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, 2025

or

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

For the transition period from ________________ to __________________

Commission File Number: 001-11038

NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**41-0857886**
(State or other jurisdiction of incorporation or organization)	(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 ☐
Accelerated filer ☐
Non-accelerated filer ☒
Smaller reporting company ☒
Emerging growth company ☐

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

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

As of April 10, 2025, there were 9,474,363 shares of common stock of the registrant outstanding.

NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION
FORM 10-Q
February 28, 2025

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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, 2025 (UNAUDITED)
AND AUGUST 31, 2024 (AUDITED)

	February 28, 2025	August 31, 2024
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 5,090,630	$ 4,952,184
Receivables:		
Trade, less allowance for credit losses of $310,000 as of February 28, 2025 and August 31, 2024	15,418,555	19,187,079
Fees for services provided to joint ventures	957,220	1,235,016
Income taxes	911,609	392,293
Inventories, net	14,985,166	14,390,844
Prepaid expenses	2,261,632	1,421,803
Total current assets	$ 39,624,812	41,579,219
PROPERTY AND EQUIPMENT, NET	$ 14,814,389	$ 16,265,653
OTHER ASSETS:		
Investments in joint ventures	25,041,302	25,397,287
Deferred income tax, net	469,295	544,464
Intangible assets, net	8,666,639	5,682,945
Goodwill	4,782,376	4,782,376
Operating lease right of use assets	296,401	424,558
Total other assets	39,256,013	36,831,630
Total assets	$ 93,695,214	$ 94,676,502
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Line of credit	$ 5,354,664	$ 4,291,608
Term loan	2,746,121	2,820,835
Accounts payable	7,255,046	6,393,355
Income taxes payable	226,087	327,781
Accrued liabilities:		
Payroll and related benefits	1,779,611	3,163,372
Other	686,809	574,876
Current portion of operating leases	160,048	325,116
Total current liabilities	$ 18,208,386	$ 17,896,943
LONG-TERM LIABILITIES:		
Deferred income tax, net	1,504,796	1,504,796
Operating leases, less current portion	136,353	99,442
Total long-term liabilities	$ 1,641,149	$ 1,604,238
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 as of February 28, 2025 and August 31, 2024; issued and outstanding 9,470,507 and 9,466,980, respectively	189,410	189,340
Additional paid-in capital	24,334,299	23,615,564
Retained earnings	53,440,749	53,771,211
Accumulated other comprehensive loss	(8,218,805)	(6,382,124)
Stockholders' equity	69,745,653	71,193,991
Non-controlling interests	4,100,026	3,981,330
Total equity	73,845,679	75,175,321
Total liabilities and equity	$ 93,695,214	$ 94,676,502

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, 2025 AND FEBRUARY 29, 2024

	Three Months Ended		Six Months Ended	
	February 28, 2025	February 29, 2024	February 28, 2025	February 29, 2024
NET SALES:				
Net sales	$ 19,072,066	$ 20,842,538	$ 40,410,459	$ 41,024,213
Cost of goods sold	12,276,482	12,503,374	25,451,922	25,350,775
Gross profit	6,795,584	8,339,164	14,958,537	15,673,438
JOINT VENTURE OPERATIONS:				
Equity in income from joint ventures	620,730	1,177,990	1,750,323	2,280,231
Fees for services provided to joint ventures	1,070,263	1,303,059	2,354,382	2,552,017
Total joint venture operations	1,690,993	2,481,049	4,104,705	4,832,248
OPERATING EXPENSES:				
Selling expenses	3,872,028	4,134,894	8,139,682	7,820,952
General and administrative expenses	3,658,583	3,236,792	7,517,526	6,753,853
Research and development expenses	1,288,899	1,242,256	2,632,296	2,348,177
Total operating expenses	8,819,510	8,613,942	18,289,504	16,922,982
OPERATING (LOSS) INCOME	(332,933)	2,206,271	773,738	3,582,704
INTEREST INCOME	210,156	29,210	235,723	75,652
INTEREST EXPENSE	(139,155)	(77,758)	(259,375)	(188,896)
OTHER INCOME	1,139,756	—	1,139,756	—
INCOME BEFORE INCOME TAX EXPENSE	877,824	2,157,723	1,889,842	3,469,460
INCOME TAX EXPENSE	275,197	289,195	493,068	515,991
NET INCOME	602,627	1,868,528	1,396,774	2,953,469
NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	168,308	167,359	401,364	356,779
NET INCOME ATTRIBUTABLE TO NTIC	$ 434,319	$ 1,701,169	$ 995,410	$ 2,596,690
NET INCOME ATTRIBUTABLE TO NTIC PER COMMON SHARE:				
Basic	$ 0.05	$ 0.18	$ 0.11	$ 0.28
Diluted	$ 0.04	$ 0.17	$ 0.10	$ 0.27
WEIGHTED AVERAGE COMMON SHARES ASSUMED OUTSTANDING:				
Basic	9,470,507	9,427,598	9,474,034	9,427,588
Diluted	9,753,437	9,723,671	9,757,350	9,715,121
CASH DIVIDENDS DECLARED PER COMMON SHARE	$ 0.07	$ 0.07	$ 0.14	$ 0.14

See notes to consolidated financial statements.

NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED FEBRUARY 28, 2025 AND FEBRUARY 29, 2024

	Three Months Ended		Six Months Ended	
	February 28, 2025	February 29, 2024	February 28, 2025	February 29, 2024
NET INCOME	$ 602,627	$ 1,868,528	$ 1,396,774	$ 2,953,469
OTHER COMPREHENSIVE (LOSS) – FOREIGN CURRENCY TRANSLATION ADJUSTMENT	(635,506)	(345,605)	(2,019,349)	(44,286)
COMPREHENSIVE (LOSS) INCOME	(32,879)	1,522,923	(622,575)	2,909,183
COMPREHENSIVE LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	(106,309)	(144,183)	(218,696)	(327,980)
COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO NTIC	$ (139,188)	$ 1,378,740	$ (841,271)	$ 2,581,203

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, 2025 AND FEBRUARY 29, 2024

STOCKHOLDERS' EQUITY – THREE MONTHS ENDED FEBRUARY 28, 2025 AND FEBRUARY 29, 2024

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non-Controlling Interests	Total Equity
	Shares	Amount					
BALANCE AT NOVEMBER 30, 2023	9,427,598	$ 188,552	$22,377,726	$51,240,015	$ (6,516,461)	$ 3,726,321	$71,016,153
Stock option expense	—	—	343,941	—	—	—	343,941
Dividends paid to stockholders	—	—	—	(659,934)	—	—	(659,934)
Dividend received by non-controlling interest	—	—	—	—	—	(275,076)	(275,076)
Net income	—	—	—	1,701,169	—	167,359	1,868,528
Other comprehensive loss	—	—	—	—	(322,429)	(23,176)	(345,605)
BALANCE AT FEBRUARY 29, 2024	9,427,598	$ 188,552	$22,721,667	$52,281,250	$ (6,838,890)	$ 3,595,428	$71,948,007
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	—	—	—	(662,936)	—	—	(662,936)
Dividend received by 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	$24,334,299	$53,440,749	$ (8,218,805)	$ 4,100,026	$73,845,679

STOCKHOLDERS' EQUITY – SIX MONTHS ENDED FEBRUARY 28, 2025 AND FEBRUARY 29, 2024

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non-Controlling Interests	Total Equity
	Shares	Amount					
BALANCE AT AUGUST 31, 2023	9,424,102	$ 188,482	$21,986,767	$51,004,426	$ (6,823,403)	$ 4,342,524	$70,698,796
Stock issued for employee stock purchase plan	3,496	70	40,026	—	—	—	40,096
Stock option expense	—	—	694,874	—	—	—	694,874
Dividends paid to stockholders	—	—	—	(1,319,866)	—	—	(1,319,866)
Dividend received by non-controlling interest	—	—	—	—	—	(1,075,076)	(1,075,076)
Net income	—	—	—	2,596,690	—	356,779	2,953,469
Other comprehensive income	—	—	—	—	(15,487)	(28,799)	(44,286)
BALANCE AT FEBRUARY 29, 2024	9,427,598	$ 188,552	$22,721,667	$52,281,250	$ (6,838,890)	$ 3,595,428	$71,948,007
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	—	—	—	(1,325,872)	—	—	(1,325,872)
Dividend received by non-controlling interest	—	—	—	—	—	(100,000)	(100,000)
Net income	—	—	—	995,410	—	401,364	1,396,774
Other comprehensive loss	—	—	—	—	(1,836,681)	(182,668)	(2,019,349)
BALANCE AT FEBRUARY 28, 2025	9,470,507	$ 189,410	$24,334,299	$53,440,749	$ (8,218,805)	$ 4,100,026	$73,845,679

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, 2025 AND FEBRUARY 29, 2024

	Six Months Ended	
	February 28, 2025	February 29, 2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 1,396,774	$ 2,953,469
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation expense	676,334	694,874
Depreciation expense	518,385	597,403
Amortization expense	306,094	295,226
Loss on disposal of assets	23,602	—
Equity in income from joint ventures	(1,750,323)	(2,280,231)
Dividends received from joint ventures	680,737	2,391,251
Deferred income taxes	55,458	28,088
Changes in current assets and liabilities:		
Receivables:		
Trade	3,388,789	196,110
Fees for services provided to joint ventures	277,795	68,883
Dividends receivable from joint venture	—	1,986,027
Income taxes	(574,666)	(475,514)
Inventories	(846,593)	568,467
Prepaid expenses and other	(864,893)	(551,739)
Accounts payable	940,604	417,650
Income tax payable	(48,203)	789
Accrued liabilities	(981,153)	(1,247,746)
Net cash provided by operating activities	3,198,741	5,643,007
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the sale of property and equipment	20,000	—
Purchases of property and equipment	(709,064)	(1,443,762)
Investments in intangibles	(1,891,693)	(62,165)
Net cash used in investing activities	(2,580,757)	(1,505,927)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings (payments) on line of credit	1,063,056	(2,407,355)
Dividends paid on NTIC common stock	(1,325,872)	(1,319,866)
Dividends received by non-controlling interest	(100,000)	(1,075,076)
Proceeds from employee stock purchase plan	42,471	40,096
Net cash used in financing activities	(320,345)	(4,762,201)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(159,193)	53,978
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	138,446	(571,143)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	4,952,184	5,406,174
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 5,090,630	$ 4,835,031

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, 2025 and August 31, 2024 and the results of the Company's operations for the three and six months ended February 28, 2025 and February 29, 2024, the changes in stockholders' equity for the three and six months ended February 28, 2025 and February 29, 2024, and the Company's cash flows for the six months ended February 28, 2025 and February 29, 2024, 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, 2024. 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, 2025 are not necessarily indicative of the results that may be expected for the full fiscal year ending August 31, 2025.

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations. An adjustment has been made to the Consolidated Balance Sheet as of August 31, 2024 and the Consolidated Statements of Cash Flows for the three and six months ended February 29, 2024 to reclassify joint venture trade receivables within trade receivables.

The Company evaluates events occurring after the date of the consolidated financial statements, through the date the consolidated financial statements were available to be issued, requiring recording or disclosure in the consolidated financial statements.

2. NEW SIGNIFICANT ACCOUNTING POLICIES

For the three and six months ended February 28, 2025, 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, 2024.

3. ACCOUNTING PRONOUNCEMENTS

Recently Issued Accounting Pronouncements

In November 2023, the FASB issued Accounting Standards Update (ASU) No. 2023-07, Segment Reporting (Topic 280): *Improvements to Reportable Segment Disclosures*. ASU 2023-07 is intended to enhance financial reporting by requiring incremental disclosures for significant segment expenses on an annual and interim basis by public entities required to report segment information in accordance with Accounting Standards Codification Topic 280. The amendments in ASU 2023-07 are to be applied retrospectively to all periods presented in the financial statements and early adoption is permitted. This standard will be applicable to the Company for the 2025 annual period and quarterly periods thereafter. The Company is evaluating its disclosure approach for ASU 2023-07 and anticipates adopting the standard for the year ended August 31, 2025 and filings thereafter.

In December 2023, the 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 financial statement disclosures.

4. INVENTORIES

Inventories consisted of the following:

	February 28, 2025	August 31, 2024
Production materials	$ 6,561,188	$ 5,513,409
Finished goods	8,423,978	8,877,435
	$ 14,985,166	$ 14,390,844

5. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

	February 28, 2025	August 31, 2024
Land	$ 1,238,180	$ 1,238,180
Buildings and improvements	16,527,616	14,760,250
Assets in process	477,152	3,086,479
Machinery and equipment	7,030,897	7,276,151
	25,273,845	26,361,060
Less accumulated depreciation	(10,459,456)	(10,095,407)
	$ 14,814,389	$ 16,265,653

Depreciation expense was $251,230 and $518,385 for the three and six months ended February 28, 2025, respectively, compared to $290,393 and $597,403 for the three and six months ended February 29, 2024, respectively.

Assets in process includes capitalized software costs incurred until the capitalized software is placed in service. Once placed in service, these costs are reclassed to intangible assets, net in the consolidated balance sheet.

6. INTANGIBLE ASSETS, NET

Intangible assets, net consisted of the following:

	As of February 28, 2025		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Patents and trademarks	$ 3,513,941	$ (2,912,796)	$ 601,145
Capitalized software	3,490,026	(290,565)	3,199,461
Customer relationships	6,347,000	(1,480,967)	4,866,033
Total intangible assets, net	$ 13,350,967	$ (4,684,328)	$ 8,666,639

	As of August 31, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Patents and trademarks	$ 3,459,877	$ (2,854,532)	$ 605,345
Customer relationships	6,347,000	(1,269,400)	5,077,600
Total intangible assets, net	$ 9,806,877	$ (4,123,932)	$ 5,682,945

Amortization expense related to intangible assets was $158,374 and $306,094 for the three and six months ended February 28, 2025, respectively, compared to $147,571 and $295,226 for the three and six months ended February 29, 2024, respectively.

As of February 28, 2025, future amortization expense related to intangible assets for each of the next five fiscal years and thereafter is estimated as follows:

Remainder of fiscal 2025	$ 512,397
Fiscal 2026	805,760
Fiscal 2027	770,685
Fiscal 2028	770,685
Fiscal 2029	770,685
Thereafter	5,036,427
Total	$ 8,666,639

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 venture in Germany, Excor Korrosionsschutz – Technologien und Produkte GmbH (EXCOR), and all the Company's other joint ventures are summarized as follows:

	As of February 28, 2025		
	Total	**EXCOR**	**All Other**
Current assets	$ 53,214,235	$ 24,676,444	$ 28,537,791
Total assets	62,156,803	31,200,159	30,956,644
Current liabilities	11,098,084	1,910,547	9,187,537
Non-current liabilities	464,499	—	464,499
Joint ventures' equity	50,594,220	29,289,612	21,304,608
NTIC's share of joint ventures' equity	25,041,302	14,644,808	10,396,494
NTIC's share of joint ventures' undistributed earnings	24,096,958	14,613,903	9,483,055

	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

	As of August 31, 2024		
	Total	**EXCOR**	**All Other**
Current assets	$ 56,420,503	$ 26,234,664	$ 30,185,839
Total assets	64,183,071	31,513,288	32,669,783
Current liabilities	12,553,716	2,221,726	10,331,990
Non-current liabilities	323,199	—	323,199
Joint ventures' equity	51,306,156	29,291,562	22,014,594
NTIC's share of joint ventures' equity	25,397,287	14,645,783	10,751,504
NTIC's share of joint ventures' undistributed earnings	23,645,685	14,614,878	9,030,807

	Three Months Ended February 29, 2024		
	Total	**EXCOR**	**All Other**
Net sales	$ 23,479,980	$ 9,163,636	$ 14,316,344
Gross profit	10,139,080	4,829,931	5,309,149
Net income	2,353,152	1,378,844	974,308
NTIC's share of equity in income from joint ventures	1,177,990	690,882	487,109
NTIC's dividends received from joint ventures	2,020,147	1,624,950	395,197

	Six Months Ended February 29, 2024		
	Total	**EXCOR**	**All Other**
Net sales	$ 47,040,641	$ 17,584,596	$ 29,456,045
Gross profit	20,242,880	9,205,006	11,037,874
Net income	4,557,634	2,405,751	2,151,883
NTIC's share of equity in income from joint ventures	2,280,231	1,204,335	1,075,896
NTIC's dividends received from joint ventures	2,391,251	1,624,950	766,301

8. CORPORATE DEBT

On January 6, 2023, the Company entered into a Credit Agreement (the Credit Agreement) with JPMorgan Chase Bank, N.A. (JPM), which provided the Company with a senior secured revolving line of credit (the Credit Facility) of up to $10.0 million, which included a $5.0 million sublimit for standby letters of credit. Borrowings of $5,354,664 and $4,291,608 were outstanding under the Credit Facility as of February 28, 2025 and August 31, 2024, respectively. The Company was in compliance with all covenants under the Credit Agreement as of February 28, 2025.

On January 6, 2025, the Company and JPM entered into an amendment to the Credit Agreement to extend the maturity date of the Credit Facility from January 6, 2025 to January 5, 2026, reduce the availability under the Credit Facility from $10.0 million to $8.0 million and increase the applicable margin for Adjusted SOFR Rate (as defined below) advances from 2.15% to 2.35%. All other material terms of the Credit Facility and the Credit Agreement remain the same.

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 January 5, 2026 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 6.76% and 7.44% for the six months ended February 28, 2025 and February 29, 2024, 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 10, 2023 and May 30, 2023, the Company'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 $1.45 million). The term loans mature in April 2025 and June 2025, respectively, unless extended. Both term loans have an annual interest rate of 3.25% 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. The Company was in compliance with the covenants as of February 28, 2025. The current outstanding balance for both term loans was USD $2,746,121 as of February 28, 2025 and USD $2,820,835 as of August 31, 2024.

9. STOCKHOLDERS' EQUITY

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 29, 2024, 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 18, 2023	$ 0.07	November 1, 2023	November 15, 2023
January 17, 2024	$ 0.07	January 31, 2024	February 14, 2024

During the six months ended February 28, 2025 and February 29, 2024, the Company repurchased no shares of its common stock.

The Company issued 3,527 and 3,496 shares of common stock on September 1, 2024 and 2023, respectively, under the Northern Technologies International Corporation Employee Stock Purchase Plan (ESPP). The ESPP is compensatory for financial reporting purposes. As of February 28, 2025, 51,727 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.

The following is a reconciliation of the net income per share computation for the three and six months ended February 28, 2025 and February 29, 2024:

	Three Months Ended		Six Months Ended	
Numerator:	**February 28, 2025**	**February 29, 2024**	**February 28, 2025**	**February 29, 2024**
Net income attributable to NTIC	$ 434,319	$ 1,701,169	$ 995,410	$ 2,596,690
Denominator:				
Basic – weighted shares outstanding	9,470,507	9,427,598	9,474,034	9,427,588
Weighted shares assumed upon exercise of stock options and settlement of restricted stock units	282,930	296,073	283,316	287,533
Diluted – weighted shares outstanding	9,753,437	9,723,671	9,757,350	9,715,121
Basic net income per share:	$ 0.05	$ 0.18	$ 0.11	$ 0.28
Diluted net income per share:	$ 0.04	$ 0.17	$ 0.10	$ 0.27

The dilutive impact summarized above relates to the periods when 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 was based on the weighted average number of common shares outstanding during the periods when computing basic net income per share. When dilutive, stock options and restricted stock units are included as equivalents using the treasury stock market method when computing the diluted net income per share. Excluded from the computation of diluted net income per share for the three and six months ended February 28, 2025 were options outstanding to purchase 756,661 shares of common stock. Excluded from the computation of diluted net income per share for the three and six months ended February 29, 2024, were options outstanding to purchase 580,869 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, 2024	1,752,665	$ 11.47
Granted	245,190	$ 13.26
Exercised	—	—
Outstanding as of February 28, 2025	1,997,855	$ 11.69

The weighted average per share fair value of options granted during the six months ended February 28, 2025 and February 29, 2024 was $4.95 and $5.04, respectively. The weighted average remaining contractual life of the options outstanding as of February 28, 2025 and February 29, 2024 was 6.03 years and 6.31 years, respectively.

The Company recognized stock option compensation expense of $602,821 and $694,874 during the six months ended February 28, 2025 and February 29, 2024, respectively. As of February 28, 2025, there was $1,618,997 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 were granted under the 2024 Plan on September 1, 2024 to certain non-employee directors during the six months ended February 28, 2025 and vest in full on the one-year anniversary of the date of grant. A summary of restricted stock unit activity for the six months ended February 28, 2025 is as follows:

	Number of Restricted Stock Units	Weighted Average Grant Date Fair Value
Outstanding as of August 31, 2024	—	$ —
Granted	11,313	13.14
Vested/Settled	—	—
Outstanding as of February 28, 2025	11,313	$ 13.14

Restricted stock units are valued using the closing stock price on the grant date. The Company recognizes the grant date fair value of the restricted stock units over the vesting term, or one year. For the six months ended February 28, 2025, the Company recognized $73,513 in stock-based compensation expense. As of February 28, 2025, there is an unrecognized stock-based compensation expense of $75,138, which is expected to be recognized over 0.50 years.

12. SEGMENT AND GEOGRAPHIC INFORMATION

Segment Information

The Company's chief operating decision maker 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, electronics, electrical, mechanical, military 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 following table sets forth the Company's net sales for the three and six months ended February 28, 2025 and February 29, 2024 by segment:

	Three Months Ended		Six Months Ended	
	February 28, 2025	February 29, 2024	February 28, 2025	February 29, 2024
ZERUST® net sales	$ 14,112,017	$ 15,218,095	$ 29,587,820	$ 30,623,840
Natur-Tec® net sales	4,960,049	5,624,443	10,822,639	10,400,373
Total net sales	$ 19,072,066	$ 20,842,538	$ 40,410,459	$ 41,024,213

The following table sets forth the Company's cost of goods sold for the three and six months ended February 28, 2025 and February 29, 2024 by segment:

	Three Months Ended				Six Months Ended			
	February 28, 2025	% of Product Sales*	February 29, 2024	% of Product Sales*	February 28, 2025	% of Product Sales*	February 29, 2024	% of Product Sales*
Direct cost of goods sold								
ZERUST®	$ 8,096,177	57.4%	$ 8,082,163	53.1%	$16,774,883	56.7%	$16,826,187	54.9%
Natur-Tec®	3,237,854	65.3%	3,568,719	63.5%	6,927,037	64.0%	6,797,302	65.4%
Indirect cost of goods sold	942,451	—	852,492	—	1,750,002	—	1,727,286	—
Total net cost of goods sold	$12,276,482		$12,503,374		$25,451,922		$25,350,775	

* The percent of product sales is calculated by dividing the direct cost of goods sold for each individual segment category by the net sales for each segment category.

The Company utilizes product net sales and direct and indirect cost of goods sold 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.

Geographic Information

Net sales by geographic location for the three and six months ended February 28, 2025 and February 29, 2024 were as follows:

	Three Months Ended		Six Months Ended	
	February 28, 2025	February 29, 2024	February 28, 2025	February 29, 2024
Inside the U.S. to unaffiliated customers	$ 6,668,183	$ 6,840,855	$ 14,150,801	$ 14,073,236
Outside the U.S. to:				
Joint ventures in which the Company is a shareholder directly and indirectly	545,484	611,926	1,172,245	1,463,377
Unaffiliated customers	11,858,399	13,389,757	25,087,413	25,487,600
	$ 19,072,066	$ 20,842,538	$ 40,410,459	$ 41,024,213

Net sales by geographic location are based on the location of the customer.

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, 2025 and February 29, 2024 were as follows:

	Three Months Ended			
	February 28, 2025	% of Total Fees for Services Provided to Joint Ventures	February 29, 2024	% of Total Fees for Services Provided to Joint Ventures
Germany	$ 201,728	18.8%	$ 206,740	15.9%
Poland	185,499	17.3%	217,786	16.7%
Japan	122,548	11.5%	111,995	8.6%
Sweden	96,133	9.0%	102,984	7.9%
Thailand	86,721	8.1%	90,264	6.9%
France	70,040	6.5%	195,176	15.0%
Finland	69,923	6.5%	95,748	7.3%
United Kingdom	68,804	6.4%	55,101	4.2%
Czech Republic	61,340	5.7%	84,789	6.5%
South Korea	27,320	2.6%	63,381	4.9%
Other	80,207	7.6%	79,095	6.1%
	$ 1,070,263	100.0%	$ 1,303,059	100.0%

	Six Months Ended			
	February 28, 2025	% of Total Fees for Services Provided to Joint Ventures	February 29, 2024	% of Total Fees for Services Provided to Joint Ventures
Germany	$ 408,056	17.3%	$ 412,383	16.2%
Poland	405,510	17.2%	415,803	16.3%
Japan	271,086	11.5%	248,076	9.7%
Finland	201,382	8.6%	199,492	7.8%
United Kingdom	185,029	7.9%	118,251	4.6%
Thailand	180,886	7.7%	169,702	6.6%
Sweden	163,061	6.9%	213,520	8.4%
France	149,104	6.3%	317,142	12.4%
Czech Republic	133,972	5.7%	162,601	6.4%
South Korea	95,021	4.0%	138,338	5.4%
Other	161,275	6.9%	156,710	6.1%
	$ 2,354,382	100.0%	$ 2,552,018	100.0%

The geographical distribution of total property and equipment and net sales is as follows:

	At February 28, 2025	At August 31, 2024
China	$ 5,359,435	$ 5,627,202
Other	1,179,459	1,217,400
United States	8,275,495	9,421,051
Total property and equipment, net	$ 14,814,389	$ 16,265,653

	Three Months Ended	
	February 28, 2025	February 29, 2024
China	$ 3,735,100	$ 3,455,846
Brazil	1,515,680	1,326,867
India	4,870,068	5,406,404
Other	2,283,035	3,812,566
United States	6,668,183	6,840,855
Total net sales	$ 19,072,066	$ 20,842,538

	Six Months Ended	
	February 28, 2025	February 29, 2024
China	$ 7,729,869	$ 7,134,369
Brazil	2,900,874	2,856,490
India	10,915,803	10,586,795
Other	4,713,112	6,373,323
United States	14,150,801	14,073,236
Total net sales	$ 40,410,459	$ 41,024,213

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

Legal Matters

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, 2025, 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		Six Months Ended	
	February 28, 2025	February 29, 2024	February 28, 2025	February 29, 2024
Cash paid for interest	$ 139,155	$ 77,758	$ 259,375	$ 188,896
Cash paid for taxes	368,197	286,195	816,068	612,991

15. INCOME TAXES

Income tax expense for the three and six months ended February 28, 2025 was $275,197 and $493,068, respectively, compared to $289,195 and $515,991, respectively, for the three and six months ended February 29, 2024. 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, 2025 and August 31, 2024.

16. OTHER INCOME – EMPLOYEE RETENTION CREDIT

During the three 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 for the period. 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. The Company will continue to monitor any developments related to the ERC and its accounting treatment in accordance with applicable regulations and guidance.

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 1. Item 1A. Risk Factors*" in our annual report on Form 10-K for the fiscal year ended August 31, 2024. 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, electronics, electrical, mechanical, military, 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 oil and gas industry. 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 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), 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. 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.

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.

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, 2025 include the following, with increases or decreases in each case as compared to the respective prior fiscal year period:

- NTIC's consolidated net sales decreased 8.5% and 1.5% during the three and six months ended February 28, 2025, respectively, compared to the three and six months ended February 29, 2024 primarily due to decreased sales and demand for ZERUST® products, partially offset by an increase in sales of Natur-Tec® products during the six months ended February 28, 2025. During the six months ended February 28, 2025, 73.2% of NTIC's consolidated net sales were derived from sales of ZERUST® products and services and 26.8% of NTIC's consolidated net sales were derived from sales of Natur-Tec® products.

- Cost of goods sold as a percentage of net sales increased to 64.4% during the three months ended February 28, 2025, compared to 60.0% during the three months ended February 29, 2024, and increased to 63.0% during the six months ended February 28, 2025, compared to 61.8% during the prior fiscal year period primarily as a result of higher raw material prices during the current fiscal year periods.

- NTIC's total joint venture operations decreased 31.8% and 15.1% to $1,690,993 and $4,104,705 during the three and six months ended February 28, 2025, respectively, compared to $2,481,049 and $4,832,248 during the three and six months ended February 28, 2025, respectively. These decreases were primarily due to decreases in equity in income from joint ventures and fees for services provided to joint ventures, both of which were driven primarily by decreased sales at most joint ventures. Net sales at the joint ventures, which are not consolidated with NTIC's net sales, decreased 15.7% and 7.2% to $19,799,875 and $43,636,885 during the three and six months ended February 28, 2025, respectively, compared to $23,479,980 and $47,040,641 during the three and six months ended February 29, 2024, respectively.

- NTIC's total operating expenses increased 2.4% and 8.1% to $8,819,510 and $18,289,504 during the three and six months ended February 28, 2025, respectively, compared to $8,613,942 and $16,922,982 for the three and six months ended February 29, 2024, respectively. These increases were primarily due to strategic investments in ZERUST® oil and gas sales infrastructure and, to a lesser extent, increased personnel expenses, including as a result of new hires and increased benefits, and increased travel and professional fees.

- NTIC earned net income attributable to NTIC of $434,319, or $0.04 per diluted common share, for the three months ended February 28, 2025, compared to $1,701,169, or $0.17 per diluted common share, for the three months ended February 29, 2024. NTIC earned net income attributable to NTIC of $995,410 or $0.10 per diluted common share, for the six months ended February 28, 2025, compared to $2,596,690, or $0.27 per diluted common share, for the six months ended February 29, 2024.

Results of Operations

The following table sets forth NTIC's results of operations for the three and six months ended February 28, 2025 and February 29, 2024.

	Three Months Ended					
	February 28, 2025	% of Net Sales	February 29, 2024	% of Net Sales	$ Change	% Change
Net sales	$ 19,072,066	n/a	$ 20,842,538	n/a	$ (1,770,472)	(8.5%)
Cost of goods sold	12,276,482	64.4%	12,503,374	60.0%	(226,892)	(1.8%)
Equity in income from joint ventures	620,730	n/a	1,177,990	n/a	(557,260)	(47.3%)
Fees for services provided to joint ventures	1,070,263	n/a	1,303,059	n/a	(232,796)	(17.9%)
Selling expenses	3,872,028	20.3%	4,134,894	19.8%	(262,866)	(6.4%)
General and administrative expenses	3,658,583	19.2%	3,236,792	15.5%	421,791	13.0%
Research and development expenses	1,288,899	6.8%	1,242,256	6.0%	46,643	3.8%

	Six Months Ended					
	February 28, 2025	% of Net Sales	February 29, 2024	% of Net Sales	$ Change	% Change
Net sales	$ 40,410,459	n/a	$ 41,024,213	n/a	$ (613,754)	(1.5%)
Cost of goods sold	25,451,922	63.0%	25,350,775	61.8%	101,147	0.4%
Equity in income from joint ventures	1,750,323	n/a	2,280,231	n/a	(529,908)	(23.2%)
Fees for services provided to joint ventures	2,354,382	n/a	2,552,017	n/a	(197,635)	(7.7%)
Selling expenses	8,139,682	20.1%	7,820,952	19.1%	318,730	4.1%
General and administrative expenses	7,517,526	18.6%	6,753,853	16.5%	763,673	11.3%
Research and development expenses	2,632,296	6.5%	2,348,177	5.7%	284,119	12.1%

Net Sales. NTIC's consolidated net sales decreased 8.5% and 1.5% to $19,072,066 and $40,410,459 during the three and six months ended February 28, 2025, respectively, compared to the three and six months ended February 29, 2024. These decreases were primarily due to decreased sales and demand for ZERUST® products, partially offset by an increase in sales of Natur-Tec® products during the six months ended February 28, 2025.

The following table sets forth NTIC's net sales by product segment for the three and six months ended February 28, 2025 and February 29, 2024:

	Three Months Ended		Six Months Ended	
	February 28, 2025	**February 29, 2024**	**February 28, 2025**	**February 29, 2024**
Total ZERUST® sales	$ 14,112,017	$ 15,218,095	$ 29,587,820	$ 30,623,840
Total Natur-Tec® sales	4,960,049	5,624,443	10,822,639	10,400,373
Total net sales	$ 19,072,066	$ 20,842,538	$ 40,410,459	$ 41,024,213

During the three and six months ended February 28, 2025, 74.0% and 73.2% of NTIC's consolidated net sales, respectively, were derived from sales of ZERUST® products and services, which decreased 7.3% and 3.4% to $14,112,017 and $29,587,820, respectively, compared to $15,218,095 and $30,623,840 during the three and six months ended February 29, 2024, respectively. These decreases were primarily a result of decreased demand for ZERUST® oil and gas products, and to a lesser extent, ZERUST® industrial products.

The following table sets forth NTIC's net sales of ZERUST® products for the three and six months ended February 28, 2025 and February 29, 2024:

	Three Months Ended			
	February 28, 2025	**February 29, 2024**	**$ Change**	**% Change**
ZERUST® industrial net sales	$ 12,562,853	$ 13,050,767	$ (487,914)	(3.7%)
ZERUST® oil & gas net sales	1,549,164	2,167,328	(618,164)	(28.5%)
Total ZERUST® net sales	$ 14,112,017	$ 15,218,095	$ (1,106,078)	(7.3%)

	Six Months Ended			
	February 28, 2025	**February 29, 2024**	**$ Change**	**% Change**
ZERUST® industrial net sales	$ 26,525,105	$ 26,954,198	$ (429,093)	(1.6%)
ZERUST® oil & gas net sales	3,062,715	3,669,642	(606,927)	(16.5%)
Total ZERUST® net sales	$ 29,587,820	$ 30,623,840	$ (1,036,020)	(3.4%)

ZERUST® industrial net sales decreased 3.7% and 1.6% during the three and six months ended February 28, 2025, respectively compared to the same prior fiscal year periods, primarily due to decreased demand for North American ZERUST® industrial products. 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 decreased 28.5% and 16.5% during the three and six months ended February 28, 2025, respectively, compared to the same prior fiscal year periods primarily due to decreased demand. 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.

During the three and six months ended February 28, 2025, 26.0% and 26.8% of NTIC's consolidated net sales, respectively, were derived from sales of Natur-Tec® products, compared to 27.0% and 25.4% during the three and six months ended February 29, 2024, respectively. Sales of Natur-Tec® products decreased 11.8% to $4,960,049 during the three months ended February 28, 2025 compared to $5,624,443 during the three months ended February 29, 2024. Sales of Natur-Tec® products increased 4.1% to $10,822,639 during the six months ended February 28, 2025 compared to $10,400,373 during the six months ended February 29, 2024. The decrease for the three-month comparison was primarily due to a combination of timing and seasonal variations in demand in Asia, and a temporary reduction in shipments to a major resin customer due to onetime tooling changes. The increase for the six-month comparison was primarily due to higher demand for apparel packaging from major brands in India, and the launch of new customer applications. 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 decreased 1.8% and increased 0.4% for the three and six months ended February 28, 2025, respectively, compared to the three and six months ended February 29, 2024 primarily as a result of the fluctuations in corresponding sales. Cost of goods sold as a percentage of net sales increased to 64.4% and 63.0% for the three and six months ended February 28, 2025, respectively, compared to 60.0% and 61.8% for the three and six months ended February 29, 2024, respectively, primarily due to higher raw material prices overall.

Equity in Income from Joint Ventures. NTIC's equity in income from joint ventures decreased 47.3% and 23.2% to $620,730 and $1,750,323 during the three and six months ended February 28, 2025, respectively, compared to $1,177,990 and $2,280,231 during the three and six months ended February 29, 2024, respectively. NTIC's equity in income from joint ventures fluctuates based on the net sales and profitability of its joint ventures during the respective periods. Of the total equity in income from joint ventures, NTIC had equity in income from joint ventures of $892,001 attributable to EXCOR during the six months ended February 28, 2025, compared to $1,204,335 attributable to EXCOR during the six months ended February 29, 2024. This decrease was due to a decrease in net sales by EXCOR compared to the same prior year fiscal period. NTIC had equity in income from all other joint ventures of $858,322 during the six months ended February 28, 2025, compared to $1,075,896 during the six months ended February 29, 2024.

Fees for Services Provided to Joint Ventures. NTIC recognized fee income for services provided to joint ventures of $1,070,263 and $2,354,382 during the three and six months ended February 28, 2025, respectively, compared to $1,303,059 and $2,552,017 during the three and six months ended February 29, 2024, respectively, representing decreases of 17.9% and 7.7%, respectively. 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, 2025, specifically EXCOR. Net sales at the joint ventures decreased 15.7% and 7.2% to $19,799,875 and $43,636,885 during the three and six months ended February 28, 2025, respectively, compared to $23,479,980 and $47,040,641 during the three and six months ended February 29, 2024, respectively. These decreases were primarily a result of decreased demand during the current fiscal year periods at NTIC's joint venture in Germany primarily, as described above. 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 $408,056 were attributable to EXCOR during the six months ended February 28, 2025, compared to fees of $412,383 attributable to EXCOR during the six months ended February 29, 2024.

Selling Expenses. NTIC's selling expenses decreased 6.4% during the three months ended February 28, 2025 compared to the same prior fiscal year period and increased 4.1% during the six months ended February 28, 2025 compared to the same prior fiscal year period. The decrease for the three-month comparison was due primarily to cost savings initiatives put in place in North America and at various subsidiaries. The increase for the six-month comparison was due primarily to increased personnel expense in the current fiscal year period as a result of an expansion in the ZERUST® oil and gas sales team. As a percentage of net sales, selling expenses increased to 20.3% and 20.1% for the three and six months ended February 28, 2025, respectively, from 19.7% and 19.1% for the three and six months ended February 29, 2024, respectively, due primarily to decreased net sales, as described above.

General and Administrative Expenses. NTIC's general and administrative expenses increased 13.0% and 11.3% for the three and six months ended February 28, 2025, respectively, compared to the same respective periods in fiscal 2024 due primarily to increased professional services and travel and personnel expenses during the current fiscal year periods compared to the same prior fiscal year periods. As a percentage of net sales, general and administrative expenses increased to 19.2% and 18.6% for the three and six months ended February 28, 2025, respectively, from 15.5% and 16.5% for the same respective periods in fiscal 2024 primarily due to increased general and administrative expenses and decreased net sales, as described above.

Research and Development Expenses. NTIC's research and development expenses increased 3.8% and 12.1% for the three and six months ended February 28, 2025, respectively, compared to the same respective periods in fiscal 2024 primarily due to continued investment in new product development. As these initiatives transition into commercialization, the costs will shift from research and development expenses to selling expenses, reflecting our advancement toward bringing these innovations to market.

Interest Income. NTIC's interest income increased to $210,156 and $235,723 during the three and six months ended February 28, 2025, respectively, compared to $29,210 and $75,652 during the three and six months ended February 29, 2024, respectively, primarily due to $181,529 in interest income earned on delayed IRS payments related to Employee Retention Credit (ERC) claims, as described in Note 16 to NTIC's consolidated financial statements, and changes in the invested cash balances and rate of return at various subsidiaries.

Interest Expense. NTIC's interest expense increased to $139,155 and $259,375 during the three and six months ended February 28, 2025, respectively, compared to $77,758 and $188,896 during the three and six months ended February 29, 2024, respectively, due primarily to increased average outstanding 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 an ERC payment. No other income was recognized during the prior 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 16 to NTIC's consolidated financial statements. The ERC payment is a one-time event and does not represent recurring operational revenue.

Income Before Income Tax Expense. NTIC had income before income tax expense of $877,824 and $1,889,842 for the three and six months ended February 28, 2025, respectively, compared to $2,157,723 and $3,469,460 for the three and six months ended February 29, 2024, respectively.

Income Tax Expense. Income tax expense was $275,197 and $493,068 for the three and six months ended February 28, 2025, respectively, compared to $289,195 and $515,991 during the three and six months ended February 29, 2024, 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 $24,096,958 and $23,465,685 as of February 28, 2025, and August 31, 2024, 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 Income Attributable to NTIC. Net income attributable to NTIC decreased to $434,319, or $0.04 per diluted common share, for the three months ended February 28, 2025, compared to $1,701,169, or $0.17 per diluted common share, for the three months ended February 29, 2024. Net income attributable to NTIC decreased to $995,410, or $0.10 per diluted common share, for the six months ended February 28, 2025, compared to $2,596,690, or $0.27 per diluted common share, for the six months ended February 29, 2024. These decreases were primarily due to the decrease in gross profit as a result of a decrease in sales and decreases in income from our joint venture operations, partially offset by the one-time ERC payment.

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, 2025 compared to the same respective periods in fiscal 2024.

Liquidity and Capital Resources

Sources of Cash and Working Capital. NTIC's working capital, defined as current assets less current liabilities, was $21,416,426 as of February 28, 2025, including $5,090,630 in cash and cash equivalents, $5,354,664 outstanding under NTIC's line of credit, and $2,746,121 outstanding under NTIC China's term loans, compared to $23,682,276 as of August 31, 2024, including $4,952,184 in cash and cash equivalents, $4,291,608 outstanding under NTIC's line of credit, and $2,820,835 outstanding under NTIC China's term loans.

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 2025, 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. On January 6, 2023, NTIC entered into a Credit Agreement (the Credit Agreement) with JPMorgan Chase Bank, N.A. (JPM), which provided NTIC with a senior secured revolving line of credit (the Credit Facility) of up to $10.0 million, and replaced NTIC's prior loan agreement. The Credit Facility included a $5.0 million sublimit for standby letters of credit.

On January 6, 2025, the Company and JPM entered into an amendment to the Credit Agreement to extend the maturity date of the Credit Facility from January 6, 2025 to January 5, 2026, reduce the availability under the Credit Facility from $10.0 million to $8.0 million, and increase the applicable margin for Adjusted SOFR Rate (as defined below) advances from 2.15% to 2.35%. All other material terms of the Credit Facility and the Credit Agreement remain the same.

Borrowings of $5,354,664 were outstanding under the Credit Facility as of February 28, 2025. The Company was in compliance with all covenants under the Credit Agreement as of February 28, 2025.

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 January 5, 2026 maturity date, unless the Credit Facility is extended or renewed or terminated earlier. It is anticipated that the Credit Facility will be renewed each year for one additional year for the immediate foreseeable future.

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 2.15% applied per annum. There is no applicable margin with respect to borrowings using a CB Floating Rate. The weighted average interest rate was 6.76% and 7.44% for the six months ended February 28, 2025 and February 29, 2024.

To secure the Credit Agreement, the Company assigned to 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 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 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 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 10, 2023 and May 30, 2023, the Company'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 $1.45 million). The term loans mature in April 2025 and June 2025, respectively, unless extended. Both term loans have an annual interest rate of 3.25% 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, 2025. The current outstanding balance as of February 28, 2025 for both term loans is a total of USD $2,746,121.

Uses of Cash and Cash Flow. 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. Net cash provided by operating activities during the six months ended February 29, 2024 was $5,643,007, which resulted principally from changes in assets and liabilities and NTIC's net income, dividends received from joint ventures, dividend receivables 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 receivables 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 as of February 28, 2025, compared to August 31, 2024. Trade receivables as of February 28, 2025, decreased $3,768,524 compared to August 31, 2024, primarily related to timing differences of sales.

Outstanding trade receivables decreased an average of 3 days to an average of 72 days from balances outstanding from these customers as of February 28, 2025 from an average of 75 days as of August 31, 2024.

Outstanding receivables for services provided to joint ventures as of February 28, 2025 decreased $277,796 compared to August 31, 2024, and the average days to pay increased an average of 4 days to an average of 80 days from an average of 76 days as of August 31, 2024.

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 used in investing activities for the six months ended February 29, 2024 was $1,505,927, which was primarily the result of the purchases of property and equipment and investments in patents.

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. Net used in financing activities for the six months ended February 29, 2024 was $4,762,201, which resulted from dividends paid to shareholders, the repayment of borrowings under the line of credit, and dividends received by non-controlling interests, partially offset by 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, 2025, 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, 2025.

Cash Dividends. 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

During the six months ended February 29, 2024, 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 18, 2023	$ 0.07	November 1, 2023	November 15, 2023
January 17, 2024	$ 0.07	January 31, 2024	February 14, 2024

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 financing agreements, business conditions, and other factors. On April 10, 2025, NTIC announced that it has determined to temporarily adjust its quarterly dividend to $0.01 per share effective with its fiscal 2025 third quarter dividend in light of the current global environment.

Capital Expenditures and Commitments. NTIC spent $2,600,757 on capital expenditures during the six months ended February 28, 2025, which related primarily to facility improvements to the warehouse facility NTIC purchased during fiscal 2023 and the installation of a new Enterprise Resource Planning (ERP) software system and associated equipment. NTIC expects to spend an aggregate of approximately $600,000 to $800,000 on capital expenditures during the remainder of fiscal 2025, which it expects will relate primarily to final implementation of the ERP software and the purchase of new equipment and facility improvements.

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 2025. NTIC believes there is some seasonality in its business. NTIC's net sales in the second fiscal quarter were 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 $5,354,664 were outstanding under the Credit Facility as of February 28, 2025.

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, 2025 for both term loans is a total of USD $2,746,121.

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, 2024.

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, operating results and financial condition, 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 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 on NTIC's business and the evolution of the automotive industry towards electric vehicles;
- The effect of worldwide disruption in supply issues 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 ongoing wars and sanctions against Russia by U.S. and European governments 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 2025;
- 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 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;
- NTIC's reliance upon and its relationships with its distributors, independent sales representatives, and joint ventures;
- NTIC's reliance upon suppliers;
- 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 ongoing wars, including the war between Russia and Ukraine;
- 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 efficiently 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;
- 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 recent 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, 2024 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.

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, 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 $5,354,664 were outstanding under the Credit Facility as of February 28, 2025. 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, 2025 for both term loans is a total of USD $2,746,121.

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, 2025 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

This Item 1A. is inapplicable to NTIC as a smaller reporting company.

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

Recent Sales of Unregistered Equity Securities

During the three months ended February 28, 2025, 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 2025 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, 2024, through December 31, 2024	0	$ 0	0	(1)
January 1, 2025, through January 31, 2025	0	$ 0	0	(1)
February 1, 2025, through February 28, 2025	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, 2025, 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

During the three months ended February 28, 2025, 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	Second Amendment to Credit Agreement, dated as of January 6, 2025, between JPMorgan Chase Bank, N.A. and Northern Technologies International Corporation (Incorporated by reference to Exhibit 10.1 to NTIC's Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 2024 (File No. 001-11038))
10.2	Line of Credit Note, dated January 6, 2025, between Northern Technologies International Corporation and JPMorgan Chase Bank, N.A. (Incorporated by reference to Exhibit 10.1 to NTIC's Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 2024 (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, 2025, 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, (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 10, 2025

/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)

Exhibit 31.1

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 10, 2025

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

Exhibit 31.2

**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 10, 2025

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

Exhibit 32.1

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, 2025, 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 10, 2025

Exhibit 32.2

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, 2025, 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 and Corporate Secretary
(principal financial officer)

Circle Pines, Minnesota
April 10, 2025