

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): July 8, 2021

NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of Incorporation)

001-11038
(Commission File Number)

41-0857886
(I.R.S. Employer Identification No.)

4201 Woodland Road
P.O. Box 69
Circle Pines, Minnesota 55014
(Address of Principal Executive Offices) (Zip Code)

(763) 225-6600
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

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

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

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|--|-------------------|---|
| Common stock, par value \$0.02 per share | NTIC | Nasdaq Global Market |

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

Emerging growth company

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

Item 2.02. Results of Operations and Financial Condition.

On July 8, 2021, Northern Technologies International Corporation ("NTIC") announced its consolidated financial results for the three months ended February 28, 2021. A copy of the press release is attached as Exhibit 99.1 to this current report on Form 8-K and the information set forth therein is incorporated herein by reference and constitutes a part of this report.

The information contained in Item 2.02 of this report and Exhibit 99.1 to this report shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and shall not be incorporated by reference into any filings made by NTIC under the Securities Act of 1933, as amended, or the Exchange Act, except as may be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

| <u>Exhibit No.</u> | <u>Description</u> |
|---------------------------|---|
| 99.1 | Press Release issued July 8, 2021 (furnished herewith) |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

SIGNATURE

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

NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION

Date: July 8, 2021

By: /s/ Matthew C. Wolsfeld

Matthew C. Wolsfeld

Chief Financial Officer and Corporate Secretary

Northern Technologies International Corporation Reports Financial Results for Third Quarter Fiscal 2021

MINNEAPOLIS, July 08, 2021 (GLOBE NEWSWIRE) -- Northern Technologies International Corporation (NASDAQ: NTIC), a leading developer of corrosion inhibiting products and services, as well as bio-based and biodegradable polymer resin compounds, today reported its financial results for the third quarter of fiscal 2021.

Third quarter fiscal 2021 highlights include (with growth rates compared to third quarter of fiscal 2020, except as otherwise noted):

- Consolidated net sales increased 58.2% to a record \$15,419,000, up 3.5% over third quarter of fiscal 2019
- ZERUST[®] industrial net sales increased 61.4% to a record \$10,101,000, up 22.5% over third quarter of fiscal 2019
- NTIC China net sales increased 30.7% to \$4,037,000
- ZERUST[®] oil and gas net sales increased 141.0% to \$1,024,000
- Natur-Tec[®] net sales increased 27.3% to \$3,040,000
- Joint venture operating income increased 114.6% to \$3,623,000
- Net income attributable to NTIC increased to \$2,054,000, compared to a net loss of \$(965,000)
- Net income per diluted share attributable to NTIC increased to \$0.21, compared to a net loss of \$(0.11) per share
- Consolidated balance sheet at May 31, 2021, was strong with no debt and total cash and cash equivalents and available for sale securities of \$11,006,000

“Sales for the fiscal 2021 third quarter accelerated past second quarter levels and set a new record as momentum continued to build across our global product categories. Consolidated sales increased 58.2% year-over-year, and were up 20.6% from the second quarter, while sales at NTIC’s joint ventures increased 10.0% from the fiscal 2021 second quarter and are up 70.2% year-over-year,” said G. Patrick Lynch, President and Chief Executive Officer of NTIC.

“Throughout the COVID-19 pandemic, we maintained our operations, staffing levels and services to our customers, while investing in new product development and pursuing new sales opportunities. This kept us ready to benefit from the significant current resurgence in industrial production.”

“ZERUST[®] oil and gas sales for the quarter were also strong as a result of improving market dynamics. Furthermore, the American Petroleum Institute (“API”) released its technical report detailing how Vapor Corrosion Inhibitor (“VCI”) based technologies, like the ones offered by ZERUST[®] oil and gas, can provide effective corrosion protection for the bottoms of above ground storage tanks. We believe this API technical report validates our technology and will help NTIC’s long-term sales growth efforts within the oil and gas market.”

“Natur-Tec sales continue to recover and were at the highest sales levels in over 12 months as large users of compostable plastics began re-opening their facilities after prolonged COVID-19 shutdowns. We anticipate that demand for our Natur-Tec compostable solutions will continue to increase further as the pace of re-openings accelerates. Trends across our markets are encouraging, and we expect to see continued year-over-year sales and earnings growth during the fourth quarter of fiscal 2021,” concluded Mr. Lynch.

NTIC’s consolidated net sales increased 58.2% to \$15,419,000 during the three months ended May 31, 2021, compared to \$9,745,000 for the three months ended May 31, 2020. The year-over-year increase in consolidated sales was primarily due to sales growth across all the Company’s product categories as a result of higher global demand and the recovery from the COVID-19 pandemic. For the nine months ended May 31, 2021, consolidated net sales increased 9.0% to \$40,981,000, compared to \$37,610,000 for the same period last fiscal year.

The following tables set forth NTIC’s net sales by product category for the three and nine months ended May 31, 2021 and May 31, 2020, by segment:

| | Three Months Ended | | | | |
|---|---------------------------|---------------------------|-------------------------|---------------------------|---------------------|
| | May 31, 2021 | % of Net Sales | May 31, 2020 | % of Net Sales | % Change |
| ZERUST [®] industrial net sales | \$ 10,100,638 | 65.5% | \$ 6,258,348 | 64.2% | 61.4% |
| ZERUST [®] joint venture net sales | 1,253,920 | 8.1% | 673,752 | 6.9% | 86.1% |
| ZERUST [®] oil & gas net sales | 1,023,657 | 6.6% | 424,681 | 4.4% | 141.0% |
| Total ZERUST [®] net sales | \$ 12,378,215 | 80.3% | \$ 7,356,781 | 75.5% | 68.3% |
| Total Natur-Tec [®] net sales | 3,040,309 | 19.7% | 2,388,042 | 24.5% | 27.3% |
| Total net sales | \$ 15,418,524 | 100.0% | \$ 9,744,823 | 100.0% | 58.2% |

Nine Months Ended

| | May 31, 2021 | % of Net Sales | May 31, 2020 | % of Net Sales | % Change |
|---|-------------------------|---------------------------|-------------------------|---------------------------|---------------------|
| ZERUST [®] industrial net sales | \$ 28,574,297 | 69.7% | \$ 22,804,975 | 60.6% | 25.3% |
| ZERUST [®] joint venture net sales | 2,361,165 | 5.8% | 1,504,997 | 4.0% | 56.9% |
| ZERUST [®] oil & gas net sales | 1,947,420 | 4.8% | 2,012,543 | 5.4% | (3.2)% |
| Total ZERUST [®] net sales | \$ 32,882,882 | 80.2% | \$ 26,322,515 | 70.0% | 24.9% |
| Total Natur-Tec [®] net sales | 8,097,636 | 19.8% | 11,287,491 | 30.0% | (28.3)% |
| Total net sales | \$ 40,980,518 | 100.0% | \$ 37,610,006 | 100.0% | 9.0% |

NTIC's joint venture operating income increased 114.6% to \$3,623,000 during the three months ended May 31, 2021, compared to joint venture operating income of \$1,688,000 during the three months ended May 31, 2020. This increase was primarily attributable to a corresponding improvement in total net sales of the joint ventures, as fees for services provided to joint ventures are primarily a function of the net sales of NTIC's joint ventures, which increased 70.2% to \$31,960,000 during the three months ended May 31, 2021, compared to \$18,782,000 for the three months ended May 31, 2020. Year-to-date, NTIC's joint venture operating income increased 46.1% to \$10,168,000, compared to joint venture operating income of \$6,958,000 during the nine months ended May 31, 2020. Net sales of NTIC's joint ventures increased 28.1% to \$87,795,000 during the nine months ended May 31, 2021, compared to \$68,532,000 for the nine months ended May 31, 2020.

Operating expenses, as a percent of net sales, for the third quarter of fiscal 2021 were 40.9%, compared to 58.0% for the same period last fiscal year. This improvement in operating leverage was due to higher third quarter sales, and NTIC's continued focus on controlling operating expenses. Year-to-date, operating expenses, as a percent of net sales, were 44.1%, compared to 47.9% for the same period last fiscal year.

The Company reported net income attributable to NTIC for the third quarter of fiscal 2021 of \$2,054,000, or \$0.21 per diluted share, compared to a net loss of \$(965,000), or (\$0.11) per diluted share for the same period last fiscal year. For the nine months ended May 31, 2021, net income attributable to NTIC increased to \$4,629,000, or \$0.47 per diluted share, from \$427,000, or \$0.05 per diluted share for the same period last fiscal year.

NTIC's balance sheet remains strong, with no debt, and working capital of \$29,676,000 at May 31, 2021, including \$5,881,000 in cash and cash equivalents and \$5,125,000 in available for sale securities, compared to \$27,105,000 of working capital at August 31, 2020, including \$6,403,000 in cash and cash equivalents and \$5,545,000 in available for sale securities.

At May 31, 2021, the Company had \$26,938,000 of investments in joint ventures, of which over \$14,773,000, or 54.8%, is cash, with the remaining balance primarily invested in other working capital.

Conference Call and Webcast

NTIC will host a conference call today at 8:00 a.m. Central Time to review its results of operations for the third quarter of fiscal 2021 and its outlook, followed by a question-and-answer session. The conference call will be available to interested parties through a live audio webcast available through NTIC's website at www.ntic.com or <https://ntic.gcs-web.com/events-presentations> where the webcast will be archived and accessible for at least 12 months. The dial-in number for the conference call is (877) 670-9776 and the confirmation code is 1250369.

About Northern Technologies International Corporation

Northern Technologies International Corporation 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 primarily under the ZERUST[®] brand. NTIC has been selling its proprietary ZERUST[®] rust and corrosion inhibiting products and services to the automotive, electronics, electrical, mechanical, military and retail consumer markets for over 40 years and in recent years has targeted and expanded into the oil and gas industry. NTIC 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 products to analyze their specific needs and develop systems to meet their technical requirements. NTIC also markets and sells a portfolio of bio-based and biodegradable polymer resins and finished products marketed under the Natur-Tec[®] brand.

Forward-Looking Statements

Statements contained in this release that are not historical information are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include NTIC's expectations that the API technical report will help NTIC's long-term sales growth efforts within the oil and gas market, demand for NTIC's Natur-Tec compostable solutions will continue to increase as the pace of re-openings accelerates, and that it will continue to see higher year-over-year sales and earnings growth throughout the remainder of fiscal 2021 and other statements that can be identified by words such as "believes," "continues," "expects," "anticipates," "intends," "potential," "outlook," "will," "may," "would," "should," "guidance" or words of similar meaning, the use of future dates and any other statements that are not historical facts. Such forward-looking statements are based upon the current beliefs and expectations of NTIC's management and are inherently subject to risks and

uncertainties that could cause actual results to differ materially from those projected or implied. Such potential risks and uncertainties include, but are not limited to, in no particular order: the effects of the COVID-19 pandemic on NTIC's business and operating results; the ability of NTIC to continue to pay dividends; the effect of economic uncertainty and trade disputes; 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; NTIC's dependence on its joint venture in Germany in particular due to its significance and the effect of a termination of this or its other joint ventures on NTIC's business and operating results; the ability of NTIC China to achieve significant sales; costs and expenses incurred by NTIC in connection with its ongoing litigation against its former Chinese joint venture partner; the effect of the United Kingdom's exit from the European Union, economic slowdown and political unrest; risks associated with NTIC's international operations; exposure to fluctuations in foreign currency exchange rates and tariffs, including in particular the Euro compared to the U.S. dollar; the health of the U.S. and worldwide economies, including in particular the U.S. automotive industry; the level of growth in NTIC's markets; NTIC's investments in research and development efforts; acceptance of existing and new products; timing of NTIC's receipt of purchase orders under supply contracts; variability in sales to customers in the oil and gas industry and the effect on NTIC's quarterly financial results; increased competition; the costs and effects of complying with changes in tax, fiscal, government and other regulatory policies, including the new tax reform law, which could result in a write-down of our deferred tax assets, and rules relating to environmental, health and safety matters; pending and potential litigation; and NTIC's reliance on its intellectual property rights and the absence of infringement of the intellectual property rights of others. More detailed information on these and additional factors which could affect NTIC's operating and financial results is described in the Company's filings with the Securities and Exchange Commission, including its most recent annual report on Form 10-K for the fiscal year ended August 31, 2020 and subsequent quarterly reports on Form 10-Q. NTIC urges all interested parties to read these reports to gain a better understanding of the many business and other risks that the Company faces. Additionally, NTIC undertakes no obligation to publicly release the results of any revisions to these forward-looking statements, which may be made to reflect events or circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events.

NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS AS OF MAY 31, 2021 (UNAUDITED)
AND AUGUST 31, 2020 (AUDITED)

| | <u>May 31, 2021</u> | <u>August 31, 2020</u> |
|---|----------------------|------------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 5,880,923 | \$ 6,403,032 |
| Available for sale securities | 5,125,052 | 5,544,722 |
| Receivables: | | |
| Trade, excluding joint ventures, less allowance for doubtful accounts of \$120,000 at May 31, 2021 and \$90,000 at August 31, 2020 | 11,165,605 | 8,072,212 |
| Trade, joint ventures | 1,040,049 | 475,900 |
| Fees for services provided to joint ventures | 1,427,240 | 927,286 |
| Income taxes | 247,895 | 19,907 |
| Inventories | 11,306,598 | 10,961,796 |
| Prepaid expenses | 1,035,046 | 797,495 |
| Total current assets | <u>37,228,408</u> | <u>33,202,350</u> |
| PROPERTY AND EQUIPMENT, NET | <u>7,177,012</u> | <u>7,110,789</u> |
| OTHER ASSETS: | | |
| Investments in joint ventures | 26,937,857 | 24,090,826 |
| Deferred income taxes | 223,739 | 209,729 |
| Patents and trademarks, net | 746,305 | 802,006 |
| Operating lease right of use asset | 486,854 | 658,788 |
| Total other assets | <u>28,394,755</u> | <u>25,761,349</u> |
| Total assets | <u>\$ 72,800,175</u> | <u>\$ 66,074,488</u> |

LIABILITIES AND EQUITY

CURRENT LIABILITIES:

| | | |
|------------------------------|--------------|--------------|
| Accounts payable | \$ 4,103,932 | \$ 3,205,241 |
| Income taxes payable | 166,574 | 310,922 |
| Accrued liabilities: | | |
| Payroll and related benefits | 2,295,421 | 1,314,978 |
| Other | 873,280 | 880,118 |

| | | |
|---|----------------------|----------------------|
| Current portion of operating lease | 113,688 | 386,345 |
| Total current liabilities | <u>7,552,895</u> | <u>6,097,604</u> |
| LONG-TERM LIABILITIES: | | |
| Operating lease, less current portion | <u>373,166</u> | <u>272,443</u> |
| Total long-term liabilities | <u>373,166</u> | <u>272,443</u> |
| COMMITMENTS AND CONTINGENCIES | | |
| EQUITY: | | |
| Preferred stock, no par value; authorized 10,000 shares; none issued and outstanding | — | — |
| Common stock, \$0.02 par value per share; authorized 15,000,000 shares as of May 31, 2021 and August 31, 2020; issued and outstanding 9,109,861 and 9,099,990, respectively | 182,197 | 182,000 |
| Additional paid-in capital | 17,992,518 | 17,415,043 |
| Retained earnings | 45,917,757 | 42,472,810 |
| Accumulated other comprehensive loss | <u>(2,717,935)</u> | <u>(3,410,438)</u> |
| Stockholders' equity | 61,374,537 | 56,659,415 |
| Non-controlling interests | <u>3,499,577</u> | <u>3,045,026</u> |
| Total equity | 64,874,114 | 59,704,441 |
| Total liabilities and equity | <u>\$ 72,800,175</u> | <u>\$ 66,074,488</u> |

**NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
FOR THE THREE AND NINE MONTHS ENDED MAY 31, 2021 AND 2020**

| | <u>Three Months Ended May 31,</u> | | <u>Nine Months Ended May 31,</u> | |
|--|-----------------------------------|------------------|----------------------------------|-------------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| NET SALES: | | | | |
| Net sales, excluding joint ventures | \$ 14,164,604 | \$ 9,071,072 | \$ 38,619,353 | \$ 36,105,009 |
| Net sales, to joint ventures | <u>1,253,920</u> | <u>673,751</u> | <u>2,361,165</u> | <u>1,504,997</u> |
| Total net sales | 15,418,524 | 9,744,823 | 40,980,518 | 37,610,006 |
| Cost of goods sold | <u>10,152,582</u> | <u>6,499,102</u> | <u>26,997,582</u> | <u>24,991,487</u> |
| Gross profit | 5,265,942 | 3,245,721 | 13,982,936 | 12,618,519 |
| JOINT VENTURE OPERATIONS: | | | | |
| Equity in income from joint ventures | 2,033,536 | 811,787 | 5,779,260 | 3,466,581 |
| Fees for services provided to joint ventures | <u>1,589,621</u> | <u>876,706</u> | <u>4,388,866</u> | <u>3,491,244</u> |
| Total joint venture operations | 3,623,157 | 1,688,493 | 10,168,126 | 6,957,825 |
| OPERATING EXPENSES: | | | | |
| Selling expenses | 3,171,657 | 2,487,396 | 8,745,433 | 8,484,928 |
| General and administrative expenses | 2,072,195 | 2,213,552 | 6,125,151 | 6,608,352 |
| Research and development expenses | <u>1,066,493</u> | <u>950,127</u> | <u>3,217,410</u> | <u>2,918,163</u> |
| Total operating expenses | 6,310,345 | 5,651,075 | 18,087,994 | 18,011,443 |
| OPERATING INCOME (LOSS) | 2,578,754 | (716,861) | 6,063,068 | 1,564,901 |
| INTEREST INCOME (EXPENSE) | <u>7,632</u> | <u>(73,378)</u> | <u>85,191</u> | <u>15,881</u> |
| INCOME (LOSS) BEFORE INCOME TAX EXPENSE | 2,586,386 | (790,239) | 6,148,259 | 1,580,782 |
| INCOME TAX EXPENSE | <u>276,338</u> | <u>142,285</u> | <u>929,588</u> | <u>869,945</u> |
| NET INCOME (LOSS) | 2,310,048 | (932,524) | 5,218,671 | 710,837 |
| NET INCOME ATTRIBUTABLE TO NON- CONTROLLING INTERESTS | <u>256,132</u> | <u>32,697</u> | <u>589,781</u> | <u>283,674</u> |

| | | | | | | | | |
|---|----|-----------|----|-----------|----|-----------|----|-----------|
| NET INCOME (LOSS) ATTRIBUTABLE TO NTIC | \$ | 2,053,916 | \$ | (965,221) | \$ | 4,628,890 | \$ | 427,163 |
| NET INCOME (LOSS) ATTRIBUTABLE TO NTIC PER COMMON SHARE: | | | | | | | | |
| Basic | \$ | 0.23 | \$ | (0.11) | \$ | 0.51 | \$ | 0.05 |
| Diluted | \$ | 0.21 | \$ | (0.11) | \$ | 0.47 | \$ | 0.05 |
| WEIGHTED AVERAGE COMMON SHARES ASSUMED OUTSTANDING: | | | | | | | | |
| Basic | | 9,109,861 | | 9,099,990 | | 9,107,243 | | 9,096,981 |
| Diluted | | 9,972,000 | | 9,099,990 | | 9,829,052 | | 9,312,914 |
| CASH DIVIDENDS DECLARED PER COMMON SHARE | \$ | 0.065 | \$ | 0.00 | \$ | 0.13 | \$ | 0.13 |

Investor and Media Contact:

Matthew Wolsfeld, CFO

NTIC

(763) 225-6600