DISCOVER NPK

2024 Annual Report

1-877-MAT-ROAD INVESTORS@NPKI.COM NPKI.COM

npk

TO OUR

Shareholders

2024 was a historic year for our company, in which we achieved transformational milestones for our business and NPK shareholders. With the divestiture of our legacy Fluids Systems business during the third quarter, we brought to conclusion a multi-year business simplification plan, that positions NPK as a pure-play worksite access and specialty rental solutions business.

Matthew S. Lanigan
President & CEO

Off the back of that simplification, we launched our new brand identity, NPK International, a leading worksite access solutions company committed to providing best-in-class products and services to support our customers' critical infrastructure projects. We also initiated the industry reclassification process that upon completion, will serve to broaden our exposure to new pools of investor capital as we continue to raise awareness around the NPK value creation thesis.

Our go forward vertically integrated model, which combines in-house products, engineering, design and manufacturing, together with site-level logistics planning and services, represents a unique value proposition for the leading energy and infrastructure customer brands that we serve.

YEAR IN REVIEW

Our strategic goals for 2024 were clear:

1) Complete the divestiture of our Fluids Systems business unit

Having worked tirelessly over the previous two years to create a leaner, more agile business, we concluded the sale of the Fluids Systems business to SCF Partners in September 2024.

The conclusion of the multi-year process saw us extract over $200 million from the Fluids Systems business which enabled us to repay substantially all outstanding debt, fund growth in our worksite access and specialty rental solutions business and exit 2024 in a net cash position.

2) Invest and scale our worksite access and specialty rental solutions business

With significant sector tailwinds driving growth in our key served industries in 2024 and beyond, we are steadfastly committed to growing our scale in the US where we believe significant market share remains for our superior DURA-BASE Advanced Composite Matting System.

With that as a backdrop, we continued to invest in the expansion of our rental fleet during 2024, investing a net $33 million, expanding our fleet by 11% and strengthening our customer responsiveness and ability to serve the unique requirements of every project engagement. We continue to prioritize larger scale customer projects with longer durations, mainly within our core utilities and critical infrastructure markets, that position us to achieve meaningful returns in excess of our cost of capital.

We also achieved a record year of product sales, another clear indicator of the compelling value proposition of the Dura-Base system.

Entering 2024, we also highlighted our intent to complete the build out of our nationwide sales team and focus our commercial efforts toward the highest-value opportunities capable of driving the profitable growth of our business. This approach meant moving away from certain service-intensive projects that failed to meet our required return thresholds, while concentrating efforts on high-impact relationships and projects that value our

unique, integrated solutions model that should deliver ongoing benefits in 2025 and beyond. While this focus impacted our overall revenue growth for the year, it delivered on its goal of improving income and returns, positioning us well for continued profitable growth in the coming years.

3) Continue to drive cash conversion and returns while supporting a balanced return of capital strategy.

We again demonstrated a thoughtful and disciplined approach to operating efficiency and cash management throughout the year.

We exited the year in a net cash position, having made significant investment in the growth of our rental fleet, and having improved our gross margins by 60bps and reduced our SG&A by 10%.

Due to the timing of the fluids business sale process and other events, our programmatic share repurchase program was paused in 2024. However, we remain committed to maintaining a strong balance sheet, prioritizing organic investment to expand our rental business while evaluating accretive inorganic growth opportunities to accelerate growth and returning excess cash generation via programmatic share repurchases. We exited 2024 with $50 million of share repurchase authorization as we look to resume our return of capital program in 2025.

STRONG FULL-YEAR PERFORMANCE

In 2024, we delivered solid improvements in our financial results. Highlights include:

- Revenues of $217.5 million, +5%
- Gross Margin of 35.5%, +60 bps
- SG&A of $46.0m, down 10%
- Operating income from continuing operations of $32.4 million, +41%
- Operating margin from continuing operations of 14.9%, +390 bps
- Ending cash of $18 million and debt of $8 million, a $46 million improvement in total net debt

With our major transformational milestones completed in 2024, we enter 2025 with a singular focus on the profitable growth of our worksite access and specialty rental solutions business. We have a robust balance sheet to support our growth plans and remain confident that our strategy within our served markets will continue to deliver value for our shareholders.

VALUE CREATION STRATEGY

As we look ahead to 2025, our top strategic priorities are clear:

1) Accelerate Organic Growth

We continue to prioritize targeted commercial growth within both existing and adjacent site access markets, improved operational efficiency, and a capital allocation strategy that seeks to maximize our return on invested capital. We remain focused on driving organic growth across our core vertical markets, including power transmission, oil & gas, pipeline, rail, and construction infrastructure.

The continued expansion of our specialty rental business remains our highest return organic growth opportunity, over the near term. Our recyclable composite matting system carries superior unit economics that, on average, achieve an approximate 35% IRR. To that end, we intend to invest more than $30 million in fleet expansion during 2025 as we continue to provide on-demand support to customers across domestic and international markets.

We've made significant progress to position our commercial efforts for success through an expansion of our commercial salesforce, while fully resourcing our national sales coverage model with a targeted focus on key growth accounts. With approximately 90% of our revenue generated from recurring customer relationships, it is evident that customers highly value the solutions and expertise NPK provides.

Looking ahead, we intend to more fully capitalize on the significant, multi-year infrastructure investment in the hardening, maintenance and expansion of the domestic electrical grid. In 2025 alone, we expect utilities – which remain a significant area of customer focus for us – will deploy more than $200 billion in energy security, sustainability and affordability.

Today, we estimate that traditional timber mats represent ~75% of the domestic matting market. Given the clear competitive advantages of our matting technology, we anticipate worksite adoption of composite matting will accelerate, over time, a dynamic that NPK is uniquely positioned to benefit from.

2) Pursue Inorganic Growth

In tandem with our focus on organic growth, we also see the potential to accelerate our scaleup through complementary, accretive acquisitions that enhance our scale and overall value proposition.

Given the continued strength of our balance sheet and cash generative business model, we have the liquidity to support a disciplined inorganic growth strategy, as high-value opportunities arise.

3) Drive Operational Efficiency

In recent years, we have continued to prioritize a lean operating model that seeks to optimize cost across every aspect of the organization. While our simplified business model has removed significant fixed costs from our business, we continue to execute actions intended to streamline the organization and our cost structure, while driving improvements in profitability.

From 2023 to 2024, we reduced selling,

general and administrative expense (SG&A) as percentage of revenue by 330 basis points to 21%. We expect to further reduce our SG&A as percentage of revenue to a mid-teens range by early 2026.

4) Enhance Return of Capital

In addition to the organic and inorganic capital allocation priorities detailed earlier, NPK also remains committed to returning capital to shareholders through our existing $50 million share repurchase authorization, which we intend to resume on an opportunistic basis in 2025.

CONCLUSION

With a simplified business, and a singular focus on growing our worksite access and specialty rental solutions business, I could not be more excited about the future of NPK International. We continue to believe in the superior value proposition of our solutions and the robust demand growth that will support our continued growth.

In closing, I want to thank our shareholders for their ongoing support; our employees for their dedication to the business, including their commitment to safety and compliance; and our customers for their ongoing partnership.

Sincerely,

Matthew S. Lanigan
President & CEO

ABOUT OUR

Company

NPK International Inc. is the only site access solutions partner that manufactures, sells, and rents industry-leading sustainable composite matting products, along with a full suite of services, including planning, logistics, and site restoration. As a geographically diversified company, NPK delivers superior quality and reliability across critical infrastructure markets, including electrical transmission & distribution, oil & gas exploration, pipeline, renewable energy, petrochemical, construction, and other industries.

OUR VISION

The ambition of our new brand, is that every project leaves behind a safer, more resilient world.

OUR MISSION

We are committed to delivering the best site access solutions that protect your people, the environment, and your bottom line.

OUR VALUES

At NPK, our values, safety, integrity, accountability, respect, and excellence are more than words—they are non-negotiable fundamentals that define what is important to us. They are the foundation for our purpose.

Our purpose encapsulates how our values work together to drive our decision-making, actions, and behaviors. They help us create meaningful relationships with each other, our clients, and partners. Every day, we strive to live these values and fulfill our purpose, building a culture that reflects who we are and where we're headed.

- **P** People Focused
- **U** United
- **R** Reliable
- **P** Passionate
- **O** Optimistic
- **S** Sincere
- **E** Enterprising

CORE SERVICES

We have everything you need to protect your sites from start to finish. At NPK, we offer a comprehensive suite of rental and service solutions to support your project no matter the complexity or conditions. With over 25 years of experience and specialization in access and ancillary services, NPK provides civil, engineering, environmental, field service, and construction management support so that you can focus on project completion. We consider your project from every angle so you can get in and out safely.

Get total value from NPK and reduce costs with a safer, greener, more efficient mats and solutions. Total ROI: safer (anti-skid, continuous work surface), greener (ESG impact, reduced tree harvesting and emissions, faster restoration), lower costs (flexible rental options, longer lifetime value, more mats per truckload, efficient operations). Matting and services that make your operations safer, more efficient, and reduce environmental impacts.

Partner with industry-leading innovators you can trust by leveraging the expertise of our site access specialists. With a proven history of leadership, we have set the standard for matting solutions through continuous innovation and investment in advanced research and development. Our commitment to engineering excellence ensures durable, cost-effective designs that perform efficiently in any environment. Our solutions provide the preferred heavy-duty working platform for temporary worksites and access roads, delivering reliability and performance where it matters most.

GLOBAL FOOTPRINT

The Woodlands, Texas
Corporate Headquarters

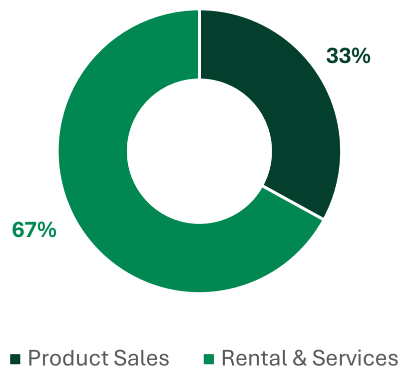
450
Employees

$217M

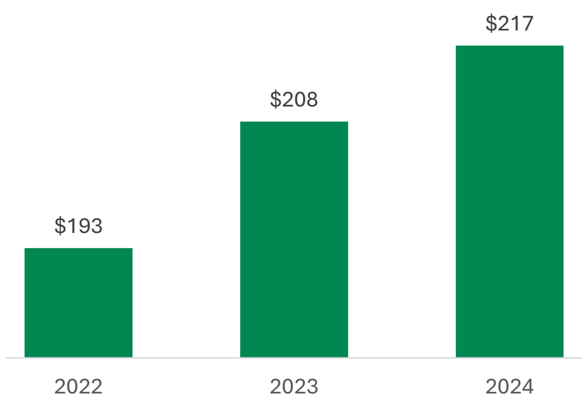
HIGHLIGHT OF THE

Numbers

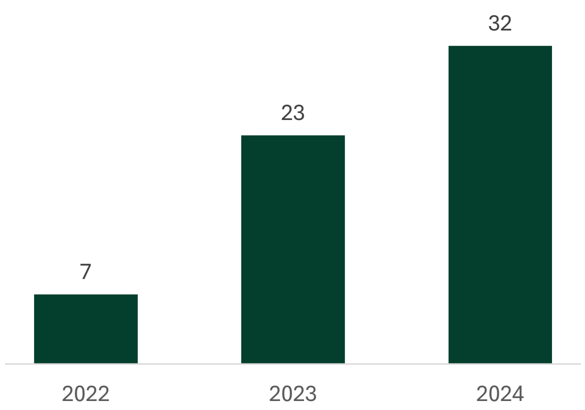
2024 Revenue



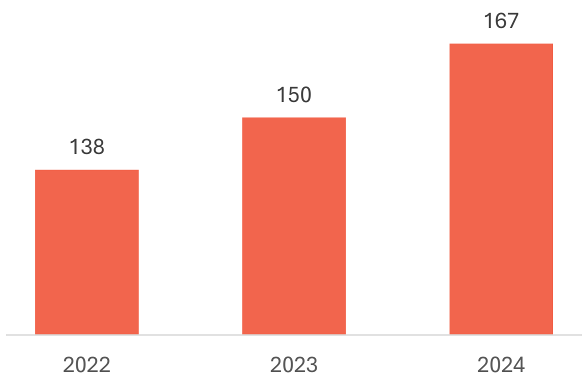
Revenue (M)



Operating Income from Continuing Operations (M)



Size of Rental Fleet (000’s)



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, 2024

or

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

For the transition period from __________ to __________

Commission File Number: 001-02960

NPK International Inc.

(Exact name of registrant as specified in its charter)

Delaware	**72-1123385**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
9320 Lakeside Boulevard, Suite 100	
The Woodlands, Texas	**77381**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(281) 362-6800**

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, $0.01 par value	NPKI	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (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 ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☑
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

☐

Indicate by check mark whether the registrant 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).

☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes ☐ No ☑

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, computed by reference to the price at which the common equity was last sold as of June 30, 2024, was $686.6 million. The aggregate market value has been computed by reference to the closing sales price on such date, as reported by The New York Stock Exchange.

As of February 21, 2025, a total of 86,554,486 shares of common stock, $0.01 par value per share, were outstanding.

Documents Incorporated by Reference:

Pursuant to General Instruction G(3) to this Form 10-K, the information required by Items 10, 11, 12, 13 and 14 of Part III hereof is incorporated by reference from the registrant's definitive Proxy Statement for its 2025 Annual Meeting of Stockholders.

NPK INTERNATIONAL INC.

INDEX TO ANNUAL REPORT ON FORM 10-K
FOR THE YEAR ENDED DECEMBER 31, 2024

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995, as amended. We also may provide oral or written forward-looking statements in other materials we release to the public. Words such as "will," "may," "could," "would," "should," "anticipates," "believes," "estimates," "expects," "plans," "intends," and similar expressions are intended to identify these forward-looking statements but are not the exclusive means of identifying them. These forward-looking statements reflect the current views of our management as of the filing date of this Annual Report on Form 10-K; however, various risks, uncertainties, contingencies, and other factors, some of which are beyond our control, are difficult to predict and could cause our actual results, performance, or achievements to differ materially from those expressed in, or implied by, these statements.

We assume no obligation to update, amend, or clarify publicly any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by securities laws. In light of these risks, uncertainties, and assumptions, the forward-looking events discussed in this Annual Report on Form 10-K might not occur.

For additional information regarding these and other factors, risks, and uncertainties that could cause actual results to differ, we refer you to the risk factors set forth in Item 1A "Risk Factors" in this Annual Report on Form 10-K.

PART I

ITEM 1. Business

General

NPK International Inc. is a temporary worksite access solutions company that manufactures, sells, and rents recyclable composite matting products, along with a full suite of services, including planning, logistics, and site restoration. In 2024, 67% of our revenues were generated from the rental of our recyclable composite matting systems, along with related site construction and services to customers in various markets including power transmission, oil and natural gas exploration and production ("E&P"), pipeline, renewable energy, petrochemical, construction and other industries within the United States and United Kingdom. The remaining 33% of our 2024 revenues were generated from the sale of our manufactured recyclable composite mats to customers around the world, with power transmission being the primary end-market.

We previously operated a Fluids Systems business, which was historically reported as a separate operating segment, that provided drilling and completion fluids products and related technical services to customers for oil, natural gas, and geothermal projects primarily in Europe, the Middle East and Africa, and North America, as well as certain countries in Asia Pacific. On September 13, 2024, we completed the sale of the equity interests in substantially all of the Company's Fluids Systems segment (the "Sale Transaction") to SCF Partners, a leading private equity firm serving the global energy industry (the "Purchaser"). The results of operations of Fluids Systems are reported in discontinued operations in the consolidated statements of operations. All results and information in the consolidated financial statements and related notes in this Form 10-K are presented for our continuing operations and exclude Fluids Systems unless otherwise noted specifically as discontinued operations. See Note 2 for additional information.

NPK International Inc., formerly known as Newpark Resources, Inc., was organized in 1932 as a Nevada corporation. In 1991, we changed our state of incorporation to Delaware. On December 9, 2024, we changed our name to NPK International Inc. Our principal executive offices are located at 9320 Lakeside Boulevard, Suite 100, The Woodlands, Texas 77381. Our telephone number is (281) 362-6800. You can find more information about us on our website located at www.npki.com. We file or furnish annual, quarterly and current reports, proxy statements and other documents with the Securities and Exchange Commission ("SEC"). Our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K and any amendments to those reports are available free of charge through our website. These reports are available as soon as reasonably practicable after we electronically file these materials with, or furnish them to, the SEC. Our Code of Ethics, our Corporate Governance Guidelines, our Audit Committee Charter, our Compensation Committee Charter, and our Environmental, Social and Governance Committee Charter are also posted to the governance section of our website. We make our website content available for informational purposes only. It should not be relied upon for investment purposes, nor is any information contained on our website incorporated by reference in this Form 10-K. The SEC also maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including us.

When referring to NPK International Inc. ("NPK," the "Company," "we," "our," or "us"), the intent is to refer to NPK International Inc. and its subsidiaries as a whole. The reference to a "Note" herein refers to the accompanying Notes to Consolidated Financial Statements contained in Item 8 "Financial Statements and Supplementary Data."

Strategy

Our long-term strategy includes key foundational elements that are intended to enhance long-term shareholder value creation:

- *Accelerate Organic Growth* – We seek to accelerate revenue growth through the expansion of our high-return rental business, which includes a combination of geographic expansion to new growth territories, primarily within the U.S., while also expanding customer market share within currently-served markets, and/or expanding our offering into adjacent products or services that are valued by our customers and leverage our core competencies. We prioritize investment capital to support this objective, where over the past several years, we have seen the strong market adoption of our specialty rental products and differentiated service offering.
- *Pursue Inorganic Growth* – We seek to accelerate our growth and enhance shareholder value through strategically-aligned inorganic actions, leveraging our scale to increase our value and relevance to customers.
- *Drive Operational Efficiency* – We are focused on efficiency improvements and operating cost optimization across every aspect of our business. With a simplified business model, we continue to evaluate and execute actions intended to streamline the organization and our cost structure, driving improvements in profitability.
- *Enhance Return on Capital* – We are committed to maintaining a strong balance sheet, prioritizing organic investment to expand our rental business while evaluating accretive inorganic growth opportunities to accelerate growth and returning excess cash generation via programmatic share repurchases.

Industry Fundamentals and Customers

The demand for temporary worksite access from customers in the industries we serve is driven, in part, by infrastructure construction and maintenance activity levels within the United States and United Kingdom. Approximately 55% of our 2024 rental and service revenues were derived from customers in the power transmission sector and we expect customer activity in this sector will grow over the next several years, driven in part by the impacts of increasing energy demand and required investments in grid reliance initiatives, due to the aging grid infrastructure. Product sales largely reflect sales to service companies supporting the power transmission market as well as utility companies, with product sales levels and customer mix typically fluctuating based on the timing of customer projects and orders. For 2024, 67% of our revenues were derived from rental and service activities while 33% of our revenues were derived from the sale of our manufactured worksite access products.

During 2024, approximately 67% of our revenues were derived from our 20 largest customers, of which our largest customer represented 19% of our revenues. Revenues from our largest customer were driven by product sales, which vary from year to year, as discussed above. We also generated 94% of our revenues domestically during 2024. Typically, we perform services either under short-term contracts or rental service agreements. As most agreements with our customers are cancellable upon short notice, our backlog is not significant. We do not derive a significant portion of our revenues from government contracts.

Raw Materials

The resins, chemicals, and other materials used to manufacture our recyclable composite mats are widely available. High Density Polyethylene ("HDPE") is the largest material component in the manufacturing of our recyclable composite mat products. We believe that our sources of supply for materials used in our business are adequate for our needs. We are not dependent upon any one supplier, and we have not encountered significant shortages or delays in obtaining any raw materials. In recent years, we have also expanded the use of alternative materials, including recycled materials in our manufacturing process, which we believe provides further protection against potential shortages of virgin raw materials. During 2024, our manufacturing operations consumed approximately 1.1 million pounds of recycled resin.

Technology

We have certain patents related to the design and manufacturing of our recyclable DURA-BASE® mats and several of the components, as well as other products and systems related to these mats (including the connecting pins and the EPZ Grounding System™). Using proprietary technology and systems is an important aspect of our business strategy. In 2023, we launched our newest generation matting system, the DURA-BASE 800 Series™, which fully integrates into our DURABASE® format and offers a nearly 15% reduction in weight. We believe the lightweight design of our recyclable matting system provides a distinct environmental benefit for our customers as compared to alternative wood mat products in the market, by eliminating deforestation required to produce wood mat products and also reducing CO^2 emissions associated with product transportation. While we continue to enhance the performance, environmental, and safety benefits of our products and add to our patent portfolio, we believe that our scale, responsiveness to customers, reputation in the industry with respect to our technical development and know-how, understanding of regulatory requirements, and our ability to deliver superior worksite access solutions also have competitive significance in the markets we serve.

Competition

The rental and services market is fragmented and competitive, with many competitors providing various forms of worksite access products and services. Wood mats and stone continue to be the primary solutions utilized for temporary worksite access across industries, though composite matting solutions continue to gain market share. Yak Mat (United Rentals) is the largest competitor in the rental market, primarily using wood mats. We believe that our recyclable composite mats provide superior work surface and economics relative to timber-based products, providing a meaningful opportunity to expand our market share within the temporary worksite access market. The competitive landscape for composite mat sales is less fragmented than rental and services, with only a few competitors providing various alternatives to our DURA-BASE® composite mat products, including Signature Systems (Myers Industries) and Spartan Mat (Exchange Income Corporation). This is due to many factors, including large capital start-up costs and proprietary technology associated with these products. We believe that the principal competitive factors in our business includes reputation, product capabilities, price, innovation through R&D, and reliability, and that our competitive position is enhanced by our proprietary products, manufacturing expertise, services, and experience.

Human Capital

We believe our greatest assets are our people, and our long-term success depends on our ability to attract, motivate, and retain the highly talented individuals that make up the NPK team, while protecting each other like family and sustaining the environment in which we work. We appreciate our people and their achievements as we recognize they are integral to fully implementing our business strategy, which directly translates to improving our long-term profitability and increasing shareholder value.

We make a commitment to our people through training and development, employee engagement, and community outreach, with competitive pay aligned with pay-for-performance along with various benefits programs.

At December 31, 2024, we employed approximately 460 full and part-time personnel, including 410 in the United States and 50 in the United Kingdom. None of our employees are represented by labor unions. We consider our relations with our employees to be satisfactory and through various company-culture initiatives, strive to reinforce our commitment to our Core Values of safety, integrity, respect, excellence, and accountability.

- Safety: Protecting each other like family while sustaining the environment in which we work.
- Integrity: Acting honestly, ethically, and responsibly in all aspects of our business.
- Respect: Dealing fairly and openly with employees, customers, suppliers and community.
- Excellence: Delivering value through performance, innovation and service quality.
- Accountability: Using good judgment and taking responsibility for our actions.

Governmental Regulations

Our business exposes us to regulatory risks associated with the various industries that we serve, including governmental regulations relating to the utilities and oil and natural gas industries in general, as well as environmental, health, and safety regulations that have specific application to our business. Our activities are impacted by various federal, state, local, and foreign laws, regulations, and policies related to pollution control, health, and safety programs that are administered and enforced by regulatory agencies.

We have implemented various procedures designed to ensure compliance with applicable regulations and reduce the risk of damage or loss. These include specified handling procedures and guidelines for waste, ongoing employee training, and monitoring, as well as maintaining insurance coverage. We also utilize company-wide health, safety, and environmental management systems (“HSEMS”). The HSEMS is designed to capture information related to the planning, decision-making, and general operations of environmental regulatory activities within our operations. We also use the HSEMS to capture the information generated by regularly scheduled independent audits that are performed to validate the findings of our internal monitoring and auditing procedures.

ITEM 1A. Risk Factors

The following summarizes the most significant risks to our business. In addition to these risks, we are subject to a variety of risks that affect many other companies generally, as well as other risks and uncertainties that are not known to us as of the date of this Annual Report. Our success will depend, in part, on our ability to anticipate and effectively manage these and other risks. Any of these risk factors, either individually or in combination, could have a material adverse effect on our results of operations or financial condition, or prevent us from meeting our profitability or growth objectives. If you hold our securities or are considering an investment in our securities, you should carefully consider the following risks, together with the other information contained in this Annual Report.

Risks in this section are grouped in the following categories: (1) Business and Industry Risks; (2) Indebtedness Risks; (3) Legal and Regulatory Risks; (4) Financial Risks; and (5) General Risks. Many risks affect more than one category, and the risks are not in order of significance or probability of occurrence because they have been grouped by categories.

Business and Industry Risks

Risks Related to our Recently Completed Sale of the Fluids Systems Business

On September 13, 2024, we completed the sale of the equity interests in one of our subsidiaries which held substantially all of the Company's previously operated Fluids Systems business. We are subject to a number of risks associated with the sale of the Fluids Systems business, including risks associated with (i) our requirement to provide certain transition services in connection with the Sale Transaction and any issues, delays or complications in completing such services, including the incurrence of unanticipated costs to complete such services, (ii) the diversion of management's attention away from the operations of our retained business; and (iii) any required payments of indemnification obligations under the Sale Transaction agreement for retained liabilities.

As a result of the Sale Transaction, we may incur or experience various adverse effects, including but not limited to (i) greater costs or realize fewer benefits than anticipated under the Sale Transaction agreement, (ii) operational or commercial difficulties segregating the divested assets from our retained assets, (iii) disputes with the Purchaser regarding the nature and sufficiency of the transition services we provide, (iv) higher vendor costs due to reduced economies of scale or other similar dis-synergies, (v) modified, terminated or scaled back relationships with our existing customers or difficulty in attracting prospective customers, (vi) loss or difficulty in retaining employees due to concerns over future job security or responsibilities, or (vii) losses or increased inefficiencies from stranded or underutilized assets. Any of these risks could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

For 2024, through the closing date of the Sale Transaction in September 2024, the Fluids Systems business generated approximately 68% of total combined company revenue (72% and 76% for 2023 and 2022, respectively). Accordingly, our future financial results will differ materially from our previous results since our future financial results are dependent solely on our remaining business. Any downturn in our business could have a material adverse effect on our future financial condition, results of operations, and cash flows. There can be no guarantee that the sale of the Fluids Systems business will result in stronger long-term financial and operational results for our remaining business.

Risks Related to Our Ability to Generate Organic Growth

Our ability to generate organic growth may be affected by, among other factors, our ability to:

- attract new customers;
- increase the number of projects performed for existing customers;
- successfully qualify and bid for new projects;
- hire and retain qualified personnel;
- obtain necessary levels of equipment; and
- adapt the range of products and services we offer to address our customers' evolving needs.

In addition, our customers may reduce the number or size of projects available to us due to their inability to obtain capital or in response to economic conditions.

Furthermore, the growth of our business is heavily dependent upon the production of our recyclable composite mat products, which in turn is dependent on the operations and capacity of our manufacturing facility in Carencro, Louisiana.

Many of the factors affecting our ability to generate organic growth may be beyond our control, and we cannot be certain that our strategies will be successful or that we will be able to generate cash flow sufficient to fund our operations and to support organic growth. If we are unsuccessful, we may not be able to achieve organic growth, expand our operations or grow our business.

Risks Related to Economic and Market Conditions that May Impact Our Customers' Future Spending

A substantial portion of our operating income, cash flows, and financial returns are generated from infrastructure construction and maintenance projects, the awarding of which we do not directly control. Infrastructure construction and maintenance historically has experienced cyclical fluctuations and unpredictable changes in project timing due to economic recessions, downturns in business cycles of our customers, material shortages, labor shortages, price increases by subcontractors, interest rate fluctuations and other economic factors beyond our control. When the general level of economic activity deteriorates, our customers may reduce investments in infrastructure construction and maintenance, or delay or cancel planned projects. Many factors, including the financial condition of the industry, could adversely affect our customers and their willingness to fund capital expenditures in the future.

We also derive revenues from customers in the oil and natural gas industry. Spending by our customers for exploration, development, and production of oil and natural gas is based on a number of factors, including expectations of future hydrocarbon demand, the volatility of energy prices, the risks associated with developing reserves, our customers' ability to finance exploration and development of reserves, regulatory developments, and the future value of the reserves. Reductions in customer spending levels adversely affect the demand for our products and services, and consequently, our revenues and operating results.

Our customers may also seek to implement measures aimed at greater cost savings, which may include the acceptance of lesser quality products and services in order to improve short term cost efficiencies as opposed to total cost efficiencies. The utilization of these kinds of cost saving measures by our customers could reduce the demand or pricing for our products and services and have a material adverse effect on our business, financial condition, and results of operations.

In addition, economic, regulatory, and market conditions affecting our specific end markets, including import tariffs and other laws and regulations that impact our customers' ability to obtain materials necessary for their operations, may adversely impact the demand for our services, resulting in the delay, reduction or cancellation of certain projects and these conditions may continue to adversely affect us in the future.

Risks Related to the Effective Management of Our Fleet, Including Our Ability to Properly Manufacture, Safeguard, and Maintain Our Fleet

As of December 31, 2024, our property, plant and equipment includes $122.8 million of rental fleet assets, net of accumulated depreciation, including $112.0 million in the United States and $10.8 million in the United Kingdom. Managing our fleet is a critical element to our rental business. Rental equipment asset management requires anticipating customer needs as well as changes in legislation, regulations, and local permitting in the various markets in which we or our customers operate. Our composite matting systems have long economic lives, and we must cost-effectively safeguard and maintain our fleet to maximize the economic life of the products. In addition, as the needs of our customers change, we may incur costs to relocate our assets to better meet shifts in demand. If the distribution of our assets is not aligned with regional demand, we may be unable to take advantage of rental opportunities in certain regions, despite excess inventory in other regions. If we are not able to successfully manage our mat rental fleet, our business, results of operations and financial condition may be materially adversely affected.

Risks Related to International Operations

Our United Kingdom operations generated approximately 6% of our 2024 consolidated revenues, and represented 6% of our total assets at December 31, 2024. A decline or slowed growth in this region could result in reduced demand for our products and services, which may adversely affect our business, results of operations, and financial condition.

In addition, international operations are subject to a number of risks and uncertainties which could negatively impact our results from operations, including among others:

- difficulties and cost associated with complying with a wide variety of complex foreign laws, treaties, and regulations;
- risks associated with failing to comply with the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, export laws, and other similar laws applicable to our operations in international markets;
- our inexperience in certain international markets;
- political and economic instability;
- ongoing conflicts in Europe and the Middle East; and
- fluctuations in foreign currency exchange rates.

These risks and uncertainties may also have the effect of heightening many of the other risks specified in our risk factors or disclosed in our public filings, any of which could materially and adversely affect our business and results of operations. Such risks include, but are not limited to, our customers' activity levels, spending for our products and services, and their ability to pay amounts owed us that could be impacted by the ability of our customers to access equity or credit markets; the cost and continued availability of borrowed funds; and cybersecurity incidents or business system disruptions.

Risks Related to Operating Hazards Present in Our and Our Customers' Industries and Substantial Liability Claims

We are exposed to significant health, safety, and environmental risks. Our operations, and those of our customers, are subject to hazards present in the electrical utility industry, such as exposure to wildfires, high voltage electrocution, among other risks, as well as hazards in the oil and natural gas industry, such as fires, explosions, blowouts, oil spills, and leaks or spills of hazardous materials. These incidents as well as accidents or problems in normal operations can cause personal injury or death and damage to property or the environment. From time to time, customers seek recovery for damage to their equipment or property that occurred during the course of our service obligations. Damage to our customers' property and any related spills of hazardous materials could be extensive if a major problem occurs.

Generally, we rely on contractual indemnities, releases, limitations on liability with our customers, and insurance to protect us from potential liability related to such events. However, our insurance and contractual indemnification may not be sufficient or effective to protect us under all circumstances or against all risks. In addition, our customers' changing views on risk allocation together with deteriorating market conditions could force us to accept greater risks to obtain new business or retain renewing business and could result in us losing business if we are not prepared to take such risks. Moreover, we may not be able to maintain insurance at levels of risk coverage or policy limits that we deem adequate. Any damages caused by our services or products that are not covered by insurance or contractual indemnification, or are in excess of policy limits or subject to substantial deductibles, could adversely affect our financial condition, results of operations, and cash flows. See "Risks Related to the Inherent Limitations of Insurance Coverage" below for additional information.

Risks Related to Contracts that Can Be Terminated or Downsized by Our Customers Without Penalty

Certain of our contracts contain provisions permitting early termination by the customer at their convenience, generally without penalty, and with limited notice requirements. In addition, many of our contracts permit our customers to decrease the products or services without penalty, which could result in a decrease in our revenues and profitability. As a result, you should not place undue reliance on the strength of our customer contracts or the terms of those contracts.

Risks Related to Product Offering and Market Expansion

As a key component of our long-term strategy to diversify our revenue streams, we seek to continue to expand our product and service offerings, including through acquisitions, and enter new customer markets with our existing products. As with any market expansion effort, new customer and product markets require additional capital investment and include inherent uncertainties regarding customer expectations, industry-specific regulatory requirements, product performance, customer-specific risk profiles and competitor responses. In addition, we likely will not have the same level of operational experience with respect to the new customer and product markets as will our competitors. As such, new market entry is subject to a number of risks and uncertainties, which could have an adverse effect on our business, financial condition, or results of operations.

Risks Related to Our Ability to Attract, Retain, and Develop Qualified Leaders, Key Employees, and Skilled Personnel

Our business is highly dependent on our ability to attract and retain highly-skilled product specialists, technical sales personnel, and service personnel. Our failure to attract, retain, and develop qualified leaders and key employees could have a material adverse effect on our business. The market for qualified employees is extremely competitive. If we cannot attract and retain qualified personnel, our ability to compete effectively and grow our business will be severely limited. Also, a significant increase in wages paid by competing employers could result in a reduction in our skilled labor force or an increase in our operating costs.

We have experienced, and expect to continue to experience, a shortage of labor for certain functions, which has increased our labor costs and negatively impacted our profitability. The extent and duration of the effect of these labor market challenges are subject to numerous factors, including the availability of qualified persons in the markets where we and our contracted service providers operate and unemployment levels within these markets, behavioral changes, prevailing wage rates and other benefits, inflation, adoption of new or revised employment and labor laws and regulations (including increased minimum wage requirements) or government programs, safety levels of our operations, and our reputation within the labor market.

Risks Related to Expanding Our Services in the Utilities Sector, Which May Require Unionized Labor

Although none of our employees are currently represented by labor unions, we may expand our services offered in the utilities sector, the customers of which may require unionized labor. If we, a subsidiary, or a business partner were to have a unionized workforce, we may be subject to strikes or work stoppages, wage and hour regulations, or other regulations associated with a collective bargaining agreement, which could adversely impact our relationships with our customers and cause us to lose business and could result in an increase in our operating costs.

Risks Related to the Price and Availability of Raw Materials

Our ability to provide products and services to our customers is dependent upon our ability to obtain raw materials necessary to operate our business. These raw materials may be impacted by periodic supply chain disruptions and, particularly during times of high demand, there may be delays in the arrival of or otherwise constrain our supply of raw materials. These constraints could have a material adverse effect on our business and consolidated results of operations. In addition, price increases, whether as a result of inflation, geopolitical issues, or otherwise, imposed by our vendors for raw materials used in our business and the inability to pass these increases through to our customers could have a material adverse effect on our business and results of operations.

Our business is highly dependent on the availability of HDPE, which is the primary raw material used in the manufacture of our recyclable composite mats. Our costs can vary based on the energy costs of the producers of HDPE, demand for this material, and the capacity or operations of the plants used to make HDPE. We may not be able to increase our customer pricing to cover the cost increases that we have experienced, which could result in a reduction in future profitability.

Risks Related to Inflation

Increases in the cost of wages, materials, equipment and other operational components has the potential to adversely affect our results of operations, cash flows and financial position by increasing our overall cost structure, particularly if we are unable to achieve commensurate increases in the prices we charge our customers for our products and services. In addition, inflation has also resulted in higher interest rates, which could cause an increase in the cost of debt borrowing in the future, as well as supply chain shortages, an increase in the costs of labor, currency fluctuations and other similar effects.

Risks Related to Capital Investments and Business Acquisitions

Our ability to successfully execute our business strategy will depend, among other things, on our ability to make capital investments and complete acquisitions which provide us with financial benefits and operational synergies. These investments and acquisitions are subject to a number of risks and uncertainties, including:

- incorrect assumptions regarding business activity levels or results from our capital investments, acquired operations, or assets;
- potential loss of significant revenue and income streams;
- increased or unexpected expenses;
- inadequate return of capital;
- regulatory or compliance issues;
- potential loss of key employees, customers, or suppliers of the acquired company;
- the triggering of certain covenants in our debt agreements (including accelerated repayment);

- unidentified issues not discovered in due diligence;
- failure to complete a planned acquisition transaction or to successfully integrate the operations or management of any acquired businesses or assets in a timely manner;
- diversion of management's attention from existing operations or other priorities;
- unanticipated disruptions to our business associated with the implementation of our enterprise-wide operational and financial system; and
- delays in completion and cost overruns associated with large capital investments.

Any of the factors above could have an adverse effect on our business, financial condition, or results of operations. Additionally, the anticipated benefits of a capital investment or acquisition may not be realized fully or at all, or may take longer to realize than expected. We may incur substantial indebtedness to make capital investments or finance future acquisitions, and we also may issue equity, debt or convertible securities in connection with any such acquisitions. The use of cash for acquisitions may adversely affect our cash available for capital investments and other uses, the incurrence of additional debt may limit our financial flexibility, and the issuance of additional equity or convertible securities could be dilutive to existing stockholders.

Risks Related to Market Competition

We face competition and compete vigorously on product performance and/or price. Many of our competitors provide various forms of worksite access products and services. More recently, several competitors have begun marketing composite products to compete with our DURA-BASE® matting system. In addition, there have been recent acquisitions of certain key competitors that provide temporary worksite access product manufacturing and rentals by larger, well-capitalized companies, potentially heightening this competition.

While we believe the design and manufacturing quality of our products provide a differentiated value to our customers, many of our competitors seek to compete on pricing. In addition, certain patents related to our DURA-BASE® matting system have expired, and competitors may begin offering mats that include features described in those patents. We have filed additional patent applications on improvements to the structure of, features of, and uses of the DURA-BASE® matting system, but there is no assurance that our competitors will not be able to offer products that are similar to these improvements, features, or uses of the DURA-BASE® matting system.

In addition, certain customer contracts are awarded through a competitive bidding process. The strong competition in our markets requires maintaining skilled personnel and investing in technology and also puts pressure on profit margins. We do not obtain contracts from all of our bids and our inability to win bids at acceptable profit margins would adversely affect our business and results of operations.

Risks Related to Technological Developments and Intellectual Property

The market for our products and services requires technological developments that generate improvements in product performance or service delivery. If we are not successful in continuing to develop new products, enhancements, or improved service delivery that are accepted in the marketplace or that comply with industry standards, we could lose market share to competitors, which could have a material adverse effect on our results of operations and financial condition.

In addition, we may from time to time engage in expensive and time-consuming litigation to determine the enforceability, scope, and validity of our patent rights. In addition, we can seek to enforce our rights in trade secrets, or "know-how," and other proprietary information and technology in the conduct of our business. However, it is possible that our competitors may infringe upon, misappropriate, violate or challenge the validity or enforceability of our intellectual property, and we may not be able to adequately protect or enforce our intellectual property rights in the future.

The tools, techniques, methodologies, programs, and components we use to provide our services may infringe upon the intellectual property rights of others. Infringement claims generally result in significant legal and other costs, and may distract management from running our business. Royalty payments under licenses from third parties, if applicable, could increase our costs. Additionally, developing non-infringing technologies could increase our costs. If a license were not available, we might not be able to continue providing a particular service or product, which could adversely affect our financial condition, results of operations and cash flows.

Risks Related to Severe Weather, Natural Disasters, and Seasonality

We have significant operations located in market areas that are negatively impacted by severe adverse weather events or natural disasters. A potential result of climate change is more frequent or more severe weather events or natural disasters. To the extent such weather events or natural disasters become more frequent or severe, disruptions to our business and costs to repair damaged facilities could increase.

These severe weather events or natural disasters, such as excessive rains, hurricanes, fires, or droughts, could disrupt our operations and result in damage to our properties, including our manufacturing facility and technology center located in Carencro, Louisiana. Additionally, there are markets in which our operations are subject to seasonality such as summer in the U.S., where utility companies typically reduce maintenance project activity on the transmission grid due to elevated consumer electricity demand.

Severe weather, natural disasters, and seasonality could adversely affect our or our customers' financial condition, results of operations and cash flows.

Risks Related to Public Health Crises, Epidemics, and Pandemics

The effects of future public health crises, epidemics, and pandemics may result in a significant and swift reduction in U.S. and international economic activity, including adversely affecting the demand for our products and services. If we encounter a significant and prolonged reduction in demand for our products and services, we plan to take (and have in the past taken) actions aimed at protecting our liquidity and reshaping the business for the market changes, including the sale of assets from our rental fleet, and reducing our workforce and cost structure. However, our business contains high levels of fixed costs, including significant facility and personnel expenses, which limits the effectiveness of such actions. The extent to which our operating and financial results are affected by a public health crisis, epidemic or pandemic will depend on various factors beyond our control, such as the duration and scope of such event, including any resurgences and the emergence and spread of a subject pathogen; actions taken by businesses and governments in response to such event; and the speed and effectiveness of responses to combat the subject pathogen, including the availability and public acceptance of effective treatments or vaccines, and how quickly and to what extent normal economic activity can resume, all of which are highly uncertain and cannot be predicted. Any such public health crisis, epidemic or pandemic could also materially and adversely impact our operating and financial results in a manner that is not currently known to us or that we do not currently consider as presenting material risks to our operations.

Indebtedness Risks

Risks Related to the Cost and Continued Availability of Borrowed Funds, including Risks of Noncompliance with Debt Covenants

We use borrowed funds as an integral part of our long-term capital structure and our future success is dependent upon continued access to borrowed funds to support our operations. The availability of borrowed funds on reasonable terms is dependent on the condition of credit markets and financial institutions from which these funds are obtained. Adverse events in the financial markets may significantly reduce the availability of funds, which may have an adverse effect on our cost of borrowings and our ability to fund our business strategy. Our ability to meet our debt service requirements and the continued availability of funds under our existing or future loan agreements is dependent upon our ability to generate operating income and generate sufficient cash flow to remain in compliance with the covenants in our debt agreements. This, in turn, is subject to competitive, economic, financial, and other factors that are beyond our control.

We primarily fund our ongoing operational needs through a $100 million asset-based revolving credit agreement (the "Amended ABL Facility"). The Amended ABL Facility terminates in May 2027. Borrowing availability under the Amended ABL Facility is calculated based on the level of eligible U.S. accounts receivable, inventory and composite mats included in the rental fleet, net of reserves and subject to limits on certain of the assets included in the borrowing base calculation, and accordingly, the total availability under the Amended ABL Facility may fluctuate. To the extent pledged by the borrowers, the borrowing base calculation also includes the amount of eligible pledged cash. The administrative agent may establish reserves in accordance with the Amended ABL Facility, in part based on appraisals of the asset base, and other limits in its discretion, which could reduce the amounts otherwise available under the Amended ABL Facility.

The Amended ABL Facility is a senior secured obligation of the Company and certain of our U.S. subsidiaries constituting borrowers thereunder, secured by a first priority lien on substantially all of the personal property and certain real property of the borrowers, including a first priority lien on certain equity interests of direct subsidiaries of the borrowers. The Amended ABL Facility contains certain financial covenants, customary representations, warranties and covenants that, among other things, and subject to certain specified circumstances and exceptions, restrict or limit the ability of the borrowers and certain of their subsidiaries to incur indebtedness (including guarantees), grant liens, make investments, pay dividends or distributions with respect to capital stock and make other restricted payments, make prepayments on certain indebtedness, engage in mergers or other fundamental changes, dispose of property, and change the nature of their business.

If we fail to comply with the various covenants and other requirements of the Amended ABL Facility, we would be in default thereunder, which would permit the holders of the indebtedness to accelerate the maturity thereof and proceed against their collateral. The acceleration of any of our indebtedness and the election to exercise any remedies could have a material adverse effect on our business and financial condition and we may not be able to make all of the required payments or borrow sufficient funds to refinance such indebtedness.

If we are unable to generate sufficient cash flows to repay our indebtedness when due or to fund our other liquidity needs, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional financing. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations and could have a material adverse effect on our business and financial condition.

Legal and Regulatory Risks

Risks Related to Environmental Laws and Regulations

We are responsible for complying with numerous federal, state, local, and foreign laws, regulations and policies that govern environmental protection, zoning and other matters applicable to our current and past business activities, including the activities of our former subsidiaries. Failure to remain compliant with these laws, regulations and policies may result in, among other things, fines, penalties, costs, investigation and/or cleanup of contaminated sites and site closure obligations, costs of remedying noncompliance, termination or suspension of certain operations, or other expenditures. We could be exposed to strict, joint and several liability for cleanup costs, natural resource damages and other damages as a result of our conduct that was lawful at the time it occurred or the conduct of, or conditions caused by, prior operators or other third parties. Private parties may also pursue legal actions against us based on alleged non-compliance with or liability under certain of these laws, rules and regulations.

The continued expansion of revenues in end-markets that are likely to benefit from increasing demand from electricity, such as power transmission and renewable energy, remains a strategic priority going forward, and we anticipate that our capital investments will primarily focus on supporting this objective. However, any changes in the current legal and regulatory environment could impact industry activity and the demand for our products and services, the scope of products and services that we provide, or our cost structure required to provide our products and services, or the costs incurred by our customers. It is unclear whether initiatives from federal, state, and local legislative bodies and administrative agencies, when implemented, will have a material adverse effect on the demand for our products and services.

There have also been efforts in recent years to influence the investment community, including investment advisors and certain sovereign wealth, pension and endowment funds, promoting divestment of fossil fuel equities and pressuring lenders to limit funding to companies engaged in the extraction of fossil fuel reserves. Such environmental activism and initiatives aimed at limiting climate change and reducing air pollution could interfere with our business activities, operations, and ability to access capital. Furthermore, some members of the investment community have increased their focus on Environmental, Social, and Governance ("ESG") practices and disclosures by public companies in recent years. Concerns over climate change have resulted in, and are expected to continue to result in, the adoption of regulatory requirements for climate-related disclosures, which could increase our compliance burden and costs. As a result, we may continue to face increasing pressure regarding our ESG disclosures and practices. We have published and may continue to publish a Sustainability Report, which outlines our progress and ongoing efforts to advance our ESG initiatives. Our disclosures on these matters rely on management's expectations as of the date the statements are first made, as well as standards for measuring progress that are still in development and may change or fail to be realized. These expectations and standards may continue to evolve. If our ESG disclosures and practices do not meet regulatory, investor or other stakeholder expectations and standards, which continue to evolve, it could have a material adverse effect on our business or demand for our services.

Risks Related to Legal Compliance

As a global business, we are subject to complex laws and regulations in the United States, the United Kingdom, and other countries in which we sell our products. These laws and regulations relate to several aspects of our business, including anti-bribery and anti-corruption laws, sanctions against business dealings with certain countries and third parties, the payment of taxes, employment and labor relations, immigration, fair competition, data privacy protections, securities regulation, and other regulatory requirements affecting trade and investment. The application of these laws and regulations to our business is often unclear and may sometimes conflict. Compliance with these laws and regulations may involve significant costs or require changes in our business practices that could result in reduced revenue and profitability. Non-compliance could also result in significant fines, damages, and other criminal sanctions against us, our officers or our employees, prohibitions or additional requirements on the conduct of our business and damage our reputation. Certain violations of law could also result in suspension or debarment from government contracts. We also incur additional legal compliance costs associated with global regulations. In some foreign countries, particularly those with developing economies, it may be customary for others to engage in business practices that are prohibited by laws such as the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, Brazil's Clean Companies Act, and Mexico's Anti-Corruption Law. Although we implement policies and procedures designed to ensure compliance with these laws, there can be no assurance that all of our employees, contractors, agents, and business partners will not take action in violation with our internal policies. Any such violation of our internal policies or the law could have a material adverse effect on our reputation, business, financial condition, or results of operations.

Financial Risks

Risks Related to the Inherent Limitations of Insurance Coverage

While we maintain liability insurance, this insurance is subject to coverage limitations. Specific risks and limitations of our insurance coverage include the following:

- self-insured retention limits on each claim, which are our responsibility;
- exclusions for certain types of liabilities and limitations on coverage for damages resulting from pollution;
- coverage limits of the policies, and the risk that claims will exceed policy limits; and
- the financial strength and ability of our insurance carriers to meet their obligations under the policies.

In addition, our ability to continue to obtain insurance coverage on commercially reasonable terms is dependent upon a variety of factors impacting the insurance industry in general, which are outside our control. Any of the issues noted above, including insurance cost increases, uninsured or underinsured claims, or the inability of an insurance carrier to meet their financial obligations could have a material adverse effect on our business.

Risks Related to Income Taxes

Our future effective tax rates could be adversely affected by changes in tax laws, both domestically and internationally, or the interpretation or application thereof. From time to time, U.S. and foreign tax authorities, including state and local governments, consider legislation that could increase our effective tax rate. Additionally, longstanding international tax norms that determine each country's jurisdiction to tax cross-border international trade are subject to potential evolution. For example, the Organization for Economic Co-operation and Development ("OECD"), a global coalition of member countries, proposed a two-pillar plan to reform international taxation. The proposals aim to ensure a fairer distribution of profits among countries and to impose a floor on tax competition through the introduction of a global minimum tax. If such changes to tax laws are enacted, our profitability could be negatively impacted.

Our future effective tax rates could also be adversely affected by changes in the valuation of our deferred tax assets and liabilities, changes in the mix of earnings in countries with differing statutory tax rates, or by changes in tax treaties, regulations, accounting principles or interpretations thereof in one or more countries in which we operate. In addition, we are subject to the potential examination of our income tax returns by the U.S. Internal Revenue Service and by other tax authorities in jurisdictions where we file tax returns. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. There can be no assurance that such examinations will not have a material adverse effect on our business, financial condition, or results of operations.

General Risks

Risks Related to Cybersecurity Incidents or Business System Disruptions

We utilize various management information systems and information technology infrastructure to manage or support a variety of our business operations, as well as the operations of our recently-divested Fluids Systems business, and to maintain various records, which may include confidential business or proprietary information as well as information regarding our customers, business partners, employees or other third parties. We also utilize third-party vendors and their systems and technology to support our business activities, including secure processing of confidential, sensitive, proprietary and other types of information. Failures of or interference with access to these systems, such as communication disruptions, could have an adverse effect on our ability to conduct operations or directly impact financial reporting.

In addition, our information systems and information technology infrastructure are subject to security threats and sophisticated cyber-based attacks, including, but not limited to, denial-of-service attacks, hacking, "phishing" attacks, computer viruses, ransomware, malware, employee or insider error, malfeasance, social engineering, or physical breaches, that can cause deliberate or unintentional damage, destruction or misuse, manipulation, denial of access to or disclosure of confidential or important information or intellectual property. A failure of or breach in our information systems and information technology infrastructure, or those of our third-party vendors, could expose us and our employees, customers, and suppliers to risks of misuse of information or systems, transaction errors, the compromise of confidential information, manipulation and destruction of data, the loss of sales and customers and operations disruptions.

There can be no assurance that security incidents will not occur. In addition, there can be no assurance that the policies and procedures we or our third-party vendors have in place, including system monitoring and data back-up processes, to prevent or mitigate the effects of these potential disruptions or incidents will be sufficient to prevent, detect and limit the impact of disruptions or incidents. Even when an incident has been detected, it is not always immediately apparent what the full nature and scope of any potential harm may be, or how best to remediate it. We invest in security technology, perform penetration tests from time to time, and design our business processes to attempt to mitigate the risk of such incidents. Our processes require continuous monitoring as technologies change and efforts to overcome security measures evolve. We obtain cybersecurity insurance, though costs related to a cyber-based attack may exceed the amount of insurance coverage or be excluded under the terms of our cybersecurity insurance policy. In addition, as cyber-based attacks increase in frequency and magnitude, we may be unable to obtain cybersecurity insurance in amounts or on terms we view as appropriate for our operations.

On October 29, 2024, we experienced a ransomware cybersecurity incident, and we expect such cybersecurity threats and incidents involving our systems and third-party systems to continue. While none of the cybersecurity events have been material to date, a successful breach or attack could have a material negative impact on our operations or business reputation, harm our reputation and relationships with our customers, business partners, employees or other third parties, and subject us to consequences such as litigation and direct costs associated with incident response. These risks could have a material adverse effect on our business, results of operations, and financial condition.

Risks Related to Complications with the Design or Implementation of Our Updated Enterprise Resource Planning System

We rely extensively on information systems and technology to manage our business and summarize operating results. We are in the process of a multi-year phased upgrade to our digital capabilities, including replacing our enterprise resource planning ("ERP") system to enhance operating efficiencies and transitioning to a cloud-based platform. The ERP system implementation update and cloud-based platform transition will require the training of personnel, migration of data, and the execution of certain new processes and procedures. We may be unable to successfully implement the updated ERP system or the new cloud-based platform without experiencing delays, increased costs and other difficulties. If we do not effectively manage the implementation or the resources necessary to build and sustain the upgraded technology infrastructure, or if we fail to achieve the expected benefits from this enhancement or it does not operate as designed, our business and operations could be adversely affected. Additionally, if we do not effectively implement the updated ERP system as planned or the updated ERP system does not operate as intended, the effectiveness of our internal control over financial reporting and disclosure controls and procedures could be adversely affected or our ability to assess those controls adequately could be delayed.

Risks Related to Activist Stockholders that May Attempt to Effect Changes at Our Company or Acquire Control Over Our Company

We have been the subject of campaigns by activist stockholders and may continue to be so in the future. Such activist stockholders may engage in proxy solicitations, advance stockholder proposals, or otherwise attempt to affect changes or acquire control over our company. Campaigns by stockholders to effect changes at publicly traded companies are sometimes led by investors seeking to increase short-term stockholder value through actions such as financial restructuring, increased debt, special dividends, stock repurchases or sales of assets or the entire company. Responding to proxy contests and other actions by activist stockholders can be costly and time-consuming and could divert the attention of our Board of Directors and senior management from the management of our operations and the pursuit of our business strategies. As a result, stockholder campaigns could adversely affect our results of operations and financial condition.

Risks Related to Share Repurchases

The amount and timing of all future purchases of shares of our common stock pursuant to our securities repurchase program, if any, are subject to the discretion of the Board of Directors and will depend upon business conditions, results of operations, financial condition and other factors. Our Board of Directors may, without advance notice, suspend or terminate our repurchase program. There can be no assurance that we will make repurchases of shares of our common stock in the future. Share repurchases under our repurchase program could diminish our available liquidity, which may impact our ability to finance future growth and to pursue possible future strategic growth projects. In addition, any elimination of, or downward revision in, our repurchase program could have an adverse effect on the market price of our common stock.

Our Amended and Restated Bylaws, Which Designate the Court of Chancery of the State of Delaware as the Sole and Exclusive Forum for Certain Types of Actions and Proceedings that May Be Initiated by Our Stockholders, and the U.S. Federal District Courts in Wilmington County, Delaware as the Exclusive Forum for Securities Act Claims, Could Limit Our Stockholders' Ability to Obtain What Such Stockholders Believe To Be a Favorable Judicial Forum for Disputes with Us or Our Directors, Officers or Other Employees

Our amended and restated bylaws provide that, unless we consent in writing to the selection of an alternative forum, (i) the Delaware Court of Chancery or, if such court lacks subject matter jurisdiction, another state or federal court located within the State of Delaware, will be the sole and exclusive forum with respect to (a) any derivative action or proceeding brought on our behalf, (b) any action asserting a claim of breach of a fiduciary duty owed by any of our current or former directors, officers, stockholders, employees or agents to us or our stockholders, including a claim alleging the aiding and abetting of such a breach of fiduciary duty, (c) any action asserting a claim against us or any of our current or former directors, officers, stockholders, employees or agents arising out of or relating to any provision of the Delaware General Corporation Law ("DGCL"), our certificate of incorporation or its amended and restated bylaws, (d) any action asserting a claim related to or involving us or any of our directors, officers, stockholders, employees or agents that is governed by the internal affairs doctrine of the State of Delaware, or (e) any action asserting an "internal corporate claim" as that term is defined in Section 115 of the DGCL, and (ii) the U.S. Federal District Court in Wilmington County, Delaware will be the sole and exclusive forum for any action arising under the Securities Act. Our choice-of-forum provision will not apply to suits brought to enforce any liability or duty created by the Exchange Act, and investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder.

Any person or entity purchasing or otherwise acquiring an interest in any shares of our capital stock shall be deemed to have notice of and to have consented to the forum provisions in our amended and restated bylaws. These choice-of-forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that he, she or it believes to be favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits. Alternatively, if a court were to find these provisions of our amended and restated bylaws inapplicable or unenforceable with respect to one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could materially adversely affect our business, financial condition and results of operations.

ITEM 1B. Unresolved Staff Comments

None.

ITEM 1C. Cybersecurity

We believe that cybersecurity is a critical component of our enterprise risk management process, and as such, we have implemented a cybersecurity program to assess, identify, and manage risks from cybersecurity threats that may result in adverse effects on the confidentiality, integrity, and availability of our information systems.

The Board's Oversight of Cybersecurity Risk

Our Board of Directors oversees management's enterprise risk management process, including cybersecurity risks, to help align our risk exposure with our strategic objectives. Senior leadership, including our Chief Information Officer (CIO), regularly briefs the Board of Directors on our cybersecurity and information security, and we have processes by which certain cybersecurity incidents are escalated to the Board of Directors.

Management's Involvement in the Oversight of Cybersecurity Risk

Our CIO, who reports to our Senior Vice President & Chief Financial Officer, oversees our cybersecurity function. The Cybersecurity Manager reports to the CIO, and the CIO and Cybersecurity Manager are responsible for assessing and managing risks from cybersecurity threats, as well as our overall information security strategy, policy, security engineering, operations, and cybersecurity threat detection and response, and reporting on cybersecurity matters to the Board and executive management.

Our CIO has a Master of Science in Information Systems and has served in various roles in information technology for over 25 years. Our Cybersecurity Manager has served in various roles in information technology and information security for over 25 years, with 10 of those years as the leader responsible for enterprise cybersecurity, including serving as the Information Security Officer at another larger publicly traded company.

Risk Management and Strategy

Our CIO receives reports on cybersecurity threats from experienced information security personnel and third-party consultants and resources, and regularly reviews risk management measures implemented by the Company to identify and mitigate data protection and cybersecurity risks. Our processes and systems include automated tools and technical safeguards managed and monitored by our cybersecurity team. Additionally, we have a set of Company-wide policies and procedures regarding cybersecurity matters, which include an Information Security best practices intranet site, as well as other policies that directly or indirectly relate to cybersecurity, such as policies related to email usage, remote network access, internet usage, passphrase usage, information technology acceptable use, data governance and privacy, and information security. These policies go through an internal review process and are approved by appropriate members of management. We periodically conduct penetration and vulnerability testing, data recovery testing, and security audits. We also conduct regular employee training on cybersecurity.

With respect to our incident response, we have adopted a plan that applies in the event of a cybersecurity threat or incident to provide a framework for responding to such threats and incidents. Our plan sets out a coordinated approach to investigating, containing, documenting, and mitigating incidents, including reporting findings and keeping senior management and other key stakeholders informed and involved as appropriate. We also employ processes designed to oversee and identify risks from cybersecurity threats associated with our use of third-party service providers.

We also maintain what we believe are appropriate levels of cybersecurity insurance that covers settlements, judgments and defense costs arising out of a failure of network security, a privacy breach, media liability, business income loss resulting from a cyber event and for cyber extortion coverage. This cybersecurity insurance coverage also provides for certain breach response services in connection with incidents involving the theft, loss or unauthorized disclosure of third-party information, and computer system security breaches.

Risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, have not materially affected us, including our business strategy, results of operations, or financial condition, but we face certain ongoing risks from cybersecurity threats that, if realized, are reasonably likely to have such an affect.

ITEM 2. Properties

We own a facility containing approximately 108,000 square feet of office space (approximately 81,000 square feet of which is currently being leased to third parties) on approximately 11 acres of land in Katy, Texas, which houses certain administrative offices, and we own a facility containing approximately 93,000 square feet of industrial and office space on approximately 34 acres of land in Carencro, Louisiana, which houses our DURA-BASE® mats manufacturing facilities and technology center. We also lease and own office and warehouse space to support our field operations, as well as our administrative offices throughout the U.S. and U.K.

ITEM 3. Legal Proceedings

In the ordinary course of conducting our business, we become involved in litigation and other claims from private party actions, as well as judicial and administrative proceedings involving governmental authorities at the federal, state, and local levels. While the outcome of litigation or other proceedings against us cannot be predicted with certainty, management does not expect that any loss resulting from such litigation or other proceedings, in excess of any amounts accrued or covered by insurance, will have a material adverse impact on our consolidated financial statements.

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

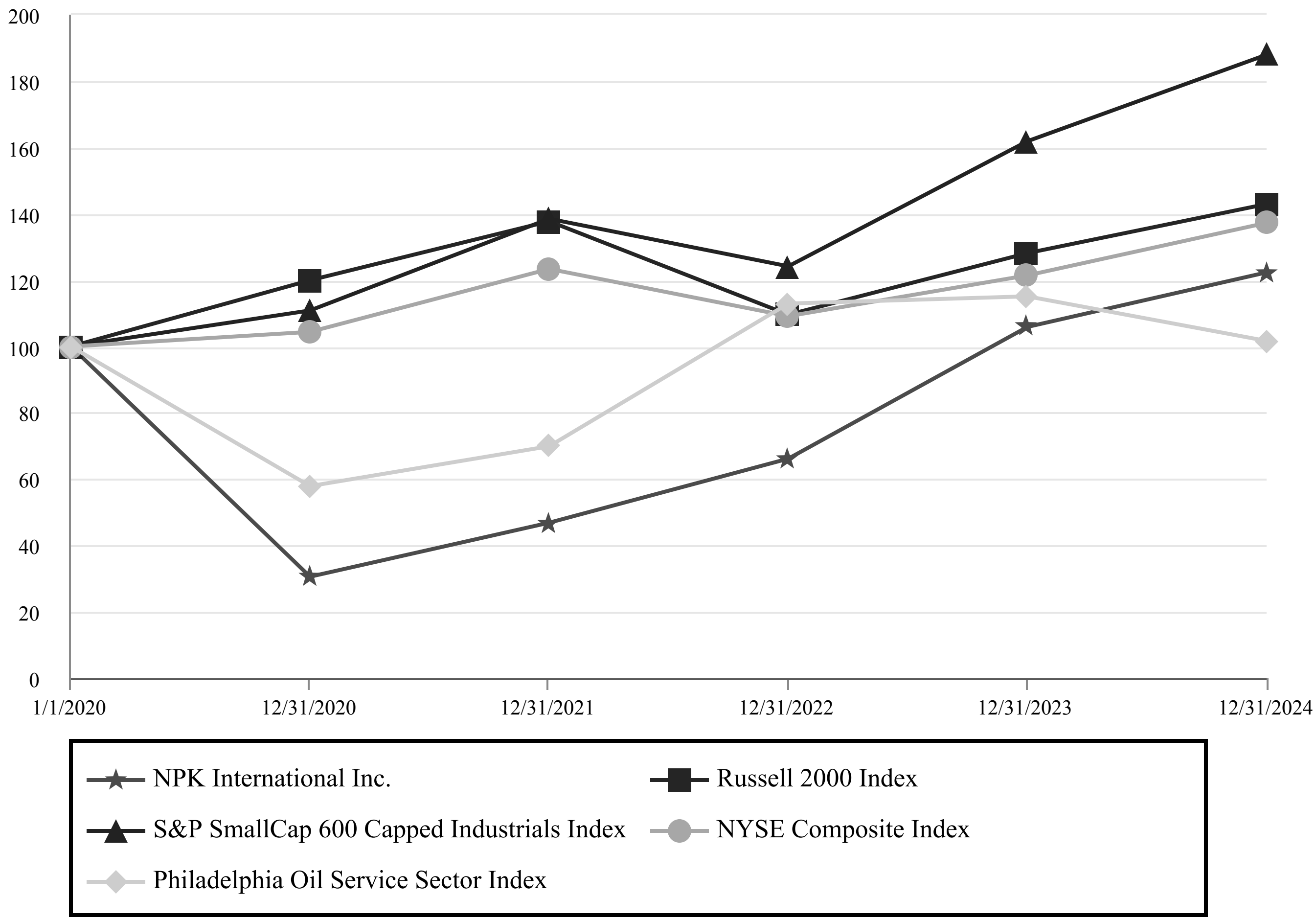
Our common stock is traded on the New York Stock Exchange under the symbol “NPKI”. The Company’s common stock began trading on NYSE under the ticker symbol “NPKI” prior to market open on December 19, 2024. This replaced the Company's previous ticker symbol “NR”.

As of February 1, 2025, we had 1,061 stockholders of record as determined by our transfer agent.

We have not paid any dividends during the three most recent fiscal years or any subsequent interim period, and we do not intend to pay any cash dividends in the foreseeable future. In addition, our Amended ABL Facility contains covenants which limit the payment of dividends on our common stock. See Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Asset-Based Loan Facility.”

Stock Performance Graph

The following graph reflects a comparison of the cumulative total stockholder return of our common stock from January 1, 2020 through December 31, 2024, with the Russell 2000 Index, a broad equity market index comprised of companies with comparable market capitalization to NPK, and the S&P SmallCap 600 Capped Industrials Index, an index comprised of industrial sector companies with comparable market capitalization to NPK. The Russell 2000 Index and the S&P SmallCap 600 Capped Industrials Index replace the New York Stock Exchange Market Value Index and the Philadelphia Oil Service Sector Index, respectively, in this analysis and going forward, as these indexes are more representative of our current business following the sale of the Fluids Systems business in September 2024. The New York Stock Exchange Market Value Index and the Philadelphia Oil Service Sector Index have been included through this transition year. The graph assumes the investment of $100 on January 1, 2020 in our common stock and each index and the reinvestment of all dividends, if any. This information shall be deemed furnished but not filed in this Form 10-K, and shall not be deemed incorporated by reference into any filing under the Securities Act of 1933, or the Securities Exchange Act of 1934, except to the extent we specifically incorporate it by reference.



Issuer Purchases of Equity Securities

The following table details our repurchases of shares of our common stock for the three months ended December 31, 2024:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet be Purchased Under Plans or Programs ($ in Millions)
October 2024	—	$ —	—	$ 50.0
November 2024	—	$ —	—	$ 50.0
December 2024	—	$ —	—	$ 50.0
Total	—		—	

Our Board of Directors has authorized a securities repurchase program available for repurchases of our common stock. In February 2024, our Board of Directors replaced the prior program with a new repurchase program for repurchases of common stock up to $50.0 million.

Our repurchase program authorizes us to purchase outstanding shares of our common stock in the open market or as otherwise determined by management, subject to certain limitations under the Amended ABL Facility (as defined in Note 6) and other factors. The repurchase program has no specific term. Repurchases are expected to be funded from operating cash flows and available cash on hand. As part of the share repurchase program, our management has been authorized to establish trading plans under Rule 10b5-1 of the Securities Exchange Act of 1934. As of December 31, 2024, we had $50.0 million of authorization remaining under the program.

Due to restrictions associated with the Fluids Systems sale process and other events, no shares of common stock were repurchased under the repurchase program during 2024.

During the three months ended December 31, 2024, we purchased no shares surrendered in lieu of taxes under vesting of restricted stock awards. During 2024, we purchased an aggregate of 529,067 shares surrendered in lieu of taxes under vesting of restricted stock awards. These shares were not acquired pursuant to our securities repurchase program described above. All of the shares purchased are held as treasury stock.

ITEM 6. [Reserved]

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of our financial condition, results of operations, liquidity, and capital resources should be read in conjunction with the consolidated financial statements and notes thereto included in Item 8 "Financial Statements and Supplementary Data."

Overview

NPK International Inc. is a temporary worksite access solutions company that manufactures, sells, and rents recyclable composite matting products, along with a full suite of services, including planning, logistics, and site restoration. In 2024, 67% of our revenues were generated from the rental of our recyclable composite matting systems, along with related site construction and services to customers in various markets including power transmission, oil and natural gas exploration and production ("E&P"), pipeline, renewable energy, petrochemical, construction and other industries within the United States and United Kingdom. The remaining 33% of our 2024 revenues were generated from the sale of our manufactured recyclable composite mats to customers around the world, with power transmission being the primary end-market.

We previously operated a Fluids Systems business, which was historically reported as a separate operating segment, that provided drilling and completion fluids products and related technical services to customers for oil, natural gas, and geothermal projects primarily in Europe, the Middle East and Africa, and North America, as well as certain countries in Asia Pacific. On September 13, 2024, we completed the sale of the equity interests in substantially all of the Company's Fluids Systems segment (the "Sale Transaction") to SCF Partners, a leading private equity firm serving the global energy industry (the "Purchaser"). The results of operations of Fluids Systems are reported in discontinued operations in the consolidated statements of operations. All results and information in the consolidated financial statements and related notes are presented for our continuing operations and exclude Fluids Systems unless otherwise noted specifically as discontinued operations. See Note 2 for additional information.

2024 Strategic Actions

As aligned with our Strategy described in Part I. Item I. Business, the following strategic actions were taken in 2024.

- *Completed the Fluids Systems Sale Transaction* – The September 2024 sale marked an important strategic milestone for our company, simplifying our business model while meaningfully improving our margin profile, return on investment and profitability potential, as we focus on growing our scale as a leading, pure-play specialty rental and services business in the global worksite access and critical infrastructure markets. The estimated total consideration of the Sale Transaction was $88.2 million, which includes $70.2 million of cash proceeds received at closing, $16.0 million of receivables, primarily reflecting an adjustment for the final working capital conveyed at closing, and a $5 million interest-bearing note receivable, partially offset by net deferred consideration liabilities.
- *Rebranded as NPK* – In December 2024, we announced our new brand identity, aligning with our strategic focus on specialty rental solutions for the global access market, and launched a new company website (www.npki.com). NPK International commenced trading on the NYSE under the ticker symbol "NPKI" beginning December 19, 2024.
- *Strengthened Balance Sheet* – We ended 2024 with total cash of $17.8 million, total debt of $7.7 million, and available liquidity under our ABL credit facility of $65.8 million, positioning the Company to pursue our stated organic and inorganic growth strategy.
- *Accelerated Organic Growth* – In support of our efforts to accelerate revenue growth through the expansion of our high-return rental business, approximately $37 million of our 2024 capital expenditures were directed to the expansion of our mat rental fleet, expanding the rental fleet by approximately 11%, driving a 7% year-over-year increase in rental revenues.
- *Drove Operational Efficiency* – During 2024, we continually took actions to streamline our overhead structure, which contributed to a $5.0 million year-over-year reduction in selling, general and administrative expenses ("SG&A") for 2024. SG&A as a percentage of revenues was 21.2% for 2024 compared to 24.6% for 2023. We plan to maintain our focus on efficiency improvements and operating cost optimization across every aspect of our business. With the recent completion of the sale of the Fluids Systems business and simplified business model, we continue to evaluate and execute actions intended to streamline the organization and our cost structure, driving improvements in profitability, with the goal of driving SG&A as a percentage of revenue to a mid-teens range by early 2026.

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

Consolidated Results of Operations

Summarized results of operations for 2024 compared to 2023 are as follows:

	Year Ended December 31,		2024 vs 2023	
(In thousands)	2024	2023	$	%
Revenues	$ 217,489	$ 207,648	$ 9,841	5 %
Cost of revenues	140,359	135,094	5,265	4 %
Selling, general and administrative expenses	46,048	51,083	(5,035)	(10)%
Other operating (income) loss, net	(1,269)	(1,469)	200	NM
Operating income from continuing operations	32,351	22,940	9,411	41 %
Foreign currency exchange (gain) loss	869	(889)	1,758	NM
Interest expense, net	2,621	4,107	(1,486)	(36)%
Income from continuing operations before income taxes	28,861	19,722	9,139	46 %
Provision (benefit) for income taxes from continuing operations	(6,738)	5,573	(12,311)	NM
Income from continuing operations	35,599	14,149	21,450	NM
Income (loss) from discontinued operations	(185,861)	367	(186,228)	NM
Net income (loss)	$ (150,262)	$ 14,516	$ (164,778)	NM

The following table presents further disaggregated revenues by type:

	Year Ended December 31,		2024 vs 2023	
(In thousands)	2024	2023	$	%
Rental and service revenues	$ 145,785	$ 149,954	$ (4,169)	(3)%
Product sales revenues	71,704	57,694	14,010	24 %
Total revenues	$ 217,489	$ 207,648	$ 9,841	5 %

The following table presents gross profit margins by type:

	Year Ended December 31,		Change
(In thousands)	2024	2023	
Rental and service - Gross profit margin	35.3 %	34.3 %	100 bps
Product sales - Gross profit margin	35.8 %	36.7 %	(90) bps
Total gross profit margin	35.5 %	34.9 %	60 bps

Revenues

Revenues increased 5% to $217.5 million for 2024, compared to $207.6 million for 2023, including a 24% increase in product sales revenues, partially offset by a 3% decline in rental and service revenues. Rental revenues increased $6.1 million (7%) primarily due to higher rental volume driven by our organic growth efforts, partially offset by lower pricing. Service revenues decreased $10.3 million (15%), primarily attributable to a reduced level of services required within customer rental projects. Product sales revenues increased $14.0 million (24%) for 2024, primarily reflecting an increasing customer adoption of manufactured composite matting products relative to timber-based products that continue to be the primary solution used for temporary worksite access. The majority of the 2024 and 2023 revenues were derived from customers in the power transmission sector.

Cost of revenues

Cost of revenues increased 4% to $140.4 million for 2024 (35.5% gross profit margin), compared to $135.1 million for 2023 (34.9% gross profit margin), primarily driven by the 5% increase in revenues described above. The improvement in gross profit margin is primarily attributable to the effects of an improved revenue mix. Rental and service margins increased primarily due to a higher proportion of rental revenues and a lower proportion of service revenues. Product sales margins decreased partially due to an approximately $1 million impact of an unscheduled downtime event on one of the production lines at our manufacturing facility in the third quarter 2024.

Selling, general and administrative expenses

Selling, general and administrative expenses decreased $5.0 million to $46.0 million for 2024, compared to $51.1 million for 2023. The decrease was primarily driven by lower performance-based incentives and other personnel expense resulting from efforts to streamline the overhead structure, lower severance costs, as well as increased lease and sublease income associated with our administrative offices. In addition, 2023 included $1.4 million of costs related to strategic planning projects. Selling, general and administrative expenses as a percentage of revenues was 21.2% for 2024 compared to 24.6% for 2023.

Other operating (income) loss, net

Other operating (income) loss, net primarily reflects gains and losses associated with the sale of assets. In addition, 2024 includes a $0.6 million gain related to a legal settlement.

Foreign currency exchange

Foreign currency exchange was a $0.9 million loss for 2024 compared to a $0.9 million gain for 2023 and reflects the impact of currency translation for assets and liabilities (including intercompany balances) that are denominated in currencies other than functional currencies, principally related to our U.K. operations.

Interest expense, net

Interest expense was $2.6 million for 2024 compared to $4.1 million for 2023. The decrease in interest expense is primarily due to a decrease in average debt outstanding. The 2024 expense includes a $0.5 million non-cash write off of debt issuance costs associated with the amendment of our Amended ABL Facility. Discontinued operations also includes an allocation of interest expense on corporate debt. Such interest expense totaled $1.4 million and $2.4 million for 2024 and 2023, respectively.

Provision (benefit) for income taxes from continuing operations

The benefit for income taxes from continuing operations was $6.7 million for 2024 compared to a provision for income taxes of $5.6 million for 2023. The 2024 benefit includes a $15.9 million benefit primarily related to the release of valuation allowances on U.S. federal and state net operating losses and tax credit carryforwards that are now expected to be realized following the sale of the Fluids Systems business. Excluding this valuation allowance benefit, the effective tax rate increased to 31.7% for 2024 compared to 28.3% for 2023, primarily attributable to higher state income taxes and the effect of unbenefited losses in the U.K.

Income (loss) from discontinued operations

Income (loss) from discontinued operations reflects the former Fluids Systems segment, which was sold in the third quarter of 2024. The loss from discontinued operations for 2024 includes the loss on sale of the segment of $195.7 million. Discontinued operations also include $8.9 million and $12.7 million in charges for 2024 and 2023, respectively, primarily related to the Sale Transaction, impairments, and other items. See Note 2 for additional information.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Consolidated Results of Operations

Summarized results of operations for 2023 compared to 2022 are as follows:

	Year Ended December 31,		2023 vs 2022	
(In thousands)	2023	2022	$	%
Revenues	$ 207,648	$ 192,993	$ 14,655	8 %
Cost of revenues	135,094	133,002	2,092	2 %
Selling, general and administrative expenses	51,083	48,780	2,303	5 %
Other operating (income) loss, net	(1,469)	(3,226)	1,757	NM
Impairments and other charges	—	7,905	(7,905)	NM
Operating income from continuing operations	22,940	6,532	16,408	NM
Foreign currency exchange (gain) loss	(889)	1,276	(2,165)	NM
Interest expense, net	4,107	3,510	597	17 %
Income from continuing operations before income taxes	19,722	1,746	17,976	NM
Provision for income taxes from continuing operations	5,573	924	4,649	NM
Income from continuing operations	14,149	822	13,327	NM
Income (loss) from discontinued operations	367	(21,656)	22,023	NM
Net income	$ 14,516	$ (20,834)	$ 35,350	NM

The following table presents further disaggregated revenues by type:

	Year Ended December 31,		2023 vs 2022	
(In thousands)	2023	2022	$	%
Rental and service revenues	$ 149,954	$ 134,301	$ 15,653	12 %
Product sales revenues	57,694	58,692	(998)	(2)%
Total revenues	$ 207,648	$ 192,993	$ 14,655	8 %

The following table presents gross profit margins by type:

	Year Ended December 31,		Change
(In thousands)	2023	2022	
Rental and service - Gross profit margin	34.3 %	31.9 %	240 bps
Product sales - Gross profit margin	36.7 %	29.3 %	740 bps
Total gross profit margin	34.9 %	31.1 %	380 bps

Revenues

Revenues increased 8% to $207.6 million for 2023, compared to $193.0 million for 2022, including a 12% increase in rental and service revenues, partially offset by a 2% decline in product sales revenues. Rental revenues increased $7.8 million (10%) primarily due to higher rental volume, driven by our organic growth efforts, partially offset by lower pricing. Service revenues increased $7.9 million (13%), reflecting a modestly higher level of services included within customer rental projects. Product sales revenues decreased slightly for 2023, with continued strong demand across sectors, including utilities.

Cost of revenues

Cost of revenues increased 2% to $135.1 million for 2023 (34.9% gross profit margin), compared to $133.0 million for 2022 (31.1% gross profit margin). The improvement in gross profit margin is primarily associated with revenue growth, including the effects of improved operating cost leverage from increased manufacturing, rental, and service activity.

Selling, general and administrative expenses

Selling, general and administrative expenses increased $2.3 million to $51.1 million for 2023, compared to $48.8 million for 2022. This increase was primarily driven by $1.4 million of costs related to strategic planning projects and a $1.3 million increase in severance costs. Selling, general and administrative expenses as a percentage of revenues was 24.6% for 2023 compared to 25.3% for 2022.

Other operating (income) loss, net

Other operating (income) loss, net primarily includes gains associated with the sale of assets. Other operating (income) loss, net for 2022 includes a gain on divestiture of $2.6 million for the sale of the Conroe, Texas blending facility. See Note 13 for additional details.

Impairments and other charges

For 2022, we recognized a $7.9 million non-cash impairment charge related to the exit of our Industrial Blending operations. See Note 13 for additional details.

Foreign currency exchange

Foreign currency exchange was a $0.9 million gain for 2023 compared to a $1.3 million loss for 2022 and reflects the impact of currency translation for assets and liabilities (including intercompany balances) that are denominated in currencies other than functional currencies, principally related to our U.K. operations.

Interest expense, net

Interest expense was $4.1 million for 2023 compared to $3.5 million for 2022. The increase in interest expense is primarily due to an increase in benchmark borrowing rates in 2023 partially offset by a decrease in average debt outstanding. Discontinued operations also includes an allocation of interest expense on corporate debt. Such interest expense totaled $2.4 million and $2.3 million for 2024 and 2023, respectively.

Provision (benefit) for income taxes from continuing operations

The provision for income taxes from continuing operations was $5.6 million for 2023, representing an effective tax rate of 28.3%, compared to a provision for income taxes of $0.9 million for 2022, representing an effective tax rate of 52.9%. The effective tax rate for 2022 was negatively impacted by the level of pretax income from continuing operations.

Income (loss) from discontinued operations

Income (loss) from discontinued operations reflects the former Fluids Systems segment, which was sold in the third quarter of 2024. Discontinued operations also include $12.7 million and $29.8 million in charges for 2023 and 2022, respectively, primarily related to impairments and other items. See Note 2 for additional information.

Liquidity and Capital Resources

We elected not to adjust the consolidated statements of cash flows for the years ended December 31, 2024, 2023, and 2022 to exclude cash flows attributable to discontinued operations. As a result, the below descriptions of net cash provided by or used in operating, investing, and financing activities represents the consolidated cash flows for such activities. See Note 2 for depreciation, capital expenditures and significant operating and investing non-cash items related to discontinued operations.

Net cash provided by operating activities was $38.2 million for 2024 compared to $100.0 million for 2023. Net income adjusted for non-cash items provided cash of $54.5 million in 2024, compared to $57.2 million in 2023, while changes in working capital used cash of $16.3 million in 2024, compared to $42.8 million of cash provided in 2023. The cash provided by changes in working capital in 2023 benefited from the wind down of working capital associated with certain fourth quarter 2022 divestiture transactions.

Net cash provided by investing activities was $8.3 million for 2024, which includes $48.5 million in initial net proceeds from the sale of the Fluids Systems business, partially offset by capital expenditures of $43.5 million in 2024, the substantial majority of which were directed to expanding our mat rental fleet. Net cash used in investing activities was $5.7 million for 2023, including $29.2 million in capital expenditures partially offset by $19.8 million in proceeds received related to our fourth quarter 2022 divestiture transactions.

Net cash used in financing activities was $66.9 million for 2024 and primarily relates to net repayments on our Amended ABL Facility and other financing arrangements. Net cash used in financing activities was $81.0 million for 2023, which includes $47.4 million in net repayments on our Amended ABL Facility and other financing arrangements and $32.0 million in share purchases under our repurchase program.

Following completion of the Sale Transaction in September 2024, substantially all our $17.8 million of cash on hand at December 31, 2024 resides in the U.S. We primarily manage our liquidity utilizing cash on hand and availability under our Amended ABL Facility and other existing financing arrangements.

We expect future working capital requirements for our operations will generally fluctuate directionally with revenues, and total availability under the Amended ABL Facility to fluctuate directionally based on the level of eligible U.S. accounts receivable, inventory, and composite mats included in the rental fleet. We expect capital expenditures in 2025 to be $35 million to $40 million, with spending primarily focused on the expansion of our mat rental fleet to further support the utilities market penetration. We also expect to use a portion of our existing liquidity to return value to our shareholders and pursue our long-term strategic initiatives. We expect cash on hand and cash generated by operations, as well as the projected availability under our Amended ABL Facility and other existing financing arrangements, to be adequate to fund our current operations during the next 12 months.

Our capitalization is as follows:

(In thousands)	December 31, 2024	December 31, 2023
Amended ABL Facility	$ —	$ 45,000
Other debt	7,728	17,085
Unamortized discount and debt issuance costs	(1)	(56)
Total debt	$ 7,727	$ 62,029
Stockholders’ equity	326,495	415,364
Total capitalization	$ 334,222	$ 477,393
Total debt to capitalization	2.3%	13.0%

Asset-Based Loan Facility. In October 2017, we entered into a U.S. asset-based revolving credit agreement, which was amended in March 2019, amended and restated in May 2022, and further amended and restated in September 2024 (the “Amended ABL Facility”). The Amended ABL Facility provides financing of up to $100.0 million available for borrowings (inclusive of letters of credit), which can be increased up to $250.0 million, subject to certain conditions. The Amended ABL Facility has a five-year term expiring May 2027, is based on a Bloomberg Short-Term Bank Yield Index (“BSBY”) pricing grid, and includes a mechanism to incorporate a sustainability-linked pricing framework with the consent of the required lenders (as defined in the Amended ABL Facility). The BSBY rates were replaced with Term SOFR (Secured Overnight Financing Rate) beginning in November 2024.

As of December 31, 2024, our total availability under the Amended ABL Facility was $67.8 million, with no outstanding borrowings and $2.0 million was used for outstanding letters of credit, resulting in remaining availability of $65.8 million.

Borrowing availability under the Amended ABL Facility is calculated based on eligible U.S. accounts receivable, inventory and composite mats included in the rental fleet, net of reserves and subject to limits on certain of the assets included in the borrowing base calculation. To the extent pledged by the borrowers, the borrowing base calculation also includes the amount of eligible pledged cash. The administrative agent may establish reserves in accordance with the Amended ABL Facility, in part based on appraisals of the asset base, and other limits in its discretion, which could reduce the amounts otherwise available under the Amended ABL Facility.

Under the terms of the Amended ABL Facility, we may elect to borrow at a variable interest rate based on either, (1) the Term SOFR rate (subject to a floor of zero) or (2) the base rate (subject to a floor of zero), equal to the highest of (a) the federal funds rate plus 0.50%, (b) the prime rate of Bank of America, N.A., and (c) Term SOFR for a one-month interest period plus 1.00%, plus, in each case, an applicable margin per annum. The applicable margin ranges from 1.50% to 2.00% per annum for Term SOFR borrowings, and 0.50% to 1.00% per annum for base rate borrowings, based on the consolidated leverage ratio (as defined in the Amended ABL Facility) as of the last day of the most recent fiscal quarter. We are also required to pay a commitment fee equal to (i) 0.375% per annum at any time the average daily unused portion of the commitments is greater than 50% and (ii) 0.25% per annum at any time the average daily unused portion of the commitments is less than 50%.

As of December 31, 2024, the applicable margin for borrowings under the Amended ABL Facility was 1.50% with respect to Term SOFR borrowings and 0.50% with respect to base rate borrowings, and the applicable commitment fee on the unused portion of the Amended ABL Facility was 0.375% per annum.

The September 2024 amendment, among other things, (i) released Newpark Drilling Fluids from its obligations as a borrower under the Amended ABL Facility, (ii) reduced the aggregate commitments under the Amended ABL Facility from $175 million to $100 million, (iii) reduced the aggregate letter of credit sublimit under the Amended ABL Facility from $15 million to $10 million, (iv) provided that the financial covenant requiring the Consolidated Leverage Ratio (as defined in the Amended ABL Facility) to be less than or equal to 4.00 to 1.00 is tested for each fiscal quarter (beginning the fiscal quarter ending June 30, 2024), instead of being tested only when availability under the Amended ABL Facility is below 40% of the borrowing base, (v) consented to the Sale Transaction and (vi) decreased certain other thresholds proportionally with the decreased commitments under the Amended ABL Facility. The Amended ABL Facility also requires a minimum fixed charge coverage ratio of 1.00 to 1.00 for the most recently completed four fiscal quarters.

The Amended ABL Facility is a senior secured obligation of the Company and certain of our U.S. subsidiaries constituting borrowers thereunder, secured by a first priority lien on substantially all of the personal property and certain real property of the borrowers, including a first priority lien on certain equity interests of direct subsidiaries of the borrowers.

The Amended ABL Facility contains customary representations, warranties and covenants that, among other things, and subject to certain specified circumstances and exceptions, restrict or limit the ability of the borrowers and certain of their subsidiaries to incur indebtedness (including guarantees), grant liens, make investments, pay dividends or distributions with respect to capital stock and make other restricted payments, make prepayments on certain indebtedness, engage in mergers or other fundamental changes, dispose of property, and change the nature of their business.

The Amended ABL Facility includes customary events of default including non-payment of principal, interest or fees, violation of covenants, inaccuracy of representations or warranties, cross-default to other material indebtedness, bankruptcy and insolvency events, invalidity or impairment of security interests or invalidity of loan documents, certain ERISA events, unsatisfied or unstayed judgments and change of control.

Other Financing Arrangements. In April 2022, a U.K. subsidiary entered a £7.0 million term loan and a £2.0 million revolving credit facility. In October 2024, all amounts outstanding under the term loan and revolving credit facility were repaid, and both were terminated.

We also maintain finance leases primarily related to transportation equipment. During 2024, we entered $3.5 million of new finance lease liabilities in exchange for leased assets.

Off-Balance Sheet Arrangements

We do not have any special purpose entities. At December 31, 2024, we had $6.2 million in outstanding letters of credit, performance bonds, and other guarantees for which certain of the letters of credit are collateralized by $0.5 million in restricted cash. We also enter into normal short-term operating leases for office and warehouse space, as well as certain operating equipment. None of these off-balance sheet arrangements either has, or is expected to have, a material effect on our financial statements.

Contractual Obligations

A summary of our outstanding contractual and other obligations and commitments at December 31, 2024 is as follows:

(In thousands)	2025	2026	2027	2028	2029	Thereafter	Total
Amended ABL Facility	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Financing obligation (1)	106	—	—	—	—	—	106
Finance lease liabilities (1)	3,278	2,909	1,791	519	—	—	8,497
Operating lease liabilities (1)	2,724	2,696	2,552	2,178	2,029	3,056	15,235
Trade accounts payable and accrued liabilities (2)	39,597	—	—	—	—	—	39,597
Other long-term liabilities (3)	—	2,279	402	—	—	2,921	5,602
Performance bond obligations	3,312	—	—	435	—	—	3,747
Letter of credit commitments	2,487	—	—	—	—	—	2,487
Total contractual obligations	$ 51,504	$ 7,884	$ 4,745	$ 3,132	$ 2,029	$ 5,977	$ 75,271

(1) Financing obligations, finance lease liabilities, and operating lease liabilities represent the undiscounted future payments.

(2) Excludes the current portion of operating lease liabilities.

(3) Table does not allocate by year expected tax payments and uncertain tax positions due to the inability to make reasonably reliable estimates of the timing of future cash settlements.

We anticipate that the obligations and commitments listed above that are due in less than one year will be paid from available cash on-hand, cash generated by operations, and the projected availability under our Amended ABL Facility, subject to covenant compliance and certain restrictions as further discussed above. The specific timing of settlement for certain long-term obligations cannot be reasonably estimated.

Critical Accounting Policies

Critical Accounting Estimates

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts and disclosures. Significant estimates used in preparing our consolidated financial statements include estimated cash flows and fair values used for impairments of long-lived assets, including goodwill and other intangibles, and valuation allowances for deferred tax assets. See Note 1 in Item 8. "Financial Statements and Supplementary Data" for a discussion of the accounting policies for each of these matters. Our estimates are based on historical experience and on our future expectations that we believe to be reasonable. The combination of these factors forms the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from our current estimates and those differences may be material.

We believe the critical accounting policies described below affect our more significant judgments and estimates used in preparing the consolidated financial statements.

Sale of Fluids Systems Business

In September 2024, we completed the sale of the Fluids Systems business. See Note 2 for additional information. In connection with recognizing the loss on the Sale Transaction included in discontinued operations, we made certain estimates in determining the amounts of deferred consideration due from the Purchaser and estimated liabilities due to the Purchaser. Estimated deferred consideration due from the Purchaser is related to certain pre-closing tax assets and other receivables that are expected to be substantially realized in 2025. Estimated liabilities due to the Purchaser includes certain payables for pre-closing tax liabilities and obligations attributable to the Fluids Systems business that are expected to be substantially settled in 2025, as well as an estimated liability for contractual indemnifications related to various pre-closing contingencies of the Fluids Systems business.

Our estimates for the fair value of deferred consideration due from the Purchaser and liabilities due to the Purchaser required us to make judgments regarding the likelihood of possible outcomes and cash flows and the ultimate resolution of such matters. These judgments are uncertain in that they require assumptions about the potential outcomes and may change. Depending on the actual outcomes of such matters, or changes in these assumptions, the estimated amounts recognized for deferred consideration due from the Purchaser and estimated liabilities due to the Purchaser may change and any income or expense associated with such changes will be presented in discontinued operations.

Goodwill

As of December 31, 2024, our consolidated balance sheet includes $47.2 million of goodwill. Goodwill is tested for impairment annually as of November 1, or more frequently, if indicators of impairment exist. As part of our annual goodwill review, we first perform a qualitative assessment based on company performance and future business outlook to determine if indicators of impairment exist. When there are qualitative indicators of impairment, we use an impairment test which includes a comparison of the carrying value of net assets of our reporting unit, including goodwill, with its estimated fair values, which we estimate using a combination of a market multiple and discounted cash flow approach (classified within Level 3 of the fair value hierarchy). In completing the annual evaluation during the fourth quarter of 2024, we determined that the fair value was significantly more than the net carrying value, and therefore, no impairment was required.

Income Taxes

We had total deferred tax assets of $78.6 million and $56.0 million at December 31, 2024 and 2023, respectively. A valuation allowance must be established to offset a deferred tax asset if, based on available evidence, it is more likely than not that some or all of the deferred tax asset will not be realized. We have considered future taxable income and tax planning strategies in assessing the need for our valuation allowance. At December 31, 2024, we had a total valuation allowance of $34.3 million, which includes valuation allowances of $20.3 million for U.S. capital loss carryforwards, $9.2 million for certain U.S. state and foreign net operating loss carryforwards, as well as $4.8 million for foreign tax credits. In 2024, we recognized a valuation allowance of $20.3 million on capital losses related to the sale of the Fluids Systems business that are not expected to be realized, partially offset by $15.9 million tax benefit recognized primarily related to the release of valuation allowances on U.S. federal and state net operating losses and tax credit carryforwards that are now expected to be realized following the sale of the Fluids Systems business. Changes in the expected future generation of qualifying taxable income within these jurisdictions or in the realizability of other tax assets may result in an adjustment to the valuation allowance, which would be charged or credited to income in the period this determination was made.

We file income tax returns in the U.S. and certain non-U.S. jurisdictions and are subject to examination in the various jurisdictions in which we file. We are no longer subject to income tax examinations for U.S. federal and substantially all state jurisdictions for years prior to 2020 and for substantially all foreign jurisdictions for years prior to 2018.

From time to time, we are examined by various tax authorities in countries where we operate. We fully cooperate with all audits but defend existing positions vigorously. We evaluate the potential exposure associated with various filing positions and record a liability for uncertain tax positions as circumstances warrant. Although we believe all tax positions are reasonable and properly reported in accordance with applicable tax laws and regulations in effect during the periods involved, the final determination of these matters could be materially different than that which is reflected in historical income tax provisions and accruals.

New Accounting Pronouncements

See Note 1 in Item 8. “Financial Statements and Supplementary Data” for a discussion of new accounting pronouncements.

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk from changes in interest rates and changes in foreign currency exchange rates. A discussion of our primary market risk exposure in financial instruments is presented below.

Interest Rate Risk

We are primarily exposed to interest rate risk through our Amended ABL Facility, which is subject to variable interest rates as determined by the debt agreement. At December 31, 2024, we had no borrowings under our Amended ABL Facility.

Foreign Currency Risk

Following the Fluids Systems sale in September 2024, our principal foreign operations are currently conducted in the U.K., which contributed approximately 6% of our consolidated revenues. We have foreign currency exchange risks associated with these operations, which are conducted principally in British pounds. Historically, we have not used off-balance sheet financial hedging instruments to manage foreign currency risks when we enter into a transaction denominated in a currency other than our local currencies.

ITEM 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of NPK International Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of NPK International Inc. and subsidiaries (the “Company”) as of December 31, 2024 and 2023, the related consolidated statements of operations, comprehensive income (loss), stockholders’ equity, and cash flows, for each of the three years in the period ended December 31, 2024, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 28, 2025, expressed an unqualified opinion on the Company’s internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the 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 in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the 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 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 financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Dispositions - Sale of Fluids Systems Business - Refer to Note 2 of the financial statements.

Critical Audit Matter Description

In September 2024, the Company completed the sale of the equity interests in substantially all of the Company's Fluids Systems segment. Under the terms of the Sale Transaction agreement, the total consideration included net deferred consideration liabilities of $6.5 million that included estimated payables for pre-closing tax liabilities and obligations attributable to the Fluids Systems business as well as estimated liabilities for contractual indemnifications related to various pre-closing contingencies of the Fluids Systems business.

Additional audit effort was required to assess whether the liabilities were properly accounted for and disclosed in the financial statements. The estimated tax and indemnification liabilities required management to make significant estimates and assumptions at the time of the disposition and the probability of potential outcomes. Auditing the probability of potential outcomes involved a high degree of auditor judgment and an increased extent of effort in evaluating whether management's estimates and assumptions and the probability of potential outcomes were reasonable.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the Company's reporting of the disposition and accounting for the deferred consideration liabilities included the following, among others:

- Tested the effectiveness of controls over the Company's accounting and disclosure of the disposition, including the determination of key inputs in the valuation of pre-closing tax and contractual indemnification liabilities.
- Evaluated the reasonableness of the probability of potential outcomes of estimated tax liabilities, with the assistance of our tax specialist.
- Evaluated the reasonableness of the contractual indemnification liabilities, including the key inputs and potential outcomes.
- Evaluated whether the financial statement disclosures were consistent with the terms of the disposition.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas
February 28, 2025

We have served as the Company's auditor since 2008.

NPK International Inc.
Consolidated Balance Sheets
December 31,

(In thousands, except share data)	2024	2023
ASSETS		
Cash and cash equivalents	$ 17,756	$ 789
Receivables, net of allowance of $948 and $1,223, respectively	74,841	42,818
Inventories	14,659	18,606
Prepaid expenses and other current assets	5,728	4,690
Current assets of discontinued operations	—	290,321
Total current assets	112,984	357,224
Property, plant and equipment, net	187,483	165,544
Operating lease assets	11,793	11,192
Goodwill	47,222	47,283
Other intangible assets, net	10,331	12,461
Deferred tax assets	15,593	1,367
Other assets	8,276	1,582
Noncurrent assets of discontinued operations	—	45,683
Total assets	$ 393,682	$ 642,336
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current debt	$ 2,900	$ 6,319
Accounts payable	19,459	16,345
Accrued liabilities	22,300	21,026
Current liabilities of discontinued operations	—	92,594
Total current liabilities	44,659	136,284
Long-term debt, less current portion	4,827	55,710
Noncurrent operating lease liabilities	10,896	10,713
Deferred tax liabilities	1,203	3,697
Other noncurrent liabilities	5,602	4,191
Noncurrent liabilities of discontinued operations	—	16,377
Total liabilities	67,187	226,972
Commitments and contingencies (Note 15)		
Common stock, $0.01 par value (200,000,000 shares authorized and 111,669,464 and 111,669,464 shares issued, respectively)	1,117	1,117
Paid-in capital	633,239	639,645
Accumulated other comprehensive loss	(2,871)	(62,839)
Retained earnings (deficit)	(139,466)	10,773
Treasury stock, at cost (25,114,978 and 26,471,738 shares, respectively)	(165,524)	(173,332)
Total stockholders' equity	326,495	415,364
Total liabilities and stockholders' equity	$ 393,682	$ 642,336

See Accompanying Notes to Consolidated Financial Statements

NPK International Inc.
Consolidated Statements of Operations
Years Ended December 31,

(In thousands, except per share data)	2024	2023	2022
Revenues			
Rental and service revenues	$ 145,785	$ 149,954	$ 134,301
Product sales revenues	71,704	57,694	58,692
Total revenues	217,489	207,648	192,993
Cost of revenues			
Cost of rental and service revenues	94,324	98,588	91,506
Cost of product sales revenues	46,035	36,506	41,496
Total cost of revenues	140,359	135,094	133,002
Selling, general and administrative expenses	46,048	51,083	48,780
Other operating (income) loss, net	(1,269)	(1,469)	(3,226)
Impairments and other charges	—	—	7,905
Operating income from continuing operations	32,351	22,940	6,532
Foreign currency exchange (gain) loss	869	(889)	1,276
Interest expense, net	2,621	4,107	3,510
Income from continuing operations before income taxes	28,861	19,722	1,746
Provision (benefit) for income taxes from continuing operations	(6,738)	5,573	924
Income from continuing operations	35,599	14,149	822
Discontinued operations:			
Income (loss) from discontinued operations before income taxes	4,360	5,460	(18,209)
Loss on sale of discontinued operations before income taxes	(195,729)	—	—
Provision (benefit) for income taxes from discontinued operations	(5,508)	5,093	3,447
Income (loss) from discontinued operations	(185,861)	367	(21,656)
Net income (loss)	$ (150,262)	$ 14,516	$ (20,834)
Income (loss) per common share - basic			
Income from continuing operations	$ 0.41	$ 0.16	$ 0.01
Income (loss) from discontinued operations	(2.17)	—	(0.23)
Net income (loss)	$ (1.75)	$ 0.17	$ (0.22)
Income (loss) per common share - diluted			
Income from continuing operations	$ 0.41	$ 0.16	$ 0.01
Income (loss) from discontinued operations	(2.13)	—	(0.23)
Net income (loss)	$ (1.72)	$ 0.16	$ (0.22)

See Accompanying Notes to Consolidated Financial Statements

NPK International Inc.
Consolidated Statements of Comprehensive Income (Loss)
Years Ended December 31,

(In thousands)	2024	2023	2022
Net income (loss)	$ (150,262)	$ 14,516	$ (20,834)
Foreign currency translation adjustments, net of tax benefit (expense) of $111, $(93), $1	499	3,549	(5,706)
Recognition of cumulative foreign currency translation losses	59,469	798	—
Comprehensive income (loss)	$ (90,294)	$ 18,863	$ (26,540)

See Accompanying Notes to Consolidated Financial Statements

NPK International Inc.
Consolidated Statements of Stockholders' Equity

(In thousands)	Common Stock	Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings (Deficit)	Treasury Stock	Total
Balance at December 31, 2021	$ 1,093	$ 634,929	$ (61,480)	$ 24,345	$ (136,501)	$ 462,386
Net loss	—	—	—	(20,834)	—	(20,834)
Employee stock options, restricted stock and employee stock purchase plan	22	(524)	—	(1,022)	(537)	(2,061)
Stock-based compensation expense	—	6,861	—	—	—	6,861
Treasury shares purchased at cost	—	—	—	—	(17,618)	(17,618)
Foreign currency translation, net of tax	—	—	(5,706)	—	—	(5,706)
Balance at December 31, 2022	1,115	641,266	(67,186)	2,489	(154,656)	423,028
Net income	—	—	—	14,516	—	14,516
Employee stock options, restricted stock and employee stock purchase plan	2	(8,259)	—	(6,232)	13,509	(980)
Stock-based compensation expense	—	6,638	—	—	—	6,638
Treasury shares purchased at cost	—	—	—		(32,185)	(32,185)
Foreign currency translation, net of tax	—	—	3,549	—	—	3,549
Recognition of cumulative foreign currency translation losses	—	—	798	—	—	798
Balance at December 31, 2023	1,117	639,645	(62,839)	10,773	(173,332)	415,364
Net loss	—	—	—	(150,262)	—	(150,262)
Employee stock options, restricted stock and employee stock purchase plan	—	(11,653)	—	23	7,853	(3,777)
Stock-based compensation expense	—	5,247	—	—	—	5,247
Treasury shares purchased at cost	—	—	—	—	(45)	(45)
Foreign currency translation, net of tax	—	—	499	—	—	499
Recognition of cumulative foreign currency translation losses	—	—	59,469	—	—	59,469
Balance at December 31, 2024	$ 1,117	$ 633,239	$ (2,871)	$ (139,466)	$ (165,524)	$ 326,495

See Accompanying Notes to Consolidated Financial Statements

NPK International Inc.
Consolidated Statements of Cash Flows
Years Ended December 31,

(In thousands)	2024	2023	2022
Cash flows from operating activities:			
Net income (loss)	$ (150,262)	$ 14,516	$ (20,834)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operations:			
(Gain) loss on divestitures	195,729	—	(3,596)
Impairments and other non-cash charges	—	6,356	37,322
Depreciation and amortization	27,530	31,372	38,610
Stock-based compensation expense	5,247	6,638	6,861
Provision for deferred income taxes	(20,304)	(482)	(3,384)
Credit loss expense	698	1,209	1,039
Gain on sale of assets	(4,297)	(2,904)	(2,809)
Gain on insurance recovery	(874)	—	—
Amortization of original issue discount and debt issuance costs	983	541	871
Change in assets and liabilities:			
(Increase) decrease in receivables	(28,012)	64,812	(42,452)
(Increase) decrease in inventories	9,746	2,256	(46,909)
(Increase) decrease in other assets	(3,913)	307	(855)
Increase (decrease) in accounts payable	12,488	(25,065)	10,781
Increase (decrease) in accrued liabilities and other	(6,590)	445	334
Net cash provided by (used in) operating activities	38,169	100,001	(25,021)
Cash flows from investing activities:			
Capital expenditures	(43,531)	(29,232)	(28,273)
Proceeds from divestitures, net of cash disposed	48,499	19,833	71,286
Proceeds from sale of property, plant and equipment	4,997	3,709	3,217
Proceeds from insurance property claim	1,385	—	—
Other investing activities	(3,089)	—	—
Net cash provided by (used in) investing activities	8,261	(5,690)	46,230
Cash flows from financing activities:			
Borrowings on lines of credit	177,541	241,873	287,276
Payments on lines of credit	(224,292)	(277,591)	(290,886)
Proceeds from term loan	—	—	3,754
Debt issuance costs	(50)	—	(1,499)
Purchases of treasury stock	(4,505)	(34,265)	(20,248)
Proceeds from employee stock plans	139	606	—
Other financing activities	(15,715)	(11,670)	(3,327)
Net cash used in financing activities	(66,882)	(81,047)	(24,930)
Effect of exchange rate changes on cash	(212)	576	(707)
Net increase (decrease) in cash, cash equivalents, and restricted cash	(20,664)	13,840	(4,428)
Cash, cash equivalents, and restricted cash at beginning of year	38,901	25,061	29,489
Cash, cash equivalents, and restricted cash at end of year	$ 18,237	$ 38,901	$ 25,061

See Accompanying Notes to Consolidated Financial Statements

Note 1 — Summary of Significant Accounting Policies

Organization and Principles of Consolidation. NPK International Inc. is a temporary worksite access solutions company that manufactures, sells, and rents recyclable composite matting products, along with a full suite of services, including planning, logistics, and site restoration. In 2024, 67% of our revenues were generated from the rental of our recyclable composite matting systems, along with related site construction and services to customers in various markets including power transmission, oil and natural gas exploration and production ("E&P"), pipeline, renewable energy, petrochemical, construction and other industries within the United States and United Kingdom. The remaining 33% of our 2024 revenues were generated from the sale of our manufactured recyclable composite mats to customers around the world, with power transmission being the primary end-market.

We previously operated a Fluids Systems business, which was historically reported as a separate operating segment, that provided drilling and completion fluids products and related technical services to customers for oil, natural gas, and geothermal projects primarily in Europe, the Middle East and Africa, and North America, as well as certain countries in Asia Pacific. On September 13, 2024, we completed the sale of the equity interests in substantially all of the Company's Fluids Systems segment (the "Sale Transaction") to SCF Partners (the "Purchaser"). The results of operations of Fluids Systems are reported in discontinued operations in the consolidated statements of operations. All results and information in the consolidated financial statements and related notes are presented for our continuing operations and exclude Fluids Systems unless otherwise noted specifically as discontinued operations. See Note 2 for additional information.

When referring to NPK International Inc. ("NPK," the "Company," "we," "our," or "us"), the intent is to refer to NPK International Inc. and its subsidiaries as a whole. NPK International Inc., formerly known as Newpark Resources, Inc., was organized in 1932 as a Nevada corporation. In 1991, we changed our state of incorporation to Delaware. On December 9, 2024, we changed our name to NPK International Inc. The consolidated financial statements include our company and our wholly owned subsidiaries. All intercompany transactions are eliminated in consolidation.

Use of Estimates and Market Risks. The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates used in preparing our consolidated financial statements include, but are not limited to, the following: estimated cash flows and fair values used for impairments of long-lived assets, including goodwill and other intangibles, and valuation allowances for deferred tax assets.

Cash Equivalents. All highly liquid investments with a remaining maturity of three months or less at the date of acquisition are classified as cash equivalents.

Restricted Cash. Cash that is restricted as to withdrawal or usage is recognized as restricted cash and is included in other current assets in the consolidated balance sheets.

Allowance for Credit Losses. Trade receivables are presented at the net amount expected to be collected. We estimate the lifetime "expected credit loss" for such assets at inception, which generally results in the earlier recognition of allowances for losses. Our allowance for credit losses reflects losses that are expected over the contractual life of the asset, and takes into account historical loss experience, current and future economic conditions, and reasonable and supportable forecasts.

Inventories. Inventories are stated at the lower of average cost or net realizable value. Certain conversion costs associated with our manufacturing operations are capitalized as a component of the carrying value of the inventory and expensed as a component of cost of revenues as the products are sold.

Property, Plant and Equipment. Property, plant and equipment are recorded at cost. Additions and improvements that extend the useful life of an asset are capitalized. We capitalize interest costs on significant capital projects. Maintenance and repairs are expensed as incurred. Sales and disposals of property, plant and equipment are removed at carrying cost less accumulated depreciation with any resulting gain or loss reflected in earnings.

Depreciation is provided on property, plant and equipment, including finance lease assets, primarily utilizing the straight-line method over the following estimated useful service lives or lease term:

Computer hardware and office equipment	3-5 years
Computer software	3-5 years
Autos and light trucks	5-7 years
Furniture, fixtures, and trailers	7-10 years
Composite mats (rental fleet)	7-12 years
Machinery and heavy equipment	5-15 years
Owned buildings	20-39 years
Leasehold improvements	Lease term, including reasonably assured renewal periods

Cloud Computing Arrangements. Cloud computing arrangements that do not include a software license are accounted for as a service contract. For such cloud computing arrangements, we capitalize certain implementation costs in prepaid expenses and other current assets and other noncurrent assets in the consolidated balance sheets, and amortize these capitalized costs to selling, general and administrative expenses using the straight-line method over the fixed, non-cancellable term of the associated hosting arrangement, plus any reasonably certain renewal periods. Implementation costs for cloud computing arrangements are included in operating activities in the consolidated statements of cash flows.

Leases. Leases are classified as either finance or operating at inception of the lease, with classification affecting the expense recognition in the income statement. Our leases have remaining terms ranging from 1 to 7 years with various extension and termination options. We consider these options in determining the lease term used to establish our operating lease assets and liabilities. Lease agreements with lease and non-lease components are accounted for as a single lease component. Leases with an initial term of 12 months or less are not recorded in the balance sheet and we recognize lease expense for these leases on a straight-line basis over the lease term. Certain leases require additional payments based on reimbursement for real estate taxes, common area maintenance, or various other variable lease payments. These variable lease payments are generally excluded from operating lease assets and lease liabilities and are recognized in rent expense as incurred.

Goodwill and Other Intangible Assets. Goodwill represents the excess of the purchase price of acquisitions over the fair value of the net identifiable assets acquired in business combinations. Goodwill is not amortized. Intangible assets with finite useful lives are amortized either on a straight-line basis over the asset's estimated useful life or on a basis that reflects the pattern in which the economic benefits of the asset are realized. Any period costs of maintaining intangible assets are expensed as incurred.

Impairment of Long-Lived Assets. Goodwill is tested for impairment annually as of November 1, or more frequently, if indicators of impairment exist. As part of our annual goodwill review, we first perform a qualitative assessment based on company performance and future business outlook to determine if indicators of impairment exist. When there are qualitative indicators of impairment, we use an impairment test which includes a comparison of the carrying value of net assets of our reporting unit, including goodwill, with its estimated fair value, which we estimate using a combination of a market multiple and discounted cash flow approach (classified within level 3 of the fair value hierarchy). If the carrying value exceeds the estimated fair value, an impairment charge is recorded in the period in which such review is performed.

We review property, plant and equipment, finite-lived intangible assets and certain other assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. We assess recoverability based on the undiscounted future net cash flows expected from the use and eventual disposition of such asset. Should the review indicate that the carrying value is not fully recoverable, the amount of impairment loss is determined by comparing the carrying value to the estimated fair value.

Insurance. We maintain reserves for estimated future payments associated with our self-insured employee healthcare programs, as well as the self-insured retention exposures under our general liability, auto liability, and workers compensation insurance policies. Our reserves are determined based on historical experience under these programs, including estimated development of known claims and estimated incurred-but-not-reported claims.

Treasury Stock. Treasury stock is carried at cost, which includes the entire cost of the acquired stock.

Revenue Recognition. The following provides a summary of our significant accounting policies for revenue recognition.

Continuing Operations. Revenues for rentals and services are generated from both fixed-price and unit-priced contracts, which are generally short-term in duration. The activities under these contracts include the installation and rental of matting systems for a period of time and services such as access road construction, site planning and preparation, environmental protection, erosion control, and site restoration services. Rental revenues are recognized over the rental term and service revenues are recognized when the specified services are performed. Revenues from any subsequent extensions to the rental agreements are recognized over the extension period. Certain services performed that are directly related to the mat rental operation are considered as rental revenues for presentation on the consolidated statements of operations. Such direct services include mat installation and removal, freight (hauling of mats), and direct labor related to such activities. Revenues from the direct sale of products are recognized when control passes to the customer, which is upon shipment or delivery, depending on the terms of the underlying sales contract.

Discontinued Operations. Revenues for fluid system additive products and engineering services, when provided to customers in the delivery of an integrated fluid system, are recognized as product sales revenues when utilized by the customer. Revenues for formulated liquid systems are recognized as product sales revenues when utilized or lost downhole while drilling. Revenues for equipment rentals and other services provided to customers that are ancillary to the fluid system product delivery are recognized in rental and service revenues when the services are performed. For direct sales of fluid system products, revenues are recognized when control passes to the customer, which is generally upon shipment of materials.

For all operations, the amount of revenue we recognize for products sold and services performed reflects the consideration to which we expect to be entitled in exchange for such goods or services, which generally reflects the amount we have the right to invoice based on agreed upon unit rates. While billing requirements vary, many of our customer contracts require that billings occur periodically or at the completion of specified activities, even though our performance and right to consideration occurs throughout the contract. As such, we recognize revenue as performance is completed in the amount to which we have the right to invoice. We do not disclose the value of our unsatisfied performance obligations for (i) contracts with an original expected length of one year or less and (ii) contracts for which we recognize revenue for the amount to which we have the right to invoice for products sold and services performed.

Shipping and handling costs are reflected in cost of revenues, and all reimbursements by customers of shipping and handling costs are included in revenues.

Income Taxes. We provide for deferred taxes using an asset and liability approach by measuring deferred tax assets and liabilities due to temporary differences existing at year end using currently enacted tax rates and laws that will be in effect when the differences are expected to reverse. We reduce deferred tax assets by a valuation allowance when, based on our estimates, it is more likely than not that a portion of those assets will not be realized in a future period. The estimates utilized in recognition of deferred tax assets are subject to revision, either up or down, in future periods based on new facts or circumstances. We present deferred tax assets and liabilities as noncurrent in the balance sheet based on an analysis of each taxpaying component within a jurisdiction. We evaluate uncertain tax positions and record a liability as circumstances warrant.

Share-Based Compensation. Share-based compensation cost is measured at the grant date based on the fair value of the award, net of an estimated forfeiture rate. We recognize these costs in the statement of operations using the straight-line method over the vesting term.

Foreign Currency Translation. The functional currency for substantially all international subsidiaries is their respective local currency. Financial statements for these international subsidiaries are translated into U.S. dollars using the exchange rate at each balance sheet date for assets and liabilities and the average exchange rates in effect during the respective period for revenues and expenses. Exchange rate adjustments resulting from translation of foreign currency financial statements of our international subsidiaries are reflected in accumulated other comprehensive loss in stockholders' equity until such time that the international subsidiary is sold or liquidation is substantially complete, at which time the related accumulated adjustments would be reclassified into income. Exchange rate adjustments resulting from foreign currency denominated transactions are recorded in income. At December 31, 2024 and 2023, accumulated other comprehensive loss related to foreign subsidiaries reflected in stockholders' equity was $2.9 million and $62.8 million, respectively, with the decrease related to the Sale Transaction as discussed in Note 2.

Fair Value Measurement. Fair value is measured as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at a measurement date. We apply the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

- Level 1: The use of quoted prices in active markets for identical financial instruments.

- Level 2: The use of quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active or other inputs that are observable in the market or can be corroborated by observable market data.
- Level 3: The use of significantly unobservable inputs that typically require the use of management's estimates of assumptions that market participants would use in pricing.

New Accounting Pronouncements

Standards Adopted in 2024

Segment Reporting. In November 2023, the Financial Accounting Standards Board ("FASB") issued new guidance intended to improve reportable segment disclosure requirements through enhanced disclosures. The amendments require disclosure of significant segment expenses regularly provided to the chief operating decision maker (CODM) as well as other segment items, extend certain annual disclosures to interim periods, clarify the applicability to single reportable segment entities, permit more than one measure of profit or loss to be reported under certain conditions, and require disclosure of the title and position of the CODM. We adopted this guidance retrospectively in this Annual Report on Form 10-K. The new guidance had no impact on our consolidated financial statements, but did result in expanded reportable segment disclosures. See Note 13 for additional information.

Standards Not Yet Adopted

Income Taxes: Improvements to Income Tax Disclosures. In December 2023, the FASB issued new guidance intended to enhance the transparency and decision usefulness of income tax disclosures. This guidance will be effective for us in the first quarter of 2025. These requirements are not expected to have an impact on our consolidated financial statements but will impact our income tax disclosures beginning in the first quarter of 2025.

Disaggregation of Income Statement Expenses. In November 2024, the FASB issued new guidance which requires entities to disclose additional information about specific expense categories, such as employee compensation and depreciation. This guidance will be effective for us for years beginning after December 15, 2026, and interim periods beginning after December 15, 2027, with early adoption permitted on either a prospective or retrospective basis. We are currently evaluating the impact of the new guidance on our consolidated financial statements and related disclosures.

Note 2 — Discontinued Operations

Sale of Fluids Systems Business

In June 2023, we initiated a review of strategic alternatives for the long-term positioning of the Fluids Systems business, and in September 2023, we launched a formal sale process for substantially all the Fluids Systems business as part of this strategic review. On September 13, 2024, we completed the sale of the equity interests in one of our subsidiaries which held substantially all of the Company's Fluids Systems segment to the Purchaser.

Under the terms of the Sale Transaction agreement, the base sale price of the business was $127.5 million, preliminarily adjusted by $43 million to reflect lower estimated working capital conveyed at closing as compared to the average 2023 net working capital balance, accrued taxes and certain other liabilities, and $10 million of outstanding debt. The estimated total consideration of the Sale Transaction was $88.2 million, which includes $70.2 million of cash proceeds received at closing, $16.0 million of receivables, primarily reflecting an adjustment for the final working capital conveyed at closing, and a $5 million interest-bearing note receivable, partially offset by net deferred consideration liabilities. As of December 31, 2024, approximately $18 million of net assets is included within the consolidated balance sheet, reflecting the receivables and deferred consideration due from the Purchaser net of estimated liabilities due to the Purchaser. Further, under the terms for the Sale Transaction agreement, we are required to provide certain transition support services to Fluids Systems for a period of up to one year. Aside from these transition service obligations, there are no continuing involvement with the Fluids Systems business.

In connection with the Sale Transaction, we recognized an estimated pre-tax loss on sale of $195.7 million in the third quarter of 2024, which includes a $59.5 million non-cash charge for the reclassification of cumulative foreign currency translation losses related to Fluids Systems.

The loss on sale consisted of the following (in thousands):

Cash proceeds received at closing	$	70,187
Receivables due from the Purchaser		15,978
Estimated deferred consideration due from the Purchaser		3,550
Note receivable due from the Purchaser		5,000
Estimated liabilities due to the Purchaser		(6,488)
Estimated total consideration		88,227
Net book value of assets sold		(224,487)
		(136,260)
Recognition of cumulative foreign currency translation losses		(59,469)
Loss on sale of discontinued operations before income taxes	$	(195,729)

Proceeds from the sale received in 2024, net of cash disposed consisted of the following (in thousands):

Cash proceeds received at closing	$	70,187
Fluids Systems cash disposed of at closing		(21,688)
Proceeds from divestiture, net of cash disposed	$	48,499

Receivables due from the Purchaser is primarily related to the transaction price adjustment finalized in February 2025 for the actual working capital delivered at closing, of which $8.7 million was received in February 2025 with the remaining balance expected to be collected from the Purchaser in the first half of 2025. Estimated deferred consideration due from the Purchaser is related to certain pre-closing tax assets and other receivables that are expected to be substantially realized in 2025. The note receivable due from the Purchaser matures in March 2030 and bears interest at a rate of 12.5% per year. The receivables and deferred consideration due from the Purchaser are included in other receivables and the note receivable due from the Purchaser is included in other noncurrent assets in the consolidated balance sheet.

Estimated liabilities due to the Purchaser includes certain payables for pre-closing tax liabilities and obligations attributable to the Fluids Systems business that are expected to be substantially settled in 2025, as well as an estimated liability for contractual indemnifications related to various pre-closing contingencies of the Fluids Systems business. These estimated liabilities due to the Purchaser are included in accrued liabilities and other noncurrent liabilities in the consolidated balance sheet.

Our estimates for the fair value of deferred consideration due from the Purchaser and liabilities due to the Purchaser may change and any income or expense associated with such changes will be presented in discontinued operations.

The criteria for discontinued operations presentation were met during the third quarter of 2024, and consequently, the results of the former Fluids Systems segment are reported as income (loss) from discontinued operations within the consolidated statements of operations for all periods presented, and its historical assets and liabilities are presented in our condensed consolidated balance sheets as assets and liabilities of discontinued operations. We elected not to adjust the consolidated statements of cash flows for the years ended December 31, 2024, 2023, and 2022 to exclude cash flows attributable to discontinued operations. Accordingly, we have disclosed the depreciation, capital expenditures and significant operating and investing non-cash items related to discontinued operations below.

Discontinued operations reflect the results of operations attributable to our Fluids Systems segment which were included in the Company's historical financial statements. In addition, the income (loss) from discontinued operations includes direct operating expenses incurred that (1) are clearly identifiable as costs of the component being disposed of and (2) will not continue to be recognized on an ongoing basis. Discontinued operations also reflects the allocation of interest expense on corporate debt, based on the ratio of net assets sold to the sum of consolidated net assets as adjusted for debt that was assumed by the Purchaser or directly attributable to other operations. Such interest expense allocated to discontinued operations totaled $1.4 million, $2.4 million, and $2.3 million for the years ended December 31, 2024, 2023, and 2022, respectively.

The following table summarizes the significant items included in income (loss) from discontinued operations in the consolidated statements of operations. The results for 2024 represent operations through the closing date of the Sale Transaction, September 13, 2024.

	Year Ended December 31,		
(In thousands)	2024	2023	2022
Revenues	$ 335,302	$ 541,952	$ 622,601
Cost of revenues	290,482	475,967	561,056
Selling, general and administrative expenses	38,399	50,053	48,838
Other operating income, net	(1,447)	(1,114)	(1,144)
Impairments and other charges	—	6,356	29,417
Operating income (loss) from discontinued operations	7,868	10,690	(15,566)
Foreign currency exchange (gain) loss	825	1,156	(887)
Interest expense, net	2,683	4,074	3,530
Income (loss) from discontinued operations before income taxes	4,360	5,460	(18,209)
Loss on sale of discontinued operations before income taxes	(195,729)	—	—
Provision (benefit) for income taxes from discontinued operations	(5,508)	5,093	3,447
Income (loss) from discontinued operations	$ (185,861)	$ 367	$ (21,656)

Operating results from discontinued operations shown above include the following items:

	Year Ended December 31,		
(In thousands)	2024	2023	2022
Fluids Systems sale process transaction expenses	$ 8,348	$ 619	$ —
Impairments and other charges	—	6,356	29,417
Gain on insurance recovery	(807)	—	—
Facility exit costs and other, net	741	4,594	1,000
Gain on divestitures	—	—	(971)
Severance costs	655	1,172	398
Total Fluids Systems	$ 8,937	$ 12,741	$ 29,844

The following table summarizes the carrying value of the former Fluids Systems segment's assets and liabilities as presented within assets and liabilities of discontinued operations on the consolidated balance sheet.

(In thousands)	December 31, 2023
ASSETS	
Cash and cash equivalents	$ 37,805
Receivables	125,639
Inventories	122,473
Prepaid expenses and other current assets	4,404
Property, plant and equipment, net	29,745
Operating lease assets	9,539
Other intangible assets, net	4,653
Deferred tax assets	1,261
Other assets	485
Assets of discontinued operations	$ 336,004
LIABILITIES	
Current debt	$ 10,597
Accounts payable	53,742
Accrued liabilities	28,255
Long-term debt, less current portion	2,407
Noncurrent operating lease liabilities	6,691
Deferred tax liabilities	4,610
Other noncurrent liabilities	2,669
Liabilities of discontinued operations	$ 108,971

For the years ended December 31, 2024, 2023, and 2022, significant operating and investing items related to the former Fluids Systems segment were as follows:

	Year Ended December 31,		
(In thousands)	2024	2023	2022
Operating activities of discontinued operations:			
Impairments and other non-cash charges	$ —	$ 6,356	$ 29,417
Depreciation and amortization	4,874	7,776	13,875
Investing activities of discontinued operations:			
Capital expenditures	2,448	2,278	3,906

Note 3 — Inventories

Inventories consisted of the following at December 31:

(In thousands)	2024	2023
Raw materials	$ 5,721	$ 4,232
Finished goods	8,938	14,374
Total inventories	$ 14,659	$ 18,606

Raw materials consist primarily of resins and other materials used to manufacture composite mats, as well as materials that are consumed in providing spill containment and other services to our customers.

Note 4 — Property, Plant and Equipment

Property, plant and equipment consisted of the following at December 31:

(In thousands)	2024	2023
Land	$ 4,627	$ 4,627
Buildings and improvements	51,111	51,642
Machinery and equipment	98,719	102,085
Computer hardware and software	37,172	37,333
Furniture and fixtures	3,775	3,856
Construction in progress	2,390	1,522
	197,794	201,065
Less accumulated depreciation	(133,099)	(132,826)
	64,695	68,239
Composite mats (rental fleet)	198,712	169,319
Less accumulated depreciation - composite mats	(75,924)	(72,014)
	122,788	97,305
Property, plant and equipment, net	$ 187,483	$ 165,544

Depreciation expense was $20.5 million, $21.2 million, and $22.1 million in 2024, 2023 and 2022, respectively.

Note 5 — Goodwill and Other Intangible Assets

Changes in the carrying amount of goodwill are as follows:

(In thousands)	
Balance at December 31, 2022	$ 47,110
Effects of foreign currency	173
Balance at December 31, 2023	47,283
Effects of foreign currency	(61)
Balance at December 31, 2024	$ 47,222

We completed the annual evaluation of the carrying value of our goodwill as of November 1, 2024 and determined that the fair value was significantly more than the net carrying value, and therefore, no impairment was required.

Other intangible assets consisted of the following:

	December 31, 2024			December 31, 2023		
(In thousands)	Gross Carrying Amount	Accumulated Amortization	Other Intangible Assets, Net	Gross Carrying Amount	Accumulated Amortization	Other Intangible Assets, Net
Technology related	$ 11,600	$ (5,757)	$ 5,843	$ 13,921	$ (7,275)	$ 6,646
Customer related	18,250	(13,762)	4,488	18,250	(12,435)	5,815
Total intangible assets	$ 29,850	$ (19,519)	$ 10,331	$ 32,171	$ (19,710)	$ 12,461

Total amortization expense related to other intangible assets was $2.1 million, $2.4 million and $2.6 million in 2024, 2023 and 2022, respectively. The decrease in the gross carrying amount of intangible assets in 2024 was attributable to a write-off of fully amortized balances.

Estimated future amortization expense for the years ended December 31 is as follows:

(In thousands)	2025	2026	2027	2028	2029	Thereafter	Total
Technology related	$ 803	$ 803	$ 788	$ 713	$ 713	$ 2,023	$ 5,843
Customer related	1,147	948	746	569	436	642	4,488
Total future amortization expense	$ 1,950	$ 1,751	$ 1,534	$ 1,282	$ 1,149	$ 2,665	$ 10,331

The weighted average amortization period for technology related and customer related intangible assets is 15 years and 13 years, respectively.

Note 6 — Financing Arrangements

Financing arrangements consisted of the following:

	December 31, 2024			December 31, 2023		
(In thousands)	Principal Amount	Unamortized Discount and Debt Issuance Costs	Total Debt	Principal Amount	Unamortized Discount and Debt Issuance Costs	Total Debt
Amended ABL Facility	$ —	$ —	$ —	$ 45,000	$ —	$ 45,000
U.K. credit facility	—	—	—	2,037	—	2,037
Finance leases	7,622	—	7,622	6,599	—	6,599
U.K. term loan	—	—	—	5,793	(49)	5,744
Other debt	106	(1)	105	2,656	(7)	2,649
Total debt	7,728	(1)	7,727	62,085	(56)	62,029
Less: Current portion	(2,900)	—	(2,900)	(6,319)	—	(6,319)
Long-term debt	$ 4,828	$ (1)	$ 4,827	$ 55,766	$ (56)	$ 55,710

Asset-Based Loan Facility. In October 2017, we entered into a U.S. asset-based revolving credit agreement, which was amended in March 2019, amended and restated in May 2022, and further amended and restated in September 2024 (the "Amended ABL Facility"). The Amended ABL Facility provides financing of up to $100.0 million available for borrowings (inclusive of letters of credit), which can be increased up to $250.0 million, subject to certain conditions. The Amended ABL Facility has a five-year term expiring May 2027, is based on a Bloomberg Short-Term Bank Yield Index ("BSBY") pricing grid, and includes a mechanism to incorporate a sustainability-linked pricing framework with the consent of the required lenders (as defined in the Amended ABL Facility). The BSBY rates were replaced with Term SOFR (Secured Overnight Financing Rate) beginning in November 2024.

As of December 31, 2024, our total availability under the Amended ABL Facility was $67.8 million, with no outstanding borrowings and $2.0 million was used for outstanding letters of credit, resulting in remaining availability of $65.8 million.

Borrowing availability under the Amended ABL Facility is calculated based on eligible U.S. accounts receivable, inventory and composite mats included in the rental fleet, net of reserves and subject to limits on certain of the assets included in the borrowing base calculation. To the extent pledged by the borrowers, the borrowing base calculation also includes the amount of eligible pledged cash. The administrative agent may establish reserves in accordance with the Amended ABL Facility, in part based on appraisals of the asset base, and other limits in its discretion, which could reduce the amounts otherwise available under the Amended ABL Facility.

Under the terms of the Amended ABL Facility, we may elect to borrow at a variable interest rate based on either, (1) the Term SOFR rate (subject to a floor of zero) or (2) the base rate (subject to a floor of zero), equal to the highest of (a) the federal funds rate plus 0.50%, (b) the prime rate of Bank of America, N.A., and (c) Term SOFR for a one-month interest period plus 1.00%, plus, in each case, an applicable margin per annum. The applicable margin ranges from 1.50% to 2.00% per annum for Term SOFR borrowings, and 0.50% to 1.00% per annum for base rate borrowings, based on the consolidated leverage ratio (as defined in the Amended ABL Facility) as of the last day of the most recent fiscal quarter. We are also required to pay a commitment fee equal to (i) 0.375% per annum at any time the average daily unused portion of the commitments is greater than 50% and (ii) 0.25% per annum at any time the average daily unused portion of the commitments is less than 50%.

As of December 31, 2024, the applicable margin for borrowings under the Amended ABL Facility was 1.50% with respect to Term SOFR borrowings and 0.50% with respect to base rate borrowings, and the applicable commitment fee on the unused portion of the Amended ABL Facility was 0.375% per annum.

The September 2024 amendment, among other things, (i) released Newpark Drilling Fluids from its obligations as a borrower under the Amended ABL Facility, (ii) reduced the aggregate commitments under the Amended ABL Facility from $175 million to $100 million, (iii) reduced the aggregate letter of credit sublimit under the Amended ABL Facility from $15 million to $10 million, (iv) provided that the financial covenant requiring the Consolidated Leverage Ratio (as defined in the Amended ABL Facility) to be less than or equal to 4.00 to 1.00 is tested for each fiscal quarter (beginning the fiscal quarter ending June 30, 2024), instead of being tested only when availability under the Amended ABL Facility is below 40% of the borrowing base, (v) consented to the Sale Transaction and (vi) decreased certain other thresholds proportionally with the decreased commitments under the Amended ABL Facility. The Amended ABL Facility also requires a minimum fixed charge coverage ratio of 1.00 to 1.00 for the most recently completed four fiscal quarters.

The Amended ABL Facility is a senior secured obligation of the Company and certain of our U.S. subsidiaries constituting borrowers thereunder, secured by a first priority lien on substantially all of the personal property and certain real property of the borrowers, including a first priority lien on certain equity interests of direct subsidiaries of the borrowers.

The Amended ABL Facility contains customary representations, warranties and covenants that, among other things, and subject to certain specified circumstances and exceptions, restrict or limit the ability of the borrowers and certain of their subsidiaries to incur indebtedness (including guarantees), grant liens, make investments, pay dividends or distributions with respect to capital stock and make other restricted payments, make prepayments on certain indebtedness, engage in mergers or other fundamental changes, dispose of property, and change the nature of their business.

The Amended ABL Facility includes customary events of default including non-payment of principal, interest or fees, violation of covenants, inaccuracy of representations or warranties, cross-default to other material indebtedness, bankruptcy and insolvency events, invalidity or impairment of security interests or invalidity of loan documents, certain ERISA events, unsatisfied or unstayed judgments and change of control.

Other Financing Arrangements. In April 2022, a U.K. subsidiary entered a £7.0 million term loan and a £2.0 million revolving credit facility. In October 2024, all amounts outstanding under the term loan and revolving credit facility were repaid, and both were terminated.

We also maintain finance leases primarily related to transportation equipment. During 2024, we entered $3.5 million of new finance lease liabilities in exchange for leased assets.

In addition, at December 31, 2024, we had $6.2 million in outstanding letters of credit, performance bonds, and other guarantees for which certain of the letters of credit are collateralized by $0.5 million in restricted cash.

We incurred net interest expense of $2.6 million, $4.1 million and $3.5 million for the years ended December 31, 2024, 2023 and 2022, respectively. There was no capitalized interest for the years ended December 31, 2024, 2023 or 2022. As of December 31, 2024, we had scheduled repayments for financing arrangements of approximately $3 million in 2025, $3 million in 2026, $1 million in 2027, and $1 million in 2028.

Note 7 — Fair Value of Financial Instruments and Concentrations of Credit Risk

Fair Value of Financial Instruments

Our financial instruments include cash and cash equivalents, receivables, payables, and debt. We believe the carrying values of these instruments approximated their fair values at December 31, 2024 and 2023.

Concentrations of Credit Risk

Financial instruments that potentially subject us to significant concentrations of credit risk primarily consist of cash, cash equivalents, and trade accounts receivable. At December 31, 2024, substantially all of our cash and cash equivalents reside in U.S. financial institutions or money market funds. As part of our investment strategy, we perform periodic evaluations of the relative credit standing of these financial institutions and money market funds.

Customer Revenue Concentration

We derive a significant portion of our revenues and profitability from customers operating within the utilities sector, which include power transmission service providers as well as large regulated electrical utility providers. For 2024, 2023 and 2022, revenues from our 20 largest customers represented approximately 67%, 67% and 71%, respectively, of our consolidated revenues. For 2024, our largest customer represented 19% of our revenues. For 2023 and 2022, no single customer accounted for more than 10% of our consolidated revenues.

Receivables

Receivables consisted of the following at December 31:

(In thousands)	2024	2023
Trade receivables:		
Gross trade receivables	$ 46,819	$ 42,123
Allowance for credit losses	(948)	(1,223)
Net trade receivables	45,871	40,900
Income tax receivables	2,049	705
Other receivables	26,921	1,213
Total receivables, net	$ 74,841	$ 42,818

Other receivables as of December 31, 2024 included $23.2 million for amounts due from the Purchaser, including the receivables and estimated deferred consideration related to the Sale Transaction (see Note 2) as well as amounts due under the transition services agreement. Other receivables as of December 31, 2024 also included an insurance receivable of $1.7 million related to a cybersecurity event.

Changes in our allowance for credit losses were as follows:

(In thousands)	2024	2023	2022
Balance at beginning of year	$ 1,223	$ 1,193	$ 981
Credit loss expense	(221)	285	252
Write-offs, net of recoveries	(54)	(255)	(40)
Balance at end of year	$ 948	$ 1,223	$ 1,193

Note 8 — Leases

We lease certain office space, warehouses, land, and equipment. Leases in the consolidated balance sheets consisted of the following at December 31:

(In thousands)	Balance Sheet Classification	2024	2023
Assets:			
Operating	Operating lease assets	$ 11,793	$ 11,192
Finance	Property, plant and equipment, net	7,316	6,025
Total lease assets		$ 19,109	$ 17,217
Liabilities:			
Current:			
Operating	Accrued liabilities	$ 2,162	$ 1,797
Finance	Current debt	2,794	1,995
Noncurrent:			
Operating	Noncurrent operating lease liabilities	$ 10,896	$ 10,713
Finance	Long-term debt, less current portion	4,827	4,604
Total lease liabilities		$ 20,679	$ 19,109

Lease costs in the consolidated statements of operations were as follows:

	Year Ended December 31,		
(In thousands)	2024	2023	2022
Operating lease expenses			
Long-term operating leases expenses	$ 2,383	$ 2,568	$ 2,409
Short-term operating leases expenses	1,874	3,226	2,543
Total operating lease expenses	$ 4,257	$ 5,794	$ 4,952
Amortization of leased assets for finance leases	$ 2,818	$ 1,744	$ 515
Sublease income	$ (978)	$ (758)	$ (407)
Total net lease cost	$ 6,097	$ 6,780	$ 5,060

Total operating lease expenses approximate cash paid during each period. Interest for finance leases is not material. Operating lease expenses and amortization of leased assets for finance leases are included in either cost of revenues or selling, general and administrative expenses. Interest for finance leases is included in interest expense, net. Sublease income is included in selling, general and administrative expenses, or other operating income.

In addition to the sublease income in the table above, which relates to our principal executive offices, we also own a facility containing approximately 108,000 square feet of office space (approximately 81,000 square feet of which is currently being leased to third parties) on approximately 11 acres of land in Katy, Texas, which houses certain administrative offices. From this facility, we generated lease income of $0.8 million and $0.5 million for 2024 and 2023, respectively (none for 2022). Such sublease and lease income associated with our administrative offices is included in selling, general and administrative expenses.

For information regarding revenues from the rental of our matting systems, see Note 13.

The maturity of lease liabilities as of December 31, 2024 is as follows:

(In thousands)	Operating Leases	Finance Leases	Total
2025	$ 2,724	$ 3,278	$ 6,002
2026	2,696	2,909	5,605
2027	2,552	1,791	4,343
2028	2,178	519	2,697
2029	2,029	—	2,029
Thereafter	3,056	—	3,056
Total lease payments	15,235	8,497	23,732
Less: Interest	2,177	876	3,053
Present value of lease liabilities	$ 13,058	$ 7,621	$ 20,679

During 2024, we entered into $1.1 million and $3.5 million of new operating lease liabilities and finance lease liabilities, respectively, in exchange for leased assets. During 2023, we entered into $0.7 million and $4.5 million of new operating lease liabilities and finance lease liabilities, respectively, in exchange for leased assets.

Weighted-average remaining lease terms and the weighted average discount rates are as follows:

Lease Term and Discount Rate	December 31, 2024
Weighted-average remaining lease term (years)	
Operating leases	5.9
Finance leases	2.7
Weighted-average discount rate	
Operating leases	5.4 %
Finance leases	7.8 %

Note 9 — Income Taxes

The provision (benefit) for income taxes from continuing operations is as follows:

	Year Ended December 31,		
(In thousands)	2024	2023	2022
Current:			
U.S. Federal	$ 4,165	$ 3,692	$ 1,283
State	2,185	878	79
Foreign	—	(33)	(25)
Total current	6,350	4,537	1,337
Deferred:			
U.S. Federal	(11,975)	1,424	(770)
State	(1,247)	(199)	183
Foreign	134	(189)	174
Total deferred	(13,088)	1,036	(413)
Total provision (benefit) for income taxes from continuing operations	$ (6,738)	$ 5,573	$ 924

Income from continuing operations before income taxes is as follows:

	Year Ended December 31,		
(In thousands)	2024	2023	2022
U.S.	$ 30,990	$ 20,335	$ 1,013
Foreign	(2,129)	(613)	733
Income from continuing operations before income taxes	$ 28,861	$ 19,722	$ 1,746

The effective income tax rate from continuing operations is reconciled to the statutory federal income tax rate as follows:

	Year Ended December 31,		
(In thousands)	2024	2023	2022
Provision (benefit) for income taxes from continuing operations at federal statutory rate	$ 6,061	$ 4,142	$ 366
Nondeductible executive compensation	1,486	999	879
Stock-based compensation	(1,087)	(52)	101
Change in valuation allowance	(15,161)	(231)	(24)
State tax expense (benefit), net	1,566	886	5
Other items, net	397	(171)	(403)
Total provision (benefit) for income taxes from continuing operations	$ (6,738)	$ 5,573	$ 924

The benefit for income taxes from continuing operations was $6.7 million for 2024 and includes a $15.9 million benefit primarily related to the release of valuation allowances on U.S. federal and state net operating losses and tax credit carryforwards that are now expected to be realized following the sale of the Fluids Systems business. The provision for income taxes from continuing operations was $5.6 million for 2023 and $0.9 million for 2022, respectively.

Temporary differences and carryforwards which give rise to deferred tax assets and liabilities consisted of the following at December 31:

(In thousands)	2024	2023
Deferred tax assets:		
Net operating losses	$ 32,127	$ 29,806
Capital losses	20,309	—
Foreign tax credits	4,782	4,758
Accruals not currently deductible	3,579	3,698
Unrealized foreign exchange losses, net	372	219
Research and development credits	6,282	5,690
Stock-based compensation	1,133	1,723
Capitalized inventory costs	705	1,513
Capitalized research and development expenditures	7,396	7,110
Other	1,866	1,491
Total deferred tax assets	78,551	56,008
Valuation allowance	(34,331)	(32,587)
Total deferred tax assets, net of allowances	44,220	23,421
Deferred tax liabilities:		
Accelerated depreciation and amortization	(29,830)	(25,751)
Total deferred tax liabilities	(29,830)	(25,751)
Total net deferred tax liabilities	$ 14,390	$ (2,330)
Noncurrent deferred tax assets	$ 15,593	$ 1,367
Noncurrent deferred tax liabilities	(1,203)	(3,697)
Net deferred tax liabilities	$ 14,390	$ (2,330)

We have U.S. federal income tax net operating loss carryforwards ("NOLs") of approximately $104.7 million available to reduce future U.S. taxable income, which do not expire. We also have state NOLs of approximately $216.5 million available to reduce future state taxable income, including approximately $154.6 million which do not expire and approximately $61.9 million which expire in varying amounts beginning in 2025 through 2044. Foreign NOLs of approximately $2.8 million are available to reduce future taxable income, some of which expire beginning in 2034. U.S. federal capital loss carryforwards of approximately $91.4 million expire in 2029.

The realization of our net deferred tax assets is dependent on our ability to generate taxable income in future periods. At December 31, 2024 and 2023, we have recorded a valuation allowance in the amount of $34.3 million and $32.6 million, respectively, primarily related to U.S. capital loss carryfowards, certain U.S. state and foreign NOL carryforwards, as well as foreign tax credits, which may not be realized. The change in the valuation allowance in 2024 is primarily related to a valuation allowance recognized on capital losses related to the sale of the Fluids Systems business that are not expected to be realized, partially offset by the release of approximately $15.9 million of valuation allowances primarily related to U.S. federal and state net operating losses and tax credit carryforwards that are now expected to be realized following the sale of the Fluids Systems business.

We file income tax returns in the U.S. and certain non-U.S. jurisdictions and are subject to examination in the various jurisdictions in which we file. We are no longer subject to income tax examinations for U.S. federal and substantially all state jurisdictions for years prior to 2020 and for substantially all foreign jurisdictions for years prior to 2018.

A reconciliation of the beginning and ending provision for uncertain tax positions is as follows:

(In thousands)	2024	2023	2022
Balance at January 1	$ 109	$ 193	$ 109
Additions (reductions) for tax positions of prior years	—	—	84
Additions (reductions) for tax positions of current year	—	—	—
Reductions for settlements with tax authorities	—	—	—
Reductions for lapse of statute of limitations	(24)	(84)	—
Balance at December 31	$ 85	$ 109	$ 193

Approximately $0.1 million of unrecognized tax benefits at December 31, 2024, if recognized, would favorably impact the effective tax rate.

We recognize accrued interest and penalties related to uncertain tax positions in operating expenses. The amount of interest and penalties was immaterial for all periods presented.

Note 10 — Capital Stock

Common Stock

Changes in outstanding common stock were as follows:

(In thousands of shares)	2024	2023	2022
Outstanding, beginning of year	111,669	111,452	109,331
Shares issued for exercise of options	—	—	—
Shares issued for time vested restricted stock (net of forfeitures)	—	129	1,918
Shares issued for employee stock purchase plan	—	88	203
Outstanding, end of year	111,669	111,669	111,452

Outstanding shares of common stock include shares held as treasury stock totaling 25,114,978, 26,471,738 and 21,751,232 as of December 31, 2024, 2023 and 2022, respectively.

Treasury Stock

Changes in treasury stock were as follows:

(In thousands of shares)	2024	2023	2022
Outstanding, beginning of year	26,472	21,751	16,981
Shares purchased under our Repurchase Program	—	6,523	4,438
Shares purchased for employee stock options, restricted stock and employee stock purchase plan	529	577	592
Shares reissued for employee stock options, restricted stock and employee stock purchase plan	(1,886)	(2,379)	(260)
Outstanding, end of year	25,115	26,472	21,751

During 2024, 2023 and 2022, we purchased shares surrendered in lieu of taxes upon vesting of restricted shares for an aggregate cost of $4.5 million, $2.2 million and $2.7 million, respectively.

Repurchase Program

Our Board of Directors has authorized a securities repurchase program available for repurchases of our common stock. In February 2024, our Board of Directors replaced the prior program with a new repurchase program for repurchases of common stock up to $50.0 million.

Our repurchase program authorizes us to purchase outstanding shares of our common stock in the open market or as otherwise determined by management, subject to certain limitations under the Amended ABL Facility (as defined in Note 6) and other factors. The repurchase program has no specific term. Repurchases are expected to be funded from operating cash flows and available cash on hand. As part of the share repurchase program, our management has been authorized to establish trading plans under Rule 10b5-1 of the Securities Exchange Act of 1934. As of December 31, 2024, we had $50.0 million of authorization remaining under the program.

Due to restrictions associated with the Fluids Systems sale process and other events, no shares of common stock were repurchased under the repurchase program during 2024. During 2023, we repurchased 6,522,797 shares of our common stock under our repurchase program for a total cost of $31.9 million.

Preferred Stock

We are authorized to issue up to 1,000,000 shares of preferred stock, $0.01 par value. There were no outstanding shares of preferred stock as of December 31, 2024, 2023 or 2022.

Note 11 — Earnings Per Share

The following table presents the reconciliation of the numerator and denominator for calculating net income (loss) per share:

	Year Ended December 31,		
(In thousands, except per share data)	2024	2023	2022
Numerator			
Income from continuing operations	$ 35,599	$ 14,149	$ 822
Income (loss) from discontinued operations	(185,861)	367	(21,656)
Net income (loss)	$ (150,262)	$ 14,516	$ (20,834)
Denominator			
Weighted average common shares outstanding - basic	85,819	86,401	92,712
Dilutive effect of stock options and restricted stock awards	1,576	1,914	1,300
Weighted average common shares outstanding - diluted	87,395	88,315	94,012
Income (loss) per common share - basic:			
Income from continuing operations	$ 0.41	$ 0.16	$ 0.01
Income (loss) from discontinued operations	(2.17)	—	(0.23)
Net income (loss)	$ (1.75)	$ 0.17	$ (0.22)
Income (loss) per common share - diluted:			
Income from continuing operations	$ 0.41	$ 0.16	$ 0.01
Income (loss) from discontinued operations	(2.13)	—	(0.23)
Net income (loss)	$ (1.72)	$ 0.16	$ (0.22)

We excluded the following weighted-average potential shares from the calculations of diluted net income (loss) per share during the applicable periods because their inclusion would have been anti-dilutive for continuing operations:

	Year Ended December 31,		
(In thousands)	2024	2023	2022
Stock options and restricted stock awards	341	785	2,214

Note 12 — Stock-Based Compensation and Other Benefit Plans

The following describes stockholder approved plans utilized by us for the issuance of stock-based awards.

2014 Non-Employee Directors' Restricted Stock Plan

In May 2014, our stockholders approved the 2014 Non-Employee Directors' Restricted Stock Plan ("2014 Director Plan") which authorizes grants of restricted stock to non-employee directors. Each restricted share granted to a non-employee director vests in full on the earlier of the day prior to the next annual meeting of stockholders following the grant date or the first anniversary of the grant. At December 31, 2024, 0.4 million shares remained available for award under the 2014 Director Plan.

2015 Employee Equity Incentive Plan

In May 2015, our stockholders approved the 2015 Employee Equity Incentive Plan ("2015 Plan") pursuant to which the Compensation Committee of our Board of Directors ("Compensation Committee") may grant to key employees, including executive officers and other employees, a variety of forms of equity-based compensation, including shares of restricted common stock, restricted stock units, options to purchase shares of common stock, stock appreciation rights, other stock-based awards, and performance-based awards. At December 31, 2024, 3.4 million shares remained available for award under the 2015 Plan.

In June 2017, our Board of Directors approved the Long-Term Cash Incentive Plan ("Cash Plan"), a sub-plan to the 2015 Plan, pursuant to which the Compensation Committee may grant time-based cash awards or performance-based cash awards to key employees, including executive officers and other employees, to provide an opportunity for employees to receive a cash payment upon either completion of a service period or achievement of predetermined performance criteria at the end of a performance period.

Activity under each of these programs is described below.

Restricted Stock Awards and Units

Time-vested restricted stock awards and restricted stock units are periodically granted to key employees, including grants for employment inducements, as well as to members of our Board of Directors. Employee awards provide for vesting periods ranging from three to four years. Non-employee director grants vest in full on the earlier of the day prior to the next annual meeting of stockholders following the grant date or the first anniversary of the grant. Upon vesting of these grants, shares are issued to award recipients.

The following tables summarize the activity for our outstanding time-vested restricted stock awards (granted to our Board of Directors) and restricted stock units (granted to employees) for the year ended December 31, 2024:

Nonvested Restricted Stock Awards (Time-Vesting)	Shares	Weighted-Average Grant Date Fair Value
Nonvested at January 1, 2024	200,516	$ 3.89
Granted	100,514	7.76
Vested	(200,516)	3.89
Forfeited	—	—
Nonvested at December 31, 2024	100,514	$ 7.76

Nonvested Restricted Stock Units (Time-Vesting)	Shares	Weighted-Average Grant Date Fair Value
Nonvested at January 1, 2024	3,363,830	$ 3.82
Granted	653,672	7.68
Vested	(1,658,082)	3.68
Forfeited	(902,657)	4.33
Nonvested at December 31, 2024	1,456,763	$ 5.39

The table above includes activity related to employees of our former Fluids Systems segment. Total compensation cost recognized for restricted stock awards and restricted stock units inclusive of discontinued operations was \$5.0 million, \$6.4 million and \$6.7 million for the years ended December 31, 2024, 2023 and 2022, respectively. During the years ended December 31, 2024, 2023 and 2022, the total fair value of shares vested was \$15.6 million, \$9.0 million and \$9.4 million, respectively. For the years ended December 31, 2024, 2023 and 2022, we recognized tax benefits resulting from the vesting of restricted stock awards and units of \$3.1 million, \$1.8 million and \$1.8 million, respectively. As a result of the Sale Transaction, 0.6 million of unvested restricted stock units previously granted to former employees were forfeited on September 13, 2024, and no awards related to employees of our former Fluids Systems remained outstanding at December 31, 2024.

Total compensation cost recognized for restricted stock awards and restricted stock units for continuing operations was $4.5 million, $4.7 million and $4.8 million for the years ended December 31, 2024, 2023 and 2022, respectively. Total unrecognized compensation cost at December 31, 2024 related to restricted stock awards and restricted stock units was approximately $5.7 million which is expected to be recognized over the next 1.6 years.

Cash-Based Awards

In addition to the restricted stock units described above, the Compensation Committee also approved the issuance of cash-based awards to certain executive officers during 2024, 2023 and 2022. The 2024 awards included a target value of $2.6 million, the 2023 awards included a target value of $2.5 million, and the 2022 awards included a target value of $2.8 million. The cash payout for each award ranges from 0% to 200% of target. As of December 31, 2024, the 2024, 2023, and 2022 awards had $2.3 million, $2.2 million, and $2.0 million target value outstanding.

Of the outstanding cash-based awards for 2024 and 2023, 70% will be settled based on the relative ranking of our total shareholder return (“TSR”) as compared to the TSR of our designated peer group and 30% will be settled based on the consolidated return on net capital employed (“RONCE”), each measured over a three-year performance period. For TSR awards, the performance period for the 2024 award is measured from May 2024 to May 2027 and the performance period for the 2023 awards is measured from May 2023 to May 2026. RONCE performance for the 2024 and 2023 awards will be determined based upon the Company’s average three-year RONCE performance for the fiscal years 2024 through 2026, and fiscal years 2023 through 2025, respectively. The 2022 awards will be settled based on the relative ranking of our TSR as compared to the TSR of our designated peer group over a three-year period from May 2022 to May 2025.

The performance-based cash awards are accrued as a liability award over the performance period based on the estimated fair value. The fair value of the performance-based cash awards is remeasured each period using a Monte Carlo valuation model with changes in fair value recognized in the consolidated statement of operations.

Total compensation cost recognized for cash-based awards was $2.7 million, $3.8 million and $3.4 million for the years ended December 31, 2024, 2023 and 2022, respectively. As of December 31, 2024 and 2023, the total liability for cash-based awards was $4.3 million and $6.7 million, respectively.

Stock Options

Stock options granted by the Compensation Committee are granted with a three-year vesting period and a term of ten years. There have been no options granted since 2016.

The following table summarizes activity for our outstanding stock options for the year ended December 31, 2024:

Stock Options	**Shares**	**Weighted-Average Exercise Price**	**Weighted-Average Remaining Contractual Life (Years)**	**Aggregate Intrinsic Value (In thousands)**
Outstanding at beginning of period	1,060,533	$ 7.12		
Granted	—	—		
Exercised	(31,720)	4.32		
Expired or canceled	(253,375)	10.46		
Outstanding at end of period	775,438	$ 6.14	0.99	$ 1,585
Vested or expected to vest at end of period	775,438	$ 6.14	0.99	$ 1,585
Options exercisable at end of period	775,438	$ 6.14	0.99	$ 1,585

There was no compensation cost recognized for stock options during the years ended December 31, 2024, 2023, or 2022. The total intrinsic value of options exercised was $0.1 million for the year ended December 31, 2024, and cash from options exercised totaled $0.1 million. The total intrinsic value of options exercised was $0.4 million for the year ended December 31, 2023, and cash from options exercised totaled $0.6 million. There were no stock options exercised during 2022.

Defined Contribution Plan

Substantially all of our U.S. employees are covered by a defined contribution plan ("401(k) Plan"). Employees may voluntarily contribute up to 50% of compensation, as defined in the 401(k) Plan. Participants' contributions, up to 4% of compensation, are matched 100% by the Company, and the participants' contributions, from 4% to 6% of compensation, are matched 50% by the Company. Under the 401(k) Plan, our cash contributions were $2.9 million, $3.2 million and $2.5 million for 2024, 2023 and 2022, respectively.

Note 13 — Segment and Related Information

Following the sale of the Fluids Systems segment in September 2024, we have one reportable segment. We previously operated a second reportable segment, Fluids Systems, which we exited in the third quarter of 2024, and a third reportable segment, Industrial Blending, which we exited in 2022.

Following the sale of the Fluids Systems segment in September 2024, the Company's chief operating decision maker ("CODM"), its Chief Executive Officer, allocates resources and assesses financial performance on a consolidated basis. The Company's operations, currently in the United States and United Kingdom, are substantially similar with respect to services provided, type of customers, and sourcing of materials. Resource allocations are based on the capacity of the Company's existing rental fleet, manufacturing facility and current status of operations, including projected demand for our products and services in the industries and locations we serve. Consolidated income from continuing operations as presented in the consolidated statements of operations is used to measure performance. As such, management has determined that the Company functions as a single operating segment, and reports as a single reportable segment.

See Note 2 for financial information for our previously reported Fluids Systems segment, now reported as discontinued operations.

Our Industrial Blending segment began operations in 2020 and supported industrial end-markets, including the production of disinfectants and industrial cleaning products. In 2022, we exited our Industrial Blending operations and completed the sale of the industrial blending and warehouse facility and related equipment for cash proceeds of approximately $14 million. In connection with this divestiture, we recognized a $7.9 million impairment charge related to these long-lived assets in the second quarter of 2022, and subsequently recognized a gain of $2.6 million upon the eventual sale in the fourth quarter of 2022.

The following table presents further disaggregated revenues by type:

	Year Ended December 31,		
(In thousands)	2024	2023	2022
Rental revenues	$ 89,512	$ 83,400	$ 75,616
Service revenues	56,273	66,554	58,685
Product sales revenues	71,704	57,694	58,692
Total revenues	$ 217,489	$ 207,648	$ 192,993

Certain services performed that are directly related to the mat rental operation are considered as rental revenues for presentation on the consolidated statements of operations. Such direct services include mat installation and removal, freight (hauling of mats), and direct labor related to such activities.

The following table presents further disaggregated revenues by geography, based on the country in which the sale originates:

	Year Ended December 31,		
(In thousands)	2024	2023	2022
United States	$ 203,379	$ 194,086	$ 179,900
United Kingdom	14,110	13,562	13,093
Total revenues	$ 217,489	$ 207,648	$ 192,993

The following table presents disaggregated expense information:

	Year Ended December 31,		
(In thousands)	2024	2023	2022
Depreciation and amortization - Included in cost of revenues	$ 20,489	$ 20,868	$ 22,098
Depreciation and amortization - Included in selling, general and administrative expenses	2,167	2,728	2,637
Total depreciation and amortization	$ 22,656	$ 23,596	$ 24,735

The following table presents long-lived assets, which includes property, plant and equipment and other long-term assets, based on the country in which the assets are located:

	Year Ended December 31,		
(In thousands)	2024	2023	2022
United States	$ 248,262	$ 224,194	$ 216,621
United Kingdom	15,502	13,868	15,135
Total long-lived assets	$ 263,764	$ 238,062	$ 231,756

For 2024, our largest customer represented 19% of our revenues. For 2023 and 2022, no single customer accounted for more than 10% of our consolidated revenues.

Note 14 — Supplemental Cash Flow and Other Information

Supplemental disclosures to the statements of cash flows are presented below:

(in thousands)		2024		2023		2022
Cash paid (received) for:						
Income taxes (net of refunds)	$	9,803	$	8,939	$	9,058
Interest	$	4,524	$	7,767	$	5,945

The amounts above include payments for our former Fluids Systems segment, as we elected not to adjust the consolidated statements of cash flows to exclude cash flows attributable to discontinued operations. A substantial majority of cash tax payments in 2024, 2023 and 2022 related to our former Fluids Systems segment's international operations.

Cash, cash equivalents, and restricted cash in the consolidated statements of cash flows consisted of the following at December 31:

(in thousands)		2024		2023		2022
Cash and cash equivalents	$	17,756	$	789	$	86
Cash and cash equivalents included in assets from discontinued operations		—		37,805		23,096
Restricted cash included in assets from discontinued operations		—		291		384
Restricted cash (included in prepaid expenses and other current assets)		481		16		1,495
Cash, cash equivalents, and restricted cash	$	18,237	$	38,901	$	25,061

Accounts payable and accrued liabilities at December 31, 2024, 2023, and 2022, included accruals for capital expenditures of $1.3 million, $1.6 million, and $1.1 million, respectively.

Accrued liabilities at December 31, 2024 and 2023 included accruals for employee incentives and other compensation related expenses of $8.9 million and $12.2 million, respectively.

Note 15 — Commitments and Contingencies

In the ordinary course of conducting our business, we become involved in litigation and other claims from private party actions, as well as judicial and administrative proceedings involving governmental authorities at the federal, state, and local levels. In addition, in connection with the Sale Transaction, we have indemnified the Purchaser for certain pre-closing contingencies of the Fluids Systems business. While the outcome of litigation or other proceedings against us, including pre-closing contingencies of the Fluids Systems business, cannot be predicted with certainty, management does not expect that any loss resulting from such litigation or other proceedings, in excess of any amounts accrued or covered by insurance, will have a material adverse impact on our consolidated financial statements.

In 2024, we recognized a $0.6 million gain related to a legal settlement as well as a $0.1 million gain related to the final insurance settlement associated with Hurricane Ida in August 2021.

Other

We do not have any special purpose entities. At December 31, 2024, we had $6.2 million in outstanding letters of credit, performance bonds, and other guarantees for which certain of the letters of credit are collateralized by $0.5 million in restricted cash. We also enter into normal short-term operating leases for office and warehouse space, as well as certain operating equipment. None of these off-balance sheet arrangements either had, or is expected to have, a material effect on our financial statements.

We are self-insured for health claims, subject to certain "stop loss" insurance policies. Claims in excess of $250,000 per incident are insured by third-party insurers. Based on historical experience, we had accrued liabilities of $0.5 million and $0.6 million for unpaid claims incurred at December 31, 2024 and 2023, respectively. Substantially all of these estimated claims are expected to be paid within six months of their occurrence. In addition, we are self-insured for certain workers' compensation, auto, and general liability claims up to a certain policy limit. Claims in excess of $750,000 are insured by third-party reinsurers. Based on historical experience, we had accrued liabilities of $0.8 million and $1.7 million for the uninsured portion of claims at December 31, 2024 and 2023, respectively.

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

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this annual report. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2024, the end of the period covered by this annual report.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2024 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

We are responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Securities and Exchange Act Rule 13a-15(f) and 15d-15(f). Our internal control system over financial reporting is designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Internal control over financial reporting has inherent limitations and may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance, not absolute assurance with respect to the financial statement preparation and presentation. Further, because of changes in conditions, the effectiveness of internal control over financial reporting may vary over time.

Under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our internal control over financial reporting as of December 31, 2024 as required by the Securities and Exchange Act of 1934 Rule 13a-15(c). In making our assessment, we have utilized the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in a report entitled "*Internal Control — Integrated Framework (2013).*" We concluded that based on our evaluation, our internal control over financial reporting was effective as of December 31, 2024.

The effectiveness of our internal control over financial reporting as of December 31, 2024 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report which is included herein.

/s/ Matthew S. Lanigan
Matthew S. Lanigan
Chief Executive Officer

/s/ Gregg S. Piontek
Gregg S. Piontek
Senior Vice President and Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of NPK International Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of NPK International Inc. and subsidiaries (the "Company") as of December 31, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2024, of the Company and our report dated February 28, 2025, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas
February 28, 2025

ITEM 9B. Other Information

Insider Trading Arrangements

During the quarter ended December 31, 2024, no director or officer of the Company adopted or terminated any Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement, as each term is defined in Item 408(a) of Regulation S-K.

ITEM 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

Executive Officers and Directors

The information required by this Item is incorporated by reference to the “Executive Officers” and “Election of Directors” sections of the definitive Proxy Statement relating to our 2025 Annual Meeting of Stockholders.

Compliance with Section 16(a) of the Exchange Act

The information required by this Item, if applicable, is incorporated by reference to the “Delinquent Section 16(a) Reports” section of the definitive Proxy Statement relating to our 2025 Annual Meeting of Stockholders.

Code of Conduct and Ethics

We have adopted a Code of Ethics for Senior Officers and Directors ("Code of Ethics") and a Code of Business Ethics and Conduct (“Ethics Manual" and, together with the Code of Ethics, the "Codes”) that applies to all officers and employees. The Code of Ethics and Ethics Manual are publicly available in the investor relations area of our website at www.npki.com. Any amendments to, or waivers of, the Codes with respect to our principal executive officer, principal financial officer or principal accounting officer or controller, or persons performing similar functions, will be disclosed on our website within four business days following the date of the amendment or waiver. Copies of our Code of Ethics may also be requested in print by writing to NPK International Inc., 9320 Lakeside Blvd., Suite 100, The Woodlands, Texas, 77381.

Insider Trading Policy

The information required by this Item is incorporated by reference to the “Corporate Governance—Insider Trading Policy” section of the definitive Proxy Statement relating to our 2025 Annual Meeting of Stockholders.

ITEM 11. Executive Compensation

The information required by this Item is incorporated by reference to the “Executive Compensation” section of the definitive Proxy Statement relating to our 2025 Annual Meeting of Stockholders.

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 the “Ownership of Common Stock” and “Equity Compensation Plan Information” sections of the definitive Proxy Statement relating to our 2025 Annual Meeting of Stockholders.

ITEM 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item is incorporated by reference to the “Related Person Transactions” and “Director Independence” sections of the definitive Proxy Statement relating to our 2025 Annual Meeting of Stockholders.

ITEM 14. Principal Accountant Fees and Services

Our independent registered public accounting firm is Deloitte & Touche LLP, Houston, Texas, PCAOB ID No 34.

The information required by this Item is incorporated by reference to the “Independent Auditor” section of the definitive Proxy Statement relating to our 2025 Annual Meeting of Stockholders.

PART IV

ITEM 15. Exhibit and Financial Statement Schedules

(a) List of documents filed as part of this Annual Report or incorporated herein by reference.

1. Financial Statements

The following financial statements of the Registrant as set forth under Part II, Item 8 of this Annual Report on Form 10-K on the pages indicated.

2. Financial Statement Schedules

All schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and, therefore, have been omitted.

3. Exhibits

The exhibits listed are filed as part of, or incorporated by reference into, this Annual Report on Form 10-K.

2.1	Purchase Agreement, dated as of September 13, 2024, by and between Newpark Resources, Inc. and Newpark Fluids Systems LLC, incorporated by reference to Exhibit 2.1 to the Company’s Current Report on Form 8-K filed on September 17, 2024 (SEC File No. 001-02960).
3.1	Second Restated Certificate of Incorporation of Newpark Resources, Inc., dated May 17, 2024, incorporated by reference to Exhibit 3.3 to the Company’s Current Report on Form 8-K filed on May 20, 2024 (SEC File No. 001-02960).
3.2	Certificate of Amendment to the Second Restated Certificate of Incorporation, dated December 5, 2024, incorporated by reference to Exhibit 3.1 to the Company’s Current Report on Form 8-K filed on December 9, 2024 (SEC File No. 001-02960).
3.3	Amended and Restated Bylaws of Newpark Resources, Inc., effective December 9, 2024, incorporated by reference to Exhibit 3.2 to the Company’s Current Report on Form 8-K filed on December 9, 2024 (SEC File No. 001-02960).
*4.1	Description of Common Stock of NPK International Inc.
*4.2	Specimen form of common stock certificate of NPK International Inc.
†10.1	Amended and Restated Employment Agreement effective March 1, 2022, between Newpark Resources, Inc. and Matthew Lanigan, incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on March 4, 2022 (SEC File No. 001-02960).
†10.2	Change in Control Agreement, dated as of April 22, 2016, between Newpark Resources, Inc. and Matthew S. Lanigan, incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on July 29, 2016 (SEC File No. 001-02960).
†10.3	Employment Agreement, dated as of October 18, 2011, between Newpark Resources, Inc. and Gregg S. Piontek, incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on October 21, 2011 (SEC File No. 001-02960).
†10.4	Amendment to Employment Agreement between Newpark Resources, Inc. and Gregg S. Piontek dated as of February 16, 2016, incorporated by reference to Exhibit 10.2 to the Company’s Current Report on Form 8-K filed on February 18, 2016 (SEC File No. 001-02960).
†10.5	Change in Control Agreement, dated as of January 7, 2008, between Newpark Resources, Inc. and Gregg Piontek, incorporated by reference to Exhibit 10.5 to the Company's Annual Report on Form 10-K for the year ended December 31, 2023 filed on February 23, 2024 (SEC File No. 001-02960).
†10.6	Amendment to Change in Control Agreement, dated as of March 7, 2011, between Newpark Resources, Inc. and Gregg Piontek, incorporated by reference to Exhibit 10.6 to the Company's Annual Report on Form 10-K for the year ended December 31, 2023 filed on February 23, 2024 (SEC File No. 001-02960).
†10.7	Amendment to Employment Agreement and Change of Control Agreement dated as of April 6, 2020 between Newpark Resources, Inc. and Gregg S. Piontek, incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on April 8, 2020 (SEC File No. 001-02960).
†10.8	Amendment to Employment Agreement and Change of Control Agreement dated May 19, 2021, between Newpark Resources, Inc. and Gregg S. Piontek, incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on May 24, 2021 (SEC File No. 001-02960).
10.9	Form of Indemnification Agreement, incorporated by reference to Exhibit 4.1 to the Company’s Quarterly Report on Form 10-Q filed on July 25, 2014 (SEC File No. 001-02960).
10.10	Indemnification Agreement, dated October 26, 2011, between Gregg S. Piontek and Newpark Resources, Inc., incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on October 31, 2011 (SEC File No. 001-02960).
†10.11	Newpark Resources, Inc. Amended and Restated Employee Stock Purchase Plan, incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on August 2, 2023 (SEC File No. 001-02960).
†10.12	Amendment No. 1 to the Newpark Resources, Inc. Amended and Restated Employee Stock Purchase Plan, incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed on August 2, 2023 (SEC File No. 001-02960).
†10.13	Newpark Resources, Inc. Amended and Restated Annual Cash Incentive Plan, incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on May 3, 2024 (SEC File No. 001-02960).
†10.14	Newpark Resources, Inc. Amended and Restated 2014 Non-Employee Directors’ Restricted Stock Plan, incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on August 2, 2023 (SEC File No. 001-02960).
†10.15	Form of Non-Employee Director Restricted Stock Agreement under the Newpark Resources, Inc. 2014 Non-Employee Directors’ Restricted Stock Plan, incorporated by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q filed on August 2, 2023 (SEC File No. 001-02960).

†10.16 Newpark Resources, Inc. Second Amended and Restated 2015 Equity Incentive Plan, incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on August 2, 2023 (SEC File No. 001-02960).

†10.17 Form of Restricted Stock Agreement (time vested) under the Newpark Resources, Inc. 2015 Employee Equity Incentive Plan, incorporated by reference to Exhibit 4.8 to the Company's Registration Statement on Form S-8 filed May 22, 2015 (SEC File No. 333-204403).

†10.18 Form of Restricted Stock Unit Agreement (performance-based) under the Newpark Resources, Inc. 2015 Employee Equity Incentive Plan, incorporated by reference to Exhibit 4.9 to the Company's Registration Statement on Form S-8 filed May 22, 2015 (SEC File No. 333-204403).

†10.19 Form of Restricted Stock Unit Agreement (retirement eligible) under the Newpark Resources, Inc. 2015 Employee Equity Incentive Plan, incorporated by reference to Exhibit 4.10 to the Company's Registration Statement on Form S-8 filed May 22, 2015 (SEC File No. 333.204403).

†10.20 Form of Restricted Stock Unit Agreement (not retirement eligible) under the Newpark Resources, Inc. 2015 Employee Equity Incentive Plan, incorporated by reference to Exhibit 4.11 to the Company's Registration Statement on Form S-8 filed May 22, 2015 (SEC File No. 333.204403).

†10.21 Form of Restricted Stock Unit Agreement (international) under the Newpark Resources, Inc. 2015 Employee Equity Incentive Plan, incorporated by reference to Exhibit 4.12 to the Company's Registration Statement on Form S-8 filed May 22, 2015 (SEC File No. 333.204403).

†10.22 Form of Restricted Stock Unit Agreement under the Newpark Resources, Inc. 2015 Employee Equity Incentive Plan, incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on August 6, 2024 (SEC File No. 001-02960).

†10.23 Form of Non-Qualified Stock Option Agreement (retirement eligible) under the Newpark Resources, Inc. 2015 Employee Equity Incentive Plan, incorporated by reference to Exhibit 4.13 to the Company's Registration Statement on Form S-8 filed May 22, 2015 (SEC File No. 333.204403).

†10.24 Form of Non-Qualified Stock Option Agreement (not retirement eligible) under the Newpark Resources, Inc. 2015 Employee Equity Incentive Plan, incorporated by reference to Exhibit 4.14 to the Company's Registration Statement on Form S-8 filed May 22, 2015 (SEC File No. 333.204403).

†10.25 Newpark Resources, Inc. Amended and Restated Long-Term Cash Incentive Plan, incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q filed on August 2, 2023 (SEC File No. 001-02960).

†10.26 Form of Performance-Based Cash Award Agreement under the Newpark Resources, Inc. Long-Term Cash Incentive Plan, incorporated by reference to Exhibit 10.8 of the Company's Quarterly Report on Form 10-Q filed on July 31, 2019 (SEC File No. 001-02960).

†10.27 Form of Performance-Based Cash Award Agreement under the Newpark Resources, Inc. Long-Term Cash Incentive Plan, incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on August 6, 2024 (SEC File No. 001-02960).

†10.28 Form of Non-Employee Director Cash Award Agreement, incorporated by reference to Exhibit 10.6 of the Company's Quarterly Report on Form 10-Q filed on August 4, 2020 (SEC File No. 001-02960).

†10.29 Newpark Resources, Inc. Retirement Policy for U.S. Employees, as amended, Approved and Adopted April 6, 2015, amended as of May 20, 2020, incorporated by reference to Exhibit 10.7 of the Company's Quarterly Report on Form 10-Q filed on August 4, 2020 (SEC File No. 001-02960).

†10.30 Form of Participation Agreement under the Newpark Resources, Inc. U.S. Executive Severance Plan (Participants With Employment Agreements), incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed on August 2, 2023 (SEC File No. 001-02960).

†10.31 Form of Participation Agreement under the Newpark Resources, Inc. U.S. Executive Severance Plan (Participants Without Employment Agreements), incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q filed on August 2, 2023 (SEC File No. 001-02960).

†10.32 Newpark Resources, Inc. U.S. Executive Severance Plan (As amended and restated effective February 20, 2024), incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on May 3, 2024 (SEC File No. 001-02960).

†10.33 Newpark Resources, Inc. Change in Control Plan (As amended and restated effective February 20, 2024), incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on May 3, 2024 (SEC File No. 001-02960).

10.34 Second Amended and Restated Credit Agreement dated as of May 2, 2022 by and among Newpark Resources, Inc., Newpark Drilling Fluids LLC, Newpark Mats & Integrated Services LLC, Excalibar Minerals LLC, Newpark Industrial Blending Solutions LLC, and Dura-Base Nevada, Inc., as borrowers, Bank of America, N.A., as the Administrative Agent, Swing Line Lender and an L/C Issuer, and the other Lenders party hereto, incorporated by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q filed on May 4, 2022 (SEC File No. 001-02960).

10.35	First Amendment to Second Amended and Restated Credit Agreement dated September 13, 2024 by and among Newpark Resources, Inc., Newpark Drilling Fluids LLC, Newpark Mats & Integrated Services LLC, Newpark Mineral Grinding LLC, Dura-Base Nevada, Inc. and Newpark Real Estate Holdings LLC, as borrowers, Bank of America, N.A., as Administrative Agent, Swing Line Lender and an L/C Issuer, and the other Lenders party thereto, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 17, 2024 (SEC File No. 001-02960).
10.36	Cooperation Agreement, by and between Newpark Resources, Inc., Bradley L. Radoff and The Radoff Family Foundation, dated February 17, 2022, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 18, 2022 (SEC File No. 001-02960).
*19.1	Insider Trading Policy
*21.1	Subsidiaries of the Registrant.
*23.1	Consent of Independent Registered Public Accounting Firm.
*31.1	Certification of Matthew S. Lanigan pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*31.2	Certification of Gregg S. Piontek pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
**32.1	Certification of Matthew S. Lanigan pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
**32.2	Certification of Gregg S. Piontek pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97	Newpark Resources, Inc. Clawback Policy, incorporated by reference to Exhibit 97 to the Company's Annual Report on Form 10-K for the year ended December 31, 2023 filed on February 23, 2024 (SEC File No. 001-02960).
*101.INS	XBRL Instance Document - 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 Schema Document
*101.CAL	Inline XBRL Calculation Linkbase Document
*101.LAB	Inline XBRL Label Linkbase Document
*101.PRE	Inline XBRL Presentation Linkbase Document
*101.DEF	Inline XBRL Definition Linkbase Document
*104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

† Management compensation plan or agreement.

* Filed herewith.

** Furnished herewith.

ITEM 16. Form 10-K Summary

None.

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.

NPK International Inc.

By: /s/ Matthew S. Lanigan
Matthew S. Lanigan
Chief Executive Officer

Dated: February 28, 2025

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.

Signatures	Title	Date
/s/ Matthew S. Lanigan Matthew S. Lanigan	Chief Executive Officer and Director (Principal Executive Officer)	February 28, 2025
/s/ Gregg S. Piontek Gregg S. Piontek	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	February 28, 2025
/s/ Douglas L. White Douglas L. White	Vice President, Chief Accounting Officer and Treasurer (Principal Accounting Officer)	February 28, 2025
/s/ Rose M. Robeson Rose M. Robeson	Chairman of the Board	February 28, 2025
/s/ Roderick A. Larson Roderick A. Larson	Director	February 28, 2025
/s/ Michael A. Lewis Michael A. Lewis	Director	February 28, 2025
/s/ Claudia M. Meer Claudia M. Meer	Director	February 28, 2025
/s/ John C. Mingé John C. Mingé	Director	February 28, 2025
/s/ Donald W. Young Donald W. Young	Director	February 28, 2025

DIRECTORS

ROSE M. ROBESON	Chairman of the Board Retired Senior Vice President and Chief Financial Officer of DCP Midstream Partners, LP
MATTHEW S. LANIGAN	President and Chief Executive Officer
RODERICK A. LARSON	President and Chief Executive Officer, Oceaneering International, Inc.
MICHAEL A. LEWIS	Retired Interim President and Senior Vice President, Electric Operations, Pacific Gas & Electric Corporation
CLAUDIA M. MEER	Co-founder and CEO, CoreMax Consulting
JOHN C. MINGÉ	Retired Chairman and President, BP America, Inc.
DONALD W. YOUNG	Managing Member, Race Rock Group LLC

EXECUTIVE OFFICERS

MATTHEW S. LANIGAN	President and Chief Executive Officer
GREGG S. PIONTEK	Senior Vice President and Chief Financial Officer
M. CELESTE FRUGÉ	Vice President, General Counsel, Chief Compliance Officer, and Corporate Secretary
LORI A. BRIGGS	Executive Vice President, Business Operations
DOUGLAS L. WHITE	Vice President, Chief Accounting Officer and Treasurer

CORPORATE INFORMATION

NPK INTERNATIONAL INC.
CORPORATE HEADQUARTERS
9320 Lakeside Blvd., Suite 100
The Woodlands, Texas 77381

INVESTOR RELATIONS CONTACT
GREGG S. PIONTEK
Senior Vice President and Chief Financial Officer
Phone: 281-362-6800
Fax: 281-362-6801
E-mail: gpiontek@npki.com

AUDITORS
DELOITTE & TOUCHE LLP
Houston, Texas

TRANSFER AGENT
BROADRIDGE CORPORATE ISSUER SOLUTIONS, INC.
P.O. Box 1342
Brentwood, NY 11717
Phone: 1-800-586-1741

ANNUAL MEETING
The Annual Meeting of Shareholders of
NPK International Inc. will be held on
Thursday, May 15, 2025, at 9:00 AM CDT, located at
9320 Lakeside Blvd., Suite 100
The Woodlands, Texas 77381

COMMON STOCK LISTED
NEW YORK STOCK EXCHANGE
Symbol - NPKI

CORE VALUES

SAFETY	Protecting each other like family, while sustaining the environment in which we work
INTEGRITY	Acting honestly, ethically and responsibly in all aspects of our business
RESPECT	Dealing fairly and openly with employees, customers, suppliers and community
EXCELLENCE	Delivering value through performance, innovation and service quality
ACCOUNTABILITY	Using good judgment and taking responsibility for our actions

npk

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