

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended **February 28, 2026**

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: 001-11038

NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

41-0857886

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

4201 Woodland Road

P.O. Box 69

Circle Pines, Minnesota 55014

(Address of principal executive offices) (Zip Code)

(763) 225-6600

(Registrant's telephone number, including area code)

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, par value \$0.02 per share	NTIC	The Nasdaq Stock Market

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

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

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

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

As of April 9, 2026, there were 9,492,001 shares of common stock of the registrant outstanding.

NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION
FORM 10-Q
February 28, 2026

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This quarterly report on Form 10-Q contains certain forward-looking statements that are within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to the safe harbor created by those sections. For more information, see “Part I. Financial Information – Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Forward-Looking Statements.”

As used in this report, references to “NTIC,” the “Company,” “we,” “our” or “us,” unless the context otherwise requires, refer to Northern Technologies International Corporation and its wholly owned and majority-owned subsidiaries, all of which are consolidated on NTIC’s consolidated financial statements.

As used in this report, references to: (1) “NTIC China” refer to NTIC’s wholly owned subsidiary in China, NTIC (Shanghai) Co., Ltd.; (2) “NTI Europe” refer to NTIC’s wholly owned subsidiary in Germany, NTIC Europe GmbH; (3) “Zerust Mexico” refer to NTIC’s wholly owned subsidiary in Mexico, ZERUST-EXCOR MEXICO, S. de R.L. de C.V.; (4) “Zerust India” refer to NTIC’s wholly owned subsidiary in India, HNTI Limited (formerly Harita-NTI Limited); and (5) “NTI Asean” refer to NTIC’s majority-owned holding company subsidiary, NTI Asean LLC, which holds investments in certain entities that operate in the Association of Southeast Asian Nations (ASEAN) region.

NTIC’s consolidated financial statements do not include the accounts of any of its joint ventures. Except as otherwise indicated, references in this report to NTIC’s joint ventures do not include any of NTIC’s wholly owned or majority-owned subsidiaries.

As used in this report, references to “EXCOR” refer to NTIC’s joint venture in Germany, Excor Korrosionsschutz – Technologien und Produkte GmbH.

All trademarks, trade names or service marks referred to in this report are the property of their respective owners.

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

**NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS AS OF FEBRUARY 28, 2026 (UNAUDITED)
AND AUGUST 31, 2025 (AUDITED)**

	<u>February 28, 2026</u>	<u>August 31, 2025</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 6,469,750	\$ 7,250,523
Receivables:		
Trade, less allowance for credit losses of \$290,493 as of February 28, 2026 and \$235,000 as of August 31, 2025	18,033,990	18,443,230
Fees for services provided to joint ventures	897,177	1,077,552
Income taxes	704,897	340,002
Inventories, net	16,506,777	15,525,230
Prepaid expenses	2,607,340	1,706,279
Total current assets	<u>\$ 45,219,931</u>	<u>\$ 44,342,816</u>
PROPERTY AND EQUIPMENT, NET	15,918,752	15,183,918
OTHER ASSETS:		
Investments in joint ventures	29,748,064	28,611,777
Deferred income tax, net	430,745	503,575
Intangible assets, net	8,399,365	8,827,768
Goodwill	4,782,376	4,782,376
Operating lease right of use assets	398,688	493,050
Total other assets	<u>43,759,238</u>	<u>43,218,546</u>
Total assets	<u>\$ 104,897,921</u>	<u>\$ 102,745,280</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Line of credit	\$ 11,282,291	\$ 9,329,021
Term loan, current portion	2,976,455	2,860,256
Accounts payable	8,269,041	8,044,196
Income taxes payable	193,164	414,304
Accrued liabilities:		
Payroll and related benefits	1,568,219	1,844,817
Other	551,066	1,066,761
Current portion of operating leases	177,939	344,739
Total current liabilities	<u>\$ 25,018,175</u>	<u>\$ 23,904,094</u>
LONG-TERM LIABILITIES:		
Deferred income tax, net	1,513,166	1,513,166
Term loans, noncurrent portion	421,839	466,984
Operating leases, less current portion	220,749	148,311
Total long-term liabilities	<u>\$ 2,155,754</u>	<u>\$ 2,128,461</u>
COMMITMENTS AND CONTINGENCIES (Note 13)		
EQUITY:		
Preferred stock, no par value; authorized 10,000 shares; none issued and outstanding	—	—
Common stock, \$0.02 par value per share; authorized 15,000,000 shares; issued and outstanding 9,492,001 and 9,475,490 as of February 28, 2026 and August 31, 2025, respectively	189,840	189,510
Additional paid-in capital	25,706,091	25,056,976
Retained earnings	52,286,237	52,273,469
Accumulated other comprehensive loss	(4,896,833)	(5,371,201)
Stockholders' equity	<u>73,285,335</u>	<u>72,148,754</u>
Non-controlling interests	4,438,657	4,563,971
Total equity	<u>77,723,992</u>	<u>76,712,725</u>
Total liabilities and equity	<u>\$ 104,897,921</u>	<u>\$ 102,745,280</u>

See notes to consolidated financial statements.

NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED FEBRUARY 28, 2026 AND 2025

	Three Months Ended February 28,		Six Months Ended February 28,	
	2026	2025	2026	2025
NET SALES:				
Net sales	\$ 21,996,785	\$ 19,072,066	\$ 45,305,666	\$ 40,410,459
Cost of goods sold	14,138,899	12,276,482	29,064,154	25,451,922
Gross profit	7,857,886	6,795,584	16,241,512	14,958,537
JOINT VENTURE OPERATIONS:				
Equity in income from joint ventures	1,100,670	620,730	2,322,786	1,750,323
Fees for services provided to joint ventures	925,899	1,070,263	1,995,156	2,354,382
Total income from joint venture operations	2,026,569	1,690,993	4,317,942	4,104,705
OPERATING EXPENSES:				
Selling expenses	4,713,772	4,210,242	9,085,274	8,477,896
General and administrative expenses	3,612,707	3,320,369	7,761,660	7,179,312
Research and development expenses	1,175,202	1,288,899	2,396,114	2,632,296
Total operating expenses	9,501,681	8,819,510	19,243,048	18,289,504
OPERATING INCOME (LOSS)	382,774	(332,933)	1,316,406	773,738
INTEREST INCOME	65,568	210,156	102,810	235,723
INTEREST EXPENSE	(196,651)	(139,155)	(396,617)	(259,375)
OTHER INCOME	—	1,139,756	—	1,139,756
INCOME BEFORE INCOME TAX EXPENSE	251,691	877,824	1,022,599	1,889,842
INCOME TAX EXPENSE	75,490	275,197	340,519	493,068
NET INCOME	176,201	602,627	682,080	1,396,774
NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	211,524	168,308	479,584	401,364
NET (LOSS) INCOME ATTRIBUTABLE TO NTIC	\$ (35,323)	\$ 434,319	\$ 202,496	\$ 995,410
NET (LOSS) INCOME ATTRIBUTABLE TO NTIC PER COMMON SHARE:				
Basic	\$ (0.00)	\$ 0.05	\$ 0.02	\$ 0.11
Diluted	\$ (0.00)	\$ 0.04	\$ 0.02	\$ 0.10
WEIGHTED AVERAGE COMMON SHARES ASSUMED OUTSTANDING:				
Basic	9,489,332	9,470,507	9,488,520	9,474,034
Diluted	9,489,332	9,753,437	9,509,125	9,757,350
CASH DIVIDENDS DECLARED PER COMMON SHARE	\$ 0.01	\$ 0.07	\$ 0.02	\$ 0.14

See notes to consolidated financial statements.

NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED FEBRUARY 28, 2026 AND 2025

	Three Months Ended February		Six Months Ended February	
	28,		28,	
	2026	2025	2026	2025
NET INCOME	\$ 176,201	\$ 602,627	\$ 682,080	\$ 1,396,774
OTHER COMPREHENSIVE INCOME (LOSS) – FOREIGN CURRENCY TRANSLATION ADJUSTMENT (NET OF TAX)	761,936	(635,506)	454,823	(2,019,349)
COMPREHENSIVE INCOME (LOSS)	938,137	(32,879)	1,136,903	(622,575)
LESS: COMPREHENSIVE INCOME ATTRIBUTABLE TO NON- CONTROLLING INTERESTS (NET OF TAX)	226,392	106,309	460,039	218,696
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO NTIC	<u>\$ 711,745</u>	<u>\$ (139,188)</u>	<u>\$ 676,864</u>	<u>\$ (841,271)</u>

See notes to consolidated financial statements.

NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED FEBRUARY 28, 2026 AND 2025

STOCKHOLDERS' EQUITY – THREE MONTHS ENDED FEBRUARY 28, 2026 AND 2025							
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non- Controlling Interests	Total Equity
	Shares	Amount					
BALANCE AT NOVEMBER 30, 2024	9,470,507	\$ 189,410	\$23,999,854	\$53,669,366	\$ (7,645,298)	\$ 4,093,717	\$74,307,049
Stock-based compensation expense	—	—	334,444	—	—	—	334,444
Dividends paid to stockholders (\$0.07 per share)	—	—	—	(662,936)	—	—	(662,936)
Dividend to non-controlling interest	—	—	—	—	—	(100,000)	(100,000)
Net income	—	—	—	434,319	—	168,308	602,627
Other comprehensive loss	—	—	—	—	(573,507)	(61,999)	(635,506)
BALANCE AT FEBRUARY 28, 2025	9,470,507	\$ 189,410	\$24,334,298	\$53,440,749	\$ (8,218,805)	\$ 4,100,026	\$73,845,678
BALANCE AT NOVEMBER 30, 2025	9,480,688	\$ 189,614	\$25,402,605	\$52,416,480	\$ (5,643,901)	\$ 4,312,265	\$76,677,063
Vesting and settlement of restricted stock unit awards	11,313	226	(226)	—	—	—	—
Stock-based compensation expense	—	—	303,712	—	—	—	303,712
Dividends paid to stockholders (\$0.01 per share)	—	—	—	(94,920)	—	—	(94,920)
Dividend to non-controlling interest	—	—	—	—	—	(100,000)	(100,000)
Net (loss) income	—	—	—	(35,323)	—	211,524	176,201
Other comprehensive income	—	—	—	—	747,068	14,868	761,936
BALANCE AT FEBRUARY 28, 2026	9,492,001	\$ 189,840	\$25,706,091	\$52,286,237	\$ (4,896,833)	\$ 4,438,657	\$77,723,992
STOCKHOLDERS' EQUITY – SIX MONTHS ENDED FEBRUARY 28, 2026 AND 2025							
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non- Controlling Interests	Total Equity
	Shares	Amount					
BALANCE AT AUGUST 31, 2024	9,466,980	\$ 189,340	\$23,615,564	\$53,771,211	\$ (6,382,124)	\$ 3,981,330	\$75,175,321
Stock issued for employee stock purchase plan	3,527	70	42,401	—	—	—	42,471
Stock-based compensation expense	—	—	676,334	—	—	—	676,334
Dividends paid to stockholders (\$0.14 per share)	—	—	—	(1,325,872)	—	—	(1,325,872)
Dividend to non-controlling interest	—	—	—	—	—	(100,000)	(100,000)
Net income	—	—	—	995,410	—	401,364	1,396,774
Other comprehensive income	—	—	—	—	(1,836,681)	(182,668)	(2,019,349)
BALANCE AT FEBRUARY 28, 2025	9,470,507	\$ 189,410	\$24,334,298	\$53,440,749	\$ (8,218,805)	\$ 4,100,026	\$73,845,678
BALANCE AT AUGUST 31, 2025	9,475,490	\$ 189,510	\$25,056,976	\$52,273,469	\$ (5,371,201)	\$ 4,563,971	\$76,712,725
Stock issued for employee stock purchase plan	5,198	104	34,827	—	—	—	34,931
Vesting and settlement of restricted stock unit awards	11,313	226	(226)	—	—	—	—
Stock-based compensation expense	—	—	614,514	—	—	—	614,514
Dividends paid to stockholders (\$0.02 per share)	—	—	—	(189,728)	—	—	(189,728)
Dividend to non-controlling interest	—	—	—	—	—	(585,353)	(585,353)
Net income	—	—	—	202,496	—	479,584	682,080
Other comprehensive income (loss)	—	—	—	—	474,368	(19,545)	454,823
BALANCE AT FEBRUARY 28, 2026	9,492,001	\$ 189,840	\$25,706,091	\$52,286,237	\$ (4,896,833)	\$ 4,438,657	\$77,723,992

See notes to consolidated financial statements.

NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED FEBRUARY 28, 2026 AND 2025

	Six Months Ended February 28,	
	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 682,080	\$ 1,396,774
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation expense	614,514	676,334
Depreciation expense	498,808	518,385
Amortization expense	465,772	306,094
Loss on disposal of assets	—	23,602
Change in allowance for credit losses	51,518	—
Equity in income from joint ventures	(2,322,786)	(1,750,323)
Dividends received from joint ventures	1,402,525	680,737
Deferred income taxes	95,197	55,458
Changes in current assets and liabilities:		
Receivables:		
Trade	(80,655)	3,388,789
Fees for services provided to joint ventures	180,376	277,795
Income taxes	(373,221)	(574,666)
Inventories, net	(930,544)	(846,593)
Prepaid expenses and other	(900,046)	(864,893)
Accounts payable	228,744	940,604
Income taxes payable	(420,163)	(48,203)
Accrued liabilities	(573,899)	(981,153)
Net cash (used in) provided by operating activities	<u>(1,381,780)</u>	<u>3,198,741</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the sale of property and equipment	—	20,000
Purchases of property and equipment	(1,006,298)	(709,064)
Investments in patents and capitalized software costs	(37,369)	(1,891,693)
Net cash used in investing activities	<u>(1,043,667)</u>	<u>(2,580,757)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from line of credit	14,449,157	16,900,943
Repayments of line of credit	(12,495,887)	(15,837,887)
Payments on term loans	(23,952)	—
Dividends paid on NTIC common stock	(189,728)	(1,325,872)
Dividends to non-controlling interest	(220,000)	(100,000)
Proceeds from employee stock purchase plan	34,931	42,471
Net cash provided by (used in) financing activities	<u>1,554,521</u>	<u>(320,345)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>90,153</u>	<u>(159,193)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(780,773)</u>	<u>138,446</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>7,250,523</u>	<u>4,952,184</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 6,469,750</u>	<u>\$ 5,090,630</u>

See notes to consolidated financial statements.

1. INTERIM FINANCIAL INFORMATION

In the opinion of management, the accompanying unaudited consolidated financial statements contain all necessary adjustments, which are of a normal recurring nature, and present fairly the consolidated financial position of Northern Technologies International Corporation and its subsidiaries (the Company) as of February 28, 2026 and August 31, 2025 and the results of the Company's operations for the three and six months ended February 28, 2026 and 2025, the changes in stockholders' equity for the three and six months ended February 28, 2026 and 2025, and the Company's cash flows for the six months ended February 28, 2026 and 2025, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

These consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes contained in the Company's annual report on Form 10-K for the fiscal year ended August 31, 2025. These consolidated financial statements also should be read in conjunction with the "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" section appearing in this report.

Operating results for the three and six months ended February 28, 2026 are not necessarily indicative of the results that may be expected for the full fiscal year ending August 31, 2026.

The Company identified immaterial prior period classification errors related to the presentation of borrowings and repayments under its revolving line of credit in its consolidated statements of cash flows and classification of selling expenses and general and administrative expenses in its consolidated statements of operations. For the six months ended February 28, 2025, the Company had previously presented net proceeds of \$1,063,056 as a single line item in the consolidated statements of cash flows. In accordance with Accounting Standards Codification 230, *Statement of Cash Flows*, the Company has updated the prior period presentation to separately report gross borrowings of \$16,900,943 and gross repayments of \$15,837,887 under its line of credit. For the three and six months ended February 28, 2025, \$338,214 was reclassified from general and administrative expenses to selling expenses. These changes had no impact on the Company's total cash flows, financial position, or results of operations for the three and six months ended February 28, 2025.

The Company has evaluated events occurring after the date of these consolidated financial statements through the date April 9, 2026 for events requiring disclosure in these consolidated financial statements.

2. NEW SIGNIFICANT ACCOUNTING POLICIES

For the three and six months ended February 28, 2026, there have been no new significant accounting policies from those disclosed in the Company's annual report on Form 10-K for the fiscal year ended August 31, 2025.

3. ACCOUNTING PRONOUNCEMENTS

Recently Issued Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board (FASB) issued ASU No. 2023-09, Income Taxes (Topic 740): *Improvements to Income Tax Disclosures*. The new guidance is expected to improve income tax disclosures primarily related to the rate reconciliation and income taxes paid information by requiring 1) consistent categories and greater disaggregation of information in the rate reconciliation and 2) income taxes paid disaggregated by jurisdiction. The guidance is effective on a prospective basis, although retrospective application and early adoption is permitted. The Company is evaluating its disclosure approach for ASU 2023-09 and anticipates adopting the standard for the annual period starting September 1, 2025.

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, which requires disaggregation of certain costs in a separate note to the financial statements, such as the amounts of employee compensation, depreciation and intangible asset amortization, included in each relevant expense caption in annual and interim consolidated financial statements. ASU 2024-03 is effective for annual periods beginning after December 15, 2026 and for interim periods beginning after December 15, 2027 on a retrospective or prospective basis, with early adoption permitted. The Company is evaluating the effect that ASU 2024-03 will have on its consolidated financial statement disclosures.

4. INVENTORIES

Inventories consisted of the following:

	February 28, 2026	August 31, 2025
Production materials	\$ 4,737,805	\$ 5,059,298
Finished goods	11,768,972	10,465,932
Total inventories	<u>\$ 16,506,777</u>	<u>\$ 15,525,230</u>

5. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

	February 28, 2026	August 31, 2025
Land	\$ 1,860,312	\$ 1,260,312
Buildings and improvements	14,732,664	14,650,361
Assets in process	503,282	817,946
Machinery and equipment	9,776,701	9,154,728
	<u>26,872,959</u>	<u>25,883,347</u>
Less accumulated depreciation	(10,954,207)	(10,699,429)
Property and equipment, net	<u>\$ 15,918,752</u>	<u>\$ 15,183,918</u>

Depreciation expense was \$250,618 and \$498,808 for the three and six months ended February 28, 2026, respectively, compared to \$251,230 and \$518,385 for the three and six months ended February 28, 2025, respectively.

6. INTANGIBLE ASSETS, NET

Intangible assets, net consisted of the following:

	As of February 28, 2026		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Patents and trademarks	\$ 3,583,911	\$ (3,024,039)	\$ 559,872
Capitalized software	4,089,695	(693,102)	3,396,593
Customer relationships	6,347,000	(1,904,100)	4,442,900
Total intangible assets, net	<u>\$ 14,020,606</u>	<u>\$ (5,621,241)</u>	<u>\$ 8,399,365</u>

	As of August 31, 2025		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Patents and trademarks	\$ 3,546,542	\$ (2,969,571)	\$ 576,971
Capitalized software	4,089,695	(493,365)	3,596,330
Customer relationships	6,347,000	(1,692,533)	4,654,467
Total intangible assets, net	<u>\$ 13,983,237</u>	<u>\$ (5,155,469)</u>	<u>\$ 8,827,768</u>

Amortization expense related to intangible assets was \$232,930 and \$465,772 for the three and six months ended February 28, 2026, respectively, compared to \$158,374 and \$306,094 for the three and six months ended February 28, 2025, respectively.

As of February 28, 2026, future amortization expense related to intangible assets for each of the next five fiscal years and thereafter is estimated as follows:

Remainder of fiscal 2026	\$ 404,796
Fiscal 2027	836,774
Fiscal 2028	836,774
Fiscal 2029	836,774
Fiscal 2030	836,774
Thereafter	4,647,473
Total	<u>\$ 8,399,365</u>

7. INVESTMENTS IN JOINT VENTURES

The consolidated financial statements of the Company's foreign joint ventures are initially prepared using the accounting principles accepted in the respective joint ventures' countries of domicile. Amounts related to foreign joint ventures reported in the below tables and the accompanying consolidated financial statements have subsequently been adjusted to conform with U.S. GAAP in all material respects. All material profits on sales recorded that remain on the consolidated balance sheet from the Company to its joint ventures and from joint ventures to other joint ventures have been eliminated for financial reporting purposes.

Financial information from the audited and unaudited financial statements of the Company's joint ventures in Germany, Excor Korrosionsschutz – Technologien und Produkte GmbH (EXCOR), France, ACOBAL SAS (Acobal), Finland, Zerust OY, and all the Company's other joint ventures are summarized as follows:

	As of February 28, 2026				
	Total	EXCOR	Acobal	Zerust OY	Other
Current assets	\$ 62,503,865	\$ 31,809,238	\$ 6,684,550	\$ 2,884,239	\$ 21,125,837
Total assets	72,326,199	38,912,946	7,596,463	3,151,560	22,665,230
Current liabilities	12,003,432	2,052,186	2,575,991	905,909	6,469,345
Non-current liabilities	336,458	—	—	—	336,458
Joint ventures' equity	59,986,309	36,860,760	5,020,471	2,245,650	15,859,427
NTIC's share of joint ventures' equity	29,748,064	18,430,382	2,510,234	1,122,814	7,684,634
NTIC's share of joint ventures' undistributed earnings	28,803,395	17,610,532	2,900,410	1,405,155	6,887,298

	Three Months Ended February 28, 2026				
	Total	EXCOR	Acobal	Zerust OY	Other
Net sales	\$ 23,483,578	\$ 8,336,442	\$ 3,255,573	\$ 1,330,157	\$ 10,561,406
Gross profit	10,401,649	4,565,626	1,311,235	807,480	3,717,307
Net income	2,216,229	910,462	621,935	228,395	455,437
NTIC's share of equity in income from joint ventures	1,100,670	452,219	309,283	113,370	225,796
NTIC's dividends received from joint ventures	1,184,193	—	747,477	436,716	—

	Six Months Ended February 28, 2026				
	Total	EXCOR	Acobal	Zerust OY	Other
Net sales	\$ 48,015,009	\$ 17,102,159	\$ 6,857,925	\$ 2,730,272	\$ 21,324,653
Gross profit	21,084,388	9,138,346	2,711,994	1,666,838	7,567,210
Net income	4,660,463	1,946,732	1,230,612	507,537	975,582
NTIC's share of equity in income from joint ventures	2,322,786	970,355	613,621	252,941	485,869
NTIC's dividends received from joint ventures	1,402,525	—	747,477	436,716	218,332

	As of August 31, 2025				
	Total	EXCOR	Acobal	Zerust OY	Other
Current assets	\$ 60,062,085	\$ 29,870,525	\$ 6,971,262	\$ 3,029,614	\$ 20,190,684
Total assets	69,815,251	36,941,008	7,900,298	3,313,909	21,660,036
Current liabilities	11,743,525	2,391,029	2,660,430	719,172	5,972,894
Noncurrent liabilities	336,557	—	—	—	336,557
Joint ventures' equity	57,735,169	34,549,979	5,239,868	2,594,737	15,350,585
NTIC's share of joint ventures' equity	28,611,777	17,274,991	2,619,932	1,297,358	7,419,496
NTIC's share of joint ventures' undistributed earnings	27,667,432	17,244,086	2,619,932	1,277,358	6,526,056

	Three Months Ended February 28, 2025		
	Total	EXCOR	All Other
Net sales	\$ 19,799,875	\$ 6,904,045	\$ 12,895,830
Gross profit	8,241,116	3,598,163	4,642,953
Net income	1,219,970	520,787	699,183
NTIC's share of equity in income from joint ventures	620,730	268,251	352,479
NTIC's dividends received from joint ventures	680,737	—	680,737

	Six Months Ended February 28, 2025		
	Total	EXCOR	All Other
Net sales	\$ 43,636,885	\$ 15,642,859	\$ 27,994,026
Gross profit	18,556,399	8,355,849	10,200,550
Net income	3,479,157	1,768,287	1,710,870
NTIC's share of equity in income from joint ventures	1,750,323	892,001	858,322
NTIC's dividends received from joint ventures	680,737	–	680,737

8. CORPORATE DEBT

The Company is party to a Credit Agreement (as amended, the Credit Agreement) with JPMorgan Chase Bank, N.A. (JPM), which provides the Company with a senior secured revolving line of credit (the Credit Facility) of up to \$12.0 million, which includes a \$5.0 million sublimit for standby letters of credit. Borrowings of \$11,282,291 and \$9,329,021 were outstanding under the Credit Facility as of February 28, 2026 and August 31, 2025, respectively. The Company was in compliance with all debt covenants as of February 28, 2026.

On December 17, 2025, the Company and JPM renewed the Company's Credit Agreement to extend the maturity date of the Credit Facility from January 5, 2026 to February 5, 2027. On January 30, 2026, the Company and JPM entered into an amendment to the Credit Agreement, which increased the availability under the Credit Facility from \$10.0 million to \$12.0 million.

The principal amount under the Credit Facility, together with all accrued unpaid interest and other amounts owing thereunder, if any, will be payable in full on the maturity date, unless the Credit Facility is extended or renewed or terminated earlier.

Borrowings under the Credit Agreement bear interest at a floating rate, at the option of the Company, equal to either the CB Floating Rate or the Adjusted SOFR Rate. The term "CB Floating Rate" means the greater of the Prime Rate in the United States or 2.50%. The term "Adjusted SOFR Rate" means the term secured overnight financing rate for either one, three or six months (depending on the interest period selected by the Company) plus 0.10% per annum. With respect to any borrowings using an Adjusted SOFR Rate, there is an applicable margin of 2.35% applied per annum. There is no applicable margin with respect to borrowings using a CB Floating Rate. The weighted average interest rate was 6.04% and 6.76% for the six months ended February 28, 2026 and 2025, respectively.

To secure the Credit Agreement, the Company assigned JPM a continuing security interest in all of its right, title and interest in collateral made up of the assets of the Company.

The Credit Agreement contains customary affirmative and negative covenants, including, among other matters, limitations on the Company's ability to incur additional debt, grant liens, engage in certain business operations and transactions, make certain investments, modify its organizational documents or form any new subsidiaries, subject to certain exceptions. Further, the Credit Agreement contains a negative covenant that restricts the ability of the Company to redeem or repurchase its common stock or pay dividends if the result of which would cause an event of default under the Credit Agreement. The Credit Agreement also requires the Company to maintain a Fixed Charge Coverage Ratio of at least 1.25 to 1.00. The term "Fixed Charge Coverage Ratio" means the ratio, computed for the Company on a consolidated basis, of net income plus income tax expense, plus amortization expense, plus depreciation expense, plus interest expense, and plus dividends received from joint ventures, minus unfinanced capital expenditures and equity in income from joint ventures, all computed for the twelve month period then ending, to scheduled principal payments made, plus scheduled finance lease payments made, plus interest expense paid, plus income tax expense paid, and plus cash distributions and dividends paid, all computed for the same twelve month period then ending.

The Credit Agreement also contains customary events of default, including, without limitation, payment defaults, material inaccuracy of representations and warranties, covenant defaults, bankruptcy and insolvency proceedings, cross-defaults to certain other agreements, breach of any financial covenant and change of control. Upon the occurrence and during the continuance of any event of default, JPM may accelerate the payment of the obligations thereunder and exercise various other customary default remedies.

On each of April 22, 2025 and May 29, 2025, the Company's wholly owned subsidiary in China, NTIC China, renewed its loan agreements with China Construction Bank Corporation. Each term loan provided NTIC China with a RMB 10,000,000 (USD \$1.41 million). The term loans mature in April 2026 and May 2026, respectively, and the Company expects to amend or extend each loan at maturity on substantially the same terms, although there can be no assurance that it will be able to do so. The term loan that matures in April 2026 has an annual interest rate of 2.75% with interest due monthly and principal due at maturity, and the term loan that matures in May 2026 has an annual interest rate of 2.96% with interest due monthly and principal due at maturity. Both term loans are secured by an office building owned by NTIC China and the loan agreements contain certain financial and other covenants. The Company was in compliance with the covenants as of February 28, 2026. The outstanding balance as of February 28, 2026 for both term loans is a total of USD \$2,915,919. The outstanding balance as of August 31, 2025 for both term loans was a total of USD \$2,804,695.

On August 30, 2025, the Company's majority owned subsidiary in India, Natur-Tec India, entered into a Foreign Currency Term Loan Agreement with IDFC FIRST Bank Limited (the Bank). The term loan provides Natur-Tec India with a facility of INR 500 lakhs (USD \$600,000) to finance the purchase of land in Chennai, India. The loan was disbursed on August 30, 2025 for INR 461 lakhs (USD \$522,545) and is repayable in 85 monthly installments to a US dollar account of USD \$7,899 each beginning October 5, 2025 and continuing through September 5, 2032. Borrowings bear interest at a fixed rate of 6.45% per annum. The loan is secured by a lien over Natur-Tec India's cash deposits with the Bank totaling INR 476 lakhs (USD \$539,731), and the related land purchase, which was registered in November 2025. The outstanding balance as of February 28, 2026 was INR 439.4 lakhs (USD \$482,375), of which INR 55.1 lakhs (USD \$60,536) was classified as current and INR 384.2 lakhs (USD \$421,839) as long-term. The term loan contains customary affirmative and negative covenants applicable to Natur-Tec India, including, among other matters, restrictions on incurring additional indebtedness, creating liens, or changing the nature of its business. Natur-Tec India was in compliance with all covenants as of February 28, 2026.

9. STOCKHOLDERS' EQUITY

During the six months ended February 28, 2026, the Company's Board of Directors declared cash dividends on the following dates in the following amounts to the following holders of the Company's common stock:

Declaration Date	Amount	Record Date	Payable Date
October 15, 2025	\$ 0.01	October 29, 2025	November 12, 2025
January 14, 2026	\$ 0.01	January 28, 2026	February 11, 2026

During the six months ended February 28, 2025, the Company's Board of Directors declared cash dividends on the following dates in the following amounts to the following holders of the Company's common stock:

Declaration Date	Amount	Record Date	Payable Date
October 16, 2024	\$ 0.07	October 30, 2024	November 13, 2024
January 15, 2025	\$ 0.07	January 29, 2025	February 12, 2025

During the six months ended February 28, 2026 and 2025, the Company repurchased no shares of its common stock.

During the six months ended February 28, 2026 and 2025, the Company issued 11,313 and no shares of common stock upon the settlement of restricted stock units, respectively.

The Company issued 5,198 and 3,527 shares of common stock on September 1, 2025 and 2024, respectively, under the Northern Technologies International Corporation Employee Stock Purchase Plan (the ESPP). The ESPP is compensatory for financial reporting purposes. As of February 28, 2026, 42,673 shares of common stock remained available for sale under the ESPP.

10. NET INCOME PER COMMON SHARE

Basic net income per common share is computed by dividing net income by the weighted average number of common shares outstanding. Diluted net income per share assumes the exercise of stock options and the settlement of restricted stock units using the treasury stock method, if dilutive. For periods in which the Company reports a net loss, potential common shares are excluded from the computation of diluted net income per share because their effect would be anti-dilutive.

The following is a reconciliation of the net income per share computation for the three and six months ended February 28, 2026 and February 28, 2025:

	Three Months Ended February 28,		Six Months Ended February 28,	
	2026	2025	2026	2025
Numerator:				
Net income attributable to NTIC	\$ (35,323)	\$ 434,319	\$ 202,496	\$ 995,410
Denominator:				
Basic – weighted shares outstanding	9,489,332	9,470,507	9,488,520	9,474,034
Weighted shares assumed upon exercise of stock options and settlement of restricted stock units	—	282,930	20,605	283,316
Diluted – weighted shares outstanding	9,489,332	9,753,437	9,509,125	9,757,350
Basic net income per share:	\$ (0.00)	\$ 0.05	\$ 0.02	\$ 0.11
Diluted net income per share:	\$ (0.00)	\$ 0.04	\$ 0.02	\$ 0.10

The dilutive impact summarized above relates to periods in which the average market price of the Company's common stock exceeded the exercise price of the potentially dilutive option securities granted. Net income per common share is based on the weighted average number of common shares outstanding during the applicable period. When dilutive, stock options and restricted stock units are included as equivalents using the treasury stock method in computing diluted net income per common share. For the three months ended February 28, 2026, potential common shares were excluded from the computation of diluted net income per common share because the Company reported a net loss for the period and the effect of these shares would have been anti-dilutive. Excluded from the computation of diluted net income per common share for the three and six months ended February 28, 2026 were options outstanding to purchase 477,175 shares of common stock. Excluded from the computation of diluted net income per common share for the three and six months ended February 28, 2025 were options outstanding to purchase 756,661 shares of common stock.

11. STOCK-BASED COMPENSATION

Stock Options

A summary of stock option activities under the Northern Technologies International Corporation 2024 Stock Incentive Plan (2024 Plan), the Northern Technologies International Corporation Amended and Restated 2019 Stock Incentive Plan and the Northern Technologies International Corporation Amended and Restated 2007 Stock Incentive Plan is as follows:

	Number of Options Outstanding	Weighted Average Exercise Price
Outstanding as of August 31, 2025	1,923,138	\$ 11.86
Options granted	251,301	\$ 7.42
Options exercised	—	—
Options cancelled	—	—
Outstanding as of February 28, 2026	<u>2,174,439</u>	<u>\$ 11.34</u>

The weighted average per share fair value of options granted during the six months ended February 28, 2026 and 2025 was \$3.05 and \$4.95, respectively. The weighted average remaining contractual life of the options outstanding as of February 28, 2026 and 2025 was 5.74 years and 6.03 years, respectively.

The Company recognized stock option compensation expense of \$510,251 and \$602,821 during the six months ended February 28, 2026 and 2025, respectively. As of February 28, 2026, there was \$1,266,370 of unrecognized stock option compensation expense. The amount is expected to be recognized over a period of 2.5 years.

Restricted Stock Units

Restricted stock units (RSUs) were granted on September 1, 2025 under the 2024 Plan to certain non-employee directors and vest in full on the one-year anniversary of the date of grant. A summary of RSU activity for the six months ended February 28, 2026 is as follows:

	Number of RSUs	Weighted Average Grant Date Fair Value
Outstanding as of August 31, 2025	11,313	\$ 13.14
RSUs granted	28,303	7.42
RSUs vested/settled	11,313	13.14
RSUs cancelled	—	—
Outstanding as of February 28, 2026	<u>28,303</u>	<u>\$ 7.42</u>

RSUs are valued using the closing stock price on the grant date. The Company recognizes the grant date fair value of the RSUs over the vesting term, or one year. The Company recognized RSU stock-based compensation expense of \$104,263 and \$73,513 during the six months ended February 28, 2026 and 2025, respectively. As of February 28, 2026, there was \$106,151 in unrecognized stock-based compensation expense relating to outstanding RSUs, which is expected to be recognized over a period of 0.50 years.

12. SEGMENT AND GEOGRAPHIC INFORMATION

Segment Information

The Company's chief operating decision maker (CODM) is its Chief Executive Officer. The Company's business is organized into two reportable segments: ZERUST® and Natur-Tec®. The Company has been selling its proprietary ZERUST® rust and corrosion inhibiting products and services to the automotive, general industrial, mechanical, mining, agricultural, and retail consumer markets for over 50 years and, more recently, has also expanded into the oil and gas industry. The Company also sells a portfolio of proprietary bio-based and compostable (fully biodegradable) polymer resins and finished products under the Natur-Tec® brand.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies in the Company's annual report on Form 10-K for the fiscal year ended August 31, 2025. There are no intersegment sales, and no operating segments have been aggregated.

The following table presents the Company's net sales by segment for the three and six months ended February 28, 2026 and 2025, respectively:

	Three Months Ended February 28,		Six Months Ended February 28,	
	2026	2025	2026	2025
ZERUST® net sales	\$ 16,633,456	\$ 14,112,017	\$ 33,949,652	\$ 29,587,820
Natur-Tec® net sales	5,363,329	4,960,049	11,356,014	10,822,639
Total net sales	<u>\$ 21,996,785</u>	<u>\$ 19,072,066</u>	<u>\$ 45,305,666</u>	<u>\$ 40,410,459</u>

The following table sets forth the Company's cost of goods sold by segment for the three and six months ended February 28, 2026 and 2025, respectively:

	Three Months Ended February 28,				Six Months Ended February 28,			
	2026	% of Product Sales	2025	% of Product Sales	2026	% of Product Sales	2025	% of Product Sales
Direct cost of goods sold								
ZERUST®	\$ 9,644,157	58.0%	\$ 8,096,177	57.4%	\$ 19,795,418	58.3%	\$ 16,774,883	56.7%
Natur-Tec®	3,748,739	69.9%	3,237,854	65.3%	7,741,398	68.2%	6,927,037	64.0%
Indirect cost of goods sold	746,003	—	942,451	—	1,527,338	—	1,750,002	—
Total net cost of goods sold	<u>\$14,138,899</u>		<u>\$12,276,482</u>		<u>\$29,064,154</u>		<u>\$25,451,922</u>	

The following table sets forth the Company's gross profit by segment for the three and six months ended February 28, 2026 and 2025, respectively:

	Three Months Ended February 28,		Six Months Ended February 28,	
	2026	2025	2026	2025
ZERUST® gross profit	\$ 6,989,299	\$ 6,015,840	\$ 14,154,234	\$ 12,812,937
Natur-Tec® gross profit	1,614,590	1,722,195	3,614,616	3,895,602
Total segment gross profit	8,603,889	7,738,035	17,768,850	16,708,539
Indirect cost of goods sold	(746,003)	(942,451)	(1,527,338)	(1,750,002)
Total gross profit	\$ 7,857,886	\$ 6,795,584	\$ 16,241,512	\$ 14,958,537
Total joint venture operations	2,026,569	1,690,993	4,317,942	4,104,705
Selling expenses	(4,713,772)	(4,210,242)	(9,085,274)	(8,477,896)
General and administrative expenses	(3,612,707)	(3,320,369)	(7,761,660)	(7,179,312)
Research and development expenses	(1,175,202)	(1,288,899)	(2,396,114)	(2,632,296)
Interest income	65,568	210,156	102,810	235,723
Interest expense	(196,651)	(139,155)	(396,617)	(259,375)
Other income	—	1,139,756	—	1,139,756
Income before income tax expense	\$ 251,691	\$ 877,824	\$ 1,022,599	\$ 1,889,842

The Company utilizes product net sales, direct and indirect cost of goods sold, and gross profit for each product in reviewing the financial performance of a product type. Further allocation of Company expenses or assets, aside from amounts presented in the tables above, is not utilized in evaluating product performance, nor does such allocation occur for internal financial reporting. The CODM uses gross profit and considers budget-to-actual variances on a quarterly basis when making decisions about the allocation of operating and capital resources to each segment. The CODM also uses segment gross profit for evaluating pricing strategy to assess the performance of each segment by comparing the results of each segment with one another and in determining the compensation of certain employees. The CODM has ultimate responsibility for enterprise decisions and making resource allocation decisions for the Company and the segments. Asset information, including capital expenditures, are reviewed by the CODM at the consolidated entity level and not by segment. Refer to total assets on the consolidated balance sheets.

Geographic Information

Net sales by geographic location for the three and six months ended February 28, 2026 and 2025 were as follows:

	Three Months Ended February 28,		Six Months Ended February 28,	
	2026	2025	2026	2025
Inside the U.S. to unaffiliated customers	\$ 6,967,402	\$ 6,668,183	\$ 14,424,169	\$ 14,150,801
Outside the U.S. to:				
Joint ventures in which the Company is a shareholder directly and indirectly	599,610	545,484	1,021,305	1,172,245
Unaffiliated customers	14,429,773	11,858,399	29,860,192	25,087,413
	\$ 21,996,785	\$ 19,072,066	\$ 45,305,666	\$ 40,410,459

Net sales by geographic location are based on the location of the customer. No single customer accounted for more than 10% of consolidated revenue.

Fees for services provided to joint ventures by geographic location as a percentage of total fees for services provided to joint ventures during the three and six months ended February 28, 2026 and 2025, respectively, were as follows:

	Three Months Ended February 28,			
	% of Total Fees for Services Provided to Joint Ventures		% of Total Fees for Services Provided to Joint Ventures	
	2026		2025	
Poland	\$ 208,588	22.5%	\$ 185,499	17.3%
Japan	135,508	14.6%	122,548	11.5%
Thailand	118,522	12.8%	86,721	8.1%
Finland	113,740	12.3%	69,923	6.5%
United Kingdom	88,380	9.5%	68,804	6.4%
Sweden	86,368	9.3%	96,133	9.0%
Czech Republic	73,309	7.9%	61,340	5.7%
Germany	—	0.0%	201,728	18.8%
South Korea	26,550	2.9%	27,320	2.6%
Other	74,934	8.2%	150,247	14.1%
	\$ 925,899	100.0%	\$ 1,070,263	100.0%

	Six Months Ended February 28,			
	% of Total Fees for Services Provided to Joint Ventures		% of Total Fees for Services Provided to Joint Ventures	
	2026		2025	
Poland	\$ 422,890	21.2%	\$ 405,510	17.2%
Japan	269,158	13.5%	271,086	11.5%
Finland	250,747	12.6%	201,382	8.6%
Thailand	229,580	11.5%	180,886	7.7%
United Kingdom	196,903	9.9%	185,029	7.9%
Sweden	180,748	9.1%	163,061	6.9%
Czech Republic	153,889	7.7%	133,972	5.7%
Germany	74,081	3.7%	408,056	17.3%
South Korea	71,539	3.6%	95,021	4.0%
Other	145,621	7.2%	310,379	13.2%
	\$ 1,995,156	100.0%	\$ 2,354,382	100.0%

Sales to the Company's joint ventures are included in the foregoing segment and geographic information; however, sales by the Company's joint ventures to other parties are not included. The foregoing segment and geographic information represents only sales recognized directly by the Company and sold in that geographic territory.

See Note 7 for additional details on geographical information regarding equity in income from joint ventures.

The geographical distribution of total property and equipment and net sales, which are based on the geographical location of the customer, is as follows:

	At February 28, 2026	At August 31, 2025
China	\$ 5,453,544	\$ 5,355,918
Other	1,975,508	1,296,988
United States	8,489,700	8,531,012
Total property and equipment, net	<u>\$ 15,918,752</u>	<u>\$ 15,183,918</u>

	Three Months Ended February 28,	
	2026	2025
China	\$ 4,425,027	\$ 3,735,100
Brazil	1,770,584	1,515,680
India	5,393,334	4,870,068
Other	3,440,437	2,283,035
United States	6,967,403	6,668,183
Total net sales	<u>\$ 21,996,785</u>	<u>\$ 19,072,066</u>

	Six Months Ended February 28,	
	2026	2025
China	\$ 9,359,965	\$ 7,729,869
Brazil	3,896,754	2,900,874
India	10,858,145	10,915,803
Other	6,766,633	4,713,112
United States	14,424,169	14,150,801
Total net sales	<u>\$ 45,305,666</u>	<u>\$ 40,410,459</u>

Long-lived assets consist of property and equipment. These assets are periodically reviewed to assure the net realizable value from the estimated future production based on forecasted sales exceeds the carrying value of the assets.

Sales to the Company's joint ventures are included in the foregoing segment and geographic information; however, sales by the Company's joint ventures to other parties are not included. The foregoing segment and geographic information represents only sales recognized directly by the Company and sold in that geographic territory.

All joint venture operations, including equity in income, fees for services and related dividends, are primarily related to ZERUST® products and services.

13. COMMITMENTS AND CONTINGENCIES

From time to time, the Company is subject to various other claims and legal actions in the ordinary course of its business. The Company records a liability in its consolidated financial statements for costs related to claims, including future legal costs, settlements and judgments, where the Company has assessed that a loss is probable, and an amount could be reasonably estimated. If the reasonable estimate of a probable loss is a range, the Company records the most probable estimate of the loss or the minimum amount when no amount within the range is a better estimate than any other amount. The Company discloses a contingent liability even if the liability is not probable or the amount is not estimable, or both, if there is a reasonable possibility that material loss may have been incurred. In the opinion of management, as of February 28, 2026, the amount of liability, if any, with respect to these matters, individually or in the aggregate, will not materially affect the Company's consolidated results of operations, financial position or cash flows.

14. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental disclosures of cash flow information consisted of:

	Three Months Ended February 28,		Six Months Ended February 28,	
	2026	2025	2026	2025
Cash paid for interest	\$ 196,651	\$ 139,155	\$ 396,617	\$ 259,375
Cash paid for taxes	281,490	368,197	691,519	816,068

15. INCOME TAXES

Income tax expense for the three and six months ended February 28, 2026 was \$75,490 and \$340,519, respectively, compared to \$275,197 and \$493,068, respectively, for the three and six months ended February 28, 2025. The expense was largely due to foreign operations. The Company has federal and state tax credit carry forwards, net operating loss carry forwards and foreign tax carry forwards. The Company has recorded a full valuation allowance against the U.S. deferred tax assets as of February 28, 2026 and August 31, 2025.

16. OTHER INCOME – EMPLOYEE RETENTION CREDIT

During the three and six months ended February 28, 2025, the Company received \$1,139,756 in cash as a result of Employee Retention Credits (ERC), which are refundable tax credits against certain employment taxes initially made available under the Coronavirus Aid, Relief, and Economic Security Act. The ERC was received in cash and was claimed under the suspension test criteria based on the Company's determination that it met the eligibility requirements. In accordance with the Company's accounting policy, the ERC payments have been recognized as Other Income in the period in which the cash was received, as the Company determined that all relevant criteria for recognition had been met. The ERC represents a one-time benefit and does not constitute recurring operational revenue.

Additionally, the Company earned \$181,529 in interest income related to the ERC payments, which was recorded as Interest Income during the three and six months ended February 28, 2025. The ERC payments of \$1,139,756 are recorded as Other Income in the condensed consolidated statements of operations, while the interest income of \$181,529 is recorded separately under Interest Income in the condensed consolidated statements of operations for the three and six months ended February 28, 2025.

No ERC income or related interest income was recognized during the three and six months ended February 28, 2026.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis provides material historical and prospective disclosures intended to enable investors and other users to assess NTIC's financial condition and results of operations. Statements that are not historical are forward-looking and involve risks and uncertainties discussed under the heading "*Part I. Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations—Forward-Looking Statements*" in this report and under "*Part I. Item 1A. Risk Factors*" in our annual report on Form 10-K for the fiscal year ended August 31, 2025. The following discussion of the results of the operations and financial condition of NTIC should be read in conjunction with NTIC's consolidated financial statements and the related notes thereto included under the heading "*Part I. Item 1. Financial Statements.*"

Business Overview

NTIC develops and markets proprietary, environmentally beneficial products and services in over 65 countries either directly or via a network of subsidiaries, joint ventures, independent distributors, and agents. NTIC's primary business is corrosion prevention marketed mainly under the ZERUST® brand. NTIC has been selling its proprietary ZERUST® products and services to the automotive, general industrial, mechanical, mining, agricultural, and retail consumer markets for over 50 years and, more recently, has also expanded into the oil and gas industry. Additionally, NTIC markets and sells a portfolio of proprietary bio-based and certified compostable (fully biodegradable) polymer resin compounds and finished products under the Natur-Tec® brand. These sustainable packaging products are intended to reduce NTIC's customers' carbon footprint and provide environmentally sound waste disposal options.

NTIC's ZERUST® rust and corrosion inhibiting products include plastic and paper packaging, liquids, coatings, rust removers, cleaners, and diffusers as well as engineered solutions designed specifically for the industries it serves. NTIC also offers worldwide, on-site, technical consulting for rust and corrosion prevention issues. In North America, NTIC sells its ZERUST® corrosion prevention solutions through a network of independent distributors and agents supported by a direct sales force.

Internationally, NTIC sells its ZERUST® corrosion prevention solutions through its wholly owned subsidiary in China, NTIC (Shanghai) Co., Ltd. (NTIC China), its wholly owned subsidiary in India, HNTI Limited (Zerust India), its wholly owned subsidiary in the United Arab Emirates, Zerust Integrity Solutions Trading LLC (ZIS UAE), its majority-owned joint venture holding company for NTIC's joint venture investments in the Association of Southeast Asian Nations (ASEAN) region, NTI Asean LLC (NTI Asean), its majority-owned subsidiary in Brazil, Zerust Provenção de Corrosão S.A. (Zerust Brazil), and certain majority-owned and wholly owned subsidiaries, and joint venture arrangements in North America, Europe, and Asia. NTIC also sells products directly to its European joint venture partners through its wholly owned subsidiary in Germany, NTIC Europe GmbH (NTI Europe).

One of NTIC's strategic initiatives is to expand into and penetrate other markets for its ZERUST® corrosion prevention technologies. Consequently, for the past several years, NTIC has focused significant sales and marketing efforts on the oil and gas industry, as the infrastructure that supports that industry is typically constructed using metals that are highly susceptible to corrosion. NTIC believes that its ZERUST® corrosion prevention solutions will minimize maintenance downtime on critical oil and gas industry infrastructure, extend the life of such infrastructure, and reduce the risk of environmental pollution due to leaks caused by corrosion. During the six months ended February 28, 2026, NTIC continued to make strategic investments in its ZERUST® oil and gas sales infrastructure specifically to support ZIS UAE.

NTIC markets and sells its ZERUST® rust and corrosion prevention solutions to customers in the oil and gas industry in a continuously increasing number of countries either directly, through its subsidiaries, or through its joint venture partners and other strategic partners. The sale of ZERUST® corrosion prevention solutions to customers in the oil and gas industry typically involves long sales cycles, often including multi-year trial periods with each customer and a slow integration process thereafter. In November 2025, Zerust Brazil secured a three-year offshore oil and gas production asset preservation contract with a leading global engineering, procurement, and construction company to provide advanced corrosion protection solutions for floating production storage and offloading units. The project under this agreement is expected to ramp during fiscal 2026 and run through calendar 2028 with an estimated total value of approximately R\$70 million (US\$13.1 million). This includes approximately R\$40 million (US\$7.5 million) in materials and approximately R\$30 million (US\$5.6 million) in engineering and field services. The amount and timing of revenue anticipated to be generated under this agreement may materially and positively affect NTIC's future quarterly sales and other operating results.

Natur-Tec® bio-based and compostable plastics are manufactured using NTIC's patented and/or proprietary technologies and are intended to replace conventional petroleum-based plastics. The Natur-Tec® biopolymer resin compound portfolio includes formulations that have been optimized for a variety of applications, including blown-film extrusion, coatings, injection molding, thermoforming, profile extrusion and engineered plastics. These resin compounds are certified to be fully biodegradable in a commercial composting environment and are currently being used to produce finished products, including can liners, shopping and grocery bags, lawn and leaf bags, branded apparel packaging bags and accessories, and various foodservice items, such as disposable cutlery, drinking straws, food-handling gloves, and coated paper products. In North America, NTIC markets its Natur-Tec® resin compounds and finished products primarily through a network of regional and national distributors as well as independent agents. NTIC continues to see significant opportunities for finished bioplastic products and, therefore, continues to strengthen and expand its North American distribution network for finished Natur-Tec® bioplastic products. In first quarter of fiscal 2026, we entered into a preferred supplier agreement with the nation's leading specialized distributor for a foodservice and industrial packaging company, which we expect to translate into higher Natur-Tec® sales growth in fiscal 2026 compared to fiscal 2025.

Internationally, NTIC sells its Natur-Tec® resin compounds and finished products both directly and through its wholly owned subsidiary in China and majority-owned subsidiaries in India and Sri Lanka, and through distributors and certain joint ventures.

Financial Overview

NTIC's management, including its chief executive officer, who is NTIC's chief operating decision maker, reports and manages NTIC's operations in two reportable business segments based on products sold, customer base and distribution center: ZERUST® products and services and Natur-Tec® products.

Highlights of NTIC's financial results for the three and six months ended February 28, 2026 include the following, with increases or decreases in each case as compared to the respective prior fiscal year period:

- NTIC's consolidated net sales increased 15.3% and 12.1% during the three and six months ended February 28, 2026, respectively, compared to the three and six months ended February 28, 2025 primarily due to increased sales and demand for ZERUST® and Natur-Tec® products. During the six months ended February 28, 2026, 74.9% of NTIC's consolidated net sales were derived from sales of ZERUST® products and services, which increased 14.7%. 25.1% of NTIC's consolidated net sales were derived from sales of Natur-Tec® products, which increased 4.9%.

- Cost of goods sold as a percentage of net sales decreased slightly to 64.3% during the three months ended February 28, 2026, compared to 64.4% during the three months ended February 28, 2025, and increased to 64.2% during the six months ended February 28, 2026, compared to 63.0% during the prior fiscal year period. The increase for the six-month comparison was primarily due to slightly higher raw material prices and discounts on selling prices.
- NTIC's total income from joint venture operations increased 19.8% and 5.2% to \$2,026,569 and \$4,317,942 during the three and six months ended February 28, 2026, respectively, compared to \$1,690,993 and \$4,104,705 during the three and six months ended February 28, 2025, respectively, primarily due to an increase in sales at NTIC's joint ventures. Net sales at NTIC's joint ventures, which are not consolidated with NTIC's net sales, increased 18.6% and 10.0% to \$23,483,578 and \$48,015,009 during the three and six months ended February 28, 2026, respectively, compared to \$19,799,875 and \$43,636,885 during the three and six months ended February 28, 2025, respectively.
- NTIC's total operating expenses increased 7.7% and 5.2% to \$9,501,681 and \$19,243,048 during the three and six months ended February 28, 2026, respectively, compared to \$8,819,510 and \$18,289,504 for the three and six months ended February 28, 2025, respectively. These increases were primarily due to strategic investments in ZERUST® oil and gas marketing and sales efforts, including personnel expenses and the corresponding benefits, as well as increased travel and professional fees.
- NTIC's net loss attributable to NTIC was \$35,323, or \$0.00 per diluted common share, for the three months ended February 28, 2026, compared to net income attributable to NTIC of \$434,319, or \$0.04 per diluted common share, for the three months ended February 28, 2025. NTIC earned net income attributable to NTIC of \$202,496 or \$0.02 per diluted common share, for the six months ended February 28, 2026, compared to \$995,410 or \$0.10 per diluted common share, for the six months ended February 28, 2025.

During the six months ended February 28, 2026, NTIC incurred additional costs related to tariffs and expects such costs to continue throughout fiscal 2026. Management has implemented, and expects to continue to implement, proactive measures to mitigate inflationary and supply chain pressures resulting from tariffs through a combination of supplier diversification, regional sourcing initiatives, cost reduction programs, and manufacturing optimization. Management continues to monitor global trade developments and evaluate opportunities to further reduce its exposure to tariffs by localizing production and developing alternative sourcing options where practicable. With respect to NTIC China, a majority of its production and sales are for local consumption. Accordingly, management believes that NTIC China's exposure to tariffs, including those imposed by the United States, is limited. However, given the complex and evolving nature of global trade policy, there can be no assurance that tariffs or other trade restrictions will not adversely affect NTIC's net sales, gross margins, or operating results in future periods. Tariffs have had a particular impact on NTIC's Natur-Tec® business, which relies on the global procurement of raw materials and finished goods. These factors may affect production economics, customer pricing, and competitive positioning, particularly in markets where NTIC competes with local producers not subject to comparable tariff exposure.

Results of Operations

The following table sets forth NTIC's results of operations for the three and six months ended February 28, 2026 and February 28, 2025:

	Three Months Ended February 28,					
	2026	% of Net Sales	2025	% of Net Sales	\$ Change	% Change
Net sales	\$ 21,996,785	n/a	\$ 19,072,066	n/a	\$ 2,924,719	15.3%
Cost of goods sold	14,138,899	64.3%	12,276,482	64.4%	1,862,417	15.2%
Equity in income from joint ventures	1,100,670	n/a	620,730	n/a	479,940	77.3%
Fees for services provided to joint ventures	925,899	n/a	1,070,263	n/a	(144,364)	(13.5)%
Selling expenses	4,713,772	21.4%	4,210,242	22.1%	503,530	12.0%
General and administrative expenses	3,612,707	16.4%	3,320,369	17.4%	292,338	8.8%
Research and development expenses	1,175,202	5.3%	1,288,899	6.8%	(113,697)	(8.8)%

	Six Months Ended February 28,					
	2026	% of Net Sales	2025	% of Net Sales	\$ Change	% Change
Net sales	\$ 45,305,666	n/a	\$ 40,410,459	n/a	\$ 4,895,207	12.1%
Cost of goods sold	29,064,154	64.2%	25,451,922	63.0%	3,612,232	14.2%
Equity in income from joint ventures	2,322,786	n/a	1,750,323	n/a	572,463	32.7%
Fees for services provided to joint ventures	1,995,156	n/a	2,354,382	n/a	(359,226)	(15.3)%
Selling expenses	9,085,274	20.1%	8,477,896	21.0%	607,378	7.2%
General and administrative expenses	7,761,660	17.1%	7,179,312	17.8%	582,348	8.1%
Research and development expenses	2,396,114	5.3%	2,632,296	6.5%	(236,182)	(9.0)%

Net Sales. NTIC's consolidated net sales increased 15.3% and 12.1% to \$21,996,785 and \$45,305,666 during the three and six months ended February 28, 2026, respectively, compared to \$19,072,066 and \$40,410,459 during the three and six months ended February 28, 2025, respectively. These increases were primarily due to increased sales and demand for both ZERUST® and Natur-Tec® products during the current year periods.

The following table sets forth NTIC's net sales by product segment for the three and six months ended February 28, 2026 and February 28, 2025:

	Three Months Ended February 28,		Six Months Ended February 28,	
	2026	2025	2026	2025
Total ZERUST® sales	\$ 16,633,456	\$ 14,112,017	\$ 33,949,652	\$ 29,587,820
Total Natur-Tec® sales	5,363,329	4,960,049	11,356,014	10,822,639
Total net sales	\$ 21,996,785	\$ 19,072,066	\$ 45,305,666	\$ 40,410,459

During the three and six months ended February 28, 2026, 75.6% and 74.9% of NTIC's consolidated net sales, respectively, were derived from sales of ZERUST® products and services, which increased 17.9% and 14.7% to \$16,633,456 and \$33,949,652, respectively, compared to \$14,112,017 and \$29,587,820 during the three and six months ended February 28, 2026, respectively. These increases were primarily due to increased demand for ZERUST® oil and gas products and ZERUST® industrial products during the current year periods.

The following table sets forth NTIC's net sales of ZERUST® products for the three and six months ended February 28, 2026 and February 28, 2025:

	Three Months Ended February 28,			
	2026	2025	\$ Change	% Change
ZERUST® industrial net sales	\$ 13,967,414	\$ 12,562,853	\$ 1,404,561	11.2%
ZERUST® oil & gas net sales	2,666,042	1,549,164	1,116,878	72.1%
Total ZERUST® net sales	\$ 16,633,456	\$ 14,112,017	\$ 2,521,439	17.9%

	Six Months Ended February 28,			
	2026	2025	\$ Change	% Change
ZERUST® industrial net sales	\$ 28,889,932	\$ 26,525,105	\$ 2,364,827	8.9%
ZERUST® oil & gas net sales	5,059,720	3,062,715	1,997,005	65.2%
Total ZERUST® net sales	\$ 33,949,652	\$ 29,587,820	\$ 4,361,832	14.7%

ZERUST® industrial net sales increased 11.2% and 8.9% during the three and six months ended February 28, 2026, respectively, compared to the same prior fiscal year periods, primarily due to increased demand for North American ZERUST® and NTI China ZERUST® industrial products during the current year periods. Overall, demand for ZERUST® products and services depends heavily on the overall health of the markets in which NTIC sells its products, including the automotive, construction, agriculture, and mining markets in particular.

ZERUST® oil and gas net sales increased 72.1% and 65.2% during the three and six months ended February 28, 2026, respectively, compared to the same prior fiscal year periods primarily due to increased demand, primarily in the Middle East and Brazil, during the current year periods. However, the ongoing geopolitical conflict and related disruptions affecting energy markets and shipping routes in the Middle East may increase the volatility of future customer demand, project timing, and order patterns for NTIC's oil and gas products and services. In addition, NTIC anticipates that its sales of ZERUST® products and services into the oil and gas industry will continue to remain subject to significant volatility from quarter to quarter as sales are recognized. Demand for oil and gas products around the world depends primarily on market acceptance and the reach of NTIC's distribution network. Because of the typical size of individual orders and overall size of NTIC's net sales derived from sales of oil and gas products, the timing of one or more orders can materially affect NTIC's quarterly sales compared to prior fiscal year quarters. For example, in November 2025, Zerust Brazil secured a three-year offshore oil and gas production asset preservation contract with a leading global engineering, procurement, and construction company to provide advanced corrosion protection solutions for floating production storage and offloading units. The project under this agreement is expected to ramp during fiscal 2026 and run through calendar 2028 with an estimated total value of approximately R\$70 million (US\$13.1 million). This includes approximately R\$40 million (US\$7.5 million) in materials and approximately R\$30 million (US\$5.6 million) in engineering and field services. The amount and timing of revenue anticipated to be generated under this agreement may materially and positively affect NTIC's future quarterly sales and other operating results.

During the three and six months ended February 28, 2026, 24.4% and 25.1% of NTIC's consolidated net sales, respectively, were derived from sales of Natur-Tec® products, compared to 26.0% and 26.8% during the three and six months ended February 28, 2025, respectively. Sales of Natur-Tec® products increased 8.1% to \$5,363,329 during the three months ended February 28, 2026 compared to \$4,960,049 during the three months ended February 28, 2025. Sales of Natur-Tec® products increased 4.9% to \$11,356,014 during the six months ended February 28, 2026 compared to \$10,822,639 during the six months ended February 28, 2025. These increases were primarily due to timing differences in sales specifically to customers in North America. The market for biodegradable plastics is expanding worldwide, driven by increasing environmental awareness, regulatory support for sustainable materials, and growing demand for eco-friendly alternatives. As consumers and industries seek to reduce plastic waste, biodegradable plastics offer a viable solution, particularly in sectors like packaging, agriculture, and consumer goods. This trend is further supported by government policies promoting sustainable practices and by advances in biodegradable technology, which make these materials more accessible and cost-effective.

Cost of Goods Sold. Cost of goods sold increased 15.2% and 14.2% during the three and six months ended February 28, 2026, respectively, compared to the three and six months ended February 28, 2025 primarily due to the increase in sales and slightly higher raw material prices. Cost of goods sold as a percentage of net sales were 64.3% and 64.2% for the three and six months ended February 28, 2026, respectively, compared to 64.4% and 63.0% for the three and six months ended February 28, 2025, respectively. The slight decrease for the three-month comparison was primarily due to the increase in sales and the slight increase for the six-month comparison was primarily due to slightly higher raw material prices.

Equity in Income from Joint Ventures. NTIC's equity in income from joint ventures increased 77.3% and 32.7% to \$1,100,670 and \$2,322,786 during the three and six months ended February 28, 2026, respectively, compared to \$620,730 and \$1,750,323 during the three and six months ended February 28, 2025, respectively, primarily due to a modification of the fees for services due to tax planning in the six months ended February 28, 2026 for two joint ventures which resulted in a decrease in fees for services and an increase in equity in income for both entities. NTIC's equity in income from joint ventures fluctuates primarily based on net sales and profitability of the joint ventures during the respective periods. Additionally, of the total equity in income from joint ventures, NTIC had equity in income from joint ventures of \$970,355 attributable to EXCOR during the six months ended February 28, 2026, compared to \$892,001 attributable to EXCOR during the six months ended February 28, 2025. This increase was due to the modification of fees noted above. NTIC had equity in income from all other joint ventures of \$1,352,431 during the six months ended February 28, 2026, compared to \$858,322 during the six months ended February 28, 2025.

Fees for Services Provided to Joint Ventures. NTIC recognized fee income for services provided to joint ventures of \$925,899 and \$1,995,156 during the three and six months ended February 28, 2026, respectively, compared to \$1,070,263 and \$2,354,382 during the three and six months ended February 28, 2025, respectively, representing decreases of 13.5% and 15.3%, respectively, primarily due to a modification of the fees for services plans due to tax planning in fiscal 2026 for two joint ventures, which resulted in a decrease in fees for services and an increase in equity in income for both entities. Fee income for services provided to joint ventures is traditionally a function of the sales made by NTIC's joint ventures; however, at various joint ventures, the fee income for services is a fixed amount that does not fluctuate with the change in sales experienced by certain joint ventures during the three and six months ended February 28, 2026. Net sales at the joint ventures increased 18.6% and 10.0% to \$23,483,578 and \$48,015,009 during the three and six months ended February 28, 2026, respectively, compared to \$19,799,875 and \$43,636,885 during the three and six months ended February 28, 2025, respectively. These increases were primarily due to increases in demand for products at most joint ventures. Net sales of NTIC's joint ventures are not included in NTIC's product sales and are not included in NTIC's consolidated financial statements. Of the total fee income for services provided to joint ventures, fees of \$74,081 were attributable to EXCOR during the six months ended February 28, 2026, as only one month of fees were recorded before the change in fees was made, compared to fees of \$408,056 attributable to EXCOR during the six months ended February 28, 2025.

Selling Expenses. NTIC's selling expenses increased 12.0% and 7.2% for the three and six months ended February 28, 2026, respectively, compared to the same respective periods in fiscal 2025 primarily due to increased personnel expense during the current fiscal year periods compared to the same prior fiscal year periods. Selling expenses as a percentage of net sales decreased to 21.4% and 20.1% for the three and six months ended February 28, 2026, respectively, from 22.1% and 21.0% for the three and six months ended February 28, 2025, respectively, primarily due to increased net sales, partially offset by increased selling expenses.

General and Administrative Expenses. NTIC's general and administrative expenses increased 8.8% and 8.1% for the three and six months ended February 28, 2026, respectively, compared to the same respective periods in fiscal 2025 primarily due to increased professional services and travel and personnel expenses, which relate in part to increased information technology infrastructure, during the current fiscal year periods compared to the same prior fiscal year periods. As a percentage of net sales, general and administrative expenses decreased to 16.4% and 17.1% for the three and six months ended February 28, 2026, respectively, from 17.4% and 17.8% for the same respective periods in fiscal 2025 primarily due to increased net sales, partially offset by increased general and administrative expenses.

Research and Development Expenses. NTIC's research and development expenses decreased 8.8% and 9.0% for the three and six months ended February 28, 2026, respectively, compared to the same respective periods in fiscal 2025 primarily due to the transition of expenses from research and development to selling expenses.

Interest Income. NTIC's interest income decreased to \$65,568 and \$102,810 during the three and six months ended February 28, 2026, respectively, compared to \$210,156 and \$235,723 during the three and six months ended February 28, 2025, respectively, primarily due to interest income recognized during the prior-year periods related to the payment of the employee retention credit (ERC), which did not repeat in the current year periods, as well as changes in invested cash balances and rates of return at various subsidiaries.

Interest Expense. NTIC's interest expense increased to \$196,651 and \$396,617 during the three and six months ended February 28, 2026, respectively, compared to \$139,155 and \$259,375 during the three and six months ended February 28, 2025, respectively, primarily due to increased outstanding average borrowings during the current fiscal year periods.

Other Income. NTIC recognized \$1,139,756 in other income during the three and six months ended February 28, 2025 due to the receipt of the ERC payment. No other income was recognized during the current fiscal year periods. The ERC income was recognized upon receipt of a cash payment in accordance with applicable accounting guidance and was claimed under the suspension test criteria, as described in Note 1 to NTIC's consolidated financial statements for the fiscal year ended August 31, 2025. The ERC payment was a one-time event and does not represent recurring operational revenue.

Income Before Income Tax Expense. NTIC had income before income tax expense of \$251,691 and \$1,022,599 for the three and six months ended February 28, 2026, respectively, compared to \$877,824 and \$1,889,842 for the three and six months ended February 28, 2025, respectively.

Income Tax Expense. Income tax expense was \$75,490 and \$340,519 for the three and six months ended February 28, 2026, respectively, compared to \$275,197 and \$493,068 during the three and six months ended February 28, 2025, respectively. Income tax expense was calculated based on management's estimate of NTIC's annual effective income tax rate.

NTIC considers the earnings of certain foreign joint ventures to be indefinitely invested outside the United States on the basis of estimates that NTIC's future domestic cash generation will be sufficient to meet future domestic cash needs. As a result, U.S. income and foreign withholding taxes have not been recognized on the cumulative undistributed earnings of \$28,803,395 and \$27,667,432 as of February 28, 2026, and August 31, 2025, respectively. To the extent undistributed earnings of NTIC's joint ventures are distributed in the future, they are not expected to result in any material additional income tax liability after the application of foreign tax credits.

Net (Loss) Income Attributable to NTIC. Net loss attributable to NTIC was \$35,323, or \$0.00 per diluted common share, for the three months ended February 28, 2026, compared to net income attributable to NTIC of \$434,319, or \$0.04 per diluted common share, for the three months ended February 28, 2025. Net income attributable to NTIC decreased to \$202,496, or \$0.02 per diluted common share, for the six months ended February 28, 2026, compared to \$995,410, or \$0.10 per diluted common share, for the six months ended February 28, 2025. These decreases in net income attributable to NTIC were primarily due to the decreases in other income, increases in operating expenses, and increases in interest expense, partially offset by the increases in gross profit and increases in joint venture operating income, in each case in the current fiscal year periods compared to the prior fiscal year periods.

NTIC anticipates that its earnings will continue to be adversely affected to some extent by inflation and worldwide supply chain disruptions, among other factors. Additionally, NTIC anticipates that its quarterly net income will continue to remain subject to significant volatility primarily due to the financial performance of its subsidiaries and joint ventures, sales of its ZERUST® products and services into the oil and gas industry, and sales of its Natur-Tec® bioplastics products, which sales fluctuate more on a quarterly basis than the traditional ZERUST® business.

Other Comprehensive Income – Foreign Currency Translations Adjustment. The changes in the foreign currency translations adjustment were due to the fluctuation of the U.S. dollar compared to the Euro and other foreign currencies during the three and six months ended February 28, 2026 compared to the same respective periods in fiscal 2025.

Liquidity and Capital Resources

Sources of Cash and Working Capital. NTIC's working capital, defined as current assets less current liabilities, was \$20,201,756 as of February 28, 2026, including \$6,469,750 in cash and cash equivalents, \$11,282,291 outstanding under NTIC's line of credit, and \$2,915,919 outstanding under NTIC China's term loans, current, compared to \$20,438,722 as of August 31, 2025, including \$7,250,523 in cash and cash equivalents, \$9,329,021 outstanding under NTIC's line of credit, and \$2,860,256 of outstanding term loans, current. Reducing debt through positive operating cash flow and improving working capital efficiencies is a strategic focus for fiscal 2026.

NTIC believes that a combination of its existing cash and cash equivalents, available for sale securities, forecasted cash flows from future operations, anticipated distributions of earnings, anticipated fees to NTIC for services provided to its joint ventures, and funds available through existing or anticipated financing arrangements will be adequate to fund its existing operations, investments in new or existing joint ventures or subsidiaries, capital expenditures, debt repayments, cash dividends, and any stock repurchases for at least the next 12 months. During the remainder of fiscal 2026, NTIC expects to continue to invest through its use of working capital in Zerust India, NTIC China, NTI Europe, its joint ventures, research and development, marketing efforts, resources for the application of its corrosion prevention technology in the oil and gas industry, and its Natur-Tec® bio-plastics business, although the amounts of these various investments are not known at this time.

NTIC also expects to use some of its capital resources to acquire the remaining ownership interests of joint ventures not owned by NTIC as they become available or appropriate and for the formation of one or more new subsidiaries to assume the operations of a joint venture. Some of these joint venture transitions may materially impact NTIC's results of operations for a particular reporting period.

NTIC traditionally has used the cash generated from its operations, distributions of earnings from joint ventures and fees for services provided to its joint ventures to fund NTIC's new technology investments and capital contributions to new and existing subsidiaries and joint ventures. NTIC's joint ventures traditionally have operated with little or no debt and have been self-financed with minimal initial capital investment and minimal additional capital investment from their respective owners. Therefore, NTIC believes there is limited exposure by NTIC's joint ventures that could materially impact their respective operations and/or liquidity.

In order to take advantage of new product and market opportunities to expand its business and increase its revenues and assist with joint venture transitions, NTIC may decide to finance such opportunities by additional borrowings under its revolving line of credit or raising additional financing through the issuance of debt or equity securities. There is no assurance that any financing transaction will be available on terms acceptable to NTIC or at all or that any financing transaction will not be dilutive to NTIC's current stockholders.

Credit Agreement with JPMorgan Chase Bank, N.A. NTIC is party to a Credit Agreement (as amended, the Credit Agreement) with JPMorgan Chase Bank, N.A. (JPM), which provides NTIC with a senior secured revolving line of credit (the Credit Facility) of up to \$12.0 million, which includes a \$5.0 million sublimit for standby letters of credit. Borrowings of \$11,282,291 and \$9,329,021 were outstanding under the Credit Facility as of February 28, 2026 and August 31, 2025, respectively. NTIC was in compliance with all debt covenants as of February 28, 2026.

On December 17, 2025, NTIC and JPM renewed NTIC's Credit Agreement to extend the maturity date of the Credit Facility from January 5, 2026 to February 5, 2027.

On January 30, 2026, NTIC and JPM entered into an amendment to the Credit Agreement, which increased the availability under the Credit Facility from \$10.0 million to \$12.0 million.

The principal amount under the Credit Facility, together with all accrued unpaid interest and other amounts owing thereunder, if any, will be payable in full on the maturity date, unless the Credit Facility is extended or renewed or terminated earlier.

Borrowings under the Credit Agreement bear interest at a floating rate, at the option of NTIC, equal to either the CB Floating Rate or the Adjusted SOFR Rate. The term "CB Floating Rate" means the greater of the Prime Rate in the United States or 2.50%. The term "Adjusted SOFR Rate" means the term secured overnight financing rate for either one, three or six months (depending on the interest period selected by NTIC) plus 0.10% per annum. With respect to any borrowings using an Adjusted SOFR Rate, there is an applicable margin of 2.35% applied per annum. There is no applicable margin with respect to borrowings using a CB Floating Rate. The weighted average interest rate was 6.04% and 6.76% for the six months ended February 28, 2026 and 2025, respectively.

To secure the Credit Agreement, NTIC assigned JPM a continuing security interest in all of its right, title and interest in collateral made up of the assets of NTIC.

The Credit Agreement contains customary affirmative and negative covenants, including, among other matters, limitations on NTIC's ability to incur additional debt, grant liens, engage in certain business operations and transactions, make certain investments, modify its organizational documents or form any new subsidiaries, subject to certain exceptions. Further, the Credit Agreement contains a negative covenant that restricts the ability of NTIC to redeem or repurchase its common stock or pay dividends if the result of which would cause an event of default under the Credit Agreement. The Credit Agreement also requires NTIC to maintain a Fixed Charge Coverage Ratio of at least 1.25 to 1.00. The term "Fixed Charge Coverage Ratio" means the ratio, computed for NTIC on a consolidated basis, of net income plus income tax expense, plus amortization expense, plus depreciation expense, plus interest expense, and plus dividends received from joint ventures, minus unfinanced capital expenditures and equity in income from joint ventures, all computed for the twelve month period then ending, to scheduled principal payments made, plus scheduled finance lease payments made, plus interest expense paid, plus income tax expense paid, and plus cash distributions and dividends paid, all computed for the same twelve month period then ending.

The Credit Agreement also contains customary events of default, including, without limitation, payment defaults, material inaccuracy of representations and warranties, covenant defaults, bankruptcy and insolvency proceedings, cross-defaults to certain other agreements, breach of any financial covenant and change of control. Upon the occurrence and during the continuance of any event of default, JPM may accelerate the payment of the obligations thereunder and exercise various other customary default remedies.

Other Credit Arrangements. On each of April 22, 2025 and May 29, 2025, NTIC's wholly owned subsidiary in China, NTIC China, entered into a loan agreement with China Construction Bank Corporation. Each term loan provided NTIC China with a RMB 10,000,000 (USD \$1.41 million). The term loans mature in April 2026 and May 2026, respectively, unless extended. It is anticipated that each term loan will be extended for an additional one-year period. The term loan that matures in April 2026 has an annual interest rate of 2.75% with interest due monthly, and the term loan that matures in May 2026 has an annual interest rate of 2.96% with interest due monthly. Both term loans are secured by an office building owned by NTIC China and the loan agreements contain certain financial and other covenants. NTIC was in compliance with the covenants as of February 28, 2026. The outstanding balance as of February 28, 2026 for both term loans was a total of USD \$2,915,919.

On August 30, 2025, NTIC's majority owned subsidiary in India, Natur-Tec India, entered into a Foreign Currency Term Loan Agreement with IDFC FIRST Bank Limited (the Bank). The term loan provides Natur-Tec India with a facility of INR 500 lakhs (USD \$600,000) to finance the purchase of land in Chennai, India. The loan was disbursed on August 30, 2025 for INR 461 lakhs (USD \$522,545) and is repayable in 85 monthly installments to a US dollar account of USD \$7,899 each beginning October 5, 2025 and continuing through September 5, 2032. Borrowings bear interest at a fixed rate of 6.45% per annum. The loan is secured by a lien over Natur-Tec India's cash deposits with the Bank totaling INR 476 lakhs (USD \$539,731), and the related land purchase, which was registered in November 2025. The outstanding balance as of February 28, 2026 was INR 439.4 lakhs (USD \$482,375), of which INR 55.1 lakhs (USD \$60,536) was classified as current and INR 384.2 lakhs (USD \$421,839) as long-term. The term loan contains customary affirmative and negative covenants applicable to Natur-Tec India, including, among other matters, restrictions on incurring additional indebtedness, creating liens, or changing the nature of its business. Natur-Tec India was in compliance with all covenants as of February 28, 2026.

Uses of Cash and Cash Flow. Net cash used in operating activities during the six months ended February 28, 2026 was \$1,381,780, which resulted principally from equity in income from joint ventures and changes in assets and liabilities, partially offset by NTIC's net income, dividends received from joint ventures, depreciation and amortization expense, and stock-based compensation. Net cash provided by operating activities during the six months ended February 28, 2025 was \$3,198,741, which resulted principally from changes in assets and liabilities and NTIC's net income, dividends received from joint ventures, depreciation and amortization expense, and stock-based compensation, partially offset by equity in income from joint ventures.

NTIC's cash flows from operations are impacted by significant changes in certain components of NTIC's working capital, including inventory turnover and changes in receivables and payables. NTIC considers internal and external factors when assessing the use of its available working capital, specifically when determining inventory levels and credit terms of customers. Key internal factors include existing inventory levels, stock reorder points, customer forecasts and customer requested payment terms. Key external factors include the availability of primary raw materials and sub-contractor production lead times. NTIC's typical contractual terms for trade receivables, excluding joint ventures, are traditionally 30 days and 90 days for trade receivables from its joint ventures. Before extending unsecured credit to customers, excluding NTIC's joint ventures, NTIC reviews customers' credit histories and will establish an allowance for uncollectible accounts based upon factors surrounding the credit risk of specific customers and other information. Accounts receivable over 30 days are considered past due for most customers. NTIC does not accrue interest on past due accounts receivable. If accounts receivable in excess of the provided allowance are determined uncollectible, they are charged to selling expense in the period that the determination is made. Accounts receivable are deemed uncollectible based on NTIC exhausting reasonable efforts to collect. NTIC's typical contractual terms for receivables for services provided to its joint ventures are 90 days. NTIC records receivables for services provided to its joint ventures on an accrual basis, unless circumstances exist that make the collection of the balance uncertain, in which case the fee income will be recorded on a cash basis until there is consistency in payments. This determination is handled on a case-by-case basis.

NTIC experienced a decrease in trade receivables and an increase in inventory as of February 28, 2026, compared to August 31, 2025. Trade receivables decreased by \$409,239, primarily due to the timing of sales and collections, while inventory increased by \$981,547, primarily due to the timing of purchases, production and sales.

Outstanding trade receivables decreased an average of 2 days to an average of 74 days from balances outstanding from these customers as of February 28, 2026 from an average of 76 days as of August 31, 2025.

Outstanding receivables for services provided to joint ventures as of February 28, 2026 decreased \$180,375 compared to August 31, 2025, and the average days to pay increased an average of 14 days to an average of 87 days from an average of 73 days as of August 31, 2025.

Net cash used in investing activities for the six months ended February 28, 2026 was \$1,043,667, which was primarily the result of investments in intangibles and purchases of property and equipment. Net cash used in investing activities for the six months ended February 28, 2025 was \$2,580,757, which was primarily the result of investments in intangibles and purchases of property and equipment.

Net cash provided by financing activities for the six months ended February 28, 2026 was \$1,554,521, primarily due to borrowings under the line of credit and proceeds from NTIC's employee stock purchase plan, partially offset by repayments on the line of credit, dividends paid to shareholders and dividends paid to non-controlling interests. Net used in financing activities for the six months ended February 28, 2025 was \$320,345, which resulted from dividends paid to shareholders and dividends received by non-controlling interests, partially offset by borrowings under the line of credit and proceeds from NTIC's employee stock purchase plan.

Share Repurchase Plan. On January 15, 2015, NTIC's Board of Directors authorized the repurchase of up to \$3,000,000 in shares of NTIC common stock through open market purchases or unsolicited or solicited privately negotiated transactions. This program has no expiration date but may be terminated by NTIC's Board of Directors at any time. As of February 28, 2026, up to \$2,640,548 in shares of NTIC common stock remained available for repurchase under NTIC's stock repurchase program. No repurchases occurred during the six months ended February 28, 2026.

Cash Dividends. During the six months ended February 28, 2026, NTIC's Board of Directors declared cash dividends on the following dates in the following amounts to the following holders of NTIC's common stock:

Declaration Date	Amount	Record Date	Payable Date
October 15, 2025	\$ 0.01	October 29, 2025	November 12, 2025
January 14, 2026	\$ 0.01	January 28, 2026	February 11, 2026

During the six months ended February 28, 2025, NTIC's Board of Directors declared cash dividends on the following dates in the following amounts to the following holders of NTIC's common stock:

Declaration Date	Amount	Record Date	Payable Date
October 16, 2024	\$ 0.07	October 30, 2024	November 13, 2024
January 15, 2025	\$ 0.07	January 29, 2025	February 12, 2025

The declaration of future dividends is not guaranteed and will be determined by NTIC's Board of Directors in light of conditions then existing, including NTIC's earnings, financial condition, cash requirements, restrictions in financial agreements, business conditions, and other factors.

Capital Expenditures and Commitments. NTIC spent \$1,006,298 on capital expenditures during the six months ended February 28, 2026, which related primarily to investments in land at a planned new facility for Natur-Tec India in Chennai, India. NTIC expects to spend an aggregate of approximately \$1,200,000 to \$1,500,000 on capital expenditures during the remainder of fiscal 2026, which it expects will relate primarily to construction of new buildings and warehouses in India and Brazil, as well as the purchase of new equipment and facility improvements in the United States.

Inflation and Seasonality

Inflation in the United States and abroad historically has had minimal effect on NTIC and did not adversely affect NTIC's gross margins during the first half of fiscal 2026. NTIC believes there is some seasonality in its business. NTIC believes its net sales in the second fiscal quarter were and may continue to be adversely affected by the long Chinese New Year, the North American holiday season and overall less corrosion taking place at lower winter temperatures worldwide.

Market Risk

NTIC is exposed to some market risk stemming from changes in foreign currency exchange rates, commodity prices and interest rates.

Because the functional currency of NTIC's foreign operations and investments in its foreign joint ventures is the applicable local currency, NTIC is exposed to foreign currency exchange rate risk arising from transactions in the normal course of business. NTIC's principal exchange rate exposure is with the Euro, the Japanese Yen, the Indian Rupee, the Chinese Renminbi, the South Korean Won, and the English Pound against the U.S. Dollar. NTIC's fees for services provided to joint ventures and dividend distributions from these foreign entities are paid in foreign currencies and, thus, fluctuations in foreign currency exchange rates could result in declines in NTIC's reported net income. Since NTIC's investments in its joint ventures are accounted for using the equity method, any changes in foreign currency exchange rates would be reflected as a foreign currency translation adjustment and would not change NTIC's equity in income from joint ventures reflected in its consolidated statements of operations. NTIC does not hedge against its foreign currency exchange rate risk.

Some raw materials used in NTIC's products are exposed to commodity price changes. The primary commodity price exposures are with a variety of plastic and bioplastic resins.

Any outstanding advances under NTIC's Credit Facility with JPM bear interest at a floating rate, at the option of NTIC, equal to either the CB Floating Rate or the Adjusted SOFR Rate, as defined above. Borrowings of \$11,282,291 were outstanding under the Credit Facility as of February 28, 2026.

Both term loans undertaken by NTIC China with China Construction Bank Corporation have an annual interest rate of 3.25% with interest due monthly. The current outstanding balance as of February 28, 2026 for both term loans is a total of USD \$2,915,919.

The Foreign Currency Term Loan taken out with IDFC FIRST Bank Limited bears interest at a fixed rate of 6.45% per annum. The outstanding balance as of February 28, 2026 was INR 439.4 lakhs (USD \$482,375).

Critical Accounting Policies and Estimates

There have been no material changes to NTIC's critical accounting policies and estimates from the information provided in "*Part II. Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates*" included in NTIC's annual report on Form 10-K for the fiscal year ended August 31, 2025.

Recent Accounting Pronouncements

See Note 3 to NTIC's consolidated financial statements for a discussion of recent accounting pronouncements.

Forward-Looking Statements

This quarterly report on Form 10-Q contains not only historical information, but also forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are subject to the safe harbor created by those sections. In addition, NTIC or others on NTIC's behalf may make forward-looking statements from time to time in oral presentations, including telephone conferences and/or web casts open to the public, in press releases or reports, on NTIC's Internet web site, or otherwise. All statements other than statements of historical facts included in this report or expressed by NTIC orally from time to time that address activities, events, or developments that NTIC expects, believes, or anticipates will or may occur in the future are forward-looking statements, including, in particular, the statements about NTIC's plans, objectives, strategies, and prospects regarding, among other things, NTIC's financial condition, results of operations and business, and the outcome of contingencies, such as legal proceedings. NTIC has identified some of these forward-looking statements in this report with words like "believe," "can," "may," "could," "would," "might," "forecast," "possible," "potential," "project," "will," "should," "expect," "intend," "plan," "predict," "anticipate," "estimate," "approximate," "outlook," or "continue" or the negative of these words or other words and terms of similar meaning. The use of future dates is also an indication of a forward-looking statement. Forward-looking statements may be contained in the notes to NTIC's consolidated financial statements and elsewhere in this report, including under the heading "*Management's Discussion and Analysis of Financial Condition and Results of Operations.*"

Forward-looking statements are based on current expectations about future events affecting NTIC and are subject to uncertainties and factors that affect all businesses operating in a global market as well as matters specific to NTIC. These uncertainties and factors are difficult to predict, and many of them are beyond NTIC's control. The following are some of the uncertainties and factors known to us that could cause NTIC's actual results to differ materially from what NTIC has anticipated in its forward-looking statements:

- The effect the U.S.-Israel-Iran conflict, which has had immediate and substantial effects on global trade, energy markets and financial markets;
- The effect of changes to trade regulation, quotas, duties, or tariffs, caused by the changing U.S. and geopolitical environments or otherwise;
- The effect of current worldwide economic conditions, including in particular in the United States, Europe, India and China, and in the automotive industry, and the effect of inflation, recessionary indicators and any turmoil and disruption in the global credit, financial and banking markets or the perception of adverse conditions on NTIC's business and the business of NTIC's customers, suppliers, vendors and other third parties with whom NTIC conducts business;
- The effect of slowdowns within the automotive industry and decreased exports of automotive products resulting from tariffs between the U.S. and both Mexico and Canada on NTIC's business and the evolution of the automotive industry towards electric vehicles;
- The effect of worldwide disruption in supply chains on NTIC's business, operating results and financial condition;
- The effect of disruptions to distribution channels for NTIC's products and disruptions to our customers, suppliers and subcontractors, as well as the global economy and financial markets;
- The effects of the ongoing war between Russia and Ukraine, conflicts in the Middle East and sanctions against Russia by U.S. and European governments on energy prices, which have adversely affected our joint venture sales, and on commodity price fluctuations, which have decreased our margins and the margins of our joint ventures and resulted in decreased joint venture profitability, which will likely continue through the end of fiscal 2026;
- Oil prices, which may affect sales of NTIC's ZERUST® products and services to the oil and gas industry, and which may be impacted by the ongoing war between Russia and Ukraine and the conflicts in the Middle East;
- NTIC's operations in China and the risks associated therewith, including trade or other issues that may result from increasing tensions between the U.S. and China, including the implementation of higher tariffs;
- Variability in NTIC's sales of ZERUST® products and services to the oil and gas industry and Natur-Tec® products and NTIC's equity income of joint ventures, which variability in sales and equity in income from joint ventures, in turn, subject NTIC's earnings to quarterly fluctuations;

- Risks associated with NTIC's international operations and exposure to fluctuations in foreign currency exchange rates, import duties, taxes, and tariffs;
- NTIC's dependence on the success of its joint ventures and fees and dividend distributions that NTIC receives from them;
- NTIC's relationships with its joint ventures and its ability to maintain those relationships, especially in light of anticipated succession planning issues, and risks associated with possible future acquisitions of the remaining ownership interests of certain joint ventures;
- Fluctuations in the cost and availability of raw materials, including resins and other commodities, due to higher demand and freight costs, supply chain disruptions and the impact of government sanctions;
- The success of and risks associated with NTIC's emerging new businesses and products and services, including in particular NTIC's ability and the ability of NTIC's joint ventures to sell ZERUST® products and services to the oil and gas industry and Natur-Tec® products and the often lengthy and extensive sales process involved in selling such products and services;
- NTIC's ability to introduce new products and services that respond to changing market conditions and customer demand;
- Market acceptance of NTIC's existing and new products, especially in light of existing and new competitive products;
- Maturation of certain existing markets for NTIC's ZERUST® products and services and NTIC's ability to grow market share and succeed in penetrating other existing and new markets;
- Increased competition, especially with respect to NTIC's ZERUST® products and services, and the effect of such competition on NTIC's and its joint ventures' pricing, net sales, and margins;
- The enforcement or lack thereof of rules and regulations favorable to the market for biodegradable plastics and the Trump administration's reversal of certain policies related to the market for biodegradable plastics;
- NTIC's reliance upon and its relationships with its distributors, independent sales representatives, and joint ventures;
- NTIC's reliance upon suppliers;
- Zerust Brazil's ability to perform and realize revenue and other benefits under its three-year offshore oil and gas production asset preservation contract with a global engineering, procurement, and construction company;
- The costs and effects of complying with laws and regulations and changes in tax, fiscal, government, and other regulatory policies, including rules relating to environmental, health, and safety matters;
- Unforeseen product quality or other problems in the development, production, and usage of new and existing products;
- Unforeseen production expenses incurred in connection with new customers and new products;

- Rapid advancements in artificial intelligence (AI) technologies, which may disrupt our industry at an accelerated pace and adversely affect our competitive position, customer expectations, and operational performance if we fail to adapt or implement AI innovations effectively or if competitors leverage AI more effectively or quickly;
- Loss of or changes in executive management or key employees and the need to hire and train local support in a timely manner in order to support customer needs;
- Ability of management to manage around unplanned events;
- Pending and future litigation;
- NTIC's reliance on its intellectual property rights and the absence of infringement of the intellectual property rights of others;
- Changes in applicable laws or regulations and NTIC's failure to comply with applicable laws, rules, and regulations;
- Changes in generally accepted accounting principles and the effect of new accounting pronouncements;
- Fluctuations in NTIC's effective tax rate;
- The effect of extreme weather conditions on NTIC's operating results; and
- NTIC's reliance upon its management information systems and risks associated with its implementation of a new Enterprise Resource Planning system.

For more information regarding these and other uncertainties and factors that could cause NTIC's actual results to differ materially from what NTIC has anticipated in its forward-looking statements or otherwise could materially adversely affect its business, financial condition or operating results, see NTIC's annual report on Form 10-K for the fiscal year ended August 31, 2025 under the heading "*Part I. Item 1A. Risk Factors.*"

All forward-looking statements included in this report are expressly qualified in their entirety by the foregoing cautionary statements. NTIC wishes to caution readers not to place undue reliance on any forward-looking statement that speaks only as of the date made and to recognize that forward-looking statements are predictions of future results, which may not occur as anticipated. Actual results could differ materially from those anticipated in the forward-looking statements and from historical results due to the uncertainties and factors described above and others that NTIC may consider immaterial or does not anticipate at this time. Although NTIC believes that the expectations reflected in its forward-looking statements are reasonable, NTIC does not know whether its expectations will prove correct. NTIC's expectations reflected in its forward-looking statements can be affected by inaccurate assumptions NTIC might make or by known or unknown uncertainties and factors, including those described above. The risks and uncertainties described above are not exclusive, and further information concerning NTIC and its business, including factors that potentially could materially affect its financial results or condition, may emerge from time to time. NTIC assumes no obligation to update, amend, or clarify forward-looking statements to reflect actual results or changes in factors or assumptions affecting such forward-looking statements. NTIC advises you, however, to consult any further disclosures NTIC makes on related subjects in its annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K that NTIC files with or furnishes to the Securities and Exchange Commission.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

NTIC is exposed to some market risk stemming from changes in foreign currency exchange rates, tariffs, commodity prices and interest rates.

Because the functional currency of NTIC's foreign operations and investments in its foreign joint ventures is the applicable local currency, NTIC is exposed to foreign currency exchange rate risk arising from transactions in the normal course of business. NTIC's principal exchange rate exposure is with the Euro, the Japanese Yen, the Indian Rupee, the Chinese Renminbi, the South Korean Won, and the English Pound against the U.S. Dollar. NTIC's fees for services provided to joint ventures and dividend distributions from these foreign entities are paid in foreign currencies, and, thus, fluctuations in foreign currency exchange rates could result in declines in NTIC's reported net income. Since NTIC's investments in its joint ventures are accounted for using the equity method, any changes in foreign currency exchange rates would be reflected as a foreign currency translation adjustment and would not change NTIC's equity in income from joint ventures reflected in its consolidated statements of operations. NTIC does not hedge against its foreign currency exchange rate risk.

The tariff environment is complex and evolving. NTIC's business incurred in the six months ended February 28, 2026, and expects to continue to incur throughout fiscal 2026, additional costs as it relates to tariffs. NTIC has taken and will continue to take action to mitigate inflationary pressures caused by tariffs through a combination of targeted price increases, supplier diversification and other strategic sourcing adjustments, cost reductions, and manufacturing optimization. With respect to NTIC China, specifically, the majority of NTIC China's production and sales are for local consumption; and therefore, NTIC believes NTIC China's exposure to tariffs, included those imposed by the United States is limited.

Some raw materials used in NTIC's products are exposed to commodity price changes. The primary commodity price exposures are with a variety of plastic resins.

With respect to interest rate risk, borrowings under the Credit Agreement bear interest at a floating rate, at the option of NTIC, equal to either the CB Floating Rate or the Adjusted SOFR Rate. The term "CB Floating Rate" means the greater of the Prime Rate in the United States or 2.50%. The term "Adjusted SOFR Rate" means the term secured overnight financing rate for either one, three or six months (depending on the interest period selected by NTIC) plus 0.10% per annum. With respect to any borrowings using an Adjusted SOFR Rate, there is an applicable margin of 2.35% applied per annum. There is no applicable margin with respect to borrowings using a CB Floating Rate. The weighted average interest rate was 6.04% for the six months ended February 28, 2026. Borrowings of \$11,282,291 were outstanding under the Credit Facility as of February 28, 2026. The two term loans undertaken by NTIC China with China Construction Bank Corporation have annual interest rates of 2.75% and 2.96%, respectively, with interest due monthly. The outstanding balance as of February 28, 2026 for both term loans is a total of USD \$2,915,919. In addition, the foreign currency term loan entered into by Natur-Tec India with IDFC FIRST Bank Limited bears interest at a fixed rate of 6.45% per annum. The outstanding balance as of February 28, 2026 for this term loan is USD \$482,375.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

NTIC maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) that are designed to provide reasonable assurance that information required to be disclosed by NTIC in the reports it files or submits under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to NTIC's management, including NTIC's principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. NTIC's management evaluated, with the participation of its Chief Executive Officer and its Chief Financial Officer, the effectiveness of the design and operation of NTIC's disclosure controls and procedures as of the end of the period covered in this report. Based on that evaluation, NTIC's Chief Executive Officer and Chief Financial Officer concluded that NTIC's disclosure controls and procedures were effective as of the end of such period to provide reasonable assurance that information required to be disclosed in the reports that NTIC files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to NTIC's management, including NTIC's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There was no change in NTIC's internal control over financial reporting that occurred during the quarter ended February 28, 2026 that has materially affected or is reasonably likely to materially affect NTIC's internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See Note 13 to NTIC's consolidated financial statements in *Part I. Item 1. Financial Statements* of this report.

ITEM 1A. RISK FACTORS

Although Item 1A. is inapplicable to NTIC as a smaller reporting company, NTIC hereby discloses the following new risk factor:

Geopolitical instability in the Middle East and disruptions in global petrochemical and supply chain markets could adversely affect our business, results of operations and financial condition.

NTIC has operations, customers and business activities in the Middle East, including through our Zerust Integrity Solutions oil and gas efforts. Instability in the region could disrupt customer activity, delay projects, impair logistics, increase costs and adversely affect the ability of customers and business partners to satisfy their obligations.

In addition, volatility in petrochemical markets and broader supply chain disruptions could increase raw material and freight costs, lengthen lead times, reduce product availability and adversely affect our sales, margins and profitability.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Recent Sales of Unregistered Equity Securities

During the three months ended February 28, 2026, NTIC did not issue any shares of its common stock or other equity securities of NTIC that were not registered under the Securities Act of 1933, as amended.

Issuer Purchases of Equity Securities

The following table shows NTIC's second quarter of fiscal 2026 stock repurchase activity.

Period	Total Number of Shares (or Units) Purchased	Average Price Paid Per Share (or Unit)	Total Number of Shares (or Units) Purchased As Part of Publicly Announced Plans or Programs	Maximum Number of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
December 1, 2025, through December 31, 2025	0	\$ 0	0	(1)
January 1, 2026, through January 31, 2026	0	\$ 0	0	(1)
February 1, 2026, through February 28, 2026	0	\$ 0	0	(1)
Total	0	\$ 0	0	(1)(2)

(1) On January 15, 2015, NTIC's Board of Directors authorized the repurchase of up to \$3,000,000 in shares of NTIC common stock through open market purchases or unsolicited or solicited privately negotiated transactions. This program has no expiration date but may be terminated by NTIC's Board of Directors at any time.

(2) As of February 28, 2026, up to \$2,640,548 in shares of NTIC common stock remained available for repurchase under NTIC's stock repurchase program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Credit Agreement

On January 30, 2026, Northern Technologies International Corporation and JPMorgan Chase Bank, N.A. entered into an amendment to the Credit Agreement to increase the availability under the Credit Facility from \$10.0 million to \$12.0 million. The other material terms of the Credit Facility and the Credit Agreement were not affected by this amendment.

The foregoing represents only a summary of the material terms of the amendment to the Credit Agreement, does not purport to be complete and is qualified in its entirety by reference to the complete text of the amendment to the Credit Agreement, which is filed as Exhibit 10.1 to this quarterly report on Form 10-Q, and is incorporated by reference herein.

Rule 10b5-1 Plan and Non-Rule 10b5-1 Trading Arrangement Adoptions, Terminations, and Modifications

During the three months ended February 28, 2026, none of our directors or “officers” (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408 of SEC Regulation S-K.

ITEM 6. EXHIBITS

The following exhibits are being filed or furnished with this quarterly report on Form 10-Q:

Exhibit No.	Description
10.1	Fourth Amendment to Credit Agreement, dated as of January 30, 2026, between JPMorgan Chase Bank, N.A. and Northern Technologies International Corporation (filed herewith)
10.2	Line of Credit Note, dated January 30, 2026, between Northern Technologies International Corporation and JPMorgan Chase Bank, N.A. (filed herewith)
10.3	Note Modification Agreement dated as of December 17, 2025 between Northern Technologies International Corporation and JPMorgan Chase Bank, N.A. (incorporated by reference to Exhibit 10.1 to NTIC's Current Report on Form 8-K as filed with the Securities and Exchange Commission on December 19, 2025 (File No. 001-11038))
31.1	Certification of President and Chief Executive Officer pursuant to SEC Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
31.2	Certification of Chief Financial Officer pursuant to SEC Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.1	Certification of President and Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
101	The following materials from NTIC's Quarterly Report on Form 10-Q for the fiscal quarter ended February 28, 2026, formatted in Inline XBRL (Extensible Business Reporting Language): (i) the unaudited Consolidated Balance Sheets, (ii) the unaudited Consolidated Statements of Operations, (iii) the unaudited Consolidated Statements of Comprehensive Income (Loss), (iv) the unaudited Consolidated Statements of Equity, (v) the unaudited Consolidated Statements of Cash Flows, and (vi) Notes to Consolidated Financial Statements (filed herewith)
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

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

NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION

Date: April 9, 2026

/s/ Matthew C. Wolsfeld

Matthew C. Wolsfeld, CPA

Chief Financial Officer

(Principal Financial and Accounting Officer and

Duly Authorized to Sign on Behalf of the Registrant)

This Fourth Amendment to Credit Agreement (this “**Amendment**”) is dated as of January 30, 2026, by and between Northern Technologies International Corporation (the “**Borrower**”) and JPMorgan Chase Bank, N.A. (together with its successors and assigns the “**Bank**”). The provisions of this Amendment are effective on the date that this Amendment has been executed by all of the signers and delivered to the Bank (the “**Effective Date**”).

WHEREAS, the Borrower and the Bank entered into a Credit Agreement dated December 19, 2022, as amended by the First Amendment to Credit Agreement dated as of April 11, 2023; as amended by the Second Amendment to Credit Agreement dated as of January 6, 2025; and as amended by the Third Amendment to Credit Agreement dated as of July 8, 2025 (collectively, the “**Credit Agreement**”); and

WHEREAS, the Borrower has requested and the Bank has agreed to amend the Credit Agreement as set forth in this Amendment;

NOW, THEREFORE, in mutual consideration of the agreements contained herein and for other good and valuable consideration, the parties agree as follows:

1. **DEFINED TERMS.** Capitalized terms used in this Amendment shall have the same meanings as in the Credit Agreement, unless otherwise defined in this Amendment.
 2. **MODIFICATION OF CREDIT AGREEMENT.** The Credit Agreement is hereby amended as follows:
 - 2.1 The first grammatical paragraph of Section 1.2 of the Credit Agreement captioned “**Facility A (Line of Credit)**” is hereby amended and restated to read as follows:
 - 1.2 **Facility A (Line of Credit).** The Bank has approved a credit facility to the Borrower in a principal amount not to exceed \$12,000,000.00, at any one time outstanding (“**Facility A**”). Credit under Facility A shall be repaid as described in a Line of Credit Note executed at the same time as this agreement, along with any renewals, modifications, extensions, rearrangements, restatements and replacements or substitutions.
 3. **RATIFICATION.** The Borrower ratifies and reaffirms the Credit Agreement and the Credit Agreement shall remain in full force and effect as modified by this Amendment.
 4. **BORROWER REPRESENTATIONS AND WARRANTIES.** The Borrower represents and warrants that (a) the representations and warranties contained in the Credit Agreement are true and correct in all material respects as of the date of this Amendment, (b) no condition, event, act or omission which could constitute a default or an event of default under the Credit Agreement, as modified by this Amendment, or any other Related Document exists, and (c) no condition, event, act or omission has occurred and is continuing that with the giving of notice, or the passage of time or both, would constitute a default or an event of default under the Credit Agreement, as modified by this Amendment, or any other Related Document.
 5. **FEES AND EXPENSES.** The Borrower agrees to pay all fees and out-of-pocket disbursements incurred by the Bank in connection with this Amendment, including legal fees incurred by the Bank in the preparation, consummation, administration and enforcement of this Amendment.
 6. **EXECUTION AND DELIVERY BY THE BANK.** The Bank shall not be bound by this Amendment until (i) the Bank has executed this Amendment and (ii) the Borrower has executed and delivered this Amendment together with all other related documents requested by the Bank, and the Borrower has fully satisfied all other conditions precedent, as determined by the Bank in its sole discretion.
 7. **ACKNOWLEDGEMENTS OF BORROWER / RELEASE.** The Borrower acknowledges that as of the date of this Amendment it has no offsets with respect to all amounts owed by the Borrower to the Bank arising under or related to the Credit Agreement, as modified by this Amendment, or any other Related Document on or prior to the date of this Amendment.
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The Borrower fully, finally and forever releases and discharges the Bank, its successors and assigns and their respective directors, officers, employees, agents and representatives (each a “**Bank Party**”) from any and all claims, causes of action, debts, demands and liabilities, of whatever kind or nature, in law or in equity, of the Borrower, whether now known or unknown to the Borrower, which may have arisen in connection with the Credit Agreement or the actions or omissions of any Bank Party related to the Credit Agreement on or prior to the date hereof. The Borrower acknowledges and agrees that this Amendment is limited to the terms outlined above, and shall not be construed as an agreement to change any other terms or provisions of the Credit Agreement. This Amendment shall not establish a course of dealing or be construed as evidence of any willingness on the Bank’s part to grant other or future agreements, should any be requested.

8. **STATEMENTS.** The Bank may from time to time provide the Borrower with account statements or invoices with respect to any of the Liabilities (“Statements”). The Bank is under no duty or obligation to provide Statements, which, if provided, will be solely for the Borrower’s convenience. Statements may contain estimates of the amounts owed during the relevant billing period, whether of principal, interest, fees or other Liabilities. If the Borrower pays the full amount indicated on a Statement on or before the due date indicated on such Statement, the Borrower shall not be in default of payment with respect to the billing period indicated on such Statement; provided, that acceptance by the Bank of any payment that is less than the total amount actually due at that time (including but not limited to any past due amounts) shall not constitute a waiver of the Bank’s right to receive payment in full at another time.
9. **INTEGRATION, ENTIRE AGREEMENT, CHANGE, DISCHARGE, TERMINATION, OR WAIVER.** The Credit Agreement, as modified by this Amendment, and the other Related Documents contain the complete understanding and agreement of the Borrower and the Bank in respect of the Credit Facilities and supersede all prior understandings and negotiations. If any one or more of the obligations of the Borrower under this Amendment or the Credit Agreement, as amended by this Amendment, is invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining obligations of the Borrower shall not in any way be affected or impaired, and the invalidity, illegality or unenforceability in one jurisdiction shall not affect the validity, legality or enforceability of the obligations of the Borrower under this Amendment, the Credit Agreement, as modified by this Amendment, or any other Related Document in any other jurisdiction. No provision of the Credit Agreement, as modified by this Amendment, or the other Related Documents, may be changed, discharged, supplemented, terminated, or waived except in a writing signed by the party against whom it is being enforced.
10. **Governing Law and Venue.** This Amendment and (unless stated otherwise therein) all Related Documents shall be governed by and construed in accordance with the laws of the State of Illinois (without giving effect to its laws of conflicts). The Borrower agrees that any legal action or proceeding with respect to any of its obligations under this Amendment may be brought by the Bank in any state or federal court located in the State of Illinois, as the Bank in its sole discretion may elect. By the execution and delivery of this Amendment, the Borrower submits to and accepts, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of those courts. The Borrower waives any claim that the State of Illinois is not a convenient forum or the proper venue for any such suit, action or proceeding.
11. **NOT A NOVATION.** This Amendment is a modification only and not a novation. Except as expressly modified by this Amendment, the Credit Agreement, any other Related Documents, and all the terms and conditions thereof, shall be and remain in full force and effect with the changes herein deemed to be incorporated therein. This Amendment is to be considered attached to the Credit Agreement and made a part thereof. This Amendment shall not release or affect the liability of any guarantor of any promissory note or credit facility executed in reference to the Credit Agreement or release any owner of collateral granted as security for the Credit Agreement. The validity, priority and enforceability of the Credit Agreement shall not be impaired hereby. To the extent that any provision of this Amendment conflicts with any term or condition set forth in the Credit Agreement, or any other Related Documents, the provisions of this Amendment shall supersede and control. The Bank expressly reserves all rights against all parties to the Credit Agreement and the other Related Documents.
12. **COUNTERPART EXECUTION.** This Amendment may be executed in multiple counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts, taken together, shall constitute one and the same agreement.

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13. **TIME IS OF THE ESSENCE.** Time is of the essence under this Amendment and in the performance of every term, covenant and obligation contained herein.

4201 Woodland Rd.
Circle Pines, MN 55014-1794

Borrower:

Northern Technologies International Corporation

By: /s/ Matt Wolsfeld

Printed Name: Matt Wolsfeld

Title: CFO / Secretary

Date Signed: 2/4/2026

Bank:

JPMorgan Chase Bank, N.A.

By: /s/ Martin Cherney

Martin Cherney

Authorized
Officer

Printed Name

Title

Date Signed: 2/4/2026

\$12,000,000.00

Date: January 30, 2026

Promise to Pay. On or before February 5, 2027, for value received, Northern Technologies International Corporation (the “Borrower”) promises to pay to JPMorgan Chase Bank, N.A., whose address is 10 S Dearborn St, Floor 35, Chicago, IL 60603 (the “Bank”) or order, in lawful money of the United States of America, the sum of Twelve Million and 00/100 Dollars (\$12,000,000.00) or so much thereof as may be advanced and outstanding, plus interest on the unpaid principal balance as provided below.

Interest Rate Definitions. As used in this Note, the following terms have the following respective meanings:

“**Adjusted SOFR Rate**” means, with respect to a SOFR Rate Advance for the relevant Interest Period, the sum of (a) the SOFR Rate applicable to such Interest Period, plus (b) the Unsecured to Secured Rate Adjustment.

“**Advance**” means a SOFR Rate Advance or a CB Floating Rate Advance and “**Advances**” means all SOFR Rate Advances and all CB Floating Rate Advances under this Note.

“**Applicable Margin**” means with respect to any CB Floating Rate Advance, 0.00% Per Annum and with respect to any SOFR Rate Advance, 2.35% Per Annum.

“**Benchmark Transition Event**” means the occurrence of one or more of the following events with respect to SOFR:

- (i) a public statement or publication of information by or on behalf of the SOFR Administrator announcing that such SOFR Administrator has ceased or will cease to provide SOFR, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor SOFR Administrator that will continue to provide SOFR; or
- (ii) a public statement or publication of information by the NYFRB, the Federal Reserve Board, or, as applicable, the regulatory supervisor for the SOFR Administrator, an insolvency official with jurisdiction over the SOFR Administrator, a resolution authority with jurisdiction over the SOFR Administrator or a court or an entity with similar insolvency or resolution authority over the SOFR Administrator, in each case, which states that the SOFR Administrator has ceased or will cease to provide SOFR permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide SOFR; or
- (iii) a public statement or publication of information by the Federal Reserve Board, the NYFRB, the SOFR Administrator or the regulatory supervisor for the SOFR Administrator (as applicable), announcing that SOFR is no longer, or as of a specified future date will no longer be, representative.

“**Business Day**” means any day that is not a Saturday, Sunday, or other day on which commercial banks in New York City or Chicago are authorized or required by law to remain closed; provided that, when used in connection with a SOFR Rate Advance, the term “Business Day” shall also exclude any day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

“**CB Floating Rate**” means the greater of (i) the Prime Rate or (ii) 2.50%. The CB Floating Rate is a variable rate and any change in the CB Floating Rate due to any change in the Prime Rate is effective from and including the effective date of such change in the Prime Rate.

“**CB Floating Rate Advance**” means any borrowing under this Note when and to the extent that its interest rate is determined by reference to the CB Floating Rate.

“**Federal Reserve Board**” means the Board of Governors of the Federal Reserve System of the United States of America.

“**Interest Period**” means, with respect to a SOFR Rate Advance, a period of one (1), three (3) or six (6) month(s) commencing on a Business Day selected by the Borrower pursuant to this Note. Such Interest Period shall end on the day which corresponds numerically to such date one (1), three (3) or six (6) month(s) thereafter, as applicable, *provided, however*, that if there is no such numerically corresponding day in such first, third or sixth succeeding month(s), as applicable, such Interest Period shall end on the last Business Day of such first, third or sixth succeeding month(s), as applicable. If an Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next succeeding Business Day, *provided, however*, that if said next succeeding Business Day falls in a new calendar month, such Interest Period shall end on the immediately preceding Business Day.

“**NYFRB**” means the Federal Reserve Bank of New York.

“**Per Annum**” means for a year deemed to be comprised of 360 days.

“**Prime Rate**” means the rate of interest last quoted by The Wall Street Journal as the “Prime Rate” in the U.S. or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the Federal Reserve Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the “bank prime loan” rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined by the Bank) or any similar release by the Federal Reserve Board (as determined by the Bank). Each change in the Prime Rate shall be effective from and including the date such change is publicly announced or quoted as being effective.

“**Principal Payment Date**” is defined in the paragraph entitled “Principal Payments” below.

“**SOFR**” is defined in the “SOFR Rate” definition.

“**SOFR Administrator**” means the CME Group Benchmark Administration Limited (or a successor administrator of SOFR).

“**SOFR Administrator’s Website**” means the SOFR Administrator’s website, currently accessed through the website <https://www.cmegroup.com>, or any successor source for SOFR identified as such by the SOFR Administrator from time to time.

“**SOFR Rate Advance**” means any borrowing under this Note when and to the extent that its interest rate is determined by reference to the Adjusted SOFR Rate.

“**SOFR Rate**” means with respect to any SOFR Rate Advance for any Interest Period, a rate per annum equal to the forward-looking term secured overnight financing rate (“**SOFR**”) for a period equal in length to such Interest Period as published by the SOFR Administrator on the SOFR Administrator’s Website, or on the appropriate page of such other information service that publishes such rate from time to time as shall be selected by the Bank in its reasonable discretion (in each case, the “**SOFR Screen Rate**”) at approximately 5:00 a.m., Chicago time, two (2) Business Days prior to the commencement of such Interest Period; *provided that*, if any SOFR Screen Rate shall be less than zero, such rate shall be deemed to be zero for the purposes of this Note.

“**Unsecured to Secured Rate Adjustment**” means, with respect to any SOFR Rate Advance, 0.10% Per Annum.

Interest Rates. The Advance(s) evidenced by this Note may be drawn down and remain outstanding as up to five (5) SOFR Rate Advances and/or a CB Floating Rate Advance. The Borrower shall pay interest to the Bank on the outstanding and unpaid principal amount of each CB Floating Rate Advance at the CB Floating Rate plus the Applicable Margin and each SOFR Rate Advance at the Adjusted SOFR Rate plus the Applicable Margin. Interest shall be calculated on the basis of the actual number of days elapsed in a year of 360 days. In no event shall the interest rate applicable to any Advance exceed the maximum rate allowed by law. Any interest payment which would for any reason be deemed unlawful under applicable law shall be applied to principal.

Benchmarks; No Liability. The interest rate on a SOFR Rate Advance may be derived from an interest rate benchmark that may be discontinued or is, or may in the future become, the subject of regulatory reform. Upon the occurrence of a Benchmark Transition Event, the section captioned “Alternate Rate of Interest” below provides a mechanism for determining an alternative rate of interest. The Bank does not warrant or accept any responsibility for, and shall not have any liability with respect to, the administration, submission, performance or any other matter related to any interest rate used in this Note, or with respect to any alternative or successor rate thereto, or replacement rate thereof, including without limitation, whether the composition or characteristics of any such alternative, successor or replacement reference rate will be similar to, or produce the same value or economic equivalence of, the existing interest rate being replaced or have the same volume or liquidity as did any existing interest rate prior to its discontinuance or unavailability. The Bank and its affiliates and/or other related entities may engage in transactions that affect the calculation of any interest rate used in this Note or any alternative, successor or alternative rate (including any Alternate Rate) and/or any relevant adjustments thereto, in each case, in a manner adverse to the Borrower. The Bank may select information sources or services in its reasonable discretion to ascertain any interest rate used in this Agreement, any component thereof, or rates referenced in the definition thereof, in each case pursuant to the terms of this Note, and shall have no liability to the Borrower or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

Bank Records. The Bank shall, in the ordinary course of business, make notations in its records of the date, amount, interest rate and Interest Period of each Advance hereunder, the amount of each payment on the Advances, and other information. Such records shall, in the absence of manifest error, be conclusive as to the outstanding principal balance of and interest rate or rates applicable to this Note.

Notice and Manner of Electing Interest Rates on Advances. The Borrower shall give the Bank written notice in accordance with established procedures (effective upon receipt) of the Borrower's intent to draw down an Advance under this Note no later than 2:00 p.m. Central time, on the date of disbursement, if the full amount of the drawn Advance is to be disbursed as a CB Floating Rate Advance and no later than 11:00 a.m. Central time three (3) Business Days before disbursement, if any part of such Advance is to be disbursed as a SOFR Rate Advance. The Borrower's notice must specify: (a) the disbursement date, (b) the amount of each Advance, (c) the type of each Advance (CB Floating Rate Advance or SOFR Rate Advance), and (d) for each SOFR Rate Advance, the duration of the applicable Interest Period; *provided, however*, that the Borrower may not elect an Interest Period ending after the maturity date of this Note. Each SOFR Rate Advance shall be in a minimum amount of One Hundred Thousand and 00/100 Dollars (\$100,000.00). All notices under this paragraph are irrevocable. By the Bank's close of business on the disbursement date and upon fulfillment of the conditions set forth herein and in any other of the Related Documents, the Bank shall disburse the requested Advances in immediately available funds by crediting the amount of such Advances to the Borrower's account with the Bank.

Conversion and Renewals. The Borrower may elect from time to time to convert one type of Advance into another or to renew any Advance by giving the Bank written notice no later than 2:00 p.m. Central time, on the date of the conversion into or renewal of a CB Floating Rate Advance and 11:00 a.m. Central time three (3) Business Days before conversion into or renewal of a SOFR Rate Advance, specifying: (a) the renewal or conversion date, (b) the amount of the Advance to be converted or renewed, (c) in the case of conversion, the type of Advance to be converted into (CB Floating Rate Advance or SOFR Rate Advance), and (d) in the case of renewals of or conversion into a SOFR Rate Advance, the applicable Interest Period, provided that (i) the minimum principal amount of each SOFR Rate Advance outstanding after a renewal or conversion shall be One Hundred Thousand and 00/100 Dollars (\$100,000.00); (ii) a SOFR Rate Advance can only be converted on the last day of the Interest Period for the Advance; and (iii) the Borrower may not elect an Interest Period ending after the maturity date of this Note. All notices given under this paragraph are irrevocable. If the Borrower fails to give the Bank the notice specified above for the renewal or conversion of a SOFR Rate Advance by 11:00 a.m. Central time three (3) Business Days before the end of the Interest Period for that Advance, the Advance shall automatically be converted to a CB Floating Rate Advance on the last day of the Interest Period for the Advance.

Illegality/Temporary Unavailability. If:

- (i) any applicable domestic or foreign law, treaty, rule or regulation now or later in effect (whether or not it now applies to the Bank) or the interpretation or administration thereof by a governmental authority charged with such interpretation or administration, or compliance by the Bank with any guideline, request or directive of such an authority (whether or not having the force of law), shall make it unlawful or impossible for the Bank to maintain or fund the SOFR Rate Advances, or
- (ii) the Bank determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the SOFR Rate (including because the SOFR Screen Rate is not available or published on a current basis), for the applicable Interest Period; or
- (iii) the Bank determines the SOFR Rate will not adequately and fairly reflect the cost to the Bank of making or maintaining SOFR Rate Advances for such Interest Period;

then, the Bank shall give notice thereof to the Borrower as promptly as practicable thereafter and, until the Bank notifies the Borrower that the circumstances giving rise to such notice no longer exist, (A) any Advance request that requests the conversion of any Advance, or continuation of any Advance as, a SOFR Rate Advance shall be ineffective and any such SOFR Rate Advance shall be repaid or converted into a CB Floating Rate Advance on the last day of the then current Interest Period applicable thereto, and (B) if any Advance request that requests a SOFR Rate Advance, such Advance shall, subject to the terms and conditions of this Note and the other Related Documents, be made as a CB Floating Rate Advance.

Alternate Rate of Interest. If a Benchmark Transition Event occurs, Bank may, by notice to Borrower, amend this Note to establish an alternate rate of interest for SOFR that gives due consideration to the then-evolving or prevailing market convention for determining a rate of interest for commercial loans in US Dollars at such time (the "**Alternate Rate**"); Borrower acknowledges that the Alternate Rate may include a mathematical adjustment using any then-evolving or prevailing market convention or method for determining a spread adjustment for the replacement of SOFR (which may include, if SOFR already contains such a spread, adding that spread to the Alternate Rate). The Bank may further amend the Note by such notice to Borrower to make technical, administrative or operational changes (including, without limitation, changes to the definition of "CB Floating Rate", the definition of "Interest Period", timing and frequency of determining rates and making payments of interest) that the Bank decides in its reasonable discretion may be appropriate to reflect the adoption and implementation of the Alternate Rate. The Alternate Rate, together with all such technical, administrative and operational changes as specified in any notice, shall become effective at the later of (i) the fifth Business Day after the Bank has provided notice (including without limitation for this purpose, by electronic means) to the Borrower (the "**Notice Date**") and (ii) a date specified by the Bank in the notice, without any further action or consent of the Borrower, so long as Bank has not received, by 5:00 pm Eastern time on the Notice Date, written notice of objection to the Alternate Rate from the Borrower. If, on the date SOFR actually becomes permanently unavailable pursuant to a Benchmark Transition Event, an Alternate Rate has not been established in this manner, Advances will, until an Alternate Rate is so established, bear interest at the CB Floating Rate. In no event shall the Alternate Rate be less than zero.

In connection with the implementation of a rate replacement described in the paragraph above, Bank may from time to time, upon written notice to Borrower, make any further technical, administrative or operational changes to this Note (including changes to the definition of "CB Floating Rate", the definition of "Business Day", the timing and frequency of determining rates and making payments of interest, the timing of prepayment or conversion notices, the length of lookback periods, the applicability of breakage provisions and other technical, administrative or operational matters) that Bank decides may be appropriate to reflect the adoption and implementation of such rate replacement and to permit the administration thereof by Bank.

All determinations by Bank under this section shall be conclusive and binding absent manifest error.

Interest Payments. Interest on the Advances shall be paid as follows:

A. For each CB Floating Rate Advance, on the last day of each month beginning with the first month following disbursement of the Advance or following conversion of an Advance into a CB Floating Rate Advance, and at the maturity or conversion of the Advance into a SOFR Rate Advance;

B. For each SOFR Rate Advance, on the last day of the Interest Period for the Advance and, if the Interest Period is longer than three months, at three-month intervals beginning with the day three months from the date the Advance is disbursed.

Principal Payments. All outstanding principal and interest is due and payable in full on February 5, 2027, which is defined herein as the "Principal Payment Date".

Default Rate of Interest. After a default has occurred under this Note, whether or not the Bank elects to accelerate the maturity of this Note because of such default, all Advances outstanding under this Note, shall bear interest at a Per Annum rate equal to the interest rate being charged on each such Advance plus three percent (3.00%) from the date the Bank elects to impose such rate. Imposition of this rate shall not affect any limitations contained in this Note on the Borrower's right to repay principal on any SOFR Rate Advance before the expiration of the Interest Period for each such Advance.

Prepayment/Funding Loss Indemnification. The Borrower may prepay all or any part of any CB Floating Rate Advance at any time without premium or penalty.

The Borrower shall pay the Bank amounts sufficient (in the Bank's reasonable opinion) to compensate the Bank for any loss, cost, or expense incurred as a result of:

A. Any payment of a SOFR Rate Advance on a date other than the last day of the Interest Period for the Advance, including, without limitation, acceleration of the Advances by the Bank pursuant to this Note or the other Related Documents; or

B. Any failure by the Borrower to borrow or renew a SOFR Rate Advance on the date specified in the relevant notice from the Borrower to the Bank.

Obligations Due on Non-Business Day. Whenever any payment under this Note becomes due and payable on a day that is not a Business Day, if no default then exists under this Note, the maturity of the payment shall be extended to the next succeeding Business Day, except, in the case of a SOFR Rate Advance, if the result of the extension would be to extend the payment into another calendar month, the payment must be made on the immediately preceding Business Day.

Matters Regarding Payment. The Borrower will pay the Bank at the Bank's address shown above or at such other place as the Bank may designate. Payments shall be allocated among principal, interest and fees at the discretion of the Bank unless otherwise agreed or required by applicable law. Acceptance by the Bank of any payment which is less than the payment due at the time shall not constitute a waiver of the Bank's right to receive payment in full at that time or any other time.

Authorization for Direct Payments (ACH Debits). To effectuate any payment due under this Note or under any other Related Documents, the Borrower hereby authorizes the Bank to initiate debit entries to Account Number Call for acct number at the Bank and to debit the same to such account. This authorization to initiate debit entries shall remain in full force and effect until the Bank has received written notification of its termination in such time and in such manner as to afford the Bank a reasonable opportunity to act on it. The Borrower represents that the Borrower is and will be the owner of all funds in such account. The Borrower acknowledges: (1) that such debit entries may cause an overdraft of such account which may result in the Bank's refusal to honor items drawn on such account until adequate deposits are made to such account; (2) that the Bank is under no duty or obligation to initiate any debit entry for any purpose; and (3) that if a debit is not made because the above-referenced account does not have a sufficient available balance, or otherwise, the payment may be late or past due.

Late Fee. Any principal or interest which is not paid within 10 days after its due date (whether as stated, by acceleration or otherwise) shall be subject to a late payment charge of five percent (5.00%) of the total payment due, in addition to the payment of interest, up to the maximum amount of One Thousand Five Hundred and 00/100 Dollars (\$1,500.00) per late charge. The Borrower agrees to pay and stipulates that five percent (5.00%) of the total payment due is a reasonable amount for a late payment charge. The Borrower shall pay the late payment charge upon demand by the Bank or, if billed, within the time specified.

Purpose of Loan. The Borrower acknowledges and agrees that this Note evidences a loan for a business, commercial, agricultural or similar commercial enterprise purpose, and that no advance shall be used for any personal, family or household purpose. The proceeds of the loan shall be used only for the Borrower's general corporate purposes.

Credit Facility. The Bank has approved a credit facility to the Borrower in a principal amount not to exceed the face amount of this Note. The credit facility is in the form of advances made from time to time by the Bank to the Borrower. This Note evidences the Borrower's obligation to repay those advances. The aggregate principal amount of debt evidenced by this Note is the amount reflected from time to time in the records of the Bank. Until the earliest to occur of maturity, any default, event of default, or any event that would constitute a default or event of default but for the giving of notice, the lapse of time or both, the Borrower may borrow, pay down and reborrow under this Note subject to the terms of the Related Documents.

Renewal and Extension. This Note is given in replacement, renewal and/or extension of, but not in extinguishment of the indebtedness evidenced by, that Line of Credit Note dated July 8, 2025 executed by the Borrower in the original principal amount of Ten Million and 00/100 Dollars (\$10,000,000.00), including previous renewals or modifications thereof, if any (the "Prior Note" and together with all loan agreements, credit agreements, reimbursement agreements, security agreements, mortgages, deeds of trust, pledge agreements, assignments, guaranties, and any other instrument or document executed in connection with the Prior Note, the "Prior Related Documents"), and is not a novation thereof. All interest evidenced by the Prior Note shall continue to be due and payable until paid. The Borrower fully, finally, and forever releases and discharges the Bank and its successors, assigns, directors, officers, employees, agents, and representatives (each a "Bank Party") from any and all causes of action, claims, debts, demands, and liabilities, of whatever kind or nature, in law or equity, of the Borrower, whether now known or unknown to the Borrower (i) in respect of the Liabilities evidenced by the Prior Note and the Prior Related Documents, or of the actions or omissions of any Bank Party in any manner related to the Liabilities evidenced by the Prior Note or the Prior Related Documents and (ii) arising from events occurring prior to the date of this Note. If applicable, all Collateral continues to secure the payment of this Note and the Liabilities. The provisions of this Note are effective on the date that this Note has been executed by all of the signers and delivered to the Bank.

Miscellaneous. This Note binds the Borrower and its successors, and benefits the Bank, its successors and assigns. Any reference to the Bank includes any holder of this Note. This Note is subject to that certain Credit Agreement by and between the Borrower and the Bank, dated December 19, 2022, and all amendments, restatements and replacements thereof (the "Credit Agreement") to which reference is hereby made for a more complete statement of the terms and conditions under which the loan evidenced hereby is made and is to be repaid. The terms and provisions of the Credit Agreement are hereby incorporated and made a part hereof by this reference thereto with the same force and effect as if set forth at length herein. No reference to the Credit Agreement and no provisions of this Note or the Credit Agreement shall alter or impair the absolute and unconditional obligation of the Borrower to pay the principal and interest on this Note as herein prescribed. Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement. If any one or more of the obligations of the Borrower under this Note or any provision hereof is held to be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining obligations of the Borrower and the remaining provisions shall not in any way be affected or impaired; and the invalidity, illegality or unenforceability in one jurisdiction shall not affect the validity, legality or enforceability of such obligations or provisions in any other jurisdiction. Time is of the essence under this Note and in the performance of every term, covenant and obligation contained herein.

4201 Woodland Rd.
Circle Pines, MN 55014-1794

Borrower:

Northern Technologies International Corporation

By: /s/ Matt Wolsfeld
Printed Name: Matt Wolsfeld
Title: CFO / Secretary
Date: 2/4/2026
Signed: _____

**CERTIFICATION PURSUANT TO SECTION 302(a) OF
THE SARBANES-OXLEY ACT OF 2002**

I, G. Patrick Lynch, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Northern Technologies International Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 9, 2026

/s/ G. Patrick Lynch
G. Patrick Lynch
President and Chief Executive Officer
(principal executive officer)

**CERTIFICATION PURSUANT TO SECTION 302(a) OF
THE SARBANES-OXLEY ACT OF 2002**

I, Matthew C. Wolsfeld, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Northern Technologies International Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 9, 2026

/s/ Matthew C. Wolsfeld
Matthew C. Wolsfeld, CPA
Chief Financial Officer
(principal financial officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY
ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Northern Technologies International Corporation (the "Company") for the period ended February 28, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, G. Patrick Lynch, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ G. Patrick Lynch

G. Patrick Lynch
President and Chief Executive Officer
(principal executive officer)

Circle Pines, Minnesota
April 9, 2026

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY
ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Northern Technologies International Corporation (the "Company") for the period ended February 28, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Matthew C. Wolsfeld, Chief Financial Officer and Corporate Secretary of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Matthew C. Wolsfeld
Matthew C. Wolsfeld, CPA
Chief Financial Officer
(principal financial officer)

Circle Pines, Minnesota
April 9, 2026