



NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION
Frequently Asked Questions
June 2019 Stock Split

Summary

On June 3, 2019, we announced that our Board of Directors declared a 2-for-1 stock split of our common stock. The stock split is structured as a 100 percent stock dividend. As a result, each stockholder will receive one additional share of NTIC common stock for each share held on June 17, 2019, the record date. The distribution date for the new shares will be on or about June 28, 2019.

To assist our stockholders in their understanding of the stock split, we are providing answers to the following frequently asked questions:

- 1. Why did the Board of Directors declare the stock split? Was stockholder action required?**
- 2. What is the effective date of the stock split?**
- 3. How does a 2-for-1 stock split structured as a 100 percent stock dividend actually work?**
- 4. Is there any cost to stockholders?**
- 5. My shares are held in street name in a brokerage account. How will I receive my additional shares of NTIC stock?**
- 6. I have stock certificates representing my shares or my shares are held in book-entry with NTIC's transfer agent. How will I receive my additional shares of NTIC stock?**
- 7. What should I do with my existing NTIC stock certificates?**
- 8. Who will send notice of the stock split to me, and where will the notice be sent?**
- 9. What happens if I purchase or sell shares of NTIC common stock after the record date but on or before the distribution date?**
- 10. Are there any personal income tax consequences to me as a result of the stock split?**
- 11. Does the par value of NTIC's common stock change as a result of the stock split?**
- 12. Does my percentage of ownership of NTIC common stock change as a result of the stock split?**
- 13. How will the stock split affect the number of outstanding shares and the calculation of earnings per share?**
- 14. How will the stock split impact future quarterly cash dividends?**
- 15. Has NTIC ever previously declared a stock split?**
- 16. Who should I contact if I have questions?**

Q. Why did the Board of Directors declare a stock split? Was stockholder action required?

A. The Board of Directors declared a stock split in order to make investing in NTIC's common stock more accessible to a wider range of investors. Because the stock split is being issued as a share dividend, and because it is within the Board's authority to declare such dividends where there are sufficient shares of common stock authorized for issuance, the stock split did not require stockholder approval.

Q. What is the effective date of the stock split?

A. As mentioned above, there are several key dates:

- The record date – June 17, 2019 – is the date that determines which stockholders are entitled to receive additional shares due to the stock split.
- The distribution date – on or about June 28, 2019 – is the date on which your split shares will be posted to your account and notification will be mailed to you.
- The ex-dividend date – July 1, 2019 – is the date on which NTIC common stock will trade on the Nasdaq Global Market at the new, split-adjusted price.

Q. How does a 2-for-1 stock split structured as a 100 percent stock dividend actually work?

A. A 2-for-1 stock split that is structured in the form of a 100 percent stock dividend means that one new share of NTIC common stock will be issued for each share outstanding on June 17, 2019, the record date. After the stock split, since there will be twice as many shares of NTIC common stock outstanding, it is expected that each share will be worth one-half of what it was worth immediately prior to the stock split, while the overall value of a stockholder's investment remains the same.

As an example, assume that on June 17, 2019, the record date, a stockholder owns 100 shares of NTIC common stock and the market price on that date is \$30.00 per share. The total value of the stockholder's investment on that date is \$3,000. Let's also assume that NTIC's stock price does not move up or down between the record date and the date on which the stock split actually takes place. Immediately after the stock split, the stockholder will own 200 shares of NTIC common stock, but the market price will be \$15.00 per share. Accordingly, the total value of the stockholder's investment would remain the same at \$3,000 until the new, split-adjusted price moves up or down.

Q. Is there any cost to stockholders?

A. There is no cost to stockholders.

Q. My shares are held in street name in a brokerage account. How will I receive my additional shares of NTIC stock?

A. If you hold your shares of NTIC common stock in street name in a brokerage account, your additional shares from the stock split will be transmitted to your broker automatically with no action required on your part. Your new balance, adjusted for the occurrence of the stock split, will appear in your brokerage account on or about July 1, 2019, the ex-dividend date. Please contact your broker directly with any questions regarding your brokerage account.

Q. I have stock certificates representing my shares or my shares are held in book-entry with NTIC's transfer agent. How will I receive my additional shares of NTIC stock?

A. If you have stock certificates representing your shares of NTIC common stock or your shares are held in book-entry form with Broadridge Financial Solutions, Inc. (Broadridge), NTIC's transfer agent, your additional shares will be distributed in book-entry form to your existing Broadridge account through the Direct Registration System (DRS). This system allows shares to be owned, reported, transferred, and sold electronically, thereby eliminating the need for a physical stock certificate. Since NTIC is using the DRS in connection with the stock split, new stock certificates representing additional shares will not be issued. Instead, following the distribution date on or about June 28, 2019, Broadridge will send to you a Direct Registration Account Statement with details regarding the additional shares of NTIC common stock that you own as a result of the stock split. Please keep this information with any existing stock certificates and other important documents as a record of your share ownership.

Q. What should I do with my existing NTIC stock certificates?

A. You need to keep your existing stock certificates – **do not destroy them** – because your existing stock certificates are still valid. These stock certificates will continue to represent the same number of shares as shown on their face and should be kept in a secure place. We encourage you to consider converting any stock certificates to paperless form by depositing them into your book-entry account at Broadridge, or into a brokerage account.

Q. Who will send notice of the stock split to me, and where will the notice be sent?

A. If you hold your shares of NTIC common stock in street name in a brokerage account, you will be notified of the stock split by your broker at the address they currently have on file. Please contact your broker directly to confirm your mailing address or with any questions regarding your brokerage account.

If you have stock certificates or hold your shares directly with Broadridge, NTIC's transfer agent, you will be notified of the stock split by Broadridge at the address they currently have on file. It is very important that you ensure that your address on file with Broadridge is current at all times. If Broadridge is unable to contact you with stockholder notices because the address you have on file is outdated, you run the risk of having your shares of NTIC common stock escheat to the state of your last known residence in accordance with state unclaimed property laws. You may verify your address by logging into your Broadridge account and accessing your account information online at <https://investor.broadridge.com/> or by otherwise contacting Broadridge using the contact information set forth in Question 17 below.

Q. What happens if I purchase or sell shares of NTIC common stock after the record date but on or before the distribution date?

A. Stockholders are generally entitled to receive shares of NTIC common stock from the stock split if they own or purchase shares up to and including the distribution date. More specifically:

- If you purchase shares between the June 17, 2019 record date and the distribution date on or about June 28, 2019, you are generally entitled to receive the shares from the stock split.
- If you sell shares between the June 17, 2019 record date and the distribution date on or about June 28, 2019, you are not entitled to receive the shares from the stock split on the shares you sold.

Q. Are there any personal income tax consequences to me as a result of the stock split?

A. From a U.S. federal income tax standpoint, the stock split is not a taxable event, and there are no resulting tax consequences to U.S. residents. The tax basis of each share of NTIC common stock owned after the stock split will be one-half of what it was before the stock split. For example, if a stockholder owned 100 shares of NTIC common stock having a tax basis of \$30 per share before the stock split, the stockholder would own 200 shares having a tax basis of \$15 per share following the stock split. *Stockholders, and particularly foreign residents, should consult with their personal tax advisors regarding their specific tax circumstances.*

Q. Does the par value of NTIC's common stock change as a result of the stock split?

A. No, the par value of NTIC's common stock will remain at \$0.02 per share.

Q. Does my percentage of ownership of NTIC common stock change as a result of the stock split?

A. No, the stock split will not change your percentage of ownership of NTIC common stock. Since the number of shares you own will double, and the price per share will be cut in half, the value you hold, and therefore the percentage of ownership you have, will remain unchanged. Please see the example provided in Question 3 for further details.

Q. How will the stock split affect the number of outstanding shares and the calculation of earnings per share?

A. This is a 2-for-1 stock split. Therefore, the number of outstanding shares of NTIC common stock will double. Earnings per share will be one-half what they otherwise would have been since NTIC's net earnings will be divided into twice as many outstanding shares.

Q. How will the stock split impact future quarterly cash dividends?

A. NTIC has recently paid quarterly cash dividends of approximately 12 cents per share. Following the stock split, the dividend rate will be divided in half in order to reflect the increase in shares of common stock outstanding. The total dividend payment received by a stockholder will remain the same since the stockholder's shares will double and dividend per share will be halved. For example, a stockholder with 100 shares pre-stock split would have received our recent 12 cent per share dividend, totaling \$12. Following the stock split, this stockholder would receive a 6 cent per share dividend on 200 shares, still totaling \$12.

Q. Has NTIC ever previously declared a stock split?

A. No, this will be NTIC's first stock split.

Q. Who should I contact if I have questions?

A. If you have questions regarding a change in address, lost stock certificates, transfer of stock to another person or additional administrative services, please contact Broadridge Financial Solutions, Inc., NTIC's transfer agent, as follows:



WRITE

Broadridge Corporate Issuer Solutions, Inc.
P.O. Box 1342
Brentwood, NY 11717

CALL

(855) 588-5049

EMAIL

shareholder@broadridge.com

If you have any other questions about the stock split or otherwise, please contact NTIC as follows:



WRITE

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Corporation
4201 Woodland Road
P.O. Box 69
Circle Pines, MN 55014

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(800) 328-2433

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