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

FORM 10-Q

(Mark one)
x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended May 31, 2015

o **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)

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 x NO o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES x NO o

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

Large accelerated filer o	Accelerated filer x
Non-accelerated filer (Do not check if a smaller reporting company) o	Smaller reporting company o

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

As of July 6, 2015, there were 4,525,109 shares of common stock of the registrant outstanding.

NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION
FORM 10-Q
May 31, 2015

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This quarterly report on Form 10-Q contains certain 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, 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 subsidiaries, NTIC (Shanghai) Co., Ltd., NTI Facilities, Inc. and Northern Technologies Holding Company, LLC, and its majority owned subsidiaries, Zerust Prevenção de Corrosão S.A., NTI Asean LLC and Natur-Tec India Private Limited, all of which are consolidated on NTIC's consolidated financial statements.

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: (1) NTIC's majority owned Brazilian subsidiary, Zerust Prevenção de Corrosão S.A.; (2) NTIC's majority owned subsidiary, NTI Asean LLC, which is a holding company that holds investments in eight entities that operate in the Association of Southeast Asian Nations (ASEAN) region, including the following countries: China (although the joint venture agreements for the Chinese joint venture were terminated as of December 31, 2014 and liquidation of this joint venture is anticipated), Indonesia, Korea, Malaysia, Philippines, Singapore, Taiwan and Thailand; or (3) NTIC's majority owned subsidiary, Northern Technologies India Private Limited, in India.

As used in this report, references to "NTIC China" refer to NTIC's newly formed wholly owned subsidiary in China, NTIC (Shanghai) Co., Ltd.

As used in this report, references to "Tianjin Zerust" refer to NTIC's former joint venture in China, Tianjin-Zerust Anticorrosion Co., Ltd.

As used in this report, references to "Zerust Brazil" refer to NTIC's majority owned Brazilian subsidiary, Zerust Prevenção de Corrosão S.A.

As used in this report, references to "NTI Asean" refer to NTIC's majority owned holding company subsidiary, NTI Asean LLC.

As used in this report, references to "Natur-Tec India" refer to NTIC's recently formed majority owned subsidiary in India, Natur-Tec India Private Limited.

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 MAY 31, 2015 (UNAUDITED)
AND AUGUST 31, 2014 (AUDITED)

	May 31, 2015	August 31, 2014
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 3,793,571	$ 2,477,017
Available for sale securities	2,527,847	5,519,766
Receivables:		
Trade excluding joint ventures, less allowance for doubtful accounts of $40,000 at May 31, 2015 and August 31, 2014	4,293,038	3,596,247
Trade joint ventures	626,948	951,286
Fees for services provided to joint ventures	1,354,901	2,612,899
Income taxes	178,110	762
Inventories	6,732,441	5,961,399
Prepaid expenses	527,597	411,226
Deferred income taxes	789,364	789,364
Total current assets	20,823,817	22,319,966
PROPERTY AND EQUIPMENT, NET	7,136,334	6,477,987
OTHER ASSETS:		
Investments in joint ventures	19,644,767	22,961,989
Investments at carrying value (Note 6)	1,883,668	—
Deferred income taxes	970,783	943,279
Patents and trademarks, net	1,270,739	1,197,700
Other	141,303	156,854
Total other assets	23,911,260	25,259,822
Total assets	$ 51,871,411	$ 54,057,775
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable	2,117,239	2,225,029
Accrued liabilities:		
Payroll and related benefits	1,038,931	1,847,246
Deferred joint venture royalties	288,000	288,000
Other	81,523	106,380
Total current liabilities	3,525,693	4,466,655
COMMITMENTS AND CONTINGENCIES (Note 14)		
EQUITY:		
Preferred stock, no par value; authorized 10,000 shares; none issued and outstanding	—	—
Common stock, $0.02 par value per share; authorized 10,000,000 shares; issued and outstanding 4,525,109 and 4,504,552, respectively	90,502	90,092
Additional paid-in capital	13,211,987	12,676,546
Retained earnings	34,518,356	32,733,300
Accumulated other comprehensive income	(3,125,074)	253,925
Stockholders’ equity	44,695,771	45,753,863
Non-controlling interest	3,649,947	3,837,257
Total equity	48,345,718	49,591,120
Total liabilities and equity	$ 51,871,411	$ 54,057,775

See notes to consolidated financial statements.

NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
FOR THE THREE AND NINE MONTHS ENDED MAY 31, 2015 AND 2014

	Three Months Ended		Nine Months Ended	
	May 31, 2015	**May 31, 2014**	**May 31, 2015**	**May 31, 2014**
NET SALES:				
Net sales, excluding joint ventures	$ 7,553,957	$ 6,056,078	$ 20,030,491	$ 17,188,462
Net sales, to joint ventures	723,618	864,742	2,189,888	2,260,466
Total net sales	8,277,575	6,920,820	22,220,379	19,448,928
Cost of goods sold	5,595,207	4,669,322	15,059,558	12,879,186
Gross profit	2,682,368	2,251,498	7,160,821	6,569,742
JOINT VENTURE OPERATIONS:				
Equity in income of joint ventures	1,724,915	1,593,465	4,806,247	4,416,664
Fees for services provided to joint ventures	1,303,964	2,001,775	4,432,494	6,169,094
Total joint venture operations	3,028,879	3,595,240	9,238,741	10,585,758
OPERATING EXPENSES:				
Selling expenses	1,434,627	1,315,264	4,168,955	3,925,466
General and administrative expenses	1,703,083	1,307,653	4,794,206	3,905,082
Expenses incurred in support of joint ventures	327,586	353,958	1,510,830	1,049,691
Research and development expenses	1,064,710	1,104,632	2,968,879	3,342,497
Total operating expenses	4,530,006	4,081,507	13,442,870	12,222,736
OPERATING INCOME	1,181,241	1,765,231	2,956,692	4,932,764
INTEREST INCOME	7,943	1,369	25,504	5,728
INTEREST EXPENSE	(6,004)	(7,063)	(14,232)	(32,709)
OTHER INCOME	—	—	2,145	—
INCOME BEFORE INCOME TAX EXPENSE	1,183,180	1,759,537	2,970,109	4,905,783
INCOME TAX EXPENSE	114,180	361,280	495,478	819,039
NET INCOME	1,069,000	1,398,257	2,474,631	4,086,744
NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTEREST	163,565	418,040	689,575	1,222,897
NET INCOME ATTRIBUTABLE TO NTIC	$ 905,435	$ 980,217	$ 1,785,056	$ 2,863,847
NET INCOME ATTRIBUTABLE TO NTIC PER COMMON SHARE:				
Basic	$ 0.20	$ 0.22	$ 0.40	$ 0.64
Diluted	$ 0.20	$ 0.21	$ 0.39	$ 0.63
WEIGHTED AVERAGE COMMON SHARES ASSUMED OUTSTANDING:				
Basic	4,525,109	4,461,880	4,519,279	4,452,798
Diluted	4,594,992	4,590,344	4,635,561	4,583,174

See notes to consolidated financial statements.

NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)
FOR THE THREE AND NINE MONTHS ENDED MAY 31, 2015 AND 2014

	Three Months Ended		Nine Months Ended	
	May 31, 2015	**May 31, 2014**	**May 31, 2015**	**May 31, 2014**
NET INCOME	$ 1,069,000	$ 1,398,257	$ 2,474,631	$ 4,086,744
OTHER COMPREHENSIVE (LOSS) INCOME – FOREIGN CURRENCY TRANSLATION ADJUSTMENT	(439,459)	(133,296)	(3,695,884)	472,315
COMPREHENSIVE INCOME (LOSS)	629,541	1,264,961	(1,221,253)	4,559,059
COMPREHENSIVE INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	130,133	405,333	372,690	1,198,539
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO NTIC	$ 499,408	$ 859,628	$ (1,593,943)	$ 3,360,520

See notes to consolidated financial statements.

NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS ENDED MAY 31, 2015 AND 2014

	Nine Months Ended	
	May 31, 2015	May 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 2,474,631	$ 4,086,744
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation	378,421	345,319
Depreciation expense	385,126	335,350
Amortization expense	65,747	64,736
Loss on disposal of assets	20,689	2,176
Equity in income from joint ventures	(4,806,247)	(4,416,664)
Dividends received from joint ventures	2,767,771	7,307,895
Increase in allowance on doubtful accounts	—	20,000
Deferred income taxes	(27,558)	—
Changes in current assets and liabilities:		
Receivables:		
Trade, excluding joint ventures	(896,173)	80,459
Trade, joint ventures	324,338	90,860
Fees for services provided to joint ventures	1,257,998	(387,356)
Income taxes	(217,055)	(155,319)
Inventories	(887,748)	(397,090)
Prepaid expenses and other	(95,316)	(455,900)
Accounts payable	82,550	(227,486)
Income tax payable	22,943	(4,081)
Accrued liabilities	(813,896)	411,211
Net cash provided by operating activities	36,221	6,700,854
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the sale of investment in joint venture	—	134,606
Proceeds from the sale of available for sale securities	2,991,919	—
Additions to property and equipment	(1,098,035)	(428,536)
Additions to patents	(138,786)	(189,393)
Net cash provided by (used in) investing activities	1,755,098	(483,323)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of note payable	—	(933,414)
Dividend received by non-controlling interest	(560,000)	(1,440,000)
Investment by non-controlling interest	—	34,770
Proceeds from employee stock purchase plan	57,980	42,514
Proceeds from exercise of stock options	99,450	305,996
Net cash used in financing activities	(402,570)	(1,990,134)
EFFECT OF EXCHANGE RATE CHANGES ON CASH:	(72,195)	8,134
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,316,554	4,235,531
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,477,017	4,314,258
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 3,793,571	$ 8,549,789

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 May 31, 2015 and August 31, 2014 and the results of their operations for the three and nine months ended May 31, 2015 and 2014 and their cash flows for the nine months ended May 31, 2015 and 2014, 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, 2014. 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 nine months ended May 31, 2015 are not necessarily indicative of the results that may be expected for the full fiscal year ending August 31, 2015.

Certain amounts reported in the consolidated financial statements for the previous reporting periods have been reclassified to conform to the current period presentation. Beginning in the second quarter of fiscal 2015, the Company reclassified dividends received from equity method from investing cash flows to operating cash flows on the consolidated statements of cash flows for all periods presented. The classification reflects the continued profitability and returns of those profits to its owners, including the Company. The reclassification did not impact net income or equity.

The Company evaluates events occurring after the date of the consolidated financial statements requiring recording or disclosure in the consolidated financial statements.

2. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENT

In May 2014, the Financial Accounting Standards Board (FASB) issued revised guidance on revenue recognition. The standard provides a single revenue recognition model which is intended to improve comparability over a range of industries, companies and geographical boundaries and will also result in enhanced disclosures. The changes are effective for the Company's fiscal year ended August 31, 2018, and interim periods within that year. The Company is currently reviewing the revised guidance and assessing the potential impact on its consolidated financial statements.

3. INVENTORIES

Inventories consisted of the following:

	May 31, 2015	August 31, 2014
Production materials	$ 1,509,359	$ 1,242,649
Finished goods	5,223,082	4,718,750
	$ 6,732,441	$ 5,961,399

4. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

	May 31, 2015	August 31, 2014
Land	$ 310,365	$ 310,365
Buildings and improvements	6,317,360	5,695,268
Machinery and equipment	3,662,754	3,713,145
	10,290,479	9,718,778
Less accumulated depreciation	(3,154,144)	(3,240,791)
	$ 7,136,334	$ 6,477,987

5. PATENTS AND TRADEMARKS, NET

Patents and trademarks, net consisted of the following:

	May 31, 2015	August 31, 2014
Patents and trademarks	$ 2,426,627	$ 2,287,840
Less accumulated amortization	(1,155,888)	(1,090,140)
	$ 1,270,739	$ 1,197,700

Patent and trademark costs are amortized over seven years. Costs incurred related to patents and trademarks are capitalized until filed and approved, at which time the amounts capitalized to date are amortized and any further costs, including maintenance costs, are expensed as incurred. Amortization expense is estimated to approximate $90,000 in each of the next five fiscal years.

6. INVESTMENTS IN JOINT VENTURES

Financial information from the financial statements of the Company’s joint venture in Germany, Excor Korrosionsschutz – Technologien und Produkte GmbH (EXCOR), joint venture in China, Tianjin-Zerust Anticorrosion Co., Ltd. (Tianjin Zerust), for the periods for which it was accounted for under the equity method (See Note 7) and all of the Company’s other joint ventures, are summarized as follows:

	At May 31, 2015		
	Total	EXCOR	All Other
Current assets	$ 49,454,666	$ 22,205,218	$ 27,249,448
Total assets	52,993,622	24,155,320	28,838,303
Current liabilities	12,368,822	3,298,480	9,070,342
Noncurrent liabilities	1,231,277	—	1,231,277
Joint ventures’ equity	39,393,523	20,856,840	18,536,683
Northern Technologies International Corporation’s share of joint ventures’ equity	19,644,767	10,428,422	9,216,345
Northern Technologies International Corporation’s share of joint ventures’ undistributed earnings	$ 17,583,956	$ 10,397,517	$ 7,186,439

	At August 31, 2014			
	Total	EXCOR	Tianjin Zerust	All Other
Current assets	$ 61,491,957	$ 24,361,157	$ 9,774,680	$ 27,356,120
Total assets	65,466,964	26,652,165	9,793,803	29,020,996
Current liabilities	17,542,634	3,512,143	4,438,380	9,592,111
Noncurrent liabilities	1,929,488	—	868,377	1,061,111
Joint ventures' equity	45,994,842	23,140,022	4,487,046	18,367,775
Northern Technologies International Corporation's share of joint ventures' equity	22,961,989	11,570,013	2,243,524	9,148,452
Northern Technologies International Corporation's share of joint ventures' undistributed earnings	$ 20,540,523	$ 11,539,108	$ 2,193,524	$ 6,807,891

	Nine Months Ended May 31, 2015			
	Total	EXCOR	Tianjin Zerust	All Other
Net sales	$ 75,974,770	$ 27,580,051	$ 3,735,457	$ 44,659,262
Gross profit	37,469,186	15,113,100	1,783,673	20,572,413
Net income	9,634,318	6,334,009	265,648	3,034,661
Northern Technologies International Corporation's share of equity in income of joint ventures	$ 4,806,247	$ 3,152,489	$ 132,824	$ 1,520,934

	Nine Months Ended May 31, 2014			
	Total	EXCOR	Tianjin Zerust	All Other
Net sales	$ 88,213,101	$ 29,020,416	$ 11,952,115	$ 47,240,570
Gross profit	41,609,619	15,000,023	5,550,166	21,059,430
Net income	9,960,639	5,574,387	1,543,155	1,913,097
Northern Technologies International Corporation's share of equity in income of joint ventures	$ 4,416,664	$ 2,787,048	$ 659,684	$ 969,932

All material profits recorded on sales from the Company to its joint ventures have been eliminated for financial reporting purposes.

On January 2, 2015, the Company announced that, effective as of December 31, 2014, the Company terminated its joint venture agreements with its previous joint venture in China, Tianjin Zerust, and began the process of liquidating the joint venture entity. The Company intends to conduct future business in China through a newly formed wholly owned subsidiary, NTIC (Shanghai) Co. Ltd. (NTIC China). As of December 31, 2014, the Company started recognizing Tianjin Zerust based on its carrying value instead of the equity method since the Company no longer expects to significantly affect the joint venture's operations or decision making during its anticipated liquidation.

The Company records expenses that are directly attributable to the joint ventures on its consolidated statements of operations in the line item "Expenses incurred in support of joint ventures." The expenses include items such as employee compensation and benefit expenses, travel expense and consulting expense.

The Company did not make any joint venture investments during the nine months ended May 31, 2015. On May 31, 2014, NTI Asean bought out the other 50% owner in its joint venture in Singapore for $110,988, thereby increasing NTI Asean's ownership in the joint venture from 50% to 100%. The Company did not make any other joint venture investments during the nine months ended May 31, 2014.

On November 30, 2013, the Company agreed to sell its indirect ownership interest in Mütec GmbH (Mütec), the Company's former joint venture in Germany which manufactures proprietary electronic sensing instruments. Since the purchase price paid to the Company was less than the book value of the Company's investment in Mütec, the Company recognized a $50,000 impairment charge during the three months ended November 30, 2013, which is included in the consolidated statements of operations in the line item "Equity income of joint ventures." In connection with the transaction, the owner of Mütec borrowed $168,000 from the Company to be repaid over four years with no interest. As of May 31, 2015 and August 31, 2014, $134,097 and $156,854 was due to the Company related to this transaction.

7. CHINA OPERATIONS

On January 2, 2015, the Company announced that, effective as of December 31, 2014, the Company terminated its joint venture agreements with its previous joint venture in China, Tianjin Zerust, began the process of liquidating the joint venture entity, and has commenced conducting business in China through a newly formed wholly owned subsidiary, NTIC (Shanghai) Co. Ltd. on January 1, 2015. Effective December 31, 2014, the Company's investment in Tianjin Zerust is reported at carrying value based on the Company's decreased level of influence over the entity, and the Company has reclassified previously unrecognized gains on foreign currency translation from other comprehensive income. Any declines in the fair value are reflected as adjustments to the carrying value. No such adjustments were recorded during the nine months ended May 31, 2015.

The investment in Tianjin Zerust is as follows:

	Investment
Equity method investment – August 31, 2014	$ 2,243,524
Equity in earnings – nine months ended May 31, 2015	132,824
Reclassification of translation gains on foreign currency translation	(492,680)
Investment at carrying value – May 31, 2015	$ 1,883,668

The Company incurred expenses of $1,138,000 during the nine months ended May 31, 2015 related to the termination of the joint venture agreement with Tianjin Zerust, the initiation of the liquidation of Tianjin Zerust and the formation and initial operation of NTIC China. Such expenses consisted primarily of legal expenses and personnel expenses associated with the establishment of the subsidiary and the hiring of new personnel. These expenses are recorded as operating expenses on the consolidated statements of operations and are partially off-set by the gross margin contribution from sales of NTIC China .

8. CORPORATE DEBT

The Company has a revolving line of credit with PNC Bank of $3,000,000. No amounts were outstanding under the line of credit as of both May 31, 2015 and August 31, 2014. At the option of the Company, outstanding advances under the line of credit bear interest at either (a) an annual rate based on LIBOR plus 2.15% for the applicable LIBOR interest period selected by the Company or (b) at the rate publicly announced by PNC Bank from time to time as its prime rate.

The line of credit is subject to standard covenants, including affirmative financial covenants, such as the maintenance of a minimum fixed charge coverage ratio, and negative covenants, which, among other things, limit the incurrence of additional indebtedness, loans and equity investments, disposition of assets, mergers and consolidations and other matters customarily restricted in such agreements. Under the loan agreement, the Company is subject to a minimum fixed charge coverage ratio of 1.10:1.00. As of May 31, 2015, the Company was in compliance with all debt covenants.

On January 5, 2015, PNC Bank extended the maturity date of the line of credit from January 7, 2015 to January 7, 2016 under substantially similar terms, and waived a technical covenant default by the Company to deliver quarterly compliance certificates.

9. STOCKHOLDERS' EQUITY

During the nine months ended May 31, 2015, the Company did not purchase or retire any shares of its common stock. The following stock options to purchase shares of common stock were exercised during the nine months ended May 31, 2015:

Options Exercised	Exercise Price
18,000	$ 7.65
2,333	10.20

The Company granted stock options under the Northern Technologies International Corporation Amended and Restated 2007 Stock Incentive Plan (the 2007 Plan) to purchase an aggregate of 45,067 shares of its common stock to various employees and directors during the nine months ended May 31, 2015. The weighted average per share exercise price of the stock options is $20.10, which was equal to the fair market value of the Company's common stock on the date of grant.

During the nine months ended May 31, 2014, the Company did not purchase or retire any shares of its common stock. The following stock options to purchase shares of common stock were exercised during the nine months ended May 31, 2014:

Options Exercised	Exercise Price
44,000	$ 7.65

The Company granted stock options under the 2007 Plan to purchase an aggregate of 56,373 shares of its common stock to various employees and directors during the nine months ended May 31, 2014. The weighted average per share exercise price of the stock options is $14.83, which was equal to the fair market value of the Company's common stock on the date of grant.

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 using the treasury stock method, if dilutive.

The following is a reconciliation of the net income per share computation for the three and nine months ended May 31, 2015 and 2014:

	Three Months Ended		Nine Months Ended	
Numerators:	May 31, 2015	May 31, 2014	May 31, 2015	May 31, 2014
Net income attributable to NTIC	$ 905,435	$ 980,217	$ 1,785,056	$ 2,863,847
Denominator:				
Basic – weighted shares outstanding	4,525,109	4,461,880	4,519,279	4,452,798
Weighted shares assumed upon exercise of stock options	69,883	128,464	116,282	130,376
Diluted – weighted shares outstanding	4,594,992	4,590,344	4,635,561	4,583,174
Basic earnings per share:	$ 0.20	$ 0.22	$ 0.40	$ 0.64
Diluted earnings per share:	$ 0.20	$ 0.21	$ 0.39	$ 0.63

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. Earnings (loss) per common share were based on the weighted average number of common shares outstanding during the periods when computing the basic earnings (loss) per share. When dilutive, stock options are included as equivalents using the treasury stock market method when computing the diluted earnings (loss) per share.

11. STOCK-BASED COMPENSATION

The Company has two stock-based compensation plans under which stock options and other stock-based awards have been granted, the Northern Technologies International Corporation Amended and Restated 2007 Stock Incentive Plan and the Northern Technologies International Corporation Employee Stock Purchase Plan (the ESPP). The Compensation Committee of the Board of Directors and the Board of Directors administer these plans.

The 2007 Plan provides for the grant of incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock, stock unit awards, performance awards and stock bonuses to eligible recipients to enable the Company and its subsidiaries to attract and retain qualified individuals through opportunities for equity participation in the Company, and to reward those individuals who contribute to the achievement of the Company's economic objectives. Subject to adjustment as provided in the 2007 Plan, up to a maximum of 800,000 shares of the Company's common stock are issuable under the 2007 Plan. Options granted under the 2007 Plan generally have a term of ten years and become exercisable over a three- or four-year period beginning on the one-year anniversary of the date of grant. Options are granted at per share exercise prices equal to the market value of the Company's common stock on the date of grant. The Company issues new shares upon the exercise of options. As of May 31, 2015, only stock options and stock bonuses had been granted under the 2007 Plan.

The maximum number of shares of common stock of the Company available for issuance under the ESPP is 100,000 shares, subject to adjustment as provided in the ESPP. The ESPP provides for six-month offering periods beginning on September 1 and March 1 of each year. The purchase price of the shares is 90% of the lower of the fair market value of common stock at the beginning or end of the offering period. This discount may not exceed the maximum discount rate permitted for plans of this type under Section 423 of the Internal Revenue Code of 1986, as amended. The ESPP is compensatory for financial reporting purposes.

The Company granted options to purchase an aggregate of 45,067 and 56,373 shares of its common stock during the nine months ended May 31, 2015 and 2014, respectively. The fair value of option grants is determined at date of grant, using the Black-Scholes option pricing model with the assumptions listed below. The Company recognized compensation expense of $378,421 and $345,319 during the nine months ended May 31, 2015 and 2014, respectively, related to the options that vested during such time period. As of May 31, 2015, the total compensation cost for non-vested options not yet recognized in the Company's consolidated statements of operations was $376,847 net of estimated forfeitures. Stock-based compensation expense of $117,262 is expected through the remainder of fiscal year 2015, and $179,785 and $79,800 is expected to be recognized during fiscal 2016 and fiscal 2017, respectively, based on outstanding options as of May 31, 2015. Future option grants will impact the compensation expense recognized. Stock-based compensation expense is included in general and administrative expense on the consolidated statements of operations.

The Company currently estimates a ten percent forfeiture rate for stock options and continually reviews this estimate for future periods.

The fair value of each option grant is estimated on the grant date using the Black-Scholes option-pricing model with the following assumptions and results for the grants:

	Nine Months Ended	
	May 31, 2015	**May 31, 2014**
Dividend yield	0.00%	0.00%
Expected volatility	46.6%	47.3%
Expected life of option (years)	10	10
Average risk-free interest rate	1.63%	1.36%

The weighted average per share fair value of options granted during nine months ended May 31, 2015 and 2014 was $11.58 and $8.57, respectively. The weighted average remaining contractual life of the options outstanding as of May 31, 2015 and 2014 was 6.56 years and 5.44 years, respectively.

12. GEOGRAPHIC AND SEGMENT INFORMATION

Net sales by geographic location as a percentage of total consolidated net sales for the three and nine months ended May 31, 2015 and 2014 were as follows:

	Three Months Ended		Nine Months Ended	
	May 31, 2015	May 31, 2014	May 31, 2015	May 31, 2014
Inside the U.S.A. to unaffiliated customers	63.0%	69.0%	63.8%	67.4%
Outside the U.S.A to:				
Joint ventures in which the Company is a shareholder directly and indirectly	7.3%	13.6%	11.7%	12.4%
Unaffiliated customers	29.7%	17.4%	24.5%	20.2%
	100.0%	100.0%	100.0%	100.0%

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

Fees for services provided to joint ventures accounted for under the equity method by geographic location as a percentage of total fees for services provided to joint ventures during the three and nine months ended May 31, 2015 and 2014 were as follows:

	Three Months Ended			
	May 31, 2015	% of Total Fees for Services Provided to Joint Ventures	May 31, 2014	% of Total Fees for Services Provided to Joint Ventures
Germany	$ 219,182	16.8%	$ 257,215	12.8%
Poland	149,771	11.5%	152,157	7.6%
Thailand	128,164	9.8%	148,113	7.4%
Japan	124,772	9.6%	170,079	8.5%
France	108,788	8.4%	139,719	7.0%
Sweden	103,234	7.9%	130,613	6.5%
United Kingdom	93,229	7.2%	127,697	6.4%
Finland	74,711	5.7%	87,416	4.4%
India	72,285	5.5%	204,777	10.2%
China	—	0.0%	478,979	23.9%
Other	229,828	17.6%	104,840	5.3%
	$ 1,303,964	100.0%	$ 2,001,775	100.0%

	Nine Months Ended			
	May 31, 2015	% of Total Fees for Services Provided to Joint Ventures	May 31, 2014	% of Total Fees for Services Provided to Joint Ventures
Germany	$ 660,135	14.9%	$ 784,326	12.7%
China	516,139	11.6%	1,590,612	25.8%
Poland	437,607	9.9%	469,242	7.6%
Thailand	425,316	9.6%	431,112	7.0%
Japan	409,316	9.2%	510,769	8.3%
France	318,686	7.2%	390,794	6.3%
United Kingdom	304,600	6.9%	282,329	4.6%
Sweden	262,451	5.9%	332,806	5.4%
Finland	220,926	5.0%	269,155	4.4%
India	215,548	4.9%	371,635	6.0%
Other	661,770	14.9%	736,314	11.9%
	$ 4,432,494	100.0%	$ 6,169,094	100.0%

The following table sets forth the Company's net sales for the three and nine months ended May 31, 2015 and 2014 by segment:

	Three Months Ended		Nine Months Ended	
	May 31, 2015	May 31, 2014	May 31, 2015	May 31, 2014
ZERUST® sales	$ 7,076,760	$ 5,992,095	$ 19,098,816	$ 17,296,159
Natur-Tec™ sales	1,200,815	928,725	3,121,563	2,152,769
Total net sales	$ 8,277,575	$ 6,920,820	$ 22,220,379	$ 19,448,928

The following table sets forth the Company's cost of goods sold for the three and nine months ended May 31, 2015 and 2014 by segment:

	Three Months Ended				Nine Months Ended			
	May 31, 2015	% of Product Sales*	May 31, 2014	% of Product Sales*	May 31, 2015	% of Product Sales*	May 31, 2014	% of Product Sales*
Direct cost of goods sold								
ZERUST®	$ 3,942,776	55.7%	$ 3,288,809	54.9%	$ 10,452,467	54.7%	$ 9,336,363	54.0%
Natur-Tec®	889,976	74.1%	695,778	74.9%	2,391,599	76.6%	1,635,815	76.0%
Indirect cost of goods sold	762,455	—	684,735	—	2,215,492	—	1,907,008	—
Total net cost of goods sold	$ 5,595,207		$ 4,669,322		$ 15,059,558		$ 12,879,186	

* The percent of segment 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.

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

The geographical distribution of key financial statement data is as follows:

	As of May 31, 2015	As of August 31, 2014
Brazil	$ 1,046,801	$ 1,429,054
China	1,395,952	—
India	389,659	363,894
United States	49,038,999	52,264,827
Total assets	$ 51,871,411	$ 54,057,775

	Nine Months Ended	
	May 31, 2015	May 31, 2014
Brazil	$ 2,103,589	$ 1,865,137
China	442,262	—
India	708,635	361,700
United States	18,965,893	17,222,091
Total net sales	$ 22,220,379	$ 19,448,928

	Nine Months Ended	
	May 31, 2015	May 31, 2014
Brazil	$ (72,785)	$ (75,491)
China	(585,790)	—
India	20,440	5,872
United States	3,594,827	5,002,383
Total operating income	$ 2,956,692	$ 4,932,764

Total assets located in Brazil, China and India primarily consist of cash and cash equivalents, customer receivables and inventory. 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. Total assets located in the United States include the Company's investments in joint ventures.

13. RESEARCH AND DEVELOPMENT

The Company expenses all costs related to product research and development as incurred. The Company incurred $2,968,879 and $3,342,497 of expense during the nine months ended May 31, 2015 and 2014, respectively, in connection with its research and development activities. These amounts are net of reimbursements related to certain research and development contracts. Such reimbursements totaled $0 and $45,788 for the nine months ended May 31, 2015 and 2014, respectively. The net fees are accounted for in the "Research and Development Expenses" section of the consolidated statements of operations.

14. COMMITMENTS AND CONTINGENCIES

On August 19, 2014, the Compensation Committee of the Board of Directors of the Company approved the material terms of an annual bonus plan for the Company's executive officers as well as certain officers and employees for the fiscal year ending August 31, 2015. For fiscal 2015 as in past years, the total amount available under the bonus plan for all plan participants, including executive officers, is dependent upon the Company's earnings before interest, taxes and other income, as adjusted to take into account amounts to be paid under the bonus plan and certain other adjustments (Adjusted EBITOI). Each plan participant's percentage of the overall bonus pool is based upon the number of plan participants, the individual's annual base salary and the individual's position and level of responsibility within the company. In the case of each of the Company's executive officer participants, 75% of the amount of their individual bonus payout will be determined based upon the Company's actual Adjusted EBITOI for fiscal 2015 compared to a pre-established target Adjusted EBITOI for fiscal 2015 and 25% of the payout will be determined based upon such executive officer's achievement of certain pre-established individual performance objectives. The payment of bonuses under the plan are discretionary and may be paid to executive officer participants in both cash and shares of the Company's common stock, the exact amount and percentages will be determined by the Company's Board of Directors, upon recommendation of the Compensation Committee, after the completion of the Company's consolidated financial statements for fiscal 2015. There was an accrual of $466,000 for management bonuses for the nine months ended May 31, 2015 compared to an accrual of $1,063,000 for management bonuses for the nine months ended May 31, 2014.

Three joint ventures (consisting of the Company's joint venture in Korea, Thailand and remaining payables balance to the Company at Tianjin Zerust) accounted for 54.1% of the Company's trade joint venture receivables at May 31, 2015. Three joint ventures (consisting of the Company's joint ventures in Korea, Thailand and Tianjin Zerust) accounted for 62.9% of the Company's trade joint venture receivables at August 31, 2014.

On March 23, 2015, the Company and NTI Asean LLC (NTI Asean), a majority owned subsidiary of the Company, filed a lawsuit in Tianjin No 1 Intermediate People's Court against two individuals, Meng Tao and Xu Hui, related to breaches of duties and contractual commitments owed to NTI Asean under certain agreements related to the Company's former joint venture in China, Tianjin Zerust Anti-Corrosion Technologies Ltd (Tianjin Zerust). The lawsuit alleges, among other things, that Mr. Meng Tao and Xu Hui have engaged in self-dealing, usurped business opportunities, and received economic benefits that were required to go to Tianjin Zerust. At this point it is too early in the lawsuit to reasonably estimate the amount of any recovery to NTI Asean, if any. On April 21, 2015, the Company and NTI Asean initiated a lawsuit in the District Court for the Second Judicial District, County of Ramsey, State of Minnesota against Cortec Corporation alleging, among other things, that Cortec Corporation aided and abetted breaches of duties and contractual commitments owed to the Company and NTI Asean related to the Company's joint venture in China, Tianjin Zerust.

From time to time, the Company is subject to other various 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 can 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 be have been incurred. In the opinion of management, as of May 31, 2015, 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.

15. FAIR VALUE MEASUREMENTS

Assets and liabilities that are measured at fair value on a recurring basis primarily relate to marketable equity securities. These items are marked-to-market at each reporting period.

The following tables provide information by level for assets and liabilities that are measured at fair value on a recurring basis:

		Fair Value Measurements Using Inputs Considered as		
	Fair Value as of May 31, 2015	**Level 1**	**Level 2**	**Level 3**
Available for sale securities	$ 2,527,847	$ 2,527,847	$ —	$ —

		Fair Value Measurements Using Inputs Considered as		
	Fair Value as of August 31, 2014	**Level 1**	**Level 2**	**Level 3**
Available for sale securities	$ 5,519,766	$ 5,519,766	$ —	$ —

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, 2014 and "Part II. Item 1A. Risk Factors" in this report. 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 60 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 40 years, and in recent years, has targeted and expanded into the oil and gas industry. NTIC also markets and sells a portfolio of biobased and compostable (fully biodegradable) polymer resins and finished products under the Natur-Tec® brand. These 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 and coatings, rust removers and cleaners, diffusers and engineered solutions designed specifically for the oil and gas industry. NTIC also offers worldwide on-site technical consulting for rust and corrosion prevention issues. NTIC's technical service consultants work directly with the end users of NTIC's ZERUST® rust and corrosion inhibiting products to analyze their specific needs and develop systems to meet their technical requirements. In North America, NTIC sells its ZERUST® corrosion prevention solutions through a direct sales force as well as a network of independent distributors and agents. Internationally, NTIC sells its ZERUST® corrosion prevention solutions through its majority owned subsidiary in Brazil, Zerust Prevenção de Corrosão S.A. (Zerust Brazil), its newly formed wholly owned subsidiary in China, NTIC (Shanghai) Co., Ltd. (NTIC China), its majority owned joint venture holding company for NTIC's joint venture investments in the Association of Southeast Asian Nations (ASEAN) region, and joint venture arrangements in North America, Europe and Asia.

One of NTIC's strategic initiatives is to expand into and penetrate other markets for its ZERUST® corrosion prevention solutions. Consequently, for the past several years, NTIC has focused its 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 corrosion leaks.

NTIC markets and sells its ZERUST® rust and corrosion prevention solutions to customers in the oil and gas industry across several countries either directly or through NTIC's joint venture partners and other strategic partners. The sale of ZERUST® corrosion prevention solutions to customers in the oil and gas industry typically involves a long sales cycle, often including a one- to multi-year trial period with each customer and a slow integration process thereafter.

Natur-Tec® biobased 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, extrusion coating, injection molding, and engineered plastics. These resins are fully biodegradable in a composting environment and are currently being used to produce finished products including shopping and grocery bags, lawn and leaf bags, can liners, pet waste collection bags, cutlery, packaging foam and coated paper products. In North America, NTIC markets its Natur-Tec® resins 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® resins and finished products both directly and through its recently formed majority owned subsidiary in India, Natur-Tec India Private Limited (Natur-Tec India), and through certain joint ventures. In November 2014, NTIC entered into an agreement with NatureWorks LLC for joint marketing and sales of Ingeo® based packaging solutions to customers in India. With recent Indian government mandates banning use of non-biodegradable plastics in certain types of food and consumer packaging, NTIC expects the market in India for bioplastic packaging solutions to grow substantially.

Recent Termination of Chinese Joint Venture

On January 2, 2015, NTIC announced that, effective as of December 31, 2014, it is selling its ZERUST® products and services in China through a newly formed wholly owned subsidiary, NTIC (Shanghai) Co., Ltd. (NTIC China), and has terminated its joint venture agreements with Tianjin-Zerust Anticorrosion Co., Ltd. (Tianjin Zerust). NTIC and NTI Asean have filed a lawsuit against Mr. Tao Meng, a Chinese national and the former joint venture entity's other shareholder, and his spouse in the Chinese court of Tianjin, seeking, among other things, an orderly liquidation of Tianjin Zerust.

NTIC indirectly has a 30% ownership interest in Tianjin Zerust through its 60% owned holding company subsidiary, NTI Asean LLC. Commencing during the second quarter of fiscal 2015, NTIC's consolidated financial statements include the financial results of NTIC China. NTIC anticipates that NTIC's net sales, costs of goods sold and operating expenses will increase and its equity in income from joint ventures and fee income for services provided to its joint ventures will decrease in future periods compared to the prior fiscal year periods as NTIC started recognizing Tianjin Zerust based on its carrying value instead of the equity method and will continue to do so until Tianjin Zerust is fully liquidated. As of May 31, 2015, Tianjin Zerust has been evaluated for impairment and no such losses have been recorded.

NTIC anticipates that it may take several quarters to transition many of the previous customers of Tianjin Zerust to NTIC China and no assurance can be provided that NTIC China will be able to achieve the net sales and income levels previously achieved by Tianjin Zerust. For the fiscal year ended August 31, 2014, Tianjin Zerust had net sales of $15.9 million and net income of $1.3 million. The operating income of the joint venture before paying royalties in an aggregate amount of $4.2 million to all shareholders was over $5.5 million; NTIC's 30% portion of that operating income was $1.6 million.

During the nine months ended May 31, 2015, NTIC incurred approximately $1,138,000 in start-up expenses related either directly or indirectly to the establishment of NTIC China, the termination of the joint venture agreements with Tianjin Zerust, the pending litigation against Mr. Tao Meng and his spouse, and the anticipated liquidation of Tianjin Zerust. These expenses are recorded as selling, general and administrative expenses and expenses incurred in support of joint ventures on the consolidated statements of operations.

NTIC expects that its operating results may be volatile over the next few quarters. In addition, NTIC does not anticipate incurring any impairment on its investment in the Tianjin Zerust, collectability of receivables from sales of product or fees for services from the joint venture or any material issue in recoverability of inventory.

NTIC's Joint Venture Network

NTIC participates in 19 active joint venture arrangements in North America, Europe and Asia. Each of these joint ventures generally manufactures and markets products in the geographic territory to which it is assigned. While most of NTIC's joint ventures exclusively sell rust and corrosion inhibiting products, some of the joint ventures also sell NTIC's Natur-Tec® resin compounds. NTIC has historically funded its investments in joint ventures with cash generated from operations.

NTIC's receipt of funds from its joint ventures is dependent upon fees for services that NTIC provides to its joint ventures, based primarily on the net sales of the individual joint ventures, and NTIC's receipt of dividend distributions from the joint ventures. The fees for services provided to joint ventures are determined based on either a flat fee or a percentage of sales depending on local laws and tax regulations. With respect to NTIC's joint venture in Germany (EXCOR), NTIC recognizes an agreed upon quarterly fee for such services. NTIC recognizes equity income from its joint ventures based on the overall profitability of its joint ventures. Such profitability is subject to variability from quarter to quarter which, in turn, subjects NTIC's earnings to variability from quarter to quarter. The profits of NTIC's joint ventures are shared by the respective joint venture owners in accordance with their respective ownership percentages. NTIC typically directly or indirectly owns 50% or less of each of its joint venture entities and thus does not control the decisions of these entities regarding whether to pay dividends and, if paid, how much they should be in a given year. The payment of a dividend by an entity is determined by a joint vote of the owners and is not at the sole discretion of NTIC.

NTIC accounts for the investments and financial results of its joint ventures in its financial statements utilizing the equity method of accounting.

The results of Zerust Brazil, NTI Asean and Natur-Tec India, and as of December 31, 2014, NTI China, are fully consolidated in NTIC's consolidated financial statements. NTIC holds 85% of the equity and 85% of the voting rights of Zerust Brazil. NTIC holds 60% of the equity and 60% of the voting rights of NTI Asean. NTI Asean holds investments in eight entities that operate in the following eight territories located in the ASEAN region: China (although liquidation was initiated December 31, 2014), Indonesia, Korea, Malaysia, Philippines, Singapore, Taiwan and Thailand. NTIC holds 90% of the equity and 90% of the voting rights of Natur-Tec India. NTI China is a wholly owned subsidiary of NTIC.

NTIC considers EXCOR and its former joint venture in China to be individually significant to NTIC's consolidated assets and income; and therefore, provides certain additional information regarding EXCOR and its former joint venture in China in the notes to NTIC's consolidated financial statements and in this section of this report.

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.

NTIC's consolidated net sales increased 19.6% and 14.2% during the three and nine months ended May 31, 2015, respectively, compared to the three and nine months ended May 31, 2014. These increases were primarily a result of increased demand for ZERUST® rust and corrosion inhibiting packaging products and services and Natur-Tec® products and, to some extent, sales at NTI China, which subsidiary did not exist during the same periods in fiscal 2014. During the three and nine months ended May 31, 2015, 85.5% and 86.0% of NTIC's consolidated net sales, respectively, were derived from sales of ZERUST® products and services, which increased 18.1% and 10.4% to $7,076,760 and $19,098,816 during the three and nine months ended May 31, 2015, respectively, compared to $5,992,095 and $17,296,159 during the three and nine months ended May 31, 2014, respectively. These increases were due to increased demand from both new and existing customers for new and existing products. NTIC has focused its sales efforts of ZERUST® products and services by strategically targeting customers with specific corrosion issues in new market areas, including the oil and gas industry and other industrial sectors that offer sizable growth opportunities. NTIC's consolidated net sales for the nine months ended May 31, 2015 included $1,382,423 of sales made to customers in the oil and gas industry compared to $1,043,604 for the prior fiscal year period. 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 market in particular.

During the three and nine months ended May 31, 2015, 14.5% and 14.0% of NTIC's consolidated net sales were derived from sales of Natur-Tec® products compared to 13.4% and 11.1% during the three and nine months ended May 31, 2014, respectively. Net sales of Natur-Tec® products increased 29.3% and 45.0% during the three and nine months ended May 31, 2015 compared to the three and nine months ended May 31, 2014, respectively. These increases were primarily due to finished product sales in North America and finished product sales at NTIC's majority owned subsidiary, NTI India.

Cost of goods sold as a percentage of net sales increased to 67.6% during the three months ended May 31, 2015 compared to 67.5% during the three months ended May 31, 2014 and increased to 67.8% during the nine months ended May 31, 2015 compared to 66.2% during the prior fiscal year period. These increases were primarily as a result of increased sales during the current fiscal year periods of Natur-Tec® products, which carry lower margins than ZERUST® products.

NTIC's equity in income of joint ventures increased 8.2% and 8.8% to $1,724,915 and $4,806,247, respectively, during the three and nine months ended May 31, 2015 compared to $1,593,465 and $4,416,664 during the three and nine months ended May 31, 2014. These increases were primarily a result of increases in profitability at the joint ventures, partially offset by decreases associated with the anticipated liquidation of Tianjin Zerust and adverse effects of foreign currency exchange rate fluctuations, including in particular the Euro compared to the U.S. dollar.

NTIC recognized a 34.9% and 28.2% decrease in fees for services provided to joint ventures during the three and nine months ended May 31, 2015 compared to the three and nine months ended May 31, 2014, respectively. These decreases were primarily a result of the anticipated liquidation of Tianjin Zerust. Fees for services provided to Tianjin Zerust decreased $1,075,000 to $516,000 for the nine months ended May 31, 2015 compared to $1,591,000 for the nine months ended May 31, 2014. Additionally, there was a decrease in sales at the joint ventures, which were $23,796,532 and $75,974,770 during the three and nine months ended May 31, 2015, respectively, compared to $30,162,725 and $88,213,101 for the three and nine months ended May 31, 2014, respectively. These decreases resulted in corresponding decreases in fees for services provided to joint ventures as such fees are a function of net sales of NTIC's joint ventures. Net sales of NTIC's joint ventures decreased also as a result of a significant weakening of the Euro compared to the U.S. dollar and, to a lesser extent, the sale of NTIC's ownership interest in Mütec GmbH.

NTIC's total operating expenses increased 10.0%, or $1,220,134, to $13,442,870 during the nine months ended May 31, 2015 compared to the nine months ended May 31, 2014. This increase was primarily the result of $1,138,000 in expenses related to the formation and establishment of NTIC China and the anticipated liquidation of Tianjin Zerust. Such expenses consisted primarily of legal and personnel expenses associated with the establishment of the subsidiary, the hiring of new personnel and initial operations.

NTIC expenses all costs related to product research and development as incurred. NTIC incurred $2,968,879 and $3,342,497 of expense during the nine months ended May 31, 2015 and 2014, respectively, in connection with its research and development activities. These represent net amounts after being reduced by reimbursements related to certain research and development contracts. Such reimbursements totaled $0 and $45,788 for the nine months ended May 31, 2015 and 2014, respectively. NTIC anticipates that it will spend between $4,000,000 and $4,400,000 in total during fiscal 2015 on research and development activities related to its new technologies.

Net income attributable to NTIC decreased 7.6% to $905,435, or $0.20 per diluted common share, for the three months ended May 31, 2015 compared to $980,217, or $0.21 per diluted common share, for the three months ended May 31, 2014. Net income attributable to NTIC decreased 37.7% to $1,785,056, or $0.39 per diluted common share, for the nine months ended May 31, 2015 compared to $2,863,847, or $0.63 per diluted common share, for the nine months ended May 31, 2014. These decreases were primarily the result of decreases in income from NTIC's joint venture operations as a result of the anticipated liquidation of Tianjin Zerust and the establishment of NTIC China.

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 and sales of its ZERUST® products and services into the oil and gas industry and Natur-Tec® bioplastics products, which sales fluctuate more on a quarterly basis than the traditional ZERUST® business. NTIC also anticipates that its operating results during the next few quarters will be particularly volatile as a result of the changes in its Chinese operations.

NTIC's working capital was $17,298,124 at May 31, 2015, including $3,793,571 in cash and cash equivalents and $2,527,847 in available for sale securities, compared to $17,853,311 at August 31, 2014, including $2,477,017 in cash and cash equivalents and $5,519,766 in available for sale securities.

Results of Operations

The following tables set forth NTIC's results of operations for the three and nine months ended May 31, 2015 and 2014.

	Three Months Ended					
	May 31, 2015	% of Net Sales	May 31, 2014	% of Net Sales	$ Change	% Change
Net sales, excluding joint ventures	$ 7,553,957	91.3%	$ 6,056,078	87.5%	$ 1,497,879	24.7%
Net sales, to joint ventures	723,618	8.7%	864,742	12.5%	(141,124)	(16.3%)
Cost of goods sold	5,595,207	67.6%	4,669,322	67.5%	925,885	19.8%
Equity in income of joint ventures	1,724,915	20.8%	1,593,465	23.0%	131,450	8.2%
Fees for services provided to joint ventures	1,303,964	15.8%	2,001,775	28.9%	(697,811)	(34.9%)
Selling expenses	1,434,627	17.3%	1,315,264	19.0%	119,363	9.1%
General and administrative expenses	1,703,083	20.6%	1,307,653	18.9%	395,430	30.2%
Expenses incurred in support of joint ventures	327,586	4.0%	353,958	5.1%	(26,372)	(7.5%)
Research and development expenses	1,064,710	12.9%	1,104,632	16.0%	(39,922)	(3.6%)

	Nine Months Ended					
	May 31, 2015	% of Net Sales	May 31, 2014	% of Net Sales	$ Change	% Change
Net sales, excluding joint ventures	$ 20,030,491	90.1%	$ 17,188,462	88.4%	$ 2,842,029	16.5%
Net sales, to joint ventures	2,189,888	9.9%	2,260,466	11.6%	(70,578)	(3.1%)
Cost of goods sold	15,059,558	67.8%	12,879,186	66.2%	2,180,372	16.9%
Equity in income of joint ventures	4,806,247	21.6%	4,416,664	22.7%	389,583	8.8%
Fees for services provided to joint ventures	4,432,494	19.9%	6,169,094	31.7%	(1,736,600)	(28.2%)
Selling expenses	4,168,955	18.8%	3,925,466	20.2%	243,489	6.2%
General and administrative expenses	4,794,206	21.6%	3,905,082	20.1%	889,124	22.8%
Expenses incurred in support of joint ventures	1,510,830	6.8%	1,049,691	5.4%	461,139	43.9%
Research and development expenses	2,968,879	13.4%	3,342,497	17.2%	(373,618)	(11.2%)

Net Sales. NTIC's consolidated net sales increased 19.6% and 14.2% to $8,277,575 and $22,220,379, respectively, during the three and nine months ended May 31, 2015 compared to the three and nine months ended May 31, 2014. NTIC's consolidated net sales excluding NTIC's joint ventures increased 24.7% and 16.5% to $7,553,957 and $20,030,491, respectively, during the three and nine months ended May 31, 2015 compared to the same respective prior fiscal year periods. These increases were primarily a result of increased demand and sales of ZERUST® rust and corrosion inhibiting packaging products and services and Natur-Tec® products. Net sales to joint ventures decreased 16.3% and 3.1% to $723,618 and $2,189,888 during the three and nine months ended May 31, 2015, respectively, compared to the same respective prior fiscal year periods.

The following table sets forth NTIC's net sales by product category for the three and nine months ended May 31, 2015 and 2014 by segment:

	Three Months Ended		Nine Months Ended	
	May 31, 2015	May 31, 2014	May 31, 2015	May 31, 2014
ZERUST® sales	$ 7,076,760	$ 5,992,095	$ 19,098,816	$ 17,296,159
Natur-Tec® sales	1,200,815	928,725	3,121,563	2,152,769
Total net sales	$ 8,277,575	$ 6,920,820	$ 22,220,379	$ 19,448,928

During the three and nine months ended May 31, 2015, 85.5% and 86.0% of NTIC's consolidated net sales, respectively, were derived from sales of ZERUST® products and services, which increased 18.1% and 10.4% to $7,076,760 and $19,098,816 during the three and nine months ended May 31, 2015, respectively, compared to $5,992,095 and $17,296,159 during the three and nine months ended May 31, 2014, respectively. These increases were due to increased demand from existing customers and the addition of new customers. NTIC has strategically focused its sales efforts for ZERUST® products and services on customers with sizeable corrosion problems in industry sectors that offer sizable growth opportunities, including the oil and gas sector.

The following table sets forth NTIC's net sales of ZERUST® products for the three and nine months ended May 31, 2015 and 2014:

	Three Months Ended			
	May 31, 2015	May 31, 2014	$ Change	% Change
ZERUST® industrial net sales	$ 5,849,301	$ 4,879,899	$ 969,402	19.9%
ZERUST® joint venture net sales	723,618	861,312	(137,694)	(16.0%)
ZERUST® oil & gas net sales	503,841	250,884	252,957	100.8%
Total ZERUST® net sales	$ 7,076,760	$ 5,992,095	$ 1,084,665	18.1%

	Nine Months Ended			
	May 31, 2015	May 31, 2014	$ Change	% Change
ZERUST® industrial net sales	$ 15,526,505	$ 13,999,907	$ 1,526,598	10.9%
ZERUST® joint venture net sales	2,189,888	2,252,648	(62,760)	(2.8%)
ZERUST® oil & gas net sales	1,382,423	1,043,604	338,819	32.5%
Total ZERUST® net sales	$ 19,098,816	$ 17,296,159	$ 1,802,657	10.4%

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.

During the three and nine months ended May 31, 2015, 14.5% and 14.0% of NTIC's consolidated net sales, respectively, were derived from sales of Natur-Tec® products, which increased 29.3% and 45.0% to $1,200,815 and $3,121,563 during the three and nine months ended May 31, 2015, respectively, compared to the three and nine months ended May 31, 2014. This increase was split between an increase in finished product sales in North America and finished product sales through Natur-Tec India, which subsidiary did not exist during the same periods in fiscal 2014. Demand for Natur-Tec® 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 Natur-Tec® products, the timing of one or more orders can materially affect NTIC's quarterly sales of Natur-Tec® products and the comparisons to prior fiscal year quarters.

Assuming NTIC is able to transition the previous customers of Tianjin Zerust to NTIC China, of which there can be no assurance, NTIC expects its net sales to increase in future periods compared to prior fiscal year periods as a result of the consolidation of NTIC China.

Cost of Goods Sold. Cost of goods sold increased 19.8% and 16.9% for the three and nine months ended May 31, 2015, respectively, compared to the three and nine months ended May 31, 2014 primarily as a result of increased net sales as described above. Cost of goods sold as a percentage of net sales increased to 67.6% during the three months ended May 31, 2015 compared to 67.5% the three months ended May 31, 2014 and increased to 67.8% during the nine months ended May 31, 2015 compared to 66.2% during the nine months ended May 31, 2014. These increases were primarily the result of increased sales during the current fiscal year periods of Natur-Tec® products, which carry lower margins than other traditional ZERUST® products. NTIC anticipates that due to the change in its China operations, NTIC's costs of goods sold will increase in future periods compared to the prior fiscal year periods.

Equity in Income of Joint Ventures. NTIC's equity in income of joint ventures increased 8.2% and 8.8% to $1,724,915 and $4,806,247 during the three and nine months ended May 31, 2015, respectively, compared to equity in income of joint ventures of $1,593,465 and $4,416,664 during the three and nine months ended May 31, 2014, respectively. These increases were primarily a result of increases in profitability at the joint ventures, partially offset by decreases in profitability associated with the anticipated liquidation of Tianjin Zerust and adverse effects of foreign currency exchange rate fluctuations, including in particular the Euro compared to the U.S. dollar. Of the total equity in income of joint ventures, NTIC had equity in income of joint ventures of $3,152,489 attributable to EXCOR during the nine months ended May 31, 2015 compared to $2,787,048 attributable to EXCOR during the nine months ended May 31, 2014. Of the total equity in income of joint ventures, NTIC had equity in income of joint ventures of $132,824 attributable to Tianjin Zerust during the nine months ended May 31, 2015 compared to $659,684 attributable to Tianjin Zerust during the nine months ended May 31, 2014. NTIC had equity in income of all other joint ventures of $1,520,935 during the nine months ended May 31, 2015 compared to $969,932 during the nine months ended May 31, 2014. NTIC expects its equity in income of joint ventures to be lower in future periods compared to prior fiscal year periods as a result of the anticipated liquidation of Tianjin Zerust.

Fees for Services Provided to Joint Ventures. NTIC recognized fee income for services provided to joint ventures of $1,303,964 and $4,432,494 during the three and nine months ended May 31, 2015, respectively, compared to $2,001,775 and $6,169,094 during the three and nine months ended May 31, 2014, respectively, representing a decrease of 34.9% and 28.2%, respectively. These decreases were primarily a result of the anticipated liquidation of Tianjin Zerust as fees for services provided to joint ventures from Tianjin Zerust decreased $1,075,000 to $516,000 for the nine months ended May 31, 2015 compared to $1,591,000 for the nine months ended May 31, 2014. Additionally, these decreases in fees for services provided to joint ventures were a result of decreases in total sales at all joint ventures, which were $23,796,532 and $75,974,770 during the three and nine months ended May 31, 2015 compared to $30,162,725 and $88,213,101 for the three and nine months ended May 31, 2014, respectively. Net sales of NTIC's joint ventures decreased due to the anticipated liquidation of Tianjin Zerust, a significant weakening of the Euro compared to the U.S. dollar and, to a lesser extent, the sale of NTIC's ownership interest in Mütec GmbH. Sales of NTIC's joint ventures are not included in NTIC's product sales and are not combined with NTIC's sales in NTIC's consolidated financial statements or in any description of NTIC's sales.

Of the total fee income for services provided to joint ventures, fees of $660,135 were attributable to EXCOR during the nine months ended May 31, 2015 compared to $784,326 attributable to EXCOR during the nine months ended May 31, 2014. The decrease in fee income for services provided to joint ventures attributable to EXCOR was primarily the result of foreign currency exchange rate fluctuations. NTIC anticipates that due to the consolidation of NTIC China, NTIC's fee income for services provided to its joint ventures will decrease in future periods compared to the prior fiscal year periods.

Selling Expenses. NTIC's selling expenses increased 9.1% and 6.2% for the three and nine months ended May 31, 2015 compared to the same respective periods in fiscal 2014 due to increases in compensation and employee benefits, lab testing related expenses, commission expenses, travel and related expenses, and consulting expenses. Selling expenses as a percentage of net sales decreased slightly to 17.3% and 18.8% for the three and nine months ended May 31, 2015, respectively, from 19.0% and 20.2% during the three and nine months ended May 31, 2014, respectively, due primarily to the increase in net sales as well as certain personnel expenses, partially offset by the increase in selling expenses as previously described.

General and Administrative Expenses. NTIC's general and administrative expenses increased 30.2% and 22.8% for the three and nine months ended May 31, 2015 compared to the same respective periods in fiscal 2014 due primarily to expenses incurred to establish and operate NTIC China. As a percentage of net sales, general and administrative expenses increased to 20.6% and 21.6% for the three and nine months ended May 31, 2015, respectively, from 18.9% and 20.1% for the three and nine months ended May 31, 2014, respectively, due primarily to the increase in general and administrative expenses as previously described.

Expenses Incurred in Support of Joint Ventures. Expenses incurred in support of NTIC's joint ventures were $327,586 and $1,510,830 during the three and nine months ended May 31, 2015, respectively, compared to $353,958 and $1,049,691 during the three and nine months ended May 31, 2014, respectively, representing a decrease of 7.5% and increase of 43.9%, respectively. These changes were due primarily to expenses related to the change in NTIC's Chinese operations during the first nine months of the fiscal year. NTIC incurred direct expenses during the nine months ended May 31, 2015 related to the anticipated liquidation of Tianjin Zerust and the formation and operation of NTIC China. Such expenses consisted primarily of legal expenses and personnel expenses associated with the establishment of the subsidiary, the hiring of new personnel and initial operations.

Research and Development Expenses. NTIC's research and development expenses decreased 3.6% for the three months ended May 31, 2015 compared to the same period in fiscal 2014 and decreased 11.2% for the nine months ended May 31, 2015 compared to the same period in fiscal 2014. These decreases were due primarily to decreases in personnel and consulting expenses.

Interest Income. NTIC's interest income increased to $7,943 and $25,504 during the three and nine months ended May 31, 2015, respectively, compared to $1,369 and $5,278 during the three and nine months ended May 31, 2014, respectively.

Interest Expense. NTIC's interest expense decreased to $6,004 during the three months ended May 31, 2015 compared to $7,063 during the three months ended May 31, 2014 and decreased to $14,232 during the nine months ended May 31, 2015 compared to $32,709 during the nine months ended May 31, 2014. These decreases were primarily due to higher average outstanding debt levels during the prior fiscal year periods.

Income Before Income Tax Expense. Income before income tax expense decreased to $1,183,180 and $2,970,109 for the three and nine months ended May 31, 2015, respectively, compared to $1,759,537 and $4,905,783 for the three and nine months ended May 31, 2014, respectively.

Income Tax Expense. Income tax expense was $114,180 and $495,478 during the three and nine months ended May 31, 2015, respectively, compared $361,280 and $819,039 during the three and nine months ended May 31, 2014, respectively. Income tax expense was calculated based on management's estimate of NTIC's annual effective income tax rate. NTIC's annual effective income tax rate during the three and nine months ended March 31, 2015 and 2014 was lower than the statutory rate primarily due to NTIC's equity in income of joint ventures being recognized based on after-tax earnings of these entities. To the extent undistributed earnings of NTIC's joint ventures are distributed to NTIC, any material additional income tax liability after the application of foreign tax credits is not expected. NTIC records a tax valuation allowance when it is more likely than not that some portion or all of its deferred tax assets will not be realized to reduce deferred tax assets to the amount expected to be realized. NTIC determined based on all available evidence, including historical data and projections of future results, that it is more likely than not that all of its deferred tax assets, except for its foreign tax credit carryforwards and Minnesota state research and development credit carryforwards, will be fully realized. In addition, NTIC determined based upon all available evidence, including new IRS guidance, historical results, projected future taxable income and foreign tax credit utilization, that it was not more likely than not that the federal research and development credits would be utilized during the carryforward period and as a result, a valuation allowance was recorded against all of NTIC's federal research and development credits. In addition, NTIC continues to believe that its deferred tax asset related to foreign tax credit carryforwards will not be realized due to insufficient federal taxable income within the carryforward period and the fact that for ordering purposes the foreign tax credit carryforwards are not allowed to be used until after any current year foreign tax credits are utilized.

NTIC considers the earnings of certain foreign joint ventures to be indefinitely invested outside the United States on the basis of estimates that future domestic cash generation will be sufficient to meet NTIC's future domestic cash needs. As a result, U.S. income and foreign withholding taxes have not been recognized on the cumulative undistributed earnings of $17,583,956 and $20,540,523 at May 31, 2015 and August 31, 2014, 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.

Other Comprehensive Income - Foreign Currency Translations Adjustment. The significant changes in the foreign currency translations adjustment was due to the strengthening of the U.S. dollar compared to the Euro and other foreign currencies during the three and nine months ended May 31, 2015 compared to the same respective periods in fiscal 2014.

Liquidity and Capital Resources

Sources of Cash and Working Capital. As of May 31, 2015, NTIC's working capital was $17,298,124, including $3,793,571 in cash and cash equivalents and $2,527,847 in available for sale securities, compared to $17,853,311 at August 31, 2014, including $2,477,017 in cash and cash equivalents and $5,519,766 in available for sale securities.

As of May 31, 2015, NTIC had a revolving line of credit with PNC Bank of $3,000,000, with no amounts outstanding. The line of credit is evidenced by an amended and restated committed line of credit note in the principal amount of up to $3,000,000. The line of credit has a $1,200,000 standby letter of credit sub-facility, with any standby letters of credit issued thereunder being at the sole discretion of PNC Bank.

The line of credit is subject to standard covenants, including affirmative financial covenants, such as the maintenance of a minimum fixed charge coverage ratio, and negative covenants, which, among other things, limit the incurrence of additional indebtedness, loans and equity investments, disposition of assets, mergers and consolidations and other matters customarily restricted in such agreements. Under the loan agreement, NTIC is subject to a minimum fixed charge coverage ratio of 1.10:1.00. As of May 31, 2015, NTIC was in compliance with all debt covenants.

On January 5, 2015, PNC Bank extended the maturity date of the line of credit from January 7, 2015 to January 7, 2016 under substantially similar terms, and waived a technical covenant default by NTIC to deliver quarterly compliance certificates. It is anticipated that, as historically has been the practice, the line of credit will be renewed each year for one additional year for the immediate foreseeable future.

NTIC believes that a combination of its existing cash and cash equivalents, 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 and any stock repurchases for at least the next 12 months. During the remainder of fiscal 2015, NTIC expects to continue to invest in NTIC China, research and development and in marketing efforts and resources into the application of its corrosion prevention technology into the oil and gas industry and its Natur-Tec® bio-plastics business. In order to take advantage of such new product and market opportunities to expand its business and increase its revenues, NTIC may decide to finance such opportunities by borrowing 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.

NTIC traditionally has used the cash generated from its operations, distributions of earnings 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.

Uses of Cash and Cash Flows. Net cash provided by operating activities during the nine months ended May 31, 2015 was $36,221, which resulted principally from dividends received from NTIC's joint ventures, NTIC's net income, fees for services provided to NTIC's joint ventures, stock-based compensation, depreciation and amortization, partially offset by NTIC's equity in income from joint ventures and increases in receivables, inventories and prepaid expenses. Net cash provided by operating activities during the nine months ended May 31, 2014 was $6,700,854, which resulted principally from dividends received from NTIC's joint ventures, NTIC's net income, depreciation and amortization and decreases in accrued liabilities, partially offset by NTIC's equity in income from joint ventures and increases in receivables, inventories and prepaid expenses.

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. 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, and 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 for trade receivables from its joint ventures are 90 days. 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 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 an increase in receivables and inventory as of May 31, 2015 compared to August 31, 2014 due to the increase in receivables and a desire to stock more products to shorten lead times and anticipate customer demand. Trade receivables excluding joint ventures as of May 31, 2015 increased $696,791 compared to August 31, 2014, primarily related to the increase in net sales.

Outstanding trade receivables excluding joint ventures balances as of May 31, 2015 increased one day to an average of 52 days from balances outstanding from these customers as of August 31, 2014.

Outstanding trade receivables from joint ventures as of May 31, 2015 decreased $324,338 compared to August 31, 2014 primarily due to the timing of payments. There was a decrease of outstanding balances from trade receivables from joint ventures as of May 31, 2015 of 11 days from an average of 91 days from balances outstanding from these customers compared to August 31, 2014. The significant average days outstanding of trade receivables from joint ventures as of May 31, 2015 were primarily due to the receivable balance at NTIC's joint venture in Korea and Tianjin Zerust.

Outstanding receivables for services provided to joint ventures as of May 31, 2015 decreased $1,257,998 compared to August 31, 2014, which resulted in a decrease of 26 days of fees receivable outstanding as of May 31, 2015 to an average of 96 days compared to August 31, 2014.

Net cash provided by investing activities for the nine months ended May 31, 2015 was $1,755,098, which was primarily the result of cash proceeds from the sale of available for sale securities, partially offset by additions to property and equipment and additions to patents. Net cash used in investing activities for the nine months ended May 31, 2014 was $483,323, which was comprised primarily of additions to property and equipment and additions to patents.

Net cash used in financing activities for the nine months ended May 31, 2015 was $402,570, which resulted from a dividend paid to a non-controlling interest, partially offset by proceeds from stock option exercises and NTIC's employee stock purchase plan. Net cash used in financing activities for the nine months ended May 31, 2014 was $1,990,134, which resulted from principal payments on the bank loan for NTIC's corporate headquarters building, partially offset by proceeds from option exercises and NTIC's employee stock purchase plan.

Capital Expenditures and Commitments. NTIC spent $1,098,035 on capital expenditures during the nine months ended May 31, 2015 and expects to spend an aggregate of approximately $200,000 to 300,000 on capital expenditures during the remainder of fiscal 2015. Anticipated capital expenditures for fiscal 2015 relate primarily to the purchase of new equipment and to expand lab capabilities.

Off-Balance Sheet Arrangements

NTIC does not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet financial arrangements. As such, NTIC is not materially exposed to any financing, liquidity, market or credit risk that could arise if NTIC had engaged in such arrangements.

Inflation and Seasonality

Inflation in the United States and abroad historically has had little effect on NTIC. NTIC's business has not historically been seasonal.

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, Indian Rupee, Chinese yuan, 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 of joint ventures reflected in its consolidated statements of income. 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.

At the option of NTIC, outstanding advances under NTIC's $3,000,000 revolving line of credit with PNC Bank bear interest at either (a) an annual rate based on LIBOR plus 2.15% for the applicable LIBOR interest period selected by NTIC or (b) at the rate publicly announced by PNC Bank from time to time as its prime rate, and thus may subject NTIC to some market risk on interest rates. As of May 31, 2015, NTIC had no borrowings under the line of credit.

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", included in NTIC's annual report on Form 10-K for the fiscal year ended August 31, 2014.

Principles of Consolidation

NTIC evaluates its voting and variable interests in entities on a qualitative and quantitative basis. NTIC consolidates entities in which it concludes it has the power to direct the activities that most significantly impact an entity's economic success and has the obligation to absorb losses or the right to receive benefits that could be significant to the entity. All such relationships are evaluated on an ongoing basis. The consolidated financial statements include the accounts of Northern Technologies International Corporation, its wholly owned subsidiary, Northern Technologies Holding Company, LLC, its wholly owned subsidiary, NTIC (Shanghai) Co., Ltd. (NTIC China), and NTIC's majority owned subsidiary in Brazil, Zerust Prevenção de Corrosão S.A., NTIC's majority owned holding company, NTI Asean LLC, and NTIC's majority owned subsidiary in India, Northern Technologies India Private Limited. NTIC's consolidated financial statements do not include the accounts of any of its joint ventures.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued revised guidance on revenue recognition. The standard provides a single revenue recognition model which is intended to improve comparability over a range of industries, companies and geographical boundaries and will also result in enhanced disclosures. The changes are effective for our fiscal year ended August 31, 2018, and interim periods within that year. We are currently reviewing the revised guidance and assessing the potential impact on our consolidated financial statements.

Although there are several other new accounting pronouncements issued or proposed by the FASB, which NTIC has adopted or will adopt, as applicable, NTIC does not believe any of these accounting pronouncements has had or will have a material impact on NTIC's consolidated financial position or operating results.

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, and 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, the outcome of contingencies such as legal proceedings and the effect of the liquidation of Tianjin Zerust and the establishment of NTIC China. NTIC has identified some of these forward-looking statements in this report with words like "believe," "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 establishment of NTIC China, the termination of the joint venture agreements with Tianjin Zerust, the pending litigation against Mr. Tao Meng and Cortec Corporation and the anticipated liquidation of Tianjin Zerust and the effect on NTIC's business and future operating results;
- The effect of current worldwide economic conditions, the European sovereign debt crisis and turmoil and disruption in the global credit and financial markets on NTIC's business;
- The health of the U.S. automotive industry on NTIC's business;
- 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;
- NTIC's dependence upon sales by Zerust Brazil to Petroleo Brasileiro S.A. (Petrobras), an oil company located in Brazil, and the effect of such sales on NTIC's quarterly operating results, including in particular its net sales and margins;
- The variability in NTIC's sales of ZERUST® products and services into oil and gas industry and Natur-Tec® products and NTIC's equity income of joint ventures, which variability in sales and equity in income of joint venture 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 and import duties and taxes;
- Fluctuations in the cost and availability of raw materials, including resins and other commodities;
- 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 into 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;
- NTIC's reliance upon and its relationships with its distributors, independent sales representatives and joint ventures;
- NTIC's reliance upon suppliers, including in particular its single supply source for its base bioplastics resins;
- 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;
- The transition of the manufacturing of certain select ZERUST® rust and corrosion inhibiting products in house at NTIC's corporate headquarters location in Circle Pines, Minnesota;
- 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;
- Loss of or changes in executive management or key employees;
- Ability of management to manage around unplanned events;

- Future litigation;

- NTIC's reliance on its intellectual property rights and the absence of infringement of the intellectual property rights of others;

- Fluctuations in NTIC's effective tax rate; and

- NTIC's reliance upon its management information systems.

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, 2014 under the heading "Part I. Item 1A. Risk Factors" and this report under the heading "Part II. 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, as well as 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 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, 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, Indian Rupee, Chinese yuan, 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 of joint ventures reflected in its consolidated statements of income. 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.

At the option of NTIC, outstanding advances under NTIC's $3,000,000 revolving line of credit with PNC Bank bear interest at either (a) an annual rate based on LIBOR plus 2.15% for the applicable LIBOR interest period selected by NTIC or (b) at the rate publicly announced by PNC Bank from time to time as its prime rate, and thus may subject NTIC to some market risk on interest rates. As of November 30, 2014, NTIC had no borrowings under the line of credit.

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 May 31, 2015 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

On March 23, 2015, NTIC and NTI Asean LLC, a majority owned subsidiary of NTIC, filed a lawsuit in Tianjin No 1 Intermediate People's Court against two individuals, Meng Tao and Xu Hui, related to breaches of duties and contractual commitments owed to NTI Asean under certain agreements related to NTIC's former joint venture in China, Tianjin Zerust Anti-Corrosion Technologies Ltd. The lawsuit alleges, among other things, that Mr. Meng Tao and Xu Hui have engaged in self-dealing, usurped business opportunities, and received economic benefits that were required to go to Tianjin Zerust. At this point it is too early in the lawsuit to reasonably estimate the amount of any recovery to NTI Asean. On April 21, 2015, NTIC and NTI Asean initiated a lawsuit in the District Court for the Second Judicial District, County of Ramsey, State of Minnesota against Cortec Corporation alleging, among other things, that Cortec Corporation aided and abetted breaches of duties and contractual commitments owed to NTIC and NTI Asean related to NTIC's joint venture in China, Tianjin Zerust.

ITEM 1A. RISK FACTORS

NTIC is affected by risks specific to NTIC as well as factors that affect all businesses operating in a global market. For a discussion of the specific risks that could materially adversely affect NTIC's business, financial condition or operating results, please see NTIC's annual report on Form 10-K for the fiscal year ended August 31, 2014 under the heading "Part I — Item 1A. Risk Factors." There has been no material change to the risk factors as disclosed in that report, other than the addition of the following risk factor relating to the anticipated liquidation of Tianjin Zerust and the formation and establishment of NTIC China:

The termination of NTIC's joint venture agreements with and the anticipated liquidation of Tianjin Zerust and the formation and establishment of NTIC China have had and could continue to have a material adverse effect on NTIC's operating results.

Effective as of December 31, 2014, NTIC terminated its joint venture agreements with Tianjin Zerust, initiated the process to liquidate the joint venture entity and established a newly formed wholly owned subsidiary to conduct business in China. Tianjin Zerust was individually significant to NTIC's consolidated assets and income. The termination of NTIC's joint venture agreements with and the anticipated liquidation of Tianjin Zerust adversely affected NTIC's operating results during the first nine months ended May 31, 2015 and likely will continue to adversely affect NTIC's operating results during the remainder of fiscal 2015. Of the total equity in income from joint ventures of $4,806,247 during the nine months ended May 31, 2015 and of the total equity in income from joint ventures of $5,920,603 during fiscal 2014, NTIC had equity in income from joint ventures of $132,824 and $626,763 attributable to Tianjin Zerust, respectively. Of the total fee income for services provided to joint ventures of $4,432,494 during the nine months ended May 31, 2015 and of the total fee income for services provided to joint ventures of $8,142,863 during fiscal 2014, $516,139 and $2,118,018 were attributable to Tianjin Zerust.

Commencing during the third quarter of fiscal 2015, NTIC's consolidated financial statements include the financial results of NTIC China. NTIC anticipates that due to the consolidation of NTIC China, NTIC's net sales, costs of goods sold and operating expenses will increase and its equity in income from joint ventures and fee income for services provided to its joint ventures will decrease in future periods compared to the prior fiscal year periods, since NTIC accounted for its investment in its former Chinese joint venture in NTIC's consolidated financial statements utilizing the equity method of accounting. NTIC anticipates that it may take some time to transition the previous customers of NTIC's former Chinese joint venture to NTIC China and no assurance can be provided that NTIC China will be able to achieve the net sales and income levels previously achieved by NTIC's former Chinese joint venture. NTIC has incurred and expects to continue to incur significant operating expenses associated with NTIC China and the anticipated liquidation of Tianjin Zerust and expects that NTIC's operating results may be volatile over the next few quarters, including in particular the remaining quarter of fiscal 2015. This is true especially since NTIC has recently commenced litigation against Mr. Tao Meng, Tianjin Zerust's other shareholder, and his spouse in order to force the liquidation of Tianjin Zerust. During the nine months ended May 31, 2015, NTIC incurred approximately $1,138,000 in start-up expenses related either directly or indirectly to the establishment of NTIC China, the termination of the joint venture agreements with Tianjin Zerust, the pending litigation against Mr. Tao Meng and his spouse, and the anticipated liquidation of Tianjin Zerust. This is inclusive of the subsidiary itself which incurred losses of $585,000 during the same period. Net income attributable to NTIC decreased 37.7%, to $1,785,056, or $0.39 per diluted common share, for the nine months ended May 31, 2015 compared to $2,863,847, or $0.63 per diluted common share, for the nine months ended May 31, 2014. These decreases were primarily the result of decreases in income from NTIC's joint venture operations as a result of the anticipated liquidation of Tianjin Zerust and the formation and establishment of NTIC China and an increase in operating expenses.

NTIC does not anticipate at this time that it will have any loss on the anticipated liquidation of its ownership interest in Tianjin Zerust and does not anticipate at this time incurring any impairment on its investment in Tianjin Zerust, collectability of receivables from sales of product or fees for services from the former joint venture or any material issue in recoverability of inventory. However, no assurance can be given that NTIC will have no loss on the liquidation of its ownership interest in Tianjin Zerust or will incur no impairment on its investment in Tianjin Zerust, collectability of receivables from sales of product or fees for services from the former joint venture or any material issue in recoverability of inventory.

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

Recent Sales of Unregistered Equity Securities

During the three months ended May 31, 2015, 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

During the three months ended May 31, 2015, NTIC did not purchase any shares of its common stock or other equity securities of NTIC.

On January 19, 2015, NTIC announced that the Board of Directors of NTIC has authorized the repurchase of up to $3.0 million of the Company's outstanding common stock in the open market or in privately negotiated transactions, whatever deemed appropriate by management. The timing and actual number of shares repurchased will depend on a variety of factors including price, legal requirements, contractual obligations and market conditions.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

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

Exhibit No.	Description
31.1	Certification of Chief Executive Officer Pursuant to Exchange Act Rules 13a-14(a)/15d-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 Exchange Act Rules 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.1	Certification of 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 May 31, 2015, formatted in XBRL (Extensible Business Reporting Language): (i) the unaudited Consolidated Balance Sheets, (ii) the unaudited Consolidated Statements of Operations, (iii) the unaudited Consolidated Statements of Comprehensive Income (Loss), (iv) the unaudited Consolidated Statements of Cash Flows, and (v) Notes to Condensed Financial Statements (filed herewith)

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: July 10, 2015

Matthew C. Wolsfeld, CPA
Chief Financial Officer
(Principal Financial and Accounting Officer and
Duly Authorized to Sign on Behalf of the Registrant)

EXHIBIT INDEX

Exhibit No.	Description	Method of Filing
31.1	Certification of Chief Executive Officer Pursuant to Exchange Act Rules 13a-14(a)/15d-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 Exchange Act Rules 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.1	Certification of 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 Northern Technologies International Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended May 31, 2015, formatted in XBRL (Extensible Business Reporting Language): (i) the unaudited Consolidated Balance Sheets, (ii) the unaudited Consolidated Statements of Operations, (iii) the unaudited Consolidated Statements of Comprehensive Income (Loss), (iv) the unaudited Consolidated Statements of Cash Flows, and (v) Notes to Condensed Financial Statements	Filed herewith

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 reporting 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 controls over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal controls 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 controls over financial reporting.

Date: July 10, 2015

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 reporting 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 controls over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal controls 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 controls over financial reporting.

Date: July 10, 2015

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 of Northern Technologies International Corporation (the "Company") on Form 10-Q for the period ended May 31, 2015 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.

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

Circle Pines, Minnesota
July 10, 2015

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 of Northern Technologies International Corporation (the “Company”) on Form 10-Q for the period ended May 31, 2015 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.

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

Circle Pines, Minnesota
July 10, 2015