

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 30, 2022



Newpark Resources, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

001-02960

(Commission File Number)

72-1123385

(I.R.S. Employer Identification No.)

9320 Lakeside Boulevard, Suite 100

The Woodlands, Texas

(Address of principal executive offices)

77381

(Zip Code)

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

Not Applicable

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13a-4(c))

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	NR	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 2.01. Completion of Acquisition or Disposition of Assets.

On November 30, 2022, Excalibar Minerals LLC (“Excalibar”), a subsidiary of Newpark Resources, Inc. (“Newpark”) that was in the business of operating facilities for the industrial grinding of barium sulfate in the United States, completed the sale of substantially all of its long-lived assets, inventory and operations to Cimbar Resources, INC. (“Purchaser”) pursuant to an asset purchase agreement to which Excalibar and the Purchaser are parties dated as of October 19, 2022 (the “Agreement”). The sales price was \$48 million in cash, adjusted by an amount equal to the excess or deficit, as applicable, in inventory value at closing based on a targeted amount of inventory value of \$24.5 million. Pursuant to the terms and conditions of the Agreement, Newpark retained certain assets and liabilities, including accounts receivable and accounts payable.

The Agreement contains negotiated representations, warranties, covenants and indemnification provisions by both Excalibar and the Purchaser. The Agreement, together with other ancillary agreements among Excalibar, Newpark, another subsidiary of Newpark, the Purchaser and an affiliate of the Purchaser, govern matters relating to the parties’ obligations after the closing. In this regard, Newpark agrees that during the four years following the closing, Newpark will not engage in a competitive business and will purchase at least 95% of its U.S. barite requirements (with certain enumerated exceptions) from the Purchaser.

The foregoing description is not complete and is qualified in its entirety by reference to the Agreement, which is included as Exhibit 2.1 hereto and incorporated herein by reference.

Item 7.01 Regulation FD Disclosure.

On December 1, 2022, the Company issued a press release announcing the closing of the transactions contemplated by the Agreement. A copy of the press release is being furnished and is attached as Exhibit 99.1 hereto and incorporated herein by reference.

The information referenced under Item 7.01 (including Exhibit 99.1 referenced in Item 9.01 below) of this Current Report on Form 8-K is being “furnished” under “Item 7.01. Regulation FD Disclosure” and, as such, shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section. The information referenced under Item 7.01 (including Exhibit 99.1 referenced in Item 9.01 below) of this Current Report on Form 8-K shall not be incorporated by reference into any registration statement, report or other document filed by Newpark pursuant to the Securities Act of 1933, as amended (the “Securities Act”), except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
2.1*	Asset Purchase Agreement dated as of October 19, 2022 by and between Excalibar Minerals LLC and Cimbar Resources, INC. (incorporated herein by reference to Newpark’s Current Report on Form 8-K filed on October 21, 2022)
99.1	Press release issued by Newpark Resources, Inc. on December 1, 2022
99.2	Unaudited pro forma condensed consolidated financial information
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Schedules and exhibits have been omitted from this filing pursuant to Item 601(b)(2) of Regulation S-K. Newpark will furnish copies of such schedules and exhibits to the Securities Exchange Commission upon request.

SIGNATURES

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

NEWPARK RESOURCES, INC.
(Registrant)

Date: December 1, 2022

By: /s/ E. Chipman Earle
E. Chipman Earle
*Vice President, General Counsel,
Chief Administrative Officer & Corporate Secretary*



NEWS RELEASE

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NEWPARK RESOURCES ANNOUNCES CLOSING OF U.S. MINERAL GRINDING BUSINESS AND CONROE, TEXAS BLENDING FACILITY TRANSACTIONS

Combined divestitures to generate nearly \$80 million of net cash

THE WOODLANDS, TX – December 1, 2022 – Newpark Resources, Inc. (NYSE: NR) “Newpark” or the “Company”) today announced it has completed the previously announced sale of substantially all the long-lived assets, inventory and operations of its Excalibar mineral grinding business (“Excalibar”) to Cimbar Resources, INC. Separately, the Company announced it has also completed the sale of the Conroe, Texas blending and warehouse facility. Combined, these divestitures are expected to generate net cash of nearly \$80 million, including a combined \$63 million of net cash proceeds received at closing, along with cash generated from the ongoing wind-down of working capital. The proceeds are expected to be used for general corporate purposes, including debt reduction, investment in higher returning opportunities, and the return of value to shareholders through share repurchases.

Newpark Resources, Inc. is a geographically diversified supplier providing environmentally-sensitive products, as well as rentals and services to a variety of industries, including oil and gas exploration, electrical transmission & distribution, pipeline, renewable energy, petrochemical, construction, and other industries. For more information, visit our website at www.newpark.com.

This news release contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, such as statements regarding the expected timing of the closing of the divestiture transactions, and the amount and use of the proceeds from these transactions. All statements other than statements of historical facts are forward-looking statements. 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 statements are not guarantees that our expectations will prove to be correct and involve a number of risks, uncertainties, and assumptions. Many factors, including those discussed more fully elsewhere in this release and in documents filed with the Securities and Exchange Commission by Newpark, particularly its Annual Report on Form 10-K for the year ended December 31, 2021, and its Quarterly Reports on Form 10-Q, as well as others, could cause actual plans or results to differ materially from those expressed in, or implied by, these statements. These risk factors include, but are not limited to, risks related to our ability to execute our strategic actions; our pending divestitures; the ongoing conflict between Russia and Ukraine; the COVID-19 pandemic; the worldwide oil and natural gas industry; our customer concentration and reliance on the U.S. exploration and production market; our international operations; operating hazards present in the oil and natural gas industry and substantial liability claims, including catastrophic well incidents; our contracts that can be terminated or downsized by our customers without penalty; our product offering expansion; our ability to attract, retain and develop qualified leaders, key employees and skilled personnel; the price and availability of raw materials; business acquisitions and capital investments; our market competition; technological developments and intellectual property in our industry; severe weather, natural disasters, and seasonality; our cost and continued availability of borrowed funds, including noncompliance with debt covenants; environmental laws and regulations; our legal compliance; the inherent limitations of insurance coverage; income taxes; cybersecurity breaches or business system disruptions; our restructuring activities; activist stockholders that may attempt to effect changes at our Company or acquire control over our Company; our

ability to maintain compliance with the New York Stock Exchange's continued listing requirements; and our amended and restated bylaws, which 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. We assume no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by securities laws. Newpark's filings with the Securities and Exchange Commission can be obtained at no charge at www.sec.gov, as well as through our website at www.newpark.com.

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UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

On October 19, 2022, Excalibar Minerals LLC (“Excalibar”), a subsidiary of Newpark Resources, Inc. (“Newpark” or the “Company”) that is in the business of industrial grinding of barium sulfate and other minerals in the United States, entered into an asset purchase agreement (the “Agreement”) for the sale of substantially all of its long-lived assets, inventory and operations to Cimbar Resources, INC. (“Purchaser”) (the “Excalibar Sale”). The sales price is \$48 million in cash, adjusted by an amount equal to the excess or deficit, as applicable, in inventory value at closing based on a targeted amount of inventory value of \$24.5 million. Pursuant to the terms and conditions of the Agreement, Newpark will retain certain assets and liabilities, including accounts receivable and accounts payable.

On November 30, 2022, the Company completed the Excalibar Sale and received net cash proceeds (after purchase price adjustments) of \$50 million. The Excalibar Sale does not qualify as discontinued operations as it does not represent a strategic shift that will have a major effect on the Company’s operations or financial results. The Excalibar Sale constituted a significant disposition for purposes of Item 2.01 of Form 8-K. As a result, the Company prepared the accompanying unaudited pro forma condensed consolidated financial statements to show the pro forma effects of the Excalibar Sale.

The Company’s unaudited pro forma consolidated balance sheet at September 30, 2022 illustrates the estimated effects of the Excalibar Sale as if it had occurred on such date. The unaudited pro forma condensed consolidated statements of operations for the nine months ended September 30, 2022 and for the year ended December 31, 2021 illustrates the estimated effect of the Excalibar Sale as if it had occurred on the first day of the earliest period presented.

The unaudited pro forma condensed consolidated financial statements are presented for informational purposes only and do not purport to be indicative of the Company’s financial results as if the Excalibar Sale had occurred on such dates as presented. Further, the unaudited pro forma condensed consolidated financial statements should not be viewed as indicative of the Company’s financial results in the future. The unaudited pro forma condensed consolidated financial statements should be read in conjunction with the Company’s historical consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021, and the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2022.

Newpark Resources, Inc.
Pro Forma Condensed Consolidated Balance Sheet
As of September 30, 2022
(Unaudited)

(In thousands, except share data)	Historical	Transaction Accounting Adjustments - Excalibar Sale	Pro Forma
ASSETS			
Cash and cash equivalents	\$ 20,450	\$ 59,300 (a) (59,300) (a)	\$ 20,450
Receivables, net	211,496	—	211,496
Inventories	160,039	—	160,039
Prepaid expenses and other current assets	14,162	—	14,162
Current assets held for sale	71,191	(60,502) (b)	10,689
Total current assets	<u>477,338</u>	<u>(60,502)</u>	<u>416,836</u>
Property, plant and equipment, net	189,899	—	189,899
Operating lease assets	23,195	—	23,195
Goodwill	46,853	—	46,853
Other intangible assets, net	20,664	—	20,664
Deferred tax assets	5,995	—	5,995
Other assets	2,740	—	2,740
Total assets	<u>\$ 766,684</u>	<u>\$ (60,502)</u>	<u>\$ 706,182</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current debt	\$ 23,431	\$ —	\$ 23,431
Accounts payable	104,803	—	104,803
Accrued liabilities	42,693	—	42,693
Current liabilities held for sale	1,882	(1,882) (b)	—
Total current liabilities	<u>172,809</u>	<u>(1,882)</u>	<u>170,927</u>
Long-term debt, less current portion	133,637	(59,300) (a)	74,337
Noncurrent operating lease liabilities	19,534	—	19,534
Deferred tax liabilities	8,803	—	8,803
Other noncurrent liabilities	9,929	—	9,929
Total liabilities	<u>344,712</u>	<u>(61,182)</u>	<u>283,530</u>
Common stock, \$0.01 par value (200,000,000 shares authorized and 111,357,108 shares issued)	1,114	—	1,114
Paid-in capital	639,196	—	639,196
Accumulated other comprehensive loss	(74,807)	—	(74,807)
Retained earnings (deficit)	(6,504)	680 (c)	(5,824)
Treasury stock, at cost (17,310,231 shares)	(137,027)	—	(137,027)
Total stockholders' equity	<u>421,972</u>	<u>680</u>	<u>422,652</u>
Total liabilities and stockholders' equity	<u>\$ 766,684</u>	<u>\$ (60,502)</u>	<u>\$ 706,182</u>

Newpark Resources, Inc.
Condensed Consolidated Statements of Operations
Nine Months Ended September 30, 2022
(Unaudited)

(In thousands, except per share data)	Historical	Transaction Accounting Adjustments - Excalibar Sale	Pro Forma
Revenues	\$ 590,435	\$ (44,068) (a)	\$ 546,367
Cost of revenues	507,078	(40,885) (a)	466,193
Selling, general and administrative expenses	72,970	(655) (a)	72,315
Other operating (income) loss, net	(375)	10 (a)	(365)
Impairments and other charges	37,322	—	37,322
Operating loss	<u>(26,560)</u>	<u>(2,538)</u>	<u>(29,098)</u>
Foreign currency exchange (gain) loss	(1,943)	—	(1,943)
Interest expense, net	4,719	(1,835) (c)	2,884
Loss before income taxes	<u>(29,336)</u>	<u>(703)</u>	<u>(30,039)</u>
Provision for income taxes	490	— (d)	490
Net loss	<u>\$ (29,826)</u>	<u>\$ (703)</u>	<u>\$ (30,529)</u>
Calculation of EPS:			
Net loss - basic and diluted	\$ (29,826)		\$ (30,529)
Weighted average common shares outstanding - basic and diluted	92,843		92,843
Net loss per common share - basic and diluted:	\$ (0.32)		\$ (0.33)

Newpark Resources, Inc.
Condensed Consolidated Statements of Operations
Year Ended December 31, 2021
(Unaudited)

(In thousands, except per share data)	Historical	Transaction Accounting Adjustments - Excalibar Sale	Pro Forma
Revenues	\$ 614,781	\$ (36,396) (a)	\$ 578,385
Cost of revenues	529,552	(35,315) (a)	494,237
Selling, general and administrative expenses	94,445	(855) (a)	93,590
Other operating (income) loss, net	(391)	51 (a)	(340)
Gain on Excalibar Transaction	—	680 (b)	680
Operating loss	<u>(8,825)</u>	<u>403</u>	<u>(8,422)</u>
Foreign currency exchange (gain) loss	(397)	—	(397)
Interest expense, net	8,805	(2,446) (c)	6,359
Loss on extinguishment of debt	1,000	—	1,000
Loss before income taxes	<u>(18,233)</u>	<u>2,849</u>	<u>(15,384)</u>
Provision for income taxes	7,293	— (d)	7,293
Net loss	<u><u>\$ (25,526)</u></u>	<u><u>\$ 2,849</u></u>	<u><u>\$ (22,677)</u></u>
Calculation of EPS:			
Net loss - basic and diluted	\$ (25,526)		\$ (22,677)
Weighted average common shares outstanding - basic and diluted	91,460		91,460
Net loss per common share - basic and diluted:	\$ (0.28)		\$ (0.25)

Notes to Unaudited Pro Forma Condensed Consolidated Financial Information

1. Basis of Pro Forma Presentation

The pro forma condensed consolidated financial statements included herein have been prepared pursuant to the rules and regulations of the United States Securities and Exchange Commission (the “SEC”).

The unaudited pro forma condensed consolidated financial information has been derived from the historical consolidated financial statements and accounting records of the Company. The unaudited pro forma condensed consolidated balance sheet at September 30, 2022 was prepared as if the Excalibar Sale had occurred on September 30, 2022. The unaudited pro forma condensed consolidated statements of operations for the nine months ended September 30, 2022 and for the year ended December 31, 2021 were prepared as if the Excalibar Sale had occurred on January 1, 2021.

The unaudited pro forma condensed consolidated financial statements and underlying pro forma adjustments are based upon currently available information and include certain estimates and assumptions made by management; accordingly, actual results could differ materially from the pro forma information. Management believes the assumptions provide a reasonable and reliably determinable basis for presenting the significant effects of the Excalibar Sale. These unaudited pro forma condensed consolidated financial statements are provided for illustrative purposes only and may or may not provide an indication of results in the future.

2. Pro Forma Adjustments

Balance Sheet

The unaudited pro forma condensed consolidated balance sheet at September 30, 2022 reflects the following adjustments:

(a) The pro forma receipt of cash proceeds from the Excalibar Sale of \$59.3 million, net of purchase price adjustments and estimated selling costs, along with the associated repayment of long-term debt. The estimated pro forma cash proceeds are based on the Company’s inventory value as of September 30, 2022. The inventory value and resulting cash proceeds will change on the closing date. The Company expects to use such net cash proceeds for general corporate purposes, including debt reduction, investment in higher returning opportunities, and the return of value to shareholders through share repurchases. The following table presents the pro forma net cash proceeds from the Excalibar Sale (in thousands):

Pro forma gross cash proceeds	\$	61,500
Estimated selling costs		(2,200)
Pro forma net cash proceeds	\$	<u>59,300</u>

(b) The elimination of assets and liabilities attributable to the Excalibar Sale.

(c) The estimated net gain of \$0.7 million on the Excalibar Sale. The calculation of the gain on sale is not complete as it is based on certain preliminary information. The following table presents the components of the estimated net gain on the Excalibar Sale (in thousands):

Pro forma net cash proceeds	\$	59,300
Net book value of assets sold		(58,620)
Estimated net gain on sale	\$	<u>680</u>

Statements of Operations

The unaudited pro forma condensed consolidated statements of operations for the nine months ended September 30, 2022 and year ended December 31, 2021 reflect the following adjustments:

(a) The elimination of the revenues and expenses associated with the assets divested in the Excalibar Sale.

(b) The estimated net gain of \$0.7 million on the Excalibar Sale, as calculated above.

(c) The reduction of interest expense as a result of the repayment of debt of approximately \$59.3 million from the net cash proceeds received from the Excalibar Sale, calculated using an assumed weighted average interest rate of approximately 4.1%. A 1/8 of a percentage point increase or decrease in the benchmark rate would result in a change in interest expense of approximately \$75,000 for the year ended December 31, 2021.

(d) The estimated income tax effect of the Excalibar Sale is zero due to a valuation allowance.

3. Management's Adjustments

Balance Sheet

The tables below show Excalibar's receivables and payables as of September 30, 2022, which were retained by Newport and are expected to be collected in due course (in thousands):

Pro forma receivables, net	\$	211,496
Excalibar receivables (retained by Newport)		<u>(12,030)</u>
Pro forma receivables, net after managements adjustments	\$	<u><u>199,466</u></u>

Pro forma accounts payable	\$	104,803
Excalibar accounts payable (retained by Newport)		<u>(6,131)</u>
Pro forma accounts payable after managements adjustments	\$	<u><u>98,672</u></u>