

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

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended **August 31, 2025**

or

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

For the transition period from _____ to _____

Commission file number 001-11038

NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

41-0857886

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

4201 Woodland Road

P.O. Box 69

Circle Pines, Minnesota

(Address of principal executive offices)

55014

(Zip Code)

(763) 225-6600

(Registrant's telephone number, including area code)

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

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

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

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Smaller reporting company ☒
Emerging growth company ☐

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the registrant’s common stock, excluding shares beneficially owned by affiliates, computed by reference to the closing sales price at which the common stock was last sold as of February 28, 2025 (the last business day of the registrant’s second fiscal quarter) as reported by The Nasdaq Stock Market on that date was approximately \$88.8 million.

As of November 20, 2025, 9,480,689 shares of common stock of the registrant were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this Annual Report on Form 10-K incorporates by reference information (to the extent specific sections are referred to herein) from the registrant’s Proxy Statement for its 2026 Annual Meeting of Stockholders to be held January 16, 2026.

NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION

ANNUAL REPORT ON FORM 10-K
FISCAL YEAR ENDED AUGUST 31, 2025

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This annual report on Form 10-K contains certain forward-looking statements that are within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to the safe harbor created by those sections. For more information, see "Part I. Item 1. Business – Forward-Looking Statements."

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

As used in this report, references to: (1) “NTIC China” refer to NTIC’s wholly owned subsidiary in China, NTIC (Shanghai) Co., Ltd.; (2) “NTI Europe” refer to NTIC’s wholly owned subsidiary in Germany, NTIC Europe GmbH; (3) “Zerust Mexico” refer to NTIC’s wholly owned subsidiary in Mexico, ZERUST-EXCOR MEXICO, S. de R.L. de C.V.; (4) “Zerust India” refer to NTIC’s wholly owned subsidiary in India, HNTI Limited (formerly Harita-NTI Limited); (5) “Zerust Brazil” refer to NTIC’s majority owned Brazilian subsidiary, Zerust Prevenção de Corrosão S.A.; (6) “Natur-Tec India” refer to NTIC’s majority-owned subsidiary in India, Natur-Tec India Private Limited; (7) “Natur Tec Lanka” refer to NTIC’s majority-owned subsidiary in Sri Lanka, Natur Tec Lanka (Pvt) Ltd and (8) “NTI Asean” refer to NTIC’s majority-owned holding company subsidiary, NTI Asean LLC, which holds investments in certain entities that operate in the Association of Southeast Asian Nations (ASEAN) region.

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

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

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

PART I

Item 1. BUSINESS

Overview

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

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

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

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

NTIC markets and sells its ZERUST® rust and corrosion prevention solutions to customers in the oil and gas industry in a continuously increasing number of countries either directly, through its subsidiaries, or through its joint venture partners and other strategic partners. The sale of ZERUST® corrosion prevention solutions to customers in the oil and gas industry typically involves long sales cycles, often including multi-year trial periods with each customer and a slow integration process thereafter. In November 2025, Zerust Brazil secured a three-year offshore oil and gas production asset preservation contract with a leading global engineering, procurement, and construction company to provide advanced corrosion protection solutions for floating production storage and offloading units. The project under this agreement is expected to ramp during fiscal 2026 and run through calendar 2028 with an estimated total value of approximately R\$70 million (US\$13 million). This includes approximately R\$40 million (US\$7.4 million) in materials and approximately R\$30 million (US\$5.6 million) in engineering and field services. The amount and timing of revenue anticipated to be generated under this agreement may materially positively affect NTIC's future quarterly sales and other operating results.

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

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

NTIC's Subsidiaries and Joint Venture Network

NTIC has ownership interests in 12 operating subsidiaries in North America, South America, Europe, and Asia, the results of which are fully consolidated in NTIC's consolidated financial statements. While most of NTIC's subsidiaries exclusively sell rust and corrosion inhibiting products, some of the subsidiaries also sell NTIC's Natur-Tec® resin compounds and finished goods. The following table sets forth a list of NTIC's operating subsidiaries as of November 20, 2025, the country in which the subsidiary is organized, and NTIC's ownership percentage in each subsidiary:

Subsidiary Name	Country	NTIC Percent (%) Ownership
HNTI Limited	India	100%
Natur Tec Lanka (Pvt) Ltd	Sri Lanka ⁽¹⁾	75%
Natur-Tec India Private Limited	India	75%
NTI Asean LLC	United States	60%
NTIC (Shanghai) Co., Ltd	China	100%
NTIC Europe GmbH	Germany	100%
Zerust Prevenção de Corrosão S.A.	Brazil	85%
Zerust Singapore Pte Ltd	Singapore ⁽²⁾	60%
Zerust Vietnam Co. Ltd	Vietnam ⁽³⁾	60%
Zerust Taiwan Co., Ltd	Taiwan ⁽³⁾	60%
Zerust Integrity Solutions Trading LLC	UAE	100%
ZERUST-EXCOR MEXICO, S. de R.L. de C.V.	Mexico	100%

(1) Natur Tec Lanka (Pvt) Ltd. is 100% owned by Natur-Tec India Private Limited and, therefore, indirectly owned by NTIC.

(2) Zerust Singapore Pte Ltd is 100% owned by NTI Asean LLC and, therefore, indirectly owned by NTIC.

(3) Zerust Vietnam Co. Ltd and Zerust Taiwan Co., Ltd are 100% owned by Zerust Singapore Pte Ltd and, therefore, indirectly owned by NTIC.

NTIC participates in 15 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. NTIC's joint ventures exclusively sell rust and corrosion inhibiting products. NTIC has historically funded its investments in joint ventures with cash generated from operations. NTIC accounts for the investments and financial results of its joint ventures in its consolidated financial statements utilizing the equity method of accounting. The following table sets forth a list of NTIC's operating joint ventures as of November 20, 2025, the country in which the joint venture is organized, and NTIC's ownership percentage in each joint venture:

Joint Venture Name	Country	NTIC Percent (%) Ownership
ACOBAL SAS	France	50%
CHONG WAH-NTIA SDN. BHD.	Malaysia ⁽¹⁾	30%
EXCOR KORROSIONSSCHUTZ – TECHNOLOGIENUND PRODUKTE GMBH	Germany	50%
EXCOR SP. Z.O.O.	Poland	50%
EXCOR-ZERUST S.R.O.	Czech Republic	50%
KOREA ZERUST CO., LTD.	South Korea ⁽¹⁾	30%
PT. CHEMINDO – NTIA	Indonesia ⁽¹⁾	30%
TAIYONIC LTD.	Japan	50%
ZERUST – DNEPR	Ukraine	50%
ZERUST (U.K.) LTD.	United Kingdom	50%
ZERUST A.Ş.	Turkey	50%
ZERUST AB	Sweden	50%
ZERUST CONSUMER PRODUCTS, LLC	United States	50%
ZERUST OY	Finland	50%
ZERUST SPECIALTY TECH CO. LTD.	Thailand ⁽¹⁾	30%

(1) Indirect ownership interest through NTI Asean.

For more information regarding NTIC's joint ventures and their effect on NTIC's operating results, see NTIC's consolidated financial statements in "Part II. Item 8. Financial Statements and Supplementary Data" and "Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this report.

Products

NTIC derives revenues directly and/or indirectly through its subsidiaries and joint ventures from two reportable business segments based on products sold, customer base, and distribution center: ZERUST® corrosion prevention solutions and Natur-Tec® resin compounds and finished products.

ZERUST® Corrosion Prevention Solutions. In fiscal 2025, 74.2% of NTIC's consolidated net sales were derived from developing, manufacturing and marketing ZERUST® rust and corrosion inhibiting products and services. NTIC's consolidated net sales in fiscal 2025 included \$62,488,397 in sales of ZERUST® rust and corrosion inhibiting products and services, a decrease of 1.0% from such sales in fiscal 2024. Corrosion not only damages the appearance of metal products and components but also negatively impacts their mechanical performance. This applies to the rusting of ferrous metals (iron and steel) and the deterioration by oxidation of nonferrous metals (aluminum, copper, brass, etc.). NTIC's ZERUST® corrosion prevention solutions include plastic and paper packaging, powders, liquids, coatings, rust removers, cleaners, diffusers, and engineered solutions for the oil and gas industry as well as technical corrosion management and consulting services.

Plastic and Paper Packaging. NTIC's ZERUST® packaging products contain proprietary chemical formulations that continuously release an invisible, odorless and non-toxic vapor that forms a passivating layer on any metal surfaces it comes in contact with and thereby inhibits rust and corrosion. The corrosion inhibiting protection is maintained only as long as the metal products to be protected remain enclosed within the ZERUST® packaging. Electron scanning shows that once metal products are removed from the ZERUST® packaging, the ZERUST® protective layer dissipates from the contents' surfaces within two hours, leaving a clean, dry, and corrosion-free metal component. This mechanism of corrosion protection enables NTIC's customers to easily package metal objects for rust-free shipment and/or long-term storage. Furthermore, by eliminating costly greasing and degreasing processes and/or significantly reducing the use of certain coatings to inhibit corrosion, NTIC's ZERUST® corrosion prevention solutions provide customers significant savings as compared to traditional methods of corrosion prevention in terms of labor, material, and capital expenditures for equipment to apply, remove, and dispose of oils and greases, as well as environmental, health and safety benefits provided by not having to handle and work with hazardous chemicals.

NTIC was the first in the world to develop the means of infusing volatile corrosion inhibiting chemical compounds (VCIs) into polyethylene and polypropylene resins. Combining ZERUST® chemical compounds with polyethylene and polypropylene resins permitted NTIC to introduce a line of plastic packaging products in the form of low and high-density polyethylene bags and shroud film, including stretch, shrink, skin, and bubble cushioning film, thereby giving customers the ability to ship and store ferrous, nonferrous, and mixed-metal products in a clean, dry, and corrosion-free condition, at an overall savings in total process costs. In addition to plastic packaging, NTIC has also developed VCI compounds to imbue kraft paper, corrugated cardboard, solid fiber, and chipboard packaging materials with corrosion protection properties. NTIC's ZERUST® plastic and paper packaging products come in various thicknesses, strength enhancements, protection types, shapes, and sizes.

Liquids and Coatings. NTIC's corrosion prevention solutions include a line of metal surface treatment liquids and coatings, which are oil, water, or bio-solvent based, and are marketed under brand names including Axxatec™, Axxanol™, and Z-Maxx™. These liquids and coatings provide powerful protection in aggressively corrosive environments, such as salt air, high humidity, and/or high temperatures. Products are formulated for most metal types and protection levels. For exceptionally harsh environments, customers may choose to use a combination of NTIC's liquids and coatings with ZERUST® plastic and/or paper products to achieve robust corrosion protection during manufacturing, shipping, and warehousing stages.

Rust Removers and Cleaners. NTIC also sells rust removal and cleaning products, under the Axxaclean™ brand name, designed to restore rusty parts to a usable condition without the use of labor-intensive, abrasive cleaners that damage surfaces and commonly fail to remove rust from complex metal surfaces, like the teeth of small gears.

Diffusers. NTIC's corrosion prevention solutions include a line of corrosion inhibiting vapor diffusers, such as ZERUST® ActivPak®, ZERUST® ICT® Vapor Capsules, ZERUST® ICT® Plastabs®, ZERUST® ICT® Cor-Tabs®, ZERUST® ICT® Pipe Strip, and ZERUST® ICT® Tube Strip. These diffusers are designed to protect metals within enclosures, like switch gearboxes and electronics cabinets, or can be used as extra protection when added to ZERUST® packaging products. Diffusers work by permeating the interior air of an enclosure with an invisible and odorless corrosion inhibiting vapor that settles as a protective layer on all metal surfaces that are within the range of a specific "radius of protection" for a period of one or two years depending on the product model. This invisible and dry protective layer revaporizes and dissipates into the air upon removal of a diffuser from an enclosure, leaving all surfaces clean, dry, residue-free, and corrosion-free.

Z-CIS® Technical Services. As an on-going effort to help NTIC's customers improve and control their corrosion management processes, NTIC markets and offers unique corrosion management and consulting services to target customers. This ZERUST® corrosion inhibition system (known as Z-CIS®) leverages NTIC's global network to dispatch highly-trained technical service engineers to customer sites to solve complex corrosion problems. Several major automotive companies and their automotive parts suppliers have used NTIC's Z-CIS® system.

ZERUST® Corrosion Prevention Solutions Designed Specifically for the Oil and Gas Industry. NTIC has developed proprietary engineered corrosion inhibiting solutions specifically to mitigate the types of corrosion that commonly form on the capital assets used in the petroleum and chemical process industries and has targeted the sale of these ZERUST® corrosion solutions to potential customers in the oil and gas industry. NTIC's consolidated net sales in fiscal 2025 included \$7,317,704 in sales made to customers in the oil and gas industry, a decrease of 20.7% from such sales in fiscal 2024. Despite this decrease, sales of ZERUST® corrosion prevention solutions to large customers in the oil and gas industry continued to become more consistent, with these customers continuing to re-order products. Sales within the U.S. also stabilized somewhat, and key customer relationships were expanded globally. In November 2025, Zerust Brazil secured a three-year offshore oil and gas production asset preservation contract with a leading global engineering, procurement, and construction company to provide advanced corrosion protection solutions for floating production storage and offloading units. While NTIC believes consistent sales to large customers, stabilized sales within the U.S. and expanding customer relationships show increased acceptance of corrosion solutions for the oil and gas industry, NTIC anticipates that its sales of ZERUST® products and services into the oil and gas industry will continue to remain subject to significant volatility, specifically due to economic factors, such as potential crude oil price changes and global supply/demand churn. Demand for ZERUST® oil and gas products around the world depends primarily on market acceptance and the reach of NTIC's distribution network. Because of the typical size of individual orders and overall size of NTIC's net sales derived from sales of oil and gas products, the timing of one or more orders can materially affect NTIC's sales compared to prior fiscal year period sales. Projects in South America, Europe, the Middle East, and Southeast Asia are still a small but growing, strategically important part of the sales growth picture.

The infrastructure/assets that support the oil and gas industry are predominantly constructed using metals that are highly susceptible to corrosion. The industrial environment at these facilities usually contains compounds, including sulfides and chlorides, which cause aggressive corrosion. This problem affects the service life and safety of pipelines, petroleum storage tanks, spare parts in long-term storage, coastal/offshore assets, and other critical equipment. In addition to the costs associated with the replacement of parts and structures, maintenance and repairs, and product loss, there are significant economic losses associated with critical infrastructure being down for repair and maintenance. Furthermore, there are also considerable health, safety, and environmental risks caused by corrosion that can greatly increase economic losses. While the industry predominantly uses various paints/coatings, engineered alloys, cathodic protection, etc. to mitigate corrosion, there are several situations where such options are not feasible and, in many such cases, NTIC believes that its ZERUST® oil and gas corrosion prevention solutions are more effective at minimizing maintenance downtime on critical oil and gas industry infrastructure, extend the life of such infrastructure, and reduce the risk of environmental pollution due to leaks caused by corrosion.

NTIC's rust and corrosion inhibiting products for the oil and gas industry include ZERUST® Flange Savers®, ZERUST® Zif Tape, ZERUST® ReCAST-SSB solutions, and ZERUST® chemicals, including Zerion powders and gels, in addition to many of the standard industrial ZERUST® rust and corrosion inhibiting products previously described.

ZERUST® Zif Tape and ZERUST® Flange Savers® are specially designed covers that have been impregnated with a proprietary ZERUST® inhibitor formulation to provide corrosion protection for flanges, valves, and welded joints. Oil and gas pipeline segments are connected by flanges and welded joints of varying sizes, designs, and materials. These connection points often corrode under aggressive industrial environments and harsh operating conditions, thereby causing costly maintenance, operational, and safety problems.

ZERUST® ReCAST-SSB solutions protect the Soil Side Bottoms (SSB) of aboveground storage tanks through a variety of unique and highly effective delivery systems designed by the Zerust Oil & Gas team to deliver proprietary Zerion FVS corrosion inhibitor to spaces under tank bottoms that are susceptible to significant corrosion. Tank bottoms are typically made of steel plates, which are in direct contact with a foundation surface that may be concrete, sand/soil, or asphalt/bitumen. It is typically not possible to protect this underside surface with traditional coatings. Cathodic protection (CP) systems can only provide partial protection but also have significant limitations that cause failures well ahead of the expected service life of a tank. The ZERUST® solutions provide effective protection even to areas that cannot be addressed with CP. These are engineered solutions where each system is tailored to a customer's requirements depending on factors including the tank foundation design, specific environmental conditions, and tank diameter.

ZERUST® Zerion powder-based inhibitor solutions include the following:

- Zerion FVS is a unique inhibitor blend that is used in both the SSB Solutions and in internal pipeline protection. This "best-in-class" product has been successfully deployed at multiple client sites in North and South America, Europe, the Middle East, India as well as other parts of Asia.
- Zerion FAN-5 is a lower cost inhibitor that is very effective at protecting metals upon contact. It can be used to treat large volumes of water that may be used for hydrotesting. In combination with Zerion FVS, it offers a more complete solution for the protection of pipelines.
- AutoFog is a revolutionary product that allows for the quick VCI saturation of large volume spaces without the need for mechanical "fogging" equipment. This rapid self-diffusing capability is designed for sealed void spaces, protection of large/complex assets like heat exchangers, and heater-treaters.

Natur-Tec® Resin Compounds and Finished Products. In fiscal 2025, 25.8% of NTIC's consolidated net sales were derived from a broad range of bioplastic packaging solutions, including bio-based and certified compostable (fully biodegradable) polymer resin compounds, and finished products under the Natur-Tec® brand. NTIC's consolidated net sales in fiscal 2025 included \$21,746,077 in sales of Natur-Tec® resins and finished products, a slight decrease of 1.0% compared to sales in fiscal 2024. Market drivers such as reduced carbon footprints, requirements by multinational brands for sustainable packaging solutions that meet Circular Economy and environmentally responsible end-of-life disposal mandates, and concerns about plastic residue in the environment have led to heightened interest in using sustainable, bio-based and renewable plant-biomass resources for the manufacture of plastics and industrial products. Plastics that are fully biodegradable in commercial composting or anaerobic digester systems allow the safe and effective conversion of these plastics to carbon dioxide, water, and fertilizer at the end of their service life. Increased environmental and sustainability awareness at the corporate and consumer level, improved technical properties and product functionality, as well as recent foreign, state, and local governmental regulations banning the use of conventional plastics or mandating the use of certain biodegradable or compostable products, including regulations in China, India and certain states in the U.S., have also fueled this interest in bio-based and biodegradable-compostable plastics. The term "bio-plastics" encompasses a broad category of plastics that are either bio-based, which means derived from renewable resources such as corn or cellulosic/plant material or blends thereof, or are engineered to be fully commercially compostable, or both.

Resin Compounds. Natur-Tec® resin compounds are produced by blending commonly available base resins, such as Ecoflex® from BASF, Ingeo® PLA from NatureWorks LLC, and Luminy® from Total-Corbion with organic and inorganic fillers and proprietary polymer modifiers and compatibilizers using NTIC's proprietary and patented ReX Process. In this process, biodegradable polymers, natural polymers made from renewable, plant-biomass resources, and organic and inorganic materials are reactively blended in the presence of proprietary compatibilizers and polymer modifiers to produce bio-based and/or compostable polymer resin formulations that exhibit unique and stable morphology. Natur-Tec® resin compounds are engineered for high performance, ease of processing, and reduced cost compared to most other bio-plastic materials and can be processed by converters using conventional plastic manufacturing processes and equipment.

Natur-Tec® resin compounds are sold in several grades tailored for a variety of applications, such as blown-film extrusion, profile extrusion, thermoforming, extrusion coating, and injection molding.

Natur-Tec® flexible film resin compounds are fully commercially and home compostable and meet the requirements of international standards for compostable plastics, such as ASTM (American Society for Testing and Materials) D6400 (U.S.), EN 13432 (European standards for products and services by European Committee for Standardization), and ISO (International Organization for Standardization) 17088, and are certified as 100% compostable by organizations including the BPI (Biodegradable Products Institute) in the United States and TÜV Austria in Europe. Natur-Tec® film resin compounds can be used to produce film for applications, such as bags, including compost bags, lawn and leaf bags, carry-out bags, agricultural film, and consumer and industrial packaging. Natur-Tec® film resin compounds are also used to produce bags and covers for branded apparel packaging and to manufacture specialty foodservice items, such as compostable drinking straws, thermoformed lids and disposable food-handling gloves.

The Natur-Tec® compostable extrusion coating resin compounds are bio-based and biodegradable and are designed to replace conventional plastic materials for extrusion coating applications. Natur-Tec® extrusion coating resin compounds are manufactured using sustainable and renewable resources, per the ASTM D6866 standard, which allows companies and consumers the opportunity to reduce or neutralize their carbon footprint and are designed to meet the requirements of international standards for compostable plastics, such as ASTM D6400. Natur-Tec® extrusion coating resin compounds provide good adhesion to paper, an excellent print surface, and good heat seal strength and the coating material is suitable for food contact applications, including both hot and cold applications. Natur-Tec® extrusion coating resin compounds can be used for coating paper and paperboards for the manufacture of disposable cups, plates, and other foodservice items.

The Natur-Tec® compostable injection molding resin compounds are bio-based and compostable and are designed to replace conventional plastic materials for injection molded plastic applications. Natur-Tec® compostable injection molding resin compounds are manufactured using sustainable and renewable resources, per the ASTM D6866 standard, and are designed to meet the requirements of international standards for compostable plastics, such as ASTM D6400 and EN 13432. Natur-Tec® compostable injection molding resin compounds can be used for injection molded plastic applications, such as cutlery, pens, hangers, containers, and packaging. Natur-Tec® bio-based injection molding resin compounds are made with at least 90% bio-based/renewable resource-based materials, per the ASTM D6866 standard, and are meant to enhance sustainability by replacing petroleum-based plastics. Natur-Tec® bio-based injection molding resin compounds exhibit the same properties as conventional plastic materials.

Finished Products. Natur-Tec® finished products include biodegradable and compostable trash bags, agricultural film, and other single-use disposable products, such as food and consumer goods packaging currently marketed under the Natur-Bag® brand. The Natur-Bag® product line offers 15 different compostable trash bag sizes, from 3-gallon to 96-gallon, as well as shopper bags, produce bags and gloves. The bags are available in various SKU configurations, including retail packs that are sold to the consumer either through retail outlets or through online stores and industrial case packs that are sold to commercial and industrial customers primarily through national and regional wholesalers and distributors. The Natur-Bag® products are manufactured from the Natur-Tec® flexible film resin compounds and thus are fully biodegradable and compostable. These products are certified fully commercially and home compostable and carry the BPI Compostable logo in the United States and the TÜV Austria OK Compost and OK Home Compost logos in Europe. These products were also independently tested and approved for use in organic waste diversion systems by the Compost Manufacturers Alliance (CMA) in the United States.

Sales, Marketing, and Distribution

ZERUST® Corrosion Prevention Solutions. In the United States, NTIC markets its ZERUST® rust and corrosion inhibiting products and services, including its products designed for the oil and gas industry, principally to industrial users in the automotive, general industrial, mechanical, mining, agricultural, and oil and gas markets by a direct sales force and through a network of independent distributors, manufacturer's sales representatives, and strategic partners. Prior to placing an order, NTIC's technical service consultants work directly with the end users of NTIC's ZERUST® products to analyze their specific corrosion prevention needs and develop systems to meet their performance requirements. In fiscal 2025, we added new salespeople and other resources to support future sales.

Internationally, NTIC has entered into a series of joint ventures with foreign partners (either directly or through a holding company). NTIC receives fees for providing technical support, marketing assistance, and other services to its joint ventures based primarily on the net sales of the individual joint ventures in accordance with the terms of the joint venture arrangements. Such services include consulting, legal, insurance, technical, and marketing services.

With respect to the sales and marketing of ZERUST® rust and corrosion inhibiting products and services to the oil and gas industry, NTIC uses a combination of direct sales personnel, independent sales agents, and its joint venture network. In addition, in an attempt to penetrate the oil and gas industry within certain markets more quickly, NTIC has entered into various agreements with specific organizations that have existing long-term relationships with key oil and gas industry clients. NTIC also engages in certain direct marketing activities to build its brand within the oil and gas industry, such as traditional advertising and direct mail campaigns and presence and participation at selected key trade shows and technical forums. NTIC continues to believe the sale of its ZERUST® corrosion prevention solutions to customers in the oil and gas industry will involve long sales cycles, likely including multi-year trial periods with each user and a slow integration process thereafter.

Natur-Tec® Resin Compounds and Finished Products. In the United States, NTIC markets its Natur-Tec® resin compounds and finished products through a network of national and regional distributors and independent manufacturer's sales representatives and two NTIC direct sales employees as of August 31, 2025. Target customers for Natur-Tec® finished products include individual consumers as well as commercial and institutional organizations, such as corporations and government agencies, and educational organizations, such as universities and school districts. NTIC is also targeting key national and regional retailers utilizing independent sales agents. Target customers for Natur-Tec® resin compounds include plastics converters and foodservice ware brands that would purchase Natur-Tec® resin compounds to manufacture and sell their own finished bio-based and compostable end products, such as film, bags, and cutlery. In June 2022, the State of California passed a law intended to reduce single-use plastics. Notably, the bill provides that, by 2032, all packaging must be recyclable or compostable. Additionally, as of November 20, 2025, Colorado, Connecticut, Delaware, Hawaii, Maine, New Jersey, New York, Oregon, Rhode Island, Vermont and Washington had each enacted some form of ban on plastic bags. Numerous other charges or bans have been imposed on plastic bags at the county or municipality level in the United States. Accordingly, NTIC expects the U.S. market for bio-plastic solutions to continue growing for the foreseeable future.

Internationally, NTIC uses Natur-Tec India, Natur Tec Lanka, NTIC China and a network of international distributors to market its Natur-Tec® resin compounds and finished products. The government of China announced a three-phase plan to ban or restrict the production, sale and use of certain disposable plastic products beginning in 2020. The government of India announced a phased ban on the manufacture and sale of single-use plastics beginning in July 2022. Notably, compostable plastics are exempt from these bans. Accordingly, NTIC expects the market in China and India for bio-plastic packaging solutions to continue to grow for the foreseeable future.

NTIC's Natur-Tec® resin compounds and finished products are produced at facilities in India, China, Vietnam, and the United States. NTIC's Natur-Tec® resin compounds can be shipped to manufacturing facilities around the world, where they then can be converted into finished products, such as film, coated paper or food serviceware. NTIC's Natur-Tec® finished products are manufactured using NTIC's Natur-Tec® resin compounds by select sub-contractors.

Competition

ZERUST® Corrosion Prevention Solutions. While NTIC is unaware of any competitors with which NTIC competes on a worldwide basis with respect to its corrosion prevention solutions, NTIC does have regional competitors. NTIC evaluates competing rust and corrosion inhibiting products on an ongoing basis. Some of NTIC's competitors are established companies that may have financial resources, marketing capabilities, distribution networks and other resources substantially greater than those of NTIC. As a result, they may be able to adapt more quickly to new or emerging technologies and changes in customer requirements or to devote greater resources to the promotion and sale of their products than NTIC. With respect to its rust and corrosion inhibiting products, NTIC competes on the basis of product innovation, quality, reliability, product support, customer service, reputation, and price. Some of NTIC's competitors may have achieved significant market acceptance of their competing products and brand recognition. NTIC, however, believes it has an advantage over most of its competitors as a result of NTIC's technical innovation and its value-added services. NTIC attempts to provide its customers with the highest level of technical service and applications engineering in addition to ZERUST® rust and corrosion inhibiting products. Nonetheless, the commoditization of certain of NTIC's ZERUST® rust and corrosion inhibiting products has led, and may continue to lead, to lower prices and lower margins on such products. In addition, because certain barriers to entry are low, additional competitors may emerge, which likely would lead to further commoditization of NTIC's rust and corrosion inhibiting products.

With respect to the sales and marketing of ZERUST® rust and corrosion inhibiting products and services to the oil and gas industry, NTIC uses a combination of direct sales personnel, independent sales agents, and its joint venture network. In addition, in an attempt to penetrate the oil and gas industry within certain markets more quickly, NTIC has entered into various agreements with specific organizations that have existing long-term relationships with key oil and gas industry clients. NTIC continues to believe the sale of its ZERUST® corrosion prevention solutions to customers in the oil and gas industry will involve long sales cycles, likely including multi-year trial periods with each user and a slow integration process thereafter.

Natur-Tec® Resin Compounds and Finished Products. With respect to NTIC's Natur-Tec® resin compounds and finished products, NTIC competes with several established companies that have been producing and selling similar products for a longer time period and have significantly more sales, more extensive and effective distribution networks, and better brand recognition than NTIC. Most of these companies also have substantially more financial and other resources than NTIC. NTIC competes on the basis of performance, brand awareness, distribution network, product availability, product offering, improved shelf life, place of manufacture, and price. Because of price competition, NTIC's margins on its Natur-Tec® resin compounds and finished products are lower than its margins on its ZERUST® corrosion prevention solutions.

Research and Development

NTIC's research and development activities are directed at improving existing products, developing new products, reducing costs, and improving quality assurance through improved testing of NTIC's products. NTIC's internal research and development activities are conducted at its facilities located in Circle Pines, Minnesota; Beachwood, Ohio; and Dresden, Germany under the direction of internationally known scientists and research institutes under exclusive contract with NTIC with respect to the subject of their respective research efforts. EXCOR has established a wholly owned subsidiary, Excor Korrosionsforschung GmbH, to conduct research into new fields of corrosion inhibiting packaging and the applications engineering of such products in conjunction with NTIC's domestic research and development operations. With respect to NTIC's Natur-Tec® resin compounds and finished products, Ramani Narayan, Ph.D., a current director of NTIC and Distinguished Professor in the Department of Chemical Engineering & Materials Science at Michigan State University, provides his expertise and technical support to NTIC.

NTIC anticipates that it will spend between \$4,900,000 and \$5,100,000 in fiscal 2026 on research and development activities.

Intellectual Property Rights

NTIC's success depends and will continue to depend in part upon its ability to maintain patent and trademark protection for its products and processes, to preserve its proprietary information and trade secrets, and to operate without infringing the proprietary rights of third parties. NTIC's policy is to attempt to protect its technology by, among other things, filing patent applications and trademark applications and vigorously preserving the trade secrets covering its technology and other intellectual property rights.

In 1980, NTIC developed and patented the first polyolefin (plastic) based industrial corrosion inhibiting packing material in the world. The U.S. patent granted under this patent application became the most important intellectual property right in NTIC's history. This patent expired in 2000. NTIC has since filed for 12 letters of patent in the United States covering various corrosion inhibiting technologies, systems, and applications and now owns several patents in these areas. These patents and patent applications have been extended to the countries of strategic relevance to NTIC, including Australia, Brazil, Canada, China, Europe, Japan, India, Korea, Mexico, Russia, and Taiwan. In addition, EXCOR owns several patents in the area covering various corrosion inhibiting technologies and has also applied for new patents on proprietary new corrosion inhibiting technologies. NTIC is also seeking additional patent protection covering various host materials into which its corrosion inhibiting additives and other protective features can be incorporated, proprietary new process technologies, and chemical formulations outside the area of corrosion protection. NTIC owns several patents outside the area of corrosion protection both in the United States and in countries of strategic relevance to NTIC, including the above-noted countries. NTIC holds five patents and patent applications in the United States covering various applications for biobased and compostable plastics. These patent and patent applications have been extended to countries of strategic relevance to NTIC, including Canada, Europe, UK, India, and China.

In addition to seeking patent protection, NTIC maintains an extensive portfolio of trademarks in countries where NTIC has a presence directly or through its subsidiaries and joint ventures. NTIC continuously pursues new trademark applications of strategic interest worldwide. NTIC owns the following U.S. registered trademarks: NTI®, NTI & Globe Design®, ZERUST®, EXCOR®, ICT®, Z-CIS®, COR TAB®, PLASTABS®, NATUR-TEC®, NATUR-TEC & Design®, NATUR-BAG® and NATUR-WARE®, ZERION®, AUTOFOG®, FLANGE SAVER®, and ACTIVPAK®. NTIC also has a registered trademark on the use of the Color Yellow with respect to corrosion inhibiting packaging. Furthermore, NTI®, ZERUST®, EXCOR®, the Color Yellow®, and NTI ASEAN®, as well as other marks, have been registered in the European Union, and several new applications are pending.

NTIC requires its employees, consultants, and advisors with access to its confidential information, including trade secrets, to execute confidentiality agreements upon commencement of their employment or consulting relationships with NTIC. These agreements generally provide that all confidential information NTIC develops or makes known to the individual during the course of the individual's employment or consulting relationship with NTIC must be kept confidential by the individual and not disclosed to any third parties. NTIC also requires all of its employees and consultants who perform research and development for NTIC to execute agreements that generally provide that all inventions developed by these individuals during their employment or service arrangement with NTIC will fall under NTIC's proprietary intellectual property rights.

Manufacturing

NTIC's ZERUST® rust and corrosion inhibiting products are manufactured according to NTIC's specifications primarily by selected independent sub-contractors under trade secrecy agreements and/or license agreements. In addition, NTIC manufactures select ZERUST® rust and corrosion inhibiting products, consisting primarily of liquids and powders, at its corporate headquarters location in Circle Pines, Minnesota.

NTIC's Natur-Tec® resin compounds and finished products are produced at facilities in India, China, Vietnam, and the United States. NTIC's Natur-Tec® resin compounds can be shipped to manufacturing facilities around the world, where they then can be converted into finished products, such as film or cutlery. NTIC's Natur-Tec® finished products are manufactured using NTIC's Natur-Tec® resin compounds by select sub-contractors.

NTIC is ISO 9001 certified with respect to the manufacturing of its products. NTIC believes that the process of ISO 9001 certification serves as an excellent total quality management tool, enabling NTIC to ensure consistency in the performance of its products. In addition, because potential customers may prefer or require manufacturers to have achieved ISO certification, such ISO certifications may provide NTIC with certain competitive advantages.

Availability of Raw Materials

NTIC does not typically carry excess quantities of raw materials because of historically widespread availability of such materials from various suppliers. However, with respect to its Natur-Tec® resin compounds and finished products, there are a limited number of domestic and international suppliers of the base resins used to manufacture the resin compounds and finished products, which occasionally contributes to supply issues.

In addition, a few raw materials and purchased parts used in NTIC's rust and corrosion inhibiting products and Natur-Tec® finished products are sourced from suppliers who currently serve as NTIC's sole source of supply for these materials and parts. Although NTIC believes it can obtain these raw materials and parts from other suppliers, an unexpected loss of supply over a short period of time, including as a result of future worldwide disruptions in supply, may not allow NTIC time to replace these sources in the ordinary course of business.

Backlog

NTIC had an estimated order backlog of \$4,184,415 as of August 31, 2025, compared to \$5,837,430 as of August 31, 2024, which was generally across all business units. Sales relating to this backlog are expected to be realized during first quarter of fiscal 2026. These are orders that are held by NTIC pending release instructions from the customers to be used for just-in-time production. Customers generally place orders on an "as needed" basis and expect delivery within a relatively short period of time.

Governmental Regulation

The U.S. Food and Drug Administration (FDA) has indicated to NTIC that it has no objection to the use of ZERUST® ICT® packaging products in protecting metal food containers and processing equipment. In addition, the manufacture, sale and use of NTIC's Natur-Tec® resin compounds and finished products are subject to regulation in the United States by the FDA. The FDA's regulations are concerned with substances used in food packaging materials. Thus, food and beverage containers are in compliance with FDA regulations if the components used in the food and beverage containers are approved by the FDA as indirect food additives for their intended uses and comply with the applicable FDA indirect food additive regulations or are generally recognized as safe for their intended uses and are of suitable purity for those intended uses. NTIC believes that its resin compounds are in compliance with all FDA requirements and that NTIC does not require further FDA approval prior to the sale of its products.

Human Capital Management

Headcount and Employee Demographics

As of August 31, 2025, NTIC had a total of 94 employees, with 91 full-time employees and 3 part-time employees, located in North America, consisting of 28 in sales and marketing, 24 in research and development and lab, 22 in administration, and 20 in production. As of August 31, 2025, NTIC's wholly owned subsidiary in India, HNTI Limited, had 58 full-time employees, NTIC's wholly owned subsidiary in China had 35 full-time employees, its majority-owned subsidiary in Brazil had 20 full-time employees, its majority-owned subsidiary in India, Natur-Tec India, had 40 full-time employees, its majority-owned subsidiary in Singapore, Zerust Singapore, had 1 full-time employee, its majority-owned subsidiary in Taiwan, Zerust Taiwan, had 9 full-time employees, its majority-owned subsidiary in Vietnam, Zerust Vietnam, had 6 full-time employees, its wholly owned subsidiary in UAE, Zerust Integrity Solutions Trading LLC, had 6 full-time employees, its wholly owned subsidiary in Germany, NTI Europe had 3 full-time employees, its wholly owned subsidiary in Mexico had no full-time employees, and its holding company, NTI Asean, had no full-time employees.

As of August 31, 2025, of our North American workforce, 41% are female, 31% are racially or ethnically diverse and 5% are veterans. Of our global management team, 38% are female and 26% are racially or ethnically diverse. Of our eight Board members, three members are female, and three members are racially or ethnically diverse.

Turnover

NTIC continually monitors employee turnover rates as its success depends upon retaining highly trained engineering, manufacturing and operations personnel. The average tenure of our employees is nine years.

Management Team

NTIC believes its management team has the necessary experience to effectively execute its strategy and advance its product and technology leadership. The average tenure of the members of NTIC's management team is 17 years.

Employee Unions, Collective Bargaining Agreements and Work Councils

There are no unions representing NTIC's employees, and NTIC believes that its relations with its employees are good.

Health, Safety, Environment and Security

Health, safety, environment and security (HSE&S) are the cornerstones of NTIC. NTIC is in the business of converting unique, environmentally beneficial materials science into value added products and services for industrial and consumer applications. NTIC believes that it is responsible to its worldwide customers, its people, its communities and its stockholders, and NTIC takes these responsibilities seriously. NTIC is dedicated to investing in the future of the planet and NTIC's people and intends to continue to invest in HSE&S protection and improvements in a timely manner consistent with available technology.

NTIC is guided by its Policy Statement on HSE&S, which sets forth NTIC's HSE&S objectives, including ensuring that all activities across the value chain are conducted in a manner which is consistent with NTIC's quality management standard and HSE&S programs, ensuring that business activities are conducted to prevent harm and protect health and safety, and developing, manufacturing, distributing and marketing products and services with full regard for HSE&S aspects. To accomplish these objectives, NTIC intends to, among other things, establish targets within its quality management standard and HSE&S programs to measure progress and ensure continuous improvement, provide safe and healthy workplaces for its employees, contractors and other service providers, and provide continued training to enable employees to meet their responsibility to contribute to compliance with NTIC's HSE&S objectives.

NTIC monitors conditions that could lead to safety incidents and keeps track of injuries through reporting systems in accordance with the laws in the jurisdictions in which NTIC operates. NTIC tracks this data to assess the quality of its safety performance. NTIC defines lost time incidents as work-related incidents where a worker sustains an injury that results in time away from work. NTIC had only one lost time incident in each of fiscal 2025 and 2024.

Equal Opportunity, Inclusion and Workplace Culture

Equal opportunity is embedded in NTIC's values and integrated into its strategies. NTIC's Human Rights Policy was designed to align with the United Nations Global Compact and core elements of the United Nations Universal Declaration of Human Rights. NTIC is committed to providing an environment free of discrimination and harassment, where all individuals are accepted and treated with respect and dignity, can contribute fully, and have equal opportunities.

NTIC is additionally guided by its Equal Opportunity, Non-Discrimination, and Anti-Harassment Policy and strives to create and maintain a work environment in which people are treated with dignity, decency, and respect. NTIC is an equal opportunity employer and believes that professional conduct furthers NTIC's mission, promotes productivity, minimizes disputes, and enhances NTIC's reputation. NTIC does not tolerate unlawful discrimination or harassment related to any legally protected characteristic or that otherwise violates its policy.

Compensation and Benefits

NTIC's compensation program is designed to attract and retain talented employees in the industry by offering competitive compensation and benefits. NTIC has established fair and competitive pay levels that are based on local markets and job descriptions and are not based on gender, age, ethnicity, nationality or other personal characteristics or beliefs. NTIC provides compensation and benefits that are competitive and comply with applicable laws, and NTIC commits to a fair and living wage.

NTIC's employees have immediate eligibility to participate in NTIC's 401(k) employee savings plan. Employees are immediately vested upon contributing to the 401(k) employee savings plan. NTIC matches 401(k) contributions made by employees and may also make profit-sharing contributions. NTIC believes these profit-sharing contributions are a meaningful way of sharing NTIC's success with its employees.

To further the goal of sharing NTIC's success with its employees and incentivizing strong employee performance, NTIC may award cash bonuses to its employees. Additionally, NTIC has an employee stock purchase plan, which allows employees to purchase NTIC stock at a 10% discount to fair market value. NTIC believes that this gives employees an interest in providing for the continued success of the business, encourages regular and scheduled investing, and is a means of supplementing individual savings programs.

As part of its compensation package, NTIC provides employees with access to a medical plan with an employee-funded health savings account option. The medical plan has no co-pay, and employees are not required to contribute toward premium costs. Dental, vision, life, and long and short-term disability insurance plans are also available to NTIC's employees.

NTIC prides itself on offering employment arrangements that include competitive time off policies and flexibility. NTIC's full-time employees are eligible for paid holidays and vacation time based on the length of their service, ranging from 15 to 25 days. NTIC's part-time employees receive compensation for paid holidays as well. NTIC offers employees the opportunity to work remotely, requiring Tuesday in-person attendance for office staff employees and permitting remote work in the discretion of individual employees the remaining days of the week.

Values and Ethics

In connection with NTIC's core values, NTIC acts in accordance with its Code of Ethics. NTIC's Code of Ethics requires its employees, officers and directors to be honest, trustworthy, conscientious, and dedicated to the highest standards of ethical business practices. Each employee, officer and director must know and abide by applicable laws. Additionally, NTIC holds its vendors to similar standards, as provided in its Vendor Code of Conduct, which sets forth the requirements that NTIC expects its vendors to comply with in order to operate lawfully, ethically and with integrity in every jurisdiction where they conduct business.

Additional Information

Additional information about our human capital and people, including our HSE&S Policy, Human Rights Policy, Equal Opportunity, Non-Discrimination, and Anti-Harassment Policy, Code of Ethics, and Vendor Code of Conduct, is included on the Commitment to Environmental, Social, and Governance (ESG) page of the Investor Relations portion of our corporate website. Information contained or referenced on our website is not incorporated by reference and does not form a part of this Annual Report on Form 10-K.

Available Information

NTIC is a Delaware corporation that was originally organized as a Minnesota corporation in 1970. NTIC's principal executive office is located at 4201 Woodland Road, Circle Pines, Minnesota 55014, and its telephone number is (763) 225-6600. NTIC's website is located at www.ntic.com. References to NTIC's website addressed in this report are provided as a convenience and as an inactive textual reference only. The information on NTIC's website or any other website is not incorporated by reference into, and is not considered a part of, this report.

NTIC makes available, free of charge, through its website, its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to any such reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after NTIC electronically files such material with, or furnishes it to, the Securities and Exchange Commission (SEC). Reports filed with the SEC may be viewed at www.sec.gov.

Forward-Looking Statements

This report on Form 10-K contains not only historical information, but also forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are subject to the safe harbor created by those sections. In addition, NTIC or others on NTIC's behalf may make forward-looking statements from time to time in oral presentations, including telephone conferences and/or web casts open to the public, in press releases or reports, on NTIC's Internet web site, or otherwise. All statements other than statements of historical facts included in this report or expressed by NTIC orally from time to time that address activities, events, or developments that NTIC expects, believes, or anticipates will or may occur in the future are forward-looking statements, including, in particular, the statements about NTIC's plans, objectives, strategies, and prospects regarding, among other things, NTIC's financial condition, results of operations and business, operating results and financial condition, and the outcome of contingencies, such as legal proceedings. NTIC has identified some of these forward-looking statements in this report with words like "believe," "can," "may," "could," "would," "might," "forecast," "possible," "potential," "project," "will," "should," "expect," "intend," "plan," "predict," "anticipate," "estimate," "approximate," "outlook," or "continue" or the negative of these words or other words and terms of similar meaning. The use of future dates is also an indication of a forward-looking statement. Forward-looking statements may be contained in the notes to NTIC's consolidated financial statements and elsewhere in this report, including under "*Part II. Item 7. 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. 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 are described under "*Part I. Item 1A. Risk Factors.*" All forward-looking statements included in this report are expressly qualified in their entirety by the foregoing cautionary statements. NTIC wishes to caution readers not to place undue reliance on any forward-looking statement that speaks only as of the date made and to recognize that forward-looking statements are predictions of future results, which may not occur as anticipated. Actual results could differ materially from those anticipated in the forward-looking statements and from historical results due to the uncertainties and factors described above and others that NTIC may consider immaterial or does not anticipate at this time. Although NTIC believes that the expectations reflected in its forward-looking statements are reasonable, NTIC does not know whether its expectations will prove correct. NTIC's expectations reflected in its forward-looking statements can be affected by inaccurate assumptions NTIC might make or by known or unknown uncertainties and factors, including those described above. The risks and uncertainties described above are not exclusive, and further information concerning NTIC and its business, including factors that potentially could materially affect its financial results or condition, may emerge from time to time. NTIC assumes no obligation to update, amend, or clarify forward-looking statements to reflect actual results or changes in factors or assumptions affecting such forward-looking statements. NTIC advises you, however, to consult any further disclosures NTIC makes on related subjects in its annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K that NTIC files with or furnishes to the SEC.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

The two individuals named below have been designated by NTIC's Board of Directors as "executive officers" of NTIC. Their ages and the offices held, as of November 20, 2025, are as follows:

Name	Age	Position with NTIC
G. Patrick Lynch	58	President and Chief Executive Officer
Matthew C. Wolsfeld	51	Chief Financial Officer and Corporate Secretary

G. Patrick Lynch, an employee of NTIC since 1995, has been President since July 2005 and Chief Executive Officer since January 2006 and has served as a director of NTIC since February 2004. Mr. Lynch served as President of North American Operations of NTIC from May 2004 to July 2005. Prior to May 2004, Mr. Lynch held various positions with NTIC, including Vice President of Strategic Planning, Corporate Secretary and Project Manager. Mr. Lynch is also an officer and director of Inter Alia Holding Company, which is a significant stockholder of NTIC. Prior to joining NTIC, Mr. Lynch held positions in sales management for Fuji Electric Co., Ltd. in Tokyo, Japan, and programming project management for BMW AG in Munich, Germany. Mr. Lynch received a Master of Business Administration degree from the University of Michigan Ross School of Business.

Matthew C. Wolsfeld, an employee of NTIC since February 2001, has been NTIC's Chief Financial Officer since November 2001 and Corporate Secretary since November 2004. Mr. Wolsfeld was Controller of NTIC from May 2001 through November 2001. Prior to joining NTIC, Mr. Wolsfeld held an auditing position with PricewaterhouseCoopers LLP in Minneapolis, Minnesota from 1997 to 2001. Mr. Wolsfeld received a B.A. degree in Accounting from the University of Notre Dame and received his M.B.A. degree at the University of Minnesota, Carlson School of Business. Mr. Wolsfeld is a Certified Public Accountant.

Other corporate officers of NTIC, their ages, and offices held, as of November 20, 2025, are as follows:

Name	Age	Position with NTIC
Vineet R. Dalal	56	Vice President and Director – Global Market Development – Natur-Tec®
Gautam Ramdas	52	Vice President and Director – Global Market Development – Oil & Gas
Brian Haglund	41	Vice President of Operations – North America

Vineet R. Dalal, an employee of NTIC since 2004, has served as Vice President and Director – Global Market Development – Natur-Tec® since November 2005. Prior to joining NTIC, Mr. Dalal was a Principal in the Worldwide Product Development Practice of PRTM, a management consultancy to technology-based companies (now part of PricewaterhouseCoopers Management Consulting). In this position, Mr. Dalal consulted for several Fortune 500 companies, in the areas of product strategy, Product Lifecycle Management (PLM) and technology management. Prior to that, Mr. Dalal held positions in program management and design engineering at National Semiconductor Corporation in Santa Clara, California. Mr. Dalal received an M.B.A. degree from the University of Michigan Ross School of Business in Ann Arbor, Michigan. He also holds an M.S. degree in Electrical and Computer Engineering from Oregon State University, and a B.Eng. degree in Electronics Engineering from Karnatak University, India.

Gautam Ramdas, an employee of NTIC since 2005, has served as Vice President and Director – Global Market Development – Oil & Gas since 2005. Prior to joining NTIC, Mr. Ramdas was a Manager in the Strategic Change group of IBM Business Consulting Services. In this position, Mr. Ramdas led consulting engagements at several Fortune 500 companies, in the areas of service strategy, global supplier relationship management and supply chain streamlining. Mr. Ramdas held positions in the E-Commerce and Supply Chain strategy groups at PricewaterhouseCoopers Management Consulting, again providing consulting services for Fortune 500 clients. Prior to management consulting, Mr. Ramdas worked as a program manager and design engineer with Kinhill Engineers in Australia. He has also been involved in the start-up stage of successful small businesses in the United States and in India. Mr. Ramdas received an M.B.A. from the University of Michigan Ross School of Business in Ann Arbor, Michigan. He also holds a bachelor's degree in Mechanical Engineering from the College of Engineering, Guindy (Chennai), India.

Brian Haglund, an employee of NTIC since 2018, is currently serving as Vice President of Operations – North America. Prior to joining NTIC, Mr. Haglund held various leadership roles within Textron, a Fortune 500 industrial conglomerate. During his tenure with Textron, Mr. Haglund led various global operations and manufacturing facilities across the US, in China, and in Germany focusing on aerospace and industrial manufacturing. Mr. Haglund received an M.B.A. degree with a concentration in Finance from The Miller College of Business through Ball State University. He also holds a B.A. degree in Supply Chain Management from Eli Broad College of Business through Michigan State University.

Item 1A. RISK FACTORS

The following are the most material factors known to NTIC that could materially adversely affect its business, operating results, or financial condition.

Risk Factors Summary

This summary is not complete and should be read in conjunction with the risk factors set forth below.

Risks Related to NTIC's Business and Industry

- Any weakness in the global economy, and in particular in the United States, Europe, India and China, and in the automotive industry, has negatively impacted and in the future may negatively impact NTIC's business, operating results, and financial condition.
- NTIC's business in the past has been and, in the future, may be negatively impacted by inflation.
- Supply chain disruptions in the past have interrupted and, in the future, could interrupt product manufacturing, increase product costs and result in lost sales, which have had and, in the future, may have a material adverse effect on NTIC's business, operating results and financial condition.
- Disruptions to the distribution channels for NTIC's products in the past have negatively impacted and in the future may negatively impact NTIC's business, operating results, and financial condition.
- NTIC's dependence on key suppliers puts NTIC at risk of interruptions in the availability of its products, which could reduce its net sales and adversely affect its operating results and harm its reputation.
- Increases in prices for raw materials and components used in NTIC's products in the past have adversely affected and in the future could adversely affect NTIC's operating results.
- NTIC relies on others for its production, and any interruptions of these arrangements could disrupt NTIC's ability to fill its customers' orders.
- Changes to trade regulation, quotas, duties, or tariffs, caused by the changing U.S. and geopolitical environments or otherwise, have negatively impacted in the past and in the future may negatively impact NTIC's business, operating results, and financial condition.
- Global credit and financial markets in the past have experienced disruptions, including diminished liquidity and credit availability and rapid fluctuations in market valuations, which, if they happen again, could negatively impact NTIC's business, operating results, and financial condition.
- NTIC has limited staffing, faces challenges caused by its aging workforce and given its limited resources, it may not effectively manage its growth.
- The evolution of the automotive industry towards electric vehicles could adversely affect NTIC's business.

Risks Related to NTIC's Joint Ventures

- NTIC's liquidity and financial position rely on the receipt of fees for services provided to its joint ventures and dividend distributions from its joint ventures. No assurance can be provided that NTIC will continue to receive such fees and dividend distributions in amounts NTIC historically has received or anticipates receiving.
- Since a significant portion of NTIC's earnings results from its equity income from joint ventures, which varies quarter to quarter, NTIC's earnings are subject to quarterly fluctuations.

Risks Related to NTIC's International Operations and the Foreign Markets in which NTIC Operates

- NTIC's international business, which is conducted primarily through its subsidiaries and joint ventures, requires management attention and financial resources and exposes NTIC to difficulties and risks presented by international economic, political, legal, accounting, and business factors.
- If sales of NTIC's products and services by its joint venture in Germany were to decline significantly or if NTIC's relationships with this joint venture were to deteriorate significantly, NTIC's operating results likely would be adversely affected.
- The ongoing war between Russia and Ukraine and the conflicts in the Middle East may adversely affect NTIC's business and results of operations.
- The operations of NTIC China may be adversely affected by China's evolving economic, political, and social conditions, as well as increasing tensions between the United States and China.
- Intellectual property rights are difficult to enforce in China, which could harm NTIC's business, results of operations, or financial condition.
- Uncertainties with respect to the Chinese legal system may adversely affect the operations of NTIC China.

- Failure to comply with the U.S. Foreign Corrupt Practices Act could subject NTIC to penalties and legal expenses.
- Fluctuations in foreign currency exchange rates could result in declines in NTIC's earnings and changes in NTIC's foreign currency translation adjustments.
- Economic uncertainty in developing markets could adversely affect NTIC's revenue and earnings.

Risks Related to NTIC's Products

- NTIC faces intense competition in almost all of its product lines, including from competitors that have substantially greater resources than NTIC does. No assurance can be provided that NTIC will be able to compete effectively, which would harm its business and operating results.
- NTIC's ZERUST® rust and corrosion inhibiting products and services generate a significant portion of NTIC's net sales and the net sales of NTIC's joint ventures. Accordingly, if sales of these products and services were to decline, NTIC's operating results would be adversely affected.
- If NTIC is unable to continue to enhance its existing products and develop and market new products that respond to customer needs and achieve market acceptance, NTIC may experience a decrease in demand for its products, and its business could suffer.
- No assurance can be provided that NTIC's investments in additional research and development and marketing efforts and resources into the application of its corrosion prevention solutions into the oil and gas industry and the continued launch of its Natur-Tec® resin compounds and finished products will be successful.
- NTIC's strategy of expanding its corrosion prevention solutions into the oil and gas industry and continuing the expansion of its Natur-Tec® bioplastics resin compounds and finished products is risky and may not prove to be successful, which could harm NTIC's operating results and financial condition.
- NTIC's dependence on manufacturing and logistical services provided by contractors could give rise to product defects or warranty liability.
- The commercial success of NTIC's Natur-Tec® resin compounds and finished products depends on the widespread market acceptance of products manufactured with bio-based and biodegradable resins.
- NTIC relies on its joint ventures, distributors, manufacturer's sales representatives, and other agents to market and sell its products.
- NTIC may be subject to product liability claims or other claims arising out of the activities of its joint ventures, which could adversely affect NTIC and its business, and the sale of ZERUST® rust and corrosion inhibiting products into the oil and gas industry is risky in light of the hazards typically associated with such operations and the significant amount of potential liability involved.
- The sale of ZERUST® rust and corrosion inhibiting products into the oil and gas industry is somewhat seasonal and dependent upon oil prices.
- The expansion of NTIC's corrosion prevention solutions into the oil and gas industry and the continued launch of NTIC's Natur-Tec® resin compounds and finished products may require additional capital in the future, which may not be available or may be available only on unfavorable terms.

Risks Related to Governmental Regulation, Laws, and Compliance

- NTIC's business, properties, and products are subject to governmental regulation and taxes, compliance with which may require NTIC to incur expenses or modify its products or operations, and which may expose NTIC to penalties for non-compliance. Governmental regulation also may adversely affect the demand for some of NTIC's products and its operating results.
- Fluctuations in NTIC's effective tax rate could have a significant impact on NTIC's financial position, results of operations, or cash flows.
- Certain of NTIC's operations are subject to regulation by the U.S. Food and Drug Administration.
- NTIC's reliance upon patents, trademark laws, trade secrets, and contractual provisions to protect its proprietary rights may not be sufficient to protect its intellectual property.
- Any changes in U.S. generally accepted accounting principles might adversely affect NTIC's operating results.

Risks Related to NTIC's Common Stock

- The trading volume of NTIC's common stock is typically very low, leaving NTIC's common stock open to risk of high volatility and the price and trading volume has been, and may continue to be, volatile.
- A large percentage of NTIC's outstanding common stock is held by insiders, and, as a result, the trading market for NTIC's common stock is not as liquid as the stock of other public companies.

Risks Related to NTIC's Business and Industry

Any weakness in the global economy, and in particular in the United States, Europe, India and China, and in the automotive industry, has negatively impacted and in the future may negatively impact NTIC's business, operating results, and financial condition.

From time to time, the U.S. and world economies suffer from uncertainty, volatility, disruption, and other adverse conditions, which has adversely impacted and in the future may adversely impact the business community and the financial markets. Adverse economic and financial market conditions have negatively affected and in the future may negatively affect NTIC's customers and its markets, thereby negatively impacting NTIC's business and operating results. For example, weak market conditions could extend the length of NTIC's sales cycle and cause potential customers to delay, defer, or decline to make purchases of NTIC's products and services due to uncertainties surrounding the future performance of their businesses, limitations on their capital expenditures due to internal budget constraints, the inability to obtain financing in the capital markets, and the adverse effects of the economy on their business and financial condition. As a result, if economic and financial market conditions weaken or deteriorate, then NTIC's business, financial condition, and operating results, including its ability to grow and expand its business and operations, could be materially and adversely affected.

NTIC's operating results are especially dependent upon the economic health of the economies in the United States, Europe, India and China. Since a significant portion of NTIC's ZERUST® rust and corrosion inhibiting products and services are sold to customers in the automotive industry, adverse economic conditions affecting the automotive industry or other events that may adversely affect the automotive industry may result in an adverse effect on NTIC's net sales and its other operating results. In fiscal 2025, demand remained soft within the automotive industry, which indirectly adversely impacted NTIC, due in part to a decrease in exports of automotive products resulting from tariffs between the U.S. and both Mexico and Canada. These tariffs have increased the price of vehicles and increased the risk of automotive plant closure, which may further indirectly adversely impact NTIC. In addition, high interest rates continued to impact the automotive industry and indirectly adversely impacted NTIC. Any weakness in the global economy, particularly the United States, Europe, India and China, and in the automotive industry have negatively impacted and may continue to negatively impact NTIC's business, operating results, and financial condition.

NTIC's business in the past has been and, in the future, may be negatively impacted by inflation.

Increases in inflation may have a negative impact on NTIC's business. In the European Union, high energy prices adversely affected our joint venture sales in fiscal 2025 and persistent high levels of inflation in the United States continued to impact the overall demand for NTIC's products, labor, and the margins NTIC and its joint ventures are able to realize on the sale of products, all of which have had and could continue to have a negative impact on NTIC's business, financial position, results of operations and cash flows. In prior years, sustained levels of high inflation caused the U.S. Federal Reserve and other central banks to increase interest rates. Although the U.S. Federal Reserve has recently lowered interest rates, it is not known whether additional action will be taken to further lower interest rates and if these decreases will have an impact on inflation. High rates of interest or similar increases to interest rates in the future could increase the cost of capital available to NTIC and depress economic growth and could also negatively impact our business.

Supply chain disruptions in the past have interrupted and, in the future, could interrupt product manufacturing, increase product costs and result in lost sales, which may have a material adverse effect on NTIC's business, operating results and financial condition.

Supply chain disruptions in fiscal 2025 related primarily to international shipping issues, as described below, which at times resulted in longer lead times, temporary raw material outages and higher shipping expenses. While NTIC took steps to minimize the impact of these increased costs by working closely with its suppliers and customers, these issues may persist in fiscal 2026, and there can be no assurances that unforeseen events impacting the supply chain will not have a material adverse effect on NTIC in the future. Additionally, the impacts supply chain disruptions have on NTIC's third-party manufacturers are not within NTIC's control. Prolonged supply chain disruptions impacting NTIC and its third-party manufacturers could interrupt product manufacturing, increase product costs and result in lost sales, which may have a material adverse effect on NTIC's business, operating results and financial condition.

Disruptions to the distribution channels for NTIC's products in the past have negatively impacted and in the future may negatively impact NTIC's business, operating results, and financial condition.

During fiscal 2025, a confluence of factors caused disruptions to international shipping, increasing costs and delaying shipments. Geopolitically, continued attacks on ships entering the Red Sea en route to the Suez Canal, an important waterway for vessels moving between Asia and the United States, by Houthi rebels in Yemen forced ships to take longer routes around Africa's southern coast, increasing shipping time and delaying shipments. A March 2024 cargo ship crash into the Francis Scott Key Bridge in the Port of Baltimore, the largest U.S. port by volume for deliveries of automotive vehicles and components, caused a temporary suspension in activities. While the Port of Baltimore opened to maritime traffic on June 10, 2024, the bridge is not expected to be rebuilt until late 2028 and further work to clear out wreckage and continue maintenance of the port may continue to cause delays in the Port of Baltimore. In addition, in the first half of fiscal 2025, port strikes on the East Coast of the United States, a key port for European automakers, also contributed to shipping delays. These factors collectively decreased the availability of containers and increased shipping costs in fiscal 2025. Increased shipping costs and delays adversely affected NTIC's consolidated results of operations during fiscal 2025, and we anticipate that these factors will continue to impact us during fiscal 2026. Similar delays and elevated costs in the future could have a material adverse effect on NTIC's consolidated results of operations. Furthermore, transportation delays, increased shipping containers rates, closures or disruptions of businesses and facilities or social, economic, political or labor instability in the affected areas may impact the operations of NTIC's suppliers, which could in turn adversely affect NTIC, and its revenues and operating costs. Any of these disruptions may negatively impact NTIC's business, operating results, and financial condition.

NTIC's dependence on key suppliers puts NTIC at risk of interruptions in the availability of its products, which could reduce its net sales and adversely affect its operating results and harm its reputation.

NTIC relies on suppliers for certain raw materials and components used in its products. For reasons of quality assurance, cost effectiveness, or availability, NTIC procures certain raw materials and components from sole or limited source suppliers. NTIC generally acquires these and other raw materials and components through purchase orders placed in the ordinary course of business, and as a result, NTIC does not have a significant inventory of these materials and components and does not have any guaranteed or contractual supply arrangements with many of these suppliers for these materials and components. Although NTIC may attempt to increase storage of raw materials to hedge against rising prices or potential shortages, it may not be able to do so on reasonable terms or at all. NTIC's dependence on third-party suppliers involves several risks, including limited control over pricing, availability, quality, and delivery schedules, as well as manufacturing yields and costs. Suppliers of such raw materials and components may decide, or be required, for reasons beyond NTIC's control, to cease supplying such raw materials and components to NTIC or to raise their prices.

Shortages of raw materials, quality control problems, production capacity constraints, or delays by suppliers could negatively affect NTIC's ability to meet its production obligations and result in increased prices for affected parts, and NTIC may be forced to find new suppliers for certain raw materials. The rapid growth in demand for bioplastics products globally has increased the demand and the volatility of the price for plastic resins, and limited suppliers of such plastic resins may experience shortages caused by demand outpacing their production capabilities, which could result in NTIC's inability to produce its Natur-Tec® products promptly or in the volumes demanded. Any such shortages, constraints, or delays may result in delays in shipments of products or components, which could adversely affect NTIC's net sales and other operating results and its reputation. From time to time, materials and components used in NTIC's products are subject to allocation because of shortages of these materials and components.

Increases in prices for raw materials and components used in NTIC's products in the past have adversely affected and in the future could adversely affect NTIC's operating results.

NTIC uses certain raw materials and components in its products, including in particular plastic resins, which are subject to price increases. In light of higher demand and freight costs in fiscal 2025, certain raw materials used in the manufacture of NTIC's Natur-Tec® products were at times unavailable or were available only at higher costs, which adversely affected gross margins on NTIC's Natur-Tec® products. If similar shortages of raw materials arise again in the future, the cost and/or production of NTIC's products could be adversely affected. Additionally, the Russia-Ukraine war and geopolitical tensions in the Middle East have resulted in and may continue to result in commodity price fluctuations, which have decreased our margins and the margins of our joint ventures and resulted in decreased joint venture profitability, which will likely continue through fiscal 2026. In addition, changes to international trade agreements, including recent U.S. tariffs, continue to affect raw materials or components we import into the U.S. To reduce exposure to these and other tariffs, NTIC may be required to consider alternative sourcing or manufacturing, in-house production, or regionalized manufacturing, which may require significant ramp-up time and expense or which may not be available on feasible terms at all.

NTIC relies on others for its production, and any interruptions of these arrangements could disrupt NTIC's ability to fill its customers' orders.

NTIC utilizes contract manufacturers for a significant portion of its production requirements. The majority of NTIC's manufacturing is conducted in the United States by contract manufacturers that also perform services for numerous other companies. NTIC does not have a guaranteed level of production capacity with any of its contract manufacturers. Qualifying new contract manufacturers is time consuming and might result in unforeseen manufacturing and operations problems. The loss of NTIC's relationships with its contract manufacturers or their inability to conduct their manufacturing and assembly services for NTIC as anticipated in terms of capacity, cost, quality, and timeliness could adversely affect NTIC's ability to fill customer orders in accordance with required delivery, quality, and performance requirements, thus adversely affecting NTIC's net sales and other operating results.

Changes to trade regulation, quotas, duties, or tariffs, caused by the changing U.S. and geopolitical environments or otherwise, have negatively impacted in the past and in the future may negatively impact NTIC's business, operating results, and financial condition.

There is significant uncertainty about the future relationship between the United States and other countries with respect to trade policies, taxes, government regulations, and tariffs. Within recent years, for example, trade policy changes included the imposition of additional tariffs on imported products in an effort to address trade imbalances, specifically with China, the withdrawal of the U.S. from the Trans-Pacific Partnership, the renegotiation of the North American Free Trade Agreement, and sanctions on Russia. On April 2, 2025, the Trump administration implemented additional tariffs on 180 countries and territories, which range from 10% to 125%. Although these tariffs were subsequently paused in part for 90 days, and although some rates have been negotiated, it is uncertain whether and to what extent they will ultimately become effective. In response to some of these actions, certain countries imposed retaliatory actions against the United States, including reciprocal tariffs. On July 31, 2025, another executive order was issued amending previous executive orders, including adjusting the reciprocal tariffs. An oversupply of inexpensive goods from China has raised concerns of dumping, which may cause the further imposition of tariffs or other trade regulations by the U.S. NTIC, its subsidiaries and joint ventures engage in sales outside of the United States and is, therefore, negatively impacted by such actions. Due to this changing landscape, it is unknown to what extent tariffs will adversely affect NTIC's operations. Tariffs may cause NTIC to increase prices, face decreased profit margins, and/or pause deliveries from countries subject to high tariffs. NTIC may also need to seek alternative sourcing or manufacturing, in-house production, or regionalized manufacturing, which may require significant ramp-up time and expense or which may not be available on feasible terms at all. These factors may affect production economics, customer pricing, and competitive positioning, particularly in markets where the Company competes with local producers not subject to comparable tariff exposure. These or other changes or potential changes in trade policies in the United States and the potential corresponding actions by other countries in which NTIC does business could adversely and materially affect NTIC's business, results of operations, and financial condition.

Global credit and financial markets in the past have experienced disruptions, including diminished liquidity and credit availability and rapid fluctuations in market valuations, which, if they happen again, could negatively impact NTIC's business, operating results, and financial condition.

Any tightening of the credit and financial markets could negatively impact the ability of companies to borrow money from their existing lenders, obtain credit from other sources, or raise financing to fund their operations. This could negatively impact the ability of NTIC's customers and the customers of NTIC's joint ventures to purchase NTIC's products, suppliers' ability to provide NTIC and its joint ventures with materials and components, and the ability of NTIC and its joint ventures, distributors, and sales representatives to finance operations, if needed, on commercially reasonable terms, or at all. Any or all of these events could negatively impact NTIC's business, operating results, and financial condition. Although NTIC maintains allowances for credit losses for estimated losses resulting from the inability of its customers, distributors, and joint ventures to make required payments, and such losses historically have been within NTIC's expectations and the provisions established, NTIC cannot guarantee that it will continue to experience the same loss rates that it has in the past, especially if there are weaknesses in the worldwide economy. A significant change in the liquidity or financial condition of NTIC's customers, distributors, or joint ventures could cause unfavorable trends in NTIC's receivable collections and additional allowances may be required, which could adversely affect NTIC's operating results. In addition, weaknesses in the worldwide economy, including the imposition of higher tariffs, the withdrawal from the Trans-Pacific Partnership and sanctions on Russia, may adversely impact the ability of suppliers to provide NTIC with materials and components, which could adversely affect NTIC's business and operating results. NTIC is unable to predict the prospects for a global economic recovery, but the longer the duration of such adverse and uncertain economic conditions, the greater the risks NTIC faces in operating its business.

NTIC has limited staffing and will continue to be dependent upon key employees.

NTIC's success is dependent upon the efforts of a small management team and group of employees. NTIC's future success will depend in large part on its ability to retain its key employees and identify, attract, and retain other highly qualified managerial, technical, research and development, sales and marketing, and customer service personnel when needed. Competition for these individuals may be intense, especially in the markets in which NTIC operates. NTIC may not succeed in identifying, attracting, and retaining these personnel. Inadequate performance by any of NTIC's limited staff could have a negative impact on the performance of the company. In addition, none of NTIC's employees have any contractual obligation to maintain his or her employment with NTIC. The loss or interruption of services of any of NTIC's key personnel, including in particular its technical personnel, the inability to identify, attract, or retain qualified personnel in the future, delays in hiring qualified personnel, or any employee slowdowns, strikes, or similar actions could make it difficult for NTIC to manage its business and meet key objectives, which could harm NTIC's business, operating results, and financial condition.

Although we have not experienced any material labor shortage to date, we have observed an overall tightening and increasingly competitive labor market in recent years. A sustained labor shortage or increased turnover rates within our employee base could lead to increased costs, such as increased overtime to meet demand and increased wage rates to attract and retain employees and could negatively affect our ability to efficiently operate our manufacturing and distribution facilities and overall business. If we are unable to hire and retain employees capable of performing at a high-level, or if mitigation measures we may take to respond to a decrease in labor availability, such as overtime and third-party outsourcing, have unintended negative effects, our business could be adversely affected. An overall labor shortage, lack of skilled labor, increased turnover or labor inflation could have a material adverse impact on NTIC's operations, results of operations, liquidity or cash flows.

NTIC faces challenges caused by its aging workforce, and NTIC may not be able to recruit, train and retain adequate replacements for its qualified and skilled employees.

Many of our employees are approaching retirement age. As these experienced employees retire, we may have difficulty recruiting new employees with comparable qualifications and experience, and we may be unable to transfer our employees' institutional knowledge successfully to new qualified employees. Any such failures would be exacerbated at times of peak demand. Our failure to recruit and train new employees and to ensure they obtain adequate qualifications and experience could result in reduced revenues, loss of customer goodwill and a material negative impact on our results of operations.

Given NTIC's limited resources, it may not effectively manage its growth.

NTIC's strategy to grow its business, including in particular its ZERUST® rust and corrosion inhibiting products for the oil and gas industry and its Natur-Tec® bio-plastic resin compounds and finished products, requires significant management time and operational and financial resources. There is no assurance that NTIC has the necessary operational and financial resources to manage its growth. This is especially true as it expands facilities and manufactures its products on a larger commercial scale. In addition, rapid growth in NTIC's headcount and operations may place a significant strain on its management, administrative, operational, and financial infrastructure. Failure to adequately manage its growth could have a material and adverse effect on NTIC's business, operating results, and financial condition. In addition, NTIC may not be successful in its strategy to grow its business.

The evolution of the automotive industry towards electric vehicles could adversely affect NTIC's business.

The global automotive industry is experiencing a period of significant technological change, including the development and use of electric vehicles, which, compared to non-electric vehicles, do not contain as many metal components that require NTIC's ZERUST® products and solutions. During fiscal 2025, the automobile sector represented approximately 40-45% of ZERUST® industrial net sales in North America and 55-60% of net sales of NTIC's joint ventures. Although the slowdown in electric vehicle production continued in fiscal 2025, NTIC continues to seek additional applications of its ZERUST® products and solutions related to electric vehicles and batteries, which will likely continue to have an increasing presence in the automotive market. However, increased demand for electric vehicles will still adversely affect NTIC's net sales and other operating results and business.

Risks Related to NTIC's Joint Ventures

NTIC's liquidity and financial position rely on the receipt of fees for services provided to its joint ventures and dividend distributions from its joint ventures. No assurance can be provided that NTIC will continue to receive such fees and dividend distributions in amounts NTIC historically has received or anticipates receiving.

NTIC conducts business, either directly or indirectly, through several joint venture arrangements that operate in North America, Europe, and Asia. Each of these joint ventures manufactures, markets, and sells finished products in the geographic territory that it is assigned. NTIC's receipt of funds as a result of sales by its joint ventures is dependent upon NTIC's receipt of 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 its joint ventures based on the profitability of its joint ventures. NTIC's liquidity and financial position in part rely on NTIC's receipt of fees for services that NTIC provides to its joint ventures and dividend distributions from its joint ventures. During fiscal 2025, NTIC recognized \$5,006,151 in fees and \$1,566,947 in dividend distributions from its joint ventures. Because NTIC owns 50% or less of each of its joint venture entities, NTIC does not control the decisions of these entities regarding whether to pay dividends and, if paid, how much they should be in any given year. Thus, NTIC cannot guarantee that any of its joint ventures will pay dividends in any given year. The failure of NTIC's joint ventures to declare dividends or the failure of NTIC to receive fees for services provided to joint ventures in amounts typically expected by NTIC could adversely affect NTIC's liquidity and financial position.

Since a significant portion of NTIC's earnings results from NTIC's equity income from joint ventures, and since NTIC's equity income from joint ventures varies from quarter to quarter, NTIC's earnings are subject to quarterly fluctuations.

A significant portion of NTIC's earnings results from NTIC's equity income from its joint ventures. NTIC's equity in income from joint ventures consists of NTIC's share of equity in income from its joint ventures based on the overall profitability of the joint ventures. Such profitability varies from quarter to quarter. Since NTIC's management typically receives quarterly joint venture financial information after the completion of each fiscal quarter, it is impossible for NTIC's management to cut costs and expenses to make up for any unanticipated shortfall in NTIC's equity income from joint ventures. Accordingly, the variability in NTIC's equity income from joint ventures, in turn, subjects NTIC's earnings to quarterly fluctuations.

Risks Related to NTIC's International Business and the Foreign Markets in which NTIC Operates

NTIC's international business, which is conducted primarily through its subsidiaries and joint ventures, requires management attention and financial resources and exposes NTIC to difficulties and risks presented by international economic, political, legal, accounting, and business factors.

NTIC sells products and services directly, through its wholly owned and majority-owned subsidiaries, and indirectly, via a network of joint ventures, independent distributors, manufacturer's sales representatives, and agents in over 65 countries, including countries in North America, South America, Europe, Asia, and the Middle East. One of NTIC's strategic objectives is the continued expansion of its international operations. The expansion of NTIC's existing international operations and entry into additional international markets requires management attention and financial resources. For example, NTIC's expansion of oil and gas activities in the Middle East has faced challenges due to operating a new business unit, coordinating with a new sales team, the ability to find resources and local support, and limited experience in this new space, requiring additional management and financial support. Whether and to what extent such issues persist cannot be predicted.

The sale and shipping of products and services across international borders subjects NTIC to extensive and complicated U.S. and foreign governmental trade regulations. Compliance with such regulations is costly and exposes NTIC to penalties for non-compliance. Other laws and regulations that can significantly impact NTIC include various anti-bribery laws, including the U.S. Foreign Corrupt Practices Act, laws restricting business with suspected terrorists, and anti-boycott laws. Any failure to comply with applicable legal and regulatory obligations could impact NTIC in a variety of ways that include, but are not limited to, significant criminal, civil, and administrative penalties, including imprisonment of individuals, fines and penalties, denial of export privileges, seizure of shipments, and restrictions on certain business activities. Also, the failure to comply with applicable legal and regulatory obligations could result in the disruption of NTIC's shipping and sales activities.

Several factors, including implications of withdrawal by the U.S. from, or revision to, international trade agreements, foreign policy changes between the U.S. and other countries, weakened international economic conditions, or the impact of sovereign debt defaults by certain European countries, could adversely affect our international net sales. Additionally, the expansion of our existing international operations and entry into additional international markets require significant management attention and financial resources. In many of the countries in which NTIC sells its products directly or indirectly through NTIC China, Zerust Brazil, Natur-Tec India, Natur-Tec Lanka, Zerust Mexico, Zerust Singapore, Zerust Taiwan, Zerust Vietnam, and NTI Asean, its joint ventures, distributors, representatives, and agents are, to some degree, subject to political, economic, and/or social instability. NTIC's international operations expose NTIC and its joint venture partners, distributors, representatives, and agents to risks inherent in operating in foreign jurisdictions. These risks include:

- difficulties in managing and staffing international operations and the required infrastructure costs, including legal, tax, accounting, and information technology;
- the imposition of additional U.S. and foreign governmental controls or regulations, new trade restrictions, and restrictions on the activities of foreign agents, representatives, and distributors, the imposition of costly and lengthy export licensing requirements and changes in duties and tariffs, license obligations, and other non-tariff barriers to trade;
- the imposition of U.S. and/or international sanctions against a country, company, person, or entity with whom NTIC does business that would restrict or prohibit continued business with the sanctioned country, company, person, or entity;
- pricing pressure that NTIC or its joint ventures, distributors, representatives, and agents may experience internationally;
- laws and business practices favoring local companies;
- adverse currency exchange rate fluctuations;
- longer payment cycles and difficulties enforcing agreements and collecting receivables through certain foreign legal systems;
- national and international conflicts, including foreign policy changes or terrorist acts;
- difficulties in enforcing or defending intellectual property rights;
- multiple, changing, and often inconsistent enforcement of laws and regulations; and
- the potential payment of U.S. income taxes on certain earnings of joint ventures upon repatriation.

Out of NTIC's joint ventures, NTIC's joint venture in Germany is the most significant in terms of assets and income to NTIC. If sales of NTIC's products and services by this joint venture were to significantly decline or if NTIC's relationships with this joint venture were to significantly deteriorate, NTIC's operating results likely would be adversely affected.

NTIC considers its joint venture in Germany (EXCOR) to be individually significant to NTIC's consolidated assets and income and, therefore, provides certain additional information regarding EXCOR in the notes to NTIC's consolidated financial statements and in certain sections of this report. Accordingly, if sales of NTIC's products and services by this joint venture were to significantly decline or if NTIC's relationships with this joint venture were to significantly deteriorate such that the joint venture terminated or was not motivated to sell NTIC's products and services, NTIC's operating results likely would be adversely affected. While this is also true with respect to the other joint venture entities of which additional information is provided in NTIC's consolidated financial statements and in certain other sections of this report, the significance is not as great as with EXCOR. EXCOR's profitability has decreased over the past few years as compared to prior years, which has adversely affected NTIC's financial results.

The ongoing war between Russia and Ukraine and the conflicts in the Middle East may adversely affect NTIC's business and results of operations.

Given the nature of NTIC's business and its global operations, political, economic, and other conditions in foreign countries and regions, including geopolitical risks, such as the Russia-Ukraine war and ongoing conflicts in the Middle East, may adversely affect NTIC's business and results of operations.

In 2022, NTIC took actions to limit its operations in Russia and Ukraine, which were adversely affected by the war between Russia and Ukraine, though these losses did not have a material impact on NTIC's operating results. NTIC terminated its joint venture in Russia in May 2022, which also did not have an adverse effect on its results of operations or financial condition given the immateriality of the joint venture. The broader consequences of this conflict, which may include additional international sanctions, embargoes, regional instability, and geopolitical shifts; increased tensions between the United States and countries in which NTIC operates; and the extent of the conflict's effect on NTIC's business and results of operations, as well as the global economy, cannot be predicted.

To the extent the ongoing war between Russia and Ukraine adversely affects NTIC's business, it may also have the effect of heightening many other risks disclosed herein, any of which could materially and adversely affect NTIC's business and results of operations. Such risks include, but are not limited to, adverse effects on macroeconomic conditions, including inflation, demand for NTIC's products and potential recessionary economic conditions; increased cyber security threats; adverse changes in trade policies, taxes, government regulations, and tariffs; NTIC's ability to implement and execute its business strategy, particularly with regard to its joint ventures; disruptions in global supply chains; its exposure to foreign currency fluctuations; and constraints, volatility, or disruption in the capital markets.

The ongoing conflicts in the Middle East, including the Israel-Hamas war, may adversely affect NTIC's business and results of operations. Although the length, impact and outcome of these conflicts remain highly unpredictable, it could lead to significant market and other disruptions, including disruptions to the oil and gas industry, significant volatility in commodity prices and supply of energy resources, instability in financial markets, supply chain interruptions, political and social instability and other material and adverse effects on macroeconomic conditions. It is not possible at this time to predict or determine the ultimate consequences of this conflict.

To the extent the ongoing conflicts in the Middle East, including the Israel-Hamas war, adversely affects NTIC's business, it may also have the effect of heightening many other risks disclosed herein, any of which could materially and adversely affect NTIC's business and results of operations. Such risks include, but are not limited to, adverse effects on the oil and gas industry, adverse effects on macroeconomic conditions, including inflation, demand for NTIC's products and potential recessionary economic conditions; increased cyber security threats; adverse changes in trade policies, taxes, government regulations, and tariffs; NTIC's ability to implement and execute its business strategy, particularly with regard to its joint ventures; disruptions in global supply chains; its exposure to foreign currency fluctuations; and constraints, volatility, or disruption in the capital markets.

The operations of NTIC China may be adversely affected by China's evolving economic, political, and social conditions, as well as increasing tensions between the United States and China.

The results of operations and future prospects of NTIC China may be adversely affected by, among other things, changes in China's political, economic, and social conditions, escalating tensions between China and Taiwan, changes in the relationship between China and its western trade partners, changes in policies of the Chinese government, changes in laws and regulations or in the interpretation of existing laws and regulations, changes in foreign exchange regulations, measures that may be introduced to control inflation, such as interest rate increases, changes in the rates or methods of taxation, and increasing tensions between the United States and China. In addition, changes in demand could result from increased competition with local Chinese manufacturers who have cost advantages or who may be preferred suppliers for Chinese end users. In fiscal 2025, there was a continued reduction of export to the U.S. and Europe from China as the Chinese government focused on domestic consumption to maintain gross domestic product growth. Also, Chinese commercial laws, regulations, and interpretations applicable to non-Chinese owned market participants, such as NTIC China, are continually changing, and such changes may require NTIC China to change how it conducts its business. These laws, regulations, and interpretations could impose restrictions on NTIC's and NTIC China's ownership or operations or NTIC's interests in China and could adversely affect NTIC's business, results of operations, and financial condition.

Local regulations in China relating to the 2021 electric power shortage have been ongoing and may adversely affect NTIC China's operations or the operations of our suppliers with facilities in China. For example, these regulations could result in partial or complete factory shutdowns due to a lack of continuous supply of electrical power. Additionally, the price of electric power may be increased, and peak-demand periods during which prices are higher may be extended by local governments. Certain of our resin suppliers with facilities in China were adversely impacted by these regulations, which contributed to constrained supply. Although NTIC China's operations have not been significantly impacted by regulations related to electric power shortages to date, updates to such regulations may in the future decrease or shut down production or increase product costs, which could adversely affect NTIC's business, results of operations, and financial condition.

These and other factors, including, but not limited to, rising labor costs in China and more favorable investment policies in Southeast Asian countries, have caused some companies to relocate from China to Southeast Asia. Remaining in China could result in these factors together adversely affecting NTIC's business, results of operations, and financial condition.

Intellectual property rights are difficult to enforce in China, which could harm NTIC's business, results of operations, or financial condition.

Chinese commercial law is relatively undeveloped compared to commercial law in many of NTIC's other major markets, and limited protection of intellectual property is available in China as a practical matter. Although NTIC takes precautions in the operation of NTIC China to protect NTIC's intellectual property, any local manufacturer of products that NTIC undertakes in China could subject NTIC to an increased risk that unauthorized parties will be able to copy or otherwise obtain or use NTIC's intellectual property, which could harm NTIC's business. NTIC may also have limited legal recourse in the event it encounters patent or trademark infringers, which could adversely affect NTIC's business, results of operations, and financial condition.

Uncertainties with respect to the Chinese legal system may adversely affect the operations of NTIC China.

NTIC China is subject to laws and regulations applicable to foreign investment in China. There are uncertainties regarding the interpretation and enforcement of laws, rules, and policies in China. The Chinese legal system is based on written statutes, and prior court decisions have limited precedential value. Because many laws and regulations are relatively new, and the Chinese legal system is still evolving, the interpretations of many laws, regulations, and rules are not always uniform. Moreover, the relative inexperience of China's judiciary in many cases creates additional uncertainty as to the outcome of any litigation, and the interpretation of statutes and regulations may be subject to government policies reflecting domestic political agendas. Finally, enforcement of existing laws or contracts based on existing law may be uncertain and sporadic. For the preceding reasons, it may be difficult for NTIC or NTIC China to obtain timely or equitable enforcement of laws ostensibly designed to protect companies like NTIC or NTIC China, which could adversely affect NTIC's business, results of operations, and financial condition.

Failure to comply with the U.S. Foreign Corrupt Practices Act could subject NTIC to, among other things, penalties and legal expenses that could harm its reputation and have a material adverse effect on its business, results of operations, and financial condition.

NTIC is subject to the U.S. Foreign Corrupt Practices Act, or the FCPA, which generally prohibits covered entities and their intermediaries from engaging in bribery or making other prohibited payments to foreign officials for the purpose of obtaining or retaining business or other benefits. In addition, the FCPA imposes accounting standards and requirements on U.S. publicly-traded corporations and their foreign affiliates, which are intended to prevent the diversion of corporate funds to the payment of bribes and other improper payments and to prevent the establishment of "off books" slush funds from which such improper payments can be made. NTIC also is subject to similar anticorruption legislation implemented in Europe under the Organization for Economic Co-operation and Development's Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. NTIC and its joint ventures, distributors, independent representatives, and agents operate in a number of jurisdictions that pose a high risk of potential violations of the FCPA and other anticorruption laws, based on measurements such as Transparency International's Corruption Perception Index, and NTIC utilizes a number of joint ventures, distributors, independent representatives, and agents for whose actions NTIC could be held liable under the FCPA. NTIC informs its personnel, joint ventures, distributors, independent representatives, and agents of the requirements of the FCPA and other anticorruption laws, including, but not limited to, their reporting requirements. NTIC also has developed and will continue to develop and implement systems for formalizing its contracting processes, performing due diligence on agents, and improving its recordkeeping and auditing practices regarding these regulations. However, there is no guarantee that NTIC's employees, joint ventures, distributors, independent representatives, or other agents have not or will not engage in conduct undetected by NTIC's processes and for which NTIC might be held responsible under the FCPA or other anticorruption laws.

If NTIC's employees, joint ventures, distributors, third-party sales representatives, or other agents are found to have engaged in such practices, NTIC could suffer severe penalties, including criminal and civil penalties, disgorgement, and other remedial measures, including further changes or enhancements to its procedures, policies, and controls and potential personnel changes and disciplinary actions.

Certain private and foreign companies, including some of NTIC's competitors, are not subject to prohibitions as strict as those under the FCPA or, even if subjected to strict prohibitions, such prohibitions may be laxly enforced in practice. If NTIC's competitors engage in corruption, extortion, bribery, pay-offs, theft, or other fraudulent practices, they may receive preferential treatment from personnel of some companies or from government officials, giving NTIC's competitors an advantage in securing business and putting NTIC at a disadvantage.

Fluctuations in foreign currency exchange rates could result in declines in NTIC's earnings and changes in NTIC's foreign currency translation adjustments.

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

Economic uncertainty in developing markets could adversely affect NTIC's revenue and earnings.

NTIC conducts business, or is contemplating expansion, in developing markets with economies that tend to be more volatile than those in the United States and Western Europe. The risk of doing business in developing markets such as China, Brazil, India, Russia, the United Arab Emirates, Mexico, and other economically volatile areas could adversely affect NTIC's operations and earnings. Such risks include financial instability among customers in these regions, political instability, fraud or corruption, and other non-economic factors, and irregular trade flows that need to be managed successfully with the help of the local governments. In addition, commercial laws in some developing countries can be vague, inconsistently administered, and retroactively applied. If NTIC is deemed not to be in compliance with applicable laws in developing countries where NTIC conducts business, its prospects and business in those countries could be harmed, which could then have a material adverse impact on NTIC's operating results and financial position. NTIC's failure to successfully manage economic, political, and other risks relating to doing business in developing countries and economically and politically volatile areas could adversely affect its business.

Risks Related to NTIC's Products

NTIC faces intense competition in almost all of its product lines, including from competitors that have substantially greater resources than NTIC does. No assurance can be provided that NTIC will be able to compete effectively, which would harm its business and operating results.

NTIC's products are sold in intensely competitive markets throughout the world. This intense competition could result in pricing pressures, lower sales, reduced margins, and lower market share. With respect to its rust and corrosion inhibiting products, NTIC competes on the basis of product innovation, quality, reliability, product support, customer service, reputation, and price. With respect to its Natur-Tec® resin compounds and finished products, NTIC competes on the basis of performance, brand awareness, distribution network, product availability, product offering, shelf life, place of manufacture, and price. NTIC often competes with numerous manufacturers, many of which have substantially greater financial, marketing, and other resources than NTIC. As a result, they may be able to adapt more quickly than NTIC to new or emerging technologies, industry trends, and changes in customer requirements or to devote greater resources to the promotion and sale of their products than NTIC. In addition, competition could increase if new companies enter the markets in which NTIC competes, especially when the barriers to entry are low, which may be true with respect to NTIC's rust and corrosion prevention business, or if existing competitors expand their product lines or intensify efforts within existing product lines. NTIC's current products, products under development, and its ability to develop new and improved products may be insufficient to enable NTIC to compete effectively with its competitors. No assurance can be provided that NTIC will be able to compete effectively, which would harm its business and operating results. In particular, NTIC has experienced more intense competition with respect to many of its traditional ZERUST® rust and corrosion inhibiting products and services, which has led to decreased pricing and smaller margins for NTIC.

NTIC's ZERUST® rust and corrosion inhibiting products and services generate a significant portion of NTIC's net sales and the net sales of NTIC's joint ventures. Accordingly, if sales of these products and services were to decline, NTIC's operating results would be adversely affected.

NTIC's ZERUST® rust and corrosion inhibiting products and services generate a significant portion of NTIC's net sales and the net sales of NTIC's joint ventures. During fiscal 2025, 74.2% of NTIC's consolidated net sales were derived from sales of ZERUST® rust and corrosion inhibiting products and services. While the net sales of NTIC's joint ventures are not included in NTIC's net sales on NTIC's consolidated financial statements, NTIC's receipt of fees for services that NTIC provides to its joint ventures and NTIC's receipt of dividend distributions from its joint ventures are based primarily on the revenues and profitability of the joint ventures. Accordingly, if sales of these products and services were to decline due to increased competition, the introduction of a new disruptive technology, or otherwise, NTIC's operating results would be adversely affected.

If NTIC is unable to continue to enhance its existing products and develop and market new products that respond to customer needs and achieve market acceptance, NTIC may experience a decrease in demand for its products, and its business could suffer.

One of NTIC's strategies is to enhance its existing products and develop and market new products that respond to customer needs. NTIC may not be able to compete effectively with its competitors unless NTIC can keep up with existing or new products or alternative technologies in the markets in which it competes. Product development requires significant research and development, financial, and other resources. Although in the past NTIC has implemented lean manufacturing and other productivity improvement initiatives to provide investment funding for new products, no assurance can be provided that NTIC will be able to continue to do so in the future. Product improvements and new product introductions also require significant planning, design, development, and testing at the technological, product, and manufacturing process levels, and NTIC may not be able to timely develop product improvements or new products. NTIC's competitors' new products may beat NTIC's products to market, may be more effective or less expensive than NTIC's products, or may render NTIC's products obsolete. Any new products that NTIC may develop may not receive market acceptance or otherwise generate any meaningful net sales or profits for NTIC relative to its expectations, based on, among other things, existing and anticipated investments in manufacturing capacity and commitments to fund advertising, marketing, promotional programs, and research and development.

NTIC has invested and intends to continue to invest additional research and development and marketing efforts and resources into the application of its corrosion prevention solutions into the oil and gas industry and the continued launch of its Natur-Tec® resin compounds and finished products. No assurance can be provided, however, that NTIC's investments in these new markets and products will be successful and result in additional revenue to NTIC.

In an effort to increase net sales, NTIC has expanded the marketing of its corrosion prevention solutions into the oil and gas industry and its Natur-Tec® resin compounds and finished products. NTIC expects to continue to invest additional research and development and marketing efforts and resources into these strategic initiatives. No assurance can be provided, however, that such strategic initiatives will be successful or that NTIC will be successful in obtaining additional revenue as a result of them. The introduction of new products into new markets takes significant resources, and there can be no assurance that NTIC is dedicating a sufficient amount of resources to ensure the success of these strategic initiatives. The sale of NTIC's ZERUST® rust and corrosion inhibiting products and services into the oil and gas industry, in particular, typically involves a long sales cycle, often including a one- to multi-year trial period with each customer and a slow integration process thereafter. This long sales cycle may cause NTIC's management, stockholders, and investors to lose faith in the business opportunities for NTIC's ZERUST® rust and corrosion inhibiting products and services in the oil and gas industry. Additionally, projects NTIC completes for oil and gas industry customers typically involve short turnaround times, and failure to meet these expectations could damage NTIC's ability to successfully promote its corrosion prevention solutions into the oil and gas industry.

NTIC's strategy of expanding its corrosion prevention solutions into the oil and gas industry and continuing the expansion of its Natur-Tec® bioplastics resin compounds and finished products is risky and may not prove to be successful, which could harm NTIC's operating results and financial condition.

NTIC's strategy of expanding its corrosion prevention solutions into the oil and gas industry and continuing the expansion of its Natur-Tec® bioplastics resin compounds and finished products, either directly or indirectly through joint ventures and independent distributors and agents, is risky and subject to all of the risks inherent in the establishment of a new business enterprise, including:

- the absence of a significant operating history;
- the lack of commercialized products;
- the lack of market acceptance of new products;
- expected substantial and continual losses for such businesses for the foreseeable future;
- the lack of manufacturing experience and limited marketing experience;
- an expected reliance on third parties for the manufacture and commercialization of some of the products;
- a competitive environment characterized by numerous, well-established and well-capitalized competitors;
- insufficient capital and other resources;
- reliance on key personnel and the need to hire and train local support in a timely manner in order to support customer needs; and
- NTIC's dependence on manufacturing and logistical services provided by contractors could give rise to product defects or warranty liability.

NTIC uses third-party manufacturers to produce the majority of its products. In addition, NTIC relies upon certain contractors for logistical services. Although NTIC's arrangements with its contract manufacturers and contractors may contain provisions for warranty expense reimbursement, NTIC may remain responsible to its customers for warranty service in the event of product defects and could experience an unanticipated product defects or warranty liability. In addition, product defects could harm NTIC's reputation amongst its customers.

The commercial success of NTIC's Natur-Tec® resin compounds and finished products depends on the widespread market acceptance of products manufactured with bio-based and biodegradable resins.

Although there is a developed market for petroleum-based plastics, the market for "bioplastics" which are plastics produced with bio-based resins, which are derived from renewable resources such as corn or cellulosic/plant material or blends thereof, or plastics that are engineered to be fully biodegradable or both, is still developing. The market for biodegradable plastics is expanding worldwide, driven by increasing environmental awareness, regulatory support for sustainable materials, and growing demand for eco-friendly alternatives. As consumers and industries seek to reduce plastic waste, biodegradable plastics offer a viable solution, particularly in sectors like packaging, agriculture, and consumer goods. This trend is further supported by government policies promoting sustainable practices and by advances in biodegradable technology, which make these materials more accessible and cost-effective.

The commercial success of NTIC's Natur-Tec® resin compounds and finished products depends on the continued expansion of the market for biodegradable plastics and widespread market acceptance of products manufactured with bio-based and biodegradable resins, which may result, in part, from government policies promoting sustainable practices at the federal, state or local level. For example, many U.S. states and municipalities have taken action or are considering laws to ban certain single-use plastics, often focusing efforts on single-use plastic bags and plastic straws. However, the Trump administration has reversed many policies related to the market for biodegradable plastics, which may adversely affect demand for NTIC's Natur-Tec® products. Additionally, different requirements for what qualifies a product as "compostable" under various state and local laws may have variable impacts on demand for these products.

Internationally, the government of India announced a phased ban on the manufacture and sale of single-use plastics beginning in July 2022. Similarly, in January 2021, China implemented a ban on single-use plastic utensils, bags and certain other single-use plastic items. In addition, the European Union continues to push for a ban on single-use plastics, as evidenced by the passing of the Single-Use Plastics Directive in 2021. In August 2024, the European Parliament passed a further advance on this directive with the Packaging and Packaging Waste Regulation, which applies to all packaging on the European Union market. Despite these efforts and other measures taken domestically and internationally, including policies related to the collection of organics, it is currently difficult to assess or predict with any assurance the potential size, timing, and viability of market opportunities for NTIC's Natur-Tec® resin compounds and finished products. Additionally, while legislation has helped increase demand for bioplastics, a lack of enforcement and higher costs associated with bioplastics have adversely impacted the demand anticipated to stem from such legislation.

The traditional plastics market sector is well-established with entrenched competitors with whom NTIC competes. Pricing for traditional plastics has been highly volatile in recent years, which drives, to some extent, the commercial and other support for bioplastics. While NTIC expects to be able to command a premium price for its Natur-Tec® resin compounds and finished products, a widening gap in the pricing for bioplastics versus petroleum-based plastics may reduce the size of the addressable market for NTIC's Natur-Tec® resin compounds and finished products. Whether prices for bioplastics become more competitive with prices for petroleum-based plastics will depend, in part, on continued advances in biodegradable technology. In addition, the growth of the market will create some pressure on price for applications today considered commodities, including in particular NTIC's current Natur-Tec® finished products.

NTIC relies on its joint ventures, distributors, manufacturer's sales representatives, and other agents to market and sell its products.

In addition to its direct sales force, NTIC relies on its joint ventures, distributors, manufacturer's sales representatives, and other agents to market and sell its products in the United States and internationally. NTIC's joint ventures, distributors, manufacturer's sales representatives, and other agents might terminate their relationship with NTIC or devote insufficient sales efforts to NTIC's products. NTIC does not control its joint ventures, distributors, manufacturer's sales representatives, and other agents, and they may not be successful in implementing NTIC's marketing plans. NTIC's failure to maintain its existing relationships with these entities, or its failure to recruit and retain additional skilled joint venture partners, distributors, manufacturer's sales representatives, and other agents, could have an adverse effect on NTIC's operations. It is anticipated that several of NTIC's joint venture partners will retire during the next several years, which will require a transition on the part of the joint venture as well as NTIC and could harm NTIC's relationship with the joint venture and NTIC's business.

NTIC may be subject to product liability claims or other claims arising out of the activities of its joint ventures, which could adversely affect NTIC and its business.

While NTIC is not aware of any specific potential risk beyond its initial investment in, and any undistributed earnings of, each of its joint ventures, there can be no assurance that NTIC will not be subject to lawsuits based on product liability claims or other claims arising out of the activities of its joint ventures. To mitigate the ramifications of such an occurrence, NTIC maintains liability insurance specifically applicable to its ownership positions in its joint venture arrangements in excess of any insurance the joint ventures may maintain. No assurance can be provided, however, that such insurance will be available or adequate in the event of a claim.

The sale of ZERUST® rust and corrosion inhibiting products into the oil and gas industry is risky in light of the hazards typically associated with such operations and the significant amount of potential liability involved, which could adversely affect NTIC's business if ZERUST® rust and corrosion inhibiting products are involved, even if the cause of such events was not related to NTIC's products.

Because NTIC sells its ZERUST® rust and corrosion inhibiting products into the oil and gas industry, NTIC is subject to some of the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, cratering, unplanned gas releases, and spills, each of which could be claimed to be attributed to the failure of NTIC's products to perform as anticipated. If such events occur and NTIC's products are involved, NTIC's business and operating results may suffer, even if the cause of such events was not related to NTIC's products.

The sale of ZERUST® rust and corrosion inhibiting products into the oil and gas industry is dependent on certain macroeconomic factors, including seasonality of installations, fluctuations of crude oil prices, global events and regulatory guidelines.

Seasonality of Installations: NTIC has experienced some seasonality with respect to the sale of its ZERUST® rust and corrosion inhibiting products into the oil and gas industry, with sales during parts of the second and third fiscal quarters being adversely affected by winter in the United States.

Fluctuations of Crude Oil Prices: The sale of NTIC's ZERUST® rust and corrosion inhibiting products into the oil and gas industry, particularly in the United States, has historically been hampered by low/unstable global crude oil prices. During fiscal 2025, crude oil prices declined due to fears of recession, the Organization of the Petroleum Exporting Countries increasing output, and Saudi Arabia lowering prices to major customers in Asia. In January 2025, the U.S. Department of Energy forecasted a steady decline in the price of oil, with an average cost of \$81 per barrel in 2024 and an expected decline to \$66 per barrel by 2026. Fluctuations continue to be expected in part due to the Russia-Ukraine war and the ongoing conflicts in the Middle East. NTIC believes low global crude oil prices constrain capital improvement budgets of its existing and prospective customers and may result in personnel turnover at its oil and gas customers or prospects. Additionally, NTIC believes the ongoing Russia-Ukraine war and ongoing conflicts in the Middle East, including the Israel-Hamas war, may create uncertainty among its existing and prospective customers, which may cause them to halt oil and gas projects or elect to decrease capital improvement budgets, either of which could harm NTIC's ability to sell its products into the oil and gas industry.

Global Events: The sale of Zerust Oil & Gas solutions to Oil & Gas sector clients is impacted by geopolitical tensions and other events in key oil producing regions like the Middle East. These affect the ability of the teams to have face-to-face meetings, travel for site surveys and implementations, etc., with the added effect of potential supply chain delays/impacts that could delay or postpone sales.

Regulatory Guidelines: The Oil & Gas sector is very conservative and, in addition to long-term trials on-site, client decision makers typically default to guidelines from the American Petroleum Institute (API), Association of Materials Protection and Performance (AMPP), Pipeline and Hazardous Materials Safety Administration (PHMSA), an agency of the United States Department of Transportation responsible for developing and enforcing regulations for the safe, reliable and environmentally sound transportation of energy and other hazardous materials, European Committee for the Study of Corrosion (CECOR), etc. Getting a new technology/solution approach included in these guidelines typically takes years of committee lobbying, client support, field trials and lab validation. The Zerust solutions have been included in several technical reports/committees from these groups though getting full validation is likely to take a few more years.

Although NTIC's 85% owned subsidiary, Zerust Brazil, recently secured a secured a three-year offshore oil and gas production asset preservation contract with an estimated total value of approximately R\$70 million (US\$13 million), no assurance can be provided that such total amount will be realized by NTIC during the next three years.

In November 2025, Zerust Brazil secured a three-year offshore oil and gas production asset preservation contract with a leading global engineering, procurement, and construction company to provide advanced corrosion protection solutions for floating production storage and offloading units. The project under this agreement is expected to ramp during fiscal 2026 and run through calendar 2028 with an estimated total value of approximately R\$70 million (US\$13 million). This includes approximately R\$40 million (US\$7.4 million) in materials and approximately R\$30 million (US\$5.6 million) in engineering and field services. While management believes that the amount and timing of revenue anticipated to be generated under this agreement may materially positively affect NTIC's future quarterly sales and other operating results, no assurance can be provided that such revenues will be recognized. In addition, NTIC's performance under this agreement and its realization of revenue and other benefits as a result of the agreement are subject to risks, including the success of NTIC's oil and gas business; NTIC's ability to perform under the agreements and the realization of the potential revenue thereunder; the health of the U.S., Brazilian and worldwide economies; the effect of economic uncertainty; risks associated with international operations, including in Brazil; exposure to exchange rate fluctuations, tariffs, trade disputes and changes to trade regulation; effect of economic slowdown and political unrest; acceptance of existing and new products; timing of purchase orders and variability in sales to oil and gas customers and the effect on NTIC's quarterly financial results; increased competition; and costs and effects of complying with changes in tax, fiscal, government and other regulatory policies, and rules relating to environmental, health and safety matters.

The expansion of NTIC's corrosion prevention solutions into the oil and gas industry and the continued launch of NTIC's Natur-Tec® resin compounds and finished products may require additional capital in the future, which may not be available or may be available only on unfavorable terms. In addition, any equity financings may be dilutive to NTIC's stockholders.

The expansion of NTIC's corrosion prevention solutions into the oil and gas industry and the continued expansion of NTIC's Natur-Tec® resin compounds and finished products will continue to require resources during fiscal 2026 and beyond. To the extent that NTIC's existing capital, including amounts available under its revolving line of credit, is insufficient to meet these requirements, NTIC may raise additional capital through financings or additional borrowings. Any equity or debt financing, if available at all, may be on terms that are not favorable to NTIC, and any equity financings could result in dilution to NTIC's stockholders.

Risks Related to Governmental Regulation, Laws, and Compliance

NTIC's business, properties, and products are subject to governmental regulation and taxes, compliance with which may require NTIC to incur expenses or modify its products or operations, and which may expose NTIC to penalties for non-compliance. Governmental regulation also may adversely affect the demand for some of NTIC's products and its operating results.

NTIC's business, properties, and products are subject to a wide variety of international, federal, state, and local laws, rules, taxes, and regulations relating to the protection of the environment, natural resources, and worker health and safety and the use, management, storage, and disposal of hazardous substances, wastes, and other regulated materials. These laws, rules, and regulations may affect the way NTIC conducts its operations, and the failure to comply with these regulations could lead to fines and other penalties. In the future, new environmental laws, rules, and regulations with provisions similar to those of the Inflation Reduction Act of 2022, which includes measures to reduce emissions, may be enacted, which may adversely affect NTIC's business. Further, because NTIC owns and operates real property, various environmental laws also may impose liability on NTIC for the costs of cleaning up and responding to hazardous substances that may have been released on NTIC's property, including releases unknown to NTIC. These environmental laws and regulations also could require NTIC to pay for environmental remediation and response costs at third-party locations where NTIC disposed of or recycled hazardous substances. NTIC's future costs of complying with the various environmental requirements, as they now exist or may be altered in the future, could adversely affect NTIC's financial condition and operating results. NTIC is also subject to other international, federal, and state laws, rules, and regulations, the future non-compliance with which may harm NTIC's business or may adversely affect the demand for some of its products. Changes in laws and regulations, including changes in accounting standards and taxation changes, including tax rate changes, new tax laws, including the changes to U.S. federal tax laws included in the Inflation Reduction Act of 2022, such as a 1% excise tax on stock repurchases, and revised tax law interpretations, also may adversely affect NTIC's operating results. These laws, rules and regulations may be subject to change by the incoming Trump administration, which has announced intentions to alter environmental and other regulations, although it is not possible at this time to determine whether such actions will be taken and the impacts they may have on NTIC.

Governmental regulation also may adversely affect the demand for some of NTIC's products and its operating results. For example, the Pipeline and Hazardous Materials Safety Administration (PHMSA) added several new rules with specified deadlines in calendar year 2024, with technical revisions made to go into effect in July 2025. As a result, pipeline owners and operators and several service contractors in the pipeline inspection sector were required to complete preliminary reporting requirements to meet these deadlines. These reporting requirements, combined with the current political climate in the United States and competing priorities, significantly delayed pipeline casing protection work during fiscal 2025, pending completion of the compliance work, adversely impacting demand for certain products and NTIC's operating results. The implementation of high tariffs and actions taken by the Department of Government Efficiency have also contributed to uncertainty and are expected to cause further PHMSA approval slowdowns until these factors stabilize, although it is not possible to predict when this might be. Additionally, other regulations may be enacted, causing similar adverse impacts.

Fluctuations in NTIC's effective tax rate could have a significant impact on NTIC's financial position, results of operations, or cash flows.

The mix of pre-tax income or loss among the tax jurisdictions in which NTIC operates, which have varying tax rates, could impact NTIC's effective tax rate. For example, NTIC's effective tax rate was 67.5% for fiscal 2025, compared to 17.3% for fiscal 2024. NTIC is subject to income taxes as well as non-income based taxes in both the United States and various foreign jurisdictions. Judgment is required in determining the worldwide provision for income taxes, other tax liabilities, interest, and penalties. While management expects NTIC's effective tax rate to normalize in future periods when additional profits are recognized in North American operations, no assurance can be provided that it will. Future events could change management's assessment. NTIC operates within multiple taxing jurisdictions and is subject to tax audits in these jurisdictions. These audits can involve complex issues, which may require an extended period of time to resolve. NTIC also has made assumptions about the realization of deferred tax assets. Changes in these assumptions or jurisdictional regulations could result in a valuation allowance for these assets. Final determination of tax audits or tax disputes may be different from what is currently reflected by NTIC's income tax provisions and accruals.

On July 4, 2025, the U.S. enacted a budget reconciliation package known as the One Big Beautiful Bill Act of 2025 (“OBBBA”). The OBBBA includes the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act of 2017, modifications to the international tax framework and the restoration and continuation of favorable tax treatment for certain business provisions, including immediate expensing for domestic research expenditures paid or incurred beginning January 1, 2025. Additionally, the OBBBA allows accelerated tax deductions for qualified property by making permanent the 100% first-year bonus depreciation deduction that previously existed for purchases of tangible personal property with a recovery period of 20 years or less and allowing a similar 100% deduction for certain “qualified production property” that did not previously qualify for an immediate deduction. The OBBBA introduces other legislative changes, including the restoration of deductible net business interest expense under Code Section 163(j) to 30% of earnings before interest, taxes, depreciation and amortization and again allowing an addback of depreciation and amortization in the calculation of the interest deduction limitation. The OBBBA also provides that certain capitalized interest will now be treated as a business interest expense subject to the Section 163(j) limitation. The OBBBA enacted the repeal or acceleration of the sunset of certain tax credits under the Inflation Reduction Act of 2022 and elimination of certain penalties for violations of certain regulatory credit programs. The OBBBA also makes significant changes to international tax provisions, including provisions addressing the global intangible low-taxed income (GILTI), foreign-derived intangible income (FDII), base erosion anti-abuse tax (BEAT) and controlled foreign corporation (CFC) rules. NTIC is currently assessing the impact of the OBBBA on its consolidated financial statements. Changes in tax laws may affect recorded deferred tax assets and deferred tax liabilities and may increase our effective tax rate, increase the amount of taxes imposed on our business, and harm our financial position. Such changes may also apply retroactively to our historical operations and result in taxes greater than the amounts estimated and recorded in our financial statements.

Certain of NTIC’s operations are subject to regulation by the U.S. Food and Drug Administration.

The manufacture, sale, and use of NTIC’s Natur-Tec® bio-plastic resin compounds are subject to regulation by the U.S. FDA. The FDA’s regulations are concerned with substances used indirectly in food packaging materials, not with specific finished food packaging products. Thus, food and beverage containers are in compliance with FDA regulations if the components used in the food and beverage containers: (i) are approved by the FDA as indirect food additives for their intended uses and comply with the applicable FDA indirect food additive regulations; or (ii) are generally recognized as safe for their intended uses and are of suitable purity for those intended uses. NTIC believes that its Natur-Tec® resin compounds comply with all FDA requirements. However, failure to comply with FDA regulations could subject NTIC to administrative, civil, or criminal penalties.

Any change in accounting principles generally accepted in the United States of America requiring NTIC to consolidate its joint ventures could adversely affect NTIC’s operating results.

If there were a change in accounting rules and NTIC were required to fully consolidate its joint ventures or if NTIC’s joint ventures otherwise would be required to be consolidated with NTIC, NTIC and the individual joint venture would incur significant additional costs. In addition, other accounting pronouncements issued in the future could have a material cost associated with NTIC’s implementation of such new accounting pronouncements.

Risks Related to NTIC’s Intellectual Property

NTIC’s reliance upon patents, trademark laws, trade secrets, and contractual provisions to protect its proprietary rights may not be sufficient to protect its intellectual property from others who may sell similar products.

NTIC holds patents relating to various aspects of its products and believes that proprietary technical know-how is critical to many of its products. Proprietary rights relating to NTIC’s products are protected from unauthorized use by third parties only to the extent that they are covered by valid and enforceable patents or are maintained in confidence as trade secrets. NTIC cannot be certain that it will be issued any patents from any pending or future patent applications owned by or licensed to NTIC or that the claims allowed under any issued patents will be sufficiently broad to protect its technology. In the absence of patent protection, NTIC may be vulnerable to competitors who attempt to copy NTIC’s products or gain access to its trade secrets and know-how. NTIC’s competitors may initiate litigation to challenge the validity of NTIC’s patents, or they may use their resources to design comparable products that do not infringe NTIC’s patents. NTIC may incur substantial costs if its competitors initiate litigation to challenge the validity of its patents or if it initiates any proceedings to protect its proprietary rights, and if the outcome of any such litigation is unfavorable to NTIC, its business and operating results could be materially adversely affected.

In addition, NTIC relies substantially on trade secrets and proprietary know-how that it seeks to protect, in part, by confidentiality agreements with its employees and consultants. These agreements may be breached, and NTIC may not have adequate remedies for any such breach. Even if these confidentiality agreements are not breached, NTIC's trade secrets may otherwise become known or be independently developed by competitors.

Risks Related to NTIC's Common Stock

The trading volume of NTIC's common stock is typically very low, leaving NTIC's common stock open to risk of high volatility.

The number of shares of NTIC's common stock being traded daily is often very low, and on some trading days, there is no trading volume at all. During fiscal 2025, the daily trading volume ranged from 4,342 shares to 905,541 shares. Any NTIC stockholder wishing to sell his, her, or its stock may cause a significant fluctuation in the trading price of NTIC's common stock. In addition, low trading volume of a stock increases the possibility that, despite rules against such activity, the price of the stock may be manipulated by persons acting in their own self-interest. NTIC may not have adequate market makers and market making activity to prevent manipulation in its common stock.

The price and trading volume of NTIC's common stock has been, and may continue to be, volatile.

The market price and trading volume of NTIC's common stock price historically has fluctuated over a wide range. During fiscal 2025, the sale price of NTIC's common stock ranged from a low of \$6.75 per share to a high of \$15.09 per share, and the daily trading volume ranged from 4,342 shares to 905,541 shares. It is likely that the price and trading volume of NTIC's common stock will continue to fluctuate in the future. The securities of small capitalization companies, including NTIC, from time-to-time experience significant price and volume fluctuations, often unrelated to the operating performance of these companies. Securities class action litigation is sometimes brought against a company following periods of volatility in the market price of its securities or for other reasons. NTIC may become the target of similar litigation, especially if NTIC fails to meet its annual projected financial guidance or lowers its annual projected financial guidance. Securities litigation, whether with or without merit, could result in substantial costs and divert management's attention and resources, which could harm NTIC's business, operating results, and financial condition as well as the market price of its common stock.

A large percentage of NTIC's outstanding common stock is held by insiders, and, as a result, the trading market for NTIC's common stock is not as liquid as the stock of other public companies.

As of November 20, 2025, NTIC had 9,480,689 shares of common stock outstanding, 24.3% of which were beneficially owned by directors, executive officers, principal stockholders, and their respective affiliates. The stock of companies with a substantial amount of stock held by insiders is usually not as liquid as the stock of other public companies where insider ownership is not as concentrated. Thus, the trading market for shares of NTIC's common stock may not be as liquid as the stock of other public companies.

If securities or industry analysts do not publish research or reports about NTIC's business, or if they adversely change their recommendations regarding NTIC's common stock, the market price for NTIC's common stock and trading volume could decline.

The trading market for NTIC's common stock has been influenced by research or reports that industry or securities analysts publish about NTIC or its business. If one or more analysts who cover NTIC downgrade NTIC's common stock, the market price for NTIC's common stock would likely decline. If one or more cease coverage of NTIC or fail to regularly publish reports on NTIC, NTIC could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for NTIC's common stock to decline.

One of NTIC's principal stockholders beneficially owns a significant percentage of NTIC's outstanding common stock and is affiliated with NTIC's President and Chief Executive Officer and, thus, may be able to influence matters requiring stockholder approval, including the election of directors, and could discourage or otherwise impede a transaction in which a third-party wishes to purchase NTIC's outstanding shares at a premium.

As of November 20, 2025, Inter Alia Holding Company, or Inter Alia, beneficially owned approximately 12.7% of NTIC's outstanding common stock. Inter Alia is an entity partially owned by G. Patrick Lynch, NTIC's President and Chief Executive Officer and director, as well as two other members of the Lynch family. Mr. Lynch shares voting and dispositive power of shares of NTIC's common stock held by Inter Alia with the other owners. As a result of his share ownership through Inter Alia and his position as President and Chief Executive Officer and director of NTIC, Mr. Lynch may be able to influence the affairs and actions of NTIC, including matters requiring stockholder approval, such as the election of directors and approval of significant corporate transactions. The interests of Mr. Lynch and Inter Alia may differ from the interests of NTIC's other stockholders. This concentration of ownership may have the effect of delaying, preventing, or deterring a change in control of NTIC, which could deprive NTIC's stockholders of an opportunity to receive a premium for their common stock as part of a sale or merger of NTIC, and may negatively affect the market price of NTIC's common stock. Transactions that could be affected by this concentration of ownership include proxy contests, tender offers, mergers, or other purchases of common stock that could give stockholders the opportunity to realize a premium over the then-prevailing market price for shares of NTIC's common stock.

General Risk Factors

Climate change, or legal, regulatory, or market measures to address climate change, may negatively affect our business and operations.

Climate change resulting from increased concentrations of carbon dioxide and other greenhouse gases in the atmosphere may have an adverse impact on global temperatures, weather patterns and the frequency and severity of extreme weather and natural disasters, such as hurricanes, tornadoes, earthquakes, wildfires or flooding. Climate change may also cause water shortages, changes in rainfall and storm patterns, changes in sea levels and other negative weather and climate patterns. Such weather conditions could pose physical risks to our facilities and disrupt operation of our supply chain and may impact operational costs.

The increasing global focus on climate change and the need for corporate change also may lead to new regional, federal, and/or global legal and regulatory requirements to reduce or mitigate the effects of greenhouse gases. The inconsistency of regulations in the countries in which we operate may affect the costs of compliance with such legal or regulatory requirements. Additionally, in the event that such regulation is enacted and is more aggressive than the sustainability measures that we are currently undertaking to monitor our emissions and improve our energy efficiently, we may be subject to curtailment or reduced access to resources or experience significant increases in our costs of operation and delivery. As a result, climate change could negatively affect our business and operations.

In addition, public company stockholders are increasingly sensitive to the climate change impacts and mitigation efforts of companies, are increasingly seeking enhanced disclosure on the risks, challenges, governance implications, and financial impacts of climate change faced by companies and are demanding that companies take a proactive approach to addressing perceived environmental risks, including risks associated with climate change, relating to their operations. Adverse publicity or climate-related litigation that may result from such enhanced disclosure or stockholder perception could have a negative impact on our business.

Severe weather could have a material adverse effect on NTIC's business.

NTIC's business has been and in the future could be materially and adversely affected by severe weather. NTIC's customers, including in particular NTIC's oil and gas customers, may have operations located in parts of the southern United States or other places and may be adversely affected by hurricanes and tropical storms, resulting in reduced demand for NTIC's products and services or increased operating costs. Furthermore, NTIC's customers and raw material suppliers' operations have been and could in the future be adversely affected by such hurricanes and other extreme or seasonal weather conditions. Adverse weather can also directly impede NTIC's operations. Repercussions of severe weather conditions may include:

- curtailment of services or reduced demand for products;
- weather-related damage to facilities and equipment, resulting in suspension of operations;
- inability to deliver equipment, personnel and products to job sites in accordance with contract schedules or increased transportation or other operating costs; and
- loss of productivity.

These constraints could delay NTIC's operations and materially increase NTIC's operating and capital costs.

NTIC may grow its business through additional joint ventures, subsidiaries, alliances, and acquisitions, which could be risky and harm its business.

One of NTIC's growth strategies may be to expand its business by entering into additional joint ventures and alliances and acquiring businesses, technologies, and products that complement or augment NTIC's existing products. The benefits of a joint venture, alliance, or acquisition may take more time than expected to develop, and NTIC cannot guarantee that any future joint ventures, alliances, or acquisitions will in fact produce the intended benefits. In addition, joint ventures, alliances, and acquisitions involve a number of risks, including:

- diversion of management's attention;
- difficulties in assimilating the operations and products of a new joint venture or acquired business or in realizing projected efficiencies, cost savings, and revenue synergies;
- potential loss of key employees or customers of the new joint venture or acquired business or adverse effects on existing business relationships with suppliers and customers;
- adverse impact on overall profitability if the new joint venture or acquired business does not achieve the financial results projected in NTIC's valuation models;
- reallocation of amounts of capital from other operating initiatives and/or an increase in NTIC's leverage and debt service requirements to pay the joint venture capital contribution or the acquisition purchase price, which could in turn restrict NTIC's ability to access additional capital when needed or to pursue other important elements of NTIC's business strategy;
- inaccurate assessment of undisclosed, contingent, or other liabilities or problems and unanticipated costs associated with the new joint venture or acquisition; and
- incorrect estimates made in the accounting for acquisitions, occurrence of non-recurring charges, and write-off of significant amounts of goodwill that could adversely affect NTIC's operating results.

NTIC's ability to grow through joint ventures, alliances, and acquisitions will depend, in part, on the availability of suitable opportunities at an acceptable cost, NTIC's ability to compete effectively for these opportunities, and the availability of capital to complete such transactions.

NTIC relies on its management information systems, including its recently implemented Enterprise Resource Planning ("ERP") system, for inventory management, distribution, and other functions. If these information systems fail to adequately perform these functions or if NTIC experiences an interruption in their operation, NTIC's business and operating results could be adversely affected.

The efficient operation of NTIC's business is dependent on its management information systems, including its recently implemented new ERP system. NTIC relies on its management information systems to effectively manage accounting and financial functions; manage order entry, order fulfillment, and inventory replenishment processes; and to maintain its research and development data. The failure of management information systems to perform as anticipated could disrupt NTIC's business and product development and could result in decreased sales, causing NTIC's business and operating results to suffer. In addition, NTIC's management information systems are vulnerable to damage or interruption from natural or man-made disasters, including terrorist attacks, attacks by computer viruses or hackers, power loss to computer systems, Internet outages, and telecommunications or data network failure. Any such interruption could adversely affect NTIC's business and operating results.

While NTIC currently uses limited traditional and generative artificial intelligence ("AI") solutions for certain functions, it may incorporate additional AI solutions into its information systems in the future and these solutions may become important in its operations over time. The ever-increasing use and evolution of technology, including AI, creates opportunities for the potential loss or misuse of personal data that NTIC uses to run its business, and unintentional dissemination or intentional destruction of confidential information stored in NTIC's or our third party providers' systems, portable media or storage devices, which may result in significantly increased business and security costs, a damaged reputation, administrative penalties, or costs related to defending legal claims. AI programs may be costly and require significant expertise to develop, may be difficult to set up and manage, and require periodic upgrades. NTIC's competitors or other third parties may incorporate AI into their information systems and operations more quickly or more successfully than NTIC, which could impair NTIC's ability to compete effectively and adversely affect its results of operations.

NTIC's business could be negatively impacted by cyber security threats.

In the ordinary course of NTIC's business, NTIC uses its management information systems to store and access proprietary business information. NTIC faces various cyber security threats, including cyber security attacks to its information technology infrastructure and attempts by others to gain access to its proprietary or sensitive information. The procedures and controls NTIC uses to monitor these threats and mitigate its exposure, as described in greater detail under "Part I. Item 1C. Cybersecurity," may not be sufficient to prevent cyber security incidents. The result of these incidents could include disrupted operations, lost opportunities, misstated financial data, liability for stolen assets or information, increased costs arising from the implementation of additional security protective measures, litigation, and reputational damage. Any remedial costs or other liabilities related to cyber security incidents may not be fully insured or indemnified by other means. Additionally, on July 26, 2023, the SEC issued final rules related to cyber security risk management and related disclosures. NTIC and its Audit Committee continue to monitor and analyze the impact these rules may have on NTIC's regulatory burden and cost of compliance related to cyber security threats.

NTIC's quarterly results are typically unpredictable and subject to variation.

NTIC's quarterly operating results vary from quarter to quarter for a variety of reasons. For example, NTIC's quarterly sales to joint ventures can be affected by individual orders to joint ventures. Because of the typical size of individual orders to joint ventures and the overall size of NTIC's net sales to joint ventures, the timing of one or more orders can materially affect NTIC's quarterly sales to joint ventures and the comparisons to prior year quarters. In addition, because of the typical size of individual orders and the 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 year quarters. Furthermore, since ZERUST® products for the oil and gas industry typically carry higher margins than other traditional ZERUST® products, the amount of sales of ZERUST® products for the oil and gas industry typically affects NTIC's overall margins. Such variability in operating results makes the prediction of NTIC's net sales, earnings, and other operating results for each quarter difficult and increases the risk of unanticipated variations in quarterly operating results. NTIC's quarterly results have been and, in the future, may be below the expectations of public market analysts and investors.

NTIC's business is subject to a number of other miscellaneous risks that may adversely affect NTIC's operating results, financial condition, or business.

NTIC's business is subject to a number of other miscellaneous risks that may adversely affect NTIC's operating results, and financial condition, such as natural or man-made disasters, an unexpected business loss of supply due to a force majeure event or global pandemics that may result in shortages of raw materials, higher commodity costs, an increase in insurance premiums, and other adverse effects on NTIC's business; the continued threat of terrorist acts and war that may result in heightened security and higher costs for import and export shipments of components or finished goods; and the ability of NTIC's management to adapt to unplanned events.

Item 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

Item 1C. CYBERSECURITY

Background

Cybersecurity, data privacy, and data protection are critical to NTIC's business. In the ordinary course of business, NTIC collects and stores certain confidential information, such as information about employees, contractors, vendors, customers, and suppliers. NTIC has processes in place for assessing, identifying, and managing material risks from cybersecurity threats, and NTIC regularly assesses its performance and identifies areas for improvement. NTIC also has implemented measures to safeguard its entire cyber network. Management continually re-assesses NTIC's cybersecurity risk environment based on changing circumstances and new information identified by monitoring, scanning and testing its systems, as well as utilizing third party resources for testing.

Risk Management and Strategy

NTIC's processes for assessing, identifying, and managing cybersecurity threats have been integrated into its overall risk management processes. The information provided by these processes facilitates management's ongoing assessment of NTIC's cybersecurity risk environment and provides current and accurate information regarding cybersecurity risks to management, the Audit Committee and Board of Directors to allow appropriate management of such risks through remediation or other risk mitigation activities.

NTIC maintains a cybersecurity program that is designed to identify, protect from, detect, respond to, and recover from cybersecurity threats and risks, and protect the confidentiality, integrity, and availability of its information systems, including the information residing on such systems. NTIC takes a risk-based approach to cybersecurity, which begins with the identification and evaluation of cybersecurity risks or threats that could affect its operations, finances, legal or regulatory compliance, or reputation. The scope of NTIC's evaluation encompasses risks that may be associated with both its internally managed IT systems and key business functions and sensitive data operated or managed by third-party service providers. Once identified, cybersecurity risks and related mitigation efforts are prioritized based on their potential impact, likelihood, velocity, and vulnerability, considering both quantitative and qualitative factors. Risk mitigation strategies are developed and implemented based on the specific nature of each cybersecurity risk. These strategies include, among others, the application of cybersecurity policies and procedures, implementation of administrative, technical, and physical controls, and employee training, education, and awareness initiatives.

Role of Management

Management has implemented risk management structures, policies, and procedures and is responsible for NTIC's day-to-day cybersecurity risk management. NTIC's Information Technology Director, who possesses a strong foundation in cybersecurity through prior managerial experience and specialized training, oversees the daily assessment and management of cybersecurity risks. NTIC employs best practices, including real-time monitoring, anti-virus protection, and ongoing patch management across all systems. System maintenance is performed in accordance with industry standards and aligned with recognized best practices. Because cybersecurity threats continue to evolve, NTIC's implemented measures are designed to be flexible and adaptable to respond to changes in the security landscape. The following security measures give some insight as to what has been implemented:

- Multifactor authentication
- Phishing simulations
- User permissions auditing and tightening
- Proactive blocking of high-risk email
- Active monitoring of user sign-in
- On-premises endpoint reduction
- Endpoint detection and response
- Licensing, network, and hardware compliance management

Use of Consultants and Advisors

NTIC engages various third-party cybersecurity service providers to assess and enhance its cybersecurity practices and assist with protection and monitoring of its systems and information, including with respect to protection of its e-mail, system access, network monitoring, endpoint protection, vulnerability assessments, and penetration testing. NTIC engages cybersecurity consultants, auditors, and other third parties to assess and enhance its cybersecurity practices, such as a third party consulting firm to perform tabletop exercises and evaluate NTIC's cyber processes, including an assessment of its incident response procedures.

Board Oversight

The Board of Directors, both directly and through the delegation of responsibilities to the Audit Committee, oversees the proper functioning of NTIC's cybersecurity risk management program. In particular, the Audit Committee, which is comprised entirely of independent directors, is responsible for reviewing and discussing guidelines and policies governing the process by which senior management of NTIC assesses and manages NTIC's exposure to risk and reviewing and discussing NTIC's major financial risk exposures, including cybersecurity risk, and the steps management has taken to monitor and control such exposures; it being understood that it is the job of management to assess and management NTIC's exposure to risk and that the Audit Committee's responsibility is to discuss guidelines and policies by which risk assessment and management are undertaken. The Audit Committee additionally receives periodic updates from senior management on NTIC's policies, processes, procedures and any significant developments related to the identification, mitigation and remediation of cybersecurity risks and is responsible for reviewing the cybersecurity disclosures required to be included in NTIC's SEC filings.

Although none of the members of the Audit Committee has any work experience, degree, or certifications related to information security or cybersecurity, the Audit Committee works closely with members of management and NTIC has engaged third-party service providers to further enhance its cybersecurity efforts and the oversight thereof by the Audit Committee.

Risks from Material Cybersecurity Threats

Although NTIC has taken steps to prevent and mitigate data security threats, there can be no assurance that its protective measures and those of its third party service providers will prevent or detect security breaches that could have a significant impact on NTIC's business, reputation, operating results and financial condition. NTIC maintains cyber liability insurance; however, this insurance may not be sufficient to cover the financial, legal, business or reputational losses that may result from an interruption or breach of NTIC's systems. As of the date of this filing, NTIC has not identified any cybersecurity threats that have materially affected or are reasonably anticipated to have a material effect on NTIC's business strategy, results of operations or financial condition. Although NTIC has not experienced cybersecurity incidents that are individually, or in the aggregate, material, NTIC has experienced cyberattacks in the past, which NTIC believes have thus far been mitigated by preventative, detective, and responsive measures it has put in place. See the factors described in the "*Part I. Item 1.A. Risk Factors*" section of this Form 10-K for further detail about the cybersecurity risks NTIC faces. Maintaining a robust information security system is an ongoing priority for NTIC, and NTIC plans to continue to identify and evaluate new, emerging risks to data protection and cybersecurity both within NTIC and through its engagement of third-party service providers.

Item 2. PROPERTIES

NTIC's principal executive offices, production facilities, and domestic research and development operations are located in a building owned by NTIC located at 4201 Woodland Road, Circle Pines, Minnesota 55014. NTIC also owns the property immediately adjacent to this property, located at 4203 Woodland Road, which includes a 26,000 square foot industrial building, which is used primarily for warehousing space and light industrial production. In addition to these properties, NTIC owns real estate and a building in Beachwood, Ohio, which it uses for office, manufacturing, laboratory, and warehouse space, and has contract warehousing agreements in California and Indiana to hold and release stock products to customers.

Internationally, NTIC China owns an approximately 21,000 square feet industrial building in the Qingpu District of Shanghai, China, which is used as NTIC China's corporate headquarters and NTIC's subsidiaries in Brazil, India and Mexico, all lease office, warehouse, and laboratory space. Both NTIC's subsidiaries Natur-Tec India and Brazil are in the process of purchasing and renovating new local corporate headquarters to accommodate new manufacturing capacity and anticipated business growth. These projects are expected to be completed in fiscal 2026 or fiscal 2027.

NTIC's management considers its current properties and the new expansions noted above to be suitable and adequate for its current and foreseeable needs.

Item 3. LEGAL PROCEEDINGS

For information regarding NTIC's legal proceedings, see Note 16 to NTIC's consolidated financial statements.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

NTIC's common stock trades on the Nasdaq Global Market of The Nasdaq Stock Market under the symbol "NTIC."

Dividends

During fiscal 2025, NTIC's Board of Directors declared cash dividends on the following dates in the following amounts to holders of record of NTIC's common stock as of the following record dates:

Declaration Date	Amount	Record Date	Payable Date
October 16, 2024	\$0.07	October 30, 2024	November 13, 2024
January 15, 2025	\$0.07	January 29, 2025	February 12, 2025
April 16, 2025	\$0.01	April 30, 2025	May 14, 2025
July 16, 2025	\$0.01	July 30, 2025	August 13, 2025

On April 10, 2025, NTIC announced that it had determined to temporarily adjust its quarterly dividend to \$0.01 per share effective with its fiscal 2025 third quarter dividend in light of the global environment.

Subsequent to the end of fiscal 2025, on October 15, 2025, NTIC's Board of Directors declared a cash dividend of \$0.01 per share of NTIC's common stock, payable on November 12, 2025 to stockholders of record on October 29, 2025. The declaration of future dividends is not guaranteed and will be determined by NTIC's Board of Directors in light of conditions then existing, including NTIC's earnings, financial condition, cash requirements, restrictions in financing agreements, business conditions, and other factors.

Number of Record Holders

As of August 31, 2025, there were 152 record holders of NTIC's common stock. This does not include shares held in "street name" or beneficially owned.

Recent Sales of Unregistered Equity Securities

NTIC did not sell any shares of its common stock or any other equity securities of NTIC that were not registered under the Securities Act of 1933, as amended, during the fourth quarter of fiscal 2025.

Issuer Purchases of Equity Securities

NTIC did not purchase any shares of its common stock or other equity securities of NTIC during the fourth quarter of fiscal 2025. As of August 31, 2025, up to \$2,640,548 in shares of NTIC common stock remained available for repurchase under NTIC's stock repurchase program.

Item 6. [RESERVED]

Item 7. 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 1. Business—Forward-Looking Statements*" and under the heading "*Part I. Item 1A. Risk Factors.*" 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 "*Part II. Item 8. Financial Statements and Supplementary Data.*"

This Management's Discussion and Analysis is organized in the following major sections:

- **Business Overview.** This section provides a brief overview description of NTIC's business, focusing in particular on developments during the most recent fiscal year.
- **NTIC's Subsidiaries and Joint Venture Network.** This section provides a brief overview of NTIC's subsidiaries and its joint venture network, the joint ventures which are considered individually significant to NTIC's consolidated assets and income, and how NTIC's joint ventures are accounted for by NTIC.
- **Financial Overview.** This section provides a brief summary of NTIC's financial results and financial condition for fiscal 2025 compared to fiscal 2024.
- **Sales and Expense Components.** This section provides a brief description of the significant line items in NTIC's consolidated statements of operations.
- **Results of Operations.** This section provides an analysis of the significant line items in NTIC's consolidated statements of operations.
- **Liquidity and Capital Resources.** This section provides an analysis of NTIC's liquidity and cash flows and a discussion of NTIC's financial condition and financial commitments.
- **Inflation and Seasonality.** This section describes the effects of inflation and seasonality, if any, on NTIC's business and operating results.
- **Market Risk.** This section describes material market risks to which NTIC is subject.
- **Related Party Transactions.** This section describes any material related party transactions to which NTIC is a party.
- **Critical Accounting Policies and Estimates.** This section discusses NTIC's critical accounting policies and estimates, which require NTIC to exercise subjective or complex judgments in their application. NTIC's significant accounting policies, including its critical accounting estimates, are summarized in Note 1 to NTIC's consolidated financial statements.
- **Recent Accounting Pronouncements.** This section references Notes 2 and 3 to NTIC's consolidated financial statements, which summarizes the effect of recently issued accounting pronouncements on NTIC's results of operations and financial condition.

Business Overview

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

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

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

One of NTIC's strategic initiatives is to expand into and penetrate other markets for its ZERUST® corrosion prevention technologies. Consequently, for the past several years, NTIC has focused significant sales and marketing efforts on the oil and gas industry, as the infrastructure that supports that industry is typically constructed using metals that are highly susceptible to corrosion. NTIC believes that its ZERUST® corrosion prevention solutions will minimize maintenance downtime on critical oil and gas industry infrastructure, extend the life of such infrastructure, and reduce the risk of environmental pollution due to leaks caused by corrosion. During fiscal 2025, NTIC made significant strategic investments in its ZERUST® oil and gas sales infrastructure.

NTIC markets and sells its ZERUST® rust and corrosion prevention solutions to customers in the oil and gas industry in a continuously increasing number of countries either directly, through its subsidiaries, or through its joint venture partners and other strategic partners. The sale of ZERUST® corrosion prevention solutions to customers in the oil and gas industry typically involves long sales cycles, often including multi-year trial periods with each customer and a slow integration process thereafter. In November 2025, Zerust Brazil secured a three-year offshore oil and gas production asset preservation contract with a leading global engineering, procurement, and construction company to provide advanced corrosion protection solutions for floating production storage and offloading units. The project under this agreement is expected to ramp during fiscal 2026 and run through calendar 2028 with an estimated total value of approximately R\$70 million (US\$13 million). This includes approximately R\$40 million (US\$7.4 million) in materials and approximately R\$30 million (US\$5.6 million) in engineering and field services. The amount and timing of revenue anticipated to be generated under this agreement may materially positively affect NTIC's future quarterly sales and other operating results.

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

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

NTIC's Subsidiaries and Joint Venture Network

NTIC has ownership interests in 12 operating subsidiaries in North America, South America, Europe, and Asia, which are listed in "Part I. Item 1. Business" of this annual report on Form 10-K. The results of these subsidiaries are fully consolidated in NTIC's consolidated financial statements.

NTIC participates in 15 active joint venture arrangements in North America, Europe, and Asia, which are listed in "Part I. Item 1. Business" of this annual report on Form 10-K. NTIC has historically funded its investments in joint ventures with cash generated from operations. NTIC receives funds from its joint ventures as fees for services that NTIC provides to its joint ventures and as dividend distributions. 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 services. NTIC recognizes equity income from each joint venture based on the overall profitability of the joint venture. 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 each joint venture 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, what amount is paid 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 consolidated financial statements utilizing the equity method of accounting. NTIC considers EXCOR to be individually significant to NTIC's consolidated assets and income as of August 31, 2025 and 2024. Therefore, NTIC provides certain additional information regarding this entity 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.

Highlights of NTIC's financial results for fiscal 2025 include the following, with increases or decreases in each case as compared to fiscal 2024:

- NTIC's consolidated net sales decreased 1.0% primarily due to decreased sales and demand for ZERUST® and Natur-Tec® products. 74.2% of NTIC's consolidated net sales were derived from sales of ZERUST® products and services, which decreased 1.0%. 25.8% of NTIC's consolidated net sales were derived from sales of Natur-Tec® products, which decreased 1.0%.
- Cost of goods sold as a percentage of net sales increased to 62.4% from 60.3% primarily due to slightly higher raw material prices and discounts on selling prices.
- NTIC's total joint venture operations decreased 9.8% to \$8,545,207 compared to \$9,475,078 during fiscal 2024 primarily due to decreases in equity in income from joint ventures and fees for services provided to joint ventures, which were driven primarily by decreased sales at most joint ventures. Net sales at NTIC's joint ventures, which are not consolidated with NTIC's net sales, decreased 4.9% to \$91,236,272 compared to \$95,940,014 during fiscal 2024.
- NTIC's total operating expenses increased 6.4% to \$37,651,465 compared to \$35,392,957 during fiscal 2024. This increase was primarily due to strategic investments in ZERUST® oil and gas marketing and sales efforts, including personnel expenses and the corresponding benefits, as well as increased travel and professional fees.
- NTIC earned net income attributable to NTIC of \$17,619, or \$0.00 per diluted common share, for fiscal 2025 compared to \$5,409,082, or \$0.55 per diluted common share, for fiscal 2024.

During fiscal 2025, NTIC incurred additional costs related to tariffs and expects such costs to continue in fiscal 2026. Management has implemented, and expects to continue to implement, proactive measures to mitigate inflationary and supply chain pressures resulting from tariffs through a combination of supplier diversification, regional sourcing initiatives, cost-reduction programs, and manufacturing optimization. Management continues to monitor global trade developments and evaluate opportunities to further reduce its exposure to tariffs by localizing production and developing alternative sourcing options where practicable. With respect to NTIC China, a majority of its production and sales are for local consumption. Accordingly, management believes that NTIC China's exposure to tariffs, including those imposed by the United States, is limited. However, given the complex and evolving nature of global trade policy, there can be no assurance that tariffs or other trade restrictions will not adversely affect NTIC's net sales, gross margins, or operating results in fiscal 2026 or future periods. Tariffs have had a particular impact on NTIC's Natur-Tec® business, which relies on the global procurement of raw materials and finished goods. These factors may affect production economics, customer pricing, and competitive positioning, particularly in markets where NTIC competes with local producers not subject to comparable tariff exposure.

Sales and Expense Components

The following is a description of the primary components of net sales and expenses:

Net Sales. NTIC derives net sales from the sale of its ZERUST® products and services and its Natur-Tec® products. NTIC sells its ZERUST® products and services and its Natur-Tec® products either directly, through its subsidiaries, or via a network of joint ventures, independent distributors, and agents. Net sales, excluding joint ventures, represents net sales by NTIC either directly to end users or to distributors worldwide, but not sales to NTIC's joint ventures and not sales by NTIC's joint ventures. NTIC recognizes revenue from the sale of its products primarily upon shipment of the products.

Cost of Goods Sold. Most of NTIC's products are manufactured by third parties, and its cost of goods sold for those products consists primarily of the price invoiced by its third-party vendors. For the portion of products that NTIC manufactures, NTIC's cost of goods sold for those products consists primarily of direct labor, allocated manufacturing overhead, raw materials, and components. NTIC's margins on its Natur-Tec® resin compounds and finished products are generally smaller than its margins on its ZERUST® products and services, and NTIC's margins on its ZERUST® products and services sold into the oil and gas industry are generally greater than its margins on its traditional ZERUST® products and services.

Equity in Income from Joint Ventures. NTIC's equity in income from joint ventures consists of NTIC's share of equity in income from each joint venture based on the overall profitability of the 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. Traditionally, a portion of the equity income recorded in a given fiscal year is paid to the owners of the joint venture entity during the following fiscal year through a dividend. The payment of a dividend by a joint venture entity is determined by a vote of the joint venture owners and is not at the sole discretion of NTIC. NTIC typically owns only 50% or less 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.

Fees for Services Provided to Joint Ventures. NTIC provides certain services to its joint ventures, including consulting, legal, travel, insurance, technical, and marketing services based on licensing or other agreements with its joint ventures. NTIC receives fees for these services it provides to its joint ventures based primarily on the net sales by NTIC's joint ventures, the latter of which are not included in NTIC's net sales reflected on NTIC's consolidated statements of operations. The fees for services received by NTIC from its joint ventures are generally determined based on either a flat fee or a percentage of net sales by NTIC's joint ventures depending on local laws and tax regulations. With respect to EXCOR, NTIC receives an agreed upon fixed quarterly fee for such services. Under NTIC's agreements with its joint ventures in which the fees for services are described, amounts are earned when product is shipped from joint venture facilities, at which point a sale is deemed to have occurred and results in obligation of the joint venture to pay the royalty and recognition of the fee by NTIC.

Selling Expenses. Selling expenses consist primarily of sales commissions and support costs for NTIC's direct sale and distribution system and marketing costs.

General and Administrative Expenses. General and administrative expenses consist primarily of salaries and benefits and other costs for NTIC's executives, accounting, stock-based compensation, finance, legal, information technology, and human resources functions.

Research and Development Expenses. Research and development expenses include costs associated with the design, development, market analysis, lab testing, and field trials and enhancements of NTIC's products and services. NTIC expenses costs related to product research and development as incurred. Research and development expenses reflect the net amount after being reduced by reimbursements related to certain research and development contracts. With respect to such research and development contracts, NTIC accrues proceeds received under the contracts and offsets research and development expenses incurred in equal installments over the timelines associated with completion of the contracts' specific objectives and milestones.

Interest Income. Interest income consists of interest earned on investments, which typically consist of investment-grade, interest-bearing securities and money market accounts.

Interest Expense. Interest expense results primarily from interest associated with any borrowings under NTIC's line of credit with JPMorgan Chase Bank, N.A. and NTIC China's terms loans with China Construction Bank Corporation.

Other Income. Other income for fiscal 2025 consists of \$1,139,756 in cash received during fiscal 2025 as a result of employee retention credits received under the Coronavirus Aid, Relief, and Economic Security Act. See Note 1 to NTIC's consolidated financial statements.

Other Expense. Other expense for fiscal 2025 consists of an accrual of \$386,785 for an assessed repayment obligation of NTIC China to Ningbo Customs, the customs authority at the Ningbo Port in China, for misclassified Natur-Tec products. See Note 16 to NTIC's consolidated financial statements.

Income Tax Expense. Income tax expense includes federal income taxes, foreign withholding taxes, income tax of consolidated entities in foreign jurisdictions, state income tax, and changes to NTIC's deferred tax valuation allowance. NTIC utilizes the asset and liability method of accounting for income taxes, which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. 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. NTIC makes this determination based on all available evidence, including historical data and projections of future results. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

Net Income Attributable to Non-Controlling Interests. Net income attributable to non-controlling interests represents the portion of net income (or loss) in consolidated subsidiaries that is allocated to shareholders outside of NTIC. These non-controlling shareholders hold ownership stakes in certain subsidiaries but do not control these entities. In instances where NTIC owns less than 100% of a subsidiary, the share of that subsidiary's income attributable to non-controlling shareholders is excluded from NTIC's net income and reported separately in NTIC's financial statements.

Results of Operations

Fiscal Year 2025 Compared to Fiscal Year 2024

The following table sets forth NTIC's results of operations for fiscal 2025 and fiscal 2024.

	Fiscal 2025	% of Net Sales	Fiscal 2024	% of Net Sales	\$ Change	% Change
Net sales	\$ 84,234,474	N/A	\$ 85,059,517	N/A	\$ (825,043)	(1.0)%
Cost of goods sold	52,557,919	62.4%	51,273,155	60.3%	1,284,764	2.5%
Equity in income from joint ventures	3,539,056	N/A	4,223,296	N/A	(684,240)	(16.2)%
Fees for services provided to joint ventures	5,006,151	N/A	5,251,782	N/A	(245,631)	(4.7)%
Selling expenses	17,820,196	21.2%	16,413,672	19.3%	1,406,524	8.6%
General and administrative expenses	14,792,988	17.6%	14,176,494	16.7%	616,494	4.3%
Research and development expenses	5,038,281	6.0%	4,802,791	5.6%	235,490	4.9%

Net Sales. NTIC's consolidated net sales decreased 1.0% to \$84,234,474 during fiscal 2025 compared to \$85,059,517 during fiscal 2024. This decrease was primarily due to decreased sales and demand for ZERUST® and Natur-Tec® products.

The following table sets forth NTIC's net sales by product segment for fiscal 2025 and fiscal 2024:

	Fiscal 2025	Fiscal 2024	\$ Change	% Change
Total ZERUST® sales	\$ 62,488,397	\$ 63,092,575	\$ (604,178)	(1.0)%
Total Natur-Tec® sales	21,746,077	21,966,942	(220,865)	(1.0)%
Total net sales	<u>\$ 84,234,474</u>	<u>\$ 85,059,517</u>	<u>\$ (825,043)</u>	<u>(1.0)%</u>

During fiscal 2025, 74.2% of NTIC's consolidated net sales were derived from sales of ZERUST® products and services, which decreased 1.0% to \$62,488,397 compared to \$63,092,575 during fiscal 2024. This decrease was primarily due to decreased demand for ZERUST® oil and gas products and was partially offset by increased demand for ZERUST® industrial products.

The following table sets forth NTIC's net sales of ZERUST® products for fiscal 2025 and fiscal 2024:

	Fiscal 2025	Fiscal 2024	\$ Change	% Change
ZERUST® industrial net sales	\$ 55,170,693	\$ 53,863,296	\$ 1,307,397	2.4%
ZERUST® oil & gas net sales	7,317,704	9,229,279	(1,911,575)	(20.7)%
Total ZERUST® net sales	<u>\$ 62,488,397</u>	<u>\$ 63,092,575</u>	<u>\$ (604,178)</u>	<u>(1.0)%</u>

ZERUST® industrial net sales increased 2.4% during fiscal 2025 compared to fiscal 2024 primarily due to increased demand for North American ZERUST® industrial products. Overall, demand for ZERUST® products and services depends heavily on the overall health of the markets in which NTIC sells its products, including the automotive, construction, agriculture, and mining markets in particular.

ZERUST® oil and gas net sales decreased 20.7% during fiscal 2025 compared to fiscal 2024 primarily due to decreased demand. NTIC anticipates that its sales of ZERUST® products and services into the oil and gas industry will continue to remain subject to significant volatility from quarter to quarter as sales are recognized. Demand for oil and gas products around the world depends primarily on market acceptance and the reach of NTIC's distribution network. Because of the typical size of individual orders and overall size of NTIC's net sales derived from sales of oil and gas products, the timing of one or more orders can materially affect NTIC's quarterly sales compared to prior fiscal year quarters. For example, in November 2025, Zerust Brazil secured a three-year offshore oil and gas production asset preservation contract with a leading global engineering, procurement, and construction company to provide advanced corrosion protection solutions for floating production storage and offloading units. The project under this agreement is expected to ramp during fiscal 2026 and run through calendar 2028 with an estimated total value of approximately R\$70 million (US\$13 million). This includes approximately R\$40 million (US\$7.4 million) in materials and approximately R\$30 million (US\$5.6 million) in engineering and field services. The amount and timing of revenue anticipated to be generated under this agreement may materially positively affect NTIC's future quarterly sales and other operating results.

During each of fiscal 2025 and fiscal 2024, 25.8% of NTIC's consolidated net sales were derived from sales of Natur-Tec® products. Sales of Natur-Tec® products decreased 1.0% to \$21,746,077 during fiscal 2025 compared to \$21,966,942 during fiscal 2024 primarily due to reduced pricing to major customers during fiscal 2025. The market for biodegradable plastics is expanding worldwide, driven by increasing environmental awareness, regulatory support for sustainable materials, and growing demand for eco-friendly alternatives. As consumers and industries seek to reduce plastic waste, biodegradable plastics offer a viable solution, particularly in sectors like packaging, agriculture, and consumer goods. This trend is further supported by government policies promoting sustainable practices and by advances in biodegradable technology, which make these materials more accessible and cost-effective.

Cost of Goods Sold. Cost of goods sold increased 2.5% in fiscal 2025 compared to fiscal 2024 primarily due to slightly higher raw material prices and reduced pricing to major customers during fiscal 2025 for Natur-Tec® products. Cost of goods sold as a percentage of net sales increased to 62.4% during fiscal 2025 compared to 60.3% during fiscal 2024 primarily due to the factors noted above.

Equity in Income from Joint Ventures. NTIC's equity in income from joint ventures decreased 16.2% to \$3,539,056 during fiscal 2025 compared to \$4,223,296 during fiscal 2024 primarily due to a decrease in net income at NTIC's joint venture in Germany, EXCOR. NTIC's equity in income from joint ventures fluctuates based on net sales and profitability of the joint ventures during the respective periods. Of the total equity in income from joint ventures, NTIC had equity in income from joint ventures of \$1,664,532 attributable to EXCOR during fiscal 2025 compared to \$2,299,274 in fiscal 2024. This decrease was due to a decrease in net sales by EXCOR during fiscal 2025 compared to fiscal 2024. NTIC had equity in income of all other joint ventures of \$1,874,524 during fiscal 2025.

Fees for Services Provided to Joint Ventures. NTIC recognized fee income for services provided to joint ventures of \$5,006,151 during fiscal 2025 compared to \$5,251,782 during fiscal 2024, representing a decrease of 4.7%. Fee income for services provided to joint ventures is traditionally a function of the sales made by NTIC's joint ventures; however, at various joint ventures, the fee income for services is a fixed amount that does not fluctuate with the change in sales experienced by certain joint ventures, specifically EXCOR. Net sales at the joint ventures decreased 4.9% to \$91,236,272 during fiscal 2025 compared to \$95,940,014 during fiscal 2024. This decrease was primarily due to decreased demand at NTIC's joint venture in Germany. Net sales of NTIC's joint ventures are not included in NTIC's product sales and are not included in NTIC's consolidated financial statements. Of the total fee income for services provided to joint ventures, fees of \$846,281 were attributable to EXCOR during fiscal 2025 compared to \$828,932 attributable to EXCOR during fiscal 2024.

Selling Expenses. NTIC's selling expenses increased 8.6% in fiscal 2025 compared to fiscal 2024 primarily due to increased personnel expense in fiscal 2025 as a result of an expansion in the ZERUST® oil and gas sales team. As a percentage of net sales, selling expenses increased to 21.2% for fiscal 2025 compared to 19.3% in fiscal 2024 primarily due to increased selling expenses and decreased net sales.

General and Administrative Expenses. NTIC's general and administrative expenses increased 4.3% in fiscal 2025 compared to fiscal 2024 primarily due to increased professional services and travel and personnel expenses, which relate in part to increased information technology infrastructure, during fiscal 2025 compared to fiscal 2024. As a percentage of net sales, general and administrative expenses increased to 17.6% for fiscal 2025 from 16.7% for fiscal 2024 primarily due to increased general and administrative expenses and decreased net sales.

Research and Development Expenses. NTIC's research and development expenses increased 4.9% in fiscal 2025 compared to fiscal 2024 primarily due to continued investment in new product development.

Interest Income. NTIC's interest income increased to \$308,053 in fiscal 2025 compared to \$118,827 in fiscal 2024 primarily due to \$181,529 in interest income earned on a delayed IRS payment related to Employee Retention Credit (ERC) claims recognized in the second quarter of fiscal 2025, as described in Note 1 to NTIC's consolidated financial statements, and changes in the invested cash balances and rate of return at various subsidiaries.

Interest Expense. NTIC's interest expense increased to \$599,927 in fiscal 2025 compared to \$340,129 in fiscal 2024 primarily due to increased average outstanding borrowings during fiscal 2025.

Other Income. In February 2025, NTIC recognized \$1,139,756 in other income during due to the receipt of an ERC payment. No other income was recognized during fiscal 2024. The ERC income was recognized upon receipt of a cash payment in accordance with applicable accounting guidance and was claimed under the suspension test criteria, as described in Note 1 to NTIC's consolidated financial statements. The ERC payment is a one-time event and does not represent recurring operational revenue.

Other Expense. In June 2025, NTIC China was notified by Ningbo Customs, the customs authority at the Ningbo Port in China, that certain Natur-Tec® masterbatch resin products had been historically misclassified for export value-added tax rebate purposes. Ningbo Customs reclassified the products to a code that does not qualify for a value-added tax rebate, resulting in repayment obligations and penalties totaling approximately \$386,785. NTIC recorded the full amount within Other Expense in fiscal 2025 and is evaluating potential avenues to negotiate a reduction in penalties; however, no such reductions have been agreed upon as of the issuance date of the consolidated financial statements included in this Annual Report on Form 10-K. See Note 16 to NTIC's consolidated financial statements.

Income Before Income Tax Expense. NTIC had income before income tax expense of \$3,031,395 for fiscal 2025 compared to income before income tax expense of \$7,647,181 for fiscal 2024.

Income Tax Expense. Income tax expense was \$2,045,002 during fiscal 2025 compared to \$1,325,797 during fiscal 2024 for an effective tax rate of 67.5% and 17.3% during fiscal 2025 and 2024, respectively. The change primarily reflects increased income tax expense at NTIC's foreign subsidiaries. The increase in the effective tax rate is primarily due to the aforementioned increase in income tax expense as compared to reduced consolidated pre-tax book income. As a result, NTIC's effective tax rate was unusually high and volatile for fiscal 2025. Management expects NTIC's effective tax rate to normalize in future periods when additional profits are recognized in NTIC's North American operations.

NTIC considers the earnings of certain foreign joint ventures to be indefinitely invested outside the United States on the basis of estimates that NTIC's future domestic cash generation will be sufficient to meet future domestic cash needs. As a result, U.S. income and foreign withholding taxes have not been recognized on the cumulative undistributed earnings of \$27,667,432 and \$23,645,685 as of August 31, 2025 and August 31, 2024, respectively. To the extent undistributed earnings of NTIC's joint ventures are distributed in the future, they are not expected to result in any material additional income tax liability after the application of foreign tax credits.

Net Income Attributable to NTIC. Net income attributable to NTIC decreased to \$17,619, or \$0.00 per diluted common share, for fiscal 2025 compared to \$5,409,082, or \$0.55 per diluted common share, for fiscal 2024. This decrease was primarily due to increases in operating expenses, decreases in gross margin and income from our joint venture operations and the other expense incurred as a result of the Customs issue in China discussed above. This decrease in net income attributable to NTIC was partially offset by the one-time ERC payment received during fiscal 2025.

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

Other Comprehensive Income – Foreign Currency Translations Adjustment. The changes in the foreign currency translations adjustment were due to the fluctuation of the U.S. dollar compared to the Euro and other foreign currencies during fiscal 2025 compared to fiscal 2024.

Liquidity and Capital Resources

Sources of Cash and Working Capital

NTIC's working capital, defined as current assets less current liabilities, was \$20,438,722 as of August 31, 2025, including \$7,250,523 in cash and cash equivalents, \$9,329,021 outstanding under NTIC's line of credit, \$2,804,695 outstanding under NTIC China's term loans and \$522,545 outstanding under Natur-Tec India's term loan, compared to \$23,682,276 as of August 31, 2024, including \$4,952,184 in cash and cash equivalents, \$4,291,608 outstanding under NTIC's line of credit and \$2,820,835 outstanding under NTIC China's term loans. Reducing debt through positive operating cash flow and improving working capital efficiencies will be a strategic focus for fiscal 2026.

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

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

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

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

Credit Agreement with JPMorgan Chase Bank, N.A.

NTIC is party to a Credit Agreement (as amended, the Credit Agreement) with JPMorgan Chase Bank, N.A. (JPM), which provides NTIC with a senior secured revolving line of credit (the Credit Facility) of up to \$10.0 million. The Credit Facility includes a \$5.0 million sublimit for standby letters of credit. Borrowings of \$9,329,021 were outstanding under the Credit Facility as of August 31, 2025. Since NTIC was out of compliance with the fixed charge coverage ratio under the Credit Agreement, NTIC obtained a waiver of the non-compliance from JPM. Based on its current business plan and projections for fiscal 2026, NTIC expects to remain in compliance with the covenant during fiscal 2026, although no assurance can be provided that it will do so. The principal amount under the Credit Facility, together with all accrued unpaid interest and other amounts owing thereunder, if any, will be payable in full on the January 5, 2026 maturity date unless the Credit Facility is extended or renewed or terminated earlier. It is anticipated that the Credit Facility will be renewed each year for one additional year for the immediate foreseeable future.

Borrowings under the Credit Agreement bear interest at a floating rate, at the option of NTIC, equal to either the CB Floating Rate or the Adjusted SOFR Rate. The term “CB Floating Rate” means the greater of the Prime Rate in the United States or 2.50%. The term “Adjusted SOFR Rate” means the term secured overnight financing rate for either one, three or six months (depending on the interest period selected by NTIC) plus 0.10% per annum. With respect to any borrowings using an Adjusted SOFR Rate, there is an applicable margin of 2.35% applied per annum. There is no applicable margin with respect to borrowings using a CB Floating Rate. The weighted average interest rate was 6.61% for fiscal 2025.

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

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

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

Other Credit Arrangements

On each of April 22, 2025 and May 29, 2025, NTIC’s wholly owned subsidiary in China, NTIC China, entered into a loan agreement with China Construction Bank Corporation. Each term loan provided NTIC China with a RMB 10,000,000 (USD \$1.39 million). The term loans mature in April 2026 and May 2026, respectively, unless extended. It is anticipated that each term loan will be extended for an additional one-year period. The term loan that matures in April 2026 has an annual interest rate of 2.75% with interest due monthly, and the term loan that matures in May 2026 has an annual interest rate of 2.96% with interest due monthly. Both term loans are secured by an office building owned by NTIC China and the loan agreements contain certain financial and other covenants. NTIC was in compliance with the covenants as of August 31, 2025. The outstanding balance as of August 31, 2025 for both term loans is a total of USD \$2,804,695.

On August 30, 2025, NTIC's majority owned subsidiary in India, Natur-Tec India, entered into a Foreign Currency Term Loan Agreement with IDFC FIRST Bank Limited (the Bank). The term loan provides Natur-Tec India with a facility of INR 500 lakhs (USD \$600,000) to finance the purchase of land in Chennai, India. The loan was disbursed on August 30, 2025 for INR 461 lakhs (USD \$522,545) and is repayable in 85 monthly installments to a US dollar account of USD \$7,899 each beginning October 5, 2025 and continuing through September 5, 2032. Borrowings bear interest at a fixed rate of 6.45% per annum. The loan is secured by a lien over Natur-Tec India's cash deposits with the Bank totaling INR 476 lakhs (USD \$539,731), and the related land purchase is expected to be registered in late November 2025. The outstanding balance as of August 31, 2025 was INR 461 lakhs (USD \$522,545), of which INR 61.7 lakhs (USD \$55,561) was classified as current and INR 399.3 lakhs (USD \$466,984) as long-term. The term loan contains customary affirmative and negative covenants applicable to Natur-Tec India, including, among other matters, restrictions on incurring additional indebtedness, creating liens, or changing the nature of its business. Natur-Tec India was in compliance with all covenants as of August 31, 2025.

Uses of Cash and Cash Flow

Net cash provided by operating activities during fiscal 2025 was \$2,442,955, which resulted principally from NTIC's net income, dividends received from joint ventures, depreciation and amortization expense, stock-based compensation and changes in working capital, deferred income tax, partially offset by equity in income from joint ventures and changes in working capital. Net cash provided by operating activities during fiscal 2024 was \$5,883,193, which resulted principally from NTIC's net income, dividends received from joint ventures, dividends receivable from joint venture, depreciation and amortization expense, stock-based compensation and changes in working capital, partially offset by equity in income from joint ventures, deferred income tax and an increase in trade receivables and inventories.

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

NTIC experienced a decrease in trade receivables and an increase in inventory as of August 31, 2025 compared to August 31, 2024. Trade receivables as of August 31, 2025 decreased \$743,849 compared to August 31, 2024, primarily related to timing differences of sales and collections.

Outstanding trade receivables increased by an average of 2 days to an average of 80 days from balances outstanding from these customers as of August 31, 2025 from an average of 82 days as of August 31, 2024.

Outstanding receivables for services provided to joint ventures as of August 31, 2025 decreased \$157,464 compared to August 31, 2024, and the average days to pay decreased an average of 7 days to an average of 79 days from an average of 86 days as of August 31, 2024.

Net cash used in investing activities during fiscal 2025 was \$3,390,323, which was primarily the result of purchases of property and equipment and investment in intangibles for software costs, and, to a lesser extent, investments in patents. Net cash used in investing activities during fiscal 2024 was \$3,418,228, which was primarily the result of purchases of property and equipment, investment in intangibles for software costs and investments in patents.

Net cash used in financing activities for fiscal 2025 was \$3,861,638, which resulted from borrowing on the line of credit, proceeds from long-term debt and NTIC's employee stock purchase plan, partially offset by repayments on the line of credit, dividends paid on NTIC common stock and dividends received by non-controlling interest. Net cash used in financing activities for fiscal 2024 was \$2,957,280, which resulted from dividends paid on NTIC common stock and dividends received by non-controlling interest and was partially offset by borrowings under the line of credit and proceeds from the exercise of stock options and NTIC's employee stock purchase plan.

Stock Repurchase Program

On January 15, 2015, NTIC's Board of Directors authorized the repurchase of up to \$3,000,000 in shares of NTIC common stock through open market purchases or unsolicited or solicited privately negotiated transactions. This program has no expiration date but may be terminated by NTIC's Board of Directors at any time. As of August 31, 2025, up to \$2,640,548 in shares of NTIC common stock remained available for repurchase under NTIC's stock repurchase program. No repurchases occurred during fiscal 2025 or fiscal 2024.

Cash Dividends

During fiscal 2025, NTIC's Board of Directors declared cash dividends on the following dates in the following amounts to holders of record of NTIC common stock as of the following record dates:

Declaration Date	Amount	Record Date	Payable Date
October 16, 2024	\$0.07	October 30, 2024	November 13, 2024
January 15, 2025	\$0.07	January 29, 2025	February 12, 2025
April 16, 2025	\$0.01	April 30, 2025	May 14, 2025
July 16, 2025	\$0.01	July 30, 2025	August 13, 2025

On April 10, 2025, NTIC announced that it had determined to temporarily adjust its quarterly dividend to \$0.01 per share effective with its fiscal 2025 third quarter dividend in light of the current global environment.

Subsequent to the end of fiscal 2025, on October 15, 2025, NTIC's Board of Directors declared a cash dividend of \$0.01 per share of NTIC's common stock, payable on November 12, 2025 to stockholders of record on October 29, 2025. The declaration of future dividends is not guaranteed and will be determined by NTIC's Board of Directors in light of conditions then existing, including NTIC's earnings, financial condition, cash requirements, restrictions in financing agreements, business conditions, and other factors.

Capital Expenditures and Commitments

NTIC spent \$3,950,323 on capital expenditures during fiscal 2025, which related primarily to facility improvements to the warehouse facility NTIC purchased during fiscal 2023 and the installation of a new Enterprise Resource Planning (ERP) software system and associated equipment. NTIC expects to spend an aggregate of approximately \$3,000,000 to \$4,500,000 on capital expenditures during fiscal 2026, which it expects will relate primarily to construction of new buildings and warehouses in India and Brazil, as well as the purchase of new equipment and facility improvements in the United States.

Inflation and Seasonality

Inflation in the United States and abroad historically has had minimal effect on NTIC and did not adversely affect NTIC's gross margins during fiscal 2025. NTIC believes there is some seasonality in its business. NTIC's net sales in the second fiscal quarter are typically adversely affected by the long Chinese New Year, the North American holiday season, and overall less corrosion taking place at lower winter temperatures worldwide.

Market Risk

For information regarding NTIC's exposure to market risk, see "Part I. Item 7A. *Quantitative and Qualitative Disclosures About Market Risk*" of this annual report on Form 10-K.

Related Party Transactions

Since NTIC's joint ventures are considered related parties, NTIC recorded sales to its joint ventures as a separate line item on the face of NTIC's consolidated statements of operations and recorded fees for services provided to its joint ventures as separate line items on the face of NTIC's consolidated statements of operations. NTIC also records trade receivables from joint ventures, receivables for fees for services provided to joint ventures, and NTIC's investments in joint ventures as separate line items on its consolidated balance sheets.

NTIC established its joint venture network approximately 30 years ago as a method to increase its worldwide distribution network for ZERUST® rust and corrosion inhibiting products and services. NTIC participates, either directly or indirectly, in 15 active joint venture arrangements in North America, Europe, and Asia. Each of these joint ventures generally manufactures and markets finished products in the geographic territory to which it is assigned. NTIC's joint venture partners are knowledgeable in the applicable environmental, labor, tax, and other requisite regulations and laws of the respective foreign countries in which they operate, as well as the local customs and business practices. NTIC's revenue recognition policy for sales to its joint ventures is the same as its policy for sales to unaffiliated customers.

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 records revenue related to fees for services provided to joint ventures when earned, amounts are determinable, and collectability is reasonably assured. Under NTIC's agreements with its joint ventures, fee amounts are earned when product is shipped from joint venture facilities. NTIC reviews the financial situation of each joint venture to assist in the likelihood of collections on amounts earned. From time to time, NTIC elects to account for such fees on a cash basis for certain joint ventures when uncertainty exists surrounding the collections of such fees. There are no fees being accounted for in this manner at present. The expenses incurred in support of its joint ventures are direct expenses that NTIC incurs related to its joint ventures and include such items as employee compensation and benefit expenses, travel expense, insurance, consulting expense, legal expense, and lab supplies and testing expense.

See Note 14 to NTIC's consolidated financial statements for other related party transaction disclosures.

Critical Accounting Policies and Estimates

The preparation of NTIC's consolidated financial statements requires management to make estimates and judgments that affect the reported amount of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. The Securities and Exchange Commission has defined a company's most critical accounting policies as those that are most important to the portrayal of its financial condition and results of operations and those which require the company to make its most difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. Based on this definition, NTIC has identified the following critical accounting policies. Although NTIC believes that its estimates and assumptions are reasonable, they are based upon information available when they are made. Actual results may differ significantly from these estimates under different assumptions or conditions.

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 included in this report include the accounts of Northern Technologies International Corporation, its wholly owned subsidiaries, Northern Technologies Holding Company, LLC, NTIC (Shanghai) Co., Ltd., NTIC Europe GmbH ZERUST-EXCOR MEXICO, S. de R.L. de C.V., and HNTI Limited, 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, Natur-Tec India Private Limited, Natur-Tec Lanka, Zerust Integrity Solutions Trading LLC (ZIS UAE), Zerust Singapore Pte Ltd (Zerust Singapore), Zerust Vietnam Co. Ltd (Zerust Vietnam) and Zerust Taiwan Co. Ltd (Zerust Taiwan). NTIC's consolidated financial statements do not include the accounts of any of its joint ventures.

Investments in Joint Ventures and Recoverability of Investments in Joint Ventures

NTIC's investments in its joint ventures are accounted for using the equity method. NTIC assesses its joint ventures for impairment on an annual basis as of August 31 of each year as part of its fiscal year end analysis. In addition to the annual review for impairment, NTIC reviews the operating results of each joint venture on a quarterly basis in comparison to its historical operating results and its accrual for fees for services provided to joint ventures. If the operating results of a joint venture do not meet NTIC's financial performance expectations, an additional evaluation is performed on the joint venture. In addition to the annual assessments for impairment, non-periodic assessments for impairment may occur if cash remittances are less than accrued balances, a joint venture's management requests capital, or other events occur suggesting anything other than temporary decline in value. If an investment were determined to be impaired, then a reserve would be created to reflect the impairment on the financial results of NTIC. NTIC's evaluation of its investments in joint ventures requires NTIC to make assumptions about future cash flows of its joint ventures. These assumptions require significant judgment, and actual results may differ from assumed or estimated amounts.

Investments at Carrying Value

If NTIC is no longer able to exercise significant influence over operating and financial policy of a joint venture previously accounted for under the equity method, it maintains the investment at the carrying value as of the date that significant influence no longer exists and discontinues accruing the proportionate earnings or losses of the investment.

Investments are considered to be impaired when a decline in fair value is judged to be other-than-temporary. Fair value is calculated based on publicly available market information or other estimates determined by management. NTIC employs a systematic methodology on a quarterly basis that considers available quantitative and qualitative evidence in evaluating potential impairment of its investments. If the cost of an investment exceeds its fair value, NTIC evaluates, among other factors, general market conditions, credit quality of debt instrument issuers, the duration and extent to which the fair value is less than cost, and for equity securities, its intent and ability to hold, or plans to sell, the investment. NTIC also considers specific adverse conditions related to the financial health of and business outlook for the investee, including industry and sector performance, changes in technology, and operational and financing cash flow factors. Once a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded to other income (expense), and a new cost basis in the investment is established.

Revenue Recognition

Revenue is measured based on consideration specified in the contract with a customer, adjusted for any applicable estimates of variable consideration and other factors affecting the transaction price, including noncash consideration, consideration paid or payable to customers, and significant financing components. While most of NTIC's revenue is contracted with customers through one-time purchase orders and short-term contracts, NTIC does have long-term arrangements with certain customers. Revenue from all customers is recognized when a performance obligation is satisfied by transferring control of a distinct good or service to a customer. The transaction price for NTIC's products is the invoiced amount. Revenue is recognized when transfer of control occurs as defined by the terms in the customer agreement, generally upon shipment of product.

With respect to recording revenue related to fees earned for services provided to NTIC's joint ventures, amounts are earned when product is shipped from joint venture facilities, at which point a sale is deemed to have occurred and results in obligation for the joint venture to pay the royalty and recognition of the fee by NTIC. The support and services NTIC provides its joint ventures include consulting, travel, insurance, technical and marketing services to existing joint ventures, legal fees incurred in the establishment of new joint ventures, registration and promotion and legal defense of worldwide trademarks, and legal fees incurred in connection with the filing of patent applications based on licensing or other agreements with its joint ventures. NTIC receives fees for the services it provides to its joint ventures based primarily on the net sales by NTIC's joint ventures. The fees for support services received by NTIC from its joint ventures are generally determined based on either a flat fee or a percentage of net sales by NTIC's joint ventures depending on local laws and tax regulations. Under NTIC's agreements with its joint ventures, amounts are earned when product is shipped from joint venture facilities. NTIC reviews the financial situation of each of its joint ventures to assist in the likelihood of collections on amounts earned. NTIC elects to account for these fees on a cash basis for certain joint ventures when uncertainty exists surrounding the collections of such fees.

Goodwill Impairment

Goodwill represents the excess purchase price over the fair value of tangible net assets acquired in acquisitions after amounts have been allocated to intangible assets. Goodwill is tested for impairment annually (at August 31), or more frequently when events or changes in circumstances indicate that the asset might be impaired. Examples of such events or circumstances include, but are not limited to, a significant adverse change in legal or business climate, an adverse regulatory action or unanticipated competition.

Recoverability of Long-Lived Assets

NTIC reviews its long-lived assets whenever events or changes in circumstances indicate the carrying amount of the assets may not be recoverable and determines potential impairment by comparing the carrying value of the assets with expected net cash flows expected to be provided by operating activities of the business or related products. If the sum of the expected undiscounted future net cash flows were less than the carrying value, NTIC would determine whether an impairment loss should be recognized. An impairment loss would be measured by comparing the amount by which the carrying value exceeds the fair value of the asset.

Foreign Currency Translation (Accumulated Other Comprehensive Loss)

The functional currency of each international joint venture and subsidiary is the applicable local currency. The translation of the applicable foreign currencies into U.S. dollars is performed for balance sheet accounts using exchange rates in effect at the balance sheet date and for revenue and expense accounts using an average monthly exchange rate. Translation gains or losses are reported as an element of accumulated other comprehensive income (loss).

NTIC (excluding NTIC China, Zerust Brazil, Natur-Tec India, Natur-Tec Lanka, NTI Asean, Zerust Singapore, Zerust Vietnam, Zerust Taiwan, Zerust Mexico, Zerust India, NTI Europe, and NTIC's joint ventures) conducts all foreign transactions based on the U.S. dollar. 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 the equity in income from joint ventures reflected in NTIC's consolidated statements of operations.

Stock-Based Compensation

NTIC recognizes compensation cost relating to share-based payment transactions, including grants of employee stock options and transactions under NTIC's employee stock purchase plan, in its consolidated financial statements. That cost is measured based on the fair value of the equity or liability instruments issued. NTIC measures the cost of employee services received in exchange for stock options or other stock-based awards based on the grant-date fair value of the award and recognizes the cost over the period the employee is required to provide services for the award.

Income Taxes

NTIC utilizes the asset and liability method of accounting for income taxes, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Deferred income tax assets and liabilities are determined based on the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in operations in the period that includes the enactment date.

NTIC records net deferred tax assets to the extent NTIC believes these assets will more likely than not be realized. In making such a determination, NTIC considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations, including the prior three-year history. In the event NTIC determines that it would be able to realize its deferred tax assets in the future in excess of their net recorded amount, NTIC makes an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

Recent Accounting Pronouncements

See Notes 2 and 3 to NTIC's consolidated financial statements for a discussion of recent accounting pronouncements.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

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

The tariff environment is complex and evolving. NTIC's business incurred in fiscal 2025, and expects to continue to incur in fiscal 2026, additional costs as it relates to tariffs. NTIC has taken and will continue to take action to mitigate inflationary pressures caused by tariffs through a combination of targeted price increases, supplier diversification and other strategic sourcing adjustments, cost reductions, and manufacturing optimization. With respect to NTIC China, specifically, the majority of NTIC China's production and sales are for local consumption; and therefore, NTIC believes NTIC China's exposure to tariffs, included those imposed by the United States is limited.

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

With respect to interest rate risk, borrowings under the Credit Agreement bear interest at a floating rate, at the option of NTIC, equal to either the CB Floating Rate or the Adjusted SOFR Rate. The term "CB Floating Rate" means the greater of the Prime Rate in the United States or 2.50%. The term "Adjusted SOFR Rate" means the term secured overnight financing rate for either one, three or six months (depending on the interest period selected by NTIC) plus 0.10% per annum. With respect to any borrowings using an Adjusted SOFR Rate, there is an applicable margin of 2.35% applied per annum. There is no applicable margin with respect to borrowings using a CB Floating Rate. The weighted average interest rate was 6.61% for fiscal year 2025. Borrowings of \$9,329,021 were outstanding under the Credit Facility as of August 31, 2025. The two term loans undertaken by NTIC China with China Construction Bank Corporation have annual interest rates of 2.75% and 2.96%, respectively, with interest due monthly. The outstanding balance as of August 31, 2025 for both term loans is a total of USD \$2,804,695. In addition, the foreign currency term loan entered into by Natur-Tec India with IDFC FIRST Bank Limited bears interest at a fixed rate of 6.45% per annum. The outstanding balance as of August 31, 2025 for this term loan is USD \$522,545.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

The following items are included herein:

	<u>Page</u>
<u>Report of Independent Registered Public Accounting Firm</u> (PCAOB Firm ID # 23)	<u>56</u>
<u>Consolidated Balance Sheets as of August 31, 2025 and 2024</u>	<u>57</u>
<u>Consolidated Statements of Operations for the years ended August 31, 2025 and 2024</u>	<u>58</u>
<u>Consolidated Statements of Comprehensive Income for the years ended August 31, 2025 and 2024</u>	<u>59</u>
<u>Consolidated Statements of Equity for the years ended August 31, 2025 and 2024</u>	<u>60</u>
<u>Consolidated Statements of Cash Flows for the years ended August 31, 2025 and 2024</u>	<u>61</u>
<u>Notes to Consolidated Financial Statements</u>	<u>62 - 83</u>

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the board of directors of Northern Technologies International Corporation and Subsidiaries:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Northern Technologies International Corporation and Subsidiaries (the "Company") as of August 31, 2025 and 2024, the related consolidated statements of operations, comprehensive income, equity, and cash flows, for each of the two years in the period ended August 31, 2025, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of August 31, 2025 and 2024, and the results of its operations and its cash flows for each of the two years in the period ended August 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ Baker Tilly US, LLP

We have served as the Company's auditor since 2004.

Minneapolis, Minnesota

November 20, 2025

**NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION
AND SUBSIDIARIES**

CONSOLIDATED BALANCE SHEETS - AUGUST 31, 2025 AND 2024

	<u>August 31, 2025</u>	<u>August 31, 2024</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 7,250,523	\$ 4,952,184
Receivables:		
Trade, less allowance for credit losses of \$235,000 and \$310,000 as of August 31, 2025 and 2024	18,443,230	19,187,079
Fees for services provided to joint ventures	1,077,552	1,235,016
Income taxes	340,002	392,293
Inventories, net	15,525,230	14,390,844
Prepaid expenses	1,706,279	1,421,803
Total current assets	<u>\$ 44,342,816</u>	<u>\$ 41,579,219</u>
PROPERTY AND EQUIPMENT, NET	15,183,918	16,265,653
OTHER ASSETS:		
Investments in joint ventures	28,611,777	25,397,287
Deferred income tax, net	503,575	544,464
Intangible assets, net	8,827,768	5,682,945
Goodwill	4,782,376	4,782,376
Operating lease right of use assets	493,050	424,558
Total other assets	<u>43,218,546</u>	<u>36,831,630</u>
Total assets	<u>\$ 102,745,280</u>	<u>\$ 94,676,502</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Line of credit	\$ 9,329,021	\$ 4,291,608
Term loan, current portion	2,860,256	2,820,835
Accounts payable	8,044,196	6,393,355
Income taxes payable	414,304	327,781
Accrued liabilities:		
Payroll and related benefits	1,844,817	3,163,372
Other	1,066,761	574,876
Current portion of operating leases	344,739	325,116
Total current liabilities	<u>23,904,094</u>	<u>17,896,943</u>
LONG-TERM LIABILITIES:		
Deferred income tax, net	1,513,166	1,504,796
Term loans, noncurrent portion	466,984	—
Operating leases, less current portion	148,311	99,442
Total long-term liabilities	<u>\$ 2,128,461</u>	<u>\$ 1,604,238</u>
COMMITMENTS AND CONTINGENCIES (Note 16)		
EQUITY:		
Preferred stock, no par value; authorized 10,000 shares; none issued and outstanding	—	—
Common stock, \$0.02 par value per share; authorized 15,000,000 shares; issued and outstanding 9,475,490 and 9,466,976, as of August 31, 2025 and 2024, respectively	189,510	189,340
Additional paid-in capital	25,056,976	23,615,564
Retained earnings	52,273,469	53,771,211
Accumulated other comprehensive loss	(5,371,201)	(6,382,124)
Stockholders' equity	<u>72,148,754</u>	<u>71,193,991</u>
Non-controlling interests	4,563,971	3,981,330
Total equity	<u>76,712,725</u>	<u>75,175,321</u>
Total liabilities and equity	<u>\$ 102,745,280</u>	<u>\$ 94,676,502</u>

See notes to consolidated financial statements.

**NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION
AND SUBSIDIARIES**
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED AUGUST 31, 2025 AND 2024

	2025	2024
NET SALES:		
Net sales	\$ 84,234,474	\$ 85,059,517
Cost of goods sold	52,557,919	51,273,155
Gross profit	31,676,555	33,786,362
JOINT VENTURE OPERATIONS:		
Equity in income from joint ventures	3,539,056	4,223,296
Fees for services provided to joint ventures	5,006,151	5,251,782
Total joint venture operations	8,545,207	9,475,078
OPERATING EXPENSES:		
Selling expenses	17,820,196	16,413,672
General and administrative expenses	14,792,988	14,176,494
Research and development expenses	5,038,281	4,802,791
Total operating expenses	37,651,465	35,392,957
OPERATING INCOME	2,570,297	7,868,483
INTEREST INCOME	308,054	118,827
INTEREST EXPENSE	(599,927)	(340,129)
OTHER INCOME	1,139,756	—
OTHER EXPENSE	(386,785)	—
INCOME BEFORE INCOME TAX EXPENSE	3,031,395	7,647,181
INCOME TAX EXPENSE	2,045,002	1,325,797
NET INCOME	986,393	6,321,384
NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	968,774	912,302
NET INCOME ATTRIBUTABLE TO NTIC	\$ 17,619	\$ 5,409,082
NET INCOME ATTRIBUTABLE TO NTIC PER COMMON SHARE:		
Basic	\$ 0.00	\$ 0.57
Diluted	\$ 0.00	\$ 0.55
WEIGHTED AVERAGE COMMON SHARES ASSUMED OUTSTANDING:		
Basic	9,476,085	9,434,020
Diluted	9,639,676	9,833,450
CASH DIVIDENDS DECLARED PER COMMON SHARE	\$ 0.16	\$ 0.28

See notes to consolidated financial statements.

**NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION
AND SUBSIDIARIES**
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED AUGUST 31, 2025 AND 2024

	2025	2024
NET INCOME	\$ 986,393	\$ 6,321,384
OTHER COMPREHENSIVE INCOME – FOREIGN CURRENCY TRANSLATION ADJUSTMENT, (NET OF TAX)	904,790	422,859
COMPREHENSIVE INCOME	1,891,183	6,744,243
LESS: COMPREHENSIVE INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS, (NET OF TAX)	(862,641)	(893,882)
COMPREHENSIVE INCOME ATTRIBUTABLE TO NTIC	\$ 1,028,542	\$ 5,850,361

See notes to consolidated financial statements.

**NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION
AND SUBSIDIARIES**
CONSOLIDATED STATEMENTS OF EQUITY
YEARS ENDED AUGUST 31, 2025 AND 2024

	STOCKHOLDERS' EQUITY						
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non- Controlling Interests	Total Equity
	Shares	Amount					
BALANCE AT AUGUST 31, 2023	9,424,102	\$ 188,482	\$21,986,767	\$51,004,427	\$ (6,823,403)	\$ 4,342,524	\$70,698,797
Stock options exercised	36,094	722	167,797	—	—	—	168,519
Stock issued for employee stock purchase plan	6,780	136	79,831	—	—	—	79,967
Stock option expense	—	—	1,381,169	—	—	—	1,381,169
Dividends paid to stockholders	—	—	—	(2,642,298)	—	—	(2,642,298)
Dividend received by non-controlling interest	—	—	—	—	—	(1,255,076)	(1,255,076)
Net income	—	—	—	5,409,082	—	912,302	6,321,384
Other comprehensive income (loss)	—	—	—	—	441,279	(18,420)	422,859
BALANCE AT AUGUST 31, 2024	9,466,976	\$ 189,340	\$23,615,564	\$53,771,211	\$ (6,382,124)	\$ 3,981,330	\$75,175,321
Stock options exercised	1,127	23	(23)	—	—	—	—
Stock issued for employee stock purchase plan	7,383	147	81,349	—	—	—	81,496
Stock option expense	—	—	1,360,086	—	—	—	1,360,086
Dividends paid to stockholders	—	—	—	(1,515,361)	—	—	(1,515,361)
Dividend received by non-controlling interest	—	—	—	—	—	(280,000)	(280,000)
Net income	—	—	—	17,619	—	968,774	986,393
Other comprehensive income (loss)	—	—	—	—	1,010,923	(106,133)	904,790
BALANCE AT AUGUST 31, 2025	9,475,490	\$ 189,510	\$25,056,976	\$52,273,469	\$ (5,371,201)	\$ 4,563,971	\$76,712,725

See notes to consolidated financial statements.

**NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION
AND SUBSIDIARIES**
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 986,393	\$ 6,321,384
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation	1,360,086	1,381,169
Depreciation expense	979,981	1,156,364
Amortization expense	777,289	596,700
Loss on disposal of property and equipment	77,984	—
Change in allowance for credit losses	(75,000)	(233,539)
Equity in income from joint ventures	(3,539,056)	(4,223,296)
Dividends received from joint ventures	1,566,947	2,997,164
Deferred income taxes	50,984	(336,252)
Changes in current assets and liabilities:		
Receivables:		
Trade	941,732	(3,016,064)
Fees for services provided to joint ventures	157,463	61,578
Dividends receivable from joint venture	—	1,986,027
Income taxes	(418)	(311,731)
Inventories, net	(1,277,772)	(1,333,954)
Prepaid expenses and other	(300,058)	308,064
Accounts payable	1,472,793	449,009
Income tax payable	109,712	(151,720)
Accrued liabilities	(846,105)	232,290
Net cash provided by operating activities	2,442,955	5,883,193
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(1,526,437)	(1,917,842)
Proceeds from sale of property and equipment	20,000	—
Investments in patents and capitalized software costs	(2,423,886)	(1,500,386)
Net cash used in investing activities	(3,930,323)	(3,418,228)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividend received by non-controlling interest	(280,000)	(1,255,076)
Repayments of line of credit	(26,950,508)	(36,980,700)
Proceeds from issuance of long-term debt	538,090	—
Proceeds from line of credit	31,987,921	37,672,308
Dividends paid on NTIC common stock	(1,515,361)	(2,642,298)
Proceeds from employee stock purchase plan	81,496	79,967
Proceeds from exercise of stock options	—	168,519
Net cash provided by (used in) financing activities	3,861,638	(2,957,280)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(75,931)	38,326
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,298,339	(453,989)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,952,184	5,406,173
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 7,250,523	\$ 4,952,184

See notes to consolidated financial statements.

**NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION
AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2025 AND 2024

1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

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

The Company participates, either directly or indirectly, in 15 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 the Company's joint ventures exclusively sell rust and corrosion inhibiting products, some of the joint ventures also sell the Company's Natur-Tec® resin compounds and finished products. The profits of joint ventures are shared by the respective joint venture owners in accordance with their respective ownership percentages. The Company typically owns 50% or less of its joint venture entities and does not control the decisions of these entities, including dividend declaration or amount in any given year.

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. The consolidated financial statements include the accounts of Northern Technologies International Corporation, its wholly owned subsidiaries, Northern Technologies Holding Company, LLC, NTIC (Shanghai) Co., Ltd. (NTIC China), ZERUST-EXCOR MEXICO, S. de R.L. de C.V. (Zerust Mexico), NTIC Europe GmbH (NTI Europe), and HNTI Limited (Zerust India), NTIC's majority-owned subsidiary in India, Natur-Tec India Private Limited (Natur-Tec India), NTIC's majority-owned subsidiary in Brazil, Zerust Prevenção de Corrosão S.A. (Zerust Brazil), NTIC's majority-owned subsidiary in Sri Lanka, Natur Tec Lanka (Pvt) Ltd (Natur Tec Lanka), and NTIC's majority-owned holding company, NTI Asean LLC (NTI Asean), and its wholly owned subsidiary in UAE, Zerust Integrity Solutions Trading LLC (ZIS UAE), and its wholly owned subsidiaries Zerust Singapore Pte Ltd (Zerust Singapore), Zerust Vietnam Co. Ltd (Zerust Vietnam) and Zerust Taiwan Co. Ltd (Zerust Taiwan). NTIC's consolidated financial statements do not include the accounts of any of its joint ventures.

Non-Controlling Interests – The Company owns 75% of Natur-Tec India, 75% of Natur Tec Lanka, 85% of Zerust Brazil, 60% of NTI Asean, Zerust Singapore Pte Ltd, Zerust Vietnam Co Ltd and Zerust Taiwan Co Ltd. The remaining ownership of the consolidated entities are accounted for as non-controlling interests and reported as part of equity in the consolidated financial statements. The Company allocates gains and losses to the non-controlling interest even when such allocation results in a deficit balance, reducing the losses attributed to the controlling interest. Changes in ownership interests are treated as equity transactions if the Company maintains control.

Use of Estimates – The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

In addition, the Company identified an immaterial prior period classification error related to the presentation of borrowings and repayments under its revolving line of credit in its consolidated statements of cash flows. For the fiscal year ended August 31, 2024, the Company had previously presented net proceeds of \$691,608 as a single line item in the consolidated statements of cash flows. In accordance with Accounting Standards Codification 230, *Statement of Cash Flows*, the Company has updated the prior period presentation to separately report gross borrowings of \$37,672,308 and gross repayments of \$36,980,700 under its line of credit. This change had no impact on the Company's total cash flows, financial position, or results of operations for the fiscal year ended August 31, 2024.

Net Sales – The Company includes net sales to its joint ventures and net sales to unaffiliated customers on its consolidated statements of operations. There are no sales originating from the Company's joint ventures to unaffiliated customers included in the amount, as the Company's investments in its joint ventures are accounted for using the equity method.

When determining recognition of revenue arrangements the Company performs the following five steps: (1) identify the contracts with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when or as the entity satisfies a performance obligation. The Company only applies the five-step model to contracts when it is probable that the entity will collect the consideration it is entitled to in exchange for the goods it transfers to, or services it performs for, the customer.

Generally, the Company's performance obligations are satisfied when the customers take possession of the products, which normally occurs at the shipping point or destination depending on the terms of the contracts. The Company's services are generally sold based upon quotes or contracts with customers that include a fixed or determinable price, and sales arrangements do not contain any significant financing component for its customers. The Company does not recognize revenue related to product warranties, nor does the Company incur significant contract costs. Customer arrangements do not generate contract assets or liabilities.

Revenue Recognition – Revenue is measured based on consideration specified in the contract with a customer, adjusted for any applicable estimates of variable consideration and other factors affecting the transaction price, including noncash consideration, consideration paid or payable to customers, and significant financing components. Revenue from all customers is recognized when a performance obligation is satisfied by transferring control of a distinct good or service to a customer.

Individually promised goods and services in a contract are considered a distinct performance obligation and accounted for separately if the customer can benefit from the individual good or service on its own or with other resources that are readily available to the customer and the good or service is separately identifiable from other promises in the arrangement. When an arrangement includes multiple performance obligations, the consideration is allocated between the performance obligations in proportion to their estimated standalone selling price. Costs related to products delivered are recognized in the period incurred, unless criteria for capitalization of costs are met. Costs of revenues consist primarily of direct labor, manufacturing overhead, materials, and components. The Company does not incur significant upfront costs to obtain a contract. If costs to obtain a contract were to become material, the costs would be recorded as an asset and amortized to expense in a manner consistent with the related recognition of revenue.

The Company excludes government assessed and imposed taxes on revenue generating transactions that are invoiced to customers from revenue. The Company includes freight billed to customers in revenue. Shipping and handling costs associated with outbound freight after control over a product has transferred to a customer are accounted for as a fulfillment cost and are included in cost of goods sold.

The timing of revenue recognition, billing, and cash collections results in accounts receivable on the consolidated balance sheet.

Performance Obligations – A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each distinct performance obligation in proportion to its standalone selling price and recognized as revenue when, or as, the performance obligation is satisfied. The Company's various performance obligations and the timing or method of revenue recognition are discussed below. The Company'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 performance requirements.

The Company sells its products to both distributors and end-users. Each unit of product delivered under a customer order represents a distinct and separate performance obligation, as the customer can benefit from each unit on its own or with other resources that are readily available to the customer, and each unit of product is separately identifiable from other products in the arrangement.

The transaction price for the Company's products is the invoiced amount. The Company does not have variable consideration in the form of refunds, credits, rebates, price concessions, pricing incentives, or other items impacting transaction price. The purchase order pricing in arrangements with customers is deemed to approximate standalone selling price; therefore, the Company does not need to allocate proceeds on a relative standalone selling price allocation between performance obligations. The Company applies the practical expedient in paragraph 606-10-50-14 and does not disclose information about remaining performance obligations that have original expected durations of one year or less. There are no material obligations that extend beyond one year.

Revenue is recognized when transfer of control occurs, as defined by the terms in the customer agreement. The Company immediately recognizes incidental items that are immaterial in the context of the contract. The Company has applied the practical expedient in paragraph 606-10-25-16A and does not assess if immaterial items are promised goods or services. The Company has also applied the practical expedient in paragraph 606-10-32-18 regarding the adjustment of the promised amount of consideration for the effects of a significant financing component when the customer pays for that good or service within one year or less, as the Company does not have any significant financing components in its customer arrangements since payment is received at or shortly after the point of sale, generally 30 to 90 days.

The Company estimates returns based on an analysis of historical experience if the right to return products is granted to its customers. The Company does not record a return asset, as non-conforming products are generally not returned. The Company's return policy does not vary by geography. The customer has no rotation or price protection rights, and the Company is not under a warranty obligation.

Sales Commissions – Sales commissions paid to sales representatives are eligible for capitalization, as they are incremental costs that would not have been incurred without entering into a specific sales arrangement and are recoverable through the expected margin on the transaction. The Company has elected to apply the practical expedient provided by ASC 340-40-25-4 and recognize the incremental costs of obtaining contracts as an expense when incurred, as the amortization period of the assets that would have otherwise been recognized is one year or less. The Company records these costs as a selling expense.

Product Warranty – The Company offers warranties on various products and services. These warranties are assurance type warranties that are not sold on a standalone basis; therefore, they are not considered distinct performance obligations. The Company estimates the costs that may be incurred under its warranties and records a liability in the amount of such costs at the time the revenue is recognized for the product sale.

International Revenue – The Company markets its products to numerous countries in North America, Europe, Latin America, Asia, and other parts of the world. See Note 12, Segment and Geographic Information, for information regarding revenue disaggregation by geography.

Trade Receivables – Payment terms for the Company’s unaffiliated customers are determined based on credit risk and vary by customer. The Company typically offers standard payment terms to unaffiliated customers of net 30 days. The Company does not accrue interest on past due accounts receivable. The Company reviews the credit histories of its customers before extending unsecured credit. The Company presents accounts receivable, net of an allowance for credit losses. The allowance for credit losses reflects management’s estimate of amounts that will ultimately not be collected. The Company determines the allowance for credit losses based on historical information, changes in current economic conditions and reasonable and supportable forecasts of future economic conditions. The allowance for credit losses is measured on a collective (pool) basis when trade receivables share similar risk characteristics. Trade receivables that do share similar risk characteristics are evaluated on an individual basis and are also not included in the collective (pool) evaluation.

Employee Retention Credit (ERC) and Payroll Tax Deferral - On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law providing numerous tax provisions and other stimulus measures, including an employee retention credit (ERC), which is a refundable tax credit against certain employment taxes. The Taxpayer Certainty and Disaster Tax Relief Act of 2020 and the American Rescue Plan Act of 2021 extended and expanded the availability of the ERC.

The Company engaged tax advisors of a Big 4 accounting firm which determined the Company qualified for ERCs. The Company then applied for the ERC in fiscal 2023 for the second and third quarters of that year of \$573,751 and \$566,006, respectively. The Company elected to account for the credit as a government grant. U.S. GAAP does not include grant accounting guidance for for-profit entities; therefore, the Company has elected to follow the grant accounting model in International Accounting Standard (IAS) 20, Accounting for Government Grants and Disclosure of Government Assistance. In accordance with IAS 20, the Company cannot recognize any income from the grant until there is reasonable assurance (similar to the “probable” threshold in U.S. GAAP) that any conditions attached to the grant will be met and that the grant will be received. Once it is reasonably assured that the grant conditions will be met and that the grant will be received, grant income is recorded on a systematic basis over the periods in which the Company recognizes the payroll expenses for which the grant is intended to compensate. Income from the grant can be presented as either other income or as a reduction in the expenses for which the grant was intended to compensate.

During the fiscal year ended August 31, 2025, the Company received \$1,139,756 in cash as a result of the ERC and this cash was claimed under the suspension test criteria based on the Company’s determination that it met the eligibility requirements. In accordance with the Company’s accounting policy, the ERC payments have been recognized as Other Income in the period in which the cash was received, as the Company determined that all relevant criteria for recognition had been met. The ERC represents a one-time benefit and does not constitute recurring operational revenue.

Additionally, the Company earned \$181,529 in interest income related to the ERC payments, which was recorded as Interest Income for the period. The ERC payments of \$1,139,756 are recorded as Other Income in the consolidated statements of operations, while the interest income of \$181,529 is recorded separately under Interest Income in the consolidated statements of operations.

Fees for Services Provided to Joint Ventures – The Company provides services to its joint ventures including consulting, legal, travel, insurance, technical, and marketing services based on licensing or other agreements with its joint ventures. The Company receives fees for the services it provides to its joint ventures. The fees for services received by the Company from its joint ventures are generally based on either a flat fee or a percentage of net sales by the Company’s joint ventures depending on local laws and tax regulations. Under the Company’s agreements with its joint ventures, amounts are earned when product is shipped from joint venture facilities, at which point a sale is deemed to have occurred and results in obligation for the joint venture to pay the royalty and recognition of the fee by the Company. The Company reviews the financial situation of each of its joint ventures to assist in the likelihood of collections on amounts earned. The Company accounts for these fees on a cash basis if uncertainty exists surrounding the collection of such fees.

Cash and Cash Equivalents – The Company includes as cash and cash equivalents highly liquid, short-term investments with maturity of three months or less when purchased, which are readily convertible into known amounts of cash. The Company maintains its cash in high quality financial institutions. The balances, at times, may exceed federally insured limits.

Inventories – Inventories are recorded at the lower of cost (first-in, first-out basis) or net realizable value and include a reduction in value based on slow-moving and obsolete inventory, which amounted to \$422,344 and \$365,341 in the fiscal years ending August 31, 2025 and 2024, respectively.

Property and Equipment and Depreciation – Property and equipment are stated at cost. Depreciation is computed using the straight-line method based on the estimated service lives of the various assets as follows:

Buildings and improvements	5-30 years
Machinery and equipment	3-10 years

Investments in Joint Ventures – Investments in the Company’s joint ventures are accounted for using the equity method. Under the equity method, investments are initially recorded at cost and are adjusted for dividends, distributed and undistributed earnings and losses, changes in foreign currency exchange rates, and additional investments. In the event the Company’s share of a joint venture’s cumulative losses exceeds the Company’s investment balance, the balance is reported at zero value until proportionate income exceeds the losses. The Company assesses its joint ventures for impairment on an annual basis as of August 31 of each year as part of its fiscal year end analysis. In addition to the annual review for impairment, the Company reviews the operating results of each joint venture on a quarterly basis in comparison to its historical operating results and its accrual of fees for services provided to joint ventures. If the operating results of a joint venture do not meet financial performance expectations, an additional evaluation is performed on the joint venture. The Company’s evaluation of its investments in joint ventures requires the Company to make assumptions about future cash flows of its joint ventures. These assumptions require significant judgment, and actual results may differ from assumed or estimated amounts. All investments in joint ventures had positive equity as of August 31, 2025 and 2024. The Company considers any of its joint ventures to be significant and discloses entity specific financial information if the joint venture’s income or assets make up more than 20% of the Company’s total assets or income.

The Company classifies distributions received from its joint ventures based on the nature of the distributions, generally, in operating activities on the consolidated statements of cash flows.

If the Company is no longer able to exercise significant influence over operating and financial policy of a joint venture previously accounted for under the equity method, it maintains the investment at the carrying value as of the date that significant influence no longer exists and discontinues accruing the proportionate earnings or losses of the investment.

Investments are considered to be impaired when a decline in fair value is judged to be other-than-temporary. Fair value is calculated based on publicly available market information or other estimates determined by management. The Company employs a systematic methodology on a quarterly basis that considers available quantitative and qualitative evidence in evaluating potential impairment of our investments. If the cost of an investment exceeds its fair value, the Company evaluates, among other factors, general market conditions, credit quality, the duration and extent to which the fair value is less than cost, and for equity securities, the Company’s intent and ability to hold, or plans to sell, the investment. The Company also considers specific adverse conditions related to the financial health of and business outlook for the investee, including industry and sector performance, changes in technology, and operational and financing cash flow factors. Once a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded to other income (expense), and a new cost basis in the investment is established. The Company determined that there was no impairment of investments in joint ventures as of August 31, 2025.

Recoverability of Long-Lived Assets – The Company reviews its long-lived assets whenever events or changes in circumstances indicate the carrying amount of the assets may not be recoverable. The Company determines potential impairment by comparing the carrying value of the assets with expected net cash flows expected to be provided by operating activities of the business or related products. If the sum of the expected undiscounted future net cash flows is less than the carrying value, the Company evaluates whether an impairment loss should be recognized. An impairment loss is measured by comparing the amount by which the carrying value exceeds the fair value of the asset. When evaluating assets for impairment, the Company groups long-lived assets with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. The Company determined that there were no indications that the carrying value of long-lived assets was not recoverable as of August 31, 2025.

Patents and Trademarks – Patents and trademarks, including acquisition costs, are stated at cost, less accumulated amortization. Amortization is computed using the straight-line method over the estimated useful lives of the respective assets. Upon retirement, the cost of assets disposed and the related accumulated amortization are removed from the accounts, and any resulting gain or loss is credited or charged to operations.

The Company estimates the useful life of patents to be 17 years and customer relationships to be 15 years. This estimate is based on a combination of factors, including the expected duration of patent protection, technological obsolescence, and market conditions. Amortization of intangible assets is recorded using the straight-line method over their estimated useful lives.

Capitalization of Software Costs – Software developed or obtained for internal use, including direct development costs, is stated at cost, less accumulated amortization. Costs incurred during the preliminary project stage, as well as maintenance and training costs, are expensed as incurred. Capitalized software costs include external direct costs of materials and services and payroll costs for employees directly associated with software development. Amortization is computed using the straight-line method over the estimated useful life of the software, which is estimated to be ten years. Upon retirement, the cost of assets disposed and the related accumulated amortization are removed from the accounts, and any resulting gain or loss is credited or charged to operations.

Goodwill - Goodwill represents the excess purchase price over the fair value of tangible net assets acquired in acquisitions after amounts have been allocated to intangible assets. Goodwill is tested for impairment annually (at August 31), or more frequently when events or changes in circumstances indicate that the asset might be impaired. Examples of such events or circumstances include, but are not limited to, a significant adverse change in legal or business climate, an adverse regulatory action or unanticipated competition.

The Company assesses qualitative factors to determine whether the existence of events or circumstances would indicate that it is more likely than not that the fair value of the reporting unit is less than its carrying amount. If after assessing the totality of events or circumstances, the Company were to determine that it is more likely than not that the fair value of the reporting unit is less than its carrying amount, then the Company would perform a quantitative test that compares the fair value to its carrying value to determine the amount of any impairment. The Company has determined there was no goodwill impairment during the years ended August 31, 2025 and 2024.

Income Taxes – The Company utilizes the asset and liability method of accounting for income taxes, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Deferred income tax assets and liabilities are determined based on the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in operations in the period that includes the enactment date.

The Company records net deferred tax assets to the extent the Company believes these assets will more likely than not be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. In the event the Company determines that it would be able to realize its deferred assets in the future in excess of their net recorded amount, the Company makes an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

The Company records uncertain tax positions on the basis of a two-step process whereby the Company determines whether it is more likely than not that the tax positions will be sustained based on the technical merits of the position and those tax positions that meet the more-likely-than-not recognition threshold. The Company recognizes the largest amount of tax benefit that is greater than 50 percent likely to be realized upon ultimate settlement with the related tax authority.

Foreign Currency Translation (Accumulated Other Comprehensive Income (Loss)) – The functional currency of NTIC China, Zerust Brazil, Natur-Tec India, Natur Tec Lanka, Zerust Mexico, Zerust India, Zerust Singapore, Zerust Vietnam, Zerust Taiwan, NTI Europe, and each unconsolidated international joint venture is the applicable local currency. The translation of the applicable foreign currencies into U.S. dollars is performed for balance sheet accounts using exchange rates in effect at the balance sheet date and for revenue and expense accounts using an average monthly exchange rate. Translation gains or losses are reported as an element of other comprehensive income (loss).

The Company (excluding NTIC China, Zerust Brazil, Natur-Tec India, Natur Tec Lanka, Zerust India, Zerust Singapore, Zerust Vietnam, Zerust Taiwan, NTI Asean, Zerust Mexico, NTI Europe, and NTIC's joint ventures) conducts all foreign transactions based on the U.S. dollar. Since investments in joint ventures are accounted for using the equity method, any changes in foreign currency exchange rates are reflected as a foreign currency translation adjustment and do not change the equity in income from joint ventures reflected in the Company's consolidated statements of operations.

Fair Value of Financial Instruments – The carrying value of cash and cash equivalents, short-term accounts receivable, notes payable, trade accounts payables, and other accrued expenses approximate fair value because of the short maturity of those instruments.

Shipping and Handling – The Company records all amounts billed to customers in a sales transaction related to shipping and handling as sales. The Company records costs related to shipping and handling in cost of goods sold.

Research and Development – The Company expenses all costs related to product research and development as incurred.

Common Stock – The Company issues authorized but unissued shares of common stock upon the exercise of stock options.

Stock-Based Compensation – The Company recognizes compensation cost relating to share-based payment transactions, including grants of employee stock options and transactions under the Company's employee stock purchase plan, in its consolidated financial statements. That cost is measured based on the fair value of the equity or liability instruments issued. The Company measures the cost of employee services received in exchange for stock options and other stock-based awards based on the grant-date fair value of the award and recognizes the cost over the period the employee is required to provide services for the award (generally the vesting term).

Subsequent Events – The Company has evaluated events occurring after the date of the consolidated financial statements through November 20, 2025 for events requiring disclosure in the consolidated financial statements.

2. NEW SIGNIFICANT ACCOUNTING POLICIES

In fiscal 2025, the Company adopted Accounting Standards Update (ASU) No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. ASU 2023-07 requires enhanced disclosures about significant segment expenses and other segment items on both an annual and interim basis. The Company has applied the standard retrospectively to all periods presented in the consolidated financial statements. The adoption of ASU 2023-07 did not impact the Company's determination of reportable segments but resulted in enhanced disclosures related to segment expense information. The adoption resulted in additional disclosures but did not have an impact on the Company's consolidated financial position, results of operations, or cash flows.

3. ACCOUNTING PRONOUNCEMENTS

Recently Issued Accounting Pronouncements

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

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

4. INVENTORIES

Inventories consisted of the following:

	August 31, 2025	August 31, 2024
Production materials	\$ 5,059,298	\$ 5,513,409
Finished goods	10,465,932	8,877,435
	<u>\$ 15,525,230</u>	<u>\$ 14,390,844</u>

5. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

	August 31, 2025	August 31, 2024
Land	\$ 1,260,312	\$ 1,238,180
Buildings and improvements	14,650,361	14,760,250
Construction in process	817,946	3,086,479
Machinery and equipment	9,154,728	7,276,151
	<u>25,883,347</u>	<u>26,361,060</u>
Less accumulated depreciation	(10,699,429)	(10,095,407)
	<u>\$ 15,183,918</u>	<u>\$ 16,265,653</u>

Depreciation expense was \$979,981 for fiscal 2025 compared to \$1,156,364 in fiscal 2024. Assets in process includes capitalized software costs incurred until the capitalized software is placed in service. Once placed in service, these costs are reclassified to intangible assets, net in the consolidated balance sheet.

6. INTANGIBLE ASSETS, NET

Intangible assets, net consisted of the following:

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

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

Amortization expense related to intangible assets was \$777,289 for fiscal 2025 compared to \$596,700 for fiscal 2024.

As of August 31, 2025, future amortization expense related to intangible assets for each of the next five fiscal years and thereafter is estimated as follows:

Fiscal 2026	\$ 869,359
Fiscal 2027	834,284
Fiscal 2028	834,284
Fiscal 2029	834,284
Fiscal 2030	834,284
Thereafter	4,621,274
Total	<u>\$ 8,827,768</u>

7. INVESTMENTS IN JOINT VENTURES

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

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

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

	Fiscal Year Ended August 31, 2025				
	TOTAL	EXCOR	Acobal	Zerust OY	Other
Net sales	\$ 91,236,272	\$ 32,909,789	\$ 11,721,152	\$ 4,831,258	\$ 41,774,073
Gross profit	39,460,739	17,637,075	4,500,635	2,976,462	14,346,567
Net income	7,081,482	3,325,785	1,418,240	964,653	1,372,804
NTIC's share of equity in income of joint ventures	3,539,057	1,664,532	708,333	483,754	682,436
NTIC's dividends received from joint ventures	1,566,946	—	635,528	382,613	548,805

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

	Fiscal Year Ended August 31, 2024		
	Total	EXCOR	OTHER
Net sales	\$ 95,940,014	\$ 35,720,889	\$ 60,219,125
Gross profit	41,247,036	18,288,258	22,958,778
Net income	8,450,411	4,599,088	3,851,323
NTIC's share of equity in income of joint ventures	4,223,296	2,299,274	1,924,022
NTIC's dividends received from joint ventures	2,997,164	1,624,950	1,372,214

8. CORPORATE DEBT

The Company is party to a Credit Agreement (as amended, the Credit Agreement) with JPMorgan Chase Bank, N.A. (JPM), which provides NTIC with a senior secured revolving line of credit (the Credit Facility) of up to \$10.0 million. The Credit Facility includes a \$5.0 million sublimit for standby letters of credit. Borrowings of \$9,329,021 were outstanding under the Credit Facility as of August 31, 2025. Since NTIC was out of compliance with the fixed charge coverage ratio under the Credit Agreement, NTIC obtained a waiver of the non-compliance from JPM. Based on its current business plan and projections for fiscal 2026, NTIC expects to remain in compliance with the covenant during fiscal 2026, although no assurance can be provided that it will do so.

The principal amount under the Credit Facility, together with all accrued unpaid interest and other amounts owing thereunder, if any, will be payable in full on the January 5, 2026 maturity date, unless the Credit Facility is extended or renewed or terminated earlier. The Company is currently in negotiations with the bank to renew the Credit Facility.

Borrowings under the Credit Agreement bear interest at a floating rate, at the option of the Company, equal to either the CB Floating Rate or the Adjusted SOFR Rate. The term "CB Floating Rate" means the greater of the Prime Rate in the United States or 2.50%. The term "Adjusted SOFR Rate" means the term secured overnight financing rate for either one, three or six months (depending on the interest period selected by the Company) plus 0.10% per annum. With respect to any borrowings using an Adjusted SOFR Rate, there is an applicable margin of 2.35% applied per annum. There is no applicable margin with respect to borrowings using a CB Floating Rate. The weighted average interest rate was 6.61% and 7.44% for fiscal 2025 and 2024, respectively.

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

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

On each of April 22, 2025 and May 29, 2025, the Company's wholly owned subsidiary in China, NTIC China, renewed its loan agreements with China Construction Bank Corporation. Each term loan provided NTIC China with a RMB 10,000,000 (USD \$1.39 million). The term loans mature in April 2026 and May 2026, respectively, unless extended. The term loan that matures in April 2026 has an annual interest rate of 2.75% with interest due monthly, and the term loan that matures in May 2026 has an annual interest rate of 2.96% with interest due monthly. Both term loans are secured by an office building owned by NTIC China and the loan agreements contain certain financial and other covenants. The Company was in compliance with the covenants as of August 31, 2025. The outstanding balance as of August 31, 2025 for both term loans is a total of USD \$2,804,695. The outstanding balance as of August 31, 2024 for both term loans was a total of USD \$2,820,835.

On August 30, 2025, the Company's majority owned subsidiary in India, Natur-Tec India, entered into a Foreign Currency Term Loan Agreement with IDFC FIRST Bank Limited (the Bank). The term loan provides Natur-Tec India with a facility of INR 500 lakhs (USD \$600,000) to finance the purchase of land in Chennai, India. The loan was disbursed on August 30, 2025 for INR 461 lakhs (USD \$522,545) and is repayable in 85 monthly installments to a US dollar account of USD \$7,899 each beginning October 5, 2025 and continuing through September 5, 2032. Borrowings bear interest at a fixed rate of 6.45% per annum. The loan is secured by a lien over Natur-Tec India's cash deposits with the Bank totaling INR 476 lakhs (USD \$539,731), and the related land purchase is expected to be registered in late November 2025. The outstanding balance as of August 31, 2025 was INR 461 lakhs (USD \$522,545), of which INR 61.7 lakhs (USD \$55,561) was classified as current and INR 399.3 lakhs (USD \$466,984) as long-term. The term loan contains customary affirmative and negative covenants applicable to Natur-Tec India, including, among other matters, restrictions on incurring additional indebtedness, creating liens, or changing the nature of its business. Natur-Tec India was in compliance with all covenants as of August 31, 2025.

9. STOCKHOLDERS' EQUITY

During fiscal 2025, the Company's Board of Directors declared cash dividends on the following dates in the following amounts to holders of record of the Company's common stock as of the following record dates:

Declaration Date	Amount	Record Date	Payable Date
October 16, 2024	\$0.07	October 30, 2024	November 13, 2024
January 15, 2025	\$0.07	January 29, 2025	February 12, 2025
April 16, 2025	\$0.01	April 30, 2025	May 14, 2025
July 16, 2025	\$0.01	July 30, 2025	August 13, 2025

During fiscal 2024, the Company's Board of Directors declared cash dividends on the following dates in the following amounts to holders of record of the Company's common stock as of the following record dates:

Declaration Date	Amount	Record Date	Payable Date
October 18, 2023	\$0.07	November 1, 2023	November 15, 2023
January 17, 2024	\$0.07	January 31, 2024	February 14, 2024
April 17, 2024	\$0.07	May 1, 2024	May 15, 2024
July 17, 2024	\$0.07	July 31, 2024	August 14, 2024

During fiscal 2025 and fiscal 2024, the Company repurchased no shares of its common stock.

During fiscal 2025, the Company granted stock options under the Northern Technologies International Corporation 2024 Stock Incentive Plan (the 2024 Plan) to purchase an aggregate of 245,190 shares of its common stock to various employees and directors. The weighted average per share exercise price of the stock options is \$13.26. The exercise price of the stock options is equal to the fair market value of the Company's common stock on the date of grant. During fiscal 2025, stock options to purchase an aggregate of 12,000 shares of common stock were exercised at a weighted average exercise price of \$7.43 per share on a net cashless exercise basis, resulting in no net issuance of common stock.

During fiscal 2025, the Company granted an aggregate of 11,313 restricted stock units under the 2024 Plan to various directors. The grant date fair value of the restricted stock units was \$13.26 per share, which was equal to the fair market value of the Company's common stock on the date of grant, September 1, 2024. The restricted stock units generally vest after one year, subject to continued service with the Company on the vesting date.

During fiscal 2024, the Company granted stock options under the Northern Technologies International Corporation 2019 Stock Incentive Plan (as amended, the 2019 Plan) and the 2024 Plan to purchase an aggregate of 269,844 shares of its common stock to various employees and directors. The weighted average per share exercise price of the stock options is \$13.25. The exercise price of the stock options is equal to the fair market value of the Company's common stock on the date of grant. During fiscal 2024, stock options to purchase an aggregate of 74,309 shares of common stock were exercised at a weighted average exercise price of \$9.76 per share, resulting in the net issuance of 36,094 shares of common stock since some of the options were exercised on a net cashless exercise basis.

The Company issued 3,527 and 3,496 shares of common stock on September 1, 2024 and 2023, respectively, under the Northern Technologies International Corporation Employee Stock Purchase Plan (ESPP). The Company issued 3,856 and 3,284 shares of common stock on March 1, 2025 and 2024, respectively, under the ESPP. The ESPP is compensatory for financial reporting purposes. As of August 31, 2025, 47,871 shares of common stock remained available for sale under the ESPP.

10. NET INCOME PER COMMON SHARE

Basic net income per common share is computed by dividing net income by the weighted average number of common shares outstanding. Diluted net income per share assumes the exercise of stock options using the treasury stock method, if dilutive.

The following is a reconciliation of the net income per share computation for fiscal 2025 and fiscal 2024:

Numerator:	August 31, 2025	August 31, 2024
Net income attributable to NTIC	\$ 17,619	\$ 5,409,082
Denominator:		
Basic-weighted shares outstanding	9,476,085	9,434,020
Weighted shares assumed upon exercise of stock options	163,592	399,430
Diluted – weighted shares outstanding	9,639,676	9,833,450
Basic net income per share:	\$ 0.00	\$ 0.57
Diluted net income per share:	\$ 0.00	\$ 0.55

The dilutive impact summarized above relates to the periods when the average market price of the Company's common stock exceeded the exercise price of the potentially dilutive option securities granted. Net income per common share was based on the weighted average number of common shares outstanding during the periods when computing the basic net income per share. When dilutive, stock options are included as equivalents using the treasury stock market method when computing the diluted net income per share. Excluded from the computation of diluted net income per share as of August 31, 2025 were options outstanding to purchase 1,833,783 shares of common stock. Excluded from the computation of diluted net income per share as of August 31, 2024 were options outstanding to purchase 305,514 shares of common stock.

11. STOCK-BASED COMPENSATION

Stock Options

The Company has four stock-based compensation plans under which stock options or other stock-based awards have been granted: the Northern Technologies International Corporation 2024 Stock Incentive Plan, the Northern Technologies International Corporation Amended and Restated 2019 Stock Incentive Plan, the Northern Technologies International Corporation Amended and Restated 2007 Stock Incentive Plan (the 2007 Plan) and the Northern Technologies International Corporation Employee Stock Purchase Plan. The 2024 Plan replaced the 2019 Plan with respect to future award grants, which had replaced the 2007 Plan with respect to future grants; and, therefore, no further awards may be made under the 2019 Plan or 2007 Plan. The Compensation Committee of the Board of Directors and the Board of Directors administer these plans.

The 2024 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 2024 Plan, the maximum number of shares of the Company's common stock available for issuance under the 2024 Plan is (i) 800,000 shares of the Company's common stock; plus (ii) the number of shares of the Company's common stock remaining available for issuance under the 2019 Plan but not subject to outstanding awards under the 2019 Plan as of January 19, 2024; plus (iii) the number of additional shares of the Company's common stock subject to awards outstanding under the 2019 Plan as of January 19, 2024 but only to the extent that such outstanding awards are forfeited, cancelled, expire, or otherwise terminate without the issuance of such shares of the Company's common stock after January 19, 2024. Options granted generally have a term of ten years and become exercisable over a one- or three-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 August 31, 2025, options to purchase an aggregate of 245,190 shares of the Company's common stock were outstanding under the 2024 Plan and 700,556 shares of the Company's common stock remained available for grant under the 2024 Plan. As of August 31, 2025, options to purchase an aggregate of 1,387,415 shares of the Company's common stock were outstanding under the 2019 Plan, and 290,533 shares of the Company's common stock were outstanding under the 2007 Plan.

The Company granted options to purchase an aggregate of 245,190 and 269,844 shares of its common stock during fiscal 2025 and 2024, respectively. The fair value of option grants is determined at the date of grant using the Black-Scholes option pricing model with the assumptions listed below. The Company recognized compensation expense of \$1,211,434 during fiscal 2025 and compensation expense of \$1,381,169 during fiscal 2024 related to the options that vested during such time period. As of August 31, 2025, the total compensation cost for non-vested options not yet recognized in the Company's consolidated statements of operations was \$1,010,384. Stock-based compensation expense of \$672,054 is expected during fiscal 2026 and \$338,330 is expected to be recognized during fiscal 2027, based on outstanding options as of August 31, 2025. 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 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:

	Fiscal Year 2025	Fiscal Year 2024
Dividend yield	2.15%	2.18%
Expected volatility	47.4%	46.1%
Expected life of option (years)	5	5
Weighted average risk-free interest rate	3.66%	4.23%

Stock option activity during the periods indicated was as follows:

	Number of Shares (#)	Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding as of August 31, 2023	1,557,132	\$ 11.08	
Options granted	269,844	13.25	
Options exercised	(74,309)	9.76	
Options terminated	—	—	
Outstanding as of August 31, 2024	1,752,665	\$ 11.47	
Options granted	245,190	13.26	
Options exercised	(12,000)	7.43	
Options terminated	(62,717)	7.43	
Outstanding as of August 31, 2025	<u>1,923,138</u>	<u>\$ 11.86</u>	<u>\$ 62,547</u>
Exercisable as of August 31, 2025	<u>1,476,274</u>	<u>\$ 11.52</u>	<u>\$ 62,547</u>

The weighted average per share fair value of options granted during fiscal 2025 and fiscal 2024 was \$5.07 and \$5.04, respectively. The weighted average remaining contractual life of the options outstanding as of August 31, 2025 and 2024 was 5.74 years and 6.03 years, respectively.

Restricted Stock Units

Restricted stock units were granted under the 2024 Plan on September 1, 2024 to certain non-employee directors during the year ended August 31, 2025 and vest in full on the one-year anniversary of the date of grant. There were no restricted stock units granted or outstanding during the fiscal year ended August 31, 2024. A summary of restricted stock unit activity for the year ended August 31, 2025 is as follows:

	Number of Restricted Stock Units	Weighted Average Grant Date Fair Value
Outstanding as of August 31, 2024	—	\$ —
Granted	11,313	13.26
Vested/Settled	—	—
Outstanding as of August 31, 2025	11,313	\$ 13.26

Restricted stock units are valued using the closing stock price on the grant date. The Company recognizes the grant date fair value of the restricted stock units over the vesting term, or one year. For the year ended August 31, 2025, the Company recognized \$148,652 in stock-based compensation expense. As of August 31, 2025, there was no unrecognized stock-based compensation expense relating to outstanding restricted stock units.

12. SEGMENT AND GEOGRAPHIC INFORMATION

Segment Information

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

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. There are no intersegment sales and no operating segments have been aggregated.

The following tables present the Company's net sales by segment:

	Fiscal 2025	Fiscal 2024
ZERUST® net sales	\$ 62,488,397	\$ 63,092,575
Natur-Tec® net sales	21,746,077	21,966,942
Total net sales	\$ 84,234,474	\$ 85,059,517

The following table sets forth the Company's cost of goods sold by segment:

	Fiscal 2025	Fiscal 2024
Direct cost of goods sold		
ZERUST®	\$ 35,535,306	\$ 33,623,834
Natur-Tec®	13,994,302	14,148,145
Indirect cost of goods sold	3,028,311	3,501,176
Total net cost of goods sold	\$ 52,557,919	\$ 51,273,155

The following table sets forth the Company's gross profit by segment:

	Fiscal 2025	Fiscal 2024
ZERUST® gross profit	\$ 26,953,091	\$ 29,468,741
Natur-Tec® gross profit	7,751,775	7,818,797
Total segment gross profit	34,704,866	37,287,538
Indirect cost of goods sold	(3,028,311)	(3,501,176)
Total gross profit	\$ 31,676,555	\$ 33,786,362
Total joint venture operations	8,545,207	9,475,078
Selling expenses	(17,820,196)	(16,413,672)
General and administrative expenses	(14,792,988)	(14,176,494)
Research and development expenses	(5,038,281)	(4,802,791)
Interest income	308,054	118,827
Interest expense	(599,927)	(340,129)
Other income	752,971	—
Income before income tax expense	\$ 3,031,395	\$ 7,647,181

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

Geographic Information

Net sales by geographic location for fiscal 2025 and fiscal 2024 were as follows:

	Fiscal Year Ended August 31,	
	2025	2024
Inside the U.S. to unaffiliated customers	\$ 29,547,889	\$ 30,492,665
Outside the U.S. to:		
Joint ventures in which the Company is a shareholder directly and indirectly	2,368,099	2,228,894
Unaffiliated customers	52,318,486	52,337,958
	\$ 84,234,474	\$ 85,059,517

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

Fees for services provided to joint ventures by geographic location as a percentage of total fees for services provided to joint ventures during fiscal 2025 and fiscal 2024, respectively, were as follows:

		% of Total Fees for Services Provided to Joint Ventures		% of Total Fees for Services Provided to Joint Ventures
	Fiscal 2025		Fiscal 2024	
Germany	\$ 846,281	16.9%	\$ 828,932	15.8%
Poland	840,467	16.8%	849,736	16.2%
Japan	647,573	12.9%	582,674	11.1%
Finland	411,268	8.2%	395,515	7.5%
United Kingdom	404,342	8.1%	375,150	7.1%
Thailand	371,175	7.4%	332,148	6.3%
Sweden	330,205	6.6%	445,560	8.5%
France	320,546	6.4%	485,627	9.2%
Czech Republic	303,869	6.1%	338,195	6.4%
South Korea	186,669	3.7%	258,314	4.9%
Indonesia	137,125	2.7%	166,053	3.2%
Other	206,631	4.2%	193,877	3.7%
	<u>\$ 5,006,151</u>	<u>100.0%</u>	<u>\$ 5,251,782</u>	<u>100.0%</u>

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

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

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

	At August 31, 2025	At August 31, 2024
China	\$ 5,355,918	\$ 5,627,202
Other	1,296,988	1,217,400
United States	8,531,012	9,421,051
Total property and equipment	<u>\$ 15,183,918</u>	<u>\$ 16,265,653</u>

	Fiscal Year Ended August 31, 2025	Fiscal Year Ended August 31, 2024
China	\$ 16,239,889	\$ 14,245,238
Brazil	6,570,850	5,994,372
India	22,620,639	22,189,317
Other	9,255,207	12,137,925
United States	29,547,889	30,492,665
Total net sales	<u>\$ 84,234,474</u>	<u>\$ 85,059,517</u>

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

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

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

13. RETIREMENT PLAN

The Company has a 401(k) employee savings plan. Employees who meet certain age and service requirements may elect to contribute up to 15% of their salaries. The Company typically contributes the lesser of 50% of the participant's contributions or 3.5% of the employee's salary. The Company recognized expense for the savings plan of \$339,319 and \$332,726 for fiscal 2025 and fiscal 2024, respectively.

14. RELATED PARTY TRANSACTIONS

During both fiscal 2025 and fiscal 2024, the Company made consulting payments of \$144,000 to Bioplastic Polymers LLC, an entity owned by Ramani Narayan, Ph.D., a director of the Company. Dr. Narayan provides certain consulting services to the Company relating to the Natur-Tec® business and bioplastics program.

15. INCOME TAXES

The provision for income taxes for the fiscal years ended August 31, 2025 and 2024 was approximately as follows:

	Fiscal Year Ended August 31,	
	2025	2024
Current:		
Federal	\$ —	\$ —
State	69,000	48,000
Foreign	1,823,000	1,601,000
	<u>1,892,000</u>	<u>1,649,000</u>
Deferred:		
Federal	—	—
State	—	—
Foreign	153,002	(323,203)
	<u>153,002</u>	<u>(323,203)</u>
	<u>\$ 2,045,002</u>	<u>\$ 1,325,797</u>

Reconciliations of the expected federal income tax at the statutory rate of 21.0% with the provisions for income taxes for the fiscal years ended August 31, 2025 and 2024 were approximately as follows:

	Fiscal Year Ended August 31,	
	2025	2024
Tax computed at statutory rates	\$ 647,000	\$ 1,627,000
State income tax, net of federal benefit	120,000	21,000
Tax effect on equity in income of international joint ventures	(742,000)	(887,000)
Tax effect of foreign operations	875,000	371,000
Deemed repatriation	26,000	4,000
Foreign tax credit	—	(321,000)
Research and development credit	(138,000)	(512,000)
Valuation allowance	1,363,000	1,066,000
Stock based compensation	77,002	175,000
Non-controlling interest	(62,000)	(71,000)
Prior year true-up	(112,000)	(146,000)
Other	(9,000)	(1,203)
	<u>\$ 2,045,002</u>	<u>\$ 1,325,797</u>

The Company has not provided U.S. income taxes or foreign withholding taxes with respect to its portion of the cumulative undistributed earnings of certain foreign subsidiaries and joint ventures that are essentially permanent in duration. As a result of the 2017 tax law changes, U.S. federal income taxes on dividends received from the Company's foreign subsidiaries and joint ventures after December 31, 2017 have been generally eliminated. However, the Company continues to be subject to foreign withholding taxes upon repatriation of any undistributed earnings that are not essentially permanent in duration. The Company recorded tax expense of approximately \$200,000 in fiscal 2025 and a tax benefit of approximately \$180,000 during fiscal 2024, representing changes in the deferred tax liability for foreign withholding taxes to be paid with respect to the portion of the cumulative undistributed earnings of foreign subsidiaries and joint ventures that the Company determined were not essentially permanent in duration.

The Company measures deferred tax assets and liabilities using enacted tax rates that will apply in the years in which the temporary differences are expected to be recovered or paid. The tax effect of the temporary differences and tax carryforwards comprising the net deferred taxes shown on the consolidated balance sheets as of August 31, 2025 and 2024 was approximately as follows:

	August 31,	
	2025	2024
Stock-based compensation	\$ 797,000	\$ 637,100
Foreign tax credit carryforward	2,814,400	3,844,800
Capitalized research and experimentation	2,472,400	2,037,800
Other credit and loss carryforward	6,757,900	5,974,200
Capital loss carryforward	129,900	—
Interest expense limitation	71,300	—
Other	922,400	965,368
Total deferred tax assets	13,965,300	13,459,268
Valuation allowance	(13,153,200)	(12,694,800)
Total deferred tax assets after valuation allowance	812,100	764,468
Right-of-use asset	(51,900)	(64,700)
Intangible assets	(1,457,700)	(1,564,200)
Unremitted foreign earnings	(234,600)	(34,800)
Other	(77,491)	(61,100)
Total deferred tax liabilities	(1,821,691)	(1,724,800)
Net deferred tax liabilities	\$ (1,009,591)	\$ (960,332)

As of August 31, 2025, the Company has foreign tax credit carryforwards of \$2,814,400. This amount begins to expire to the extent not utilized by August 31, 2026. In addition, the Company had federal and state tax credit carryforwards of \$5,575,300 as of August 31, 2025, which begin to expire in fiscal 2026. These federal and state tax credit carryforwards consist primarily of federal and Minnesota research and development credit carryforwards. The Company also has a deferred tax asset of \$832,700 for federal net operating loss carryforwards and \$330,100 for state net operating loss carryforwards as of August 31, 2025. The federal net operating loss carryforward has an indefinite carryforward period. The state net operating loss carryforward will begin to expire to the extent not utilized by August 31, 2026. The Company has a deferred tax asset of \$441,600 for foreign net operating loss carryforwards, which will begin to expire to the extent not utilized by August 31, 2033.

The Company records a tax valuation allowance to reduce deferred tax assets to the amount expected to be realized when it is more likely than not that some portion or all of its deferred tax assets will not be realized.

The Company determined based on all available evidence, including historical data and projections of future results, that it is more likely than not that its domestic deferred tax assets will not be realized due to the absence of objectively verifiable sources of taxable income. On the basis of this evaluation, the Company has recorded a valuation allowance of \$13,153,200 and \$12,694,800 as of August 31, 2025 and 2024, respectively, to recognize only the portion of the deferred tax assets that is more likely than not to be realized. The net deferred tax asset as of August 31, 2025 and 2024 relates entirely to non-US deferred tax assets which are expected to be realized offset by deferred tax liability for withholding tax on cumulative undistributed earnings in foreign subsidiaries and joint ventures that the Company determined were not essentially permanent. The change in the valuation allowance totaled an increase of \$458,400 and \$761,100 for the years ended August 31, 2025 and 2024, respectively.

The following is a tabular reconciliation of the total amounts of approximated unrecognized tax benefits:

	Fiscal Year Ended August 31,	
	2025	2024
Gross unrecognized tax benefits – beginning balance	\$ 399,300	\$ 361,200
Gross (decreases) increases – prior period tax positions	(17,400)	(5,400)
Gross increases – current period tax positions	40,000	43,500
Gross unrecognized tax benefits – ending balance	<u>\$ 421,900</u>	<u>\$ 399,300</u>

The entire amount of unrecognized tax benefits would affect the effective tax rate if recognized. It is not expected that the amount of unrecognized tax benefits will change significantly in the next 12 months.

The Company recognizes interest related to unrecognized tax benefits and penalties as income tax expense. Accrued interest and penalties are included within the related tax liability line in the consolidated balance sheet. There was no liability for the payment of interest and penalties as of both August 31, 2025 and August 31, 2024.

The Company is subject to taxation in the United States and various states and foreign jurisdictions. With few exceptions, as of August 31, 2025, the Company is no longer subject to federal, state, local, or foreign examinations by tax authorities for years prior to August 31, 2022.

On July 4, 2025, the One Big Beautiful Bill Act (“OBBBA”) was signed into law, which included various provisions, including the reinstatement of full expensing for qualified business property acquired and placed in service after January 19, 2025. Further, the OBBBA includes other provisions which are not effective for the Company until years ending August 31, 2026 and beyond, including immediate expensing of domestic research and experimental expenditures, modification of the limitation on the business interest deduction, and on the taxation of foreign operations. We do not expect the OBBBA to have a material impact on our consolidated financial statements.

16. COMMITMENTS AND CONTINGENCIES

Other Expense

In June 2025, NTIC China received a notice from Ningbo Customs, the customs authority at the Ningbo Port in China, regarding the historical export classification of Natur-Tec masterbatch resin products. Ningbo Customs determined that NTIC China misclassified certain products under a code that qualified for a 13% value-added tax rebate, and reclassified them under a code that does not qualify for a value-added tax rebate. As a result, NTIC China has been assessed repayment obligations of approximately \$236,785 and penalties of approximately \$150,000.

Management has accrued the full estimated liability of \$386,785 in fiscal year 2025 within Other Expense. NTIC is evaluating potential avenues to negotiate a reduction in penalties; however, no such reductions have been agreed upon as of the issuance date of these financial statements.

Operating Leases

The Company currently has operating leases for various buildings, equipment and vehicles. These leases are under non-cancelable operating lease agreements with expiration dates between November 30, 2025 and May 31, 2028. The Company has the option to extend certain leases to five or ten-year term(s) and has the right of first refusal on any sale.

The Company records lease liabilities within current liabilities or long-term liabilities based upon the length of time associated with the lease payments. The Company records its long-term operating leases as right-of-use assets. Upon initial adoption, using the modified retrospective transition approach, no leases with terms less than 12 months have been capitalized to the consolidated balance sheet consistent with ASC 842. Instead, these leases are recognized in the consolidated statement of operations on a straight-line expense throughout the lives of the leases. None of the Company’s leases contain common area maintenance or security agreements.

The Company has made certain assumptions and judgments when applying ASC 842, the most significant of which is that the Company elected the package of practical expedients available for transition that allow the Company to not reassess whether expired or existing contracts contain leases under the new definition of a lease, lease classification for expired or existing leases and whether previously capitalized initial direct costs would qualify for capitalization under ASC 842. Additionally, the Company did not elect to use hindsight when considering judgments and estimates such as assessments of lessee options to extend or terminate a lease or purchase the underlying asset. The Company has no contingent rent agreements.

Present Value of Leases

	August 31, 2025	August 31, 2024
Right-of-use assets, net	\$ 493,050	\$ 424,558
Current portion of lease liability	344,739	325,116
Lease liability, less current portion	148,311	99,442
Total lease liability	<u>\$ 493,050</u>	<u>\$ 424,558</u>

The weighted-average remaining lease term was 0.80 years and 1.25 years as of August 31, 2025 and 2024, respectively. The Company's lease agreements do not provide a readily determinable implicit rate nor is it available to the Company from its lessors. Instead, as of each of August 31, 2025 and 2024, the Company estimates the weighted-average discount rate for its operating leases to be 7.61%, based on the incremental borrowing rate.

Future minimum payments as of August 31, 2025 under these long-term operating leases are as follows (in thousands):

Fiscal 2026	\$ 344,739
Fiscal 2027	144,193
Fiscal 2028	38,018
Thereafter	—
Total future minimum lease payments	526,950
Less amount representing interest	(33,900)
Present value of obligations under operating leases	493,050
Less current portion	(344,739)
Long-term operating lease obligations	<u>\$ 148,311</u>

Operating lease cost under these leases was approximately \$344,739 and \$340,799 for the years ended August 31, 2025 and 2024, respectively.

Annual Bonus Plan

On August 28, 2025, 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, 2026. For fiscal 2026, 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 (EBITOI), 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 EBITOI for fiscal 2026 compared to a pre-established target EBITOI for fiscal 2026, 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 is discretionary, and bonuses may be paid to executive officer participants in both cash and shares of the Company's common stock, the exact amount and percentages of which are 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 2026.

On August 26, 2024, 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, 2025. \$1,100,000 was recognized for bonuses for the fiscal year ended August 31, 2025, \$800,000 of the bonus is comprised of stock options granted to management on September 1, 2024 that will be expensed over three years and \$300,000 will be paid out in cash and profit sharing subsequent to year end. This is compared to \$2,200,000 recognized for bonuses for the fiscal year ended August 31, 2024, \$800,000 of the bonus comprised of stock options granted to management on September 1, 2023 and \$1,400,000 was paid out in cash and profit sharing subsequent to year end.

Legal Matters

From time to time, the Company is subject to various other claims and legal actions in the ordinary course of its business. The Company records a liability in its consolidated financial statements for costs related to claims, including future legal costs, settlements and judgments, where the Company has assessed that a loss is probable and an amount could be reasonably estimated. If the reasonable estimate of a probable loss is a range, the Company records the most probable estimate of the loss or the minimum amount when no amount within the range is a better estimate than any other amount. The Company discloses a contingent liability even if the liability is not probable or the amount is not estimable, or both, if there is a reasonable possibility that material loss may have been incurred. In the opinion of management, as of August 31, 2025, the amount of liability, if any, with respect to these matters, individually or in the aggregate, will not materially affect the Company’s consolidated results of operations, financial position, or cash flows.

17. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental disclosures of cash flow information consisted of:

	Fiscal Year Ended August 31,	
	2025	2024
Cash paid for income tax	\$ 1,605,283	\$ 1,191,538
Cash paid for interest	599,927	340,129
Cash paid for operating leases	344,739	340,799

18. SUBSEQUENT EVENT

On October 15, 2025, the Company’s Board of Directors declared a cash dividend of \$0.01 per share of the Company’s common stock, payable on November 12, 2025 to stockholders of record on October 29, 2025. The declaration of future dividends is not guaranteed and will be determined by the Company’s Board of Directors in light of conditions then existing, including the Company’s earnings, financial condition, cash requirements, restrictions in financing agreements, business conditions, and other factors.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 9A. 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.

Management's Report on Internal Control over Financial Reporting

NTIC's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f), for Northern Technologies International Corporation and its subsidiaries. This system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

NTIC's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements, and even when determined to be effective, can only provide reasonable assurance with respect to financial statement preparation and presentation. In addition, projection of any evaluation of the effectiveness of internal control over financial reporting to future periods is subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, with the participation of NTIC's President and Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's internal control over financial reporting as of August 31, 2025. In making this evaluation, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework (2013). Based on this assessment, management concluded that the Company's internal control over financial reporting was effective as of August 31, 2025.

This report does not include an attestation report of NTIC's independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by NTIC's independent registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit NTIC to provide only management's report in this report.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) during the quarter ended August 31, 2025, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. OTHER INFORMATION

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

During the three months ended August 31, 2025, none of our directors or "officers" (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of SEC Regulation S-K.

Item 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors

The information in the “Proposal One – Election of Directors” section of NTIC’s definitive proxy statement to be filed with the Securities and Exchange Commission with respect to NTIC’s next annual meeting of stockholders, which involves the election of directors, is incorporated in this annual report on Form 10-K by reference.

Executive Officers

Information concerning NTIC’s executive officers and officers is included in this annual report on Form 10-K under Part I under the heading “Information about our Executive Officers.”

Code of Ethics

NTIC has adopted a code of ethics that applies to its principal executive officer, principal financial officer, principal accounting officer, or controller or persons performing similar functions, as well as other employees and NTIC’s directors and meets the requirements of the SEC and The Nasdaq Stock Market. A copy of NTIC’s Code of Ethics is filed as an exhibit to this report. NTIC intends to satisfy the disclosure requirements of Item 5.05 of Form 8-K regarding amendments to or waivers from any provision of its code of ethics by posting such information on its corporate website at www.ntic.com.

Insider Trading Policy

NTIC has adopted an insider trading policy governing the purchase, sale, and/or other dispositions of its securities by directors, officers and employees, among other insiders. NTIC believes its insider trading policy is reasonably designed to promote compliance with applicable insider trading laws, rules and regulations, and Nasdaq listing rules. NTIC’s insider trading policy is filed as Exhibit 19.1 to this annual report on Form 10-K for the fiscal year ended August 31, 2025.

Changes to Nomination Procedures

During the fourth quarter of fiscal 2025, there were no material changes to the procedures by which stockholders may recommend nominees to NTIC’s Board of Directors, as described in NTIC’s most recent proxy statement.

Audit Committee Matters

The information in the “Corporate Governance—Audit Committee” section of NTIC’s definitive proxy statement to be filed with the Securities and Exchange Commission with respect to NTIC’s next annual meeting of stockholders, which involves the election of directors, is incorporated in this annual report on Form 10-K by reference.

Item 11. EXECUTIVE COMPENSATION

The information in the “Director Compensation” and “Executive Compensation” sections of NTIC’s definitive proxy statement to be filed with the Securities and Exchange Commission with respect to NTIC’s next annual meeting of stockholders, which involves the election of directors, is incorporated in this annual report on Form 10-K by reference.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Stock Ownership

The information in the “Stock Ownership—Beneficial Ownership of Significant Stockholders and Management” section of NTIC’s definitive proxy statement to be filed with the Securities and Exchange Commission with respect to NTIC’s next annual meeting of stockholders, which involves the election of directors, is incorporated in this annual report on Form 10-K by reference.

Securities Authorized for Issuance under Equity Compensation Plans

The following table summarizes outstanding options and other awards under NTIC’s equity compensation plans as of August 31, 2025. NTIC’s equity compensation plans as of August 31, 2025 were the Northern Technologies International Corporation 2024 Stock Incentive Plan, the Northern Technologies International Corporation Amended and Restated 2019 Stock Incentive Plan, the Northern Technologies International Corporation Amended and Restated 2007 Stock Incentive Plan, and the Northern Technologies International Corporation Employee Stock Purchase Plan.

Except for automatic annual grants of \$50,000 in options to purchase shares of NTIC common stock (or, at the election of each director of NTIC, restricted stock units) to NTIC’s directors in consideration for their services as directors of NTIC and an automatic annual grant of \$10,000 in options to purchase shares of NTIC common stock (or, at the election of NTIC’s Chair of the Board, restricted stock units) to NTIC’s Chair of the Board in consideration for his services as Chair, in each case on the first day of each fiscal year, and automatic initial pro rata grants of \$50,000 in options to purchase shares of NTIC common stock (or, at the election of each new director of NTIC, restricted stock units) to NTIC’s new directors in consideration for their services as directors of NTIC on the first date of their appointment as directors, options, restricted stock units and other awards granted in the future under the Northern Technologies International Corporation 2024 Stock Incentive Plan are within the discretion of the Board of Directors and the Compensation Committee of the Board of Directors and, therefore, cannot be ascertained at this time. No future grants of options or other stock awards will be made under the Northern Technologies International Corporation Amended and Restated 2019 Stock Incentive Plan or the Northern Technologies International Corporation Amended and Restated 2007 Stock Incentive Plan.

	(a)	(b)	(c)
	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in column (a))
Plan Category			
Equity compensation plans approved by security holders	1,923,138 ⁽¹⁾⁽²⁾	\$11.87 ⁽³⁾	811,144 ⁽⁴⁾
Equity compensation plans not approved by security holders	—	—	—
Total	1,923,138⁽¹⁾⁽²⁾	\$11.87⁽³⁾	811,144⁽⁴⁾

(1) Amount includes 290,533 shares of NTIC common stock issuable upon the exercise of stock options outstanding as of August 31, 2025 under the Northern Technologies International Corporation Amended and Restated 2007 Stock Incentive Plan, 1,387,415 shares of NTIC common stock issuable upon the exercise of stock options outstanding as of August 31, 2025 under the Northern Technologies International Corporation Amended and Restated 2019 Stock Incentive Plan, and 245,190 shares of NTIC common stock issuable upon the exercise of stock options and 11,313 shares of NTIC common stock issuable upon the vesting and settlement of restricted stock units outstanding as of August 31, 2025 under the Northern Technologies International Corporation 2024 Stock Incentive Plan.

- (2) Excludes employee stock purchase rights accruing under the Northern Technologies International Corporation Employee Stock Purchase Plan. Under such plan, each eligible employee may purchase up to 2,000 shares of NTIC common stock at semi-annual intervals on February 28th or 29th (as the case may be) and August 31st each year at a purchase price per share equal to 90% of the lower of (i) the closing sales price per share of NTIC common stock on the first day of the offering period or (ii) the closing sales price per share of NTIC common stock on the last day of the offering period.
- (3) Not included in the weighted-average exercise price calculation are 11,313 restricted stock units under the Northern Technologies International Corporation 2024 Stock Incentive Plan.
- (4) Amount includes 763,273 shares available as of August 31, 2025 for future issuance under Northern Technologies International Corporation 2024 Stock Incentive Plan and 47,871 shares available at August 31, 2025 for future issuance under the Northern Technologies International Corporation Employee Stock Purchase Plan.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information in the “Related Person Relationships and Transactions” and “Corporate Governance—Director Independence” sections of NTIC’s definitive proxy statement to be filed with the Securities and Exchange Commission with respect to NTIC’s next annual meeting of stockholders, which involves the election of directors, is incorporated in this annual report on Form 10-K by reference.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information in the “Proposal Four—Ratification of Selection of Independent Registered Public Accounting Firm—Audit, Audit-Related, Tax and Other Fees” and “Proposal Four—Ratification of Selection of Independent Registered Public Accounting Firm—Audit Committee Pre-Approval Policies and Procedures” sections of NTIC’s definitive proxy statement to be filed with the Securities and Exchange Commission with respect to NTIC’s next annual meeting of stockholders, which involves the election of directors, is incorporated in this annual report on Form 10-K by reference.

PART IV

Item 15. EXHIBIT AND FINANCIAL STATEMENT SCHEDULES

Financial Statements

NTIC's consolidated financial statements are included in Item 8 of Part III of this report.

Financial Statement Schedules

All financial statement schedules are omitted because they are inapplicable since NTIC is a smaller reporting company.

Exhibits

The exhibits being filed or furnished with this report are listed below. Each management contract or compensatory plan or arrangement required to be filed as an exhibit to this report is asterisked below.

A copy of any exhibits listed or referred to herein will be furnished at a reasonable cost to any person who is a stockholder upon receipt from any such person of a written request for any such exhibit. Such request should be sent to: Mr. Matthew Wolsfeld, Corporate Secretary, Northern Technologies International Corporation, 4201 Woodland Road, P.O. Box 69, Circle Pines, Minnesota 55014 Attn: Stockholder Information.

Item No.	Item	Method of Filing
3.1	Restated Certificate of Incorporation of Northern Technologies International Corporation	Incorporated by reference to Exhibit 3.1 to NTIC's Quarterly Report on Form 10-Q for the fiscal quarter ended February 28, 2023 (File No. 001-11038)
3.2	Third Amended and Restated Bylaws of Northern Technologies International Corporation	Incorporated by reference to Exhibit 3.2 to NTIC's Annual Report on Form 10-K for the fiscal year ended August 31, 2024 (File No. 001-11038)
4.1	Specimen Stock Certificate Representing Common Stock of Northern Technologies International Corporation	Incorporated by reference to Exhibit 4.1 to NTIC's Registration Statement on Form 10 (File No. 001-19331) (Filed on paper - hyperlink is not required pursuant to Rule 105 of Regulation S-T)
4.2	Description of Common Stock of Northern Technologies International Corporation	Incorporated by reference to Exhibit 4.2 to NTIC's Annual Report on Form 10-K for the fiscal year ended August 31, 2023 (File No. 001-11038)
10.1	Northern Technologies International Corporation 2024 Stock Incentive Plan*	Incorporated by reference to Exhibit 10.1 to NTIC's Current Report on Form 8-K as filed with the Securities and Exchange Commission on January 19, 2024 (File No. 001-11038)

10.2	Form of Incentive Stock Option Agreement for use with the Northern Technologies International Corporation 2024 Stock Incentive Plan*	<u>Incorporated by reference to Exhibit 10.2 to NTIC's Current Report on Form 8-K as filed with the Securities and Exchange Commission on January 19, 2024 (File No. 001-11038)</u>
10.3	Form of Non-Statutory Stock Option Agreement for use with the Northern Technologies International Corporation 2024 Stock Incentive Plan*	<u>Incorporated by reference to Exhibit 10.3 to NTIC's Current Report on Form 8-K as filed with the Securities and Exchange Commission on January 19, 2024 (File No. 001-11038)</u>
10.4	Form of Restricted Stock Unit Award Agreement for use with the Northern Technologies International Corporation 2024 Stock Incentive Plan*	<u>Incorporated by reference to Exhibit 10.4 to NTIC's Current Report on Form 8-K as filed with the Securities and Exchange Commission on January 19, 2024 (File No. 001-11038)</u>
10.5	Northern Technologies International Corporation Amended and Restated 2019 Stock Incentive Plan*	<u>Incorporated by reference to Exhibit 10.1 to NTIC's Current Report on Form 8-K as filed with the Securities and Exchange Commission on January 15, 2021 (File No. 001-11038)</u>
10.6	Form of Incentive Stock Option Agreement for Northern Technologies International Corporation Amended and Restated 2019 Stock Incentive Plan*	<u>Incorporated by reference to Exhibit 10.2 to NTIC's Current Report on Form 8-K as filed with the Securities and Exchange Commission on January 25, 2019 (File No. 001-11038)</u>
10.7	Form of Non-Statutory Stock Option Agreement for Northern Technologies International Corporation Amended and Restated 2019 Stock Incentive Plan*	<u>Incorporated by reference to Exhibit 10.3 to NTIC's Current Report on Form 8-K as filed with the Securities and Exchange Commission on January 25, 2019 (File No. 001-11038)</u>
10.8	Northern Technologies International Corporation Amended and Restated 2007 Stock Incentive Plan*	<u>Incorporated by reference to Exhibit 10.1 to NTIC's Current Report on Form 8-K as filed with the Securities and Exchange Commission on January 24, 2011 (File No. 001-11038)</u>
10.9	Form of Incentive Stock Option Agreement for Northern Technologies International Corporation Amended and Restated 2007 Stock Incentive Plan*	<u>Incorporated by reference to Exhibit 10.2 to NTIC's Current Report on Form 8-K as filed with the Securities and Exchange Commission on January 24, 2011 (File No. 001-11038)</u>
10.10	Form of Non-Statutory Stock Option Agreement for Northern Technologies International Corporation Amended and Restated 2007 Stock Incentive Plan*	<u>Incorporated by reference to Exhibit 10.3 to NTIC's Current Report on Form 8-K as filed with the Securities and Exchange Commission on January 24, 2011 (File No. 001-11038)</u>

10.11	Northern Technologies International Corporation Employee Stock Purchase Plan*	<u>Incorporated by reference to Exhibit 10.11 to NTIC's Annual Report on Form 10-KSB for the fiscal year ended August 31, 2006 (File No. 001-11038)</u>
10.12	Material Terms of Northern Technologies International Corporation Annual Bonus Plan*	<u>Incorporated by reference to Exhibit 10.6 to NTIC's Annual Report on Form 10-K for the fiscal year ended August 31, 2015 (File No. 001-11038)</u>
10.13	Form of Indemnification Agreement between Northern Technologies International Corporation and its Directors and Officers*	<u>Incorporated by reference to Exhibit 10.1 to NTIC's Current Report on Form 8-K as filed with the Securities and Exchange Commission on October 23, 2019 (File No. 001-11038)</u>
10.14	Executive Employment Agreement dated as of November 18, 2011 between Northern Technologies International Corporation and G. Patrick Lynch*	<u>Incorporated by reference to Exhibit 10.13 to NTIC's Annual Report on Form 10-K for the fiscal year ended August 31, 2011 (File No. 001-11038)</u>
10.15	Confidential Information, Inventions Assignment, Noncompetition and Non-Solicitation Agreement dated as of November 18, 2011 between Northern Technologies International Corporation and G. Patrick Lynch*	<u>Incorporated by reference to Exhibit 10.14 to NTIC's Annual Report on Form 10-K for the fiscal year ended August 31, 2011 (File No. 001-11038)</u>
10.16	Executive Employment Agreement dated as of November 18, 2011 between Northern Technologies International Corporation and Matthew C. Wolsfeld*	<u>Incorporated by reference to Exhibit 10.15 to NTIC's Annual Report on Form 10-K for the fiscal year ended August 31, 2011 (File No. 001-11038)</u>
10.17	Confidential Information, Inventions Assignment, Noncompetition and Non-Solicitation Agreement dated as of November 18, 2011 between Northern Technologies International Corporation and Matthew C. Wolsfeld*	<u>Incorporated by reference to Exhibit 10.16 to NTIC's Annual Report on Form 10-K for the fiscal year ended August 31, 2011 (File No. 001-11038)</u>
10.18	Credit Agreement between JPMorgan Chase Bank, N.A. and Northern Technologies International Corporation, dated December 19, 2022	<u>Incorporated by reference to Exhibit 10.1 to NTIC's Quarterly Report on Form 10-Q for the fiscal quarter ended February 28, 2023 (File No. 001-11038)</u>
10.19	Second Amendment to Credit Agreement, dated as of January 6, 2025, between JPMorgan Chase Bank, N.A. and Northern Technologies International Corporation	<u>Incorporated by reference to Exhibit 10.1 to NTIC's Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 2024 (File No. 001-11038)</u>
10.20	Third Amendment to Credit Agreement, dated as of July 8, 2025, between JPMorgan Chase Bank, N.A. and Northern Technologies International Corporation	<u>Incorporated by reference to Exhibit 10.1 to NTIC's Quarterly Report on Form 10-Q for the fiscal quarter ended May 31, 2025 (File No. 001-11038)</u>

10.21	Line of Credit Note, dated July 8, 2025, between Northern Technologies International Corporation and JPMorgan Chase Bank, N.A.	<u>Incorporated by reference to Exhibit 10.2 to NTIC's Quarterly Report on Form 10-Q for the fiscal quarter ended May 31, 2025 (File No. 001-11038)</u>
10.22	Consulting Agreement dated January 11, 2017 by and among Northern Technologies International Corporation, BioPlastic Polymers LLC, and Ramani Narayan, Ph.D.	<u>Incorporated by reference to Exhibit 10.2 to NTIC's Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 2016 (File No. 001-11038)</u>
10.23	Amendment to Consulting Agreement effective January 11, 2022 by and among Northern Technologies International Corporation, BioPlastic Polymers LLC, and Ramani Narayan, Ph.D.	<u>Incorporated by reference to Exhibit 10.24 to NTIC's Annual Report on Form 10-K for the fiscal year ended August 31, 2022 (File No. 001-11038)</u>
10.24	Real Estate Purchase and Sales Contract dated July 7, 2021 between NTIC (Shanghai) Co., Ltd. And Shanghai FASTO Investment Group Limited Company (Official Chinese Version)	<u>Incorporated by reference to Exhibit 10.1 to NTIC's Current Report on Form 8-K as filed with the Securities and Exchange Commission on July 8, 2021 (File No. 001-11038)</u>
10.25	Unofficial English Summary of Real Estate Purchase and Sales Contract dated July 7, 2021 between NTIC (Shanghai) Co., Ltd. and Shanghai FASTO Investment Group Limited Company	<u>Incorporated by reference to Exhibit 10.2 to NTIC's Current Report on Form 8-K as filed with the Securities and Exchange Commission on July 8, 2021 (File No. 001-11038)</u>
14.1	Code of Ethics	<u>Incorporated by reference to Exhibit 14.1 to NTIC's Annual Report on Form 10-KSB for the fiscal year ended August 31, 2004 (File No. 001-11038)</u>
19.1	Northern Technologies International Corporation Insider Trading Policy	<u>Filed herewith</u>
21.1	Subsidiaries of the Registrant	<u>Filed herewith</u>
23.1	Consent of Baker Tilly US, LLP	<u>Filed herewith</u>
31.1	Certification of President and Chief Executive Officer Pursuant to SEC Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	<u>Filed herewith</u>
31.2	Certification of Chief Financial Officer Pursuant to SEC Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	<u>Filed herewith</u>
32.1	Certification of President and Chief Executive Officer Pursuant to Rule 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	<u>Furnished herewith</u>

32.2	Certification of Chief Financial Officer Pursuant to Rule 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished herewith
97.1	Northern Technologies International Corporation Clawback Policy	Incorporated by reference to Exhibit 97.1 to NTIC's Annual Report on Form 10-K for the fiscal year ended August 31, 2023 (File No. 001-11038)
101	The following materials from Northern Technologies International Corporation's Annual Report on Form 10-K for the fiscal year ended August 31, 2025, formatted in Inline XBRL (Extensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Equity, (v) the Consolidated Statements of Cash Flows, and (vi) Notes to Consolidated Financial Statements	Filed herewith
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	Contained in Exhibit 101

* A management contract or compensatory plan or arrangement.

Item 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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

November 20, 2025

By: /s/ G. Patrick Lynch
G. Patrick Lynch
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<u>Name</u>	<u>Title</u>	<u>Date</u>
<u>/s/ G. Patrick Lynch</u> G. Patrick Lynch	President and Chief Executive Officer and Director (principal executive officer)	November 20, 2025
<u>/s/ Matthew C. Wolsfeld, CPA</u> Matthew C. Wolsfeld, CPA	Chief Financial Officer and Corporate Secretary (principal financial and accounting officer)	November 20, 2025
<u>/s/ Richard J. Nigon</u> Richard J. Nigon	Chairman of the Board	November 20, 2025
<u>/s/ Nancy E. Calderon</u> Nancy E. Calderon	Director	November 20, 2025
<u>/s/ Sarah E. Kemp</u> Sarah E. Kemp	Director	November 20, 2025
<u>/s/ Sunggyu Lee, Ph.D.</u> Sunggyu Lee, Ph.D.	Director	November 20, 2025
<u>/s/ Ramani Narayan, Ph.D.</u> Ramani Narayan, Ph.D.	Director	November 20, 2025
<u>/s/ Cristina Pinho</u> Cristina Pinho	Director	November 20, 2025
<u>/s/ Konstantin von Falkenhausen</u> Konstantin von Falkenhausen	Director	November 20, 2025

**NOTICE TO PERSONNEL OF
NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION
REGARDING CONFIDENTIALITY AND INSIDER TRADING POLICY**

Northern Technologies International Corporation has adopted the attached restatement of its existing policies and procedures prohibiting directors, officers, employees, consultants and their immediate family members, other household members and controlled entities from (1) trading in the securities of NTIC, and as described below and in the policy, the securities of NTIC's Business Partners, while in the possession of material non-public information (except pursuant to a previously approved Rule 10b5-1 trading plan, as described in the policy) and (2) disclosing non-public information about NTIC.

Prohibition Against Trading on Material Non-public Information. If you are aware of material information relating to NTIC which has not yet been available to the public for at least two full trading days, you are prohibited from trading in NTIC securities (except pursuant to a previously approved Rule 10b5-1 trading plan, as described in the policy) or directly or indirectly disclosing such information to any other person so that they may trade in NTIC securities. Similarly, you may not trade in the securities of any other company (1) with which NTIC does business, such as NTIC's distributors, vendors, customers and suppliers, or (2) that is involved in a potential transaction or business relationship with NTIC (which we refer to as Business Partners) while in possession of material non-public information about such company that was obtained through your relationship with NTIC. It is difficult to describe exhaustively what constitutes "material" information, but you should assume that any information, positive or negative, that a reasonable investor would be substantially likely to consider important in deciding whether to buy, hold or sell securities of NTIC (or of any other company, as the case may be), or view as significantly altering the total mix of information available in the marketplace about NTIC (or any other company, as the case may be) as an issuer of the securities, is material. Information may be significant for this purpose even if it would not alone determine the investor's decision.

Confidentiality. NTIC could face serious problems if unauthorized internal information is disclosed about NTIC or its Business Partners, whether or not for the purpose of facilitating improper trading in securities. NTIC personnel should not discuss internal NTIC matters or information regarding NTIC's Business Partners with anyone outside of NTIC (including family members), except as required in the performance of regular corporate duties. This prohibition applies specifically (but not exclusively) to inquiries that may be made by the media, investment analysts or others in the financial community or anonymously over the Internet. It is important that all communications on behalf of NTIC be through an appropriately designated officer under carefully controlled circumstances. If you receive any inquiries of this nature you should decline to comment and refer the inquirer to the Chief Executive Officer or Chief Financial Officer of NTIC. Your obligations under this policy are in addition to your obligations under other NTIC policies and procedures and any other agreements you may have with the company relating to confidentiality and non-disclosure of information. Notwithstanding the foregoing, this policy in no way prohibits good faith reports of potential illegal conduct to the Securities and Exchange Commission or other regulatory bodies.

If you have any questions about this policy or your responsibilities under this policy, please contact NTIC's Chief Financial Officer before you act. Do not try and resolve uncertainties on your own. We expect the strictest compliance with this policy by all NTIC personnel. Failure to observe this policy may result in serious legal difficulties for you, as well as NTIC. We consider any failure to follow the letter and spirit of this policy to be a matter of extreme seriousness, which could result in significant consequences, including termination of employment or other service relationship with NTIC.

**CERTIFICATION REGARDING
NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION
CONFIDENTIALITY AND INSIDER TRADING POLICY**

To: Northern Technologies International Corporation

I hereby acknowledge my receipt, review and understanding of the terms of the Northern Technologies International Corporation Confidentiality and Insider Trading Policy. I hereby agree to comply with the specific requirements of the policy in all respects during my employment or other service relationship with NTIC. I understand that my failure to comply in all respects with the policy is a basis for termination of my employment or other service relationship with NTIC.

Signature: _____

Date: _____

Print
Name: _____

NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION
CONFIDENTIALITY AND INSIDER TRADING POLICY

THE PURPOSE OF OUR POLICY

The purpose of this policy is to protect confidential and proprietary information of Northern Technologies International Corporation and its subsidiaries (collectively, “NTIC”) from unauthorized disclosure and to prevent trading in NTIC securities by directors, officers, employees and consultants of NTIC, and their immediate family members, other household members and controlled entities, while they are in possession of material non-public information concerning NTIC. Federal securities laws governing “insider trading” are strictly enforced and violations of these laws could result in severe penalties for violators and NTIC. Even a Securities and Exchange Commission (“SEC”) investigation that does not result in prosecution could tarnish one’s reputation and irreparably damage a career. NTIC considers any failure to follow the letter and spirit of this policy to be a matter of extreme seriousness, which could result in significant consequences, including termination of employment or other service relationship with NTIC for cause. NTIC is adopting this policy to avoid even the appearance of improper conduct on the part of anyone employed by or associated with NTIC.

NTIC participates in a number of international joint venture arrangements that provide for the manufacturing, marketing and distributing of NTIC’s products and technology. NTIC’s partners in these joint ventures include, but are not limited to, Excor Korrosionsschutz – Technologien und Produkte GmbH, a German firm (“Excor”), and Excor’s wholly owned subsidiary Excor Korrosionsforschung GmbH. For the purpose of this policy, the terms “NTIC” and “company” include not only Northern Technologies International Corporation and its subsidiaries, but also Excor and its subsidiary and NTIC’s other partners in its joint ventures. Therefore, for example, an NTIC employee with material non-public information about Excor or any of NTIC’s other joint venture partners must not trade in NTIC securities. Similarly, as another example, the obligation to not disclose material non-public information extends beyond information strictly regarding NTIC and would also apply to material non-public information regarding Excor or any of NTIC’s other joint venture partners.

POLICY

Confidentiality. Unauthorized disclosure of internal information about NTIC or its Business Partners (as defined below), whether or not for the purpose of facilitating improper trading in securities, could cause NTIC serious problems. The timing and nature of NTIC’s disclosure of material information to outsiders is subject to legal rules, the breach of which could result in substantial liability to you, NTIC and its management. NTIC personnel must not discuss internal company matters or developments or any information about NTIC’s Business Partners with anyone outside of NTIC, except as required in the performance of regular corporate duties. This prohibition applies specifically (but not exclusively) to inquiries that may be made by the media, investment analysts, potential investors or others in the financial community or anonymously over the Internet. It is important that all such communications on behalf of NTIC be through an appropriately designated officer. Your obligations under this policy are in addition to your obligations under other NTIC policies and procedures and any other agreements you may have with the company relating to confidentiality and non-disclosure of information. Notwithstanding the foregoing, this policy in no way prohibits good faith reports of potential illegal conduct to the SEC or other regulatory bodies.

Insider Trading. It is the policy of NTIC that “insiders” must not:

1. Purchase or sell, or effect other transactions in, any securities issued by NTIC while in possession of material non-public information about NTIC, unless the trade occurs under a Rule 10b5-1 trading plan that NTIC’s Compliance Officer (as defined below) has previously approved.
2. Purchase or sell, or effect other transactions in, any securities issued by any company (1) with which NTIC does business, such as NTIC’s distributors, vendors, customers and suppliers, or (2) that is involved in a potential transaction or business relationship with NTIC (collectively, “Business Partners”) while in possession of material non-public information about such Business Partners that was obtained through his or her relationship with NTIC (such as information regarding purchases or sales of businesses or information obtained during the negotiation or implementation of major contracts).
3. Recommend or express other opinions regarding the purchase or sale of, or other transactions in, any NTIC securities or any securities issued by NTIC’s Business Partners about which that insider has obtained material non-public information through his or her relationship with NTIC or otherwise communicate such material non-public information to any other person, including family members and friends.
4. Disclose any material non-public information about NTIC to any person outside of NTIC (including members of one’s immediate family) unless such disclosure is authorized by the Chief Executive Officer or Chief Financial Officer of NTIC; provided, however, such restriction in no way prohibits good faith reports of potential illegal conduct to the SEC or other regulatory bodies.
5. Trade in derivative securities of NTIC, or otherwise engage in transactions designated to hedge or offset any decrease in the market value of NTIC securities.

The term “insider” includes all directors, officers, employees and consultants of NTIC together with their immediate family members residing in their households and other members of their households, their economic dependents, and other persons (including immediate family members) or entities (such as trusts, partnerships, corporations and investment clubs) over which such directors, officers and employees influence of have or share voting or investment control. This policy also applies to any person who receives material non-public information from any insider. In other words, any person who possesses material non-public information regarding NTIC shall be deemed to be an insider for so long as the information is not publicly known.

Internet. NTIC personnel must not disclose or discuss any information about NTIC over the Internet with any person outside of NTIC, except as required in the performance of regular corporate duties. NTIC personnel must not participate in discussions regarding, or post any information about, NTIC on any chat room, bulletin board or newsgroup (collectively “chat rooms”) on the Internet, even if such participation is solely for the purpose of attempting to defend NTIC against false or misleading information. NTIC personnel must immediately contact the Chief Executive Officer or Chief Financial Officer of NTIC if such personnel are aware of any information regarding NTIC being discussed or posted in chat rooms or anywhere on the Internet so that NTIC’s officers can decide how to appropriately respond, if at all.

DEFINITIONS

Material Information. Information should be considered “material” if a reasonable investor would be substantially likely to consider it important in deciding whether to buy, hold or sell securities of NTIC (or of any other company, as the case may be), or view it as significantly altering the total mix of information available in the marketplace about NTIC (or any other company, as the case may be) as an issuer of the securities. In general, any information that could reasonably be expected to affect the market price of a security is likely to be material.

Examples. While it is not possible to define all categories of material information, common examples of information that will frequently be regarded as material are:

- actual or projected earnings or losses or other financial guidance
- earnings or losses that are inconsistent with the consensus expectations of the investment community
- a pending or proposed merger, acquisition or tender offer or an acquisition or disposition of significant assets, subsidiary or business unit
- a pending or proposed joint venture
- a company restructuring
- a change in dividend policy, the declaration of a stock split, the repurchase of a significant amount of shares or the offering of additional securities
- bank borrowings or other financing transactions out of the ordinary course
- changes in management
- significant new products or discoveries
- significant related party transactions
- a change in auditors or notification that the auditor’s reports may no longer be relied upon
- impending bankruptcy or financial liquidity problems
- commencement of or developments in significant litigation involving the company
- gain or loss of a substantial customer or supplier
- receipt of a material purchase order

Either positive or negative information may be material. We emphasize that this list is merely illustrative and not exhaustive. Because trading that receives scrutiny will be evaluated after the fact with the benefit of hindsight, if you have any question as to whether particular information is material, you should resolve the question in favor of materiality and avoid trading in NTIC securities until such information is made public or facts and circumstances change so that such information is no longer material.

Non-public Information. Information should be considered non-public if it is not generally known or available to the public. Material information does not necessarily lose its “non-public” status as soon as a press release is issued disclosing the information. Information is considered to be available to the public only when it has been released broadly to the marketplace (such as by a press release or an SEC filing) and the investing public has had time to absorb the information fully. Our policy is to consider NTIC information as non-public until the end of the second full trading day after the information is first released to the public by means of a press release or a filing with the SEC.

TRANSACTIONS COVERED BY THIS POLICY

Unless an applicable exception is available under this policy, this policy applies to all transactions involving NTIC’s securities or Business Partners’ securities for which you possess material non-public information obtained in connection with your service with NTIC, including:

1. any purchase, sale, loan or other transfer or disposition of any equity securities (including common stock, options, or other equity incentive awards) and debt securities (including debentures, bonds and notes) of NTIC or its Business Partners, whether direct or indirect (including transactions made on your behalf by money managers), and any offer to engage in the foregoing transactions;
2. any disposition in the form of a gift of any securities of NTIC;
3. any distribution to holders of interests in an entity if the entity is subject to this policy; and
4. any other arrangement that generates gains or losses from or based on changes in the prices of such securities, including derivative securities (for example, exchange-traded put or call options, swaps, caps and collars), hedging and pledging transactions, short sales and certain arrangements regarding participation in benefit plans, and any offer to engage in the foregoing transactions.

There are no exceptions from insider trading laws or this policy based on the size of the transaction or the type of consideration received.

PROCEDURES

To assist NTIC in assuring compliance with this policy and laws prohibiting trading in securities while in possession of material non-public information, the following procedures are established:

1. Pre-Clearance of Trades and Other Transactions. To provide assistance in preventing inadvertent insider trading and violations under Section 16 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and avoiding even the appearance of an improper transaction (which could result, for example, when a director or officer engages in a trade or other transaction in NTIC’s securities while unaware of a pending major development), all transactions in NTIC securities by directors and officers of NTIC (and their immediate family members, other household members and controlled entities) are required to be pre-cleared by NTIC’s Compliance Officer, except for transactions made pursuant to a Rule 10b5-1 trading plan that has been pre-approved by the Compliance Officer and other exceptions identified below. Clearance of a trade or other transaction is generally valid for 48 hours, unless otherwise specified or earlier revoked. If the trade order is not placed within that 48-hour period, clearance of the trade should be re-requested. If clearance is denied, the person requesting such clearance must keep the denial confidential. No clearance will be given for a request to conduct a trade or other transaction in NTIC securities during a blackout period. Clearance of a trade or other transaction by the Compliance Officer will not relieve you of your obligation not to trade or otherwise transact in NTIC securities if you become aware of material non-public information. Likewise, even after clearance, a person may not effect transactions in NTIC’s securities if they become subject to a blackout period.

When submitting a pre-clearance request, Section 16 reporting persons should also indicate whether they have effected any non-exempt “opposite-way” transactions within the past six months and be prepared to report the proposed transaction on an appropriate Form 4 or Form 5 and should be prepared to comply with SEC Rule 144 and electronically file a Form 144, if necessary, at the time of any sale.

2. Quarterly Blackout Periods. All directors, officers, manager level employees and other employees or consultants whose duties or services with the company bring them into contact on a regular basis with confidential or proprietary information regarding NTIC, and their immediate family members, other household members and controlled entities, are prohibited from trading any NTIC securities from (a) the 15th day of the last month in each of the first three quarters in NTIC’s fiscal year (i.e., the 15th day of November, February and May) until the end of the second full trading day after the earnings release for that quarter and (b) from August 15th until the end of the second full trading day after the fiscal year-end earnings release (such periods, a “blackout period”). Even if a quarterly blackout period is not in effect, at no time may you trade in NTIC securities if you are aware of material non-public information.

3. Event-Specific Blackout Periods. In addition to the automatic blackout periods described in 2 above, directors, officers and other employees or consultants whose duties or services with the company bring them into contact with confidential or proprietary information regarding NTIC, and their immediate family members, other household members and controlled entities, may also be prohibited from trading any securities of NTIC during certain time periods in which the Compliance Officer has determined, after consultation with counsel (if necessary), that trading by such individuals should not take place since such individuals possess at that time information that could reasonably be determined to be material and non-public. NTIC will notify you individually if you are subject to this requirement and will notify you of any such special event-specific blackout period. Any person made aware of the existence of an event-specific blackout period should not disclose the existence of the blackout to any other person. The failure of the Compliance Officer to designate a person as being subject to an event-specific blackout period will not relieve that person of the obligation not to trade while aware of material non-public information. Even if a blackout period is not in effect, at no time may you trade in NTIC securities if you are aware of material non-public information.
4. Short-term Trading. Short-term trading of securities creates an appearance of impropriety and may unduly focus personnel on a company's short-term stock market performance instead of the company's long-term business objectives. For these reasons, it is NTIC's policy that NTIC personnel who purchase NTIC securities in the open market may not sell any NTIC securities of the same class during the six months following the purchase, nor may NTIC personnel purchase NTIC securities for six months following a sale. This prohibition applies only to purchases in the open market, and not to stock option exercises or other employee benefit plan acquisitions or other transactions to which Section 16 of the Exchange Act does not apply. In addition, Section 16 of the Exchange Act imposes reporting requirements and trading restrictions on directors, executive officers and individuals who own ten percent or more of a class of NTIC securities. Section 16 of the Exchange Act requires them to file reports with the SEC of transactions and holdings involving NTIC securities and disgorge to NTIC any profits realized on "short-swing transactions" (i.e., any purchase and sale, or sale and purchase, of securities within a period of less than six months); and refrain from engaging in short sales of NTIC securities.
5. Short Sales. Short sales of securities (i.e., the sale of a security that the seller does not own) may evidence an expectation on the part of the seller that the securities will decline in value, and therefore have the potential to signal to the market that the seller lacks confidence in a company and its short-term prospects. In addition, short sales may reduce the seller's incentive to seek to improve the company's performance. For these reasons, short sales of NTIC securities by NTIC personnel are strictly prohibited. In addition, Section 16(c) of the Exchange Act prohibits NTIC's directors and executive officers from engaging in short sales.

6. Publicly Traded Options. A transaction in options is, in effect, a bet on the short-term movement of a company's stock price and therefore creates the appearance that a person is trading based on material non-public information. Transactions in options also may focus the attention of company personnel on short-term performance at the expense of the company's long-term objectives. Accordingly, transactions by NTIC personnel in puts, calls or other derivative securities involving NTIC securities, on an exchange or in any other organized market, are strictly prohibited.
7. Hedging and Monetization Transactions. Hedging or monetization transactions can be accomplished through a number of possible mechanisms, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds. Such hedging transactions may permit company personnel to own securities obtained through employee benefit plans or otherwise but without the full risks and rewards of ownership. When that occurs, the company personnel may no longer have the same objectives as the company's other stockholders. Therefore, NTIC personnel are prohibited from engaging in hedging or monetization transactions involving NTIC securities.
8. Margin Accounts and Pledging Transactions. Holding securities in a margin account and pledging securities can lead to inadvertent insider trading violations and unfavorable publicity for a company if sales are made by the broker or lender when an individual that possesses material non-public information fails to meet a margin call or defaults on a loan. Such transactions also can result in violations under Section 16 of the Exchange Act. Therefore, NTIC personnel are prohibited from holding NTIC securities in a margin account and engaging in significant pledging transactions. Any NTIC personnel wishing to pledge, in an insignificant manner, any NTIC securities and who has a compelling reason for the pledge and is able to demonstrate the financial capacity to repay the loan without resort to the pledged securities, must submit the proposed transaction for prior approval by the Compliance Officer at least two weeks prior to the proposed execution of documents evidencing the proposed transaction and must set forth a compelling justification for the proposed transaction.
9. Standing and Limit Orders. Standing and limit orders (except standing and limit orders under an approved Rule 10b5-1 trading plan) create heightened risks for insider trading violations similar to the use of margin accounts. There is no control over the timing of purchases or sales that result from standing instructions to a broker, and as a result the broker could execute a transaction when you are in possession of material non-public information. NTIC strongly discourages placing standing or limit orders on NTIC securities.
10. Rule 10b5-1 Plans. Rule 10b5-1 under the Exchange Act provides a defense from insider trading liability. To be eligible for this defense, an insider may enter into a "Rule 10b5-1 plan" for trading in company stock. If the plan meets the requirements of Rule 10b5-1, as set forth in Exhibit B attached hereto, company stock may be purchased or sold without regard to certain insider trading restrictions. Insiders must obtain from the Compliance Officer prior approval of any Rule 10b5-1 trading plan covering the purchase or sale of NTIC securities in compliance with Rule 10b5-1 (in which case all purchases and sales made under the plan will not need any further approval by the Compliance Officer).

11. Exceptions. There are no unconditional “safe harbors” for transactions in securities made at particular times, and all persons subject to this policy should exercise good judgment at all times. Even outside of a blackout period, an insider may be prohibited from engaging in transactions involving NTIC’s securities because the insider possesses material non-public information, is subject to a special blackout period or is otherwise restricted under this policy. The following are certain limited exceptions to the trading restrictions applicable outside of blackout periods, but not necessarily the pre-clearance requirement, imposed by NTIC under this policy:
- Purchases of NTIC securities directly from NTIC, such as upon the cash exercise of stock options or the cashless exercise of stock options using a net exercise method or previously acquired shares of NTIC that are surrendered to NTIC (as opposed to a broker-assisted cashless exercise) or the establishment of payroll withholding to purchase securities or sales that are made under the Northern Technologies International Corporation Employee Stock Purchase Plan, provided, however, that no officers or employees may alter their instructions regarding the purchase of NTIC securities in such plans while in possession of material non-public information and the trading prohibitions and restrictions of this policy apply to any subsequent or related sales of NTIC securities so acquired (including broker-assisted option exercises) and, provided further, that this exception does not apply to any subsequent sale of the shares;
 - The exercise of a tax withholding right pursuant to which a person has elected to have NTIC withhold shares subject to an option or other equity incentive award to satisfy tax withholding requirements;
 - The trading prohibitions and restrictions set forth in this policy do not apply to purchases or sales of NTIC securities pursuant to a Rule 10b5-1 trading plan that complies with the requirements set forth on Exhibit B hereto and has been previously approved by the Compliance Officer; and
 - Certain gifts of NTIC securities made by insiders where it is reasonably anticipated that the recipient of such gift will not immediately resell such securities and certain other gifts of NTIC securities as approved by the Compliance Officer.

Please be aware that even if a transaction is subject to an exception to this policy, an insider will need to separately assess whether the transaction complies with applicable law. Any other policy exceptions must be approved by the Compliance Officer.

12. Additional Requirements. NTIC may, at any time, impose additional trading requirements to carry out the purpose and intent of this policy or to comply with applicable laws.

INSIDER TRADING COMPLIANCE OFFICER

NTIC has designated the Chief Financial Officer, and in his absence, the Chief Executive Officer, as its Insider Trading Compliance Officer (the “Compliance Officer”). The Compliance Officer will review, consult with securities law counsel (if necessary), and either approve or prohibit trades by Insiders or other individuals and proposed Rule 10b5-1 trading plans in accordance with the procedures set forth below.

In addition to the trading approval duties described above, the duties of the Compliance Officer will include the following:

1. Administering this policy and monitoring and enforcing compliance with all policy provisions and procedures.
2. Responding to all inquiries relating to this policy and its procedures.
3. Determine which employees and other NTIC personnel, in addition to directors and officers, are subject to quarterly blackout periods.
4. Determining any other individuals or entities that are subject to this policy.
5. Designating and announcing event-specific trading blackout periods during which directors, officers and certain other individuals designated by the Compliance Officer may not trade in NTIC securities and determining which employees and consultants, in addition to directors and officers, would be subject to an event-specific trading blackout period.
6. Providing copies of this policy and other appropriate materials to all current and new directors, officers and employees and consultants whose services with NTIC bring them into contact with confidential information, and such other persons who the Compliance Officer determines have access to material non-public information concerning NTIC.
7. Administering, monitoring and enforcing compliance with all federal, state and foreign insider trading laws and regulations, including without limitation Sections 10(b), 16, 20A and 21A of the Exchange Act and the rules and regulations promulgated thereunder, and Rule 144 under the Securities Act of 1933, as amended; and assisting in the preparation and filing of all required SEC reports relating to insider trading in NTIC securities, including without limitation Forms 3, 4, 5 and 144 and Schedules 13D and 13G.
8. Revising the policy as necessary to reflect changes in federal, state or foreign insider trading laws and regulations.

9. Maintaining as company records originals or copies of all documents required by the provisions of this policy or the procedures set forth herein, and copies of all required SEC reports relating to insider trading, including without limitation Forms 3, 4, 5 and 144 and Schedules 13D and 13G.

The Compliance Officer may designate one or more individuals who may perform the Compliance Officer's duties in the event that the Compliance Officer is unable or unavailable to perform such duties.

POST-TERMINATION TRANSACTIONS

Portions of this policy continue to apply even after the employment or service relationship of a director, officer, employee or consultant with NTIC has terminated. The confidentiality obligations in this policy survive indefinitely. If a former director, officer, employee or consultant is aware of material non-public information when his or her employment or service relationship with NTIC terminates, such individual (and his or her immediate family members, other household members and controlled entities) may not trade in NTIC securities until that information has become public or is no longer material.

INDIVIDUAL RESPONSIBILITY

Every person subject to this policy has an individual responsibility to comply with this policy, regardless of whether NTIC has imposed a blackout period or trading window. Any action on the part of NTIC, the Compliance Officer or any other employee or director pursuant to this policy (or otherwise) does not in any way constitute legal advice or insulate an individual from liability under applicable securities laws. You could be subject to severe legal penalties and disciplinary action by NTIC for any conduct prohibited by this policy or applicable securities laws. The guidelines set forth in this policy are guidelines only, and appropriate judgment should be exercised in connection with any trade in NTIC securities. An individual may, from time to time, have to forego a proposed trade in NTIC securities even if such individual planned to make the transaction before learning of material non-public information and even though the individual believes such individual may suffer an economic loss or forego anticipated profit by waiting.

COMPANY ASSISTANCE

Any questions regarding this policy or requests for assistance in complying with it should be directed to the Compliance Officer in advance of any trades in NTIC securities. To assist you with understanding this policy, we have attached as Exhibit A to this policy a list of frequently asked questions about insider trading.

REPORTING

If you believe someone is violating this policy or otherwise using material non-public information that they learned through their position at NTIC to trade or otherwise effect transactions in securities, you should report it to the Compliance Officer.

ACKNOWLEDGEMENT AND REVISION

Every NTIC director, officer and employee and consultant subject to this policy must acknowledge their receipt, review and understanding of this policy.

This policy is dated November 14, 2025 and supersedes any previous policy of NTIC concerning insider trading. In the event of any conflict or inconsistency between this policy and any other materials previously distributed by NTIC, this policy shall govern. NTIC reserves the right to revise or otherwise update this policy as it deems necessary.

* * * * *

Exhibit A

FREQUENTLY ASKED QUESTIONS ABOUT INSIDER TRADING

What is insider trading?

If you know material confidential information about a public company and you trade on that information or tip others about it before the information is released publicly (i.e., non-public), you have committed an insider trading violation. Material information is information that a reasonable investor would be substantially likely to consider important in deciding whether to buy, hold or sell securities of NTIC (or of any other company, as the case may be), or view as significantly altering the total mix of information available in the marketplace about NTIC (or any other company, as the case may be) as an issuer of the securities. In general, any information that could reasonably be expected to affect the market price of a security is likely to be material, such as knowledge of a takeover, a dividend change, a new product or earnings better or worse than expected. Insider trading violates the fundamental principles of free and fair capital markets, because the trader has used special information that the person who sold or bought the stock did not possess.

What is tipping?

Tipping is telling someone material non-public information about a public company. The person who is told the inside information must know or have reason to believe that the tipper is breaching a duty of confidentiality in disclosing the information.

It does not matter if you only pass on the information and do not trade for yourself. When you tip someone (a relative, a friend, an acquaintance) to buy stock or other securities based on inside information, you may be liable for up to three times the profit gained (or the loss avoided) by the tippee. In addition, if your tippee cannot pay back the profits the tippee made from trading on the inside information, you may have to pay instead.

Don't you have to be an "insider" to commit insider trading?

No. Insider trading refers to anyone who trades on inside information about an important company development. It does not require that the person be a company insider, employee or executive.

What can I tell friends and family about NTIC?

You can talk about developments included in NTIC's quarterly, annual and other filings with the SEC and disclosed in NTIC's news releases. As for other news, you may not disclose any non-public information that you learned on the job. Not only may this be a tipping violation under the insider trading laws, but NTIC has a broader corporate interest in preserving the confidentiality of its proprietary information and developments. If you know information about NTIC or about any other company you learned through your employment or other service relationship with NTIC that is not public, then do not discuss it.

If I know something important about NTIC or another company, when can I use that information to trade?

You should check with the Compliance Officer before trading whenever you have material confidential information that has not been publicly disclosed. An insider trading investigation by the SEC is a very expensive and time-consuming affair. Avoid even the appearance of impropriety in your securities transactions.

Our policy is to wait two full trading days after the public announcement of the news before using that information in any stock transaction. Keep sensitive corporate information to yourself. When in doubt about whether you know material confidential information, do not trade on it.

What are the civil and criminal penalties for insider trading?

The SEC and United States Department of Justice have made the prosecution of insider trading violations a top priority. Anyone found liable for trading on inside information must pay the government an amount equal to any profit made or loss avoided and may also face a monetary penalty of up to three times this amount. Persons found liable for tipping inside information, even if they did not trade themselves, could pay a penalty of up to three times the amount of the profit gained or the loss avoided by everyone in the line of tippees. In addition, if the actual traders cannot pay the disgorgement, the tippee may be responsible for this amount.

Under controlling person liability (discussed below), the company and the managers who supervise the violator can face penalties as high as \$1 million or three times the profit gained or loss avoided, whichever is greater. In addition to these monetary penalties, the negative publicity and embarrassment of an insider trading investigation, even if it does not result in any formal charges, will hurt the company's business and image.

With respect to criminal penalties, individuals who violate the insider trading laws face up to 20 years in prison and fines up to \$5 million. Corporations that violate the insider trading laws face penalties up to \$25 million. In addition, violators are usually charged with mail and wire fraud, possibly with tax evasion and obstruction of justice.

Insider trading violations are not limited to violations of the federal securities laws. Other federal and state civil or criminal laws, such as the laws prohibiting mail and wire fraud and the Racketeer Influenced and Corrupt Organizations Act ("RICO"), also may be violated in connection with insider trading.

Will the SEC really investigate small insider trading violations?

When irregular trading activity is detected in a company's stock, all transactions made during the time period under review are scrutinized. The SEC has brought cases against people who made small profits, less than \$400 in one case.

What is “controlling person” liability?

The regulations define a “controlling person” to include the company that employed, and the person who managed, the violator. If an employee violates the insider trading laws, that person’s employer and supervisor may face penalties for the employee’s violation of up to the greater of three times the profit gained or loss avoided or \$1 million. Private insider trading lawsuits may also be brought against both violators and controlling persons for the damage suffered by traders who bought stock from or sold stock to a person with inside information.

The SEC must prove that the controlling person (1) knew or recklessly disregarded the fact that the employee was likely to engage in an insider trading violation; and (2) failed to take “appropriate” steps to prevent it.

Are my stock trading records confidential?

No. Brokerage firms must turn over customer records upon a request from the SEC and the exchanges on which the firms are members. Thus, the SEC can determine who bought stock during a given period of market irregularity and can reconstruct your trading history if it knows the brokerage firms you use.

Can the SEC get all of my personal records during an investigation?

Probably. Once the SEC or United States Department of Justice has subpoena power, it will be very difficult for you to convince a court that they should not see your phone records, e-mail correspondence, text or instant messages, address books, bank statements and so forth.

Can I receive a bounty for providing information about someone who trades on inside information?

Yes. The SEC may award a bounty to any person who provides information leading to a civil penalty against an inside trader, tipper or controlling person.

Does it matter whether the person who violates the insider trading laws lives outside the United States?

No. The SEC has reciprocal agreements with many countries which give the SEC access to and subpoena power over people located overseas who violate U.S. securities laws. Although it can be more difficult to prosecute someone located in a country with bank secrecy laws that does not cooperate with the SEC, this will not deter the SEC from taking all appropriate steps to investigate alleged insider.

What is an “immediate family member?”

An immediate family member means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, and includes adoptive relationships. Only immediate family members of an insider who live in the same household as the insider or whose transactions in NTIC securities are directed by the insider or are subject to the influence or control of the insider are covered under NTIC’s insider trading policy.

What is a “controlled entity?”

A controlled entity for purposes of the policy is an entity that you influence or control, including any corporations, partnerships, trusts or investment clubs. Transactions in NTIC securities by controlled entities should be treated for purpose of this policy and applicable securities laws as if they were for your own account.

EXHIBIT B

REQUIREMENTS FOR RULE 10b5-1 TRADING PLANS

For transactions under a Rule 10b5-1 trading plan (a “trading plan”) to be exempt from (A) the prohibitions in the Confidentiality and Insider Trading Policy (the “policy”) of Northern Technologies International Corporation and its subsidiaries (collectively, “NTIC”) with respect to transactions made while aware of material non-public information and (B) the pre-clearance procedures and blackout periods established under the policy, the trading plan must comply with the affirmative defense set forth in Rule 10b5-1 promulgated under the Securities Exchange Act of 1934, as amended (“Rule 10b5-1”), and must meet the following requirements:

1. The trading plan must be in writing and signed by the person adopting the trading plan.
2. The trading plan must be adopted at a time when:
 - the person adopting the trading plan is not aware of any material non-public information; and
 - there is no quarterly, special or other trading blackout period in effect with respect to the person adopting the trading plan.
3. The trading plan must be entered in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1, and the person adopting the trading plan must act in good faith with respect to the trading plan.
4. The trading plan must include representations that, on the date of adoption of the trading plan, the person adopting the trading plan:
 - is not aware of material non-public information about the securities or NTIC; and
 - is adopting the trading plan in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1.
5. The person adopting the trading plan may not have entered into or altered a corresponding or hedging transaction or position with respect to the securities subject to the trading plan and must agree not to enter into any such transaction while the trading plan is in effect.
6. For officers and directors of NTIC, the first transaction under the trading plan may not occur until the expiration of a cooling-off period consisting of the later of (a) 90 calendar days after the adoption of the trading plan and (b) two business days after the filing by NTIC of its financial results in a Form 10-Q or Form 10-K for the completed fiscal quarter in which the trading plan was adopted (but, in any event, this required cooling-off period is subject to a maximum of 120 days after adoption of the trading plan). For all others, the first transaction under the trading plan may not occur until the expiration of a cooling-off period consisting of 30 calendar days after the adoption of the trading plan.
7. The trading plan must have a minimum term of six months (starting from date of adoption of the trading plan).

8. All transactions during the term of the trading plan (except for the exceptions identified in the policy and bona fide gifts) must be conducted through the trading plan. In addition, the person adopting the trading plan may not have multiple overlapping or an outstanding (and may not subsequently enter into any additional) trading plan except as permitted by Rule 10b5-1.
9. Any modification or change to the amount, price or timing of transactions under the trading plan is deemed the termination of the trading plan, and the adoption of a new trading plan ("Modification"). Therefore, a Modification is subject to the same conditions as a new trading plan as set forth in Sections 1 through 8 herein.
10. Within the six months preceding the adoption or a Modification of a trading plan, a person may not have otherwise adopted or done a Modification to a trading plan more than once.
11. A person may adopt a trading plan designed to cover a single trade only once in any consecutive 12-month period except as permitted by Rule 10b5-1.
12. If the person that adopted the trading plan terminates the trading plan prior to its stated duration, such person may not trade in NTIC's securities until after the expiration of 30 calendar days following termination, and then only in accordance with the policy.
13. NTIC must be promptly notified of any Modification or termination of the trading plan, including any suspension of trading under the trading plan.
14. NTIC must have authority to require the suspension or cancellation of the trading plan at any time.
15. If the trading plan grants discretion to a broker or other person with respect to the execution of trades under the trading plan:
 - trades made under the trading plan must be executed by someone other than the broker or other person that executes trades in other securities for the person adopting the trading plan;
 - the person adopting the trading plan may not confer with the person administering the trading plan regarding NTIC or its securities; and
 - the person administering the trading plan must provide prompt notice to NTIC of the execution of a transaction pursuant to the trading plan.
16. All transactions under the trading plan must be in accordance with applicable law.
17. The trading plan (including any Modification) must meet such other requirements as the Compliance Officer may determine.
18. Any trading plans adopted or modified prior to February 27, 2023 are permitted to continue in place until all trades are executed thereunder or they expire by their terms ("Grandfathered Plans"). If the person undertakes a Modification of a Grandfathered Plan on or after February 27, 2023, then the Modification must meet all of the requirements set forth herein.

SUBSIDIARIES OF THE REGISTRANT

Name of Subsidiary	State or Other Jurisdiction of Incorporation or Organization	Ownership Interest	Names Under Which Subsidiary Does Business
HNTI Limited	India	100%	Same
Natur-Tec India Private Limited	India	75%	Same
Natur Tec Lanka (Pvt) Ltd	Sri Lanka ⁽¹⁾	75%	Same
Northern Technologies Holding Company, LLC	Minnesota	100%	Same
NTI ASEAN LLC	Nevada	60%	Same
NTIC Europe GmbH	Germany	100%	Same
NTIC (Shanghai) Co., Ltd.	China	100%	Same
ZERUST-EXCOR MEXICO, S. de R.L. de C.V	Mexico	100%	Same
Zerust Integrity Solutions Trading LLC	United Arab Emirates	100%	Same
Zerust Prevenção de Corrosão S.A.	Brazil	85%	Same
Zerust Singapore Pte Ltd	Singapore ⁽²⁾	60%	Same
Zerust Taiwan Co. Ltd	Taiwan ⁽³⁾	60%	Same
Zerust Vietnam Co. Ltd	Vietnam ⁽³⁾	60%	Same

(1) Natur Tec Lanka (Pvt) Ltd. is 100% owned by Natur-Tec India Private Limited and, therefore, indirectly owned by Northern Technologies International Corporation.

(2) Zerust Singapore Pte Ltd is 100% owned by NTI Asean LLC and, therefore, indirectly owned by Northern Technologies International Corporation.

(3) Zerust Vietnam Co. Ltd and Zerust Taiwan Co. Ltd are 100% owned by Zerust Singapore Pte Ltd and, therefore, indirectly owned by Northern Technologies International Corporation.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements on Form S-8 (File No. 333-140244, 333-140245, 333-171828, and 333-229391, 333-252197 and 333-276642) of Northern Technologies International Corporation and Subsidiaries of our report dated November 18, 2025, relating to the consolidated financial statements, which appears in this annual report on Form 10-K for the fiscal year ended August 31, 2025.

/s/ Baker Tilly US, LLP

Minneapolis, Minnesota
November 20, 2025

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

I, G. Patrick Lynch, certify that:

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

Date: November 20, 2025

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

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

I, Matthew C. Wolsfeld, certify that:

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

Date: November 20, 2025

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

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

In connection with the Annual Report on Form 10-K of Northern Technologies International Corporation (the “Company”) for the fiscal year ended August 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, G. Patrick Lynch, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

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

/s/ G. Patrick Lynch

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

Circle Pines, Minnesota
November 20, 2025

**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 Annual Report on Form 10-K of Northern Technologies International Corporation (the “Company”) for the fiscal year ended August 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Matthew C. Wolsfeld, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

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

/s/ Matthew C. Wolsfeld, CPA

Matthew C. Wolsfeld, CPA

Chief Financial Officer

(principal financial officer)

Circle Pines, Minnesota
November 20, 2025