange rates - 2024 vs. 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
Operating income (loss)	1	2	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 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 the reported amount of net sales, as a substantial portion of the sales generated by our Chemicals Segment's Canadian and Norwegian operations is denominated in the U.S. dollar.

The $10 million increase in operating income 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 our Chemicals Segment's non-U.S. operations, and in Norwegian krone denominated receivables and payables held by our Chemicals Segment's 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 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 caused additional net translation gains as the positive effects of the weaker U.S. dollar on euro-denominated sales more than offset the unfavorable effects on euro-denominated operating costs being translated into more U.S. dollars in 2024 as compared to 2023.

Outlook – Our Chemicals Segment's overall customer demand remained weaker than expected throughout 2025, driven by ongoing economic uncertainty related to tariffs and global trade tensions, as well as persistently high interest rates and elevated home prices which are impacting housing mobility. Our Chemicals Segment's customers were reluctant to build inventories, resulting in shorter order lead times and greater demand forecasting challenges. In the fourth quarter of 2025, our Chemicals Segment further reduced operating rates to align production with demand and to reduce its inventory levels to support cash generation. In 2025, the TiO_2 industry experienced significant capacity reductions including curtailments and previously announced plant closures by multiple producers, primarily in China and Europe. In combination with ongoing tariff and anti-dumping measures, these factors created targeted opportunities for improved sales volumes and mix in select markets, most notably in Europe during the fourth quarter of 2025.

Entering 2026, our Chemicals Segment expects demand improvement from 2025 levels, supported by low customer inventories and seasonal restocking, particularly in North America. The pace and sustainability of recovery remain uncertain and will be influenced by macroeconomic factors, including interest rates, inflation, and consumer confidence. Demand in Europe continues to lag historical levels; however, our Chemicals Segment expects its European volumes to increase from 2025 levels, supported by industry capacity reductions, including the Venator bankruptcy and associated plant closures. To improve operating margins, our Chemicals Segment will need to realize price increases and execute on its operating cost structural realignment.

Our Chemicals Segment remains focused on permanently realigning its operating costs, improving capital efficiency, and preserving liquidity. Following the workforce reductions implemented in late 2025, our Chemicals Segment is pursuing additional cost savings through restructuring supplier agreements, improving asset utilization and enhancing processes to support a leaner organization capable of operating efficiently during extended periods of lower production rates.

Liquidity and capital resources remain sufficient to support our Chemicals Segment's operations and planned investments. In 2025, our Chemicals Segment increased the maximum availability under its revolving credit facility from $300 million to $350 million and refinanced its €75 million 3.75% Senior Secured Notes due September 2025 with €75 million of additional 9.50% Senior Secured Notes due 2029 (effective rate 7.8% at issuance), resulting in no near-term debt maturities. Our Chemicals Segment expects cash on hand to improve over the next several quarters, and we will continue to actively manage working capital, including inventories and receivables, to bolster operating cash flows and maintain financial flexibility. Our Chemicals Segment believes its revolver availability, combined with having no near-term debt maturities and improved operating cash flows, will provide adequate liquidity for expected working capital needs and capital allocation requirements.

Our Chemicals Segment is pursuing targeted market share opportunities in regions where competitors have announced permanent or temporary shutdowns or curtailments and in markets where tariffs or duties have reduced the impact of low-cost imports. Overall, while our Chemicals Segment expects operating results in 2026 to improve relative to 2025, our results will remain sensitive to demand variability, pricing competition, and the successful execution of our cost, capital and liquidity initiatives.

Our expectations for the TiO_2 industry and our Chemicals Segment's operations are based on a number of factors outside its control. Our Chemicals Segment operations are affected by global and regional economic, political and regulatory factors, and it has experienced global market disruptions. Future impacts on our Chemicals Segment's operations will depend on, among other things, future energy costs, the effect newly enacted tariffs in jurisdictions where it or its customers and suppliers operate, its success in implementing mitigation strategies, and the impact economic conditions, consumer confidence, and geopolitical events on its operations or its customers' and suppliers' operations, all of which remain uncertain and cannot be predicted.

Component Products –

Our Component Products Segment reported operating income of $22.6 million in 2025, $17.0 million in 2024 and $25.4 million in 2023. The increase in operating income in 2025 compared to 2024 was driven by higher sales and improved gross margin at each of the security products and marine components reporting units. In contrast, the decline in operating income in 2024 compared to 2023 resulted from lower sales and reduced gross margin across both security products and marine components reporting units.

Our Component Products Segment's product offerings consist of a large number of products that have a wide variation in selling price and manufacturing cost, which results in certain practical limitations on its ability to quantify the impact of changes in individual product sales quantities and selling prices on our Component Products Segment's net sales, cost of sales and gross margin. In addition, small variations in period-to-period net sales, cost of sales and gross margin can result from changes in the relative mix of our Components Products Segment's products sold. The key performance indicator for our Component Products Segment is operating income margins.

	Years ended December 31,			% Change	
	2023	2024	2025	2023-24	2024-25
		(Dollars in millions)			
Net sales:					
Security products	$ 121.2	$ 115.2	**$ 120.7**	(5)%	**5 %**
Marine components	40.1	30.7	**37.6**	(23)	**22**
Total net sales	161.3	145.9	**158.3**	(10)	**8**
Cost of sales	112.1	104.6	**110.1**	(7)	**5**
Gross margin	$ 49.2	$ 41.3	**$ 48.2**	(16)	**16**
Operating income	$ 25.4	$ 17.0	**$ 22.6**	(33)	**33**
Percent of net sales:					
Cost of sales	70 %	72 %	**70 %**		
Gross margin	31	28	**30**		
Operating income	16	12	**14**		

Net Sales – Our Component Products Segment's net sales increased $12.4 million in 2025 compared to 2024 primarily due to higher security products components sales to the government security market and higher marine components sales to various markets including the towboat, government and industrial market. Security products net sales increased 5% to $120.7 million in 2025 compared to $115.2 million in 2024. Relative to prior year, the increase in sales was primarily due to $9.9 million higher sales to the government security market and $.6 million higher sales to the gas station security market, partially offset by lower sales to a variety of other markets including $2.3 million lower sales to the healthcare market, $1.3 million lower sales to the transportation market and $.5 million lower sales to the tool storage market. Marine components net sales increased 22% in 2025 as compared to 2024 primarily due to $2.7 million higher sales to the towboat market (including a one-time stocking event for a towboat OEM customer), $2.5 million higher sales to the government market and $2.2 million higher sales to the industrial market, partially offset by $1.1 million lower sales to the center console market.

Our Component Products Segment's net sales decreased $15.4 million in 2024 compared to 2023 primarily due to lower marine components sales to the towboat market and lower security products sales to the government security market. Marine components net sales decreased $9.4 million, or 23%, in 2024 as compared to 2023 primarily due to $8.7 million lower sales to the towboat market through the first three quarters of 2024, partially offset by higher sales in the fourth quarter of 2024, including $1.1 million higher sales to the towboat market and $1.0 million higher sales to the government market. Relative to the full year of 2023, marine component sales were $7.6 million lower to the towboat market (primarily to original equipment boat manufacturers), $1.4 million lower to the industrial market and $.6 million lower to each the engine builder market and distributors, partially offset by $1.4 million higher sales to the government market. Security products net sales decreased $6.0 million, or 5%, in 2024 as compared to 2023 primarily due to lower sales to the government security market as a result of sales related to a pilot project for a government security customer that shipped in the third and fourth quarters of 2023 and for which there were no related sales in 2024. Relative to prior year, sales were $8.3 million lower to the government security market, $2.0 million lower to the transportation market and $.9 million lower to distributors, partially offset by $4.1 million higher sales to the healthcare market and $.7 million higher sales to the tool storage market.

Cost of Sales and Gross Margin – Our Component Products Segment's cost of sales increased in 2025 compared to 2024 primarily due to the effects of higher sales at both security products and marine components as well as increased production costs across both reporting units. However, cost of sales as a percentage of net sales declined over the same period driven by a more favorable customer and product mix, particularly within security products, and increased coverage of fixed costs due to higher sales across both segments. As a result, our Component Products Segment's gross margin as a percentage of net sales increased in 2025 compared to 2024. Security products gross margin as a percentage of net sales increased in 2025 as compared to 2024 primarily due to increased coverage of fixed costs due to higher sales and a more favorable customer and product mix. These factors were partially offset by higher costs associated with inventory sold during the second half of the year and increased employee-related expenses including salaries, benefits and medical costs, of $2.6 million. Marine components gross margin as a percentage of sales increased in 2025 compared to 2024 primarily due to increased coverage of fixed costs as a result of higher sales partially offset by higher employee-related expenses including salaries, benefits and medical costs of $1.7 million.

Our Component Products Segment's cost of sales decreased in 2024 compared to 2023 primarily due to the effects of lower sales at both security products and marine components partially offset by higher production costs across both reporting units. As a result, our Component Products Segment's cost of sales as a percentage of net sales increased over the same period. Our Component Products Segment's gross margin as a percentage of net sales decreased in 2024 compared to 2023 primarily due to the factors affecting cost of sales and decreased coverage of fixed costs due to lower sales. Security products gross margin as a percentage of net sales for 2024 decreased as compared to 2023 primarily due to lower sales, a less favorable customer and product mix, higher employee related costs (primarily increased medical costs), higher materials costs (primarily brass and electronics) in the latter half of the year and decreased coverage of fixed costs due to lower sales. Marine components gross margin as a percentage of net sales decreased in 2024 compared to 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, lower employee salaries and benefits of approximately $1.8 million primarily related to headcount reductions and decreased labor costs of $1.2 million due to lower production volumes.

Operating Income – As a percentage of net sales, our Component Products Segment's operating income increased in 2025 compared to 2024 and decreased in 2024 compared to 2023. Operating income margins were primarily impacted by the factors affecting net sales, cost of sales and gross margin, discussed above. Operating costs and 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 gains and losses on sales of property and equipment. Operating costs and expenses increased $1.3 million in 2025 compared to 2024 predominantly due to higher employee-related costs including salaries, benefits, and medical expenses at both reporting units.

As a percentage of net sales, our Component Products Segment's operating income decreased in 2024 compared to 2023. Operating income margins were primarily impacted by the factors affecting net sales, cost of sales and gross margin, discussed above. Operating costs and 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 gains and losses on sales of property and equipment.

Operating costs and expenses increased $.5 million in 2024 compared to 2023 predominantly due to higher employee salary and benefit costs at security products.

General – Our Component Products Segment's profitability primarily depends on its ability to utilize its production capacity effectively, which is affected by, among other things, the demand for its products and its ability to control its manufacturing costs, primarily comprised of labor costs and materials. The materials used in our Component Products Segment's products consist of purchased components and raw materials some of which are subject to fluctuations in the commodity markets such as zinc, brass, aluminum and stainless steel. Total material costs represented approximately 43% of our Component Products Segment's cost of sales in 2025, with commodity-related raw materials representing approximately 14% of its cost of sales. During 2025, our Component Products Segment experienced increases in the cost of certain raw materials. Throughout the year, market prices for brass and aluminum experienced a general upward trend. Stainless steel prices were relatively stable in the first part of 2025 but began increasing during the latter half of the year. Zinc pricing was relatively stable in 2025, and our Component Products Segment was able to mitigate increases through strategic spot buy purchases. In most cases, commodity raw materials our Component Products Segment purchases include processing and conversion costs, such as alloying, extrusion and rolling, which remain elevated due to costs of labor, transportation and energy. Processing and conversion costs are not expected to decrease. Based on current economic conditions, our Component Products Segment expects the prices for zinc, brass, aluminum, stainless steel and other manufacturing materials in 2026 to be more volatile compared to 2025. In addition to supply and demand, governmental actions such as tariffs may impact markets.

Our Component Products Segment occasionally enters into short-term commodity-related raw material supply arrangements to mitigate the impact of future increases in commodity related raw material costs. See Item 1 – "Business – Component Products Segment – CompX International Inc. – Raw Materials."

Outlook – Sales for 2025 were strong across both our Component Products Segment's reporting units, exceeding 2024 levels. At the marine components reporting unit, improved demand in the government and industrial markets — combined with the one-time stocking event noted above — drove sales and operating income significantly above prior-year levels. At the security products reporting unit, sales increased compared to 2024 primarily due to higher demand from the government security market, partially offset by continued softness across a variety of markets including transportation, healthcare, and tool storage.

Our Component Products Segment expects modest growth in both the security products and marine components reporting units net sales in 2026 as our Component Products Segment aligns pricing, product features, and service levels with market conditions and customer requirements. At security products, it anticipates sales increases in most markets, partially offset by ongoing softness in the transportation market. At the marine components reporting unit, net sales growth in 2026 is expected to come primarily from the industrial market. Recreational marine sales appear to have largely stabilized, and (excluding the one-time restocking event noted above) sales to the towboat market in 2026 are expected to be comparable to 2025.

Our Component Products Segment expects gross margin and operating income percentages across both the security products and marine components reporting units in 2026 to remain generally comparable to 2025, as planned price increases are expected to offset higher raw material costs and tariff-related surcharges on certain raw materials, as discussed below. During 2025, inventory levels increased across both the security products and marine components reporting units, driven by higher raw material and production costs as well as actions taken to support anticipated customer demand. These actions included an insourcing initiative at security products and a shift in customer mix at marine components. As a result, our Component Products Segment expects inventory levels in 2026 to remain approximately at current levels, consistent with ongoing operating requirements.

Our Component Products Segment manufactures substantially all of its products in the U.S. and sources a substantial majority of its raw materials from U.S. suppliers. Our Component Products Segment also sources certain components, primarily electronic components, from suppliers located in Asia, including China. Early in the first quarter of 2025, in anticipation of the U.S. federal government tariffs announcements, our Component Products Segment increased purchases of certain electronic and other components to mitigate the potential near-term tariff impacts. Late in the second quarter our Component Products Segment began incurring tariff-related surcharges on certain raw materials, primarily electronic components. In addition, some of our Component Products Segment's U.S.-based suppliers have recently started applying tariff-related surcharges on certain U.S.-based purchases. Where possible, our Component Products Segment is increasing selling prices to its customers to recover these higher raw material costs, although the extent to which our Component Products Segment can fully recover such costs will depend on a variety of factors including the ultimate tariff rate, the length of time tariffs are in effect, and the ability of its customers to substitute alternative products. Our Component Products Segment will continue to monitor current and anticipated near-term customer demand levels to ensure its production capabilities and inventories are aligned accordingly.

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

Real Estate Management and Development –

	Years ended December 31,		
	2023	2024	2025
		(In millions)	
Net sales:			
Land sales	$ 92.6	$ 71.5	**$ 59.3**
Utility and other	1.3	.3	**—**
Total net sales	93.9	71.8	**59.3**
Cost of sales	61.7	45.6	**23.1**
Gross margin	$ 32.2	$ 26.2	**$ 36.2**
Operating income	$ 49.9	$ 55.2	**$ 65.2**

General – Our Real Estate Management and Development Segment consists of BMI and LandWell. BMI and LandWell own real property in Henderson, Nevada. LandWell is actively engaged in developing certain real estate in Henderson, Nevada including approximately 2,100 acres zoned for residential/planned community purposes. Prior to 2023, BMI also was responsible for the delivery of water to the City of Henderson and various other users through a water distribution system owned and operated by Basic Water Company ("BWC"), a wholly-owned subsidiary of BMI. BWC filed for bankruptcy in 2022 and following approval of its plan of reorganization by the bankruptcy court, substantially all of BWC's assets were sold in November 2023. BMI also provided certain utility services to an industrial park located in Henderson, Nevada prior to the sale of BPC on December 1, 2023. Following the sale of the BWC assets and BPC, BMI no longer provides services to the industrial park which allows us to focus on land sales and development activity for the residential/planned community.

LandWell began marketing land for sale in the residential/planned community in December 2013 and sold the last remaining parcel during 2025. LandWell has been actively marketing and selling the land zoned for commercial and light industrial use and at December 31, 2025 approximately 8 saleable acres remain adjacent to the residential/planned community. Contracts for land sales are negotiated on an individual basis, and sales terms and prices will vary based on such factors as location (including location within a planned community), expected development work, and individual buyer needs. Although land may be under contract or land sales may be completed, we do not recognize revenue until we have satisfied the criteria for revenue recognition set forth in ASC Topic 606. In most instances buyers can cancel an escrow agreement with no financial penalties until shortly before the closing date. In some instances, we will receive cash proceeds at the time the contract closes and record deferred revenue for some or all of the cash amount received, with such deferred revenue being recognized in subsequent periods. Although all the land in the residential/planned community has been sold, we continue to complete our development obligations. We expect the development work be completed by the end of 2027.

Net Sales and Operating Income – All of the net sales from our Real Estate Management and Development segment in 2025 consisted of revenues from land sales, and substantially all of the net sales in 2024 were also from land sales. We recognized $59.3 million in revenues on land sales during 2025 compared to $71.5 million in 2024. Land sale revenue decreased in 2025 as compared to 2024 primarily due to the net effects of a slower pace of development activity for previously sold parcels within the residential/planned community as our Real Estate Management and Development segment nears completion of its development work, partially offset by additional land sale revenue in the fourth quarter of 2025 related to the sale of three parcels (including approximately $6.3 million related to parcels with no further development obligations, which was recognized immediately as revenue in the fourth quarter). As noted above, we recognize revenue in our residential/planned community over time using cost-based input methods. All land sale revenue recognized in 2024 was recorded under this method, and the significant majority of land sale revenue recognized in 2025 was also recorded under this method. Cost of sales related to land sales revenues was $23.1 million in 2025 compared to $45.1 million in 2024. The decrease in cost of sales in 2025 compared to 2024 was primarily due to a decrease in infrastructure development spending. Operating income also included income related to tax increment reimbursement note receivables of $34.2 million in 2025 and $30.3 million in 2024. See Note 7 to our Consolidated Financial Statements.

Substantially all the net sales from our Real Estate Management and Development segment in 2024 and 2023 consisted of revenues from land sales. We recognized $71.5 million in revenues on land sales during 2024 compared to $92.6 million in 2023. All of the land sales revenues recognized in 2024 are related to land sold in prior years. As noted above, we recognize revenue in our residential/planned community over time using cost-based input methods, and substantially all the land sales revenue we recognized in 2024 and 2023 was under this method of revenue recognition. Land sales revenue in 2024 decreased compared to 2023 due to the decreased pace of development activity for previously sold parcels within the residential/planned community, primarily due to delays in receiving city permits and delays in environmental related approvals. The pace of development activities is dictated by a number of factors such as city permit and design approval, approval from the Nevada Department of Environmental Protection and labor and materials availability. Cost of sales related to land sales revenues was $45.1 million in 2024 compared to $60.8 million in 2023. Included in operating income was income related to the tax increment reimbursement note receivables of $30.3 million and $25.2 million in 2024 and 2023, respectively. See Note 7 to our Consolidated Financial Statements.

As noted above, BMI sold its subsidiary BPC in 2023. The sale was for minimal cash consideration and the assumption of liabilities, and upon the closing of the sale we recognized a loss of $2.6 million in 2023. BWC filed for bankruptcy in 2022 and following approval of its plan of reorganization by the bankruptcy court, substantially all of BWC's assets were sold in November 2023. On July 10, 2024, the bankruptcy court for the District of Nevada approved the closure of the bankruptcy case of BWC and its wholly-owned subsidiary, BWC SPE I, LLC. Both entities were subsequently dissolved, and the remaining cash of $2.6 million was distributed to BMI. See Note 3 to our Consolidated Financial Statements.

Outlook – LandWell is focused on developing the land it manages, primarily to residential builders, for the residential/planned community in Henderson. At December 31, 2025, all of the land in the residential/planned community has been sold. There are also approximately 8 saleable acres zoned for light industrial and commercial use adjacent to the 2,100 acre residential/planned community available for sale. The remaining 8 acres are currently in escrow and the sale is scheduled to close by the end of the first quarter of 2026. At December 31, 2025, we had deferred revenue of $23.5 million related to post-closing obligations on land sales closed prior to 2025. Because we recognize revenue over time using cost-based inputs, we will continue to recognize revenue on land previously sold over the development period, even though we have already received all the cash proceeds related to these sales. We currently expect to recognize all remaining deferred revenue during 2026. Any delays or curtailments in infrastructure development related to post-closing obligation activities would delay the timing of revenue recognized on these previously closed land sales. Under LandWell's development agreement with the City of Henderson, the issuance of a specified number of housing permits requires LandWell to complete certain large community-wide infrastructure projects. Construction on several of these large projects began in late 2021 and is expected to be completed in 2027. We expect 2026 land development costs to be comparable to those in 2025 due to the timing of planned infrastructure projects and the availability of certain construction materials. Because these large infrastructure projects relate to the entirety of the residential/planned community, the associated costs are not part of the cost-based inputs used to recognize revenue, and therefore, this spending will not correlate to revenue recognition. However, this spending is expected to be eligible for tax increment reimbursement under our Owner Participation Agreement ("OPA") with the City of Henderson, and delays or curtailments in eligible infrastructure development activities will also delay LandWell's ability to submit completed costs to the City for approval of additional OPA note receivables. We currently expect to receive approval for the remaining infrastructure reimbursement notes receivable – up to the $170 million cap – in 2026, and we expect to receive cash payments on the notes for the next 5 to 7 years.

General Corporate Items, Interest Expense, Income Taxes, Noncontrolling Interest and Related Party Transactions

Insurance Recoveries – NL has agreements with certain insurance carriers pursuant to which the carriers reimburse NL for a portion of its past lead pigment and asbestos litigation defense costs. Insurance recoveries include amounts NL received from these insurance carriers. NL did not receive any insurance recoveries during 2025. NL received $1.4 million and $.5 million in insurance recoveries during 2024 and 2023, respectively. See Note 13 to our Consolidated Financial Statements.

The agreements with certain of NL's insurance carriers also include reimbursement for a portion of its future litigation defense costs. We are not able to determine how much we will ultimately recover from these carriers for defense costs incurred by NL because of certain issues that arise regarding which defense costs qualify for reimbursement. Accordingly, these insurance recoveries are recognized when the receipt is probable and the amount is determinable. See Note 18 to our Consolidated Financial Statements.

Gain on Remeasurement of Investment in TiO_2 Manufacturing Joint Venture – We recognized a gain on the remeasurement of Kronos' investment in LPC of $64.5 million in the third quarter of 2024 as a result of the acquisition. See Note 3 to our Consolidated Financial Statements.

Gain on Remeasurement of Earn-out Liability – We recognized a gain on the remeasurement of Kronos' earn-out liability of $4.6 million in the third quarter of 2025. See Note 3 to our Consolidated Financial Statements.

Other Components of Net Periodic Pension and OPEB Expense – We recognized other components of net periodic pension and OPEB expense of $32.7 million in 2025, $2.6 million in 2024 and $11.8 million in 2023. The increase in 2025 compared to 2024 is primarily due to a $28.7 million settlement loss incurred in the fourth quarter of 2025 related to the termination and buy-out of our U.S. pension plan. The decrease in 2024 compared to 2023 is primarily due to a higher expected return on plan assets, lower discount rates impacting interest costs and a $6.2 million settlement loss related to the termination and buy-out of our U.K. pension plan in the second quarter of 2023. See Note 11 to our Consolidated Financial Statements.

Changes in the Market Value of Valhi Common Stock held by Subsidiaries – Our subsidiaries Kronos and NL hold shares of our common stock. As discussed in Note 16 to our Consolidated Financial Statements, we account for our proportional interest in these shares of our common stock as treasury stock at Kronos' and NL's historical cost basis. The remaining portion of these shares of our common stock, which are attributable to the noncontrolling interest of Kronos and NL, are reflected in our Consolidated Balance Sheets at fair value. Any unrealized gains or losses on the shares of our common stock attributable to the noncontrolling interest of Kronos and NL are recognized in the determination of each of Kronos and NL's respective net income or loss. Under the principles of consolidation, we eliminate any gains or losses associated with our common stock to the extent of our proportional ownership interest in each subsidiary. The $2.7 million loss in 2025, $1.9 million gain in 2024 and the $1.7 million loss in 2023 recognized in our Consolidated Financial Statements represent the unrealized gain (loss) in respect of these shares during such periods attributable to the noncontrolling interest of Kronos and NL.

Interest Income and Other – Interest income and other of $16.6 million in 2025 decreased $5.4 million compared to 2024 primarily due to lower interest rates and decreased average investment balances. Interest income and other of $22.0 million in 2024 was comparable to 2023. See Note 13 to our Consolidated Financial Statements.

Other General Corporate Items – Corporate expenses of $35.0 million in 2025 increased compared to corporate expenses of $4.3 million in 2024 primarily due to income of $31.4 million recognized in the fourth quarter of 2024 as a result of the settlement of a liability for an environmental remediation site, including income of $9.6 million received from private companies participating in the settlement. Included in corporate expense are:

- litigation and related costs at NL of $2.9 million in 2025 and $3.0 million in 2024; and
- environmental remediation costs of $2.7 million in 2025 compared to income of $19.2 million in 2024.

Corporate expenses of $4.3 million in 2024 decreased compared to corporate expenses of $35.2 million in 2023 primarily due to income of $31.4 million recognized in the fourth quarter of 2024 as a result of the settlement of a liability for an environmental remediation site, including income of $9.6 million received from private companies participating in the settlement. Included in corporate expense are:

- litigation and related costs at NL of $3.0 million in 2024 and $4.4 million in 2023; and
- income from environmental remediation of $19.2 million in 2024 compared to costs of $2.5 million in 2023.

Overall, we currently expect that our net general corporate expenses in 2026 will be higher than in 2025 primarily due to expected increases in litigation fees and related costs.

The level of our litigation and related expenses 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 18 to our Consolidated Financial Statements. If our current expectations regarding the number of cases in which we expect to be involved during 2026, or the nature of such cases were to change, our corporate expenses could be higher than we currently estimate.

Obligations for environmental remediation and related costs are difficult to assess and estimate, and it is possible that actual costs for environmental remediation and related costs will exceed accrued amounts or that costs will be incurred in the future for sites in which we cannot currently estimate the liability. If these events occur in 2026, our corporate expense could be higher than we currently estimate. In addition, we adjust our accruals for environmental remediation and related costs as further information becomes available to us or as circumstances change. Such further information or changed circumstances could result in an increase or reduction in our accrued environmental remediation and related costs. See Note 18 to our Consolidated Financial Statements.

Interest Expense – Interest expense in 2025 increased $7.2 million compared to 2024 primarily due to higher average debt balances and higher interest rates. Interest expense increased $21.6 million in 2024 compared to 2023 primarily due to higher interest rates on Kronos' debt issued in February and July of 2024 and higher average debt balances as a result of the LPC acquisition. As a result of the exchange, interest expense in 2024 also includes a charge of $1.5 million for the write-off of deferred financing costs.

We expect interest expense will be higher in 2026 as compared to 2025 primarily due to higher debt balances and higher interest rates on Kronos' new debt issued in 2025. See Note 9 to our Consolidated Financial Statements.

Income Tax Expense (Benefit) – We recognized income tax expense of $11.9 million and $82.9 million, in 2025 and 2024, respectively, and we recognized an income tax benefit of $24.6 million in 2023. The decrease from 2024 to 2025 and the increase from 2023 to 2024 is primarily due to the change in our earnings from year to year and the jurisdictional mix of such earnings, partially offset by the following:

- a non-cash deferred income tax expense of $19.3 million in the third quarter of 2025 to reduce our Chemicals Segment's net German deferred tax asset as a result of the reduction of the German corporate tax rate,
- a non-cash deferred income tax expense of $8.5 million in 2025 ($2.5 million in 2024) related to the valuation allowance recorded against the portion of our U.S. federal carryforwards of the nondeductible portion of our interest expense,
- a non-cash deferred income tax expense of $8.5 million in 2025 with respect to the valuation allowance recorded against our Chemicals Segment's German corporate and trade tax carryforwards of the nondeductible portion of the German interest expense,
- a non-cash deferred income tax expense of $8.6 million in 2025 ($8.2 million in 2024) related to the recognition of a deferred income tax asset valuation allowance related to our Chemicals Segment's Belgian net deferred tax assets, and

- a non-cash deferred income tax expense of $16.5 million recognized in the fourth quarter of 2024 related to the pretransition gain computed on currency translation related to the operations, assets and liabilities of our Chemicals Segment's non-U.S. qualified business units.

Our earnings are subject to income tax in various U.S. and non-U.S. jurisdictions. We would generally expect our overall effective tax rate, excluding the effect of any increase or decrease in our deferred income tax asset valuation allowance or tax rate changes to be higher than the U.S. federal statutory tax rate of 21% primarily because of our sizeable non-U.S. operations.

See Note 14 to our Consolidated Financial Statements for more information about our 2025 income tax items, including a tabular reconciliation of our statutory tax expense to our actual tax expense.

Noncontrolling Interest in Net Income of Subsidiaries – Noncontrolling interest in operations of subsidiaries decreased in 2025 compared to 2024 primarily due to decreased operating income at Kronos. Noncontrolling interest in operations of subsidiaries increased in 2024 compared to 2023 primarily due to increased operating income at Kronos. See Note 15 to our Consolidated Financial Statements.

Related Party Transactions – We are a party to certain transactions with related parties. See Note 17 to our Consolidated Financial Statements.

Foreign Operations

As discussed above, we have substantial operations located outside the United States, principally our Chemicals Segment's operations in Europe and Canada. The functional currency of these operations is the local currency. As a result, the reported amount of our assets and liabilities related to these foreign operations will fluctuate based upon changes in currency exchange rates. At December 31, 2025, we had substantial net assets denominated in the euro, Canadian dollar and Norwegian krone.

Critical Accounting Policies and Estimates

Our significant accounting policies are more fully described in Note 1 to our Consolidated Financial Statements. Our Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. On an ongoing basis we evaluate our estimates, including those related to the recoverability of long-lived assets, pension and other postretirement benefit obligations and the underlying actuarial assumptions related thereto, the realization of deferred income tax assets and accruals for litigation, income tax and other contingencies. We base our estimates on historical experience and on various other assumptions which we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ significantly from previously-estimated amounts under different assumptions or conditions.

We believe the most critical accounting policies and estimates involving significant judgment primarily relate to goodwill, long-lived assets, revenue recognized over time using cost-based inputs, defined benefit pension plans, income taxes, acquisition of joint venture, and litigation and environmental liabilities. We have discussed the development, selection and disclosure of our critical accounting estimates with the audit committee of our board of directors.

Goodwill – Our net goodwill related to our Chemicals Segment totaled $355.2 million at December 31, 2025 primarily resulting from our various step acquisitions of Kronos and NL (which occurred before the implementation of the current accounting standards related to noncontrolling interest) and Kronos' purchase of the remaining 50% interest in LPC in 2024. In accordance with the applicable accounting standards for goodwill, we do not amortize goodwill.

We perform a goodwill impairment test annually in the third quarter of each year by reporting unit. Goodwill is also evaluated for impairment at other times whenever an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. An entity may first assess qualitative factors to determine whether it is necessary to complete the quantitative impairment test using a more-likely-than-not criteria. If an entity believes it is more-likely-than-not the fair value of a reporting unit is greater than its carrying value, including goodwill, the quantitative impairment test can be bypassed. Alternatively, an entity has an unconditional option to bypass the qualitative assessment and proceed directly to performing the quantitative impairment test. If we choose not to complete a qualitative assessment for a reporting unit or if the initial assessment indicates that it is more likely than not that the carrying value of a reporting unit exceeds its estimated fair value, additional quantitative testing is required.

If additional quantitative testing is performed, an impairment loss is recognized when the amount by which the carrying value of the reporting unit exceeds its fair value. A reporting unit can be a segment or an operating division based on the operations of the segment. Our Chemicals Segment is one reporting unit.

In performing a quantitative test for impairment of goodwill, we use the income approach method of valuation that includes the discounted cash flow method and the market approach that includes the guideline public company method to determine the fair value of the reporting unit. When performing an income approach method considerable management judgment is necessary to derive the primary assumptions used in estimating fair value under the discounted cash flow model including forecasted revenue, gross margin, operating expenses, capital expenditures, discount rate and the tax rate. Additionally, management judgment is necessary for the assumptions used to determine fair value under the guideline public company method including the selection of guideline companies and the valuation multiples applied. We performed our annual goodwill impairment test in the third quarter of 2025 for our Chemicals Segment goodwill and concluded there was no impairment of such goodwill.

Estimating the fair value of a reporting unit requires the use of estimates and significant judgments that are based on a number of factors including actual operating results and future expectations such as global demand, product pricing, input costs and general economic trends. The judgments and estimates described above could change in future periods or the actual results may differ from the forecast and could result in the recognition of a material goodwill impairment.

Long-lived assets – The net book value of our property and equipment totaled $751.6 million at December 31, 2025. We assess property and equipment for impairment only when circumstances indicate an impairment may exist. Our determination is based upon, among other things, our estimates of the amount of future net cash flows to be generated by the long-lived asset (Level 3 inputs) and our estimates of the current fair value of the asset. Significant judgment is required in estimating such cash flows. Adverse changes in such estimates of future net cash flows or estimates of fair value could result in an inability to recover the carrying value of the long-lived asset, thereby possibly requiring an impairment charge to be recognized in the future. We do not assess our property and equipment for impairment unless certain impairment indicators are present. We did not evaluate any long-lived assets for impairment during 2025 because no such impairment indicators were present.

Revenue recognized over time using cost-based inputs – Certain real estate land sales by our Real Estate Management and Development Segment (generally land sales associated with our residential/planned community) require us to complete property development and improvements after title passes to the buyer and we have received all or a substantial portion of the selling price. Generally, all the land sales associated with the residential/planned community have been recognized over time using cost-based inputs of accounting in accordance with ASC 606. Under such method, revenues and profits are recognized in the same proportion of our progress towards completion of our contractual obligations, with our progress measured by costs incurred as a percentage of total costs estimated to be incurred. Such costs incurred and total estimated costs include amounts specifically identifiable with the parcels sold as well as certain development costs for the entire residential/planned community which are allocated to the parcels sold under applicable GAAP. Estimates of total costs expected to be incurred require significant management judgment, and the amount of revenue and profits that have been recognized to date are subject to revisions throughout the development period. The impact on the amount of revenue recognized resulting from any future change in the estimate of total costs estimated to be incurred would be accounted for prospectively in accordance with GAAP.

Defined benefit pension plans – We maintain various defined benefit pension plans in the U.S., Europe and Canada. See Note 11 to our Consolidated Financial Statements. We recognized consolidated defined benefit pension plan expense of $18.4 million in 2023, $9.4 million in 2024 and $38.7 million in 2025. The amount of funding requirements for these defined benefit pension plans is generally based upon applicable regulations (such as ERISA in the U.S.) and will generally differ from pension expense for financial reporting purposes. We made contributions to all of our defined benefit pension plans of $16.3 million in 2023, $16.4 million in 2024 and $15.9 million in 2025. In accordance with applicable U.S. pension regulations, effective June 30, 2025, NL began the process of terminating the U.S. pension plan, which includes the purchase of annuity contracts from third-party insurance companies for the purpose of paying benefits to plan participants. The annuity contracts were purchased on December 16, 2025 from “A” rated third-party insurance companies in settlement of all remaining obligations to the pension plan participants. The annuity purchase was funded with existing plan assets. In connection with the settlement, we recognized a non-cash settlement loss on the U.S. pension plan termination and buy-out of approximately $28.7 million, which is included in our other components of net periodic pension and OPEB cost on our Consolidated Statements of Operations for the year ended December 31, 2025. This charge represents the previously unrecognized actuarial losses and prior service costs that were accumulated in other comprehensive loss. Following the settlement, surplus U.S. pension assets will be used, as permitted by the applicable regulations, to fund obligations associated with our Chemicals Segment’s U.S. defined contribution profit sharing plan. Such surplus assets are included in pension assets on our Consolidated Balance Sheet.

Under defined benefit pension plan accounting, defined benefit pension plan expense, pension assets and accrued pension costs are each recognized based on certain actuarial assumptions. These assumptions are principally the discount rate, the assumed long-term rate of return on plan assets, the fair value of plan assets and the assumed increase in future compensation levels. We recognize the funded status of our defined benefit pension plans as either an asset (for overfunded plans) or a liability (for underfunded plans) in our Consolidated Balance Sheets.

The discount rates we use for determining defined benefit pension expense and the related pension obligations are based on current interest rates earned on long-term bonds that receive one of the two highest ratings given by recognized rating agencies in the applicable country where the defined benefit pension benefits are being paid. In addition, we receive third-party advice about appropriate discount rates and these advisors may in some cases use their own market indices. We adjust these discount rates as of each December 31 valuation date to reflect then-current interest rates on such long-term bonds. We use these discount rates to determine the actuarial present value of the pension obligations as of December 31 of that year. We also use these discount rates to determine the interest component of defined benefit pension expense for the following year.

At December 31, 2025, approximately 72%, 15% and 8% of the projected benefit obligations related to our plans in Germany, Canada, Norway, respectively. We use several different discount rate assumptions in determining our consolidated defined benefit pension plan obligation and expense. This is because we maintain defined benefit pension plans in several different countries in Europe and North America and the interest rate environment differs from country to country.

We used the following discount rates for our defined benefit pension plans:

	Discount rates used for:		
	Obligations at December 31, 2023 and expense in 2024	**Obligations at December 31, 2024 and expense in 2025**	**Obligations at December 31, 2025 and expense in 2026**
Kronos and NL Plans:			
Germany	3.2 %	3.4 %	4.2 %
Canada	4.6 %	4.6 %	4.7 %
Norway	3.6 %	4.3 %	4.4 %
U.S.	5.0 %	5.5 %	—

The assumed long-term rate of return on plan assets represents the estimated average rate of earnings expected to be earned on the funds invested or to be invested in the plans’ assets provided to fund the benefit payments inherent in the projected benefit obligations. Unlike the discount rate, which is adjusted each year based on changes in current long-term interest rates, the assumed long-term rate of return on plan assets will not necessarily change based upon the actual short-term performance of the plan assets in any given year. Defined benefit pension expense each year is based upon the assumed long-term rate of return on plan assets for each plan, the actual fair value of the plan assets as of the beginning of the year and an estimate of the amount of contributions to and distributions from the plan during the year. Differences between the expected return on plan assets for a given year and the actual return are deferred and amortized over future periods based either upon the expected average remaining service life of the active plan participants (for plans for which benefits are still being earned by active employees) or the average remaining life expectancy of the inactive participants (for plans for which benefits are not still being earned by active employees).

All of plan assets attributable to non-U.S. and U.S. plans related to plans maintained by Kronos. At December 31, 2025, approximately 65%, 18% and 11% of the plan assets related to our Kronos plans in Germany, Canada and

Norway, respectively. We use several different long-term rates of return on plan asset assumptions in determining our consolidated defined benefit pension plan expense. This is because the plan assets in different countries are invested in a different mix of investments and the long-term rates of return for different investments differ from country to country.

In determining the expected long-term rate of return on plan asset assumptions, we consider the long-term asset mix (e.g., equity vs. fixed income) for the assets for each of our plans and the expected long-term rates of return for such asset components. In addition, we receive third-party advice about appropriate long-term rates of return. We regularly review our actual asset allocation for each of our U.S. and non-U.S. plans and will periodically rebalance the investments in each plan to more accurately reflect the targeted allocation when considered appropriate.

The assumed long-term rates of return on plan assets used for purposes of determining net period pension cost for 2023, 2024 and 2025 were as follows:

	2023	2024	2025
Kronos and NL plans:			
Germany	4.8 %	5.0 %	**4.8 %**
Canada	4.4 %	4.9 %	**3.7 %**
Norway	4.8 %	4.8 %	**5.3 %**
U.S.	5.0 %	5.0 %	**5.0 %**

Our long-term rate of return on plan asset assumptions in 2026 used for purposes of determining our 2026 defined benefit pension plan expense for Germany, Canada and Norway are 4.8%, 3.7% and 5.6%, respectively.

We follow ASC Topic 820, *Fair Value Measurements and Disclosures*, in determining the fair value of plan assets within our defined benefit pension plans. While we believe the valuation methods used to determine the fair value of plan assets are appropriate, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

To the extent that a plan's particular pension benefit formula calculates the pension benefit in whole or in part based upon future compensation levels, the projected benefit obligations and the pension expense will be based in part upon expected increases in future compensation levels. For all of our plans for which the benefit formula is so calculated, we generally base the assumed expected increase in future compensation levels upon average long-term inflation rates for the applicable country.

In addition to the actuarial assumptions discussed above, the amount of recognized defined benefit pension expense and the amount of net pension asset and net pension liability will vary based upon relative changes in currency exchange rates. See Note 11 to our Consolidated Financial Statements for additional discussion of actuarial assumptions used in determining defined benefit pension assets, liabilities and expenses.

Based on the actuarial assumptions described above and our current expectation for what actual average currency exchange rates will be during 2026, we expect our defined benefit pension expense will approximate $8 million in 2026. In comparison, we expect to be required to contribute approximately $17 million to such plans during 2026.

As noted above, defined benefit pension expense and the amounts recognized as accrued pension costs are based upon the actuarial assumptions discussed above. We believe all of the actuarial assumptions used are reasonable and appropriate. However, if we had lowered the assumed discount rate by 25 basis points for all plans as of December 31, 2025, our aggregate projected benefit obligations would have increased by approximately $17 million at that date and our defined benefit pension expense would be expected to increase by a nominal amount during 2026. Similarly, if we lowered the assumed long-term rate of return on plan assets by 25 basis points for all of our plans, our defined benefit pension expense would be expected to increase by approximately $1 million during 2026.

Income taxes – We operate globally through our Chemicals Segment and the calculation of our provision for income taxes and our deferred tax assets and liabilities involves the interpretation and application of complex tax laws and regulations in a multitude of jurisdictions across our Chemicals Segment's global operations. Our effective tax rate is highly dependent upon the geographic distribution of our earnings or losses and the effects of tax laws and regulations in each tax-paying jurisdiction in which we operate. Significant judgments and estimates are required in determining our consolidated provision for income taxes due to the global nature of our Chemicals Segment's operations. Our provision (benefit) for income taxes and deferred tax assets and liabilities reflect our best assessment of estimated current and future taxes to be paid, including the recognition and measurement of deferred tax assets and liabilities.

We recognize deferred taxes for future tax effects of temporary differences between financial and income tax reporting. Deferred income tax assets and liabilities for each tax-paying jurisdiction in which we operate are netted and presented as either a noncurrent deferred income tax asset or liability, as applicable. We record a valuation allowance to reduce our deferred income tax assets to the amount that is believed to be realized under the more-likely-than-not recognition criteria. While we have considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for a valuation allowance, it is possible that we may change our estimate of the amount of the deferred income tax assets that would more-likely-than-not be realized in the future, resulting in an adjustment to the deferred income tax asset valuation allowance that would either increase or decrease, as applicable, reported net income in the period such change in estimate was made.

We periodically review our deferred tax assets ("DTA") to determine if a valuation allowance is required. For example, at December 31, 2025, our Chemicals Segment has significant German corporate and trade net operating loss ("NOL") carryforwards of $510.8 million (DTA of $57.2 million) and $46.3 million (DTA of $5.0 million), respectively. We also have U.S. federal NOL carryforwards of $58.1 million (DTA of $12.2 million). At December 31, 2025, we have concluded no valuation allowance is required to be recognized for our German and U.S. DTAs principally because such carryforwards have an indefinite carryforward period and we currently expect to utilize the remainder of such carryforwards over the long term. Although prior to the complete utilization of such carryforwards, if we were to generate additional losses in our German or U.S. operations for an extended period of time, or if applicable laws were to change such that the carryforward periods were more limited, it is possible that we might conclude the benefit of such carryforwards would no longer meet the more-likely-than-not recognition criteria, at which point we would be required to recognize a valuation allowance against some or all of the then-remaining tax benefit associated with the carryforwards.

Acquisition of joint venture – During the third quarter of 2024, Kronos acquired the 50% joint venture interest in LPC previously held by Venator. Prior to the acquisition we accounted for Kronos's interest in LPC under the equity method. The application of the purchase method of accounting for business combinations requires Kronos to use significant estimates and assumptions in the determination of the estimated fair value of assets acquired and liabilities assumed. Kronos' estimates of the fair values of assets acquired and liabilities assumed are based upon assumptions we believe are reasonable, and when appropriate, include assistance from independent third-party valuation advisors. See Note 3 to our Consolidated Financial Statements.

Contingencies – We record accruals for environmental, legal and other contingencies and commitments when estimated future expenditures associated with such contingencies become probable, and amounts can be reasonably estimated. However, new information may become available to us, or circumstances (such as applicable laws and regulations) may change, thereby resulting in an increase or decrease in the amount required to be accrued for such matters (and therefore a decrease or increase in reported net income in the period of such change). At December 31, 2025 we have recorded total accrued environmental liabilities of $17.5 million.

Obligations for environmental remediation and related costs are difficult to assess, and it is possible that actual costs for environmental remediation and related costs will exceed accrued amounts or that costs will be incurred in the future for sites in which we cannot currently estimate the liability. If these events occur in 2026, our corporate expense could be higher than we currently estimate. In addition, we adjust our accruals for environmental remediation and related costs (and potential range of our liabilities) as further information becomes available to us or as circumstances change which involves our judgment regarding current facts and circumstances for each site and is subject to various assumptions and estimates. Such further information or changed circumstances could result in an increase in our accrued environmental remediation and related costs. See Note 18 to our Consolidated Financial Statements.

LIQUIDITY AND CAPITAL RESOURCES

Consolidated Cash Flows

Operating Activities –

Trends in cash flows as a result of our operating activities (excluding the impact of significant asset dispositions and relative changes in assets and liabilities) are generally similar to trends in our earnings. In addition to the impact of the operating, investing and financing cash flows discussed below, changes in the amount of cash, cash equivalents and restricted cash we report from year to year can be impacted by changes in currency exchange rates, since a portion of our cash, cash equivalents and restricted cash is held by our Chemicals Segment's non-U.S. subsidiaries. For example, during 2025, relative changes in currency exchange rates resulted in a $4.5 million increase in the reported amount of our cash, cash equivalents and restricted cash compared to a $.1 million decrease in 2024 and a $1.0 million increase in 2023.

Cash flows from operating activities decreased to a use of $35.5 million in 2025 from cash provided of $44.0 million in 2024. This $79.5 million decrease in operating cash flows in 2025 includes:

- a consolidated operating income of $63.3 million in 2025, a decrease of $147.4 million compared to operating income of $210.7 million in 2024;
- lower amount of net cash used of $155.7 million associated with relative changes in our receivables, inventories, land held for development, payables and accrued liabilities in 2025;
- higher cash paid for environmental remediation and related costs in 2025 of $56.7 million primarily due to the payment of a settlement for an environmental remediation site (see Note 18 to our Consolidated Financial Statements);
- higher net cash paid for income taxes in 2025 of $10.3 million primarily due to the timing of tax payments;
- higher cash paid for interest in 2025 of $6.7 million; and
- lower net contributions to our TiO_2 manufacturing joint venture in 2025 of $2.7 million as the result of obtaining control of LPC in July 2024.

Cash flows from operating activities increased to $44.0 million in 2024 from $3.9 million in 2023. This $40.1 million increase in cash provided by operations in 2024 includes:

- consolidated operating income of $210.7 million in 2024, an increase of $176.5 million compared to operating income of $34.2 million in 2023;
- higher amount of net cash used of $92.5 million associated with relative changes in our receivables, inventories, land held for development, payables and accrued liabilities in 2024;
- higher net cash paid for income taxes in 2024 of $14.4 million primarily due to higher earnings and the relative timing of payments;
- higher cash paid for interest in 2024 of $18.5 million;
- cash premium of $6.0 million on the issuance of Kronos' senior notes; and
- higher net contributions of $5.8 million to our TiO_2 manufacturing joint venture in 2024 prior to the LPC acquisition.

As noted in our discussion of our Real Estate Management and Development segment above, we have sold all of the land in our residential/planned community, and in accordance with our development agreement with the City of Henderson and our contractual obligations with builders, we expect to complete our land development obligations over the next two years. Because we have largely received cash proceeds from land sales, we expect LandWell to generate negative operating cash flows as it completes its required land development work.

Changes in working capital were affected by accounts receivable and inventory changes, as shown below:

- Kronos' average days sales outstanding ("DSO") at December 31, 2025 was comparable to December 31, 2024.
- Kronos' average days sales in inventory ("DSI") decreased from December 31, 2024 to December 31, 2025 primarily due to lower inventory volumes attributable to sales volumes exceeding production volumes in the fourth quarter of 2025 compared to the fourth quarter of 2024 when Kronos' production volumes exceeded its sales volumes.
- CompX's average DSO at December 31, 2025 was comparable to December 31, 2024.
- CompX's average DSI increased from December 31, 2024 to December 31, 2025 primarily due to increased inventory at both the security products and marine components reporting units as a result of higher raw material and production costs and to meet expected customer demand.

For comparative purposes, we have also provided comparable prior year numbers below.

	December 31, 2023	December 31, 2024	December 31, 2025
Kronos:			
Days sales outstanding	66 days	62 days	61 days
Days sales in inventory	65 days	82 days	57 days
CompX:			
Days sales outstanding	36 days	33 days	33 days
Days sales in inventory	95 days	94 days	108 days

We do not have complete access to the cash flows of our majority-owned subsidiaries, due in part to limitations contained in certain credit agreements of our subsidiaries and because we do not own 100% of these subsidiaries. A detail of our consolidated cash flows from operating activities is presented in the table below. Intercompany dividends have been eliminated.

	Years ended December 31,		
	2023	2024	2025
		(In millions)	
Cash provided by (used in) operating activities:			
Kronos	$ 5.5	$ 72.5	**$ 2.3**
Valhi exclusive of subsidiaries	40.7	60.6	**32.4**
CompX	25.8	22.9	**22.9**
NL exclusive of subsidiaries	21.6	36.7	**(36.0)**
Tremont exclusive of subsidiaries	11.2	(.4)	**15.4**
BMI	13.2	2.6	**10.4**
LandWell	17.5	(16.1)	**25.7**
Eliminations and other	(131.6)	(134.8)	**(108.6)**
Total	$ 3.9	$ 44.0	**$ (35.5)**

Investing Activities –

During 2025:

- we had net purchases of $1.2 million related to marketable securities.

During 2024:

- Kronos paid $156.8 million, net of cash acquired, for the remaining TiO_2 manufacturing joint venture interest in LPC; see Note 3 to our Consolidated Financial Statements;
- we had net proceeds of $54.3 million related to marketable securities; and
- we had net proceeds from the sale of land not used in our operations of $5.6 million.

During 2023:

- we had net proceeds of $19.3 million of marketable securities; and
- we had net proceeds from the sale of land not used in our operations of $1.8 million.

Financing Activities –

During 2025:

- Kronos had net repayments of $11.3 million on its revolving credit facility;
- Kronos International, Inc. ("KII") issued an additional €75 million principal amount of 9.50% Senior Secured Notes due 2029 (the "Additional Notes"), the proceeds of which were used to refinance the 3.75% Senior Secured Notes that matured in September 2025;
- we repaid $21.0 million under the Contran credit facility; and

During 2024:

- we repaid $48.8 million on Valhi's credit facility with Contran; and
- Kronos exchanged €325 million of its Kronos International, Inc. ("KII") 3.75% Senior Secured Notes due September 2025 (the "Old Notes") for KII's newly issued €276.174 million 9.50% Senior Secured Notes due March 2029 (the "New Notes") plus additional cash consideration of $52.6 million to certain eligible holders of the Old Notes and borrowed $53.7 million from Contran. In the third quarter Kronos issued an additional €75 million principal amount of 9.50% Senior Secured Notes due 2029.

During 2023:

- we repaid $28.0 million on Valhi's credit facility with Contran; and
- Kronos acquired 313,814 shares of its common stock for an aggregate purchase price of $2.8 million.

We paid aggregate cash dividends on our common stock of $9.1 million in 2023, 2024 and 2025, respectively. Distributions to noncontrolling interest in 2023, 2024 and 2025 are primarily comprised of: CompX dividends paid to shareholders other than NL; Kronos dividends paid to shareholders other than us and NL, and BMI and LandWell dividends paid to shareholders other than us.

Outstanding Debt Obligations

At December 31, 2025, our consolidated indebtedness was comprised of:

- Valhi's $23.6 million outstanding on its $125 million amended credit facility with Contran which is due no earlier than December 31, 2027;
- €426.174 million aggregate outstanding on Kronos' 9.50% Senior Secured Notes due 2029 ($503.7 million carrying amount, net of unamortized premium and unamortized debt issuance costs);
- $53.7 million outstanding on Kronos' subordinated, unsecured term loan from Contran due September 2029 (the "Contran Term Loan"); and
- $10.7 million outstanding on LandWell's bank loan due April 2036.

Availability under Kronos' Global Revolver is subject to a borrowing base calculation, as defined in the agreement. The borrowing base calculated as of December 31, 2025 was approximately $251 million. Effective July 17, 2025, Kronos completed an amendment to its Global Revolver (the "Fourth Amendment"). Among other things, the Fourth Amendment increased the maximum borrowing amount from $300 million to $350 million and increased the Belgian and German sub-limits from €30 million and €60 million to €55 million and €85 million, respectively, allowing greater access to Euro denominated borrowings. The maturity date of the Global Revolver remains July 2029. On September 15, 2025, KII issued the Additional Notes, the proceeds of which were used to refinance the 3.75% Senior Secured Notes (€75 million aggregate principal amount) that matured in September 2025. The Additional Notes were issued as additional notes to the existing €351.174 million aggregate principal amount of 9.50% Senior Secured Notes due 2029 issued on February 12, 2024 and July 30, 2024 (the "Existing Notes"). The Additional Notes were issued at a premium of 105.0% of their principal amount, resulting in net proceeds of approximately $90 million after fees and estimated expenses. The Additional Notes are fungible with the Existing Notes, are treated as a single series and have the same terms as the Existing Notes, other than their date of issuance and issue price. See Note 9 to our Consolidated Financial Statements.

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 our assets to, another entity, and contain other provisions and restrictive covenants customary in lending transactions of these types. Our 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. The terms of all of our debt instruments are discussed in Note 9 to our Consolidated Financial Statements. We are in compliance with all of our debt covenants at December 31, 2025. We believe we will be able to continue to comply with the financial covenants contained in our credit facilities through their maturity; however, if future operating results differ materially from our expectations we may be unable to maintain compliance.

Our assets consist primarily of investments in operating subsidiaries, and our ability to service our obligations, including the Kronos' Senior Secured Notes and the Contran Term Loan, depends in part upon the distribution of earnings of our subsidiaries, whether in the form of dividends, advances or payments on account of intercompany obligations or otherwise. Kronos' Senior Secured Notes are collateralized by, among other things, a first priority lien on (i) 100% of the common stock or other ownership interests of each existing and future direct domestic subsidiary of KII and the guarantors, and (ii) 65% of the voting common stock or other ownership interests and 100% of the non-voting common stock or other ownership interests of each non-U.S. subsidiary that is directly owned by KII or any guarantor. Kronos' Global Revolver is collateralized by, among other things, a first priority lien on the borrower's trade receivables and inventories.

Future Cash Requirements

Liquidity –

Our primary source of liquidity on an ongoing basis is our cash flows from operating activities and borrowings under various lines of credit and notes. We generally use these amounts to (i) fund capital expenditures, (ii) repay short-term indebtedness incurred primarily for working capital purposes and (iii) provide for the payment of dividends (including dividends paid to us by our subsidiaries) or treasury stock purchases. From time-to-time we will incur indebtedness, generally to (i) fund short-term working capital needs, (ii) refinance existing indebtedness, (iii) make investments in marketable and other securities (including the acquisition of securities issued by our subsidiaries and affiliates) or (iv) fund major capital expenditures or the acquisition of other assets outside the ordinary course of business. Occasionally we sell assets outside the ordinary course of business, and we generally use the proceeds to (i) repay existing indebtedness (including indebtedness which may have been collateralized by the assets sold), (ii) make investments in marketable and other securities, (iii) fund major capital expenditures or the acquisition of other assets outside the ordinary course of business or (iv) pay dividends.

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 the estimated sales value of those units. As a result of this process, we have in the past sought, and may in the future seek, to raise additional capital, refinance or restructure indebtedness, repurchase indebtedness in the market or otherwise, modify our dividend policies, consider the sale of our interests in our subsidiaries, affiliates, business units, 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. From time to time we and our subsidiaries may enter into intercompany loans as a cash management tool. Such notes are structured as revolving demand notes and pay and receive interest on terms we believe are more favorable than current debt and investment market rates. The companies that borrow under these notes have sufficient borrowing capacity to repay the notes at any time upon demand. All of these notes and related interest expense and income are eliminated in our Consolidated Financial Statements. We may also from time to time engage in preliminary discussions with existing or potential investors regarding the timing or terms of any such refinancing or other potential transactions.

We periodically evaluate acquisitions of interests in or combinations with companies (including our affiliates) that 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 (defined as the twelve-month period ending December 31, 2026) and long-term obligations (defined as the five-year period ending December 31, 2030). In this regard, see the discussion above in *"Outstanding Debt Obligations."* Kronos' Global Revolver matures in July 2029, and at December 31, 2025 Kronos had total availability for borrowing of approximately $251 million less any amounts outstanding. The borrowing base is calculated at least quarterly, and the amount available for borrowing may change based on applicable period end balances. See Note 9 to our Consolidated Financial Statements. If actual developments differ from our expectations, our liquidity could be adversely affected.

At December 31, 2025, we had credit available under existing facilities of approximately $352 million, which was comprised of:

- $251 million under Kronos' global revolving credit facility; and
- $101[(1)] million under Valhi's Contran credit facility.

(1) Amounts available under this facility are at the sole discretion of Contran.

At December 31, 2025, we had an aggregate of $237.7 million of restricted and unrestricted cash, cash equivalents and marketable securities attributable to operations. A detail by entity is presented in the table below.

	Total amount	Held outside U.S.
	(In millions)	
Kronos	**$ 42.5**	**$ 40.1**
CompX	**54.1**	**—**
NL exclusive of its subsidiaries	**60.0**	**—**
BMI	**10.1**	**—**
Tremont exclusive of its subsidiaries	**23.0**	**—**
LandWell	**47.9**	**—**
Valhi exclusive of its subsidiaries	**.1**	**—**
Total cash and cash equivalents, restricted cash and marketable securities	**$ 237.7**	**$ 40.1**

Following the implementation of a territorial tax system under the 2017 Tax Act, repatriation of any cash and cash equivalents held by our non-U.S. subsidiaries would not be expected to result in any material income tax liability as a result of such repatriation.

Capital Expenditures and Other Investments –

We currently expect our aggregate capital expenditures for 2026 will be approximately $64 million (including approximately $11 million contractually committed at December 31, 2025) as follows:

- $60 million by our Chemicals Segment, including approximately $30 million in the area of environmental compliance, protection and improvement; and
- $4 million by our Component Products Segment.

In addition, LandWell expects to spend approximately $39 million on land development costs during 2026, including approximately $3 million contractually committed at December 31, 2025. Land development costs are included in the determination of cash provided by operating activities.

Capital spending for 2026 is expected to be funded through cash generated from operations or borrowing under our existing credit facilities. Planned capital expenditures in 2026 at Kronos and CompX will primarily be to maintain and improve existing facilities and, as it relates to CompX, to meet expected customer demand and maintain technology infrastructure. In addition, Kronos' capital expenditures in the area of environmental compliance, protection and improvement include expenditures which are primarily focused on increased operating efficiency but also result in improved environmental protection, such as lower emissions from our manufacturing plants.

Repurchases of our Common Stock and Common Stock of our Subsidiaries –

We have in the past, and may in the future, make repurchases of our common stock in market or privately-negotiated transactions. At December 31, 2025, we had approximately .3 million shares of our common stock available for repurchase under the authorizations described in Note 16 to our Consolidated Financial Statements.

At December 31, 2025, Kronos had approximately 1.0 million shares of its common stock available for repurchase under the authorization described in Note 3 to our Consolidated Financial Statements.

At December 31, 2025, CompX had approximately .5 million shares of its Class A common stock available for repurchase under the authorization described in Note 3 to our Consolidated Financial Statements.

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. Kronos paid a regular dividend of $.05 per share in each quarter of 2025 for which we received $11.6 million. In February 2026 the Kronos board of directors approved a quarterly dividend of $.05 per share. If Kronos were to pay its $.05 per share dividend in each quarter of 2026 based on the 58.0 million shares we held of Kronos common stock at December 31, 2025, during 2026 we would receive aggregate regular dividends from Kronos of $11.6 million. NL paid a quarterly dividend of $.09 per share in 2025 for which we received $14.5 million. In August 2025 the NL board of directors declared a special dividend of $.21 per share on its common stock. We received $8.5 million from this dividend, which is not expected to be recurring. In February 2026 the NL board of directors approved a quarterly dividend of $.10 per share. If NL were to pay its $.10 per share dividend in each quarter of 2026 based on the 40.4 million shares we held of NL common stock at December 31, 2025, during 2026 we would receive aggregate quarterly dividends from NL of $16.2 million. BMI and LandWell pay cash dividends from time to time, but the timing and amount of such dividends are uncertain. In this regard, we received aggregate dividends from BMI and LandWell of $17.6 million in 2023, $4.0 million in 2024 and $19.5 million in 2025. All of our ownership interest in CompX is held through our ownership in NL; as such we do not receive any dividends from CompX. Instead any dividend paid by CompX is paid to NL.

Our subsidiaries have various credit agreements with unrelated third-party lenders which contain customary limitations on the payment of dividends, typically a percentage of net income or cash flow; however, these restrictions in the past have not significantly impacted their ability to pay dividends.

Investment 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 decision 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.

We generally do not guarantee any indebtedness or other obligations of our subsidiaries or affiliates. See Note 17 to our Consolidated Financial Statements. Our subsidiaries are not required to pay us dividends. If one or more of our subsidiaries were unable to maintain its current level of dividends, either due to restrictions contained in a credit agreement or to satisfy its liabilities or otherwise, our ability to service our liabilities or to pay dividends on our common stock could be adversely impacted. If this were to occur, we might consider reducing or eliminating our dividends or selling interests in subsidiaries or other assets. If we were required to liquidate assets to generate funds to satisfy our liabilities, we may be required to sell our subsidiaries' securities for less than what we believe is the long-term value of such assets.

We have a $50 million revolving credit facility with a subsidiary of NL secured with approximately 35.2 million shares of the common stock of Kronos Worldwide, Inc. held by NL's subsidiary as collateral. Outstanding borrowings under the credit facility, as amended, bear interest at the prime rate plus 1.875% per annum, payable quarterly, with all amounts due on December 31, 2030. The maximum principal amount which may be outstanding from time-to-time under the credit facility is limited to 50% of the amount of the most recent closing price of the Kronos stock. The credit facility contains a number of covenants and restrictions which, among other things, restrict NL's subsidiary's ability to incur additional debt, incur liens, and merge or consolidate with, or sell or transfer substantially all of NL's subsidiary's assets to, another entity, and require NL's subsidiary to maintain a minimum specified level of consolidated net worth. Upon an event of default (as defined in the credit facility), Valhi will be entitled to terminate its commitment to make further loans to NL's subsidiary, declare the outstanding loans (with interest) immediately due and payable, and exercise its rights with respect to the collateral under the loan documents. Such collateral rights include, upon certain insolvency events with respect to NL's subsidiary or NL, the right to purchase all of the Kronos common stock at a purchase price equal to the aggregate market value, less amounts owing to Valhi under the loan documents, and up to 50% of such purchase price may be paid by Valhi in the form of an unsecured promissory note bearing interest at the prime rate plus 2.75% per annum, payable quarterly, with all amounts due no later than five years from the date of purchase, with the remainder of such purchase price payable in cash at the date of purchase. We also eliminate any such intercompany borrowings in our Consolidated Financial Statements. There is $.5 million outstanding under this facility at December 31, 2025.

We have an unsecured revolving demand promissory note with CompX which, as amended, provides for borrowings from CompX of up to $25 million. We eliminate these intercompany borrowings in our Consolidated Financial Statements. The facility, as amended, is due on demand, but in any event no earlier than December 31, 2027. We had gross borrowings of $27.9 million and gross repayments of $30.5 million with CompX for a total outstanding balance of $10.6 million at December 31, 2023. We had gross borrowings of $25.0 million and gross repayments of $26.3 million with CompX for a total outstanding balance of $9.3 million at December 31, 2024. We had gross borrowings of $15.7 million and gross repayments of $17.0 million with CompX for a total outstanding balance of $8.0 million at December 31, 2025.We could borrow an additional $17.0 million under our current intercompany facility with CompX at December 31, 2025. CompX's obligation to loan us money under this note is at CompX's discretion.

Commitments and Contingencies

We are subject to certain commitments and contingencies, as more fully described in the Notes to our Consolidated Financial Statements and in this Management's Discussion and Analysis of Financial Condition and Results of Operations, including:

- certain income contingencies in various U.S. and non-U.S. jurisdictions;
- certain environmental remediation matters involving NL and BMI;
- certain litigation related to NL's former involvement in the manufacture of lead pigment and lead-based paint; and

- certain other litigation to which we are a party.

In addition to those legal proceedings described in Note 18 to our Consolidated Financial Statements, 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 NL) with respect to asserted health concerns associated with the use of such products and (ii) effectively overturn court decisions in which NL 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.

As described in the Notes 7, 9 and 18 to our Consolidated Financial Statements, we are a party to various debt, lease and other agreements which contractually and unconditionally commit us to pay certain amounts in the future. Our obligations related to the long-term supply contracts for the purchase of TiO_2 feedstock are more fully described in Note 18 to our Consolidated Financial Statements and above in "Business – Chemicals Segment – Kronos Worldwide, Inc. – Raw Materials." CompX has purchase obligations of $13.9 million ($13.4 million payable in 2026 and $.5 million payable in 2027/2028) which consist of open purchase orders and contractual obligations, primarily commitments to purchase raw materials and for capital projects in process at December 31, 2025. The timing and amount for purchase obligations are based on the contractual payment amount and the contractual payment date for those commitments.

Recent Accounting Pronouncements

See Note 21 to our Consolidated Financial Statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

General – We are exposed to market risk from changes in interest rates, currency exchange rates, raw materials and equity security prices.

Interest Rates – We are exposed to market risk from changes in interest rates, primarily related to our indebtedness and or investment in marketable debt securities.

At December 31, 2025, our aggregate indebtedness was comprised primarily of Kronos' fixed-rate, euro-denominated KII 9.50% Senior Secured Notes due 2029. The fixed-rate debt instruments minimize earnings volatility that would result from changes in interest rates. The Kronos Global Revolver is a variable-rate instrument, and Kronos had no borrowings outstanding at December 31, 2025. The following table presents principal amounts and weighted average interest rates for our aggregate outstanding indebtedness at December 31, 2025. Information shown below for Kronos' euro-denominated 9.50% Senior Secured Notes due 2029 is presented in its U.S. dollar equivalent at December 31, 2025 (net of unamortized debt issuance costs of $6.9 million, in addition to an unamortized bond premium of $9.0 million) using an exchange rate of U.S. $1.177 per euro. In addition, at December 31, 2025, Kronos has a $53.7 million subordinated, unsecured term loan payable to a related party, Contran, due September 2029, and Valhi has $23.6 million outstanding on an unsecured revolving credit facility with Contran. See Notes 9 and 19 to our Consolidated Financial Statements.

	Indebtedness Amount		Year end	
	Carrying value	Fair value	interest rate	Maturity date
	(In millions)			
Fixed-rate indebtedness:				
Kronos fixed-rate 9.50% Senior Secured Notes due 2029	**$ 503.7**	**$ 469.9**	**9.50 %**	**2029**
LandWell bank note payable	**10.7**	**10.7**	**4.76 %**	**2036**
Total fixed-rate indebtedness	**$ 514.4**	**$ 480.6**	**9.40 %**	

Currency Exchange Rates – We are exposed to market risk arising from changes in currency exchange rates as a result of manufacturing and selling our products worldwide. Earnings are primarily affected by fluctuations in the value of the U.S. dollar relative to the euro, the Canadian dollar, the Norwegian krone and, to a lesser extent, the United Kingdom pound sterling and the value of the euro relative to the Norwegian krone.

The majority of our 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 our sales generated from our non-U.S. operations is denominated in the U.S. dollar (and consequently our non-U.S. operations will generally hold U.S. dollars from time to time). Certain raw materials used worldwide, primarily titanium-containing feedstocks, are purchased primarily in U.S. dollars, while labor and other production and administrative costs are purchased primarily in local currencies. Consequently, the translated U.S. dollar value of our non-U.S. sales and operating results are subject to currency exchange rate fluctuations which may favorably or unfavorably impact reported earnings. In addition to the impact of the translation of sales and expenses over time, our 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 our non-U.S. operations are holding non-local currency (primarily U.S. dollars), and (iii) relative changes in the aggregate fair value of currency forward contracts held from time to time.

We periodically use currency forward contracts to manage a very nominal portion of currency exchange rate risk associated with trade receivables denominated in a currency other than the holder's functional currency or similar exchange rate risk associated with future sales. We have not entered into these contracts for trading or speculative purposes in the past. However, we may enter into such contracts in the future to manage our currency exchange rate risk. In the first quarter of 2025, Kronos entered into a currency forward contract in order to manage currency exchange rate risk associated with the maturity in September 2025 of its €75 million 3.75% Senior Secured Notes due 2025. The contract was settled in August 2025, resulting in an overall transaction gain of $2.8 million. See Note 19 to our Consolidated Financial Statements. At December 31, 2025, we had no currency forward contracts outstanding.

Also, we are subject to currency exchange rate risk associated with Kronos' Senior Secured Notes due 2029, as such indebtedness is denominated in euros. At December 31, 2025, we had the equivalent of $503.7 million outstanding under Kronos' euro-denominated KII 9.5% Senior Secured Notes due 2029 (exclusive of unamortized bond premium and debt issuance costs). The potential increase in the U.S. dollar equivalent of such indebtedness resulting from a hypothetical 10% adverse change in exchange rates at December 31, 2025 would be approximately $50 million.

See Notes 1 and 19 to our Consolidated Financial Statements for a discussion of the assumptions we used to estimate the fair value of the financial instruments to which we are a party at December 31, 2024 and 2025.

Raw Materials – Our Chemicals Segment is exposed to market risk from changes in commodity prices relating to our raw materials. As discussed in Item 1, we generally enter into long-term supply agreements for certain of our raw material requirements. Some of our raw material contracts contain fixed quantities we are required to purchase, or specify a range of quantities within which we are required to purchase. Raw material pricing under these agreements is generally negotiated quarterly or semi-annually depending upon the suppliers. For certain raw material requirements we do not have long-term supply agreements either because we have assessed the risk of the unavailability of those raw materials and/or the risk of a significant change in the cost of those raw materials to be low, or because long-term supply agreements for those raw materials are generally not available.

Our Component Products Segment will occasionally enter into short term commodity-related raw material supply arrangements to mitigate the impact of future increases in commodity-related raw material costs. We do not have long-term supply agreements for our raw material requirements because either we believe the risk of unavailability of those raw materials is low and we believe the downside risk of price volatility to be too great or because long-term supply agreements for those materials are generally not available. We do not engage in commodity raw material hedging programs.

Other – We believe there may be a certain amount of incompleteness in the sensitivity analyses presented above. For example, the hypothetical effect of changes in interest rates discussed above ignores the potential effect on other variables that affect our results of operations and cash flows, such as demand for our products, sales volumes and selling prices and operating expenses. Contrary to the above assumptions, changes in interest rates rarely result in simultaneous comparable shifts along the yield curve. Accordingly, the amounts we present above are not necessarily an accurate reflection of the potential losses we would incur assuming the hypothetical changes in market prices were actually to occur.

The above discussion and estimated sensitivity analysis amounts include forward-looking statements of market risk which assume hypothetical changes in market prices. Actual future market conditions will likely differ materially from such assumptions. Accordingly, such forward-looking statements should not be considered to be projections by us of future events, gains or losses.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information called for by this Item is contained in a separate section of this Annual Report. See "Index of Financial Statements" (page F-1).

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. 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 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 Michael S. Simmons, our Vice Chairman of the Board, 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 December 31, 2025. Based upon their evaluation, these executive officers have concluded that our disclosure controls and procedures were effective as of the date of such evaluation.

Management's Report on 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 the 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 being made only in accordance with authorizations of 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 Consolidated Financial Statements.

Our evaluation of the effectiveness of internal control over financial reporting is based upon the criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013 (commonly referred to as the "2013 COSO" framework). Based on our evaluation under that framework, we have concluded that our internal control over financial reporting was effective as of December 31, 2025.

This annual report does not include an attestation report of our registered public accounting firm regarding the effectiveness of our internal control over financial reporting as of December 31, 2025. Management's report was not subject to attestation by our registered public accounting firm pursuant to rules of the SEC that permit us to provide only management's report in this Annual Report on Form 10-K.

Other –

As permitted by the SEC, our assessment of internal control over financial reporting excludes internal control over the preparation of any financial statement schedules which would be required by Article 12 of Regulation S-X.

Changes in Internal Control over Financial Reporting –

There has been no change to our internal control over financial reporting during the quarter ended December 31, 2025 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Certifications –

Our chief executive officer is required to annually file a certification with the New York Stock Exchange, or NYSE, certifying our compliance with the corporate governance listing standards of the NYSE. During 2025, our chief executive officer filed such annual certification with the NYSE. The 2025 certification was unqualified.

Our chief executive officer and chief financial officer are also required to, among other things, file quarterly certifications with the SEC regarding the quality of our public disclosures, as required by Section 302 of the Sarbanes-Oxley Act of 2002. The certifications for the quarter ended December 31, 2025 have been filed as Exhibits 31.1 and 31.2 to this Annual Report on Form 10-K.

ITEM 9B. OTHER INFORMATION

Not applicable.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item is incorporated by reference to our 2026 definitive proxy statement we will file with the SEC pursuant to Regulation 14A within 120 days after the end of the fiscal year covered by this report (the "Valhi Proxy Statement").

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference to our 2026 proxy statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item is incorporated by reference to our 2026 proxy statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTORS INDEPENDENCE

The information required by this Item is incorporated by reference to our 2026 proxy statement. See also Note 17 to our Consolidated Financial Statements.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item is incorporated by reference to our 2026 proxy statement.

PART IV

ITEM 15. EXHIBITS

(a) and (c) Financial Statements

The Registrant

Our Consolidated Financial Statements listed on the accompanying Index of Financial Statements (see page F-1) are filed as part of this Annual Report.

50%-or-less owned persons

We are not required to provide any consolidated financial statements pursuant to Rule 3-09 of Regulation S-X.

(b) Exhibits

Included as exhibits are the items listed in the Exhibit Index. We have retained a signed original of any of these exhibits that contain signatures, and we will provide such exhibit to the Commission or its staff upon request. We will furnish a copy of any of the exhibits listed below upon request and payment of $4.00 per exhibit to cover our costs of furnishing the exhibits. Such requests should be directed to the attention of our Corporate Secretary at our corporate offices located at 5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240. Pursuant to Item 601(b)(4)(iii) of Regulation S-K, we will furnish to the Commission upon request any instrument defining the rights of holders of long-term debt issues and other agreements related to indebtedness which do not exceed 10% of our consolidated total assets as of December 31, 2025.

Item No.	Exhibit Index
3.1	Restated Third Amended and Restated Certificate of Incorporation of Valhi, Inc., as amended by Certificate of Amendment filed on May 29, 2020 (effective June 1, 2020) and by Certificate of Elimination of the 6% Series A Preferred Stock filed on August 10, 2020 – incorporated by reference to Exhibit 3.1 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2020.
3.2	Amended and Restated By-Laws of Valhi, Inc. (effective November 2, 2023) – incorporated by reference to Exhibit 3.1 of our Current Report on Form 8-K filed on November 2, 2023.
4.1	Description of Capital Stock – incorporated by reference to Exhibit 99.2 of our Current Report on Form 8-K dated May 6, 2021 and filed on May 6, 2021.
10.1	Intercorporate Services Agreement between Valhi, Inc. and Contran Corporation effective as of January 1, 2004 – incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2004.
10.2	Intercorporate Services Agreement between Contran Corporation and NL Industries, Inc. effective as of January 1, 2004 – incorporated by reference to Exhibit 10.1 to NL’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2004.
10.3	Intercorporate Services Agreement between Contran Corporation and CompX International Inc. effective January 1, 2004 – incorporated by reference to Exhibit 10.2 to CompX’s Annual Report on Form 10-K for the year ended December 31, 2003.
10.4	Intercorporate Services Agreement between Contran Corporation and Kronos Worldwide, Inc. effective January 1, 2004 – incorporated by reference to Exhibit No. 10.1 to Kronos’ Quarterly Report on Form 10-Q for the quarter ended March 31, 2004.
10.5	Tax Agreement between Valhi, Inc. and Contran Corporation dated January 1, 2020 incorporated by reference to Exhibit 10.5 to our Annual Report on Form 10-K for the year ended December 31, 2019.
10.6*	Valhi, Inc. 2021 Non-employee Director Stock Plan – incorporated by reference to Exhibit 4.4 of the Registration statement on Form S-8 of the Registrant. Filed on May 27, 2021.
10.7*	Kronos Worldwide, Inc. 2012 Director Stock Plan – incorporated by reference to Exhibit 4.4 of the Registration statement on Form S-8 of the Registrant. Filed on May 31, 2012.
10.8*	CompX International Inc. 2012 Director Stock Plan – incorporated by reference to Exhibit 4.4 of the Registration statement on Form S-8 of the Registrant. Filed on May 31, 2012.
10.9*	NL Industries, Inc. 2023 Non-Employee Director Stock Plan – incorporated by reference to Exhibit 10.1 to NL’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2023.
10.10	Second Amended and Restated Agreement Regarding Shared Insurance among CompX International Inc., Contran Corporation, Kronos Worldwide, Inc., NL Industries, Inc. and Valhi, Inc. dated January 25, 2019 – incorporated by reference to Exhibit 10.16 to Kronos’ Annual Report on Form 10-K for the year ended December 31, 2018 filed on March 11, 2019.
10.11	Lease Contract dated June 21, 1952, between Farbenfabrieken Bayer Aktiengesellschaft and Titangesellschaft mit beschrankter Haftung (German language version and English translation thereof) – incorporated by reference to Exhibit 10.14 of NL’s Annual Report on Form 10-K (File No. 1-640) for the year ended December 31, 1985. (P)

Item No.	Exhibit Index
10.12	Restated and Amended Agreement by and between Richards Bay Titanium (Proprietary) Limited (acting through its sales agent Rio Tinto Iron & Titanium Limited) and Kronos (US), Inc. effective January 1, 2016 – incorporated by reference to Exhibit 10.26 to the Annual Report on Form 10-K of Kronos Worldwide, Inc. for the year ended December 31, 2015.
10.13	Indenture, dated as of February 12, 2024, among Kronos International, Inc., the guarantors named therein, and Deutsche Bank Trust Company Americas, as trustee, collateral agent, paying agent, transfer agent and registrar – incorporated by reference to Exhibit 4.2 to Kronos Worldwide, Inc.'s Current Report on Form 8-K filed February 12, 2024.
10.13.1	First Supplemental Indenture dated as of July 30, 2024, by and among Kronos International, Inc., the guarantors named therein, and Deutsche Bank Trust Company Americas, as trustee, collateral agent, paying agent, transfer agent and registrar – incorporated by reference to Exhibit 10.1 to Kronos Worldwide, Inc.'s Current Report on Form 8-K filed July 30, 2024.
10.13.2	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 – incorporated by reference to Exhibit 10.2 of Kronos Worldwide, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2024.
10.13.3	Third Supplemental Indenture dated as of September 15, 2025, by and among Kronos International, Inc., the guarantors named therein, and Deutsche Bank Trust Company Americas, as trustee, collateral agent, paying agent, transfer agent and registrar - incorporated by reference to Exhibit 10.1 to the Kronos Worldwide, Inc's Current Report on Form 8-K filed by September 15, 2025.
10.14.1	Pledge Agreement, dated as of September 13, 2017, among Kronos International, Inc. the guarantors named therein and Deutsche Bank Trust Company Americas, as collateral agent – incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K dated September 13, 2017 and filed by Kronos Worldwide, Inc. on September 13, 2017.
10.14.2	Additional Notes Priority Joinder Agreement dated February 12, 2024, executed by Deutsche Bank Trust Company Americas, as trustee and collateral agent for the holders of Kronos International, Inc.'s 9.50% Senior Secured Notes due 2029 and as existing agent under the Pledge Agreement dated September 13, 2017 entered into in connection with Kronos International Inc.'s 3.75% Senior Secured Notes due 2025 – incorporated by reference to Exhibit 4.4 to Kronos Worldwide, Inc.'s Current Report on Form 8-K filed February 12, 2024.
10.14.3	Additional Notes Priority Joinder Agreement dated July 30, 2024, executed by Deutsche Bank Trust Company Americas, as trustee and collateral agent – incorporated by reference to Exhibit 10.2 to Kronos Worldwide, Inc.'s Current Report on Form 8-K filed July 30, 2024.
10.14.4	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 – incorporated by reference to Exhibit 10.3 of Kronos Worldwide, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2024.
10.14.5	Additional Notes Priority Joinder Agreement dated September 15, 2025, executed by Deutsche Bank Trust Company Americas, as trustee and collateral agent - incorporated by reference to Exhibit 10.2 to Kronos Worldwide, Inc.'s Current Report on Form 8-K filed September 15, 2025.
10.15	Credit Agreement dated as of April 20, 2021 by and among Kronos Worldwide, Inc., Kronos Louisiana, Inc., Kronos (US), Inc., Kronos Canada, Inc., Kronos Europe NV, Kronos Titan GmbH and Wells Fargo Bank, National Association as administrative agent and lender – incorporated by reference to Exhibit 10.1 of Kronos Worldwide, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2021.

Item No.	Exhibit Index
10.15.1	First Amendment to Credit Agreement dated May 8, 2023 among Kronos Worldwide, Inc., Kronos Louisiana, Inc., Kronos (US), Inc., Kronos Canada, Inc., Kronos Europe NV, Kronos Titan GmbH, Wells Fargo Bank, National Association, as administrative agent, and the lenders a party thereto – incorporated by reference to Exhibit 10.1 to Kronos Worldwide, Inc.'s Current Report on Form 8-K filed on May 9, 2023.
10.15.2	Second Amendment to Credit Agreement dated July 17, 2024 among Kronos Worldwide, Inc., Kronos Louisiana, Inc., Kronos (US), Inc., Kronos Canada, Inc., Kronos Europe NV, Kronos Titan GmbH, Wells Fargo Bank, National Association as administrative agent and the lenders a party thereto – incorporated by reference to Exhibit 10.2 to Kronos Worldwide, Inc.'s Current Report on Form 8-K filed July 17, 2024.
10.15.3	Third Amendment to Credit Agreement dated December 19, 2024 among Kronos Worldwide, Inc., Kronos Louisiana, Inc., Kronos (US), Inc. Kronos Canada, Inc., Kronos Europe NV, Kronos Titan GmbH, Wells Fargo Bank, National Association as administrative agent, and the lenders a party thereto – incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K dated December 19, 2024 and filed by Kronos Worldwide, Inc. on December 19, 2024.
10.15.4	Fourth Amendment to Credit Agreement dated July 17, 2025 among Kronos Worldwide, Inc., Kronos Louisiana, Inc., Kronos (US), Inc., Kronos Canada, Inc., Kronos Europe NV, Kronos Titan GmbH, Wells Fargo Bank, National Association, as administrative agent, and the lenders a party thereto – incorporated by reference to Exhibit 10.1 to Kronos Worldwide, Inc.'s Current Report on Form 8-K filed July 17, 2025.
10.15.5	Fifth Amendment to Credit Agreement dated December 2, 2025 among Kronos Worldwide, Inc., Kronos Louisiana, Inc., Kronos (US), Inc., Kronos Canada, Inc., Kronos Europe NV, Kronos Titan GmbH, Wells Fargo Bank, National Association, as administrative agent, and the lenders a party thereto – incorporated by reference to Exhibit 10.11.5 of Kronos Worldwide, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2025 filed on March 9, 2026.
10.16	Guaranty and Security Agreement dated as of April 20, 2021, by and among Kronos Worldwide, Inc., Kronos Louisiana, Inc., Kronos (US), Inc., Kronos Canada, Inc., Kronos International, Inc. and Wells Fargo Bank, National Association as administrative agent and lender – incorporated by reference to Exhibit 10.2 of Kronos Worldwide, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2021.
10.16.1	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– incorporated by reference to Exhibit 10.5 of Kronos Worldwide, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2024.
10.16.2	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 – incorporated by reference to Exhibit 10.6 of Kronos Worldwide, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2024.
10.17	Unsecured Subordinated Term Promissory Note dated February 12, 2024 in the principal amount of $53,705,000 executed by Kronos Worldwide, Inc. and the guarantors named therein and payable to the order of Contran Corporation – incorporated by reference to Exhibit 4.5 to Kronos Worldwide, Inc.'s Current Report on Form 8-K filed February 12, 2024.
10.17.1	First Amendment to Unsecured Subordinated Term Promissory Note dated February 12, 2024, executed by Kronos Worldwide, Inc. and Contran Corporation as of August 7, 2024 – incorporated by reference to Exhibit 10.6 of Kronos Worldwide, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2024.

Item No.	Exhibit Index
10.18	Purchase and Sale Agreement dated July 16, 2024 by and between Kronos Louisiana, Inc., Kronos Worldwide, Inc., Venator Investments, Ltd. and Venator Materials PLC – incorporated by reference to Exhibit 10.1 to Kronos Worldwide, Inc.'s Current Report on Form 8-K filed July 17, 2024.
10.18.1	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 – incorporated by reference to Exhibit 10.7 of Kronos Worldwide, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2024.
10.19**	Unsecured Revolving Demand Promissory Note dated December 31, 2025 in the principal amount of $125.0 million executed by Valhi, Inc. and payable to the order of Contran Corporation.
10.20	Collateral Agreement dated March 12, 2013 between Valhi, Inc. and Contran Corporation – incorporated by reference to Exhibit 10.23 to our Annual Report on Form 10-K for the year ended December 31, 2018 filed on March 11, 2019.
10.21	Consent Decree effective February 10, 2025, among NL Industries, Inc., the United States of America (on behalf of several agencies) and certain other plaintiff parties and defendant parties, relating to the Raritan Bay Slag Superfund Site – incorporated by reference to Exhibit 10.22 to our Annual Report on Form 10-K for the year ended December 31, 2024 filed on March 6, 2025.
19.1	Valhi, Inc. Insider Trading Policy – incorporated by reference to Exhibit 19.1 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2024 filed on March 6, 2025.
21.1**	Subsidiaries of Valhi, Inc.
23.1**	Consent of PricewaterhouseCoopers LLP with respect to Valhi's Consolidated Financial Statements
31.1**	Certification
31.2**	Certification
32.1**	Certification
97*	Policy for the Recovery of Erroneously Awarded Compensation – incorporated by reference to our Annual Report on Form 10-K for the year ended December 31, 2023.
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)

* Management contract, compensatory plan or agreement.
** Filed herewith.
(P) Paper exhibits.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

VALHI, INC.
(Registrant)

By:/s/ Michael S. Simmons
Michael S. Simmons, March 10, 2026
(Vice Chairman of the Board, President and Chief Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

/s/ Loretta J. Feehan
Loretta J. Feehan, March 10, 2026
(Chair of the Board (non-executive))

/s/ Thomas E. Barry
Thomas E. Barry, March 10, 2026
(Director)

/s/ Terri L. Herrington
Terri L. Herrington, March 10, 2026
(Director)

/s/ Gina A. Norris
Gina A. Norris, March 10, 2026
(Director)

/s/ Mary A. Tidlund
Mary A. Tidlund, March 10, 2026
(Director)

/s/ Michael S. Simmons
Michael S. Simmons, March 10, 2026
(Vice Chairman of the Board, President and Chief Executive Officer)

/s/ Amy Allbach Samford
Amy Allbach Samford, March 10, 2026
(Executive Vice President and Chief Financial Officer)

/s/ Edward R. Moore
Edward R. Moore, March 10, 2026
(Vice President and Controller)

VALHI, INC.

Annual Report on Form 10-K

Items 8, 15(a) and 15(c)

Index of Financial Statements

All financial statement schedules have been omitted either because they are not applicable or required, or the information that would be required to be included is disclosed in the Notes to the Consolidated Financial Statements.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Valhi, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Valhi, Inc. and its subsidiaries (the "Company") as of December 31, 2025 and 2024, and the related consolidated statements of operations, of comprehensive income (loss), of stockholders' equity and of cash flows for each of the three years in the period ended December 31, 2025, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

PricewaterhouseCoopers LLP
2121 North Pearl Street, Suite 2000
Dallas, Texas 75201
(214) 999 1400

www.pwc.com/us

Annual Goodwill Impairment Assessment – Chemicals Reporting Unit

As described in Notes 1 and 8 to the consolidated financial statements, the Company's goodwill balance was $382.3 million as of December 31, 2025, and the goodwill associated with the Chemicals reporting unit was $355.2 million. Management evaluates goodwill for impairment, annually or when events or changes in circumstances indicate the carrying value may not be recoverable. As disclosed by management, in performing a quantitative test for impairment of goodwill, management uses the income approach method of valuation that includes the discounted cash flow method and the market approach that includes the guideline public company method to determine the fair value of the reporting unit. When performing an income approach method considerable management judgment is necessary to derive the primary assumptions used in estimating fair value under the discounted cash flow model including forecasted revenue, gross margin, operating expenses, capital expenditures, discount rate and the tax rate. Additionally, management judgment is necessary for the assumptions used to determine fair value under the guideline public company method including the selection of guideline companies and the valuation multiples applied.

The principal considerations for our determination that performing procedures relating to the annual goodwill impairment assessment of the Chemicals reporting unit is a critical matter are (i) the significant judgment by management when developing the fair value estimate of the Chemicals reporting unit; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to forecasted revenue, gross margin, operating expenses, and the discount rate used in the discounted cash flow method and the valuation multiples applied in the guideline public company method; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others (i) testing management's process for developing the fair value estimate of the Chemicals reporting unit; (ii) evaluating the appropriateness of the discounted cash flow and guideline public company methods used by management; (iii) testing the completeness and accuracy of the underlying data used in the discounted cash flow and guideline public company methods; and iv) evaluating the reasonableness of the significant assumptions used by management related to forecasted revenue, gross margin, operating expenses, and the discount rate used in the discounted cash flow method and the valuation multiples applied in the guideline public company method. Evaluating management's assumptions related to forecasted revenue, gross margin, and operating expenses involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the Chemicals reporting unit; (ii) the consistency with external market and industry data; and (iii) whether the assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating (i) the appropriateness of the discounted cash flow and guideline public company methods and (ii) the reasonableness of the discount rate and valuation multiples assumptions.

Revenue Recognition – Chemicals Segment

As described in Notes 1 and 2 to the consolidated financial statements, the Company's net sales from the Chemicals segment were $1,859.4 million for the year ended December 31, 2025. The Company's sales involve single performance obligations to ship products pursuant to customer purchase orders. The Company records revenue when performance obligations are satisfied by transferring control of products to its customers, which generally occurs at point of shipment or upon delivery. Sales arrangements with consignment customers occur when product is shipped to a consignment customer location but the Company maintains control until the product is used in the customer's manufacturing process. In these instances, the Company recognizes revenue when the consignment customer uses its product. Revenue is recorded in an amount that reflects the net consideration the Company expects to receive in exchange for its products.

The principal consideration for our determination that performing procedures relating to revenue recognition for the Chemicals segment is a critical audit matter is a high degree of auditor effort in performing procedures related to the Company's revenue recognition for the Chemicals segment.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the revenue recognition process, including controls related to the Chemicals segment. These procedures also included, among others (i) testing revenue recognized for a sample of Chemicals segment revenue transactions by obtaining and inspecting source documents, such as purchase orders, invoices, proof of shipment, or where applicable, evidence of consignment usage, and cash receipts and (ii) confirming a sample of outstanding customer invoice balances as of December 31, 2025 and, for confirmations not returned, obtaining and inspecting source documents, such as invoices, proof of shipment, or where applicable, evidence of consignment usage, and subsequent cash receipts.

PricewaterhouseCoopers LLP

Dallas, Texas
March 10, 2026

We have served as the Company's auditor since 1987.

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VALHI, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In millions)

ASSETS	December 31, 2024	December 31, 2025
Current assets:		
Cash and cash equivalents	$ 348.3	**$ 214.0**
Restricted cash equivalents	24.8	**8.6**
Marketable securities	1.9	**2.9**
Accounts and other receivables, net	325.7	**313.9**
Receivables from affiliates	.8	**3.1**
Refundable income taxes	1.3	**1.9**
Inventories, net	685.8	**659.8**
Prepaid expenses and other	65.1	**54.9**
Total current assets	1,453.7	**1,259.1**
Other assets:		
Marketable securities	5.7	**6.1**
Goodwill	382.3	**382.3**
Deferred income taxes	53.8	**35.2**
Pension asset	19.8	**20.4**
Other assets	161.5	**177.6**
Total other assets	623.1	**621.6**
Property and equipment:		
Land	74.7	**79.4**
Buildings	282.6	**311.7**
Equipment	1,312.0	**1,464.2**
Mining properties	76.0	**91.8**
Construction in progress	41.7	**45.0**
	1,787.0	**1,992.1**
Less accumulated depreciation and amortization	1,063.6	**1,240.5**
Net property and equipment	723.4	**751.6**
Total assets	$ 2,800.2	**$ 2,632.3**

VALHI, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (CONTINUED)

(In millions, except share data)

LIABILITIES AND STOCKHOLDERS' EQUITY	December 31, 2024	December 31, 2025
Current liabilities:		
Current maturities of long-term debt	$ 79.0	**$ .8**
Accounts payable	250.0	**231.3**
Accrued liabilities	199.1	**198.6**
Accrued environmental remediation and related costs	59.7	**2.8**
Accrued litigation settlement	16.4	**—**
Payables to affiliates	17.1	**1.4**
Income taxes	22.5	**14.4**
Total current liabilities	643.8	**449.3**
Noncurrent liabilities:		
Long-term debt	484.4	**590.9**
Accrued pension costs	117.6	**80.9**
Accrued environmental remediation and related costs	14.9	**14.7**
Deferred income taxes	57.7	**55.8**
Other liabilities	102.7	**77.0**
Total noncurrent liabilities	777.3	**819.3**
Equity:		
Preferred stock, $.01 par value; 500,000 shares authorized, none issued	—	**—**
Common stock, $.01 par value; 50.0 million shares authorized; 29.6 million shares issued and outstanding	.3	**.3**
Additional paid-in capital	669.9	**670.3**
Retained earnings	574.7	**508.0**
Accumulated other comprehensive loss	(159.2)	**(105.8)**
Treasury stock, at cost - 1.1 million shares	(49.6)	**(49.6)**
Total Valhi stockholders' equity	1,036.1	**1,023.2**
Noncontrolling interest in subsidiaries	343.0	**340.5**
Total equity	1,379.1	**1,363.7**
Total liabilities and equity	$ 2,800.2	**$ 2,632.3**

Commitments and contingencies (Notes 3, 14, 17 and 18)

See accompanying Notes to Consolidated Financial Statements.

VALHI, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per share data)

	Years ended December 31, 2023	2024	2025
Revenues and other income:			
Net sales	$ 1,921.7	$ 2,104.8	**$ 2,077.0**
Other income, net	55.4	61.8	**59.1**
Total revenues and other income	1,977.1	2,166.6	**2,136.1**
Cost and other expense (income):			
Cost of sales	1,676.5	1,680.3	**1,781.6**
Selling, general and administrative	277.4	256.2	**312.3**
Gain on remeasurement of investment in TiO_2 manufacturing joint venture	—	(64.5)	**—**
Gain on remeasurement of earn-out liability	—	—	**(4.6)**
Other components of net periodic pension and OPEB expense	11.8	2.6	**32.7**
Interest	28.3	49.9	**57.1**
Other	2.6	(2.1)	**—**
Total costs and other expense	1,996.6	1,922.4	**2,179.1**
Income (loss) before income taxes	(19.5)	244.2	**(43.0)**
Income tax expense (benefit)	(24.6)	82.9	**11.9**
Net income (loss)	5.1	161.3	**(54.9)**
Noncontrolling interest in net income of subsidiaries	15.0	53.3	**2.7**
Net income (loss) attributable to Valhi stockholders	$ (9.9)	$ 108.0	**$ (57.6)**
Amounts attributable to Valhi stockholders:			
Basic and diluted net income (loss) per share	$ (.35)	$ 3.79	$ **(2.02)**
Basic and diluted weighted average shares outstanding	28.5	28.5	**28.5**

See accompanying Notes to Consolidated Financial Statements.

VALHI, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In millions)

	Years ended December 31,		
	2023	2024	2025
Net income (loss)	$ 5.1	$ 161.3	**$ (54.9)**
Other comprehensive income (loss), net of tax:			
Currency translation	3.6	(30.8)	**29.4**
Defined benefit pension plans	(5.9)	12.6	**41.5**
Other	(.6)	(.3)	**.2**
Total other comprehensive income (loss), net	(2.9)	(18.5)	**71.1**
Comprehensive income	2.2	142.8	**16.2**
Comprehensive income attributable to noncontrolling interest	13.7	48.5	**20.4**
Comprehensive income (loss) attributable to Valhi stockholders	$ (11.5)	$ 94.3	**$ (4.2)**

See accompanying Notes to Consolidated Financial Statements.

VALHI, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Years ended December 31, 2023, 2024 and 2025

(In millions)

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Treasury stock	Non-controlling interest	Total equity
Balance at December 31, 2022	$ .3	$ 669.5	$ 494.8	$ (143.9)	$ (49.6)	$ 348.2	$ 1,319.3
Net income (loss)	—	—	(9.9)	—	—	15.0	5.1
Cash dividends - $.32 per share	—	—	(9.1)	—	—	—	(9.1)
Dividends paid to noncontrolling interest	—	—	—	—	—	(34.0)	(34.0)
Other comprehensive loss, net	—	—	—	(1.6)	—	(1.3)	(2.9)
Equity transactions with noncontrolling interest and other, net	—	—	—	—	—	(2.2)	(2.2)
Balance at December 31, 2023	.3	669.5	475.8	(145.5)	(49.6)	325.7	1,276.2
Net income	—	—	108.0	—	—	53.3	161.3
Cash dividends - $.32 per share	—	—	(9.1)	—	—	—	(9.1)
Dividends paid to noncontrolling interest	—	—	—	—	—	(31.2)	(31.2)
Other comprehensive loss, net	—	—	—	(13.7)	—	(4.8)	(18.5)
Equity transactions with noncontrolling interest and other, net	—	.4	—	—	—	—	.4
Balance at December 31, 2024	.3	669.9	574.7	(159.2)	(49.6)	343.0	1,379.1
Net income (loss)	**—**	**—**	**(57.6)**	**—**	**—**	**2.7**	**(54.9)**
Cash dividends - $.32 per share	**—**	**—**	**(9.1)**	**—**	**—**	**—**	**(9.1)**
Dividends paid to noncontrolling interest	**—**	**—**	**—**	**—**	**—**	**(22.9)**	**(22.9)**
Other comprehensive income, net	**—**	**—**	**—**	**53.4**	**—**	**17.7**	**71.1**
Equity transactions with noncontrolling interest and other, net	**—**	**.4**	**—**	**—**	**—**		**.4**
Balance at December 31, 2025	**$ .3**	**$ 670.3**	**$ 508.0**	**$ (105.8)**	**$ (49.6)**	**$ 340.5**	**$ 1,363.7**

See accompanying Notes to Consolidated Financial Statements.

VALHI, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)

	Years ended December 31, 2023	2024	2025
Cash flows from operating activities:			
Net income (loss)	$ 5.1	$ 161.3	**$ (54.9)**
Depreciation and amortization	54.1	66.7	**66.4**
Gain on remeasurement of investment in TiO_2 manufacturing joint venture	—	(64.5)	**—**
Gain on remeasurement of earn-out liability	—	—	**(4.6)**
Premium on issuance of senior secured notes	—	6.0	**4.4**
Deferred income taxes	(50.3)	43.5	**(9.5)**
Benefit plan expense less than cash funding	(6.2)	(8.1)	**(7.7)**
Settlement loss on pension plan termination and buy-out	6.2	—	**28.7**
Fixed asset impairment	3.8	—	**—**
Noncash interest expense	2.0	3.1	**1.2**
Distributions from (contributions to) TiO_2 manufacturing joint venture, net	3.1	(2.7)	**—**
Gain from sale of land	(1.5)	(.5)	**—**
Other, net	5.2	(.2)	**4.7**
Change in assets and liabilities:			
Accounts and other receivables, net	(44.6)	(16.7)	**37.1**
Inventories, net	56.7	(41.0)	**74.7**
Land held for development, net	.8	5.3	**5.2**
Accounts payable and accrued liabilities	11.2	(60.2)	**(106.3)**
Income taxes	9.3	9.2	**(11.8)**
Accounts with affiliates	(27.8)	(6.6)	**(29.6)**
Other noncurrent assets	(9.5)	(29.5)	**(22.3)**
Other noncurrent liabilities	(19.3)	(15.1)	**(24.0)**
Other, net	5.6	(6.0)	**12.8**
Net cash provided by (used in) operating activities	3.9	44.0	**(35.5)**
Cash flows from investing activities:			
Capital expenditures	(48.5)	(30.9)	**(46.6)**
Acquisition of remaining TiO_2 manufacturing joint venture interest, net of cash acquired	—	(156.8)	**—**
Cash, cash equivalents and restricted cash of BWC	—	2.6	**—**
Purchases of marketable securities	(66.4)	(2.7)	**(3.1)**
Proceeds from disposal of marketable securities	85.7	57.0	**1.9**
Proceeds from land sales	1.8	5.6	**—**
Other, net	(1.6)	.2	**—**
Net cash used in investing activities	(29.0)	(125.0)	**(47.8)**

VALHI, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

(In millions)

	Years ended December 31,		
	2023	2024	2025
Cash flows from financing activities:			
Kronos revolving credit facility:			
Borrowings	$ —	$ 158.6	**$ 638.5**
Payments	—	(148.9)	**(649.8)**
Payments on long-term debt	(29.8)	(102.2)	**(109.7)**
Kronos term loan from Contran	—	53.7	**—**
Proceeds from issuance of Kronos senior secured notes	—	80.2	**88.0**
Deferred financing fees	—	(9.3)	**(2.0)**
Valhi cash dividends paid	(9.1)	(9.1)	**(9.1)**
Distributions to noncontrolling interest in subsidiaries	(34.0)	(25.3)	**(27.0)**
Subsidiary treasury stock acquired	(2.9)	—	**—**
Other, net	(.1)	—	**—**
Net cash used in financing activities	(75.9)	(2.3)	**(71.1)**
Cash, cash equivalents and restricted cash and cash equivalents - net change from:			
Operating, investing and financing activities	(101.0)	(83.3)	**(154.4)**
Effect of exchange rates on cash	1.0	(.1)	**4.5**
Balance at beginning of year	562.0	462.0	**378.6**
Balance at end of year	$ 462.0	$ 378.6	**$ 228.7**
Supplemental disclosures:			
Cash paid for:			
Interest, net of amounts capitalized	$ 26.6	$ 45.1	**$ 51.8**
Income taxes, net	27.4	41.8	**52.1**
Noncash investing activities:			
Change in accruals for capital expenditures	1.1	7.0	**6.4**

See accompanying Notes to Consolidated Financial Statements.

Note 1 – Summary of significant accounting policies:

Nature of our business. Valhi, Inc. (NYSE: VHI) is primarily a holding company. We operate through our wholly-owned and majority-owned subsidiaries, including NL Industries, Inc., Kronos Worldwide, Inc., CompX International Inc., Tremont LLC, Basic Management, Inc. ("BMI") and The LandWell Company ("LandWell"). Kronos (NYSE: KRO), NL (NYSE: NL) and CompX (NYSE American: CIX) each file periodic reports with the Securities and Exchange Commission ("SEC").

Organization. We are majority owned by a wholly-owned subsidiary of Contran Corporation ("Contran"), which owns approximately 91% of our outstanding common stock at December 31, 2025. 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 December 31, 2025, Ms. Simmons and the Family Trust may be deemed to control Contran and us.

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

Management's estimates. The preparation of our Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States of America ("GAAP"), requires us to make estimates and assumptions that affect the reported amounts of our assets and liabilities and disclosures of contingent assets and liabilities at each balance sheet date and the reported amounts of our revenues and expenses during each reporting period. Actual results may differ significantly from previously-estimated amounts under different assumptions or conditions.

Principles of consolidation. Our Consolidated Financial Statements include the financial position, results of operations and cash flows of Valhi and our majority-owned and wholly-owned subsidiaries. We eliminate all material intercompany accounts and balances. Changes in ownership are accounted for as equity transactions with no gain or loss recognized on the transaction unless there is a change in control.

Foreign currency translation. The financial statements of our foreign subsidiaries are translated to U.S. dollars. The functional currency of our foreign subsidiaries is generally the local currency of the country. Accordingly, we translate the assets and liabilities at year-end exchange rates, while we translate their revenues and expenses at average exchange rates prevailing during the year. We accumulate the resulting translation adjustments in stockholders' equity as part of accumulated other comprehensive income (loss), net of related deferred income taxes and noncontrolling interest. We recognize currency transaction gains and losses in income.

Derivatives and hedging activities. We recognize derivatives as either assets or liabilities measured at fair value. We recognize the effect of changes in the fair value of derivatives either in net income (loss) or other comprehensive income (loss), depending on the intended use of the derivative.

Cash and cash equivalents. We classify bank time deposits and highly-liquid investments, including government and commercial notes and bills, with original maturities of three months or less as cash equivalents.

Restricted cash and cash equivalents. We classify cash and cash equivalents that have been segregated or are otherwise limited in use as restricted. Such restrictions principally include amounts pledged as collateral with respect to performance obligations or letters of credit required by regulatory agencies for various environmental remediation sites, cash held in escrow under various hold-back agreements with third-party homebuilders associated with our Real Estate Management and Development Segment, cash pledged under debt agreement covenants or legal settlements and certain employee benefit obligations. To the extent the restricted amount relates to a recognized liability, we classify the restricted amount as current or noncurrent according to the corresponding liability. To the extent the restricted amount does not relate to a recognized liability, we classify restricted cash as a current asset. Restricted cash and cash equivalents classified as a current asset are presented separately on our Consolidated Balance Sheets, and restricted cash and cash equivalents classified as a noncurrent asset are presented as a component of other assets on our Consolidated Balance Sheets, as disclosed in Note 7.

Marketable securities and securities transactions. We carry marketable debt and equity securities at fair value. Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements and Disclosures*, establishes a consistent framework for measuring fair value and (with certain exceptions) this framework is generally applied to all financial statement items required to be measured at fair value. The standard requires fair value measurements to be classified and disclosed in one of the following three categories:

- *Level 1* – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- *Level 2* – Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the assets or liability; and
- *Level 3* – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable.

We classify all of our marketable securities as available-for-sale. Any unrealized gains or losses on our marketable equity securities are recognized in other income, net on our Consolidated Statements of Operations. We accumulate unrealized gains and losses on marketable debt securities as part of accumulated other comprehensive income (loss), net of related deferred income taxes. See Notes 3, 6, 11 and 19. We base realized gains and losses upon the specific identification of the securities sold.

Accounts receivable. We provide an allowance for doubtful accounts for known and estimated potential losses arising from our sales to customers based on a periodic review of these accounts.

Inventories and cost of sales. We state inventories at the lower of cost or net realizable value. We generally base inventory costs for all inventory categories on average cost that approximates the first-in, first-out method. Inventories include the costs for raw materials, the cost to manufacture the raw materials into finished goods and overhead. Depending on the inventory's stage of completion, our manufacturing costs can include the costs of packing and finishing, utilities, maintenance, depreciation, shipping and handling, and salaries and benefits associated with our manufacturing process. We allocate fixed manufacturing overhead costs based on normal production capacity. Unallocated overhead costs resulting from periods with abnormally low production levels are charged to expense as incurred. As inventory is sold to third parties, we recognize the cost of sales in the same period the sale occurs. We periodically review our inventory for estimated obsolescence or instances when inventory is no longer marketable for its intended use, and we record any write-down equal to the difference between the cost of inventory and its estimated net realizable value based on assumptions about alternative uses, market conditions and other factors.

Land held for development. Land held for development relates to BMI and LandWell. The primary asset of LandWell is certain real property in Henderson, Nevada some of which we are developing for residential lots in a master planned community. Land held for development was recorded at the estimated acquisition date fair value based on a value per developable acre at the time of purchase. Development costs, including infrastructure improvements, real estate taxes, capitalized interest and other costs, some of which may be allocated, are capitalized during the period incurred. We allocate costs to each parcel sold on a pro-rata basis associated with the relevant development activity, and the land basis of parcels expected to be sold within one year are presented in prepaid expenses and other on our Consolidated Balance Sheets. As land parcels are sold, costs of land sales, including land and development costs, are allocated based on specific identification, relative sales value, square footage or a combination of these methods. All sales and marketing activities and general overhead are charged to selling, general and administrative expense as incurred.

Investment in TiO_2 manufacturing joint venture. We accounted for our investment in Louisiana Pigment Company, L.P. ("LPC"), which was operated as a 50%-owned manufacturing joint venture, by the equity method before Kronos' acquisition of the remaining 50% joint venture interest in July 2024. Distributions received from and contributions to LPC were classified for statement of cash flow purposes using the "nature of distribution" approach under ASC Topic 230. See Note 3.

Leases. We enter into various arrangements (or leases) that convey the rights to use and control identified underlying assets for a period of time in exchange for consideration. We lease various manufacturing facilities, land and equipment. From time to time, we may also enter into an arrangement in which the right to use and control an identified underlying asset is embedded in another type of contract.

We determine if an arrangement is a lease (including leases embedded in another type of contract) at inception. All of our leases are classified as operating leases. Operating leases are included in operating lease right-of-use assets, current operating lease liabilities and noncurrent operating lease liabilities in our Consolidated Balance Sheets. See Notes 7 and 10. As permitted by ASC Topic 842, *Leases*, we elected the practical expedients related to nonlease components (in which nonlease components associated with a lease and paid by us to the lessor, such as property taxes, insurance and maintenance, are treated as a lease component and considered part of minimum lease rental payments), and short-term leases (in which leases with an original maturity of 12 months or less are excluded from the recognition requirements of ASC 842).

Right-of-use assets represent our right to use an underlying asset for the lease term and operating lease liabilities represent our obligation to make lease payments arising from the lease. The right-of-use operating lease assets and liabilities are recognized based on the estimated present value of lease payments over the lease term as of the respective lease commencement dates. We use an estimated incremental borrowing rate to determine the present value of lease payments (unless we can determine the rate implicit in the lease, which is generally not the case). Our incremental borrowing rate for each of our leases is derived from available information, including our current debt and credit facilities and U.S. and European yield curves as well as publicly available data for instruments with similar characteristics, adjusted for factors such as collateralization and term.

Our leases generally do not include termination or purchase options. Certain of our leases include an option to renew the lease after expiration of the initial lease term, but we have not included such renewal periods in our lease term because it is not reasonably certain that we would exercise the renewal option. Our leases generally have fixed lease payments, with no contingent or incentive payments. Certain of our leases include variable lease payments that depend on a specified index or rate. Our lease agreements do not contain any residual value guarantees.

Goodwill and other intangible assets; amortization expense. Goodwill represents the excess of cost over fair value of individual net assets acquired in business combinations. Goodwill is not subject to periodic amortization. We amortize other intangible assets by the straight-line method over their estimated lives and state them net of accumulated amortization. We evaluate goodwill for impairment, annually or when events or changes in circumstances indicate the carrying value may not be recoverable. We evaluate other intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. See Note 8.

Property and equipment; depreciation expense. We state property and equipment at acquisition cost, including capitalized interest on borrowings during the actual construction period of major capital projects. In 2023, 2024 and 2025 we capitalized $1.9 million, $1.0 million and $1.8 million, respectively, of interest costs. We compute depreciation of property and equipment for financial reporting purposes (including mining equipment) principally by the straight-line method over the estimated useful lives of the assets as follows:

Asset	Useful lives
Buildings and improvements	10 to 40 years
Machinery and equipment	3 to 20 years
Mine development costs	Units-of-production

We use the Alternative Depreciation System ("ADS") for income tax purposes. Upon the sale or retirement of an asset, we remove the related cost and accumulated depreciation from the accounts and recognize any gain or loss in income currently.

We expense expenditures for maintenance, repairs and minor renewals as incurred that do not improve or extend the life of the assets, including planned major maintenance.

We have a governmental concession with an unlimited term to operate our ilmenite mine in Norway. Mining properties consist of buildings and equipment used in our Norwegian ilmenite mining operations. While we own the land and ilmenite reserves associated with the mining operations, such land and reserves were acquired for nominal value and we have no material asset recognized for the land and reserves related to our mining operations.

We perform impairment tests when events or changes in circumstances indicate the carrying value may not be recoverable. We consider all relevant factors. We perform the impairment test by comparing the estimated future undiscounted cash flows (exclusive of interest expense) associated with the asset or asset group to the asset's net carrying value to determine if a write-down to fair value is required. During the fourth quarter of 2023, our Chemicals Segment recorded a fixed asset impairment of $3.8 million related to the write-off of certain costs resulting from a capital project termination. Excluding this project, we did not evaluate any long-lived assets for impairment during 2023, 2024 or 2025 because no such impairment indicators were present.

Long-term debt. We state long-term debt net of any unamortized original issue premium, discount or deferred financing costs (other than deferred financing costs associated with revolving credit facilities, which are recognized as an asset). We classify amortization of deferred financing costs and any premium or discount associated with the issuance of indebtedness as interest expense, and compute amortization by either the interest method or the straight-line method over the term of the applicable issue. See Note 9.

Employee benefit plans. Accounting and funding policies for our defined benefit pension and defined contribution retirement plans are described in Note 11. We also provide certain postretirement benefits other than pensions ("OPEB"), consisting of health care and life insurance benefits, to certain U.S. and Canadian retired employees, which are not material. See Note 10.

Income taxes. We and our qualifying subsidiaries are members of Contran's consolidated U.S. federal income tax group (the "Contran Tax Group"). We and certain of our qualifying subsidiaries also file consolidated income tax returns with Contran in various U.S. state jurisdictions. As a member of the Contran Tax Group, we are jointly and severally liable for the federal income tax liability of Contran and the other companies included in the Contran Tax Group for all periods in which we are included in the Contran Tax Group. See Note 17. As a member of the Contran Tax Group, we are a party to a tax sharing agreement which provides that we compute our tax provision for U.S. income taxes on a separate-company basis using the tax elections made by Contran. Pursuant to the tax sharing agreement, we make payments to or receive payments from Contran in amounts we would have paid to or received from the U.S. Internal Revenue Service ("IRS") or the applicable state tax authority had we not been a member of the Contran Tax Group. We made cash payments for income taxes to Contran of $14.2 million in 2023, $19.1 million in 2024 and $18.5 million in 2025.

We recognize deferred income tax assets and liabilities for the expected future tax consequences of temporary differences between the income tax and financial reporting carrying amounts of assets and liabilities, including investments in our subsidiaries and affiliates who are not members of the Contran Tax Group and undistributed earnings of our Chemicals Segment's non-U.S. subsidiaries which are not deemed to be permanently reinvested. At December 31, 2025, we continue to assert indefinite reinvestment as it relates to our outside basis difference attributable to our Chemicals Segment's investments in non-U.S. subsidiaries, other than post-1986 undistributed earnings of our Chemicals Segment's European subsidiaries and all undistributed earnings of our Chemicals Segment's Canadian subsidiary, which are not subject to permanent reinvestment plans. It is not practical for us to determine the amount of the unrecognized deferred income tax liability related to our investments in our Chemicals Segment's non-U.S. subsidiaries which are permanently reinvested due to the complexities associated with our organizational structure, changes in the Tax Cuts and Jobs Act ("2017 Tax Act") and the U.S. taxation of such investments in the states in which we operate. Deferred income tax assets and liabilities for each tax-paying jurisdiction in which we operate are netted and presented as either a noncurrent deferred income tax asset or liability, as applicable. We periodically evaluate our deferred tax assets in the various taxing jurisdictions in which we operate and adjust any related valuation allowance based on the estimate of the amount of such deferred tax assets that we believe does not meet the more-likely-than-not recognition criteria.

The 2017 Tax Act imposed a tax on global intangible low-taxed income (“GILTI”). We record GILTI tax as a current period expense when incurred under the period cost method. While our future global operations depend on a number of different factors, we do expect to have future U.S. inclusions in taxable income related to GILTI.

We account for the tax effects of a change in tax law as a component of the income tax provision related to continuing operations in the period of enactment, including the tax effects of any deferred income taxes originally established through a financial statement component other than continuing operations (i.e., other comprehensive income (loss)). Changes in applicable income tax rates over time as a result of changes in tax law, or times in which a deferred income tax asset valuation allowance is initially recognized in one year and subsequently reversed in a later year, can give rise to “stranded” tax effects in accumulated other comprehensive income in which the net accumulated income tax expense (benefit) remaining in accumulated other comprehensive income does not correspond to the then-applicable income tax rate applied to the pre-tax amount which resides in accumulated other comprehensive income (loss). As permitted by GAAP, our accounting policy is to remove any such stranded tax effect remaining in accumulated other comprehensive income, by recognizing an offset to our provision for income taxes related to continuing operations, only at the time when there is no remaining pre-tax amount in accumulated other comprehensive income. For accumulated other comprehensive income related to currency translation, this would occur only upon the sale or complete liquidation of one of our Chemicals Segment’s non-U.S. subsidiaries. For defined pension benefit plans and OPEB plans, this would occur whenever one of our subsidiaries which previously sponsored a defined benefit pension or OPEB plan had terminated such a plan and had no future obligation or plan asset associated with such a plan (such as in 2025 when our U.S. pension plan was terminated).

We record a reserve for uncertain tax positions (“UTPs”) for tax positions where we believe it is more-likely-than-not our position will not prevail with the applicable tax authorities. The amount of the benefit associated with our UTPs that we recognize is limited to the largest amount for which we believe the likelihood of realization is greater than 50%. We accrue penalties and interest on the difference between tax positions taken on our tax returns and the amount of benefit recognized for financial reporting purposes. We classify our reserves for uncertain UTPs in a separate current or noncurrent liability, depending on the nature of the tax position. See Note 14.

Environmental remediation and related costs. We record liabilities related to environmental remediation and related costs when estimated future expenditures are probable and reasonably estimable. We adjust these accruals as further information becomes available to us or as circumstances change. We generally do not discount estimated future expenditures to their present value due to the uncertainty of the timing of the ultimate payout. We recognize any recoveries of remediation costs from other parties when we deem their receipt to be probable. We expense any environmental remediation related legal costs as incurred. See Note 18.

Revenue recognition. *Chemicals and Component Products Segments* – Our sales involve single performance obligations to ship our products pursuant to customer purchase orders. In some cases, the purchase order is supported by an underlying master sales agreement, but our purchase order acceptance generally evidences the contract with our customer by specifying the key terms of product and quantity ordered, price and delivery and payment terms. In accordance with ASC 606, *Revenue from Contracts with Customers*, we record revenue when we satisfy our performance obligations to our customers by transferring control of our products to them, which generally occurs at point of shipment or upon delivery. Such transfer of control is also evidenced by transfer of legal title and other risks and rewards of ownership (giving the customer the ability to direct the use of, and obtain substantially all of the benefits of, the product), and our customers becoming obligated to pay us and it is probable we will receive payment. In certain arrangements we provide shipping and handling activities after the transfer of control to our customer (e.g., when control transfers prior to delivery). In such arrangements shipping and handling are considered fulfillment activities, and accordingly, such costs are accrued when the related revenue is recognized. Sales arrangements with our Chemicals Segment’s consignment customers occur when its product is shipped to a consignment customer location but our Chemicals Segment maintains control until the product is used in the customer’s manufacturing process. In these instances, our Chemicals Segment recognizes revenue when the consignment customer uses its product, as control of its product has not passed to the customer until that time and all other revenue recognition criteria have been satisfied.

Revenue is recorded in an amount that reflects the net consideration we expect to receive in exchange for our products. Prices for our products are based on terms specified in published list prices and purchase orders, which generally do not include financing components, noncash consideration or consideration paid to our customers. As our standard payment terms are less than one year, we have elected the practical expedient under ASC 606 and we have not assessed whether a contract has a significant financing component. We state sales net of price, early payment and distributor discounts as well as volume rebates (collectively, “variable consideration”). Variable consideration, to the extent present, is recognized as the amount to which we are most-likely to be entitled, using all information (historical, current and forecasted) that is reasonably available to us, and only to the extent that a significant reversal in the amount of the cumulative revenue recognized is not probable of occurring in a future period. Differences, if any, between estimates of the amount of variable consideration to which we will be entitled and the actual amount of such variable consideration have not been material in the past. We occasionally receive partial or full consideration from our customers prior to the completion of our performance obligation (shipment of product). We record estimated deferred revenue on the amount to which we are most-likely to be entitled and deferred revenue is recognized into revenue as our performance obligation has been satisfied. Deferred revenue has not been material in the past. We report any tax assessed by a governmental authority that we collect from our customers that is both imposed on and concurrent with our revenue-producing activities (such as sales, use, value added and excise taxes) on a net basis (meaning we do not recognize these taxes either in our revenues or in our costs and expenses).

Frequently, we receive orders for products to be delivered over dates that may extend across reporting periods. We invoice for each delivery upon shipment and recognize revenue for each distinct shipment when all sales recognition criteria for that shipment have been satisfied. As scheduled delivery dates for these orders are within a one year period, under the optional exemption provided by ASC 606, we do not disclose sales allocated to future shipments of partially completed contracts.

Real Estate Management and Development Segment – Our revenues are primarily related to efforts to develop certain real estate in Henderson, Nevada, including approximately 2,100 acres zoned for residential/planned community purposes. Contracts for land sales are negotiated on an individual basis, involve single performance obligations, and generally require us to complete property development and improvements after title passes to the buyer and we have received all or a substantial portion of the selling price. We recognize land sales revenue associated with the residential/planned community over time using cost-based input methods. Land sales associated with the residential/planned community have variable consideration components which are based on a percentage of the builder’s ultimate selling price of a residential housing unit to their customer (ranging from 2.5% to 3.5% of such sales price). The amount we recognize when a parcel is sold to a home builder is the amount to which we are most-likely to be entitled, using all information (historical, current and forecasted) that is reasonably available to us, and only to the extent that a significant reversal in the amount of the cumulative revenue recognized is not probable of occurring in a future period. By recognizing revenue over time using cost-based input methods, revenues (including variable consideration) and profits are recognized in the same proportion of our progress towards completion of our contractual obligations, with our progress measured by costs incurred as a percentage of total costs estimated to be incurred relative to the parcels sold. Estimates of total costs expected to be incurred require significant management judgment, and the amount of revenue and profits that have been recognized to date are subject to revisions throughout the development period. The impact on the amount of revenue recognized resulting from any future change in the estimate of total costs estimated to be incurred would be accounted for prospectively in accordance with GAAP. We record estimated deferred revenue on the amount to which we are most-likely to be entitled and deferred revenue is recognized into revenue as the housing units are sold.

Selling, general and administrative expenses; shipping and handling costs; advertising costs; research and development costs. Selling, general and administrative expenses include costs related to marketing, sales, distribution, shipping and handling, research and development, legal, environmental remediation and administrative functions such as accounting, treasury and finance, and include costs for salaries and benefits not associated with our manufacturing process, travel and entertainment, promotional materials and professional fees. Shipping and handling costs of our Chemicals Segment were approximately $101 million in 2023, $115 million in 2024 and $126 million in 2025. Shipping and handling costs of our Component Products Segment are not material. We expense advertising and research and development costs as incurred. Advertising costs were approximately $2 million in each of 2023, 2024 and 2025. Research and development costs were approximately $18 million in 2023, $14 million in 2024 and $17 million in 2025.

Note 2 – Business and geographic segments:

Business segment	Entity	% controlled at December 31, 2025
Chemicals	Kronos	81 %
Component products	CompX	87 %
Real estate management and development	BMI and LandWell	63% - 77 %

Our control of Kronos includes 50% we hold directly and 31% held directly by NL. We own 83% of NL. Our control of CompX is through NL. We own 63% of BMI. Our control of LandWell includes the 27% we hold directly and 50% held by BMI.

We are organized based upon our operating subsidiaries. Each operating segment is separately managed, and each operating segment represents a strategic business unit offering different products. Our chief operating decision maker (“CODM”) is our President and CEO. Our CODM is responsible for determining how to allocate resources and assessing performance. The CODM evaluates segment performance based on each segment’s operating income (loss), which is defined as income (loss) before income taxes and interest expense, exclusive of certain non-recurring items (such as gains or losses on disposition of business units and other long-lived assets outside the ordinary course of business and certain legal settlements) and certain general corporate income and expense items (including securities transactions gains and losses and interest and dividend income), which are not attributable to the operations of the reportable operating segments. The CODM considers current-period operating income (loss) compared to plan and prior-period on a monthly and/or quarterly basis for evaluating performance of each segment and making decisions about allocating capital and other resources. The accounting policies of the reportable operating segments are the same as those described in Note 1. Segment results we report may differ from amounts separately reported by our various subsidiaries and affiliates due to purchase accounting adjustments and related amortization or differences in how we define operating income (loss). Intersegment sales are not material. Our CODM is not regularly provided financial information related to the assets of the reportable segments, including capital expenditures, and he does not evaluate the reportable segments’ performance or allocate resources to them based on assets. Therefore, total assets by reportable segment are not included in our segment disclosures.

We have the following three consolidated reportable operating segments.

- *Chemicals* – Our Chemicals Segment is operated through our majority control of Kronos. Kronos is a leading global producer and marketer of value-added titanium dioxide pigments (“TiO_2”). TiO_2 is used to impart whiteness, brightness, opacity and durability to a wide variety of products, including paints, plastics, paper, fibers and ceramics. Additionally, TiO_2 is a critical component of everyday applications, such as coatings, plastics and paper, as well as many specialty products such as inks, cosmetics and pharmaceuticals.
- *Component Products* – We operate in the component products industry through our majority control of CompX. CompX is a leading manufacturer of security products used in the postal, recreational transportation, office and institutional furniture, cabinetry, tool storage, healthcare applications and a variety of other industries. CompX is also a leading manufacturer of wake enhancement systems, stainless steel exhaust systems, custom metal fabricated parts, gauges, throttle controls, trim tabs and related hardware and accessories primarily for the recreational marine and other industries. All CompX production facilities are in the United States.
- *Real Estate Management and Development* – We operate in real estate management and development through our majority control of BMI and LandWell. BMI and LandWell own real property in Henderson, Nevada. LandWell is engaged in efforts to develop certain land holdings for commercial, industrial and residential purposes in Henderson, Nevada. Prior to 2023, BMI, through wholly-owned subsidiaries, was responsible for the delivery of water to the City of Henderson and various other users and provided utility services to certain industrial customers prior to December 2023.

Interest income included in the calculation of segment operating income (loss) is not significant in 2023, 2024 or 2025. Depreciation and amortization related to each reportable operating segment includes amortization of any intangible assets attributable to the segment. Amortization of deferred financing costs and any premium or discount associated with the issuance of indebtedness is included in interest expense.

	Years ended December 31,		
	2023	2024	2025
		(In millions)	
Net sales:			
Chemicals	$ 1,666.5	$ 1,887.1	**$ 1,859.4**
Component products	161.3	145.9	**158.3**
Real estate management and development	93.9	71.8	**59.3**
Total net sales	$ 1,921.7	$ 2,104.8	**$ 2,077.0**
Cost of sales:			
Chemicals	$ 1,502.7	$ 1,530.1	**$ 1,648.4**
Component products	112.1	104.6	**110.1**
Real estate management and development	61.7	45.6	**23.1**
Total cost of sales	$ 1,676.5	$ 1,680.3	**$ 1,781.6**
Gross margin:			
Chemicals	$ 163.8	$ 357.0	**$ 211.0**
Component products	49.2	41.3	**48.2**
Real estate management and development	32.2	26.2	**36.2**
Total gross margin	$ 245.2	$ 424.5	**$ 295.4**
Operating income (loss):			
Chemicals	$ (41.1)	$ 138.5	**$ (24.5)**
Component products	25.4	17.0	**22.6**
Real estate management and development	49.9	55.2	**65.2**
Total operating income	34.2	210.7	**63.3**
General corporate items:			
Interest income and other	21.3	22.0	**16.6**
Gain on remeasurement of investment in TiO_2 manufacturing joint venture	—	64.5	**—**
Gain on remeasurement of earn-out liability	—	—	**4.6**
Insurance recoveries	.5	1.4	**—**
Gain on land sales	1.5	.5	**—**
Other components of net periodic pension and OPEB expense	(11.8)	(2.6)	**(32.7)**
Changes in market value of Valhi common stock held by subsidiaries	(1.7)	1.9	**(2.7)**
General expenses, net	(35.2)	(4.3)	**(35.0)**
Interest expense	(28.3)	(49.9)	**(57.1)**
Income (loss) before income taxes	$ (19.5)	$ 244.2	**$ (43.0)**

Included in the determination of the Chemicals Segment's operating income (loss) are restructuring costs related to workforce reductions of $5.8 million, $2.0 million and $10.3 million in 2023, 2024 and 2025, respectively, (see Note 20) and a fixed asset impairment related to the write-off of certain costs resulting from a capital project termination of $3.8 million recognized in 2023.

Included in the determination of the Real Estate Management and Development Segment's operating income in 2024 is income related to the resolution of the Basic Water Company ("BWC") bankruptcy filing. See Note 3. Also included in the determination of the Real Estate Management and Development Segment's operating income are infrastructure reimbursements and land related income. See Notes 7 and 13.

	Years ended December 31, 2023	2024	2025
		(In millions)	
Depreciation and amortization:			
Chemicals	$ 49.9	$ 62.9	**$ 62.7**
Component products	4.0	3.7	**3.7**
Real estate management and development	.2	.1	**—**
Total	$ 54.1	$ 66.7	**$ 66.4**

Geographic information. We attribute net sales to the place of manufacture (point-of-origin) and the location of the customer (point-of-destination); we attribute property and equipment to their physical location. At December 31, 2024 and 2025 the net assets of our non-U.S. subsidiaries included in consolidated net assets approximated $532 million and $514 million, respectively.

	Years ended December 31, 2023	2024	2025
		(In millions)	
Net sales - point of origin:			
United States	$ 1,284.4	$ 1,396.1	**$ 1,390.4**
Germany	726.4	826.6	**839.1**
Canada	351.0	351.5	**289.3**
Norway	252.1	278.6	**250.3**
Belgium	217.1	237.8	**236.7**
Eliminations	(909.3)	(985.8)	**(928.8)**
Total	$ 1,921.7	$ 2,104.8	**$ 2,077.0**
Net sales - point of destination:			
North America	$ 871.0	$ 914.0	**$ 929.0**
Europe	738.5	842.2	**861.8**
Other	312.2	348.6	**286.2**
Total	$ 1,921.7	$ 2,104.8	**$ 2,077.0**

	December 31, 2023	2024	2025
		(In millions)	
Net property and equipment:			
United States	$ 40.0	$ 302.1	**$ 293.3**
Germany	213.0	190.9	**208.2**
Belgium	98.5	88.6	**95.0**
Norway	83.5	73.6	**81.5**
Canada	82.3	68.2	**73.6**
Total	$ 517.3	$ 723.4	**$ 751.6**

Note 3 – Business combinations, dispositions and related transactions:

Kronos Worldwide, Inc.

Acquisition of Remaining Joint Venture Interest in LPC –

Effective July 16, 2024 ("Acquisition Date"), Kronos acquired the 50% joint venture interest in LPC previously held by Venator Investments, Ltd. ("Venator"). Prior to the acquisition, Kronos held a 50% joint venture interest in LPC and LPC was operated as a manufacturing joint venture between Kronos and Venator. Kronos acquired the 50% joint venture interest in LPC for consideration of $185 million less a working capital adjustment and an additional earn-out payment of up to $15 million. The acquisition was financed through a borrowing of $132.1 million under Kronos' Global Revolver and the remainder paid with cash on hand. In 2025, Kronos merged LPC into Kronos' wholly-owned subsidiary Kronos Louisiana, Inc. (the combined company is referred to as "Kronos Louisiana").

For financial reporting purposes, the assets acquired and liabilities assumed of LPC are included in our Consolidated Balance Sheets as of December 31, 2024 and December 31, 2025, and the results of operations and cash flows of LPC have been included in our Consolidated Statements of Operations and Cash flows beginning as of the Acquisition Date.

Kronos remeasured its existing ownership interest in LPC to its estimated fair value at the Acquisition Date in accordance with ASC 805-10-25, for a business combination achieved in stages (because Kronos previously had an ownership interest in LPC). As a result of such remeasurement, we recognized a pre-tax gain of approximately $64.5 million in the third quarter of 2024, representing the difference between the $178.2 million estimated fair value of the existing ownership interest in LPC at the Acquisition Date and its aggregate $113.7 million carrying value at the Acquisition Date. Such pre-tax gain is disclosed as gain on remeasurement of investment in TiO_2 manufacturing joint venture and is included in cost and other expense (income) in our Consolidated Statement of Operations. The estimated fair value of the earn-out as of December 31, 2024 was $4.3 million and is included in noncurrent liabilities on the Consolidated Balance Sheet and is the line item captioned earn-out liability in Note 10. The earn-out liability is remeasured at fair value at each reporting date. During the third quarter of 2025, management determined that it was no longer probable the thresholds required to trigger payment of the earn-out would be achieved. As a result, the fair value of the earn-out liability was reduced to zero, resulting in the recognition of a non-cash gain of $4.6 million, which is disclosed as gain on remeasurement of earn-out liability in our Consolidated Statement of Operations.

The following table summarizes the aggregate fair value of the consideration transferred to gain control of LPC, the current estimate for the fair value of Kronos' existing ownership interest in LPC and the amounts assigned to the identifiable assets acquired and liabilities assumed at the Acquisition Date. Our final purchase price allocation indicated below was based upon management's estimate of the fair value of the acquired assets and assumed liabilities using independent third-party appraiser valuation techniques including income, cost, and market approaches. The total consideration was allocated to the assets acquired and liabilities assumed, with the excess of the consideration over the estimated fair value of the net assets acquired recorded as goodwill. Such final purchase price allocation did not change from our previously-reported preliminary purchase price allocation.

Based on our analysis of the transaction at Acquisition Date, we recognized the following:

		Amount
		(In millions)
Consideration:		
Cash consideration	$	185.0
Working capital adjustment		(11.0)
Earn-out liability		4.2
Total fair value of consideration		178.2
Fair value of investment in TiO_2 manufacturing joint venture		178.2
Total	$	356.4
Allocation of purchase price to identifiable assets acquired and liabilities assumed:		
Cash and cash equivalents	$	21.3
Restricted cash		1.3
Accounts and other receivables, net		.2
Inventories, net		82.0
Prepaid expenses and other		.6
Other assets		10.7
Property and equipment		268.5
Accounts payable and accrued liabilities		(21.7)
Other noncurrent liabilities		(6.4)
Deferred tax liability		(2.7)
Total net identifiable assets acquired		353.8
Goodwill		2.6
Total	$	356.4

Property and equipment will be depreciated over useful lives of 5 years to 20 years. Goodwill is related to the benefits expected as a result of the acquisition, and of the $2.6 million recorded as goodwill, $.1 million is expected to be deductible for tax purposes.

Prior to the Acquisition Date, Kronos and Venator were both required to purchase one-half of the TiO_2 produced by LPC, unless Kronos and Venator agreed otherwise. Because Kronos operated LPC on a break-even basis, it reported no equity in earnings of LPC. Each owner's acquisition transfer price for its share of the TiO_2 produced was equal to its share of the joint venture's production costs and interest expense, if any. Kronos' share of net cost was reported as cost of sales as the related TiO_2 acquired from LPC was sold. Kronos reported distributions it received from LPC, which generally related to excess cash generated by LPC from its non-cash production costs, and contributions Kronos made to LPC, which generally related to cash required by LPC when it built working capital, as part of its cash flows from operating activities in our Consolidated Statements of Cash Flows. The components of our net cash distributions from (contributions to) LPC are shown in the table below.

	Years ended December 31,					
	2023		2024 (1)		2025	
			(In millions)			
Distributions from LPC	$	52.8	$	31.2	$	—
Contributions to LPC		(49.7)		(33.9)		—
Net distributions (contributions)	$	3.1	$	(2.7)	$	—

(1) Reflects distributions and contributions from/to LPC prior to the Acquisition Date.

Other –

Kronos

Kronos' board of directors has previously authorized the repurchase of up to 2.0 million shares of its common stock in open market transactions, including block purchases, or in privately-negotiated transactions at unspecified prices and over an unspecified period of time. Kronos may repurchase its common stock from time to time as market conditions permit. The stock repurchase program does not include specific price targets or timetables and may be suspended at any time. Depending on market conditions, Kronos may terminate the program prior to its completion. Kronos uses cash on hand or other sources of liquidity to acquire the shares. Repurchased shares are added to Kronos' treasury shares and subsequently cancelled upon approval of the Kronos board of directors. In 2023, Kronos acquired 313,814 shares of its common stock in market transactions for an aggregate purchase price of $2.8 million. Kronos made no treasury purchases in 2024 or 2025. At December 31, 2025, 1,017,518 shares are available for repurchase under this stock repurchase program.

CompX

CompX's board of directors has previously authorized various repurchases of its Class A common stock in open market transactions, including block purchases, or in privately-negotiated transactions at unspecified prices and over an unspecified period of time. CompX may repurchase its common stock from time to time as market conditions permit. The stock repurchase program does not include specific price targets or timetables and may be suspended at any time. Depending on market conditions, CompX may terminate the program prior to its completion. CompX would generally use cash on hand to acquire the shares. Repurchased shares will be added to CompX's treasury and cancelled. CompX did not repurchase any shares of its common stock during 2023, 2024 and 2025. At December 31, 2025, 523,647 shares were available for purchase under these authorizations.

BMI

Prior to 2023, BMI's wholly-owned subsidiary, BWC, declared bankruptcy and was deconsolidated from our financial statements. In July 2024, the Court approved the closure of the bankruptcy case. Following the case closure, BWC and its wholly owned subsidiary, BWC SPE I, LLC, were dissolved. Remaining cash of approximately $2.6 million held by BWC was distributed to BMI.

On December 1, 2023, BMI sold its subsidiary Basic Power Company ("BPC"), which provided electricity to four customers located in the industrial park, and its sewer system assets to another of its industrial customers. The sale was for minimal cash consideration and the assumption of liabilities, and upon the closing of the sale we recognized a loss of $2.6 million. BMI provided transition services to the purchaser of the businesses for a limited time. With the sale of BPC and the completion of the bankruptcy, we no longer provide services to the industrial park which allows us to focus on land sales and development activity for the residential/planned community.

Note 4 – Accounts and other receivables, net:

	December 31, 2024	December 31, 2025
	(In millions)	
Trade accounts receivable:		
Kronos	$ 269.2	**$ 270.7**
CompX	14.2	**13.8**
BMI/LandWell	.3	**.6**
VAT and other receivables	45.9	**32.7**
Allowance for doubtful accounts	(3.9)	**(3.9)**
Total	$ 325.7	**$ 313.9**

Note 5 – Inventories, net:

	December 31, 2024	December 31, 2025
	(In millions)	
Raw materials:		
Chemicals	$ 176.9	**$ 179.7**
Component products	5.6	**5.6**
Total raw materials	182.5	**185.3**
Work in process:		
Chemicals	52.5	**47.3**
Component products	17.6	**19.9**
Total in-process products	70.1	**67.2**
Finished products:		
Chemicals	308.3	**268.7**
Component products	5.1	**4.9**
Total finished products	313.4	**273.6**
Supplies (chemicals)	119.8	**133.7**
Total	$ 685.8	**$ 659.8**

Note 6 – Marketable securities:

	Market value	Cost or amortized cost	Unrealized loss, net
		(In millions)	
December 31, 2024:			
Current assets	$ 1.9	$ 1.9	$ —
Noncurrent assets	$ 5.7	$ 5.7	$ —
December 31, 2025:			
Current assets	**$ 2.9**	**$ 2.9**	**$ —**
Noncurrent assets	**$ 6.1**	**$ 5.9**	**$ .2**

	Fair Value Measurements		
	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)
		(In millions)	
December 31, 2024:			
Current assets - fixed income securities	$ 1.9	$ —	$ 1.9
Noncurrent assets:			
Fixed income securities	$ 3.1	$ —	$ 3.1
Mutual funds	2.6	2.6	—
Total	$ 5.7	$ 2.6	$ 3.1
December 31, 2025:			
Current assets - fixed income securities	**$ 2.9**	**$ —**	**$ 2.9**
Noncurrent assets:			
Fixed income securities	**$ 3.2**	**$ —**	**$ 3.2**
Mutual funds	**2.9**	**2.9**	**—**
Total	**$ 6.1**	**$ 2.9**	**$ 3.2**

Our marketable securities consist of investments in marketable equity and debt securities. At December 31, 2024 and 2025 our current marketable securities were primarily debt securities invested in U.S. government treasuries. The fair values of our marketable debt securities are either determined using Level 1 inputs (because securities are actively traded) or determined using Level 2 inputs (because although these securities are traded, in many cases, the market is not active and the year-end valuation is generally based on the last trade of the year, which may be several days prior to December 31).

Note 7 – Other assets:

	December 31,	
	2024	2025
	(In millions)	
Other assets:		
Note receivables - OPA	$ 91.6	**$ 116.1**
Operating lease right-of-use assets	20.6	**19.9**
IBNR receivables	15.0	**14.8**
Land held for development	7.4	**—**
Restricted cash and cash equivalents	5.5	**6.1**
Other	21.4	**20.7**
Total	$ 161.5	**$ 177.6**

Leases. We enter into various operating leases for manufacturing facilities, land and equipment. Our operating leases are included in operating lease right-of-use assets, current operating lease liabilities and noncurrent operating lease liabilities on our Consolidated Balance Sheets. Also see Note 10. Our Chemicals Segment's principal German operating subsidiary leases the land under its Leverkusen TiO_2 production facility pursuant to a lease that expires in 2050. The Leverkusen facility itself, which Kronos owns and which represents approximately 28% of its current TiO_2 production capacity, is located within an extensive manufacturing complex.

During 2023, 2024 and 2025, our operating lease expense approximated $5.6 million, $5.2 million and $5.3 million, respectively, (which approximates the amount of cash paid during the period for our operating leases included in the determination of our cash flows from operating activities). During 2023, 2024 and 2025, variable lease expense and short-term lease expense were not material. During 2023, 2024 and 2025, we entered into new operating leases which resulted in the recognition of $4.6 million, $2.8 million and $1.8 million, respectively, in right-of-use operating lease assets and corresponding liabilities on our Consolidated Balance Sheets. At December 31, 2024 and 2025, the weighted average remaining lease term of our operating leases was approximately 14 years and the weighted average discount rate associated with such leases was approximately 6.0% in each of 2024 and 2025. Such average remaining lease term is weighted based on each arrangement's lease obligation, and such average discount rate is weighted based on each arrangement's total remaining lease payments.

At December 31, 2025, maturities of our operating lease liabilities were as follows:

Years ending December 31,	**Amount**
	(In millions)
2026	$ 4.8
2027	3.1
2028	2.5
2029	2.1
2030	1.7
2031 and thereafter	14.6
Total remaining lease payments	28.8
Less imputed interest	8.9
Total lease obligations	19.9
Less current obligations	4.2
Long term lease obligations	$ 15.7

With respect to our land lease associated with our Chemical Segment's Leverkusen facility, we periodically establish the amount of rent for such land lease for periods of at least two years at a time. The lease agreement provides for no formula, index or other mechanism to determine changes in the rent of such land lease; rather, any change in the rent is subject solely to periodic negotiation. As such, we will account for any change in the rent associated with such lease as a lease modification. Of the $19.9 million total lease obligations at December 31, 2025, approximately $7.6 million relates to our Leverkusen facility land lease.

At December 31, 2025, we have no significant lease commitments that have not yet commenced.

Note receivables – OPA. Under an Owner Participation Agreement ("OPA") entered into by LandWell with the Redevelopment Agency of the City of Henderson, Nevada, if LandWell develops certain real property for commercial and residential purposes in a master planned community in Henderson, Nevada, the cost of certain public infrastructure may be reimbursed to us through tax increment. The maximum reimbursement under the OPA is $209 million ($170 million for infrastructure reimbursement and interest income capped at $39 million), and is subject to, among other things, completing construction of approved qualifying public infrastructure, transferring title of such infrastructure to the City of Henderson, receiving approval from the Redevelopment Agency of the funds expended to be eligible for tax increment reimbursement and the existence of a sufficient property tax valuation base and property tax rates in order to generate tax increment reimbursement funds. We are entitled to receive 75% of the tax increment generated by the master planned community through the expiration of the Redevelopment Plan, subject to the qualifications and limitations indicated above. The OPA note receivables represent public infrastructure costs previously incurred for which the Redevelopment Agency has provided its approval for tax increment reimbursement but we have not yet received such reimbursement through tax increment receipts, and are evidenced by a promissory note issued to LandWell by the City of Henderson.

During 2023, 2024 and 2025, we received approval for additional tax increment reimbursement of $25.2 million ($4.8 million in the third quarter and $20.4 million in the fourth quarter), $30.3 million ($14.2 million in the third quarter and $16.1 million in the fourth quarter), and $34.2 million ($17.2 million in the second quarter and $17.0 million in the third quarter), respectively, which were recognized as other income and are evidenced by a promissory note issued to LandWell by the City of Henderson. The note receivables bear interest at 6% annually and in 2021, the City of Henderson extended the Redevelopment Plan for an additional 15 years which allows us to collect any remaining amounts due under the OPA through 2051. Any unpaid balances at the end of the agreement are forfeited. See Note 13.

Land held for development. The land held for development in 2024 relates to BMI and LandWell and is discussed in Note 1.

Other. IBNR receivables relate to certain insurance liabilities, the risk of which we have reinsured with certain third-party insurance carriers. We report the insurance liabilities related to these IBNR receivables which have been reinsured as part of noncurrent accrued insurance claims and expenses. Certain of our insurance liabilities are classified as current liabilities and the related IBNR receivables are classified with prepaid expenses and other on our Consolidated Balance Sheets. See Notes 10 and 17.

Note 8 – Goodwill:

We test for goodwill impairment at the reporting unit level. We review goodwill for each of our reporting units for impairment during the third quarter of each year. Goodwill is also evaluated for impairment at other times whenever an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. If the carrying amount of the reporting unit's net assets exceeds its fair value, an impairment charge is recorded for the amount by which such carrying amount exceeds the reporting unit's fair value (not to exceed the amount of goodwill recognized). In determining the estimated fair value of our Chemicals Segment, we use the income approach method of valuation that includes the discounted cash flow method and the market approach that includes the guideline public company method to determine the fair value of the reporting unit, which represent Level 3 inputs. During 2023, 2024 and 2025 we used the qualitative assessment for the Component Products security products reporting unit's annual impairment test and determined it was not necessary to perform a quantitative goodwill impairment test. In 2023, 2024 and 2025, no goodwill impairment was indicated as part of our annual impairment review of goodwill.

	Operating segment		
	Chemicals	**Component Products**	**Total**
		(In millions)	
Balance at December 31, 2023	$ 352.6	$ 27.1	$ 379.7
LPC Acquisition	2.6	—	2.6
Balance at December 31, 2024 and 2025	**$ 355.2**	**$ 27.1**	**$ 382.3**

Prior to 2023, we recorded an aggregate $16.5 million goodwill impairment, mostly with respect to our Component Products Segment. Our consolidated gross goodwill at December 31, 2025 is $398.8 million.

Note 9 – Long-term debt:

	December 31,	
	2024	2025
	(In millions)	
Valhi:		
Contran credit facility	$ 44.6	**$ 23.6**
Subsidiary debt:		
Kronos:		
Kronos International, Inc. 9.50% Senior Secured Notes due 2029	365.4	**503.7**
Kronos International, Inc. 3.75% Senior Secured Notes due 2025	78.3	**—**
Subordinated, Unsecured Term Loan from Contran	53.7	**53.7**
Revolving credit facility	10.0	**—**
LandWell:		
Note payable to Western Alliance Business Trust	11.4	**10.7**
Total subsidiary debt	518.8	**568.1**
Total debt	563.4	**591.7**
Less current maturities	79.0	**.8**
Total long-term debt	$ 484.4	**$ 590.9**

***Valhi** – Contran credit facility* – We have an unsecured revolving credit facility with Contran which, as amended, provides for borrowings from Contran of up to $125 million. The facility, as amended, bears interest at prime plus 1% (7.75% at December 31, 2025), and is due on demand, but in any event no earlier than December 31, 2027. The facility contains no financial covenants or other financial restrictions. Valhi pays an unused commitment fee quarterly to Contran on the available balance. The average interest rate on the credit facility for the year ended December 31, 2025 was 7.37%. During 2025 we had no borrowings and repayments of $21.0 million under this facility, and at December 31, 2025 an additional $101.4 million was available for borrowings under this facility.

***Kronos** – 9.50% Senior Secured Notes due 2029* – On February 12, 2024, for certain eligible holders of existing 3.75% Senior Secured Notes due September 2025 (the "Old Notes"), Kronos International, Inc. ("KII") executed an exchange of €325 million principal amount of the outstanding Old Notes for newly issued €276.174 million aggregate outstanding KII 9.50% Senior Secured Notes due March 2029 (the "New Notes") plus additional cash consideration of €48.75 million ($52.6 million). KII did not receive any cash proceeds from the issuance and delivery of the New Notes in connection with the exchange. Kronos also entered into a $53.7 million unsecured term loan from Contran Corporation (described below) in connection with the exchange.

On July 30, 2024, KII issued an additional €75 million principal amount of 9.50% Senior Secured Notes due 2029 (the "Additional New Notes" and together with the New Notes the "9.50% Senior Secured Notes due 2029"). The Additional New Notes are additional notes to the existing €276.174 million aggregate principal amount of New Notes issued on February 12, 2024. 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 are fungible with the New Notes, are treated as a single series with the New Notes and 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 the $300 million global revolving credit facility (the "Global Revolver").

On September 15, 2025, KII issued an additional €75 million principal amount of 9.50% Senior Secured Notes due 2029 (the "Additional Notes"), the proceeds of which were used to refinance the 3.75% Senior Secured Notes (€75 million aggregate principal amount) that matured in September 2025. The Additional Notes were issued as additional notes to the existing €351.174 million aggregate principal amount of 9.50% Senior Secured Notes due 2029 issued on February 12, 2024 and July 30, 2024 (the "Existing Notes"). The Additional Notes were issued at a premium of 105.0% of their principal amount, resulting in net proceeds of approximately $90 million after fees and estimated expenses. In connection with the Additional Notes offering, Kronos incurred approximately $1.7 million of debt issuance costs. The Additional Notes are fungible with the Existing Notes, are treated as a single series and have the same terms as the Existing Notes, other than their date of issuance and issue price.

The 9.50% Senior Secured Notes due 2029:

- bear interest at 9.50% per annum, payable semi-annually on March 15 and September 15 of each year, payments began on September 15, 2024;
- have a maturity date of March 15, 2029. Prior to March 15, 2026, Kronos may redeem some or all of the 9.50% Senior Secured Notes due 2029 at a price equal to 100% of the principal amount thereof, plus an applicable premium as of the date of the redemption as described in the indenture governing its 9.50% Senior Secured Notes due 2029 plus accrued and unpaid interest. On or after March 15, 2026, Kronos may redeem the 9.50% Senior Secured Notes due 2029 at redemption prices ranging from 104.75% of the principal amount, declining to 100% on or after March 15, 2028, plus accrued and unpaid interest. In addition, on or before March 15, 2026, Kronos may redeem up to 40% of the 9.50% Senior Secured Notes due 2029 with the net proceeds of certain public or private equity offerings at 109.50% of the principal amount, plus accrued and unpaid interest, provided that following the redemption at least 50% of the 9.50% Senior Secured Notes due 2029 remain outstanding. If Kronos or Kronos' subsidiaries experience certain change of control events, as outlined in the indenture governing our 9.50% Senior Secured Notes due 2029, Kronos would be required to make an offer to purchase the 9.50% Senior Secured Notes due 2029 at 101% of the principal amount thereof, plus accrued and unpaid interest. Kronos would also be required to make an offer to purchase a specified portion of the 9.50% Senior Secured Notes due 2029 at par value, plus accrued and unpaid interest, in the event that Kronos and its subsidiaries generate a certain amount of net proceeds from the sale of assets outside the ordinary course of business, and such net proceeds are not otherwise used for specified purposes within a specified time period as described in the indenture governing Kronos' 9.50% Senior Secured Notes due 2029;
- are fully and unconditionally guaranteed, jointly and severally, on a senior secured basis by Kronos Worldwide, Inc. and each of our direct and indirect domestic, wholly-owned subsidiaries;
- are collateralized by a first priority lien on (i) 100% of the common stock or other ownership interests of each existing and future direct domestic subsidiary of KII and the guarantors, and (ii) 65% of the voting common stock or other ownership interests and 100% of the non-voting common stock or other ownership interests of each non-U.S. subsidiary that is directly owned by KII or any guarantor;
- contain a number of covenants and restrictions which, among other things, restrict Kronos' 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 our assets to, another entity, and contain other provisions and restrictive covenants customary in lending transactions of this type (however, there are no ongoing financial maintenance covenants); and
- contain customary default provisions, including a default under any of Kronos' other indebtedness in excess of $50.0 million.

At December 31, 2025, the carrying value of Kronos' 9.50% Senior Secured Notes due 2029 (€426.174 million aggregate principal amount outstanding) was $503.7 million and is stated net of $9.0 million of unamortized premium and $6.9 million of unamortized debt issuance costs. In the first quarter of 2024 Kronos recognized a non-cash pre-tax interest charge of $1.5 million included in interest expense related to the write-off of the deferred financing costs.

3.75% Senior Secured Notes due 2025 – Kronos' 3.75% Senior Secured Notes due 2025 (€75 million aggregate principal amount) were repaid in September 2025 with proceeds from the Additional Notes offering, as described above.

Subordinated, Unsecured Term Loan from Contran **–** As part of the refinancing of a majority of Kronos' Old Notes discussed above, Kronos borrowed $53.7 million (€50.0 million) from Contran through the issuance of an unsecured, subordinated term promissory note dated February 12, 2024 (the "Contran Term Loan"). The Contran Term Loan is guaranteed by certain of Kronos' domestic wholly-owned subsidiaries. Kronos' obligations under the Contran Term Loan, and the obligations of the guarantors under the related guaranties, are unsecured and subordinated in right of payment to our Senior Secured Notes and our Global Revolver. Interest on the Contran Term Loan is payable in cash. Subsequent to the issuance of the Additional New Notes the Contran Term Loan was amended in August 2024 to change the interest rate from 11.5% (which had been determined by adding an additional spread of 2% to the final interest rate on the New Notes issued in February 2024) to 9.54% (determined by adding a spread of 2% to the effective interest rate of the Additional New Notes issued in July 2024). In each case, the spread used to determine the rate was based upon comparable debt transactions at the time of the issuance of the applicable notes. The Contran Term Loan matures on demand (but no earlier than September 2029), is not subject to any amortization payments and is prepayable at par beginning in March 2026. The restrictive covenants in the Contran Term Loan are substantially similar to those contained in the indenture governing Kronos' 9.50% Senior Secured Notes due 2029. In accordance with Kronos' related party transaction policy, the audit committee of Kronos' board of directors, comprised of the independent directors, approved the terms and conditions of the original Contran Term Loan and its amendment in August 2024.

Revolving credit facility – 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 agreement to include LPC and LPC's receivables and certain of its inventories in the borrowing base. Effective July 17, 2025, Kronos completed an amendment to its Global Revolver (the "Fourth Amendment"). Among other things, the Fourth Amendment increased the maximum borrowing amount from $300 million to $350 million and increased the Belgian and German sub-limits from €30 million and €60 million to €55 million and €85 million, respectively, allowing greater access to Euro denominated borrowings. The maturity date of the Global Revolver remains July 2029. Available borrowings are based on formula-determined amounts of eligible trade receivables and inventories, as defined in the agreement, less any borrowings outstanding and outstanding letters of credit issued under the Global Revolver. Borrowings by Kronos' Canadian, Belgian and German subsidiaries are limited to U.S. $35 million, €55 million and €85 million, respectively. Any amounts outstanding under the Global Revolver bear interest, at Kronos' option, at the applicable non-base rate (SOFR, adjusted CORRA or EURIBOR, depending on the currency of the borrowing) plus a margin ranging from 1.5% to 2.0%, or at the applicable base rate, as defined in the agreement, plus a margin ranging from .5% to 2.0%. U.S. Dollar or Canadian Dollar non-base rate loans, as well as euro non-base rate and euro base rate loans are subject to a 0.25% floor, plus the applicable margin. The Global Revolver is collateralized by, among other things, a first priority lien on the borrowers' trade receivables and inventories. The facility contains a number of covenants and restrictions customary in lending transactions of this type which, among other things, restrict the borrowers' ability to incur additional debt, incur liens, pay additional dividends or merge or consolidate with, or sell or transfer all or substantially all of their assets to another entity and, under certain conditions, requires the maintenance of a fixed charge coverage ratio, as defined in the agreement, of at least 1.0 to 1.0. During 2025, Kronos borrowed $648.2 million and repaid $658.2 million under its Global Revolver. The average interest rate on outstanding borrowings for 2025 was 5.6%, The borrowing base calculated as of December 31, 2025 was approximately $251 million.

Other – In December 2019, LandWell entered into the $15.0 million loan agreement with Western Alliance Business Trust. The agreement requires semi-annual payments of principal and interest on April 15 and October 15 aggregating $1.3 million annually beginning on April 15, 2020 through the maturity date in April 2036 and is payable from the tax increment reimbursement funds received under the OPA. The agreement bears interest at a fixed 4.76% rate and is collateralized by all tax increment reimbursement funds LandWell receives under the OPA. See Note 7.

Aggregate maturities of long-term debt – Aggregate maturities of debt at December 31, 2025 are presented in the table below.

Years ending December 31,	**Amount**
	(In millions)
Gross amounts due each year:	
2026	$ .8
2027	24.5
2028	.9
2029	556.3
2030	1.0
2031 and thereafter	6.2
Subtotal	589.7
Net amounts representing original issue premium and debt issuance costs	2.0
Total long-term debt	$ 591.7

We are in compliance with all of our debt covenants at December 31, 2025.

Note 10 – Accounts payable and accrued liabilities:

	December 31,	
	2024	**2025**
	(In millions)	
Accounts payable:		
Kronos	$ 232.4	**$ 224.0**
CompX	3.7	**2.7**
BMI/LandWell	8.0	**2.6**
Distributions payable to noncontrolling interest	5.9	**2.0**
Total	$ 250.0	**$ 231.3**
Current accrued liabilities:		
Employee benefits	$ 37.8	**$ 38.0**
Accrued development costs	30.0	**25.2**
Deferred income	28.2	**25.9**
Accrued sales discounts and rebates	27.6	**25.1**
Interest	11.4	**14.2**
Accrued severance cost	.9	**8.8**
Operating lease liabilities	3.5	**4.2**
Other	59.7	**57.2**
Total	$ 199.1	**$ 198.6**
Noncurrent accrued liabilities:		
Accrued development costs	$ 26.8	**$ 16.1**
Operating lease liabilities	17.1	**15.7**
Insurance claims and expenses	16.6	**16.1**
Deferred income	11.8	**2.9**
Asset retirement obligations	14.3	**14.7**
Other postretirement benefits	6.7	**6.4**
Employee benefits	4.5	**4.6**
Earn-out liability	4.3	**—**
Other	.6	**.5**
Total	$ 102.7	**$ 77.0**

The risks associated with certain of our accrued insurance claims and expenses have been reinsured, and the related IBNR receivables are recognized as noncurrent assets to the extent the related liability is classified as a noncurrent liability. See Note 7. See Note 3 for additional details related to the acquisition earn-out liability. See Note 20 for additional information related to the accrued severance costs.

Note 11 – Defined contribution and defined benefit retirement plans:

Defined contribution plans. Certain of our subsidiaries maintain various defined contribution pension plans for our employees worldwide. Defined contribution plan expense approximated $8.2 million in 2023, $7.7 million in 2024 and $8.4 million in 2025.

Defined benefit plans. Kronos sponsors various defined benefit pension plans worldwide. NL previously maintained a defined benefit pension plan in the U.S., in which Kronos and NL both participate. The benefits under our defined benefit plans are based upon years of service and employee compensation. Our funding policy is to contribute annually the minimum amount required under ERISA (or equivalent foreign) regulations plus additional amounts as we deem appropriate. We recognize an asset or liability for the over or under funded status of each of our individual defined benefit pension plans on our Consolidated Balance Sheets. Changes in the funded status of these plans are recognized either in net income, to the extent they are reflected in periodic benefit cost, or through other comprehensive income (loss).

As a result of the LPC acquisition in July 2024 (see Note 3), Kronos acquired the LPC defined benefit pension plan, which had a net pension asset of $10.6 million on the Acquisition Date. Prior to the LPC acquisition, LPC's defined benefit pension plan had been frozen for all employees with benefits based on years of service and employee compensation. Effective December 31, 2024, the LPC defined benefit pension plan was merged into the NL U.S. defined benefit pension plan.

The U.S. pension plan NL administered has been closed to new participants since 1996 with existing participants no longer accruing any additional benefits after that date. In accordance with applicable U.S. pension regulations, effective June 30, 2025, NL began the process of terminating the pension plan, which includes the purchase of annuity contracts from third-party insurance companies for the purpose of distributing benefits to plan participants. The annuity contracts were purchased on December 16, 2025, from "A" rated third-party insurance companies in settlement of all remaining obligations to the pension plan participants. The annuity purchase was funded with existing plan assets. In connection with the settlement, we recognized a non-cash settlement loss of approximately $28.7 million which is included in other components of net periodic pension and OPEB costs in our Consolidated Statements of Operations. This charge represents the previously unrecognized actuarial losses and prior service costs that were accumulated in other comprehensive loss. As a result of the U.S. plan settlement, we are entitled to surplus U.S. pension assets totaling approximately $9 million. Following the settlement, the surplus U.S. pension assets will be used, as permitted by the applicable regulations, to fund obligations associated with our Chemicals Segment's U.S. defined contribution profit sharing plan. Such surplus assets are included in pension assets on our Consolidated Balance Sheet.

We previously maintained a defined benefit pension plan in the United Kingdom (U.K.) related to a former disposed U.K. business unit. In accordance with applicable U.K. pension regulations, we entered into an agreement in March 2021 for the bulk annuity purchase, or "buy-in", with a specialist insurer of defined benefit pension plans. Following the buy-in, individual policies replaced the bulk annuity policy in a "buy-out" which was completed as of May 1, 2023. The buy-out was completed with existing plan funds. At the completion of the buy-out, the assets and liabilities of the U.K. pension plan were removed from our Consolidated Financial Statements and a non-cash pension plan termination loss of $6.2 million was recognized in the second quarter of 2023.

We expect to contribute the equivalent of approximately $17 million to all of our defined benefit pension plans during 2026. Benefit payments to plan participants out of plan assets are expected to be the equivalent of:

Years ending December 31,	Amount (In millions)
2026	$ 26.2
2027	28.3
2028	32.2
2029	31.7
2030	31.6
Next 5 years	154.4

The funded status of our U.S. defined benefit pension plans, including the acquired LPC plan, is presented in the table below.

	Years ended December 31,	
	2024	2025
	(In millions)	
Change in projected benefit obligations ("PBO"):		
Balance at beginning of the year	$ 42.7	**$ 65.2**
Interest cost	2.7	**3.4**
Actuarial (gains) losses	(3.1)	**2.4**
Benefits paid	(4.6)	**(5.3)**
Acquisition	27.5	**—**
Settlement	—	**(65.6)**
Balance at end of the year	$ 65.2	**$ .1**
Change in plan assets:		
Fair value at beginning of the year	$ 40.3	**$ 75.7**
Actual return on plan assets	.4	**3.3**
Employer contributions	1.5	**—**
Benefits paid	(4.6)	**(5.3)**
Acquisition	38.1	**—**
Settlement	—	**(64.7)**
Fair value at end of the year	$ 75.7	**$ 9.0**
Funded status	$ 10.5	**$ 8.9**
Amounts recognized in the Consolidated Balance Sheets:		
Noncurrent pension asset	$ 10.7	**$ 9.0**
Accrued pension costs:		
Current	(.1)	**(.1)**
Noncurrent	(.1)	**—**
Total	10.5	**8.9**
Accumulated other comprehensive loss - actuarial losses	28.5	**—**
Total	$ 39.0	**$ 8.9**
Accumulated benefit obligations ("ABO")	$ 65.2	**$ .1**

The components of our net periodic defined benefit pension cost for U.S. plans are presented in the table below. The amounts shown below for the amortization of recognized actuarial losses for 2023, 2024 and 2025 were recognized as components of our accumulated other comprehensive income (loss) at December 31, 2022, 2023 and 2024, respectively, net of deferred income taxes and noncontrolling interest.

	Years ended December 31,		
	2023	2024	2025
		(In millions)	
Net periodic pension cost for U.S. plans:			
Interest cost	$ 2.2	$ 2.7	**$ 3.4**
Expected return on plan assets	(1.9)	(3.2)	**(3.6)**
Recognized net actuarial losses	2.0	1.9	**1.4**
Settlements	—	—	**28.7**
Total	$ 2.3	$ 1.4	**$ 29.9**

Information concerning our U.S. defined benefit pension plans (for which the ABO of all of the plans exceeds the fair value of plan assets as of the indicated date) is presented in the table below.

	December 31,	
	2024	2025
	(In millions)	
Plans for which the ABO exceeds plan assets:		
Projected benefit obligations	$ .1	**$ .1**
Accumulated benefit obligations	.1	**.1**

The discount rate assumptions used in determining the actuarial present value of the benefit obligation for our U.S. defined benefit pension plans as of December 31, 2024 was 5.5%. The impact of assumed increases in future compensation levels does not have an effect on the benefit obligation as the plans are frozen with regards to compensation.

The weighted-average rate assumptions used in determining the net periodic pension cost for our U.S. defined benefit pension plans for 2023, 2024 and 2025 are presented in the table below. The impact of assumed increases in future compensation levels does not have an effect on the periodic pension cost as the plans are frozen with regards to compensation.

	Years ended December 31,		
	2023	2024	2025
Discount rate	5.3 %	5.0 %	**5.5 %**
Long-term return on plan assets	5.0 %	5.0 %	**5.0 %**

Variances from actuarially assumed rates will result in increases or decreases in accumulated pension obligations, pension expense and funding requirements in future periods.

The funded status of our non-U.S. defined benefit pension plans is presented in the table below.

	Years ended December 31, 2024	Years ended December 31, 2025
	(In millions)	
Change in PBO:		
Balance at beginning of the year	$ 563.7	**$ 513.3**
Service cost	6.6	**6.0**
Interest cost	18.9	**19.9**
Participant contributions	1.8	**2.0**
Actuarial gains	(16.2)	**(47.7)**
Settlements	(1.9)	**(1.4)**
Change in currency exchange rates	(36.8)	**57.8**
Benefits paid	(22.8)	**(24.5)**
Balance at end of the year	$ 513.3	**$ 525.4**
Change in plan assets:		
Fair value at beginning of the year	$ 422.6	**$ 404.9**
Actual return on plan assets	20.0	**13.9**
Employer contributions	14.9	**15.9**
Participant contributions	1.8	**2.0**
Settlements	(1.9)	**(1.4)**
Change in currency exchange rates	(29.7)	**45.1**
Benefits paid	(22.8)	**(24.5)**
Fair value at end of the year	$ 404.9	**$ 455.9**
Funded status	$ (108.4)	**$ (69.5)**
Amounts recognized in the Consolidated Balance Sheets:		
Noncurrent pension asset	$ 9.1	**$ 11.4**
Noncurrent accrued pension costs	(117.5)	**(80.9)**
Total	(108.4)	**(69.5)**
Accumulated other comprehensive loss:		
Actuarial losses	88.8	**44.9**
Prior service cost	.3	**.3**
Total	$ 89.1	**$ 45.2**
ABO	$ 499.7	**$ 514.1**

The total net underfunded status of our non-U.S. defined benefit pension plans decreased from $108.4 million at December 31, 2024 to $69.5 million at December 31, 2025 due to the change in our plan assets during 2025 exceeding the change in our PBO during 2025. The increase in our plan assets in 2025 was primarily attributable to favorable currency fluctuations (primarily from the weakening of the U.S. dollar relative to the euro). The increase in our PBO in 2025 was primarily attributable to favorable currency fluctuations, primarily from the weakening of the U.S. dollar relative to the euro, somewhat offset by higher actuarial gains due primarily to the increase in discount rates for all of our non-U.S. plans from the end of 2024.

The components of our net periodic pension benefit cost for our non-U.S. plans are presented in the table below. The amounts shown below for the amortization of prior service cost and recognized net actuarial losses for 2023, 2024 and 2025 were recognized as components of our accumulated other comprehensive income (loss) at December 31, 2022, 2023 and 2024, respectively, net of deferred income taxes and noncontrolling interest.

	Years ended December 31,		
	2023	2024	2025
		(In millions)	
Net periodic pension cost for non-U.S. plans:			
Service cost	$ 6.3	$ 6.6	**$ 6.0**
Interest cost	19.8	18.9	**19.9**
Expected return on plan assets	(18.3)	(19.9)	**(19.2)**
Recognized net actuarial losses	1.8	1.9	**1.7**
Amortization of prior service cost	—	.1	**.1**
Settlements	6.5	.4	**.3**
Total	$ 16.1	$ 8.0	**$ 8.8**

Information concerning certain of our non-U.S. defined benefit pension plans (for which the ABO exceeds the fair value of plan assets as of the indicated date) is presented in the table below.

	December 31,	
	2024	2025
	(In millions)	
Plans for which the ABO exceeds plan assets:		
Projected benefit obligations	$ 397.1	**$ 429.4**
Accumulated benefit obligations	387.1	**421.5**
Fair value of plan assets	279.5	**348.2**

The key actuarial assumptions used to determine our non-U.S. benefit obligations as of December 31, 2024 and 2025 are as follows:

	December 31,	
	2024	2025
Discount rate	3.6 %	**4.3 %**
Increase in future compensation levels	2.8 %	**2.8 %**

A summary of our key actuarial assumptions used to determine non-U.S. net periodic benefit cost for 2023, 2024 and 2025 are as follows:

	Years ended December 31,		
	2023	2024	2025
Discount rate	3.9 %	3.4 %	**3.6 %**
Increase in future compensation levels	2.7 %	2.7 %	**2.8 %**
Long-term return on plan assets	4.6 %	4.9 %	**4.5 %**

Variances from actuarially assumed rates will result in increases or decreases in accumulated pension obligations, pension expense and funding requirements in future periods.

The amounts shown for all of our periodic defined benefit plans for actuarial losses and prior service cost at December 31, 2024 and 2025 have not been recognized as components of our periodic defined benefit pension cost as of those dates. These amounts will be recognized as components of our periodic defined benefit cost in future years. These amounts, net of deferred income taxes and noncontrolling interest, are recognized in our accumulated other comprehensive income (loss) at December 31, 2024 and 2025. We expect approximately $1.7 million and $.1 million of the unrecognized actuarial losses and prior service cost, respectively, will be recognized as components of our periodic defined benefit pension cost in 2026. The table below details the changes in other comprehensive income (loss) during 2023, 2024 and 2025.

	Years ended December 31,		
	2023	2024	2025
		(In millions)	
Changes in plan assets and benefit obligations recognized in other comprehensive income (loss):			
Net actuarial gains (losses)	$ (25.5)	$ 16.0	**$ 39.0**
Amortization of unrecognized:			
Net actuarial losses	3.8	3.7	**3.1**
Prior service cost	—	.1	**.1**
Settlement loss	6.5	.4	**29.0**
Total	$ (15.2)	$ 20.2	**$ 71.2**

In determining the expected long-term rate of return on plan asset assumptions, we consider the long-term asset mix (e.g., equity vs. fixed income) for the assets for each of our plans and the expected long-term rates of return for such asset components. In addition, we receive third-party advice about appropriate long-term rates of return. Such assumed asset mixes are summarized below:

- In Germany, the composition of our plan assets is established to satisfy the requirements of the German insurance commissioner. Our German pension plan assets represent an investment in a large collective investment fund established by Bayer AG and maintained by a mutual insurance association in which several pension plans, including our German pension plans and Bayer's pension plans, have invested. Our plan assets represent a very nominal portion of the total collective investment fund. These plan assets are a Level 3 in the fair value hierarchy because there is not an active market that approximates the value of our investment. We estimate the fair value of the Bayer plan assets based on periodic reports we receive from the managers of the mutual insurance association and using a model we developed with assistance from our third-party actuary that uses estimated asset allocations and correlates such allocation to similar asset mixes in fund indexes quoted on an active market. We periodically evaluate the results of our valuation model against actual returns from the investment fund and adjust the model as needed. The mutual insurance association periodic reports are subject to audit by the German pension regulator.
- In Canada, we currently have a plan asset target allocation of up to 10% to equity securities and 90 –100% to fixed income securities. We expect the long-term rate of return for such investments to approximate the applicable equity or fixed income index. The Canadian assets are Level 1 inputs because they are traded in active markets.
- In Norway, we currently have a plan asset target allocation of 18% to equity securities, 63% to fixed income securities, 14% to real estate and the remainder primarily to other investments and liquid investments such as money markets. The expected long-term rate of return for such investments is approximately 8%, 5%, 7% and 4%, respectively. The majority of Norwegian plan assets are Level 1 inputs because they are traded in active markets; however, approximately 14% of our Norwegian plan assets are invested in real estate and other investments not actively traded and are therefore a Level 3 input.
- In the U.S., during 2025, we converted all of our U.S. plan assets to cash in anticipation of the U.S. plan termination, except for approximately 10% of our U.S. plan assets that remain, as of December 31, 2025, invested in funds that are valued at net asset value ("NAV") and, in accordance with ASC 820-10, not subject to classification in the fair value hierarchy.
- We also have plan assets in Belgium. The Belgian plan assets are invested in certain individualized fixed income insurance contracts for the benefit of each plan participant as required by the local regulators and are therefore a Level 3 input.

We regularly review our actual asset allocation for each plan, and will periodically rebalance the investments in each plan to more accurately reflect the targeted allocation and/or maximize the overall long-term return when considered appropriate.

The composition of our pension plan assets by asset category and fair value level at December 31, 2024 and 2025 is shown in the tables below.

	Fair Value Measurements at December 31, 2024				
	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Assets measured at NAV
			(In millions)		
Germany	$ 264.6	$ —	$ —	$ 264.6	$ —
Canada:					
Local currency equities	2.8	2.8	—	—	—
Local currency fixed income	78.1	78.1	—	—	—
Cash and other	.5	.5	—	—	—
Norway:					
Local currency equities	2.0	2.0	—	—	—
Non local currency equities	6.9	6.9	—	—	—
Local currency fixed income	21.1	3.7	17.4	—	—
Non local currency fixed income	4.2	4.2	—	—	—
Real estate	6.2	—	—	6.2	—
Cash and other	3.6	3.4	—	.2	—
U.S.:					
Equities	6.7	—	—	.1	6.6
Fixed income	30.8	—	—	—	30.8
Cash and other	38.2	37.0	—	—	1.2
Other	14.9	—	—	14.9	—
Total	$ 480.6	$ 138.6	$ 17.4	$ 286.0	$ 38.6

	Fair Value Measurements at December 31, 2025				
	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Assets measured at NAV
			(In millions)		
Germany	**$ 304.9**	**$ —**	**$ —**	**$ 304.9**	**$ —**
Canada:					
Local currency equities	**2.5**	**2.5**	**—**	**—**	**—**
Local currency fixed income	**79.1**	**79.1**	**—**	**—**	**—**
Cash and other	**.1**	**.1**	**—**	**—**	**—**
Norway:					
Local currency equities	**2.3**	**2.3**	**—**	**—**	**—**
Non local currency equities	**7.5**	**7.5**	**—**	**—**	**—**
Local currency fixed income	**25.7**	**4.7**	**21.0**	**—**	**—**
Non local currency fixed income	**4.8**	**4.8**	**—**	**—**	**—**
Real estate	**7.4**	**—**	**—**	**7.4**	**—**
Cash and other	**4.5**	**4.4**	**—**	**.1**	**—**
U.S.:					
Cash and other	**9.0**	**8.0**	**—**	**—**	**1.0**
Other	**17.1**	**—**	**—**	**17.1**	**—**
Total	**$ 464.9**	**$ 113.4**	**$ 21.0**	**$ 329.5**	**$ 1.0**

A rollforward of the change in fair value of Level 3 assets follows.

	Years ended December 31,	
	2024	2025
	(In millions)	
Fair value at beginning of year	$ 292.1	**$ 286.0**
Gain on assets held at end of year	12.8	**13.8**
Gain (loss) on assets sold during the year	(.7)	**(6.7)**
Assets purchased	1.5	**1.6**
Assets sold	(2.3)	**(2.0)**
Currency exchange rate fluctuations	(17.4)	**36.8**
Fair value at end of year	$ 286.0	**$ 329.5**

Note 12 – Disaggregation of sales:

The following table disaggregates the net sales of our Chemicals Segment by place of manufacture (point of origin) and the location of the customer (point of destination), which are the categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

	Years ended December 31,		
	2023	2024	2025
		(In millions)	
Net sales - point of origin:			
United States	$ 1,029.2	$ 1,178.4	**$ 1,172.9**
Germany	726.4	826.6	**839.1**
Canada	351.0	351.5	**289.3**
Norway	252.1	278.6	**250.3**
Belgium	217.1	237.8	**236.7**
Eliminations	(909.3)	(985.8)	**(928.9)**
Total	$ 1,666.5	$ 1,887.1	**$ 1,859.4**
Net sales - point of destination:			
Europe	$ 737.8	$ 841.5	**$ 861.0**
North America	618.1	698.3	**713.3**
Other	310.6	347.3	**285.1**
Total	$ 1,666.5	$ 1,887.1	**$ 1,859.4**

The following table disaggregates the net sales of our Component Products and Real Estate Management and Development Segments by major product line, which are the categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows for these segments are affected by economic factors.

	Years ended December 31,		
	2023	2024	2025
		(In millions)	
Component Products:			
Net sales:			
Security products	$ 121.2	$ 115.2	**$ 120.7**
Marine components	40.1	30.7	**37.6**
Total	$ 161.3	$ 145.9	**$ 158.3**
Real Estate Management and Development:			
Net sales:			
Land sales	$ 92.6	$ 71.5	**$ 59.3**
Utility and other	1.3	.3	**—**
Total	$ 93.9	$ 71.8	**$ 59.3**

Note 13 – Other income, net:

	Years ended December 31,		
	2023	2024	2025
		(In millions)	
Interest income and other:			
Interest and dividends	$ 21.0	$ 21.8	**$ 16.5**
Securities transactions, net	.3	.2	**.1**
Total	21.3	22.0	**16.6**
Infrastructure reimbursement	25.5	31.7	**34.6**
Currency transactions, net	1.4	1.6	**5.4**
Insurance recoveries	3.0	1.4	**—**
Gain on land sales	1.5	.5	**—**
Other, net	2.7	4.6	**2.5**
Total	$ 55.4	$ 61.8	**$ 59.1**

Infrastructure reimbursement – Infrastructure reimbursements related to the OPA are discussed in Note 7. LandWell also has agreements with certain utility providers servicing the Cadence master planned community under which certain costs incurred for the development of utility infrastructure may be reimbursed to LandWell. LandWell received $.3 million, $1.4 million and $.4 million in 2023, 2024 and 2025, respectively, for past costs incurred.

Insurance recoveries – Kronos recognized an aggregate gain of $2.5 million in 2023 related to its Hurricane Laura business interruption claim.

NL received $.5 million and $1.4 million in insurance recoveries in 2023 and 2024, respectively. NL did not receive any insurance recoveries in 2025.

Note 14 – Income taxes:

The provision for income taxes and the difference between such provision for income taxes and the amount that would be expected using the U.S. federal statutory income tax rate are presented below.

	Years ended December 31,		
	2023	2024	2025
		(In millions)	
Pre-tax income (loss):			
U.S.	$ 53.2	$ 169.8	**$ (16.6)**
Non-U.S.	(72.7)	74.4	**(26.4)**
Total	$ (19.5)	$ 244.2	**$ (43.0)**

	Years ended December 31,					
	2023		2024		2025	
			(In millions)			
	Amount	Percent	Amount	Percent	Amount	Percent
U.S. federal statutory tax rate	$ (4.1)	21.0%	$ 51.3	21.0%	**$ (9.0)**	**21.0%**
State income taxes, net of federal income tax effect	(.4)	2.1	2.8	1.2	**(1.5)**	**3.5**
Foreign tax effects:						
Germany:						
Statutory tax rate difference between Germany and U.S.	3.6	(18.4)	(.4)	(.2)	**2.8**	**(6.5)**
Subnational income taxes	(7.5)	38.9	.8	.3	**(6.1)**	**14.1**
Effect of changes in tax laws enacted in the current period	—	—	—	—	**19.3**	**(45.1)**
Changes in valuation allowance	—	—	—	—	**8.5**	**(20.0)**
Other	.5	(2.8)	3.5	1.5	**2.3**	**(5.1)**
Belgium						
Statutory tax rate difference between Belgium and U.S.	(2.0)	10.2	(1.1)	(.5)	**(1.4)**	**3.2**
Changes in valuation allowance	—	—	8.2	3.4	**8.6**	**(20.0)**
Other	.2	(.8)	—	—	**.1**	**(.1)**
Canada						
Statutory tax rate difference between Canada and U.S.	1.3	(6.5)	.7	.3	**.2**	**(.5)**
Subnational income taxes	(2.4)	12.4	(1.4)	(.6)	**(.4)**	**1.0**
Other	(1.1)	5.2	(.4)	(.2)	**(.4)**	**1.0**
Other foreign jurisdictions	.7	(3.7)	1.3	.6	**.8**	**(1.9)**
Effect of cross-border tax laws:						
Incremental tax expense (benefit) on earnings (losses) of subsidiary	(3.9)	20.1	9.3	3.8	**(12.3)**	**28.6**
Other	(.4)	2.0	3.3	1.4	**.4**	**(.9)**
Changes in valuation allowances	—	—	2.5	1.0	**13.2**	**(30.7)**
Changes in unrecognized tax benefits	(.7)	3.8	.5	.2	**—**	**—**
Other adjustments:						
Incremental tax expense (benefit) on investment in Kronos	(5.5)	28.4	4.4	1.8	**(7.1)**	**16.5**
Incremental tax benefit on investment in BMI/LandWell	(2.7)	13.9	(2.6)	(1.1)	**(.6)**	**1.5**
Pension termination	—	—	—	—	**(5.5)**	**12.8**
Other	(.2)	.4	.2	—	**—**	**—**
Income tax expense (benefit)	$ (24.6)	126.2 %	$ 82.9	33.9 %	**$ 11.9**	**(27.6)%**

	Years ended December 31,		
	2023	2024	2025
		(In millions)	
Components of income tax expense (benefit):			
Current income tax expense (benefit)			
U.S. federal	$ 12.3	$ 13.3	**$ 7.1**
State	.3	.9	**(.1)**
Non-U.S.	13.5	25.3	**14.4**
	26.1	39.5	**21.4**
Deferred income tax expense (benefit)			
U.S. federal	(13.6)	38.6	**(22.0)**
State	(1.2)	2.7	**(1.8)**
Non-U.S.	(35.9)	2.1	**14.3**
	(50.7)	43.4	**(9.5)**
Income tax expense (benefit)	$ (24.6)	$ 82.9	**$ 11.9**
Comprehensive provision for income taxes (benefit) allocable to:			
Net income (loss)	$ (24.6)	$ 82.9	**11.9**
Other comprehensive income (loss):			
Currency translation	.4	(3.9)	**3.7**
Defined benefit pension plans	(7.6)	7.5	**29.9**
Other	(.3)	—	**.1**
Comprehensive income tax expense (benefit)	$ (32.1)	$ 86.5	**$ 45.6**

The amount shown in the preceding table of our income tax rate reconciliation for incremental net tax expense (benefit) on earnings (losses) of subsidiary represents current and deferred U.S. income taxes (or income tax benefit) attributable to one of our Chemicals Segment's non-U.S. subsidiaries, which subsidiary is treated as a dual resident for U.S. income tax purposes, to the extent the current-year income (losses) of such subsidiary is subject to U.S. income tax under the U.S. dual-resident provisions of the Internal Revenue Code. The amount shown for incremental tax benefit on investment in BMI/LandWell represents current and deferred income taxes associated with distributions and earnings from our investment in BMI and LandWell. BMI and LandWell are not members of our consolidated tax group for federal and state tax purposes although we do hold a controlling interest. Income allocable to non-affiliated equity holders is not taxable to us and results in a net incremental tax benefit.

The components of the net deferred income taxes at December 31, 2024 and 2025 are summarized in the following table.

	December 31,			
	2024		2025	
	Assets	Liabilities	Assets	Liabilities
	(In millions)			
Tax effect of temporary differences related to:				
Property and equipment	$ —	$ (69.1)	**$ —**	**$ (66.1)**
Lease assets (liabilities)	5.2	(5.3)	**5.0**	**(5.1)**
Accrued pension costs	14.3	—	**.9**	**—**
Accrued environmental liabilities	15.2	—	**2.9**	**—**
Capitalized research and development costs	6.3	—	**8.5**	**—**
Other deductible differences	12.0	—	**14.7**	**—**
Other taxable differences	—	(22.6)	**—**	**(20.3)**
Investments in subsidiaries and affiliates	10.1	(56.9)	**7.4**	**(57.0)**
Unrecognized currency gain	—	(16.8)	**—**	**(11.1)**
Tax on unremitted earnings of non-U.S. subsidiaries	—	(8.8)	**—**	**(7.6)**
Tax loss and tax credit carryforwards	126.6	—	**152.9**	**—**
Valuation allowance	(14.1)	—	**(45.7)**	**—**
Adjusted gross deferred tax assets (liabilities)	175.6	(179.5)	**146.6**	**(167.2)**
Netting of items by tax jurisdiction	(121.8)	121.8	**(111.4)**	**111.4**
Net noncurrent deferred tax asset (liability)	$ 53.8	$ (57.7)	**$ 35.2**	**$ (55.8)**

We periodically review our deferred tax assets (“DTA”) to determine if a valuation allowance is required. At December 31, 2025, our Chemicals Segment has German corporate and trade net operating loss (“NOL”) carryforwards of $510.8 million (DTA of $57.2 million) and $46.3 million (DTA of $5.0 million), respectively; Belgian corporate NOL carryforwards of $109.0 million (DTA of $27.2 million); and Canadian corporate and provincial NOL carryforwards of $30.9 million (DTA of $4.6 million) and $33.5 million (DTA of $3.8 million), respectively. We also have U.S. federal NOL carryforwards of $58.1 million (DTA of $12.2 million). With regards to our Belgian DTA, we did not have sufficient positive evidence to overcome the significant negative evidence of having twelve quarters of cumulative losses. Accordingly, at December 31, 2024, we concluded that we were required to recognize a non-cash deferred income tax asset valuation allowance of $8.2 million under the more-likely-than-not recognition criteria with respect to our Belgian DTA. During 2025, we recognized an aggregate $8.6 million non-cash tax expense as the result of a net increase in such deferred income tax asset valuation allowance with respect to the additional losses recognized by our Belgian operations during 2025. At December 31, 2025, we have concluded no valuation allowance is required to be recognized for our German, U.S., and Canadian DTAs principally because such carryforwards have lengthy carryforward periods (the German and U.S. carryforwards may be carried forward indefinitely) and we currently expect to utilize the remainder of such carryforwards over the long term. Although prior to the complete utilization of such carryforwards, if we were to generate additional losses in our German, U.S., or Canadian operations for an extended period of time, or if applicable laws were to change such that the carryforward periods were more limited, it is possible that we might conclude the benefit of such carryforwards would no longer meet the more-likely-than-not recognition criteria, at which point we would be required to recognize a valuation allowance against some or all of the then-remaining tax benefit associated with the carryforwards.

The 2017 Tax Act limited our business interest expense to the sum of our business interest income and 30% of our adjusted taxable income as defined in the Tax Act. Any business interest expense disallowed as a deduction as a result of the limitation may be carried forward indefinitely. At December 31, 2024 and December 31, 2025, we have recorded deferred tax assets of $23.1 million and $30.6 million, respectively, for the carryforwards associated with the nondeductible portion of our interest expense and have concluded we are required to recognize a valuation allowance for such deferred tax asset under the more-likely-than-not recognition criteria. During 2025 we recognized a non-cash deferred income tax expense of $8.5 million with respect to the valuation allowance recorded on a portion of our additional interest expense carryforwards.

We recognize deferred income taxes with respect to the excess of the financial reporting carrying amount over the income tax basis of our direct investment in Kronos common stock because the exemption under GAAP to avoid such recognition of deferred income taxes is not available to us. At December 31, 2025, we have recognized a deferred income tax liability with respect to our direct investment in Kronos of $49.7 million. There is a maximum amount (or cap) of such deferred income taxes we are required to recognize with respect to our direct investment in Kronos. The maximum amount of such deferred income tax liability we would be required to have recognized (the cap) is $153.6 million. During 2025, we recognized a non-cash deferred income tax benefit with respect to our direct investment in Kronos of $7.5 million for the decrease in the deferred income taxes required to be recognized with respect to the excess of the financial reporting carrying amount over the income tax basis of our direct investment in Kronos common stock, to the extent such decrease related to our equity in Kronos' net income during such period. We recognized a similar non-cash deferred income tax expense of $4.6 million in 2024 and a non-cash deferred income tax benefit of $6.4 million in 2023. A portion of the net change with respect to the excess of the financial reporting carrying amount over the income tax basis of our direct investment in Kronos common stock during such periods related to our equity in Kronos' other comprehensive income (loss) items, and the amounts shown in the table above for income tax expense (benefit) allocated to other comprehensive income (loss) items includes amounts related to our equity in Kronos' other comprehensive income (loss) items.

Prior to the enactment of the 2017 Tax Act, the undistributed earnings of our Chemical Segment's European subsidiaries were deemed to be permanently reinvested (we had not made a similar determination with respect to the undistributed earnings of our Canadian subsidiary). Pursuant to the repatriation tax provisions of the 2017 Tax Act which imposed a one-time repatriation tax on post-1986 undistributed earnings, we recognized current income tax expense of $74.1 million and elected to pay such tax in annual installments over an eight-year period. We made our final installment payment of $18.6 million in 2025.

On December 10, 2024, the Department of the Treasury and the Internal Revenue Service released final currency regulations under §987 and related rules (the "2024 Final Regulations"). The 2024 Final Regulations generally apply to tax years beginning after December 31, 2024, and include transition rules that require us to compute a pretransition gain or loss for currency translation related to the operations, assets and liabilities of our non-U.S. qualified business units. Pursuant to the 2024 Final Regulations, we have calculated a pretransition gain of $77.1 million and, accordingly, our income tax expense in 2024 includes a non-cash deferred income tax expense of $16.5 million recognized in the fourth quarter. We have elected to amortize such gain into taxable income over a ten-year period beginning in 2025, and accordingly, in 2025 we recorded a current tax expense of $1.6 million as a result of such amortization.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was signed into law in the United States. The OBBBA, among other provisions, provides for bonus depreciation of qualified property, permanently modifies the interest expense deduction to use an adjusted taxable income based on a calculation similar to EBITDA and other computational changes, and makes changes to the international tax framework. The legislation has multiple effective dates, with certain provisions effective in 2025 and others implemented through 2027. The OBBBA did not have a material impact on our 2025 consolidated financial statements, and we are in the process of evaluating the impact to future years as additional provisions take effect.

On July 18, 2025, Germany enacted legislation which includes, among other provisions, an additional depreciation allowance for certain fixed assets, improvements to the research and development tax allowance and, starting in 2028, a reduction of the 15% corporate tax rate by one percentage point in each of five years until the tax rate reaches 10% in 2032. We recorded a non-cash deferred tax expense of $19.3 million in the third quarter to reduce our net German deferred tax asset as a result of the reduction of the German corporate tax rate.

Tax authorities are examining certain of our U.S. and non-U.S. tax returns and may propose tax deficiencies, including penalties and interest. Because of the inherent uncertainties involved in settlement initiatives and court and tax proceedings, we cannot guarantee that these tax matters, if any, will be resolved in our favor, and therefore our potential exposure, if any, is also uncertain. We believe we have adequate accruals for additional taxes and related interest expense which could ultimately result from tax examinations. We believe the ultimate disposition of tax examinations should not have a material adverse effect on our consolidated financial position, results of operations or liquidity.

The following table shows the changes in the amount of our uncertain tax positions (exclusive of the effect of interest and penalties) during 2023, 2024 and 2025:

	Years ended December 31,		
	2023	2024	2025
		(In millions)	
Unrecognized tax benefits:			
Amount at beginning of year	$ 3.5	$ 2.8	**$ 3.2**
Tax positions taken in current period	.5	.5	**.6**
Lapse due to applicable statute of limitations	(1.2)	—	**(.6)**
Changes in currency exchange rates	—	(.1)	**.3**
Amount at end of year	$ 2.8	$ 3.2	**$ 3.5**

At December 31, 2025, all of our uncertain tax benefits are classified as a component of our noncurrent deferred tax asset. If our uncertain tax positions at December 31, 2025 were recognized, there would be no net impact to our effective income tax rate.

We and Contran file income tax returns in U.S. federal and various state and local jurisdictions. We also file income tax returns in various non-U.S. jurisdictions, principally in Germany, Canada, Belgium and Norway. Our U.S. income tax returns prior to 2022 are generally considered closed to examination by applicable tax authorities. Our non-U.S. income tax returns are generally considered closed to examination for years prior to 2021 for Germany and Belgium and 2020 for Canada and Norway, although certain periods may be extended if currently under examination or for the review of cross-border transactions.

We accrue interest and penalties on our uncertain tax positions as a component of our provision for income taxes. The amount of interest and penalties we accrued during 2023, 2024 and 2025 was not material.

The following table shows our net tax payments made in 2023, 2024, and 2025 disaggregated by taxing jurisdiction.

	Years ended December 31,		
	2023	2024	2025
		(In millions)	
U.S. federal	$ 21.0	$ 25.2	**$ 27.2**
State	.8	.4	**.4**
Non-U.S.			
Norway	11.6	14.7	**23.3**
Germany	(5.5)	.2	**(1.1)**
Other	(.5)	1.3	**2.3**
	$ 27.4	$ 41.8	**$ 52.1**

Note 15 – Noncontrolling interest in subsidiaries:

	December 31,	
	2024	2025
	(In millions)	
Noncontrolling interest in net assets:		
Kronos Worldwide	$ 210.3	**$ 197.6**
NL Industries	81.5	**75.1**
CompX International	19.0	**18.0**
BMI	18.7	**25.0**
LandWell	13.5	**24.8**
Total	$ 343.0	**$ 340.5**

	Years ended December 31,		
	2023	2024	2025
		(In millions)	
Noncontrolling interest in net income (loss) of subsidiaries:			
Kronos Worldwide	$ (9.5)	$ 16.1	**$ (21.3)**
NL Industries	(.4)	11.4	**(6.4)**
CompX International	2.9	2.0	**2.4**
BMI	8.2	9.6	**10.6**
LandWell	13.8	14.2	**17.4**
Total	$ 15.0	$ 53.3	**$ 2.7**

Note 16 – Valhi stockholders' equity:

	Shares of common stock		
	Issued	Treasury	Outstanding
		(In millions)	
Balance at December 31, 2023, 2024 and 2025	29.6	(1.1)	28.5

Valhi share repurchases and cancellations. Our board of directors previously authorized the repurchase of shares of our common stock in open market transactions, including block purchases, or in privately negotiated transactions, which may include transactions with our affiliates or subsidiaries. The aggregate number of shares authorized for repurchase is 833,333, and we have approximately 334,000 shares available for repurchase at December 31, 2025. We may purchase the stock from time to time as market conditions permit. The stock repurchase program does not include specific price targets or timetables and may be suspended at any time. Depending on market conditions, we may terminate the program prior to completion. We will use cash on hand to acquire the shares. Repurchased shares could be retired and cancelled or may be added to our treasury stock and used for employee benefit plans, future acquisitions or other corporate purposes. We did not make any such purchases under the plan in 2023, 2024 or 2025.

Treasury stock. At December 31, 2024 and 2025, NL and Kronos held approximately 1.2 million and .1 million shares of our common stock, respectively. The treasury stock we reported for financial reporting purposes at December 31, 2024 and 2025 represents our proportional interest in these shares of our common stock held by NL and Kronos, at NL's and Kronos' historical cost basis. The remaining portion of these shares of our common stock, which are attributable to the noncontrolling interest of NL and Kronos, are reflected in our Consolidated Balance Sheets at fair value and are classified as part of other noncurrent assets. Under Delaware Corporation Law, 100% (and not the proportionate interest) of a parent company's shares held by a majority-owned subsidiary of the parent is considered to be treasury stock for voting purposes. As a result, our common shares outstanding for financial reporting purposes differ from those outstanding for legal purposes. Any unrealized gains or losses on the shares of our common stock attributable to the noncontrolling interest of Kronos and NL are recognized in the determination of each of Kronos and NL's respective net income or loss. Under the principles of consolidation we eliminate any gains or losses associated with our common stock to the extent of our proportional ownership interest in each subsidiary. We recognized a loss of $1.7 million in 2023, a gain of $1.9 million in 2024 and a loss of $2.7 million in 2025 in our Consolidated Statements of Operations which represents the unrealized gain (loss) in respect of these shares attributable to the noncontrolling interest of Kronos and NL. See Note 2.

Valhi director stock plan. Prior to 2022, our board of directors adopted a plan that provided for the award of stock to our board of directors, and up to a maximum of 200,000 shares could be awarded. In March 2021, our board of directors voted to replace the existing director stock plan with a new plan that would provide for the award of stock to non-employee members of our board of directors, and up to a maximum of 100,000 shares could be awarded. The new plan was approved at our May 2021 shareholder meeting, at which time the prior director stock plan terminated. We awarded 6,300 shares and 7,500 shares under this plan in 2024 and 2025, respectively, and at December 31, 2025, 70,800 shares are available for future award under this new plan.

Stock plans of subsidiaries. Kronos, NL and CompX each maintain plans which provide for the award of their common stock to their board of directors. At December 31, 2025, Kronos, NL and CompX had 71,000, 170,750 and 115,150 shares of their respective common stock available for future award under respective plans.

Accumulated other comprehensive loss. Accumulated other comprehensive income (loss) attributable to Valhi stockholders comprises changes in equity as presented in the table below.

	Years ended December 31,		
	2023	2024	2025
		(In millions)	
Accumulated other comprehensive income (loss) (net of tax and noncontrolling interest):			
Marketable securities:			
Balance at beginning of year	$ 1.6	$ 1.7	**$ 1.7**
Other comprehensive income:			
Unrealized gain arising during the year	.1	—	**—**
Balance at end of year	$ 1.7	$ 1.7	**$ 1.7**
Currency translation:			
Balance at beginning of year	$ (91.5)	$ (88.8)	**$ (111.7)**
Other comprehensive income (loss) arising during the year	2.7	(22.9)	**21.6**
Balance at end of year	$ (88.8)	$ (111.7)	**$ (90.1)**
Defined benefit pension plans:			
Balance at beginning of year	$ (55.0)	$ (58.8)	**$ (49.4)**
Other comprehensive income:			
Amortization of prior service cost and net losses included in net periodic pension cost	1.9	2.1	**1.8**
Net actuarial gain (loss) arising during the year	(10.0)	7.1	**12.4**
Plan settlement	4.3	.2	**17.5**
Balance at end of year	$ (58.8)	$ (49.4)	**$ (17.7)**
OPEB plans:			
Balance at beginning of year	$ 1.0	$ .4	**$ .2**
Other comprehensive income:			
Amortization of prior service credit and net losses included in net periodic OPEB cost	(.7)	(.3)	**(.3)**
Net actuarial gain arising during the year	.1	.1	**.4**
Balance at end of year	$ .4	$ .2	**$ .3**
Total accumulated other comprehensive loss:			
Balance at beginning of year	$ (143.9)	$ (145.5)	**$ (159.2)**
Other comprehensive income (loss)	(1.6)	(13.7)	**53.4**
Balance at end of year	$ (145.5)	$ (159.2)	**$ (105.8)**

See Note 11 for amounts related to our defined benefit pension plans and Note 10 for amounts related to our OPEB plans.

Note 17 – Related party transactions:

We may be deemed to be controlled by Ms. Simmons and the Family Trust. See Note 1. Corporations that may be deemed to be controlled by or affiliated with such individuals sometimes engage in (a) intercorporate transactions such as guarantees, management and expense sharing arrangements, shared fee arrangements, joint ventures, partnerships, loans, options, advances of funds on open account, and sales, leases and exchanges of assets, including securities issued by both related and unrelated parties and (b) common investment and acquisition strategies, business combinations, reorganizations, recapitalizations, securities repurchases, and purchases and sales (and other acquisitions and dispositions) of subsidiaries, divisions or other business units, which transactions have involved both related and unrelated parties and have included transactions which resulted in the acquisition by one related party of a publicly-held noncontrolling interest in another related party. While no transactions of the type described above are planned or proposed with respect to us other than as set forth in these financial statements, we continuously consider, review and evaluate, and understand that Contran and related entities consider, review and evaluate such transactions. Depending upon the business, tax and other objectives then relevant, it is possible that we might be a party to one or more such transactions in the future.

From time to time, we may have loans and advances outstanding between us and various related parties, including Contran, pursuant to term and demand notes. We generally enter into these loans and advances for cash management purposes. When we loan funds to related parties, we are generally able to earn a higher rate of return on the loan than we would earn if we invested the funds in other instruments. While certain of these loans may be of a lesser credit quality than cash equivalent instruments otherwise available to us, we believe we have evaluated the credit risks involved and appropriately reflect those credit risks in the terms of the applicable loans. When we borrow from related parties, we are generally able to pay a lower rate of interest than we would pay if we borrowed from unrelated parties. We paid Contran $10.3 million, $6.3 million and $3.4 million in interest on borrowings and unused commitment fees under Valhi's Contran credit facility in 2023, 2024 and 2025, respectively. In February 2024, Kronos entered into a $53.7 million subordinated, unsecured term loan with Contran. Interest expense on Kronos' loan from Contran was $5.1 million each of 2024 and 2025. See Note 9 for more information on the Kronos term loan with Contran and the Valhi credit facility with Contran.

Under the terms of various intercorporate services agreements ("ISA") we enter into with Contran, employees of Contran provide us certain management, tax planning, financial and administrative services on a fee basis. Such fees are based on the compensation of individual Contran employees providing services for us and/or estimates of the time devoted to our affairs by such persons. Because of the number of companies affiliated with Contran, we believe we benefit from cost savings and economies of scale gained by not having certain management, financial and administrative staffs duplicated at all of our subsidiaries, thus allowing certain Contran employees to provide services to multiple companies but only be compensated by Contran. We negotiate fees annually, and agreements renew quarterly. The net ISA fees charged to us by Contran aggregated $37.8 million in 2023, $39.5 million in 2024 and $42.6 million in 2025.

At December 31, 2025, we had an aggregate 16.7 million shares of our Kronos common stock pledged as collateral for certain debt obligations of Contran. We receive a fee from Contran for pledging these Kronos shares, determined by a formula based on the market value of the shares pledged. We received $.8 million in 2023, $.9 million in 2024 and $.5 million in 2025 from Contran for this pledge.

Contran and certain of its subsidiaries and affiliates, including us, purchase certain of their insurance policies and risk management services as a group, with the costs of the jointly-owned policies and services being apportioned among the participating companies. Tall Pines Insurance Company, our subsidiary, underwrites certain insurance policies for Contran and certain of its subsidiaries and affiliates, including us. Tall Pines purchases reinsurance from highly rated (as determined by A.M. Best or other internationally recognized ratings agency) third-party insurance carriers for substantially all of the risks it underwrites. Consistent with insurance industry practices, Tall Pines receives commissions from the reinsurance underwriters and/or assesses fees for certain of the policies that it underwrites. The aggregate amount paid under the group insurance program by us, our subsidiaries and LPC in 2023, 2024 and 2025 was $29.3 million, $29.7 million and $24.1 million, respectively, which amounts principally represent insurance premiums. The aggregate amounts paid under the group insurance program also include payments to insurers or reinsurers for the reimbursement of claims within our applicable deductible or retention ranges that such insurers and reinsurers paid to third parties on our behalf, as well as amounts for claims and risk management services and various other third-party fees and expenses incurred by the program. We expect these relationships will continue in 2026.

With respect to certain of such jointly-owned policies, it is possible that unusually large losses incurred by one or more insureds during a given policy period could leave the other participating companies without adequate coverage under that policy for the balance of the policy period. As a result, and in the event that the available coverage under a particular policy would become exhausted by one or more claims, Contran and certain of its subsidiaries and affiliates, including us, have entered into a loss sharing agreement under which any uninsured loss arising because the available coverage had been exhausted by one or more claims will be shared ratably amongst those entities that had submitted claims under the relevant policy. We believe the benefits in the form of reduced premiums and broader coverage associated with the group coverage for such policies justify the risk associated with the potential for any uninsured loss.

Contran and certain of its subsidiaries participate in a combined information technology data services program that Contran provides for primary data processing and failover. The program apportions its costs among the participating companies. The aggregate amount Kronos paid Contran for such services was $.4 million in each of 2023 and 2024 and $.3 million in 2025. Under the terms of a sublease agreement between Contran and Kronos, Kronos leases certain office space from Contran. Kronos paid Contran $.6 million in 2023 and $.7 million in each of 2024 and 2025 for such rent and related ancillary services. We expect these relationships with Contran will continue in 2026.

Prior to 2022, NL made certain pro-rata distributions to its stockholders in the form of shares of Kronos common stock. All of NL's distributions of Kronos common stock were taxable to NL and NL recognized a taxable gain equal to the difference between the fair market value of the Kronos shares distributed on the various dates of distribution and NL's adjusted tax basis in the shares at the dates of distribution. NL transferred shares of Kronos common stock to us in satisfaction of the tax liability related to NL's gain on the transfer or distribution of these shares of Kronos common stock and the tax liability generated from the use of Kronos shares to settle the tax liability. To date, we have not paid the liability to Contran because Contran has not paid the liability to the applicable tax authority. The income tax liability will become payable to Contran, and by Contran to the applicable tax authority, when the shares of Kronos transferred or distributed by NL to us are sold or otherwise transferred outside the Contran Tax Group or in the event of certain restructuring transactions involving us. We have recognized deferred income taxes for our investment in Kronos common stock.

We are a party to a tax sharing agreement with Contran providing for the allocation of tax liabilities and tax payments as described in Note 1. Under applicable law, we, as well as every other member of the Contran Tax Group, are each jointly and severally liable for the aggregate federal income tax liability of Contran and the other companies included in the Contran Tax Group for all periods in which we are included in the Contran Tax Group. Contran has agreed, however, to indemnify us for any liability for income taxes of the Contran Tax Group in excess of our tax liability computed in accordance with the tax sharing agreement.

Receivables from and payables to affiliates are summarized in the table below.

	December 31, 2024	December 31, 2025
	(In millions)	
Current receivables from affiliates:		
Contran - income taxes	$ —	**$ 2.4**
Contran - trade items	.2	**.1**
Other	.6	**.6**
Total	$ .8	**$ 3.1**
Current payables to affiliates:		
Contran - income taxes	$ 16.9	**$ —**
Contran - trade items	.2	**1.3**
Other	—	**.1**
Total	$ 17.1	**$ 1.4**
Payables to affiliate included in long-term debt:		
Valhi - Contran credit facility	$ 44.6	**$ 23.6**
Kronos - Contran Term Loan	53.7	**53.7**
Total	$ 98.3	**$ 77.3**

Note 18 – Commitments and contingencies:

Lead pigment litigation

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

In the matter titled *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) on July 24, 2019, an order approving a global settlement agreement entered into among all of the plaintiffs and the three defendants remaining in the case (the Sherwin Williams Company, ConAgra Grocery Products and NL) was entered by the court and the case was dismissed with prejudice. The global settlement agreement provided that an aggregate $305 million would be paid collectively by the three co-defendants in full satisfaction of all claims resulting in a dismissal of the case with prejudice and the resolution of (i) all pending and future claims by the plaintiffs in the case, and (ii) all potential claims for contribution or indemnity between NL and its co-defendants in respect to the case. In the agreement, NL expressly denied any and all liability and the dismissal of the case with prejudice was entered by the court without a final judgment of liability entered against NL. The settlement agreement fully concludes this matter.

Under the terms of the global settlement agreement, each defendant paid an aggregate $101.7 million to the plaintiffs as follows: $25.0 million within sixty days of the court's approval of the settlement and dismissal of the case, and the remaining $76.7 million in six annual installments beginning on the first anniversary of the initial payment ($12.0 million for the first five installments and $16.7 million for the sixth installment). NL's sixth installment, which was paid in October 2025, was funded with amounts that were already on deposit at the court and previously included in current restricted cash on our Consolidated Balance Sheets, as those amounts, together with all accrued interest through the date of payment, had been committed to the settlement. Per the terms of the settlement, any amounts on deposit in excess of the final payment were to be returned to NL, and in October 2025 NL received accrued interest of approximately $1.6 million from such restricted cash.

For financial reporting purposes, NL used a discount rate of 1.9% per annum to discount the aggregate $101.7 million settlement to the estimated net present value of $96.3 million. NL recognized an aggregate accretion expense of $.7 million, $.5 million and $.2 million in 2023, 2024 and 2025, respectively.

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

Environmental matters and litigation

Our operations are governed by various environmental laws and regulations. Certain of our businesses are and have been engaged in the handling, manufacture or use of substances or compounds that may be considered toxic or hazardous within the meaning of applicable environmental laws and regulations. As with other companies engaged in similar businesses, certain of our past and current operations and products have the potential to cause environmental or other damage. Our businesses 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 and overall sustainability. Periodically we voluntarily publish on our Kronos website an Environmental Social Governance ("ESG") Report, which describes Kronos' policies and programs in the area of ESG, including environmental compliance. From time to time, our businesses may be subject to environmental regulatory enforcement under U.S. and non-U.S. statutes, the resolution of which typically involves the establishment or enhancement 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 (primarily NL's 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 and NL or its predecessors, 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 NL is 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 the 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.

The table below presents a summary of the activity in our accrued environmental costs during 2023, 2024 and 2025.

	Years ended December 31,		
	2023	2024	2025
		(In millions)	
Balance at the beginning of the year	$ 97.3	$ 96.9	**$ 74.6**
Additions (deductions), net	2.5	(19.2)	**2.7**
Payments, net	(2.9)	(3.1)	**(59.8)**
Balance at the end of the year	$ 96.9	$ 74.6	**$ 17.5**
Amounts recognized in the Consolidated Balance Sheet at the end of the year:			
Current liabilities	$ 3.7	$ 59.7	**$ 2.8**
Noncurrent liabilities	93.2	14.9	**14.7**
Total	$ 96.9	$ 74.6	**$ 17.5**

NL. On a quarterly basis, NL evaluates the potential range of its liability for environmental remediation and related costs at sites where it has been named as a PRP or defendant. At December 31, 2025, NL had accrued approximately $13 million related to approximately 27 sites associated with remediation and related matters it believes are at the present time and/or in their current phase reasonably estimable. The upper end of the range of reasonably possible costs to NL for remediation and related matters for which NL believes it is possible to estimate costs is approximately $26 million, including amounts currently accrued. These accruals have not been discounted to present value.

In February 2025, the United States District Court for the District of New Jersey entered an order approving a consent decree relating to the Raritan Bay Slag Superfund Site ("RBS Site") in Middlesex County, New Jersey. The consent decree required the United States Army Corps of Engineers (and other federal agencies), the State of New Jersey, the Township of Old Bridge, NL, and twenty-two other private companies to pay a total of $151.1 million, plus interest, to resolve all federal and state law claims for past and future response costs under CERCLA and the New Jersey Spill Act, including natural resource damages, contribution, and indemnification, relating to the RBS Site. The consent decree is a global settlement of all such claims relating to the RBS Site and resolves a lawsuit captioned *United States of America, et al. v. NL Industries, Inc., et al.* (United States District Court for the District of New Jersey, Civil Action No. 3:24-cv-08946) as well as all claims asserted by NL and the other settling parties in NL's previously filed contribution lawsuit, *NL Industries, Inc. v. Old Bridge Township, et al.* The satisfaction of NL's obligations under the consent decree fully concludes this matter.

Under the terms of the consent decree, in the first quarter of 2025 NL paid $56.1 million, plus $.5 million interest, toward the global settlement and received approximately $9.6 million from the other private companies participating in the settlement. We recognized aggregate income of approximately $31.4 million in 2024 related to the adjustment of NL's environmental accrual related to this matter and recorded a $9.6 million receivable for the funds which NL received in the first quarter of 2025 from the other private companies participating in the settlement.

NL believes that it is not reasonably possible to estimate the range of costs for certain sites. At December 31, 2025, there were approximately five sites for which NL is not currently able to reasonably estimate a range of costs. For these sites, generally the investigation is in the early stages, and NL is unable to determine whether or not NL actually had any association with the site, the nature of its 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 NL's control, such as when the party alleging liability provides information to NL. At certain of these previously inactive sites, NL has received general and special notices of liability from the EPA and/or state agencies alleging that NL, 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 NL, 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.

Other. We have also accrued approximately $4 million at December 31, 2025 for other environmental cleanup matters which represents our best estimate of the liability.

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. In this regard, NL received $.5 million and $1.4 million in insurance recoveries in 2023 and 2024, respectively. NL did not receive any insurance recoveries in 2025.

Other litigation

In addition to the litigation described above, we and our affiliates are involved in various other environmental, contractual, product liability, patent (or intellectual property), employment and other claims and disputes incidental to our present and former businesses. In certain cases, we have insurance coverage for these items, although we do not expect additional material insurance coverage for our environmental matters. We currently believe that the disposition of all of these various other claims and disputes (including asbestos-related claims), individually or 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.

Other matters

Concentrations of credit risk – Sales of TiO_2 accounted for approximately 90% of our Chemicals Segment's sales in 2023, 2024 and 2025. The remaining sales result from the sale of ilmenite ore (a raw material used in the sulfate pigment production process), and the manufacture and sale of iron-based water treatment chemicals and certain titanium chemical products (derived from co-products of the TiO_2 production processes). TiO_2 is generally sold to the paint, plastics and paper industries. Such markets are generally considered "quality-of-life" markets whose demand for TiO_2 is influenced by the relative economic well-being of the various geographic regions. Our Chemicals Segment sells TiO_2 to approximately 3,000 customers, with the top ten customers approximating 35% of our Chemicals Segment's net sales in 2023, 39% in 2024 and 35% in 2025. One customer accounted for approximately 12% of our Chemicals Segment's net sales in 2023 and 10% of our Chemicals Segment's net sales in 2024. Our Chemicals Segment did not have sales to a single customer comprising 10% or more of its net sales in 2025. The table below shows the approximate percentage of our Chemicals Segment's TiO_2 sales by volume for its significant markets, Europe and North America, for the last three years.

	2023	2024	2025
Europe	44 %	44 %	**45 %**
North America	41 %	40 %	**40 %**

Our Component Products Segment's products are sold primarily in North America to original equipment manufacturers. The ten largest customers related to our Component Product's Segment accounted for approximately 52% of our Component Products Segment's sales in 2023, 47% in 2024 and 52% in 2025. One customer of the security products reporting unit accounted for approximately 24% in 2023 (of which 11% related to a non-recurring pilot project), 21% in 2024 and 26% in 2025.

Our Real Estate Management and Development Segment's revenue are land sales income and electric delivery fees (prior to December 2023). During 2023, we recognized revenue from five customers that each exceeded 10% of our Real Estate Management and Development Segment's net sales all related to land sales. During each of 2024 and 2025, we recognized revenue from three customers that each exceeded 10% of our Real Estate Management and Development Segment's net sales all related to land sales.

Long-term contracts – Our Chemicals Segment is a party to various agreements that contractually and unconditionally commit us to pay certain amounts in the future. Under these agreements, our Chemicals Segment has obligations of approximately $133 million at December 31, 2025 (including approximately $108 million committed to be purchased in 2026) which consist of open purchase orders and contractual obligations, primarily commitments to purchase raw materials and services.

Note 19 – Fair value measurements and financial instruments:

See Note 6 for information on how we determine the fair value of our marketable securities.

See Note 3 for additional details related to the acquisition earn-out liability.

Currency forward contract - In order to manage currency exchange rate risk associated with our €75 million 3.75% Senior Secured Notes that matured in September 2025, during the first quarter of 2025 Kronos entered into a euro currency forward contract to purchase €25 million at an exchange rate of €1.05 per U.S. dollar. The contract was settled in August 2025 resulting in cash proceeds of $2.8 million and a currency transaction gain of $2.8 million in 2025 included in our Consolidated Statements of Operations. At December 31, 2025, Kronos had no currency forward contracts outstanding.

The following table presents the financial instruments that are not carried at fair value but which require fair value disclosure as of December 31, 2024 and 2025:

	December 31, 2024		December 31, 2025	
	Carrying amount	Fair value	Carrying amount	Fair value
	(In millions)			
Cash, cash equivalents and restricted cash equivalents	$ 378.6	$ 378.6	**$ 228.7**	**$ 228.7**
Long-term debt:				
Kronos 9.50% Senior Secured Notes due 2029	365.4	403.4	**503.7**	**469.9**
Kronos 3.75% Senior Secured Notes due 2025	78.3	77.9	**—**	**—**
Kronos revolving credit facility	10.0	10.0	**—**	**—**
LandWell bank note payable	11.4	11.4	**10.7**	**10.7**

At December 31, 2025, the estimated market price of Kronos' 9.50% Senior Secured Notes due 2029 was €937 per €1,000 principal amount. The fair value of Kronos' 9.50% Senior Secured Notes due 2029 was based on quoted market prices; however, the quoted market price represented Level 2 inputs because the market in which the 9.50% Senior Secured Notes due 2029 trade was not active. Due to the variable interest rate, the carrying amount of Kronos' revolving credit facility is deemed to approximate fair value. The fair value of other fixed-rate debt, which represents Level 2 inputs, is deemed to approximate carrying value. In addition, at December 31, 2025, Kronos has a $53.7 million subordinated, unsecured term loan payable to a related party, Contran, due September 2029, and Valhi has $23.6 million outstanding on an unsecured revolving credit facility with Contran. See Note 9. Due to their near-term maturities, the carrying amounts of accounts receivable and accounts payable are considered equivalent to fair value. See Notes 4 and 10.

Note 20 – Restructuring costs:

In the third quarter of 2024, Kronos closed its sulfate process line at its facility in Varennes, Canada. As a result of the sulfate process line closure, Kronos recognized charges to cost of sales in 2024 of approximately $2 million related to workforce reductions for employees impacted and approximately $14 million in non-cash charges primarily related to accelerated depreciation. All accrued severance costs associated with this restructuring were paid in 2025.

In the fourth quarter of 2025, Kronos initiated a restructuring plan designed to improve its long-term cost structure. A portion of the expected cost savings is planned to be achieved through workforce reductions. During the fourth quarter of 2025, Kronos implemented company-wide voluntary and involuntary workforce reductions impacting approximately 226 positions. A substantial portion of these workforce reductions was accomplished through involuntary programs, for which eligible costs are recognized when management approves the separation program, the affected employees are properly notified and the costs are estimable. A portion of the reductions was also 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. To the extent a statutorily mandated notice period applies and the affected employee is not required to provide services to us during the notice period, severance and all wages earned during the notice period are accrued at the time of the agreed upon separation. During the fourth quarter of 2025, Kronos recognized an aggregate $10.3 million charge related to these workforce reductions, of which $6.4 million is classified in selling, general and administrative expense and $3.9 million is classified in cost of sales. Accrued severance costs remaining as of December 31, 2025 are expected to be paid in 2026 and are included in accounts payable and accrued liabilities – other on our Consolidated Balance Sheet. See Note 10 to our Consolidated Financial Statements. For workforce reductions implemented through December 31, 2025, Kronos does not expect to accrue any further material amounts associated with the affected individuals who continue providing service to Kronos beyond December 31, 2025.

A summary of the activity in Kronos' accrued restructuring costs for 2024 and 2025 is shown in the table below:

	Years ended December 31,	
	2024	**2025**
	(in millions)	
Changes in accrued workforce reduction costs:		
Balances at beginning of the year	$ 5.0	**$ .9**
Workforce reduction costs accrued	2.0	**10.3**
Workforce reduction costs paid	(6.0)	**(2.4)**
Currency translation adjustments, net	(.1)	**—**
Current balance at the end of the year	$ .9	**$ 8.8**

Note 21 – Recent accounting pronouncements:

Adopted

In December 2023, the Financial Accounting Standards Board ("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 non-U.S. tax jurisdictions. In addition, the standard increases the disclosure requirements for items included in the rate reconciliation that meet a quantitative threshold. We adopted the ASU during the year ended December 31, 2025 on a retrospective basis. See Note 14.

Pending Adoption

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

EXHIBIT 21.1

SUBSIDIARIES OF THE REGISTRANT

Name of Corporation	Jurisdiction of Incorporation or Organization	% of Voting Securities Held at December 31, 2025 (1)
ASC Holdings, Inc.	Utah	100%
Kronos Worldwide, Inc. (2)	Delaware	50%
NL Industries, Inc. (2), (3), (4)	New Jersey	83%
CompX International Inc. (4)	Delaware	87%
Tremont LLC	Delaware	100%
TRECO LLC	Nevada	100%
Basic Management, Inc.	Nevada	63%
Basic Environmental Company LLC	Nevada	100%
Basic Remediation Company LLC	Nevada	100%
Basic Land Company	Nevada	100%
The LandWell Company LP (5)	Delaware	50%
Henderson Interchange Sign LLC	Nevada	100%
TRE Management Company	Delaware	100%
Tall Pines Insurance Company	Vermont	100%
Medite Corporation	Delaware	100%

(1) Held by the Registrant or the indicated subsidiary of the Registrant.

(2) Subsidiaries of Kronos are incorporated by reference to Exhibit 21.1 of Kronos' Annual Report on Form 10-K for the year ended December 31, 2025 (File No. 333-100047). NL owns an additional 31% of Kronos directly.

(3) Subsidiaries of NL are incorporated by reference to Exhibit 21.1 of NL's Annual Report on Form 10-K for the year ended December 31, 2025 (File No. 1-640).

(4) Subsidiaries of CompX are incorporated by reference to Exhibit 21.1 of CompX's Annual Report on Form 10-K for the year ended December 31, 2025 (File No. 1-13905).

(5) TRECO LLC owns an additional 27% of The LandWell Company LP directly.

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