

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

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2026

or

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

For the transition period from to .

000-15701

(Commission file number)

NATURAL ALTERNATIVES INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation)

84-1007839
(IRS Employer Identification No.)

1535 Faraday Ave
Carlsbad, CA 92008
(Address of principal executive offices)

(760) 736-7700
(Registrant's telephone number)

Securities registered pursuant to Section 12(g) of the Act: None

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, \$0.01 par value per share	NAII	Nasdaq Stock Market

Indicate by check mark if Natural Alternatives International, Inc. (NAI) is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act of 1933. ☐ Yes ☒ No

Indicate by check mark if NAI is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934. ☐ Yes ☒ No

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

Indicate by check mark whether NAI is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company.

Large accelerated filer	☐	Accelerated filer	☐	Emerging Growth Company	☐
Non-accelerated filer	☒	Smaller reporting 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 NAI is a shell company (as defined in Rule 12b-2 of the Exchange Act): ☐ Yes ☒ No

The aggregate market value of NAI’s common stock held by non-affiliates of NAI as of the last business day of NAI’s most recently completed second fiscal quarter (December 31, 2025) was approximately \$22,113,000 (based on the closing sale price of \$3.58 reported by Nasdaq on December 31, 2025).

As of September 28, 2026, 6,264,847 shares of NAI’s common stock were outstanding, net of 3,387,059 treasury shares.

DOCUMENTS INCORPORATED BY REFERENCE

Part III (Items 10, 11, 12, 13 and 14) of this Form 10-K incorporates by reference portions of NAI’s definitive proxy statement, to be filed on or before October 28, 2026, for its Annual Meeting of Stockholders to be held December 11, 2026.

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SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS

Certain statements in this report, including information incorporated by reference, are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. Forward-looking statements reflect current views about future events and financial performance based on certain assumptions. They include opinions, forecasts, intentions, plans, goals, projections, guidance, expectations, beliefs, or other statements that are not statements of historical fact. Words such as “may,” “will,” “should,” “could,” “would,” “expect,” “plan,” “believe,” “anticipate,” “intend,” “estimate,” “approximate,” “predict,” “forecast,” “project,” “future,” or “likely,” or the negative or other variation of such words, and similar expressions may identify a statement as a forward-looking statement. Any statements that refer to projections of our future financial performance, our anticipated growth and trends in our business, our goals, strategies, focus and plans, and other characterizations of future events or circumstances, including statements expressing general optimism or pessimism about future operating results, are forward-looking statements. Forward-looking statements in this report may include statements about:

- our ability to develop market acceptance for and increase sales of new products, develop relationships with new customers and maintain or improve existing customer relationships;
- future financial and operating results, including projections of net sales, revenue, income or loss, net income or loss per share, profit margins, expenditures, liquidity, and other financial items;
- the sufficiency of our available cash, cash equivalents and restricted cash, including continued access to borrowings under our credit facilities, and potential cash flows from our operations to fund our working capital and capital expenditure needs through the next 12 months and longer;
- our ability to maintain compliance with the covenants contained in our credit agreements with our lenders and in the event of non-compliance, our ability to obtain amendments, waivers, or modifications from our lenders on acceptable terms, or at all;
- our ability to continue as a going concern as described in our financial statement footnotes and generate sufficient liquidity to satisfy our obligations as they become due;
- impairment of our long-lived assets and the ability of our operations to recover the full carrying value or our ability to accurately estimate the future recoverability of long-lived assets;
- currency exchange rates and their effect on our results of operations (including amounts that we may reclassify as earnings), the availability of foreign exchange facilities, our ability to effectively hedge against foreign exchange risks and the extent to which we may seek to hedge against such risks;
- inventory levels, including the adequacy of quality raw material and other inventory levels to meet future customer demand;
- sources, availability and quality of raw materials, including the limited number of suppliers of beta-alanine meeting our quality requirements;
- our ability to price our products to achieve profit margin targets, especially in the current volatile raw material environment and potential for new tariffs;
- our ability to maintain or increase our patent and trademark licensing revenues;
- our ability to improve operating efficiencies, manage costs and business risks, and improve or maintain profitability;
- our ability to protect our intellectual property;
- future economic and political conditions;
- the outcome of litigation, regulatory and tax matters we are or may become involved in, the costs associated with such matters and the effect of such matters on our business and results of operations;
- potential manufacturing and distribution channels, product returns, and potential product recalls;
- the impact of external factors on our business and results of operations, especially, for example, variations in quarterly net sales from seasonal and other external factors;
- our ability to operate within the standards set by the U.S. Food and Drug Administration’s (FDA) Good Manufacturing Practices (GMPs);
- the adequacy of our financial reserves and allowances;
- the impact of accounting pronouncements and our adoption of certain accounting guidance; and
- other assumptions described in this report underlying or relating to any forward-looking statements.

The forward-looking statements in this report speak only as of the date of this report based on information available to us at that time and caution should be taken not to place undue reliance on any such forward-looking statements. Forward-looking statements are subject to certain future events, risks, and uncertainties that are or may be outside of our control. When considering forward-looking statements, you should carefully review the risks, uncertainties and other cautionary statements in this Report as they identify certain important factors that could cause actual results to differ materially from those expressed in, or implied by, the forward-looking statements. These factors include, among others, the risks described under Item 1A of Part I and elsewhere in this report, as well as in other reports and documents we have filed and will file with the United States Securities and Exchange Commission (SEC).

PART I

ITEM 1. BUSINESS

General

Our vision is to enrich the world through the best of nutrition.

We are a leading formulator, manufacturer and marketer of nutritional supplements. Our comprehensive strategic partnerships with our customers allow us to offer a wide range of innovative nutritional products and services to such customers including scientific research, clinical studies, proprietary ingredients, customer-specific nutritional product formulation, product testing and evaluation, marketing management and support, packaging and delivery system design, regulatory review, and international product registration assistance.

As our primary business activity, we provide private-label contract manufacturing services to companies that market and distribute vitamins, minerals, herbal and other nutritional supplements, as well as other health care products, to consumers both within and outside the U.S. We also own a patent estate related to the raw material ingredient known as beta-alanine, which is primarily commercialized through the direct sale of this raw material and supply agreements with third parties for the distribution and use of this raw material under our CarnoSyn®, SR CarnoSyn®, CarnoSyn® 4X and TriBsyn® trademarks. We previously sold a branded version of our SR CarnoSyn® Wellness tablet product under a brand we created called SustainedRx® and a product named Perfect Synergy®. This product was sold directly to consumers through Amazon and our own direct to consumer website. This brand was discontinued during fiscal 2025 as it was not commercially successful. We also sell SR CarnoSyn® tablet products and TriBsyn® capsule products that are offered as business-to-business private label products.

History

Originally founded in 1980, Natural Alternatives International, Inc. (NAI) reorganized as a Delaware corporation in 1989. Our principal executive offices are located at 1535 Faraday Ave, Carlsbad, CA 92008. Our primary U.S. manufacturing facility is located approximately three miles away in Vista, California. We also have another manufacturing and warehousing facility located approximately one mile away from our executive offices in Carlsbad, California.

In January 1999, we formed our wholly owned subsidiary Natural Alternatives International Europe S.A. (NAIE), a Swiss corporation based in Manno, Switzerland. In September 1999, NAIE opened its manufacturing facility in Manno, Switzerland, which has grown over the ensuing years and currently possesses manufacturing capabilities in encapsulation, powders, tablets, finished goods packaging, quality control, laboratory testing, warehousing, distribution and administration.

In 1997, we licensed certain patent rights related to instant-release beta-alanine and have since expanded this patent estate by applying for and obtaining patents to include sustained-release beta-alanine. We sell these products under our trademarks CarnoSyn® and SR CarnoSyn®. As part of our business strategy, we have sought to commercialize our CarnoSyn® patent estate through contract manufacturing, royalty and license agreements, and further expansion of our patent estate. We recently expanded our licensed product offerings with patent applications associated with a new form of CarnoSyn® beta-alanine trademarked as CarnoSyn® 4X and TriBsyn®. We directly sell CarnoSyn®, SR CarnoSyn®, CarnoSyn® 4X, and TriBsyn® and license our related patent and trademark rights to others for use in or with their products.

Unless the context requires otherwise, all references in this report to the “Company,” “NAI,” “we,” “our,” and “us” refer to Natural Alternatives International, Inc. and, as applicable NAIE.

Overview of our Facilities and Operations

Our U.S.-based manufacturing operations are located in Vista and Carlsbad, California and include manufacturing and distribution, sales and marketing, in-house formulation, laboratory services, and research and development.

Our Vista, California manufacturing facilities maintain third-party certifications supporting the manufacture of dietary supplements and nutritional products for domestic and international markets. The facilities have maintained annual Good Manufacturing Practices (GMP) registration through the NSF Dietary Supplements Certification Program since 2002 and have been certified under the NSF Certified for Sport® program since 2009, enabling the manufacture of products bearing the NSF Certified for Sport® mark. The facilities are also recognized by Health Canada as compliant with the Good Manufacturing Practices requirements of the Canadian Natural Health Products Regulations, supporting customers who market products in Canada.

Our Vista, California facilities are certified as an Organic Processor and Handler by Natural Food Certifiers (NFC) under the USDA National Organic Program, allowing the manufacture and packaging of certified organic products. These facilities are also registered with the California Department of Public Health as an organic processor and maintain certifications to manufacture Kosher and Halal products. These certifications are maintained through periodic inspections and renewals.

In April 2021, NAI became the first company to achieve certification under the Supplement Safety & Compliance Initiative (SSCI), an industry benchmarking program focused on supply chain safety, traceability, and quality management. NAI's SSCI certification was most recently renewed in May 2026.

In August 2021, NAI acquired a manufacturing and warehouse facility in Carlsbad, California, which was retrofitted as a dedicated high-volume powder blending and packaging facility and commenced full operations in April 2023. The Carlsbad facility is certified under the NSF Dietary Supplements Certification Program, the NSF Certified for Sport® program, the SSCI program, the NFC Organic program, and maintains certifications to manufacture Kosher and Halal products.

NAIE operates a manufacturing, packaging, warehousing, distribution, and analytical laboratory facility in Manno, Switzerland. The facility is licensed and periodically inspected by the Swissmedic Authority of Bern, Switzerland and operates in compliance with applicable pharmaceutical Good Manufacturing Practice (GMP) requirements. NAIE manufactures and packages food supplements and nutritional products under these quality standards. Swissmedic conducts periodic inspections to verify continued compliance, with the most recent inspection completed in September 2025. The facility also maintains FSSC 22000 certification, demonstrating compliance with internationally recognized food safety management system requirements. The certification was

most recently renewed in April 2026. We believe these licenses, certifications, and manufacturing capabilities strengthen our relationships with existing customers and support opportunities to develop new business.

Business Strategy

Our goals are to achieve long-term growth and profitability and to diversify our sales base. To accomplish these goals, we have sought, and intend to continue to seek, to do the following:

- Leveraging our state-of-the-art, certified facilities to increase the value of the goods and services we provide to our highly valued private-label contract manufacturing customers, and developing relationships with additional quality-oriented customers;
- Expanding the commercialization of our beta-alanine patent and trademark estate in Sports Nutrition, Wellness and Healthy Aging and Medical food channels with our CarnoSyn®, SR CarnoSyn®, CarnoSyn® 4X, and TriBsyn® beta-alanine product lines; exploiting new contract manufacturing opportunities, license and royalty agreements, and protecting our proprietary rights; and
- Consolidating our facilities and factories to improve operational efficiencies and manage costs and business risks to improve profitability.

Overall, we believe there is an opportunity to enhance consumer confidence in the quality of our customers' nutritional supplements and their adherence to label claims through education provided by direct sales and direct-to-consumer marketing programs. We believe our GMP certified manufacturing operations, science-based product formulations, peer-reviewed clinical studies and regulatory expertise collectively provide us with a sustainable competitive advantage and provide our customers with a high degree of confidence in the products we manufacture.

While today's consumer may have access to a variety of information, we believe many consumers remain uneducated about nutrition and nutritional supplementation, uncertain about the relevance or reliability of the information available to them, or confused about conflicting claims or information. We believe this state of the market creates a significant opportunity for the direct sales marketing channel. The direct sales marketing channel has proved, and we believe will continue to prove, to be a highly effective method for marketing high-quality nutritional supplements because it allows associates or other individuals to educate consumers on the benefits of science-based nutritional supplements. Some of our largest customers operate in the direct sales marketing channel. Thus, a significant portion of our business relies on the effectiveness of our customers in this marketing channel.

We also believe there is significant opportunity with the commercialization of our patent estate through the introduction of our existing patented ingredients into additional markets and the introduction of new beta-alanine product offerings. Currently, the majority of our CarnoSyn® sales are to companies operating in the Sports Nutrition market, where products are primarily formulated with the instant-release form of beta-alanine. We believe several additional markets and distribution channels represent significant growth opportunities for our SR CarnoSyn®, CarnoSyn® 4X, and TriBsyn® product offerings. We believe SR CarnoSyn® provides a superior delivery system for CarnoSyn® beta-alanine due to its sustained-release profile, which supports higher daily dosing and improved muscle carnosine retention. However, this product is currently limited to solid-dose tablet formulations, reducing the potential for customization by our target customers. With the introduction of CarnoSyn® 4X and TriBsyn®, along with their patent-pending formulations, we believe we are well positioned to expand our presence in the Wellness and Healthy Aging markets. This groundbreaking product is a carnosine booster that utilizes CarnoSyn® beta-alanine and proprietary technology to enhance beta-alanine bioavailability and absorption while effectively eliminating beta-alanine related paresthesia. Available as a raw material powder, it offers formulation flexibility for our customers. By eliminating paresthesia while maintaining an efficacious dosage, this product creates new opportunities to reach previously untapped market segments, including older adults, vegetarians, and vegans. It is well suited for a wide range of applications, including ready-to-drink beverages, protein drinks, dairy-based products, gummies, and medical nutrition products. We are also developing several additional innovations that could result in new patentable products for the CarnoSyn® Brands portfolio. Our patents covering instant-release beta-alanine expired in July 2026. However, our patents for SR CarnoSyn® extend through 2036, and we have patent applications pending for our TriBsyn® and CarnoSyn® 4X products.

We believe our comprehensive approach to customer service is unique within our industry. We believe this comprehensive approach, together with our commitment to high quality, product development and manufacturing capabilities, will provide the means to implement our strategies and achieve our goals. There can be no assurance, however, that we will successfully implement any of our business strategies or that we will increase or diversify our sales, successfully commercialize our patent estate, or improve our overall financial results.

Products, Principal Markets and Methods of Distribution

Our primary business activity is to provide private-label contract manufacturing services to companies that market and distribute vitamins, minerals, herbs, and other nutritional supplements, as well as other health care products, to consumers both within and outside the U.S. Our private-label contract manufacturing customers include companies that market nutritional supplements through direct sales marketing channels, direct to consumer ecommerce channels, and retail stores. We manufacture products in a variety of forms, including capsules, tablets, chewable wafers, and powders to accommodate a variety of our customers' preferences.

We provide strategic partnering services to our private-label contract manufacturing customers that include but are not limited to the following:

- customized product formulation;
- clinical study design and support;
- manufacturing;
- marketing support;
- international regulatory and label law compliance;
- international product registration; and
- packaging in multiple formats and labeling design.

We also seek to commercialize our patent and trademarks through the direct distribution and sale of CarnoSyn®, SR CarnoSyn®, CarnoSyn® 4X, TriBsyn®, new contract manufacturing opportunities, and various license, royalty, and similar arrangements.

For the last two fiscal years ended June 30, our net sales were derived from the following (in thousands):

	2026		2025	
	\$	%	\$	%
Private-label Contract Manufacturing	\$ 134,615	94	\$ 121,779	94
Patent and Trademark Licensing	7,900	6	8,081	6
Total Net Sales	<u>\$ 142,515</u>	<u>100</u>	<u>\$ 129,860</u>	<u>100</u>

Research and Development

We are committed to quality research and development. We focus on the development of new science-based products and the improvement of existing products. We periodically test and validate products we manufacture to help ensure their stability, potency, efficacy and safety. We maintain quality control procedures to verify that products we manufacture comply with applicable specifications and standards established by the FDA and other regulatory agencies. We also both direct and participate in clinical research studies, often in collaboration with scientists and research institutions, to validate the benefits of an ingredient or a product and provide scientific support for product claims and marketing initiatives. We believe our commitment to research and development, as well as to our facilities and strategic alliances with our suppliers and customers, allow us to effectively identify, develop and market high-quality and innovative products.

As part of the services we provide to our private-label contract manufacturing customers, we may perform certain research and development activities related to the development or improvement of their products. Our customers are usually charged for our services but are often reimbursed for these costs if their products are ultimately commercialized and manufactured by NAI. Research and development costs, including costs associated with international regulatory compliance services we provide to our customers, are expensed as incurred.

Our research and development expenses for the fiscal year ended June 30, 2026 were \$2.3 million, compared to \$1.8 million for the fiscal year ended June 30, 2025.

Sources and Availability of Raw Materials

We use many raw materials in our operations including powders, excipients, empty capsules, and components for packaging and distributing our finished products. In addition, the commercialization of our beta-alanine patents and trademarks depends on the availability of the raw material beta-alanine. We conduct identity testing for all raw materials we purchase and, on a predetermined testing protocol basis, we evaluate raw materials to ensure their quality, purity and potency before we use them in our or our customers' products. We typically buy raw materials in bulk from qualified vendors located both within and outside the U.S.

Like many companies and industries, we experienced challenges within our supply chain as a result of the effects of the COVID-19 pandemic. In particular, we encountered difficulties related to the supply of raw materials and packaging components. These challenges were driven by, but were not limited to, increased demand for certain ingredients with a limited supply, our supplier's inability to meet demand due to capacity constraints, and increased lead times associated with constrained transportation availability. While these impacts have lessened over the past couple of years, there continues to be significant pricing pressures and supply chain challenges associated with various raw materials and packaging components, and we continue to manage these circumstances by working closely with our customers and suppliers. Additionally, uncertainty remains high related in part to existing and potentially increased tariffs. Throughout fiscal 2027, we expect upward pricing pressures will continue for raw materials, packaging components, and other costs as a result of limited supplies of various ingredients and the impact of inflationary factors, including higher labor, transportation costs, and tariffs on goods we import from overseas.

Sourcing of raw materials for our business has also been impacted by various geo-political conflicts, including the 2026 Iran War in the Middle East, the Russo-Ukrainian war in Eastern Europe, and ongoing conflicts in Sudan and Syria. These conflicts have impacted the availability and pricing of certain raw materials that we purchase along with impacts to lead times associated with materials brought in by ocean freight. We have actively worked with our customers to identify alternative sources of these materials, which has mostly mitigated the impact of these conflicts.

Customers

We have two private-label contract manufacturing customers that each individually represent more than 10% of our consolidated net sales. The loss of either of these customers could result in a significant negative impact to our financial position and results of operations. We continue to focus on obtaining new private-label contract manufacturing customers to reduce the risks associated with deriving a significant portion of our sales from a limited number of customers.

Competition

We compete with other manufacturers, distributors and marketers of vitamins, minerals, plant extracts, and other nutritional supplements both within and outside the U.S. The nutritional supplement industry is highly fragmented and competition for the sale of nutritional supplements comes from many sources. These products are sold primarily through retailers (i.e. drug store chains, supermarkets, and mass market discount retailers), ecommerce, health and natural food stores, and direct sales channels (i.e. network marketing and internet sales).

We believe private-label contract manufacturing competition in our industry is based on, among other things, customized services offered, product quality and safety, innovation, price and customer service. We believe we compete favorably with other companies because of our ability to provide comprehensive solutions for customers, our certified manufacturing operations, our commitment to quality and safety, and our research and development activities.

Our future competitive position for private-label contract manufacturing and patent and trademark licensing will likely depend on, but not be limited to, the following:

- growing acceptance of our products by new and current customers and by consumers;
- our ability to protect our proprietary rights in our patent estate and the continued validity of such patents;
- our ability to successfully expand our product offerings related to our patent and trademark estate;
- our ability to maintain compliance with debt covenants or in the event of non-compliance with our debt covenants; our ability to obtain amendments, waivers, or modifications from our lenders on acceptable terms, or at all;
- the sufficiency of our available cash, cash equivalents and restricted cash, including continued access to borrowings under our credit facilities, and potential cash flows from our operations to fund our working capital and capital expenditure needs through the next 12 months and longer;
- our ability to recover the carrying value of long-lived assets and accurately estimate their impairment if and when circumstances arise;
- our ability to maintain adequate inventory levels to meet our customers' demands;
- our ability to continue to manufacture high quality products at competitive prices;
- our ability to attract and retain qualified personnel;
- the effect of any future governmental regulations on our products and business;
- the results of, and publicity from, product safety and performance studies performed by governments and other research institutions;
- continued growth of the global nutrition industry; and
- our ability to respond to changes within the industry and consumer demand, financially and otherwise.

The nutritional supplement industry is highly competitive, and we expect the level of competition to remain high over the near term. We do not have sufficient information to accurately estimate the total number or size of our competitors.

Government Regulation

Our business is subject to varying degrees of regulation by a number of government authorities in the U.S., including the FDA, the Federal Trade Commission (FTC), the Consumer Product Safety Commission, the U.S. Department of Agriculture, and the Environmental Protection Agency. Various state and local agencies in areas where we operate and in which our or our customers' products are sold also regulate our business, such as the California Department of Health Services, Food and Drug Branch. The areas of our business regulated by both these, and other authorities include, among others:

- product claims and advertising;
- product labels;
- product ingredients;
- how we manufacture, package, distribute, import, export, sell and store our or our customers' products; and
- our classification as an essential business and our right to continue operations during government shutdowns.

The FDA, in particular, regulates the formulation, manufacturing, packaging, storage, labeling, promotion, distribution and sale of vitamins and other nutritional supplements in the U.S., while the FTC regulates marketing and advertising claims. Under FDA rules, companies that manufacture, package, label, distribute or hold nutritional supplements are required to meet certain GMP's to ensure such products are of the quality specified and are properly packaged and labeled. We are committed to meeting or exceeding the standards set by the FDA and believe we are currently operating in compliance with the FDA mandated GMP's.

The FDA also regulates the labeling and marketing of dietary supplements and nutritional products, including the following:

- the identification of dietary supplements or nutritional products and their nutrition and ingredient labeling;
- requirements related to the wording used for claims about nutrients, health claims, and statements of nutritional support;
- labeling requirements for dietary supplements or nutritional products for which “high potency” and “antioxidant” claims are made;
- notification procedures for statements on dietary supplements or nutritional products; and
- premarket notification procedures for new dietary ingredients in nutritional supplements.

The Dietary Supplement Health and Education Act of 1994 (DSHEA) revised the provisions of the Federal Food, Drug and Cosmetic Act concerning the composition and labeling of dietary supplements and re-defined dietary supplements to include vitamins, minerals, herbs, amino acids and other dietary substances. DSHEA generally provides a regulatory framework to help ensure safe, quality dietary supplements and the dissemination of accurate information about such products. The FDA is generally prohibited from regulating active ingredients in dietary supplements as drugs unless product claims about such supplements trigger regulatory status, such as claims that a product may heal, mitigate, cure or prevent an illness, disease or malady.

In December 2006, the Dietary Supplement and Nonprescription Drug Consumer Protection Act (the “2006 Act”) was passed, and further revised the provisions of the Federal Food, Drug and Cosmetic Act. Under the 2006 Act, manufacturers, packers or distributors whose name appears on the product label of a dietary supplement or nonprescription drug are required to include contact information on the product label for consumers to use in reporting adverse events associated with the product’s use and to notify the FDA of any serious adverse event report. Events reported to the FDA are not considered an admission from a company that its product caused or contributed to the reported event. We believe we are in compliance with the 2006 Act, and we are committed to meeting or exceeding the requirements of the 2006 Act.

We are also subject to a variety of other regulations in the U.S., including those relating to health, safety, bioterrorism, taxes, labor, employment, import and export, the environment and intellectual property. All of these regulations require significant financial and operational resources to ensure compliance, and we cannot assure you we will always be in compliance despite our best efforts to do so or that being in compliance will not become prohibitively costly to our business.

Our operations outside the U.S. are similarly regulated by various agencies and entities in the countries in which we operate and in which our or our customers’ products are sold. The regulations of these countries may conflict with those in the U.S. and may vary from country to country. The sale of our and our customers’ products in certain European countries are subject to the rules and regulations of the European Union, which may be interpreted differently among the countries within the European Union. In other markets outside the U.S., we may be required to obtain approvals, licenses or certifications from a country’s Ministry of Health or comparable agency before we or our customers begin operations or the marketing of products in that country. Approvals or licenses may be conditioned on reformulation of our or our customers’ products for a particular market or may be unavailable for certain products or product ingredients. These regulations may limit our or our customers’ ability to enter, or continue to operate in certain markets outside the U.S. As with the costs of regulatory compliance in the U.S., foreign regulations require significant financial and operational resources to ensure compliance, and we cannot provide assurances we will always be in compliance despite our best efforts to do so or that being in compliance will not become prohibitively costly to our business. Our failure to maintain regulatory compliance within and outside the U.S. could impact our or our customers’ ability to sell products and thus, adversely impact our financial position and results of operations.

Intellectual Property

Trademarks. We have developed and use trademarks in our business, particularly relating to corporate, brand and product names. We own 61 registered trademarks; including 13 registrations in the U.S. Seven of these U.S. registrations are incontestable. Federal registration of a trademark in the United States affords the owner nationwide exclusive trademark rights to the registered mark and the ability to prevent subsequent users from using the same or similar mark. However, to the extent any other business operator has acquired trademark rights in a mark by its consistent use of such mark in connection with similar goods or services in a particular geographic area, the nationwide rights conferred by federal registration can be subject to that user’s prior established non-statutory (“common law”) rights in that geographic area. In addition, rights in a registered mark are dependent upon the continued use of the mark in connection with the goods and/or services set forth in the registration.

We have 48 foreign registered trademarks covering 40 foreign countries, including registrations for CarnoSyn®, SR CarnoSyn®, CarnoSyn® 4X or TriBsyn® in Australia, Brazil, Canada, China, Cuba, Hong Kong, the European Union, Israel, Japan, Mexico, New Zealand, South Korea, Switzerland, the United Kingdom and Vietnam. Our registered trademarks include CarnoSyn® and the SR CarnoSyn® logos in Switzerland. We also claim common law ownership and protection of certain trademarks based upon our continued use of the tradenames. In some countries, such as the United States, common law can provide some protection of a name or mark within the particular geographic area in which it is continually and deliberately used.

We believe our registered trademarks and our tradenames constitute valuable assets adding to the recognition of our products and services in the marketplace. These and other proprietary rights have been and may continue to be important in enabling us to compete; however, we cannot provide assurances our current or future trademark applications will be granted, or our current trademark registrations will be maintained.

Trade Secrets. We own certain intellectual property, including trade secrets, which we seek to protect, in part, through confidentiality agreements with employees and other parties. We regard our proprietary technology, trade secrets, trademarks and similar intellectual property as critical to our success, and we rely on a combination of trade secrets, contract, patent, copyright and trademark law (including established but non-statutory law) to establish and protect the rights in our products and technology. The laws of certain foreign countries may not protect our intellectual property rights to the same extent as the laws of the U.S.

Patents and Patent Licenses. We currently own two U.S. patents and one corresponding non-U.S. patent registered in countries throughout North America and Europe. All of these patents and patent rights relate to the ingredient known as beta-alanine. Certain of these patents were assigned to NAI, and we made ongoing royalty payments to the prior owners of the patents until expiration of those patents in July 2026. We also sell beta-alanine and license our patent and trademark rights related to beta-alanine. Some of our patents extend as far as through 2036.

Licensing, royalties, raw material sales, and revenues we have received associated with the sale and licensing of beta-alanine under the CarnoSyn®, SR CarnoSyn®, CarnoSyn® 4X and TriBsyn® trademarks were primarily related to the direct sale of the raw material beta-alanine and totaled \$7.9 million in fiscal 2026. We incurred patent compliance expenses of approximately \$0.4 million during fiscal 2026 primarily in connection with our efforts to procure, protect and support our proprietary rights and patent estate. We expect to continue to incur these types of compliance expenses during fiscal 2027 and beyond.

Employees

As of June 30, 2026, we employed 219 employees in the U.S., 46 who were employed in research, laboratory and quality control, 10 in sales and marketing, and 162 in manufacturing and administration. From time to time, we use temporary personnel to help us meet shorter-term operating requirements. These positions typically are in manufacturing and manufacturing support. As of June 30, 2026, we had 11 temporary personnel in the U.S.

As of June 30, 2026, NAIE employed an additional 82 employees and 11 temporary employees. Most of these positions were in the areas of manufacturing and manufacturing support.

Our employees are not represented by a collective bargaining agreement, and we have not experienced any work stoppages as a result of labor disputes. We believe our relationship with our employees is good. We cannot assure this will continue in the future.

Seasonality

In addition to general economic factors, we are impacted by seasonal factors and trends, such as major cultural events and vacation patterns. We manufacture and sell products to customers that operate in many different countries throughout the world and these seasonal factors vary by region. Although we believe the impact of seasonality on our consolidated results of operations is minimal, our quarterly results may vary significantly in the future due to the timing of private-label contract manufacturing and CarnoSyn®, SR CarnoSyn®, CarnoSyn® 4X and TriBsyn® beta-alanine raw material orders. Future revenue trends may not follow historical patterns. The market price of our common stock may be adversely affected by these seasonal factors.

Financial Information about Our Business Segments and Geographic Areas

Our operations are comprised of two reportable segments:

- Private-label contract manufacturing, in which we primarily provide manufacturing services to companies that market and distribute nutritional supplements and other health care products.
- Royalty, licensing, and raw material sales primarily associated with the sale and license of beta-alanine under our CarnoSyn®, SR CarnoSyn®, CarnoSyn® 4X and TriBsyn® trademarks.

Our private-label contract manufacturing products are sold both in the U.S. and in markets outside the U.S., including Europe, Australia, Asia, Mexico, and Canada. Our primary markets outside the U.S. are Europe and Asia. Our patent and trademark licensing activities are primarily based in the U.S.

For additional financial information, including financial information about our business segment and geographic areas, please see the consolidated financial statements and accompanying notes to the consolidated financial statements included under Item 8 of this report.

Our activities in markets outside the U.S. are subject to political, economic and other risks in the countries in which our and our customers' products are sold and in which we operate. For more information about these and other risks, please see Item 1A in this report.

ITEM 1A. RISK FACTORS

When evaluating our business and future prospects, you should carefully review and consider the risks described below in conjunction with other information in this report and in other reports and documents we file with the SEC. The risks and uncertainties described below are not the only ones we face. Additional material risks and uncertainties, not presently known to us, or that we currently see as immaterial, may also occur or become material. If any of the following risks or any additional risks and uncertainties actually occur or become material, our business, financial condition and results of operations could be seriously harmed. In that event, the market price of our common stock could decline, and our stockholders could lose all or a portion of the value of their investment in our common stock.

Risks Related to the Company's Business and Industry

We have experienced multiple years of operating losses, negative operating cash flows, increased dependence on our credit facilities, and there is substantial doubt about our ability to continue as a going concern.

As of June 30, 2026, we had \$7.5 million in cash, cash equivalents and restricted cash of which \$6.3 million was held by NAIE. On October 15, 2025, NAIE paid a dividend of \$3.1 million to NAI which was subject to a 5% Swiss withholding tax.

On May 18, 2026, we entered into a new domestic credit facility with Legacy Corporate Lending, LLC ("Legacy"). The new credit facility includes a fixed charge coverage ratio covenant requirement, based on only domestic operations, and pursuant to the Loan and Security Agreement will be measured for the first time based on the nine months ending September 30, 2026. We will not be able to comply with this covenant required under the Loan and Security Agreement as of September 30, 2026 due to one of our largest private-label contract manufacturing customer's material downward revisions to their forecast of projected orders and purchases from us during our fiscal year 2027. We have informed the lender of our pending non-compliance with the fixed charge coverage ratio, and are collaborating with them, but there is no assurance our lender will agree to a waiver, amendment, or other remedy, or the difference in amount, cost or other factors may be.

In addition to a focus on revenue growth and cost reduction, we have listed our corporate headquarters for sale and are actively marketing the property for sale. In addition, the Board of Directors also approved management to sell our manufacturing facility in Carlsbad, California which is a more specialized

property, and we anticipate may not be sold quickly. There is no assurance our efforts to sell our corporate headquarters or also our manufacturing facility will result in a sale, when such sale(s) may be completed, or whether favorable price or terms will be achieved.

If we are unable to improve operating results, or cannot work out a remedy for our pending non-compliance with this debt covenant, or cannot sell either or both properties, there may be continued deterioration in our financial position and more substantial doubt about our ability to continue as a going concern.

A significant or prolonged economic downturn could have a material adverse effect on our results of operations.

Our results of operations are affected by the level of business activity of our customers and licensees, which in turn are affected by the level of consumer demand for their products. A significant or prolonged economic downturn may adversely affect the disposable income of many consumers and may lower demand for the products we produce for our private-label contract manufacturing customers and products sold or manufactured by others using our licensed patent rights. Any decline in economic conditions in the U.S. and the various foreign markets in which our customers operate could negatively impact our customers' businesses and our operations. A significant decline in consumer demand and the level of business activity of our customers, even if only due in part to general economic conditions, could have a material adverse effect on our revenues and profit margins.

Risks related to global economic instability, including global supply chain issues, inflation and fuel and energy costs may affect the Company's business.

In February 2022, armed conflict escalated between Russia and Ukraine. Although Russia and Ukraine did not account for any of our net sales in FY 2026 or FY 2025, economic sanctions and export control measures by the U.S. and European Union against Russia have resulted in increased volatility in the availability and prices of raw materials that are produced in that region. There are further concerns regarding continued supply chain disruptions, consumer purchasing and consumption behavior, increases in global shipping expenses, greater volatility in foreign exchange and interest rates, increased energy costs, and other unforeseen business disruptions due to the current global geopolitical tensions, including relating to Ukraine and the Middle East. We will continue to evaluate impacts of the conflict on our customers, suppliers, employees, and operations.

In February 2026, the launch of Operation Epic Fury escalated conflict between the U.S. alongside Israeli forces targeting Iran. In response, blockades of vital maritime chokepoints such as the Strait of Hormuz have caused the global price level of commodities including fuel and energy to increase. Conflict with Iran was preceded by armed conflict between Israel and Hamas that began in October 2023. Israel accounts for a small portion of our global net sales, but we also source multiple raw materials that come from Israel. While we do not anticipate this conflict will have a significant impact on our net sales, we are continually communicating with our customers and suppliers who may be impacted by this conflict, and we are evaluating options for alternative ingredient sources and/or holding safety stock of impacted materials to limit the effect this conflict may have on our ability to obtain the ingredients sourced from this region.

Recently, these conflicts have resulted in market uncertainty and volatility, and this has negatively affected many industries, including the dietary supplement industry. Global financial conditions remain subject to sudden and rapid destabilizations in response to economic shocks. A slowdown in the financial markets or other economic conditions including but not limited to global supply chain issues, inflation, tariffs and trade disputes, fuel and energy costs, lack of available credit, the state of the financial markets, interest rates and tax rates may adversely affect our growth. Future economic shocks may be precipitated by a number of causes, including a continued rise in the price of oil and other commodities, the volatility of raw material prices, geopolitical instability, terrorism, pandemics, the devaluation and volatility of global stock and debt markets and natural disasters. Any sudden or rapid destabilization of global economic conditions could adversely impact our ability to obtain equity or debt financing in the future on terms favorable to us or at all. In such an event, our operations and financial condition could be adversely impacted.

Prices and availability of commodities consumed or used in connection with raw materials we purchase or the operation of our manufacturing facilities, such as natural gas, diesel, oil and electricity, also fluctuate, and these fluctuations affect the costs of operations. These fluctuations can be unpredictable, can occur over short periods of time and may have a material adverse impact on our operating costs or the timing and costs of various projects. Over the past several years, the United States, and many other countries, have experienced significant volatility related to inflationary factors. These factors have impacted all aspects of our manufacturing operations, including increased costs of labor, utilities, materials, supplies, etc. While we continue to evaluate cost reduction opportunities, including working with both suppliers and customers, to attempt to mitigate the impact of these higher operational costs, there can be no assurance our efforts will result in an offset of such increases or if inflation will return to more reasonable levels.

Our industry is highly competitive, and we may be unable to continue to compete effectively. Increased competition could adversely affect our financial condition.

The market for our products, and those of our customers, is highly competitive. Some of our competitors are larger than we are and have greater financial resources and broader name recognition than we do. Our competitors may be able to devote greater resources to research and development, marketing and other activities that could provide them with a competitive advantage. Our market has relatively low entry barriers and is highly sensitive to the introduction of new products that may rapidly capture significant market share. Our competitors may not stress the level of quality we provide and could manufacture with a lower level of quality at lower costs. Our competitors are largely private and not subject to the same disclosure requirements as a publicly traded company. If consumers do not perceive higher quality as worth a higher price, our revenue could suffer. Increased competition could result in price reductions, reduced profit margins or loss of market share, any of which could have a material adverse effect on our financial condition and results of operations. There can be no assurance we will be able to compete effectively in this intensely competitive environment.

Our business is subject to the effects of adverse publicity, which could negatively affect our sales and revenues.

Our business can be affected by adverse publicity or negative public perception about us, our competitors, our customers, our products, or our industry generally. Adverse publicity may include publicity about the nutritional supplements industry generally, the efficacy, safety and quality of nutritional supplements and other health care products or ingredients in general or our and our customers' products or ingredients specifically, and regulatory investigations, regardless of whether these investigations involve us or the business practices or products of our competitors, or our customers. Any adverse publicity or negative public perception could have a material adverse effect on our business, financial condition and results of operations. Our business, financial condition and results of operations could be adversely affected if any of our or our customers' products or any similar products distributed by other companies are alleged to be or are proved to be harmful to consumers or to have unanticipated and unwanted health consequences.

Risks Related to Operations, Manufacturing, and Technology

If we are unable to attract and retain qualified management personnel, and key manufacturing personnel, our business may suffer.

Our executive officers and other management personnel are primarily responsible for managing our day-to-day operations. We believe our success depends largely on our ability to attract, retain and motivate highly qualified management and key manufacturing personnel. Competition for qualified individuals can be intense and has been increasing in recent years. We may not be able to hire additional qualified personnel in a timely manner or on terms that would not substantially increase our costs. Any inability to retain a skilled professional management team and manufacturing team could adversely affect our ability to successfully execute our business strategies and achieve our goals and objectives.

Our manufacturing and third party fulfillment activities are subject to certain risks.

We manufacture the majority of our and our customers' products at our manufacturing facilities in California and Switzerland. As a result, we are dependent on the uninterrupted and efficient operation of these facilities. Our manufacturing operations, including those of our suppliers, are subject to power failures, blackouts, border shutdowns, telecommunications failures, computer viruses, cybersecurity vulnerabilities, human error, breakdown, failure or substandard performance of our facilities, our equipment, the improper installation or operation of equipment, terrorism, pandemics, natural or other disasters, intentional acts of violence, and the need to comply with the requirements or directives of governmental agencies, including but not limited to the FDA. In addition, we may in the future determine to expand or relocate our facilities, which may result in slowdowns or delays in our operations. While we have implemented and regularly evaluate various emergency, contingency and disaster recovery plans and we maintain business interruption insurance, there can be no assurance the occurrence of these or any other operational problems at our facilities in California or Switzerland would not have a material adverse effect on our business, financial condition and results of operations. Furthermore, there can be no assurance our contingency plans will prove to be adequate or successful if needed or our insurance will continue to be available at a reasonable cost or, if available, will be adequate to cover any losses that we may incur from an interruption in our manufacturing and distribution operations. In August of 2021, we acquired a new warehouse and distribution facility in Carlsbad, California, and converted it into a dedicated high-volume powder blending and packaging facility while also providing additional raw material storage capacity. In addition, the Board of Directors also approved management to sell our manufacturing facility in Carlsbad, California which is a more specialized property, and we anticipate may not be sold quickly. There can be no assurance we will be successful in obtaining additional facility certifications that may be necessary to attract new customers or that we will obtain sufficient business through our on-going sales efforts to effectively utilize the facility and our investment therein.

We source our beta-alanine raw material as well as certain manufacturing activities from third parties. The operation of the third-party service provider's facilities is subject to the interruption risk and other risks similar to those described above for our facilities and there can be no assurance these interruptions or any other operational problem at such third party's facilities would not have a material adverse effect on our business, financial condition and results of operations.

If we or our private-label contract manufacturing customers expand into additional markets outside the U.S. or our or their sales in markets outside the U.S. increase, our business could become increasingly subject to political, economic, regulatory and other risks in those markets, which could adversely affect our business.

Our future growth may depend, in part, on our ability and the ability of our private-label contract manufacturing customers to expand into additional markets outside the U.S. or to improve sales in markets outside the U.S. There can be no assurance we or such customers will be able to expand in existing markets outside the U.S. or enter new markets on a timely basis, or that new markets outside the U.S. will be profitable. There are significant regulatory and legal barriers in markets outside the U.S. that must be overcome to enter and operate in such markets. We are subject to the burden of complying with a wide variety of national and local laws, including multiple and possibly overlapping or conflicting laws. We may also experience difficulties adapting to new cultures, business customs and legal systems. Our sales and operations outside the U.S. are subject to political, economic and social uncertainties including, among others:

- import and export controls;
- custom duties and tariffs;
- government regulations and laws;
- coordination of geographically separated locations;
- absence in some jurisdictions of effective laws to protect our intellectual property rights;
- changes in currency exchange rates;
- economic and political instability; and
- currency transfer and other restrictions and regulations that may limit our ability to sell certain products or repatriate profits to the U.S.

Any changes related to these, and other factors could adversely affect our business, profitability and growth prospects. If we or our customers expand into additional markets outside the U.S. or improve sales in markets outside the U.S., these and other risks associated with operations outside the U.S. will likely increase.

The failure of our suppliers to supply quality materials in sufficient quantities, at a favorable price, and in a timely fashion could adversely affect the results of our operations.

We buy our raw materials from a limited number of suppliers. During fiscal 2026 and fiscal 2025, one of our suppliers represented more than 10% of our total raw material purchases. Additionally, we currently purchase all of our beta-alanine for our CarnoSyn®, SR CarnoSyn®, CarnoSyn® 4X and TriBsyn® products from a single manufacturer located in Japan. Any disruption in their ability to source materials for or produce the amounts of beta-alanine needed to meet our requirements could have an adverse effect on our business.

The loss of any of our major suppliers or of any supplier who provides us materials that are hard to obtain elsewhere at the same quality could adversely affect our business operations. Although we believe we could establish alternative sources for most of our raw materials, any delay in locating and establishing relationships with other sources could result in shortages of products we manufacture from such raw materials, with a resulting loss of sales and customers. In certain situations, we may be required to alter our products or with our customers' consent to substitute different materials from alternative sources.

A shortage of raw materials or an unexpected interruption of supply could also result in higher prices for those materials. We have experienced increases in various raw material costs, transportation costs and the cost of petroleum-based raw materials and packaging supplies used in our business. Increasing pricing pressures on raw materials and other products have continued throughout fiscal 2026 as a result of limited supplies of various ingredients, tariffs, and inflationary factors, including higher labor and transportation costs. We expect these upward pressures to continue through fiscal 2027. Although we may be able to raise our prices in response to significant increases in the cost of raw materials, we may not be able to raise prices sufficiently or quickly enough to offset the negative effects such cost increases could have on our results of operations or financial condition.

There can be no assurance suppliers will provide the quality raw materials needed by us in the quantities requested or at a price we are willing to pay. Because we do not control the actual production of these raw materials, we are also subject to delays caused by interruption in production of materials including but not limited to those resulting from conditions outside of our control, such as international conflicts, pandemics, weather, transportation interruptions, labor shortages, strikes, terrorism, natural disasters, and other catastrophic events.

In addition, our efforts to maintain or increase sales of CarnoSyn®, SR CarnoSyn®, CarnoSyn® 4X and TriBsyn® are substantially dependent on the availability of the raw material beta-alanine and sales of beta-alanine or products incorporating beta-alanine. The availability of beta-alanine, and thus sales of such raw material and products using such material, could be negatively impacted by any shortages, interruptions and similar events described above, which could in turn adversely affect the amount of revenue and profit margin we earn from the sale of beta-alanine.

Risks Related to Customer Concentration

Because we derive a significant portion of our revenues from a limited number of customers, our revenues would be adversely affected by the loss of a major customer or a significant change in their business, personnel or the timing or amount of their sales to their customers and their orders from us.

We have in the past and expect to continue to derive a significant portion of our revenues from a relatively limited number of customers. During the fiscal year ended June 30, 2026, sales to our two largest customers were approximately 52% of our consolidated net sales. We cannot predict with any certainty if sales to these customers will increase or decrease in the future. Subsequent to June 30, 2026 and prior to filing this Form 10-K, one of our largest customers informed us of a material downward revision to their forecast of their projected orders and purchases from us during our fiscal year 2027 primarily caused by their growing inventory levels. Please see disclosure of Subsequent Events in Note O, Part II in Item 8 on this Form 10-K.

On August 16, 2023, we announced the temporary closure of our new high-speed powder processing facility in Carlsbad, California due to excess inventory on hand at one of our largest customers and their efforts to rebalance supply and demand. We reopened this facility in May 2024 based on new orders received from this customer but there can be no certainty that this, or any other customer, will not experience similar circumstances that require them to reduce or discontinue orders in the future. In addition, the Board of Directors also approved management to sell our manufacturing facility in Carlsbad, California which is a more specialized property, and we anticipate may not be sold quickly.

The loss of one of our largest customers, or other major customers, a significant decline in sales to any of our largest customers, a significant change in their business model or personnel, or in their ability to make payments when due, could materially and adversely affect our financial condition and results of operations. The timing of our customers' orders is impacted by, among other factors, their marketing programs, their customer demand, seasonality, their raw material suppliers we are sometimes required to use, their supply chain management, their entry into new markets and their new product introductions, all of which are outside of our control. All of these attributes have had and are expected to have a significant impact on our business in the future.

Our future growth and stability depends, in part, on our ability to diversify our sales. Our efforts to establish new sales from both existing customers and new customers could require significant initial investments, which may or may not result in higher overall sales and improved financial results.

Our business strategy depends in large part on our ability to develop new product sales from both current and new customer relationships. These activities often require a significant up-front investment including, among others, customized formulations, compliance with different regulatory schemes, product registrations, package design, product testing, pilot production runs, and the build-up of initial inventory. We may experience significant delays from the time we increase our operating expenses and make investments in inventory (incur additional related carrying costs) until the time we generate net sales from new products or customers, and it is possible after incurring such expenditures we may not generate material revenue from new products or customers. If we incur significant expenses and investments in inventory we are not able to recover, and we are not able to compensate for those expenses, our operating results would be adversely affected.

We currently derive significant revenues and income from sales of beta-alanine and from licensing our patents. Our ability to maintain or grow our sales of beta-alanine and license revenue from our other patents is contingent on our ability to defend our patents and commercialize the sale of beta-alanine under our instant release CarnoSyn® trademark, our sustained release SR CarnoSyn® patents and trademark, and any additional patents we may seek related to CarnoSyn® 4X and TriBsyn®.

We own multiple patents and trademarks related to the use of beta-alanine in food and nutritional supplements. A majority of our revenue and income from this segment is currently derived from activity related to licensing our patents and other intellectual property associated with instant release beta-alanine, sold under our trade name CarnoSyn®. Our final patent for this version of CarnoSyn® expired in July 2026. Our patent and trademark licensing revenue decreased from \$8.1 million in fiscal 2025 to \$7.9 million in fiscal 2026 due to a decrease in trademarked material sales, partially offset by increased orders of other raw material sales. There is no assurance we will be successful maintaining our historical CarnoSyn® instant release beta-alanine sales levels or grow future sales volumes of CarnoSyn® instant release beta-alanine. If we are not successful it could have a material adverse effect on our business, results of operations, and financial condition.

We believe SR CarnoSyn®, CarnoSyn® 4X and TriBsyn® are superior delivery systems for CarnoSyn® beta-alanine as they allow for increased daily dosing, improved muscle retention and bioavailability of carnosine. Our patents related to SR CarnoSyn® extend through 2036, and we believe SR CarnoSyn® beta-alanine and the introduction of CarnoSyn® 4X and TriBsyn® high-bioavailability beta-alanine are an important step in the further commercialization of our patent estate. There can be no assurance we will be successful in getting the market to accept these new forms of beta-alanine or that we will be successful launching new products utilizing SR CarnoSyn®, CarnoSyn® 4X or TriBsyn® beta-alanine.

Risks Related to Regulations

Our products and manufacturing activities are subject to extensive government regulation, which could limit or prevent the sale of our products in some markets and could increase our costs.

The manufacturing, packaging, labeling, advertising, promotion, distribution, and sale of our and our customers' products we produce are subject to regulation by numerous national and local governmental agencies in the U.S. and in other countries. For example, we are required to comply with certain GMP's and incur costs associated with the audit and certification of our facilities. Failure to comply with governmental regulations may result in, among other things, injunctions, product withdrawals, recalls, product seizures, fines, and criminal prosecutions. Any action of this type by a governmental agency could materially adversely affect our ability to successfully market our products and services. In addition, if such governmental agency has reason to believe the law is being violated (for example, if it believes we do not possess adequate substantiation for product claims), it can initiate an enforcement action. Governmental agency enforcement could result in orders requiring, among other things, limits on advertising, consumer redress, divestiture of assets, rescission of contracts, and such other relief as may be deemed necessary. Violation of these orders could result in substantial financial or other penalties. Any action by a governmental agency could materially adversely affect our ability and our customers' ability to successfully market and continue selling the products involved.

Before commencing operations or marketing our products and often our customers' products we manufacture in markets outside the U.S., we are routinely required to obtain approvals, licenses, or certifications from a country's ministry of health or comparable agency. Approvals or licensing may be conditioned on reformulation of products or even may be unavailable with respect to certain products or product ingredients. We must also comply with product labeling and packaging regulations that vary from country to country. Furthermore, the regulations of these countries may conflict with those in the U.S. and with each other. In certain European countries, the sale of our products and our customers' products we manufacture are subject to the rules and regulations of the European Union, which may be interpreted differently among the countries within the European Union. The cost of complying with these various and potentially conflicting regulations can be substantial and can adversely affect our results of operations.

During the COVID-19 pandemic, our operations were subject to additional laws and regulations imposed by federal, state, and local governments primarily related to the ability of our employees to come to work and the safety measures that needed to be in place in order for our facilities to remain operational. While we already had robust quality standards and procedures, we had to constantly monitor these new regulations and implement additional procedures where necessary, including at times temperature checks, additional cleaning procedures, allowing administrative personnel to work remotely, etc. Recurrence of pandemic related regulations, or new or expanded regulations, or the reinstatement of pandemic conditions, including any inability to continue qualifying as an essential business in the event of future government-imposed lockdowns, could adversely affect our results of operations.

We cannot predict the nature of any future laws, regulations, interpretations, or applications, nor can we determine what effect additional governmental regulations, when and if adopted, would have on our business. They could include new or revised requirements or restrictions related to the safe operation of our facilities, or for the reformulation of certain products to meet new standards, the recall or discontinuance of certain products, additional compliance costs or record keeping requirements, expanded or different labeling, and additional scientific substantiation. Any or all of these requirements could have a material adverse effect on our operations.

Tariffs on imported goods from China and elsewhere could adversely affect our business operations.

The United States has implemented increased tariffs on a wide range of goods and materials imported from most of its foreign trading partners including China, Japan, India, Russia, Vietnam, South Korea, Australia, the European Union, Canada, Mexico and other governments. These goods and materials may include products, applications, and ingredients we or our customers require for their products, including beta-alanine. Our ability to maintain or increase CarnoSyn® sales and licensing revenue depends on the availability of the raw material beta-alanine. China and other governments responded to the implementation of tariffs by the United States by imposing their own tariffs on certain American products. Continuing or increased tariffs could have a material adverse effect on our business and our customers' businesses, the availability of beta-alanine, and the cost of other raw materials we use in our customers' products. While it is difficult to predict whether or how existing and additional potential tariffs will be imposed, or how tariffs will impact our business, we believe the imposition of additional tariffs by the U.S. or other governments on products we or our customers offer for sale, or ingredients we use in the products we manufacture could adversely impact our offerings and our customers, and could have an adverse impact on the availability of raw materials we purchase including beta-alanine from Japan.

Such results could adversely impact our ability to license our patents and trademarks, our ability to sell beta-alanine, and our customers' ability to compete in the marketplace, resulting in reduced demand for our products, and products we manufacture for our customers. Additional tariffs imposed by any government on beta-alanine could have an adverse impact on the price we have to pay for beta-alanine and the availability of beta-alanine. Any of these events could have a material adverse effect on our business and results of operations.

Risks Related to Litigation

We could be exposed to employment litigation matters such as but not limited to wage and hour claims, which may be costly and could materially adversely affect our operations.

As an employer responsible for employees in the United States and in Switzerland, we are subject to operate in accordance with employment laws that prevail in several jurisdictions. Legal actions can be brought against us with or without merit from current or past employees and the resolution of these uncertain matters could result in the expenditure of significant financial and managerial resources. Settlement payments or unfavorable outcomes could adversely impact our results of operations. Our evaluation of the likely impact of these actions could be different from actual outcomes that may be unfavorable and unexpected.

In December 2023, we were sued by three former employees in two separate, but substantially identical matters brought by the same law firm. The lawsuits were filed as a putative class action and a Private Attorney General Act ("PAGA") action seeking awards for all similarly situated employees going back ten years or more. We responded to these actions and agreed to submit the matters for mediation. On July 3, 2025, the mediation took place, and a tentative settlement agreement was reached whereby we agreed to contribute a maximum of \$1.25 million. The court has consolidated the two actions. The settlement was brought before the court and an attempt to contact all similarly situated employees was made for them to participate at their discretion. The court agreed to the settlement. Payment was remitted in the first quarter of fiscal year 2027, and final court approval and termination of the proceedings is expected to take place in February 2027. Although we were not found liable and did not admit any liability, we accrued the maximum settlement amount in our results of operations as of June 30, 2025, along with estimated related legal fees of approximately \$150,000. During the year ended June 30, 2026, we accrued additional estimated related legal fees of \$44,000.

We could be exposed to product liability claims or other litigation, which may be costly and could materially adversely affect our operations.

We could face financial liability due to product liability claims if the use of our products results in significant loss or injury. Additionally, the manufacture and sale of our or our customers' products involves a risk of injury to consumers from tampering by unauthorized third parties or product contamination. We could be exposed to future product liability claims that include, among others, assertions that: our or our customers' products contain contaminants; we or our customers provide consumers with inadequate instructions about product use; or we provide inadequate warning about side effects or interactions of our or our customers' products with other substances. Even if we were to prevail in any such claims, the cost of litigation and settlement could be significant.

We maintain product liability insurance coverage, including primary product liability and excess liability coverage. While we expect to be able to continue our product liability insurance, there can be no assurance we will be able to continue such insurance coverage, or such insurance coverage will be adequate to cover any liability we may incur, or our insurance policies will continue to be available at a cost similar to our cost today, or even an economically reasonable cost.

Additionally, it is possible one or more of our insurers could exclude from our coverage certain ingredients used in our or our customers' products. In such event, we may have to stop using those ingredients or rely on indemnification or similar arrangements with our customers who wish to continue to include those ingredients in their products. A substantial increase in our product liability risk or the loss of customers or product lines, or the failure of a customer to honor indemnification agreements could each have a material adverse effect on our results of operations and financial condition.

We may continue to incur significant costs in the course of creating and defending our intellectual property. We may be unable to protect our intellectual property rights or may inadvertently infringe on the intellectual property rights of others.

We possess and may possess in the future certain proprietary technology, trade secrets, trademarks, trade names, licenses, patents, and similar intellectual property. We may continue to incur significant patent and trademark litigation costs associated with creating and defending our intellectual property. During fiscal 2026, we incurred approximately \$0.4 million in patent litigation and prosecution expense and expect these expenses to be between \$0.1 million and \$0.3 million during fiscal 2027. There is no assurance we will be able to create new intellectual property, protect our existing intellectual property adequately, or that our intellectual property rights will be upheld. If as we have been in the past, we are again subject to legal proceedings seeking to invalidate our patent rights, such proceedings or the success of the efforts thereby could have a material adverse impact upon our financial condition and results of operations. Furthermore, the laws of certain foreign countries may not protect our intellectual property rights to the same extent as do the laws of the U.S. Additional litigation in the U.S. or abroad may be necessary to enforce our intellectual property rights, to determine the validity and scope of the proprietary rights of others or to defend against claims of infringement. Such litigation, even if ultimately determined in our favor, could result in substantial additional costs and diversion of resources and could have a material adverse effect on our business, results of operations and financial condition. If infringement claims are asserted against us, we may seek to obtain a license to use the claiming third party's intellectual property rights. There can be no assurance such a license would be available at all or available on terms acceptable or favorable to us.

Risks Related to Insider Ownership and Corporate Structure

If certain provisions of our Certificate of Incorporation, Bylaws and Delaware law are triggered, the market for our shares may decrease.

Certain provisions in our Certificate of Incorporation, Bylaws and Delaware corporate law may discourage unsolicited proposals to acquire our business, even if such proposals would benefit our stockholders. Those provisions include one that authorizes our Board of Directors, without stockholder approval, to issue up to 500,000 shares of preferred stock having such rights, preferences, and privileges, including voting rights, as the Board of Directors designates. The rights of our common stockholders will be subject to, and may be adversely affected by, the rights of holders of any preferred stock that may be issued in the future. Any or all of these provisions could delay, deter or prevent a takeover of our company and could lower the price investors are willing to pay for our common stock and the number of investors willing to own our common stock.

Collectively, our officers and directors own a significant amount of our common stock, giving them influence over corporate transactions and other matters and potentially limiting the influence of other stockholders on important policy and management issues.

Our officers and directors, together with their families and affiliates, beneficially owned approximately 20% of our outstanding shares of common stock as of June 30, 2026. Approximately 15% of the outstanding shares of common stock are beneficially owned by Mark LeDoux and his family. Mr. LeDoux is our Chief Executive Officer and Chairman of the Board. As a result, our officers and directors, and in particular Mr. LeDoux, could influence such business matters as the election of directors and approval of significant corporate transactions.

Various transactions could be delayed, deferred, or prevented without the approval of stockholders, including the following:

- transactions resulting in a change in control;
- mergers and acquisitions;
- tender offers;
- election of directors; and
- proxy contests.

There can be no assurance that conflicts of interest will not arise with respect to the officers and directors who own shares of our common stock or that conflicts will be resolved in a manner favorable to the Company or our other stockholders.

Risks Related to Future Acquisitions

We may pursue acquisitions of other companies that, if not successful, could adversely affect our business, financial condition and results of operations.

We may pursue acquisitions of companies we believe could complement or expand our business, augment our market coverage, provide us with important relationships or otherwise offer us growth opportunities. Acquisitions involve numerous risks, including the following:

- potential difficulties related to integrating the products, personnel and operations of an acquired company;
- failure to operate efficiently as a combined organization utilizing common information and communication systems, operating procedures, financial controls and human resources practices;
- diverting management's attention from other daily operations of the business;
- entering markets in which we have no or limited prior direct experience and where competitors in such markets have more experience and stronger market positions;
- potential loss of key employees of an acquired company;
- potential inability to achieve cost savings and other potential benefits expected from the acquisition;
- an uncertain sales and earnings stream from an acquired company; and
- potential impairment charges, which may be significant, against goodwill and purchased intangible assets acquired in an acquisition due to changes in conditions and circumstances that occur after the acquisition, many of which may be outside of our control.

There can be no assurance that acquisitions we may pursue will be successful. If we pursue an acquisition but are not successful in completing it, or if we complete an acquisition but are not successful integrating an acquired company's employees, products or operations, our business, financial position or results of operations could be adversely affected.

General Risk Factors

We expect our operating results will vary. Fluctuations in our operating results may adversely affect the share price of our common stock.

Our net sales increased during fiscal 2026 as compared to fiscal 2025 and our loss from operations increased during the same period. There can be no assurance our net sales will further improve in the near term, or we will earn a profit in any given year. We experienced three years of net losses in fiscal years 2026, 2025, and 2024 and may incur losses in the future. We experienced negative cash flows from operating activities in fiscal years 2026 and 2024. Our operating results may fluctuate from year to year and/or from quarter to quarter due to various factors including differences related to the timing of revenues and expenses for financial reporting purposes and other factors described in this report. At times, these fluctuations may be significant. We currently anticipate we will experience a net loss for fiscal 2027. Fluctuations in our operating results may adversely affect the share price of our common stock.

Our stock price could fluctuate significantly.

Stock prices in general can be volatile and ours is no different. The trading price of our stock may fluctuate in response to the following, as well as other, factors including but not limited to factors outside of our control:

- broad market fluctuations and general economic and/or political conditions;
- fluctuations in our financial results;
- relatively low trading volumes;
- future offerings of our common stock or other securities;
- the general condition of the nutritional supplement industry;
- increased competition;
- regulatory action;
- adverse publicity;
- manipulative or illegal trading practices by third parties; and
- our and our customers' and suppliers' products and other public announcements.

The market for our stock has historically experienced significant price and volume fluctuations. There can be no assurance that an active market in our stock will continue to exist or that the price of our common stock will not decline. Our future operating results may be below the expectations of securities analysts and investors. If this were to occur, the price of our common stock could decline, perhaps substantially.

From time to time our shares may be listed for trading on one or more foreign exchanges, with or without our prior knowledge or consent. Certain foreign exchanges may have less stringent listing requirements, rules and enforcement procedures than the Nasdaq Global Market or other markets in the U.S., and this may increase the potential for manipulative trading practices to occur on such foreign exchanges. These practices, or the perception by investors that such practices could occur, may increase the volatility of our stock price or result in a decline in our stock price.

We may not be able to raise additional capital or obtain additional financing if needed.

It is possible our cash from operations could become insufficient to meet our working capital needs and/or to implement our business strategies. In such an event, there can be no assurance our existing domestic and Swiss lines of credit would be sufficient to meet our working capital needs. Furthermore, if we fail to maintain certain loan covenants, we may no longer have access to our credit lines. Under the terms of our domestic credit facility, there are limits on our ability to create, incur or assume additional indebtedness without the approval of our lender. Our domestic credit line terminates on May 18, 2029 and there is no guarantee we will be able to extend or renew this credit line on favorable terms or at all. Although our Swiss line of credit is subject to an indefinite term, the lender reserves the right to refuse utilization of the credit facility without termination of the credit agreement in the event of a change in circumstances.

On May 18, 2026, we entered into a new domestic credit facility with Legacy. The new credit facility includes a fixed charge coverage ratio covenant requirement as defined in the Loan and Security Agreement that is based on only domestic operations and will first be measured for the nine months ending September 30, 2026. We anticipate we will not be able to comply with the covenant required under the Loan and Security Agreement as of September 30, 2026 due to one of our largest customer's material downward revisions to their forecast of projected orders and purchases from us during our fiscal year 2027. We have informed Legacy of our pending non-compliance with the fixed charge coverage ratio, and there is no assurance that a waiver, amendment, or remedy will be available or what the difference in amount, cost or other factors may be.

We may consider issuing additional debt or equity securities in the future to fund potential acquisitions or investments, to refinance existing debt, or for general corporate purposes. If we issue equity or convertible debt securities to raise additional funds, our existing stockholders may experience dilution, and the new equity or debt securities may have rights, preferences and privileges senior to those of our existing stockholders. If we incur additional debt, it may increase our leverage relative to our earnings or to our equity capitalization, requiring us to pay additional interest expenses and potentially lowering our credit ratings. At any given time, it could be difficult for us to raise capital due to a variety of factors, some of which may be outside of our control, including a tightening of credit markets, overall poor performance of stock markets, and/or an economic slowdown in the U.S. or other countries, or in the businesses of our customers. There is no assurance we would be able to market such security issuances on favorable terms, or at all, in which case, if we did not have any alternate funds, we might not be able to develop or enhance our products, execute our business plan, take advantage of future opportunities, respond to competitive pressures or meet unanticipated customer requirements.

If we were unable to raise additional capital or to obtain additional financing when we want to or need to, that could negatively affect our ability to implement our business strategies and meet our goals. This, in turn, could adversely affect our financial condition and results of operations.

ITEM 1C. CYBERSECURITY

Risk Management and Strategy

As part of our overall enterprise risk management function, we have implemented and currently maintain various information security processes designed to identify, assess and manage material risks related to information technology, including cybersecurity threats to our critical computer networks, third-party hosted services, and our critical data, (“Information Systems”). Our Information Systems risk management process evaluates and mitigates cybersecurity risks in alignment with our business objectives and operational needs.

We periodically engage third-party consultants and service providers to obtain an independent assessment regarding internal efforts to prevent threats to our Information Systems. Continuous vigilance over safeguarding the Company’s Information Systems has resulted in our current approach and these assessments are shared with our Audit Committee.

Technology

To mitigate the occurrence of an incident as defined by the Company’s formal documentation, which classifies and defines the properties of potential threats, the Company has in place a host of defenses which include, but are not limited to, the use of gateway consoles in all our global locations, limited access to key Information Systems from in-office networks or VPN with multi-factor authentication by means of a third-party mobile identity management tool to limit access to authorized users.

Process

To manage potential cybersecurity threats, we have established an Incident Response Plan that is designed to control the internal workflow of a reported incident. This plan formalizes incidence response stages such that reporting, identification, scope, response, and recovery are executed in a timely manner and identifies the order and coordination of internal and external communication. In addition, the Company addresses crisis management and business continuity with respect to Information Systems to ensure reliable redundancy and recovery of backed-up databases.

Management is not aware of any material security breaches on its Information Systems and risks from cybersecurity threats have not previously materially affected us. Certain of our vendors have experienced cyberattacks in the past and the threat and development of cyberattacks is continuous. It is impossible to say with certainty whether the Company’s efforts will prevail in a coordinated attack on its Information Systems. Currently, we expect the risks from cybersecurity threats will continue, but are not reasonably likely to materially affect us mostly due to our profile and not because our defenses are impenetrable or the efforts of criminals will not become more sophisticated. A cybersecurity attack on our Information Systems could have a material negative impact upon our business, results of operations or financial condition. For additional information about cybersecurity risks, see Item 1A. “Risk Factors.”

Governance

Role of the Board

The Audit Committee of our Board of Directors (the “Board”) has the responsibility for the oversight of risk management, including those risks related to cybersecurity. The Board holds strategic planning sessions with senior management to discuss strategies, key challenges, risks and opportunities for mitigation. The involvement of our Board in setting our business strategy is a key part of its oversight of risk management, its assessment of management’s appetite for risk, and its determination of what constitutes an appropriate level of risk for us. Our senior management attends meetings of our Board and its committees, communicates with the Board and its members regularly between Board meetings, and as otherwise needed, are available to address any questions or concerns raised by our Board on risk management and any other matters.

Role of Management

Our senior management, with the oversight of the Board, is responsible for the day-to-day management of the material risks the Company faces, including those related to cybersecurity. We believe it is important to work at all levels of the Company’s hierarchy to manage cybersecurity risks and threats. Therefore, all users must use an online IT ticketing system, which is monitored around the clock, to report any incidents. Qualified individuals in IT determine what resources to allocate to each case and escalation of an incident, if deemed necessary. The Systems Administrators and IT Director, who has more than 19 years of experience with the Company architecting, managing, and securing enterprise databases, systems automation, and ERP environments, communicates on a day-to-day basis with the President who would bring any material cybersecurity issues to the attention of the Company’s Chief Executive Officer, the Audit Committee, and the Board of Directors.

ITEM 2. PROPERTIES

This table summarizes our facilities as of June 30, 2026. We believe our facilities are adequate to meet our operating requirements for the foreseeable future.

Location	Nature of Use	Square Feet	How Held	Lease Expiration Date
Vista, CA USA(1),(2)	Manufacturing, warehousing, packaging and distribution	162,000	Leased	August 2034
Manno, Switzerland(3)	Manufacturing, warehousing, packaging and distribution	85,070	Leased	December 2032
Manno, Switzerland(4)	Warehousing	30,892	Leased	December 2026
Carlsbad, CA USA(5)	Corporate headquarters	20,981	Owned	N/A
Carlsbad, CA USA(6)	Powder filling, packaging, distribution and storage	67,453	Owned	N/A

- (1) This facility is used by NAI for its private-label contract manufacturing segment.
- (2) At this facility we use approximately 93,000 square feet for production, 60,000 square feet for warehousing and 9,000 square feet for administrative functions. In July 2023, NAI executed an Amendment to the Lease covering this facility. The Amendment, effective April 1, 2024, extended the Lease through August 31, 2034.
- (3) This facility is used by NAIE in connection with our private-label contract manufacturing segment. In May 2022, NAIE executed an Amendment to the Lease covering this facility that became effective January 1, 2023 and extended the Lease through December 31, 2032.
- (4) This facility is used by NAIE for additional warehouse storage. On June 9, 2026, NAIE provided notification of terminating this lease effective December 31, 2026.
- (5) We purchased our Carlsbad, California corporate headquarters in March 2016. This asset is classified as held for sale as of June 30, 2026.
- (6) We acquired this facility in August 2021 and retrofitted it into a dedicated high-volume powder blending and packaging facility with supplementary raw material storage. This facility became operational in April 2023. The Board of Directors also approved management to sell this facility which is a more specialized property, and we anticipate may not be sold quickly.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we become involved in various investigations, claims and legal proceedings that arise in the ordinary course of our business. These matters may relate to intellectual property, product liability, employment, tax, regulation, contract or other matters. The resolution of these matters as they arise will be subject to various uncertainties and, even if such claims are without merit, could result in the expenditure of significant financial and managerial resources. While unfavorable outcomes are possible, and sometimes a matter is subsequently determined to be of greater risk. Based on available information, we generally do not believe the resolution of these matters, even if unfavorable, will result in a material adverse effect on our business, consolidated financial condition, or results of operations and the price of our common stock. Our evaluation of the likely impact of these actions could change in the future, routinely do change, and we could have unfavorable outcomes we do not expect. An unexpected settlement expense or an unexpected unfavorable outcome of a matter could adversely impact our results of operations.

In December 2023, we were sued by three former employees in two separate, but substantially identical matters brought by the same law firm. The lawsuits were filed as a putative class action and a Private Attorney General Act ("PAGA") action seeking awards for all similarly situated employees going back ten years or more. We responded to these actions and agreed to submit the matters for mediation. On July 3, 2025, the mediation took place, and a tentative settlement agreement was reached whereby we agreed to contribute a maximum of \$1.25 million. The court has consolidated the two actions. The settlement was brought before the court and an attempt to contact all similarly situated employees was made for them to participate at their discretion. The court agreed to the settlement. Payment was remitted in the first quarter of fiscal year 2027, and final court approval and termination of the proceedings is expected to take place in February 2027. We accrued the maximum settlement amount in our results of operations as of June 30, 2025, along with estimated related legal fees of approximately \$150,000. During the year ended June 30, 2026, we accrued additional estimated related legal fees of \$44,000.

As of September 28, 2026 with exception of these two consolidated matters, neither NAI nor NAIE were a party to any material pending legal proceeding nor was any of our property the subject of any material pending legal proceeding. At any given time, we may be involved in one or more matters in the ordinary course of our business.

There is no assurance NAI will prevail in any litigation matters or that litigation expenses will not be greater than anticipated.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR OUR COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock trades on the Nasdaq Global Market under the symbol “NAII.” Below are the high and low sales prices of our common stock as reported on the Nasdaq Global Market for each quarter of the fiscal years ended June 30, 2026 and 2025:

	Fiscal 2026		Fiscal 2025	
	High	Low	High	Low
First Quarter	\$ 4.03	\$ 2.74	\$ 6.88	\$ 5.10
Second Quarter	\$ 3.70	\$ 2.59	\$ 5.60	\$ 4.02
Third Quarter	\$ 4.96	\$ 2.33	\$ 4.40	\$ 3.27
Fourth Quarter	\$ 2.93	\$ 2.35	\$ 3.62	\$ 2.57

Holders

As of September 23, 2026, there were 166 stockholders of record of our common stock. On that same date, the last sales price of our common stock as reported on NASDAQ was \$1.85 per share.

Dividends

We have never paid a dividend on our common stock, and we do not intend to pay a dividend in the foreseeable future. Our current policy is to retain all earnings to provide funds for operations and future growth. Additionally, under the terms of our domestic credit facility, we are precluded from paying a dividend while such facility is in place without a waiver from our lender.

Recent Sales of Unregistered Securities

During the fiscal year ended June 30, 2026, we did not sell any unregistered securities.

Repurchases

During the fiscal year ended June 30, 2026, we did not repurchase any shares of our common stock other than shares acquired from employees in exchange for our paying their withholding requirements upon vesting of restricted stock.

Equity Compensation Plan Information

The following table sets forth information regarding outstanding options and shares reserved for future issuance under our existing equity compensation plans as of June 30, 2026:

Plan Category	Number of Shares to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants, and Rights (b)	Number of Shares Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Shares Reflected in Column (a)) (c)
Equity compensation plans approved by stockholders	—	\$ —	561,877
Equity compensation plans not approved by stockholders	N/A	N/A	N/A
Total	—	\$ —	561,877

ITEM 6. SELECTED FINANCIAL DATA

As a smaller reporting company, we are not required to provide Item 6 disclosure in this Annual Report.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is intended to help you understand our financial condition and results of operations as of our fiscal years ending June 30, 2026 and 2025. You should read the following discussion and analysis together with our audited consolidated financial statements and the notes to the consolidated financial statements included under Item 8 in this report. Our future financial condition and results of operations will vary from our historical financial condition and results of operations described below based on a variety of factors. You should carefully review the risks described under Item 1A and elsewhere in this report, which identify certain important factors that could cause our future financial condition and results of operations to vary.

Executive Overview

The following overview does not address all of the matters covered in the other sections of this Item 7 or other items in this report or contain all of the information that may be important to our stockholders or the investing public. You should read this overview in conjunction with the other sections of this Item 7, the financial statements and accompanying notes, and this report.

Our primary business activity is providing private-label contract manufacturing services to companies that market and distribute vitamins, minerals, herbal and other nutritional supplements, as well as other health care products, to consumers both within and outside the U.S. Historically, our revenue has been largely dependent on sales to two or three private-label contract manufacturing customers and subject to variations in the timing of such customers' orders, which in turn is impacted by such customers' internal marketing programs, supply chain management, entry into new markets, new product introductions, the demand for such customers' products, and general industry and economic conditions. Our revenue also includes raw material sales, royalty and licensing revenue generated from our patent estate pursuant to license and supply agreements with third parties for the distribution and use of the ingredient known as beta-alanine sold under our CarnoSyn®, SR CarnoSyn®, CarnoSyn® 4X and TriBSyn® trademarks.

A cornerstone of our business strategy is to achieve long-term growth and profitability and to diversify our sales base. We have sought and expect to continue to seek to diversify our sales by developing relationships with additional, quality-oriented, private-label contract manufacturing customers, and commercializing our patent estate through sales of beta-alanine under our CarnoSyn®, SR CarnoSyn®, CarnoSyn® 4X and TriBSyn® trademarks, royalties from license agreements, and potentially additional contract manufacturing opportunities with licensees.

During fiscal 2026, our consolidated net sales were 10% higher than in fiscal 2025. Private-label contract manufacturing net sales increased 11% primarily due to increased orders from one of our largest customers and several of our other existing customers, partially offset by reduced orders from other existing customers. Revenue concentration from our largest private-label contract manufacturing customer as a percentage of our total net sales was 28% in fiscal 2026, and revenue concentration from our largest private-label contract manufacturing customer as a percentage of total net sales in fiscal 2025 was 33%.

During fiscal 2026, patent and trademark licensing revenue decreased 2% to \$7.9 million as compared to \$8.1 million for fiscal 2025. The decrease in patent and trademark licensing revenue was primarily due to a decrease in beta-alanine-based material sales from existing customers, partially offset by increased orders of other raw material sales.

We continue to invest in research and development to expand our CarnoSyn® Brands product portfolio. In August 2024, we announced a new product called TriBSyn®, a clinically supported carnosine booster designed for daily wellness that delivers more than four times the bioavailability of standard beta-alanine without the paresthesia commonly associated with traditional formulations. We believe TriBSyn® and its patent-pending formulation will enable us to better penetrate the Wellness and Healthy Aging market. On April 20, 2026, we launched CarnoSyn® 4X, which utilizes the same microencapsulation technology as TriBSyn® and is specifically positioned for the Sports Nutrition market. On May 4, 2026, we announced expanded market applications for TriBSyn®, unlocking new opportunities across the beverage, dairy, and medical nutrition categories. With these expanded capabilities, TriBSyn® is well suited for ready-to-drink beverages, protein drinks, dairy-based products, gummies, and medical nutrition applications. Both CarnoSyn® 4X and TriBSyn® combine CarnoSyn® beta-alanine with proprietary technology to enhance beta-alanine bioavailability and absorption while effectively eliminating beta-alanine-related paresthesia. Available as raw material powders, they provide formulation flexibility for our customers. By eliminating paresthesia while maintaining an efficacious dosage, these products create new opportunities to reach previously untapped market segments, including older adults, vegetarians, and vegans. We believe our continued efforts to refine our formulations and expand our product portfolio will be well received and create significant opportunities to increase sales of our patented and patent-pending products.

To protect and grow our CarnoSyn® product offerings, we incurred patent compliance expenses of approximately \$0.4 million during fiscal 2026 and fiscal 2025. Our legal expense associated with our CarnoSyn® business has remained relatively low as we have no related active litigation, and the current run-rate of expenses is primarily related to maintenance and expansion of our patent and trademark estate. Our ability to maintain or further increase our beta-alanine royalty and licensing revenue will depend in large part on our ability to expand the market for our sustained release form of beta-alanine marketed under our SR CarnoSyn® trademark and our new beta-alanine product marketed under our TriBSyn® and CarnoSyn® 4X trademarks, maintain our patent rights, the availability and the cost of the raw material when and in the amounts needed, the ability to expand distribution of beta-alanine to new and existing customers, and continued compliance by third parties with our license agreements and our patent, trademark and other intellectual property rights. During fiscal 2027, we will continue our sales and marketing activities to consumers, customers, potential customers, and brand owners on multiple platforms to promote and reinforce the features and benefits of utilizing CarnoSyn®, SR CarnoSyn®, CarnoSyn® 4X and TriBSyn® beta-alanine products.

While we grew our net sales during fiscal 2026, we experienced a loss during fiscal 2026 that was primarily due to underutilization of our available factory capacities which also led to an impairment charge of one of our facilities and related assets. The growth in net sales is primarily related to increased existing private label contract manufacturing customer sales that also drove improved factory utilization, partially offset by a decrease in patent and trademark licensing net sales. Selling, general and administrative expenses during fiscal 2026 increased as compared to fiscal 2025 primarily due to a reserve allowance recorded on the final Employee Retention Tax Credit claim as we no longer believe we will be able to collect this remaining amount without substantial legal fees, an increase in advertising expense to promote our CarnoSyn® 4X and TriBSyn® product offerings, and an increase in compensation expense related to increased headcount required to support the growth in sales, partially offset by a settlement associated with a class action claim recorded during fiscal 2025. Consolidated net loss during fiscal 2026 increased primarily due to the recognition of a non-cash impairment charge of \$10.4 million to write down property and equipment to reflect the lower of their estimated fair values or carrying amount as of June 30, 2026. Although our overall sales forecast for fiscal 2027 includes an expected increase in sales as compared to fiscal 2026, we currently anticipate we will experience a net loss for fiscal 2027.

During fiscal 2027, we plan to continue our focus on:

- Leveraging our state-of-the-art, certified facilities to increase the value of the goods and services we provide to our highly valued private-label contract manufacturing customers, and developing relationships with additional quality-oriented customers;
- Expanding the commercialization of our beta-alanine patent and trademark estate in Sports Nutrition, Wellness and Healthy Aging and Medical food channels with our CarnoSyn®, SR CarnoSyn®, CarnoSyn® 4X and TriBsyrn® beta-alanine product lines; exploiting new contract manufacturing opportunities, license and royalty agreements, and protecting our proprietary rights; and
- Consolidating our facilities and factories to improve operational efficiencies and manage costs and business risks to improve profitability.

Discussion of Critical Accounting Estimates

We have identified the following as our most critical accounting estimates, which are those that are most important to the portrayal of our financial condition and results, and that require management's most subjective and complex judgments. Information regarding our other significant accounting estimates and policies is disclosed in Note A of Item 8, Organization and Summary of Significant Accounting Policies, of the notes to the consolidated financial statements.

Impairment Loss — During fiscal 2026 in our Private-label contract manufacturing segment, we observed a decline in the fair value of our manufacturing facility we own in Carlsbad, California compared to its carrying value, negative cash flow results from operating activities in fiscal years 2026 and 2024, an adverse change in the business climate as a result of one of our largest customer's downward revisions of forecasted orders, and expected negative cash flow results for fiscal year 2027. These factors indicated the carrying value of certain long-lived assets might not be fully recoverable. Consequently, we performed an evaluation of the recoverability of this asset group. Based on this evaluation, we determined the carrying amount of our manufacturing facility in Carlsbad, California exceeded the projected undiscounted future cash flows from that facility. Accordingly, we determined an impairment loss due to the carrying value of this asset group as of June 30, 2026 being in excess of the sum of expected cash flows over the forecasted useful life of the facility subject to fair value limitations. As a result, we recognized a non-cash impairment charge of \$10.4 million presented as a separate line item, *Impairment loss*, on the consolidated statements of operations and comprehensive loss to write down property and equipment, to reflect the lower of their estimated fair values or carrying amounts as of June 30, 2026. This charge significantly increased our operating loss for fiscal year 2026 but had no immediate impact on our cash position or liquidity. For estimates of fair values, we relied on significant unobservable inputs categorized as Level 3 within the fair value hierarchy such as third-party real estate experts for building and land fair values as of June 5, 2026, and a third-party appraiser's report for Machinery and Equipment as of January 28, 2026, which we received as part of our debt refinancing in May 2026 and do not represent fair values as of June 30, 2026. It is possible the assumptions and underlying estimates used to determine the fair value of this asset group will change in the future, and such changes could result in a material difference from the impairment loss recognized in these financial statements.

Revenue Recognition — Revenue is measured as the net amount of consideration expected to be received in exchange for fulfilling one or more performance obligations. For certain contracts with volume rebates, our estimates of future sales used to assess the volume rebate estimates are subject to a high degree of judgement and may differ from actual sales due to, among other things, changes in customer orders and raw material availability.

Results of Operations

The following table sets forth selected consolidated operating results for each of the last two fiscal years, presented as a percentage of net sales (dollars in thousands).

	Fiscal Year Ended				Increase (Decrease)	
	June 30, 2026		June 30, 2025			
Private-label contract manufacturing	\$ 134,615	94%	\$ 121,779	94%	\$ 12,836	11%
Patent and trademark licensing	7,900	6%	8,081	6%	(181)	(2)%
Total net sales	142,515	100%	129,860	100%	12,655	10%
Cost of goods sold	133,518	94%	120,571	93%	12,947	11%
Gross profit	8,997	6%	9,289	7%	(292)	(3)%
Other selling, general & administrative expenses	17,296	12%	16,549	13%	747	5%
Impairment loss	10,409	7%	—	0%	10,409	(NM)
Settlement of legal proceeding and associated expense	44	0%	1,400	1%	(1,356)	(97)%
Loss from operations	(18,752)	(13)%	(8,660)	(7)%	(10,092)	117%
Other expense, net	(1,513)	(1)%	(2,080)	(2)%	567	(27)%
Loss before income taxes	(20,265)	(14)%	(10,740)	(8)%	(9,525)	89%
Provision for income taxes	430	0%	2,835	2%	(2,405)	(85)%
Net loss	\$ (20,695)	(15)%	\$ (13,575)	(10)%	\$ (7,120)	52%

(NM) Not meaningful as base is zero.

Private-label contract manufacturing sales increased 11% primarily due to increased orders from one of our largest customers and shipments to existing customers, partially offset by lower sales from other existing customers. Revenue concentration from our largest private-label contract manufacturing customer as a percentage of our total net sales was 28% in fiscal 2026, and revenue concentration from our largest private-label contract manufacturing customer as a percentage of total net sales in fiscal 2025 was 33%.

Net sales from our patent and trademark licensing segment decreased 2% during fiscal 2026. The decrease in patent and trademark licensing revenue was primarily due to a decrease in beta-alanine-based material sales from existing customers, partially offset by increased orders of other raw material sales.

The change in gross profit margin for the year ended June 30, 2026, was as follows:

	Percentage Change
Contract manufacturing (1)	(0.1)
Patent and trademark licensing (2)	(0.8)
Total change in gross profit margin	(0.9)

- Private-label contract manufacturing gross profit margin contribution decreased 0.1 percentage points in fiscal 2026 as compared to fiscal 2025. The decrease in gross profit as a percentage of net sales for private-label contract manufacturing is primarily related to an unfavorable shift in product sales mix, increased manufacturing costs and a reserve allowance placed on the remaining Employee Retention Tax Credit receivable balance of \$0.8 million charged to cost of goods sold, net of associated fees and taxes, partially offset by an increase in sales volume which decreased our capacity underutilization, along with favorable foreign currency exchange rate fluctuations.
- During fiscal 2026, patent and trademark licensing gross profit margin contribution decreased 0.8 percentage points as compared to fiscal 2025. The decrease in gross profit margin during the year ended June 30, 2026 is primarily due to decreased patent and trademark licensing net sales as a percentage of total consolidated net sales, as patent and trademark licensing historically provides higher profit margins than our private-label contract manufacturing business.

Selling, general and administrative expenses, excluding impairment loss and litigation settlement expenses, increased \$0.7 million, or 5% to \$17.3 million in fiscal 2026 as compared to \$16.5 million in fiscal 2025. This increase is primarily due to a \$0.4 million net expense to establish a reserve allowance on the remaining Employee Retention Tax Credit receivable balance offset by the reversal of associated fees and taxes. Other increases include advertising expense to promote our CarnoSyn® 4X and TriBsyn® product offerings and an increase in compensation expense related to increased headcount required to support the growth in sales.

During fiscal 2026 in our Private-label contract manufacturing segment, we observed a decline in the fair value of our manufacturing facility we own in Carlsbad, California compared to its carrying value, negative cash flow results from operating activities in fiscal years 2026 and 2024, an adverse change in the business climate as a result of one of our largest customer's downward revisions of forecasted orders, and expected negative cash flow results for fiscal year 2027. These factors indicated the carrying value of certain long-lived assets might not be fully recoverable. Consequently, we performed an evaluation of the recoverability of this asset group. Based on this evaluation, we determined the carrying amount of our manufacturing facility in Carlsbad, California exceeded the projected undiscounted future cash flows from that facility. Accordingly, we determined an impairment loss due to the carrying value of this asset group as of June 30, 2026 being in excess of the sum of expected cash flows over the forecasted useful life of the facility subject to fair value limitations. As a result, we recognized a non-cash impairment charge of \$10.4 million presented as a separate line item, *Impairment loss*, on the consolidated statements of operations and comprehensive loss to write down property and equipment, to reflect the lower of their estimated fair values or carrying amounts as of June 30, 2026. This charge significantly increased our operating loss for fiscal year 2026 but had no immediate impact on our cash position or liquidity. For estimates of fair values, we relied on significant unobservable inputs categorized as Level 3 within the fair value hierarchy such as third-party real estate experts for building and land fair values as of June 5, 2026, and a third-party appraiser's report for Machinery and Equipment as of January 28, 2026, which we received as part of our debt refinancing in May 2026 and do not represent fair values as of June 30, 2026. It is possible the assumptions and underlying estimates used to determine the fair value of this asset group will change in the future, and such changes could result in a material difference from the impairment loss recognized in these financial statements.

Fiscal 2025 results of operations also included a \$1.4 million expense associated with an accrued litigation settlement and related legal costs associated with a PAGA claim of which an additional \$44,000 of related legal fees was incurred during fiscal 2026.

Other expense, net, decreased \$0.6 million during fiscal 2026 as compared to fiscal 2025. The decrease is primarily due to favorable foreign currency exchange rates, partially offset by an increase in interest expense related to increased interest rates and usage of our credit facility under the terms of our domestic credit agreement.

We recorded an income tax provision of \$0.4 million during fiscal 2026 as compared to \$2.8 million in fiscal 2025. The decrease in our income tax provision is primarily driven by a \$4.8 million valuation allowance that was recognized in fiscal 2025 against our net domestic deferred income tax asset, as well as continuation of a full valuation allowance on our domestic deferred income tax asset throughout fiscal 2026.

Liquidity and Capital Resources

Our primary sources of liquidity and capital resources are cash flows provided by operating activities and the availability of borrowings under our credit facilities. Net cash used in operating activities was \$8.9 million in fiscal 2026 compared to net cash provided by operating activities of \$5.9 million in fiscal 2025.

For the year ended June 30, 2026, changes in accounts receivable used \$6.0 million in cash compared to providing \$2.2 million in fiscal 2025. The change in cash used in accounts receivable during fiscal 2026 primarily resulted from the timing of sales and the related collections. Days sales outstanding increased to 45 days during fiscal 2026 compared to 44 days during fiscal 2025.

Inventory used \$5.9 million in cash during fiscal 2026 compared to \$0.6 million in fiscal 2025. The change in cash activity from inventory was primarily related to the difference in the amount and timing of orders and anticipated sales in fiscal year 2026 as compared to fiscal year 2025. Changes in accounts payable and accrued liabilities provided \$4.1 million in cash during fiscal 2026 compared to providing \$2.9 million during fiscal 2025. The change in cash flow activity related to accounts payable and accrued liabilities is primarily due to the timing of inventory receipts and payments.

Cash used in investing activities in fiscal 2026 was \$3.7 million compared to \$3.6 million in fiscal 2025. The primary reason for this change is due to increased capital expenditures. Capital expenditures in fiscal 2026 and in fiscal 2025 included costs incurred to install solar energy generation equipment on our manufacturing facilities as well as normal expenditures to support equipment and activities in our facilities in California and Switzerland.

Cash provided by financing activities in fiscal 2026 was \$7.8 million, compared to \$2.0 million used in fiscal 2025. The change in financing activities includes borrowings of \$66.7 million on our short-term line of credit in fiscal 2026 compared to borrowings of \$31.0 million in fiscal 2025. The change in financing activities also includes borrowings of \$11.0 million on our long-term debt in fiscal 2026 compared to no additional borrowings in fiscal

2025. Offsetting these borrowings are repayments of \$60.9 million on our short-term line of credit in fiscal 2026 compared to repayments of \$32.5 million in fiscal 2025. The change in financing activities also includes repayments of \$9.0 million as part of refinancing our real estate loan in fiscal 2026 compared to repayments of \$0.3 million in fiscal 2025.

On May 18, 2026, we entered into a new credit facility with Legacy Corporate Lending, LLC (“Legacy”). This new credit facility includes a new term loan for \$11.0 million and a working capital line of credit with a maximum borrowing capacity of \$20.0 million subject to a borrowing-base calculation. On June 17, 2026, our subsidiary NAIE entered into a new credit line with UBS Switzerland AG (“UBS”) with maximum borrowing capacity of CHF 2.0 million. Please see Note F in Item 8 of this report for terms of our two new credit facilities.

As of June 30, 2026, we had \$17.7 million available of the maximum borrowing capacity under the terms of our Legacy credit line of which we had outstanding borrowings of \$7.7 million. We also owed \$10.9 million on the new term loan secured by our Carlsbad, California powder processing and storage facility. As of June 30, 2025, we had \$9.9 million available of the maximum borrowing capacity on our previous credit facility of which we had outstanding borrowings of \$1.9 million. We also owed \$8.9 million on the previous term loan.

As of June 30, 2026, NAIE had no outstanding borrowings and was in compliance with the debt covenants of its UBS credit facility.

Going Concern

Management evaluated whether conditions and events, considered in aggregate, raise substantial doubt about the Company’s ability to continue as a going concern within one year after the date our financial statements are issued.

As of June 30, 2026, we had \$7.5 million in cash, cash equivalents and restricted cash of which \$6.3 million was held by NAIE. On October 15, 2025, NAIE paid a dividend of \$3.1 million to NAI which was subject to a 5% Swiss withholding tax.

On May 18, 2026, we entered into a new domestic credit facility with Legacy. The new credit facility includes a fixed charge coverage ratio covenant requirement as defined in the Loan and Security Agreement that is based on only domestic operations and will first be measured for the nine months ending September 30, 2026. We anticipate we will not be able to comply with the covenant required under the Loan and Security Agreement as of September 30, 2026 due to one of our largest private-label contract manufacturing customer's material downward revisions to their forecast of projected orders and purchases from us during our fiscal year 2027. We have informed Legacy of our pending non-compliance with the fixed charge coverage ratio, and there is no assurance that a waiver, amendment, or remedy will be available or what the difference in amount, cost or other factors may be.

Management identified the following conditions that raised substantial doubt about the Company’s ability to continue as a going concern:

- Continued net losses and negative operating cash flows;
- A forecasted inability to meet the financial covenant requirements of Legacy for the nine months ending September 30, 2026; and
- Our inability to satisfy amounts owed under the current credit facility and term loan with cash currently available in the event Legacy elects to exercise its rights under the credit facility in the event of non-compliance regarding default actions against the Company.

To address these conditions, management has implemented the following actions:

- We currently have our corporate headquarters classified as held for sale of which we expect to generate net positive cash flow from a future sale;
- Management continues to focus on growing sales through the expansion of existing customer relationships and new customer relationships;
- Management is evaluating cost containment and reduction opportunities in an effort to improve financial results while also improving working capital usage;
- After careful consideration of the Company's current financial position and strategic objectives, management has determined the sale of our Carlsbad, California manufacturing facility is in the best interests of the Company and its stockholders. The Board of Directors has concluded that divesting this real property asset will provide the Company with additional liquidity needed to manage cash flows and reduce the overall debt load while improving capacity utilization. In light of the Company's recent operating challenges, management believes unlocking the capital currently held in this facility will allow the Company to extinguish the outstanding term-note on this property, reduce persistent excess capacity in our contract manufacturing segment, and better size the Company for sustainable growth. Management believes production can be effectively consolidated into our Vista, California manufacturing facility with no disruptions to production of customers' products; and
- Initiated a comprehensive review process to explore strategic alternatives focused on maximizing shareholder value including evaluating a full range of strategic growth paths, potential mergers, acquisitions, joint ventures, or a strategic sale of the Company.

Management has prepared cash flow projections incorporating these plans, as well as projected sales growth reflecting our best estimates of future operating performance and liquidity needs. Management believes these plans will allow the Company to mitigate the current conditions that have raised substantial doubt about the Company’s ability to continue as a going concern. While management plans to take the actions noted above, there can be no assurance we will be successful in our efforts to obtain a waiver, amendment, or obtain alternative financing or avoid future issues maintaining compliance with financial covenants.

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

Off-Balance Sheet Arrangements

As of June 30, 2026, we did not have any significant off-balance sheet debt nor did we have any transactions, arrangements, obligations (including contingent obligations) or other relationships with any unconsolidated entities or other persons, in each case that have or are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenue or expenses material to investors.

Inflation

During fiscal 2026, we experienced continued price increases for product raw material, and other increased operational costs related to inflationary pressure to a higher degree than in fiscal 2025. We currently believe increasing raw material and product cost pricing pressures will continue throughout fiscal 2027 as a result of limited supplies of various ingredients, the effects of higher labor and transportation costs, interest rates, tariffs, and global fuel and energy costs. We anticipate current inflation rates will have a negative impact on our fiscal 2027 operations, and we are monitoring the drivers and working with suppliers and customers to mitigate the impact on our results.

Recent Accounting Pronouncements

A discussion of recent accounting pronouncements is included under Note A in the notes to our consolidated financial statements which are included under Item 8 of this report.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company, we are not required to provide Item 7A disclosure in this Annual Report.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders of
Natural Alternatives International, Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Natural Alternatives International, Inc. (the “Company”) as of June 30, 2026 and 2025, and the related consolidated statements of operations and comprehensive loss, stockholders’ equity and cash flows for each of the two years in the period ended June 30, 2026, 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 consolidated financial position of the Company as of June 30, 2026 and 2025, and the consolidated results of its operations and its cash flows for each of the two years in the period ended June 30, 2026, in conformity with accounting principles generally accepted in the United States of America.

Substantial Doubt About the Company’s Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note A to the consolidated financial statements, the Company has experienced continued net losses and negative operating cash flow, a forecasted inability to meet financial covenant requirements in its credit facility agreement, and insufficient cash resources to satisfy the liabilities under the credit facility agreement should such be deemed in default and the lender exercises its rights under the agreement. These conditions raise substantial doubt about the Company’s ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note A to the consolidated financial statements. The consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

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 audits 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 Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM (Continued)

way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Impairment of Long-Lived Assets*Critical Audit Matter Description*

As described in Note A to the consolidated financial statements, during the year ended June 30, 2026, the Company recorded an impairment charge of \$10.4 million related to the long-lived assets of its Carlsbad, CA manufacturing facility. Management compared the undiscounted cash flows expected to result from the use and eventual disposition of the asset group to its carrying amount and, because those cash flows did not exceed the carrying amount, measured the impairment loss as the excess of the carrying amount over the fair value of the asset group. Measuring the impairment loss required management to estimate the fair value of the land and building and the machinery and equipment, which are measurements developed using significant unobservable inputs, including the determination of the highest and best use of the assets from the perspective of a market participant.

The principal considerations for our determination that this is a critical audit matter are the significant judgments made by management in developing the fair value estimates of the asset group and of the individual long-lived assets within that group, including the determination of highest and best use and the selection of the value indications considered representative of fair value.

How the Critical Audit Matter was Addressed in the Audit

Auditing management's estimates of the fair value of the asset group and of the individual long-lived assets within that group was challenging and judgmental because the estimates involve significant measurement uncertainty regarding the highest and best use of a specialized manufacturing facility as determined by a market participant, the value indications selected as representative of fair value, and the assumptions underlying the projected cash flows of the asset group. A high degree of auditor judgment, subjectivity and effort was required in performing procedures and evaluating evidence related to management's assumptions in these areas. Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others:

- We obtained an understanding of the Company's process for identifying indicators of impairment and for determining the composition of its asset groups; we evaluated management's accounting policies and practices with respect to the impairment of long-lived assets for compliance with accounting principles generally accepted in the United States of America; and we evaluated whether the assets and liabilities included in the asset group represent the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities.
- We evaluated the projected undiscounted cash flows used in the recoverability test, including assessing the completeness of those cash flows relative to the composition of the asset group, comparing revenue growth, operating cost, capital expenditure and terminal assumptions to historical operating results, the Company's approved operating budget, and other internal and external information, and evaluating whether such assumptions were applied consistently across the Company's asset groups. We recomputed the comparison of the projected undiscounted cash flows to the carrying amount of the asset group.
- Through inquiries with management and examination of Company-prepared analyses, we obtained an understanding of management's determination of the highest and best use of the assets and of the significant assumptions supporting the fair value estimates. We evaluated that determination against the requirements of accounting principles generally accepted in the United States of America, including whether the valuation premise and related assumptions were applied consistently to all of the assets of the group and were consistent

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM (Continued)

with the assumptions underlying management's projected cash flows. We evaluated whether the valuation techniques applied were appropriate in the circumstances and consistent with that use.

- We obtained the third-party evidence underlying the value indications used by management and evaluated its relevance and reliability, including the source of the information, the basis and date on which it was prepared, and whether it was developed on a basis consistent with the fair value measurement objective.
- Using the third-party evidence obtained by management together with market data for comparable properties that we obtained from independent sources, we evaluated whether management's fair value conclusions fell within a range of reasonable outcomes.
- We tested the allocation of the impairment loss to the long-lived assets of the asset group, including the limitation of the loss allocated to any individual asset to that asset's fair value.
- We evaluated information subsequent to the balance sheet date to determine whether there was any new information that would require adjustment to the previously estimated amounts.
- We evaluated the classification of the impairment loss and related financial statement disclosures to ensure compliance with accounting principles generally accepted in the United States of America.

/s/ HASKELL & WHITE LLP

We have served as the Company's auditor since 2014.

Irvine, California
September 28, 2026

Natural Alternatives International, Inc.
Consolidated Balance Sheets
As of June 30
(Dollars in thousands, except share and per share data)

	2026	2025
Assets		
Current assets:		
Cash and cash equivalents	\$ 7,388	\$ 12,325
Restricted cash	86	—
Accounts receivable – less allowance for credit losses of \$1 at June 30, 2026 and \$0 at June 30, 2025	20,650	14,644
Inventories, net	30,753	24,871
Forward contracts	—	368
Assets held for sale	3,977	—
Prepays and other current assets	2,580	7,068
Total current assets	65,434	59,276
Property and equipment, net	35,605	50,890
Operating lease right-of-use assets	24,062	41,054
Other noncurrent assets, net	1,345	719
Total assets	\$ 126,446	\$ 151,939
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 18,146	\$ 15,352
Accrued liabilities	4,601	3,516
Accrued compensation and employee benefits	2,447	2,173
Customer deposits	1,320	1,364
Short-term liability – operating leases	2,721	2,227
Forward contracts	—	1,967
Mortgage note payable, current portion	733	305
Line of credit – current	7,749	1,900
Total current liabilities	37,717	28,804
Long-term liability – operating leases	28,564	45,970
Long-term pension liability	—	111
Mortgage note payable, net of current portion	10,206	8,628
Total liabilities	76,487	83,513
Commitments and contingencies (Notes D, F, H, J and M)		
Stockholders' equity:		
Preferred stock; \$.01 par value; 500,000 shares authorized; none issued or outstanding	—	—
Common stock; \$.01 par value; 20,000,000 shares authorized at June 30, 2026 and June 30, 2025, issued and outstanding (net of treasury shares) 6,266,542 at June 30, 2026 and 6,178,213 at June 30, 2025	94	93
Additional paid-in capital	34,213	33,611
Retained earnings	38,696	59,391
Treasury stock, at cost, 3,385,364 shares at June 30, 2026 and 3,326,693 at June 30, 2025	(23,343)	(23,254)
Accumulated other comprehensive income (loss)	299	(1,415)
Total stockholders' equity	49,959	68,426
Total liabilities and stockholders' equity	\$ 126,446	\$ 151,939

See accompanying notes to consolidated financial statements and report of independent registered public accounting firm.

Natural Alternatives International, Inc.
Consolidated Statements of Operations and Comprehensive Loss
For the Years Ended June 30
(Dollars in thousands, except share and per share data)

	2026	2025
Net sales	\$ 142,515	\$ 129,860
Cost of goods sold	133,518	120,571
Gross profit	8,997	9,289
Other selling, general and administrative expenses	17,296	16,549
Impairment loss (Note A)	10,409	—
Settlement of legal proceeding and associated expense	44	1,400
Loss from operations	(18,752)	(8,660)
Other income (expense):		
Interest income	50	168
Interest expense	(1,186)	(915)
Foreign exchange loss	(316)	(1,340)
Other, net	(61)	7
Total other expense	(1,513)	(2,080)
Loss before income taxes	(20,265)	(10,740)
Provision for income taxes	430	2,835
Net loss	\$ (20,695)	\$ (13,575)
Change in minimum pension liability, net of tax	\$ 149	\$ 50
Unrealized gain (loss) resulting from change in fair value of derivative instruments, net of tax	1,565	(1,443)
Comprehensive loss	\$ (18,981)	\$ (14,968)
Net loss per common share:		
Basic	\$ (3.43)	\$ (2.28)
Diluted	\$ (3.43)	\$ (2.28)
Weighted average common shares outstanding:		
Basic	6,027,816	5,946,520
Diluted	6,027,816	5,946,520

See accompanying notes to consolidated financial statements and report of independent registered public accounting firm.

Natural Alternatives International, Inc.
Consolidated Statements of Stockholders' Equity
For the Years Ended June 30
(Dollars in thousands)

	Common Stock		Additional	Retained	Treasury Stock		Accumulated	
	Shares	Amount	Paid-in	Earnings	Shares	Amount	Other	Total
			Capital				Comprehensive	
							Income (Loss)	
Balance, June 30, 2024	9,480,906	\$ 93	\$ 32,634	\$ 72,966	3,280,721	\$ (23,076)	\$ (22)	\$ 82,595
Issuance of common stock for restricted stock grants	24,000	—	—	—	—	—	—	—
Compensation expense related to stock compensation plans	—	—	977	—	—	—	—	977
Repurchase of common stock	—	—	—	—	45,972	(178)	—	(178)
Change in minimum pension liability, net of tax	—	—	—	—	—	—	50	50
Unrealized loss resulting from change in fair value of derivative instruments, net of tax	—	—	—	—	—	—	(1,443)	(1,443)
Net loss	—	—	—	(13,575)	—	—	—	(13,575)
Balance, June 30, 2025	9,504,906	\$ 93	\$ 33,611	\$ 59,391	3,326,693	\$ (23,254)	\$ (1,415)	\$ 68,426
Issuance of common stock for restricted stock grants	147,000	1	(1)	—	—	—	—	—
Compensation expense related to stock compensation plans	—	—	603	—	—	—	—	603
Repurchase of common stock	—	—	—	—	32,006	(88)	—	(88)
Forfeiture of restricted stock	—	—	—	—	26,665	(1)	—	(1)
Change in minimum pension liability, net of tax	—	—	—	—	—	—	149	149
Unrealized gain resulting from change in fair value of derivative instruments, net of tax	—	—	—	—	—	—	1,565	1,565
Net loss	—	—	—	(20,695)	—	—	—	(20,695)
Balance, June 30, 2026	9,651,906	\$ 94	\$ 34,213	\$ 38,696	3,385,364	\$ (23,343)	\$ 299	\$ 49,959

See accompanying notes to consolidated financial statements and report of independent registered public accounting firm.

Natural Alternatives International, Inc.
Consolidated Statements of Cash Flows
For the Years Ended June 30
(in thousands)

	2026	2025
Cash flows from operating activities		
Net loss	\$ (20,695)	\$ (13,575)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Impairment loss	10,409	0
Settlement of legal proceeding and associated expense	44	1,400
Depreciation and amortization	4,709	4,560
Deferred income taxes	—	3,613
Non-cash lease expenses	5,175	7,254
Stock-based compensation	603	977
Pension expense, net of contributions	18	81
Loss on disposal of assets	6	49
Changes in operating assets and liabilities:		
Accounts receivable	(6,006)	2,247
Inventories	(5,882)	(622)
Prepays and other assets	3,711	2,223
Accounts payable and accrued liabilities	4,056	2,858
Operating lease liabilities	(5,095)	(4,235)
Forward contracts	(34)	176
Income taxes	(136)	(1,110)
Accrued compensation and employee benefits	201	36
Net cash (used in) provided by operating activities	(8,916)	5,932
Cash flows from investing activities		
Purchases of property and equipment	(3,701)	(3,614)
Net cash used in investing activities	(3,701)	(3,614)
Cash flows from financing activities		
Borrowings under line of credit	66,710	31,000
Repayments under line of credit	(60,861)	(32,500)
Borrowings under long-term debt	11,000	—
Repayments under long-term debt	(8,994)	(296)
Repurchase of common stock	(89)	(178)
Net cash provided by (used in) financing activities	7,766	(1,974)
Net (decrease) increase in cash, cash equivalents and restricted cash	(4,851)	344
Cash, cash equivalents and restricted cash at beginning of year	12,325	11,981
Cash, cash equivalents and restricted cash at end of year	\$ 7,474	\$ 12,325
Supplemental disclosures of cash flow information		
Cash paid during the year for:		
Interest	\$ 1,082	\$ 814
Income taxes	\$ 435	\$ 323
Non-cash purchases of property and equipment	\$ 115	\$ —

See accompanying notes to consolidated financial statements and report of independent registered public accounting firm.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A. Organization and Summary of Significant Accounting Policies

Organization

We provide private-label contract manufacturing services to companies that market and distribute vitamins, minerals, herbs, and other nutritional supplements, as well as other health care products, to consumers both within and outside the U.S. We also seek to commercialize our patent and trademark estate related to the ingredient known as beta-alanine sold under our CarnoSyn®, SR CarnoSyn®, CarnoSyn® 4X and TriBSyn® trademarks through raw material and finished product sales and various license and similar arrangements.

Subsidiaries

On January 22, 1999, Natural Alternatives International Europe S.A., a Swiss Corporation (NAIE) was formed as our wholly owned subsidiary, based in Manno, Switzerland. In September 1999, NAIE opened a manufacturing facility and currently possesses manufacturing capability in encapsulation, powders, tablets, finished goods packaging, quality control laboratory testing, warehousing, distribution and administration.

Principles of Consolidation

The consolidated financial statements include the accounts of Natural Alternatives International, Inc. (NAI) and our wholly owned subsidiary, NAIE. All intercompany accounts and transactions have been eliminated. The functional currency of NAIE, our foreign subsidiary, is the U.S. Dollar. Certain accounts of NAIE have been translated at either current or historical exchange rates, as appropriate, with gains and losses included in the consolidated statements of operations and comprehensive loss.

Recently Adopted Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures". The amendments in this update address investor requests for more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. This update also includes certain other amendments to improve the effectiveness of income tax disclosures. The amendments in ASU 2023-09 are effective for fiscal years beginning after December 15, 2024, with early adoption permitted. We adopted the new standard and the additional disclosure requirements in our annual financial statements for the year ended June 30, 2026 with prospective application contained in Note G.

Recently Issued Accounting and Regulatory Pronouncements

In December 2025, the FASB issued ASU 2025-12, Codification Improvements ("ASU 2025-12"). ASU 2025-12 addresses suggestions received from stakeholders regarding the Accounting Standards Codification and makes other incremental improvements to U.S. GAAP. The update represents changes to the Codification that clarify, correct errors in or make other improvements to a variety of topics that are intended to make it easier to understand and apply. ASU 2025-12 is effective for fiscal years beginning after December 15, 2026 and interim periods within those fiscal years. Entities are required to apply the amendments to ASC 260 retrospectively. All other amendments may be applied prospectively or retrospectively. Early adoption is permitted. We plan to adopt this pronouncement for the interim periods within our fiscal year beginning July 1, 2027, and we are currently evaluating the impact this ASU may have on our consolidated financial statements and related disclosures.

In December 2025, the FASB issued ASU 2025-11 which is related to interim disclosure requirements. The amendments in this update clarify current interim disclosure requirements and provide a comprehensive list of required interim disclosures. The update also incorporates a disclosure principle that requires entities to disclose events that occur after the end of the last annual reporting period. This update is effective for interim periods within annual periods beginning after December 15, 2027, though early adoption is permitted. We plan to adopt this pronouncement for the interim periods within our fiscal year beginning July 1, 2028, and we do not expect it to have a material effect on our consolidated financial statements and related disclosures.

In November 2025, the FASB issued ASU 2025-09, Derivatives and Hedging (Topic 815): Hedge Accounting Improvements, which introduces five targeted improvements to better align hedge accounting with risk management activities of the entity. The update will be effective for annual reporting periods beginning after December 15, 2026, and interim periods within those annual reporting periods. Early adoption is permitted. We plan to adopt this pronouncement for the interim periods within our fiscal year beginning July 1, 2027, and we are assessing the effect of this update on our consolidated financial statements and related disclosures.

In July 2025, the FASB issued ASU 2025-05, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets to introduce a practical expedient intended to simplify the estimation of expected credit losses on current accounts receivable and contract assets arising from revenue transactions under ASC 606. The practical expedient permits entities to assume that current conditions as of the reporting date remain unchanged for the remaining life of the asset. ASU 2025-05 is effective for fiscal years beginning after December 15, 2025, including interim periods within those fiscal years, with early adoption permitted. The provisions under ASU 2025-05 should be applied on a prospective basis. We plan to adopt this pronouncement for the interim periods within our fiscal year beginning July 1, 2026, and we do not expect it to have a material effect on our consolidated financial statements and related disclosures.

In November of 2024, the FASB issued ASU 2024-03, Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses. This ASU requires public companies to disclose, in the notes to financial statements, specified information about certain costs and expenses presented in the consolidated statements of operations and comprehensive loss. ASU 2024-03 is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. ASU 2024-03 allows for early adoption and requires prospective application to financial statements issued for reporting periods after the effective date of ASU 2024-03, and it allows for election to retrospectively adopt to any or all comparatively presented prior periods in the financial statements beginning before the effective date. This ASU will be adopted in our annual financial statements for the year ending June 30, 2028. We are currently evaluating the impact of this standard on our consolidated financial statements and related disclosures.

In October 2023, the FASB issued Accounting Standards Update ("ASU") 2023-06, "Disclosure Improvements - Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative". ASU 2023-06 clarifies or improves disclosure and presentation requirements on various disclosure areas, including the statement of cash flows, earnings per share, debt, equity, and derivatives. The amendments will align the requirements in the FASB Accounting Standards Codification (ASC) with the SEC's regulations. The amendments in this ASU will be effective on the date the related disclosures are removed from Regulation S-X or Regulation S-K by the SEC, and will not be effective if the SEC has not removed the applicable disclosure requirement by June 30, 2027. Early adoption is prohibited. As we are currently subject to these SEC requirements, this ASU is not expected to have a material impact on our consolidated financial statements or related disclosures.

Reclassifications

Certain amounts in the prior period consolidated financial statements have been reclassified to conform to the current period presentation. These reclassifications had no effect on reported results of operations.

Going Concern

Management evaluated whether conditions and events, considered in aggregate, raise substantial doubt about the Company's ability to continue as a going concern within one year after the date our financial statements are issued.

As of June 30, 2026, we had \$7.5 million in cash, cash equivalents and restricted cash of which \$6.3 million was held by NAIE. On October 15, 2025, NAIE paid a dividend of \$3.1 million to NAI which was subject to a 5% Swiss withholding tax.

On May 18, 2026, we entered into a new domestic credit facility with Legacy (Note F). The new credit facility includes a fixed charge coverage ratio covenant requirement as defined in the Loan and Security Agreement that is based on only domestic operations and will first be measured for the nine months ending September 30, 2026. We anticipate we will not be able to comply with the covenant required under the Loan and Security Agreement as of September 30, 2026 due to one of our largest private-label contract manufacturing customer's material downward revisions to their forecast of projected orders and purchases from us during our fiscal year 2027 (Note O). We have informed Legacy of our pending non-compliance with the fixed charge coverage ratio, and there is no assurance that a waiver, amendment, or remedy will be available or what the difference in amount, cost or other factors may be.

Management identified the following conditions that raised substantial doubt about the Company's ability to continue as a going concern:

- Continued net losses and negative operating cash flows;
- A forecasted inability to meet the financial covenant requirements of Legacy for the nine months ending September 30, 2026; and
- Our inability to satisfy amounts owed under the current credit facility and term loan with cash currently available in the event Legacy elects to exercise its rights under the credit facility in the event of non-compliance regarding default actions against the Company.

To address these conditions, management has implemented the following actions:

- We currently have our corporate headquarters classified as held for sale of which we expect to generate net positive cash flow from a future sale;
- Management continues to focus on growing sales through the expansion of existing customer relationships and new customer relationships;
- Management is evaluating cost containment and reduction opportunities in an effort to improve financial results while also improving working capital usage;
- After careful consideration of the Company's current financial position and strategic objectives, management has determined the sale of our Carlsbad, California manufacturing facility is in the best interests of the Company and its stockholders. The Board of Directors has concluded that divesting this real property asset will provide the Company with additional liquidity needed to manage cash flows and reduce the overall debt load while improving capacity utilization. In light of the Company's recent operating challenges, management believes unlocking the capital currently held in this facility will allow the Company to extinguish the outstanding term-note on this property, reduce persistent excess capacity in our contract manufacturing segment, and better size the Company for sustainable growth. Management believes production can be effectively consolidated into our Vista, California manufacturing facility with no disruptions to production of customers' products; and
- Initiated a comprehensive review process to explore strategic alternatives focused on maximizing shareholder value including evaluating a full range of strategic growth paths, potential mergers, acquisitions, joint ventures, or a strategic sale of the Company.

Management has prepared cash flow projections incorporating these plans, as well as projected sales growth reflecting our best estimates of future operating performance and liquidity needs. Management believes these plans will allow the Company to mitigate the current conditions that have raised substantial doubt about the Company's ability to continue as a going concern. While management plans to take the actions noted above, there can be no assurance we will be successful in our efforts to obtain a waiver, amendment, or obtain alternative financing or avoid future issues maintaining compliance with financial covenants.

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

Cash, Cash Equivalents, and Restricted Cash

We consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Amounts classified as restricted cash are for a lockbox arrangement with our lender.

The following table sets forth the company's reconciliation of cash, cash equivalents and restricted cash reported within the consolidated statement of cash flows that equals the total of the same amounts shown in the consolidated balance sheets:

	2026	2025
Supplemental disclosures of cash flow information		
Cash and cash equivalents	\$ 7,388	\$ 12,325
Restricted cash (1)	86	—
Cash, cash equivalents and restricted cash	<u>\$ 7,474</u>	<u>\$ 12,325</u>

(1) Restricted cash is comprised of payment receipts from our customers used to reduce borrowing on the outstanding balance of our line of credit.

Fair Value of Financial Instruments

Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. We use a three-level hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs are inputs that reflect our assumptions about the inputs that market participants would use in pricing the asset or liability and are developed based on the best information available under the circumstances.

The fair value hierarchy is broken down into three levels based on the source of inputs. In general, fair values determined by Level 1 inputs use quoted prices (unadjusted) in active markets for identical assets or liabilities that we have the ability to access. We classify cash, cash equivalents, restricted cash, and marketable securities balances as Level 1 assets. The approximate fair value of cash, cash equivalents, restricted cash, accounts receivable, accounts payable and short-term borrowings is equal to book value due to the short-term nature of these items. Fair values determined by Level 2 inputs are based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active and models for which all significant inputs are observable or can be corroborated, either directly or indirectly by observable market data. Level 3 inputs are unobservable inputs for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. These include certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

As part of the refinancing of our previous credit facility, Wells Fargo required us to extinguish and settle all our remaining outstanding foreign currency hedge contracts. As a result, we did not hold any foreign currency hedge contracts as of June 30, 2026.

Except for cash, cash equivalents and restricted cash, as of June 30, 2026 and June 30, 2025, we did not have any financial assets or liabilities classified as Level 1. We classify derivative forward exchange contracts as Level 2 assets and liabilities. The fair values were determined by obtaining pricing from Wells Fargo.

We measure assets held for sale, property and equipment, net, and operating lease right-of-use assets at fair value on a nonrecurring basis and recognize them at the lower of fair value or their carrying amount when they are deemed to be impaired. As of June 30, 2026, we recognized a non-cash impairment charge of \$10.4 million presented as a separate line item, *Impairment loss*, on the consolidated statements of operations and comprehensive loss to write down property and equipment, net to reflect the lower of their estimated fair values or carrying amount as of June 30, 2026. Our estimates of fair value measurements used to calculate the impairment loss were classified as Level 3 within the fair value hierarchy due to the use of significant unobservable inputs and management's own assumptions regarding future cash flows.

As of June 30, 2026, we had no derivative instruments classified as Level 2 assets and liabilities.

Fair value of derivative instruments classified as Level 2 assets and liabilities consisted of the following as of June 30, 2025 (in thousands):

	June 30, 2025
Swiss Franc Forward Contract – Current Assets	368
Total Derivative Contracts – Current Assets	<u>368</u>
Euro Forward Contract–Current Liabilities	(1,704)
Swiss Franc Forward Contract – Current Liabilities	<u>(263)</u>
Total Derivative Contracts – Current Liabilities	<u>(1,967)</u>
Fair Value Net Asset – all Derivative Contracts	<u>\$ (1,599)</u>

We also classify any outstanding line of credit and term loan balance as a Level 2 liability, as the fair value is based on inputs that can be derived from information available in publicly quoted markets. As of June 30, 2026, we had \$7.7 million outstanding on our line of credit and of \$10.9 million outstanding on our term loan. As of June 30, 2025, we had \$1.9 million outstanding on our line of credit and \$8.9 million outstanding on our term loan. As of June 30, 2026 and June 30, 2025, we did not have any financial assets or liabilities classified as Level 3. We did not transfer any assets or liabilities between these levels during fiscal 2026 or fiscal 2025.

Accounts Receivable

We perform ongoing credit evaluations of our customers and adjust credit limits based on payment history and expected future customer credit-worthiness. An allowance for estimated credit losses is maintained based on, but not limited to, historical collection experience, current customer financial condition, current and future economic and market conditions, and age of receivables to identify any customer credit issues. We monitor our expected collections regularly and adjust the allowance for credit loss accounts as necessary to recognize any changes in credit exposure. Upon conclusion that a receivable is uncollectible, we record the respective amount as a charge against allowance for credit losses. To date, such credit loss reserves, in the aggregate, have been adequate to cover collection losses.

Inventories

We operate primarily as a private-label contract manufacturer. We make products based upon anticipated demand or following receipt of customer specific purchase orders. From time to time, we make inventory for private-label contract manufacturing customers under a specific purchase order with delivery dates that may subsequently be rescheduled or canceled at the customer's request. We value inventory at the lower of cost (first-in, first-out) or net realizable value on an item-by-item basis, including costs for raw materials, labor and manufacturing overhead. We establish reserves equal to all or a portion of the related inventory to reflect situations in which the cost of the inventory is not expected to be recovered. This requires us to make estimates regarding the market value of our inventory, including an assessment for excess and obsolete inventory. Once we establish an inventory reserve in a fiscal period, the reduced inventory value is maintained until the inventory is sold or otherwise disposed of. In evaluating whether inventory is stated at the lower of cost or net realizable value, management considers such factors as the amount of inventory on hand, the estimated time required to sell such inventory, the remaining shelf life and efficacy, the foreseeable demand within a specified time horizon and current and expected market conditions. Based on this evaluation, we record adjustments to cost of goods sold to adjust inventory to its net realizable value.

Property and Equipment

We state property and equipment at cost. Depreciation of property and equipment is provided using the straight-line method over their estimated useful lives, generally ranging from 1 to 39 years. We amortize leasehold improvements using the straight-line method over the shorter of the useful life of the improvement or the term of the lease. Maintenance and repairs are expensed as incurred. Significant expenditures that increase economic useful lives of property or equipment are capitalized and expensed over the useful life of such expenditure.

Impairment Loss

We periodically evaluate the carrying value of long-lived assets to be held and used when events and circumstances indicate that the carrying amount of an asset may not be recovered. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

During fiscal 2026 in our Private-label contract manufacturing segment, we observed a decline in the fair value of our manufacturing facility we own in Carlsbad, California compared to its carrying value, negative cash flow results from operating activities in fiscal years 2026 and 2024, an adverse change in the business climate as a result of one of our largest customer's downward revisions of forecasted orders, and expected negative cash flow results for fiscal year 2027. These factors indicated the carrying value of certain long-lived assets might not be fully recoverable. Consequently, we performed an evaluation of the recoverability of this asset group. Based on this evaluation, we determined the carrying amount of our manufacturing facility in Carlsbad, California exceeded the projected undiscounted future cash flows from that facility. Accordingly, we determined an impairment loss due to the carrying value of this asset group as of June 30, 2026 being in excess of the sum of expected cash flows over the forecasted useful life of the facility subject to fair value limitations. As a result, we recognized a non-cash impairment charge of \$10.4 million presented as a separate line item, *Impairment loss*, on the consolidated statements of operations and comprehensive loss to write down property and equipment, to reflect the lower of their estimated fair values or carrying amounts as of June 30, 2026. This charge significantly increased our operating loss for fiscal year 2026 but had no immediate impact on our cash position or liquidity. For estimates of fair values, we relied on significant unobservable inputs categorized as Level 3 within the fair value hierarchy such as third-party real estate experts for building and land fair values as of June 5, 2026, and a third-party appraiser's report for Machinery and Equipment as of January 28, 2026, which we received as part of our debt refinancing in May 2026 and do not represent fair values as of June 30, 2026. It is possible the assumptions and underlying estimates used to determine the fair value of this asset group will change in the future, and such changes could result in a material difference from the impairment loss recognized in these financial statements.

During fiscal 2025, we recognized no impairment losses.

Assets Held for Sale

During the fourth quarter of fiscal year 2026 after careful consideration of our financial position and strategic objectives, management determined the sale of the Company's corporate headquarters building was in the best interests of the Company and its stockholders. The Board of Directors concluded that divesting this real property asset would provide us with enhanced financial flexibility and additional liquidity needed to pursue business opportunities. By the end of the fourth quarter of fiscal year 2026, we had met all of the criteria required for treatment of the building, land and other fixed assets as assets held for sale. The assets held for sale are located in Carlsbad, California and are reported at their combined carrying value of \$4.0 million as of June 30, 2026. We estimate the sale of these assets to occur during our fiscal year 2027. No impairment loss was recognized upon classification to assets held for sale.

Derivative Financial Instruments

We may use derivative financial instruments in the management of our foreign currency exchange risk inherent in our forecasted sales denominated in Euros and Swiss Francs, our long-term lease liability denominated in Swiss Francs and our exposure to interest rate fluctuations related to our term-note.

We may hedge our foreign currency exposures by entering into offsetting forward exchange contracts. To the extent we use derivative financial instruments that meet the relevant criteria, we account for them as cash flow hedges. Foreign exchange derivative instruments that do not meet the criteria for cash flow hedge accounting are marked-to-market through the consolidated statements of operations and comprehensive loss. Historically, our cash flow derivative instruments related to our Euro sales have met the criteria for hedge accounting, while our derivative instruments related to our long-term lease liability have not. In the fourth quarter of fiscal 2025, we began hedging our currency risk associated with sales denominated in Swiss Franc and these derivative instruments meet the criteria for cash flow hedge accounting.

We recognize any unrealized gains and losses associated with derivative instruments accounted for as cash flow hedges in income in the period in which the underlying hedged transaction is realized. To the extent the derivative instrument is deemed ineffective we would recognize the resulting gain or loss in income at that time. As of June 30, 2026, we held no derivative contracts designated as cash flow hedges as all contracts were settled on May 11, 2026 resulting in a net settlement loss of \$0.2 million when our hedging credit line with Well Fargo was terminated. We are exploring opportunities with other lenders to establish a new foreign currency hedging credit line.

Defined Benefit Pension Plan

We formerly sponsored a defined benefit pension plan. Effective June 21, 1999, we adopted an amendment to freeze benefit accruals to the participants. The plan obligation and related assets of the plan are presented in the notes to the consolidated financial statements. Plan assets, which consist primarily of marketable equity and debt instruments, are valued based upon third party market quotations. Independent actuaries, through the use of a number of assumptions, determine plan obligations and annual pension expense. Key assumptions in measuring the plan obligations include the discount rate and estimated future return on plan assets. In determining the discount rate, we use an average long-term bond yield. Asset returns are based on the historical returns of multiple asset classes to develop a risk free rate of return and risk premiums for each asset class. The overall rate for each asset class was developed by combining a long-term inflation component, the risk free rate of return and the associated risk premium. A weighted average rate is developed based on the overall rates and the plan's asset allocation.

Revenue Recognition

We record revenue based on a five-step model which includes: (1) identifying a contract with a customer; (2) identifying the performance obligations in the contract; (3) determining the transaction price; (4) allocating the transaction price among the performance obligations; and (5) recognizing revenue as each of the various performance obligations are satisfied.

Revenue is measured as the net amount of consideration expected to be received in exchange for fulfilling one or more performance obligations. We identify purchase orders from customers as contracts. The amount of consideration expected to be received and revenue recognized includes estimates of variable consideration, including estimates for early payment discounts, volume rebates, and contractual discounts. Such estimates are calculated using historical averages adjusted for any expected changes due to current business conditions and experience. We review and update these estimates at the end of each reporting period, and the impact of any adjustment is recognized in the period the adjustments are identified. In assessing whether collection of consideration from a customer is probable, we consider both the customer's ability and intent to pay the amount of consideration when it is due. Payments of invoices are due as specified in the underlying customer agreement, which typically range from 30 to 60 days from the invoice date. Invoices are generally issued on the date of transfer of control of the products ordered to the customer.

Revenue is recognized at the point in time that each of our performance obligations is fulfilled, and control of the ordered products is transferred to the customer. This transfer occurs when the product is shipped, or in some cases, when the product is delivered to the customer. We recognize revenue in certain circumstances before delivery to the customer has occurred (commonly referred to as bill-and-hold transactions). Products sold under bill-and-hold arrangements are recorded as revenue when risk of ownership has been transferred to the customer, but the product has not shipped due to a substantive reason, typically at the customer's request. The product must be separately identified as belonging to the customer, ready for physical transfer to the customer, and we cannot have the ability to redirect the product to another customer.

We provide early payment discounts to certain customers. We evaluate the likelihood of customers taking advantage of these discounts based on historical payment trends. The cost of these discounts is reported as a reduction to the transaction price. If the actual discounts differ from those estimated, the difference is also reported as a change in the transaction price. We require prepayment from certain customers. We record any payments received in advance of contracts fulfillment as a contract liability, and they are classified as customer deposits on the consolidated balance sheet.

Contract liabilities and revenue recognized were as follows (in thousands):

	June 30, 2025	Additions	Revenue Recognized	Customer Refunds	June 30, 2026
Contract Liabilities (Customer Deposits)	\$ 1,364	\$ 4,079	\$ (4,121)	\$ (2)	\$ 1,320

	June 30, 2024	Additions	Revenue Recognized	Customer Refunds	June 30, 2025
Contract Liabilities (Customer Deposits)	\$ 302	\$ 4,371	\$ (3,309)	\$ —	\$ 1,364

Except for product defects, no right of return exists on the sale of our products, or those we manufacture for our customers. We estimate returns based on historical experience and recognize a returns liability for any estimated returns. As of June 30, 2026, we have \$0 in our returns reserve.

We currently own and previously owned certain U.S. patents and patent pending applications, and each patent's corresponding foreign patent applications. All of these patents, pending patents, and patent rights, relate to the ingredient known as beta-alanine marketed and sold under our CarnoSyn®, SR CarnoSyn®, CarnoSyn® 4X and TriBSyn® trademarks. We recorded beta-alanine raw material sales and royalty and licensing income as a component of revenue in the amount of \$7.9 million during fiscal 2026 and \$8.1 million during fiscal 2025. These royalty income and raw material sale amounts resulted in royalty expense paid to the original patent holders from whom NAI acquired its patents and patent rights. We recognized royalty expense as a component of cost of goods sold in the amount of \$0.2 million during fiscal 2026 and \$0.3 million during fiscal 2025. In July 2026, our patents related to instant release beta-alanine expired and the royalty expense agreement terminated.

Cost of Goods Sold

Cost of goods sold includes raw material, labor, manufacturing overhead, royalty expense, shipping, and customer related research and development costs.

Shipping and Handling Costs

We include fees earned on the shipment of products to customers in sales and include costs incurred on the shipment of product to customers in costs of goods sold.

Research and Development Costs

As part of the services we provide to our private-label contract manufacturing customers, we may perform, but are not obligated to perform, certain research and development activities related to the development or improvement of their products. While our customers typically do not pay directly for this service, the cost of this service is included as a component of the price we charge to manufacture and deliver their products. We also direct and participate in clinical research studies, often in collaboration with scientists and research institutions, to validate the benefits of a product and provide scientific support for product claims and marketing initiatives.

Research and development costs are expensed when incurred. Our research and development expenses were \$2.3 million for fiscal 2026 and \$1.8 million for fiscal 2025. These costs are included in selling, general and administrative expenses and cost of goods sold.

Advertising Costs

We expense the production costs of advertising the first time the advertising takes place. We incurred and expensed advertising costs in the amount of \$0.6 million during the fiscal year ended June 30, 2026 and \$0.4 million during fiscal 2025. These costs are included in selling, general and administrative expenses.

Income Taxes

To determine our annual provision for income taxes, we use an estimated annual effective tax rate that is based on annual income, statutory tax rates and tax planning opportunities available in the various jurisdictions to which we are subject. We recognize interest and penalties related to uncertain tax positions, if any, as an income tax expense.

We record valuation allowances to reduce our deferred tax assets to an amount that we believe is more likely than not to be realized. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will ultimately be realized based on whether future taxable income will be generated during the periods in which those temporary differences become deductible. During the year ended June 30, 2026, we recorded a valuation allowance against deferred income tax assets of \$5.6 million, representing the amount of our deferred income tax assets in excess of our deferred income tax liabilities. We recorded the valuation allowance because management was unable to conclude, in light of the cumulative loss we have realized related to our US-based operations in recent years, that realization of the net deferred income tax asset was more likely than not. The valuation allowance recorded during fiscal 2026 primarily related to fiscal 2026 and changes in other deferred tax items recognized during fiscal 2026. As a result of the recognition of these valuation adjustments, we have a \$10.4 million net deferred tax asset offset by a valuation allowance of \$10.4 million resulting in a net deferred tax asset of \$0 as of June 30, 2026. This valuation allowance did not have any effect on the tax expense and related liability recorded for operating income recognized by NAIE during the year ended June 30, 2026.

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are measured and recorded using enacted tax rates for each of the jurisdictions in which we operate, and adjusted using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income or expense in the period that includes the enactment date.

We account for uncertain tax positions using the more-likely-than-not recognition threshold. It is our policy to establish reserves based on management's assessment of exposure for certain positions taken in previously filed tax returns that may become payable upon audit by tax authorities. Our tax reserves are analyzed quarterly, and adjustments are made as events occur that we believe warrant adjustments to the reserves. Our practice is to recognize interest and/or penalties related to income tax matters in income tax expense. As of June 30, 2026 and June 30, 2025, we did not record any tax liabilities for uncertain tax positions.

Stock-Based Compensation

Our current omnibus equity incentive plan that became effective January 1, 2021 (the "2020 Plan"), was approved by our stockholders at the Annual Meeting of Stockholders on December 4, 2020. Under the 2020 Plan, we may grant nonqualified and incentive stock options, restricted stock grants, restricted stock units, stock appreciation rights, and other stock-based awards to employees, non-employee directors and consultants.

When we issue stock options or have any outstanding, we estimate the fair value of stock option awards at the date of grant using the Black-Scholes option valuation model. The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. Option valuation models require the use of highly subjective assumptions. Black-Scholes uses assumptions related to volatility, the risk-free interest rate, the dividend yield (which we assume to be zero, as we have not paid any cash dividends) and employee exercise behavior. Expected volatilities used in the model are based on the historical volatility of our stock price. The risk-free interest rate is derived from the U.S. Treasury yield curve in effect in the period of grant. The expected life of stock option grants is derived from historical experience. The fair value of restricted stock shares granted is based on the market price of our common stock on the date of grant. We amortize the estimated fair value of our stock awards to expense over the related vesting periods.

We recognize forfeiture of stock-based compensation as they occur.

Use of Estimates

Our management has made a number of estimates and assumptions relating to the reporting of assets and liabilities, revenue and expenses, and the disclosure of contingent assets and liabilities to prepare these consolidated financial statements in conformity with U.S. generally accepted accounting principles (GAAP). Actual results could differ from those estimates and our assumptions may prove to be inaccurate.

Net Loss per Common Share

We compute basic net loss per common share using the weighted average number of common shares outstanding during the year, and diluted net loss per common share using the additional dilutive effect of all dilutive securities. The dilutive impact of stock options and restricted shares account for the additional weighted average shares of common stock outstanding for our diluted net loss per common share computation. We calculated basic and diluted net loss per common share as follows (in thousands, except per share data):

	For the Years Ended June 30,	
	2026	2025
Numerator		
Net loss	\$ (20,695)	\$ (13,575)
Denominator		
Basic weighted average common shares outstanding	6,028	5,947
Dilutive effect of stock options and restricted stock shares	—	—
Diluted weighted average common shares outstanding	6,028	5,947
Basic net loss per common share	\$ (3.43)	\$ (2.28)
Diluted net loss per common share	\$ (3.43)	\$ (2.28)

We exclude the impact of restricted stock from the calculation of diluted net loss per common share in periods where we have a net loss or when their inclusion would be antidilutive. During the year ended June 30, 2026, we excluded 158,538 shares of unvested restricted stock. For the year ended June 30, 2025, we excluded restricted stock totaling 222,551, as their impact would have been anti-dilutive.

Concentrations of Credit Risk

Financial instruments that subject us to concentrations of credit risk consist primarily of cash, cash equivalents, restricted cash and accounts receivable. We place our cash, cash equivalents and restricted cash with highly rated financial institutions. Credit risk with respect to receivables is primarily concentrated with our two largest customers whose receivable balances collectively represented 59.4% of gross accounts receivable at June 30, 2026 and with our three largest customers whose receivable balances collectively represented 67.8% at June 30, 2025.

Additionally, amounts due related to our beta-alanine raw material sales were 9.2% of gross accounts receivable at June 30, 2026 and 6.8% of gross accounts receivable at June 30, 2025. Concentrations of credit risk related to the remaining accounts receivable balances are limited due to the number of customers comprising our remaining customer base.

B. Inventories

Inventories, net, consisted of the following at June 30 (in thousands):

	2026	2025
Raw materials	\$ 21,508	\$ 17,632
Work in progress	6,087	3,943
Finished goods	3,516	4,054
Reserves	(358)	(758)
	<u>\$ 30,753</u>	<u>\$ 24,871</u>

C. Property and Equipment

Property and equipment consisted of the following at June 30 (dollars in thousands):

	Depreciable Life		
	In Years	2026	2025
Land	NA	\$ 5,132	\$ 8,940
Building and building improvements	7 – 39	14,606	24,650
Machinery and equipment	3 – 12	41,146	41,311
Office equipment and furniture	3 – 5	6,432	6,936
Vehicles	3	237	237
Leasehold improvements	1 – 20	26,282	24,788
Total property and equipment		93,835	106,862
Less: accumulated depreciation and amortization		(58,230)	(55,972)
Property and equipment, net		<u>\$ 35,605</u>	<u>\$ 50,890</u>

During fiscal year 2026, we disposed of machinery and equipment primarily due to obsolescence with total original value of \$804,000 and related accumulated depreciation of \$798,000 resulting in a loss on disposal of assets of \$6,000.

During fiscal year 2025, we disposed of machinery and equipment primarily due to obsolescence with total original value of \$3.945 million and related accumulated depreciation of \$3.896 million resulting in a loss on disposal of assets of \$49,000.

Depreciation and amortization expense was approximately \$4.7 million in fiscal 2026 and \$4.6 million in fiscal 2025.

As of June 30, 2026, we had met all of the criteria required for treatment of the Company's corporate headquarters building, land and other fixed assets located in Carlsbad, California as assets held for sale. The assets held for sale are reported at their combined carrying value of \$4.0 million as of June 30, 2026. We estimate the sale of these assets to occur during our fiscal year 2027. No impairment loss was recognized upon classification to assets held for sale.

D. Leases

We currently lease our Vista, California and Manno, Switzerland product manufacturing and support facilities. At the inception of a contract, we assess whether the contract is, or contains, a lease. Our assessment is based on: (1) whether the contract involves the use of a distinct identified asset, (2) whether we obtain the right to substantially all the economic benefit from the use of the asset throughout the period of the contract, and (3) whether we have the right to direct the use of the asset during such time period. At inception of a lease, we allocate the consideration in the contract to each lease component based on its relative stand-alone price to determine the lease payments.

On July 18, 2023, we entered into a Fourth Amendment to the Lease of our Vista, California manufacturing facility. The Fourth Amendment extended the term of the Lease by an additional ten years and five months commencing April 1, 2024. The amended lease covering two buildings and approximately 162,000 square feet resulted in an increase in base rent to \$1.50 per square foot, after five free months of base rent beginning at the commencement of the extended term. NAI constructed substantial improvements to the facilities including but not limited to installation of an approximately \$2.4 million solar electrical generating system on both buildings, and other substantial improvements. Pursuant to the Fourth Amendment, the Landlord has reimbursed NAI \$1.1 million for these tenant improvements to the buildings. Our lease liability and right of use asset were both increased by approximately \$25.9 million as a result of this lease extension effective on the date that the Fourth Amendment was executed. We reevaluated our leased property in Vista as of June 30, 2026 and determined that it was in our best interest not to exercise an extension option that was previously recorded at the time of the Fourth Amendment to the Lease. As a result, our lease liability and right-of-use asset as of June 30, 2026 both decreased by \$14.1 million due to this remeasurement.

On June 9, 2026, NAIE provided notice of termination related to our warehouse leased in Manno, Switzerland. The notice of termination reduced the lease term by one year and six months, thus ending on December 31, 2026. NAIE's lease liability and right-of-use asset as of June 30, 2026 both decreased by approximately \$0.3 million as a result of their notification and termination of the lease agreement.

On January 22, 2024, NAIE entered into a lease for an apartment in Lugano, Switzerland with an original lease term of 27 months beginning April 1, 2024 and ending on June 30, 2026. On June 2, 2026, NAIE extended the lease term six months through December 31, 2026. NAIE's lease liability and right of use asset as of June 30, 2026 both increased by approximately \$27,000 as a result of the lease extension.

Leases are classified as either finance leases or operating leases. A lease must be classified as a finance lease if any of the following criteria are met: the lease transfers ownership of the asset by the end of the lease term, the lease contains an option to purchase the asset that is reasonably certain to be exercised, the lease term is for a major part of the remaining useful life of the asset, or the present value of the lease payments equals or exceeds substantially all of the fair value of the asset. A lease is classified as an operating lease if it does not meet any of these criteria. Substantially all our operating leases are comprised of payments for the use of manufacturing and office space. We have no leases classified as finance leases. As of June 30, 2026, the weighted average remaining lease term for our operating leases was 7.4 years. The weighted average discount rate for our operating leases was 7.31%. As of June 30, 2025, the weighted average remaining lease term for our operating leases was 8.6 years and the weighted average discount rate was 5.94%. The lease discount rate is determined as the rate of interest that a lessee would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment.

For all leases at the lease commencement date, a right-of-use asset and a lease liability are recognized. The right-of-use asset represents the right to use the leased asset for the lease term. The lease liability represents the present value of the lease payments under the lease.

The right-of-use asset is initially measured at cost, which primarily comprises the initial amount of the lease liability, plus any initial direct costs incurred, consisting mainly of brokerage commissions, less any lease incentives received. All right-of-use assets are reviewed for impairment. The lease liability is initially measured at the present value of the lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, our secured incremental borrowing rate for the same term as the underlying lease. For our real estate and other operating leases, we use our secured incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following: the fixed noncancelable lease payments, payments for optional renewal periods where it is reasonably certain the renewal period will be exercised, and payments for early termination options unless it is reasonably certain the lease will not be terminated early. Certain leases contain escalation clauses. Fixed escalation clauses are included in our calculation of right-of-use assets and operating lease liabilities. Escalation clauses based on the CPI (Consumer Price Index) are not included in our calculation of right-of-use assets and operating lease liabilities because they cannot be readily determined.

Some of our manufacturing leases contain variable lease payments, including payments based on an index or rate. Variable lease payments based on an index or rate are initially measured using the index or rate in effect at lease commencement and separated into lease and non-lease components based on the initial amount stated in the lease or standalone selling prices. Lease components are included in the measurement of the initial lease liability. Additional payments based on the change in an index or rate, or payments based on a change in our portion of the operating expenses, including real estate taxes and insurance, are recorded as a period expense when incurred. Lease modifications result in remeasurement of the lease liability.

Lease expense for operating leases consists of the lease payments plus any initial direct costs, primarily brokerage commissions, and is recognized on a straight-line basis over the lease term. Included in lease expense are any variable lease payments incurred in the period that were not included in the initial lease liability. Lease expense for finance leases consists of the amortization of the right-of-use asset on a straight-line basis over the lease term and interest expense determined on an amortized cost basis. The lease payments are allocated between a reduction of the lease liability and interest expense.

We have elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a term of 12 months or less. The effect of short-term leases on our right-of-use asset, lease liability, and the short-term lease cost for the years ended June 30, 2026 and 2025 was not material.

Other information related to leases was as follows (in thousands) for the year ended June 30,

Supplemental Cash Flows Information

	2026	2025
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 5,036	\$ 4,302
Net decrease in operating lease liabilities and right-of-use assets due to lease remeasurements	(14,413)	-

E. Other Comprehensive Income (Loss)

Other comprehensive income (loss) ("OCI" and "OCL") consisted of the following at June 30 (dollars in thousands):

	Year Ended June 30, 2026		
	Defined Benefit Pension Plan	Unrealized Gains (Losses) on Cash Flow Hedges	Total
Balance as of June 30, 2025	\$ (228)	\$ (1,187)	\$ (1,415)
OCI before reclassifications	129	423	552
Amounts reclassified from OCI	20	1,142	1,162
Net current period OCI	149	1,565	1,714
Balance as of June 30, 2026	<u>\$ (79)</u>	<u>\$ 378</u>	<u>\$ 299</u>

	Year Ended June 30, 2025		
	Defined Benefit Pension Plan	Unrealized (Losses) Gains on Cash Flow Hedges	Unrealized Gains (Losses) on Swap Derivative
Balance as of June 30, 2024	\$ (278)	\$ 172	\$ 84
OCL before reclassifications	(21)	(1,983)	(111)
Amounts reclassified from OCI	86	192	—
Tax effect of OCI activity	(15)	432	27
Net current period OCI (OCL)	50	(1,359)	(84)
Balance as of June 30, 2025	<u>\$ (228)</u>	<u>\$ (1,187)</u>	<u>\$ —</u>

F. Debt

On May 18, 2026, we entered into a new domestic credit facility with Legacy Corporate Lending, LLC ("Legacy"). This new credit facility includes a new real estate term loan for \$11.0 million and a working capital line of credit with a maximum borrowing capacity of \$20.0 million subject to a borrowing-base calculation. The new credit facility is secured by all the assets of the Company, excluding NAIE's assets, and may be prepaid at any time. The new line of credit bears interest at a rate of 4.5% above the Term Secured Overnight Financing Rate ("Term SOFR"), while the real estate term loan was amortized over 15 years and initially bore interest at a fixed rate of 14.0% until such time as Legacy completed an appraisal and any necessary other documentation after which the interest rate reverted to 5.0% above Term SOFR. Effective July 14, 2026, NAI successfully completed the required appraisal and documentation thereby reducing the interest rate to 5% above Term SOFR. The credit facility also includes a 0.50% unused commitment fee and a one-time closing fee of 1.0% of the total committed credit amount. The term of this new credit facility is three years maturing on May 18, 2029. This credit facility contains covenants which restrict our ability to declare dividends to our shareholders and repurchase our common stock under the stock repurchase plan. The credit facility includes a fixed charge coverage ratio covenant requirement as defined in the Loan and Security Agreement that is based on only domestic operations and will first be measured for the nine months ending September 30, 2026. We anticipate we will not be able to comply with the covenant required under the Loan and Security Agreement as of September 30, 2026 due to one of our largest customer's material downward revisions to their forecast of projected orders and purchases from us during our fiscal year 2027 (Note O). We have informed Legacy of our pending non-compliance with the fixed charge coverage ratio, and there is no assurance that a waiver, amendment, or remedy will be available or what the difference in amount, cost or other factors may be.

On May 18, 2026, the new credit facility was used to extinguish all our prior indebtedness with Wells Fargo Bank and to repay \$10.0 million on our prior line of credit and \$8.7 million on our prior term loan thus releasing all our assets formally securing these debts.

As of June 30, 2026, we had \$17.7 million available of the maximum borrowing capacity under the terms of our new credit line, of which we had outstanding borrowings of \$7.7 million. We also owed \$10.9 million on the new real estate term loan. As of June 30, 2025, we had \$9.9 million available of the maximum borrowing capacity on our previous credit facility of which we had outstanding borrowings of \$1.9 million. We also owed \$8.9 million on the previous term loan. The future debt payments under the new term Note as of June 30, 2026 are as follows (in thousands):

	2027	2028	2029	Thereafter	Total
Future Debt Payments	\$ 733	\$ 733	\$ 9,473	\$ —	\$ 10,939

For many years prior to our new credit facility with Legacy, we had a credit line with Wells Fargo Bank, N.A. (“Wells Fargo”). The credit line had been amended, modified, and extended several times, most recently on June 20, 2025, when we entered into a Sixth Amendment to Credit Agreement. The Sixth Amendment waived all prior instances of non-compliance and preemptively waived anticipated non-compliance with covenants in the quarter ending June 30, 2025. With this amendment, the maximum borrowing limit was reduced to \$10.0 million based on a borrowing base calculation and was secured by our accounts receivable and other rights to payment, general intangibles, inventory, equipment, and fixtures. Interest under this credit facility was equal to 3.25% above the applicable Secured Overnight Financing Rate (“SOFR”) and also included an unused commitment fee of 0.375%. We also had a Term Note with Wells Fargo that we entered into on August 16, 2021 to borrow part of the purchase price of our powder processing and warehouse property in Carlsbad, California. The Term Note had been secured by a first mortgage on that property. The Term Note was in the original principal amount of \$10.0 million and was a seven-year note with payments fully amortized based on a twenty-five year assumed term. Amounts outstanding on this note during the term of the agreement bore interest at the rate of 1.8% above the SOFR rolling 30-day average. For the three and nine months ended March 31, 2026, we were not in compliance with the maximum net loss and fixed charge coverage ratio covenants of the Wells Fargo credit agreement.

We also have historically had a foreign currency hedging credit line with Wells Fargo to hedge foreign currency exposure up to 12 months in the future. As part of the above noted refinancing, Wells Fargo required us to extinguish and settle our remaining outstanding foreign currency hedge contracts. As a result, we net settled our remaining contracts as of May 11, 2026 resulting in a net settlement loss of \$0.2 million, and we terminated our hedging line of credit with Wells Fargo. We are currently seeking a replacement hedging counterparty and are in discussions with several lenders.

On June 17, 2026, our subsidiary NAIE entered into a new Credit Agreement with UBS Switzerland AG (“UBS”). This new Credit Agreement is a line of credit with maximum borrowing capacity of CHF 2.0 million secured by NAIE’s accounts receivables. Variable rates of interest are determined by a currency-specific base rate plus a margin to be provided by UBS upon our request. As of June 30, 2026, NAIE was in compliance with the Credit Agreement. NAIE paid a one-time facility origination fee of CHF 15,000 to bind the Credit Agreement for an indefinite term. The Credit Agreement with UBS is filed as Exhibit 10.49 to this Annual Report on Form 10-K.

G. Income Taxes

During fiscal 2026, we recorded U.S.-based domestic tax expense of \$0.1 million and foreign tax expense of \$0.3 million. During fiscal 2025, we recorded U.S.-based domestic tax benefit of \$2.7 million and foreign tax expense of 0.1 million.

During fiscal 2026, we recorded a valuation allowance against net domestic deferred income tax assets of \$5.6 million, representing the amount of our deferred income tax assets in excess of our domestic deferred income tax liabilities. We recorded the valuation allowance because management was unable to conclude, in light of the cumulative loss we have realized related to our US-based operations in recent years, that realization of the net deferred income tax asset was more likely than not. The valuation allowance recorded during fiscal 2026 primarily related to fiscal 2026 and changes in other deferred tax items recognized during fiscal 2026. As a result of the recognition of these valuation adjustments, we have a \$10.4 million net deferred tax asset offset by a valuation allowance of \$10.4 million resulting in a net deferred tax asset of \$0 as of June 30, 2026. This valuation allowance did not have any effect on the tax expense and related liability recorded for operating income recognized by NAIE during the year ended June 30, 2026.

The following is a geographical breakdown of loss before income taxes (in thousands):

	2026	2025
United States	\$ (21,956)	\$ (11,520)
Foreign	1,691	780
Total loss before income taxes	<u>\$ (20,265)</u>	<u>\$ (10,740)</u>

The provision (benefit) for income taxes for the years ended June 30 consisted of the following (in thousands):

	2026	2025
Current:		
Federal	\$ (30)	\$ (858)
State	5	(17)
Foreign	455	161
	<u>430</u>	<u>(714)</u>
Deferred:		
Federal	(8,659)	(1,198)
State	(1,736)	(68)
Foreign	—	—
Valuation allowance	10,395	4,815
	<u>—</u>	<u>3,549</u>
Total provision for income taxes	<u>\$ 430</u>	<u>\$ 2,835</u>

Deferred income taxes reflect the net effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Net deferred tax assets and deferred tax liabilities as of June 30 were as follows (in thousands):

	2026	2025
Deferred tax assets:		
Inventory capitalization	\$ 286	\$ 295
Inventory reserves	79	176
Fixed assets	2,309	—
Lease liability	5,122	8,678
Net operating loss carry forward	3,235	2,151
Accrued compensation	192	186
Capitalized research and experimentation	792	944
Accrued contingent fee	—	72
Stock-based compensation	73	95
Forward contracts	—	378
Tax credit carry forward	1,685	722
Pension liability	—	52
Accrued settlement of legal proceeding	305	302
Other, net	495	296
Total gross deferred tax assets	14,573	14,347
Deferred tax liabilities:		
Assets held for sale	(266)	—
Withholding taxes	—	(134)
Fixed assets	—	(1,577)
Forward contracts	—	—
Lease assets	(3,752)	(7,464)
Employee retention tax credit refund	—	(358)
Other, net	(160)	—
Deferred tax liabilities	(4,178)	(9,533)
Valuation allowance	(10,395)	(4,814)
Net deferred tax assets	\$ —	\$ —

As of June 30, 2026, the Company had U.S. federal net operating loss carryforwards of \$12.2 million which may be carried forward indefinitely. The Company has state net operating loss carryforwards of \$9.6 million, which, if unutilized, will begin to expire beginning in fiscal year 2031. The Company has federal and state tax credits of \$1.7 million, which, if unutilized, will begin to expire in fiscal year 2041.

Pursuant to Internal Revenue Code Section 382 and 383, annual use of our net operating loss carryforwards and tax credit carryforwards may be limited as a result of cumulative changes of ownership of more than 50% that occur within a three-year period, resulting in a change of control of our company. We believe it is more-likely-than-not that all net operating losses will be materially available to offset future taxable income. Future changes in ownership could impact the ability to utilize net operating losses and credits available to offset future taxable income.

We are subject to taxation in the U.S., Switzerland and various U.S. state jurisdictions. Our tax years for the fiscal year ended June 30, 2021 and forward are subject to examination by the U.S. tax authorities. Our tax years for the fiscal years ended June 30, 2020 and forward are subject to examination by the state tax authorities. Our tax years for the fiscal year ended June 30, 2023 and forward are subject to assessment by the Swiss tax authorities. We believe it is more likely than not that all significant tax positions taken to date would be sustained by the relevant taxing authorities. As of June 30, 2026 and 2025, there were no active taxing authority examinations in any of our major tax jurisdictions.

NAIE's effective tax rate for the fiscal year ended June 30, 2026 for Swiss federal, cantonal and communal taxes is approximately 18%.

As part of the Tax Cuts and Jobs Act of 2017 (the Tax Act), we were required to recognize a one-time deemed repatriation transition tax during the fiscal year ended June 30, 2018 based on our total post-1986 earnings and profits (E&P) from our Swiss subsidiary, NAIE. This accumulated E&P amount has historically been considered permanently reinvested thereby allowing us to defer recognizing any U.S. income tax on the amount. We no longer consider undistributed foreign earnings from NAIE as of December 31, 2017 as indefinitely reinvested. We consider earnings accumulated subsequent to December 31, 2017 as indefinitely reinvested.

For tax years commencing on or after January 1, 2022, the Tax Cuts and Jobs Act of 2017, also eliminated the ability to immediately deduct research and development costs. Instead, taxpayers were mandated to capitalize these expenses and amortize them over five years for research conducted within the United States and 15 years for research conducted abroad, as stipulated in IRC Section 174. Although the requirements of the Tax Cuts and Jobs Act of 2017 are applicable for our fiscal year ended on June 30, 2026, the One Big Beautiful Bill Act was voted into law by Congress on July 4, 2025 and restores the immediate expensing of domestic research and development expenses while making permanent the capitalization and amortization rules of research and development conducted abroad. The One Big Beautiful Bill Act was effective beginning in our fiscal year 2026 and its impact is reflected in the changes in domestic other deferred tax items recognized during fiscal 2026, fully offset by a valuation allowance recorded during fiscal 2026. During fiscal 2026, NAIE declared a dividend to NAI of \$3.1 million, which was paid in the second quarter of fiscal 2026. As part of these dividends, we were required to pay a 5% Swiss withholding tax totaling \$0.2 million in fiscal 2026 which is recorded in the current tax provision. No dividends to NAI were declared by NAIE in fiscal 2025.

A reconciliation of the statutory federal income tax rate to the effective consolidated tax rate for the year ended June 30, 2026, after adoption of ASU 2023-09, is as follows (dollars in thousands):

	2026	
	Reconciliation to income tax provision	Percentage
U.S statutory federal income tax rate	\$ (4,256)	21.0%
State income taxes, net of federal income tax expense (1)	(1)	0.0%
Permanent differences	72	(0.4)%
Foreign tax rate differential (2)	100	(0.5)%
Tax credits	(761)	3.8%
Global intangible low-taxed income (GILTI)	175	(0.9)%
Change in valuation allowance, net	5,082	(25.1)%
Other (3)	19	(0.1)%
Effective tax rate	<u>\$ 430</u>	<u>(2.1)%</u>

- (1) No single state or local jurisdiction accounted for more than 5% of the total income tax provision. Our state tax expense is attributed primarily to our operations in California.
- (2) Foreign taxes are attributed to NAIE operations in Switzerland.
- (3) Represents other reconciling items less than 5% of the total income tax provision

A reconciliation of the statutory federal income tax rate of 21% to the effective consolidated tax rate for the year ended June 30, 2025, prior to adoption of ASU 2023-09, is as follows (dollars in thousands):

	2025
Income taxes computed at statutory federal income tax rate	\$ (2,256)
State income taxes, net of federal income tax expense	(177)
Permanent differences	10
Foreign tax rate differential	(2)
Tax credits	(61)
Stock based compensation	123
Global intangible low-taxed income (GILTI)	233
Return to provision - differences	150
Change in valuation allowance, net	4,815
Income tax provision as reported	<u>\$ 2,835</u>
Effective tax rate	<u>(26.4)%</u>

We expect our U.S. federal statutory rate to be 21% for fiscal years going forward.

Cash paid during the fiscal year ended June 30, 2026 for income taxes, net of refunds is as follows:

	2026
U.S. Federal	\$ 411
State	4
Foreign	20
Total cash paid during the year for income taxes, net of refunds	<u>\$ 435</u>

H. Employee Benefit Plans

401(k) Plan

We have a profit-sharing plan pursuant to Section 401(k) of the Code, whereby participants may contribute a percentage of compensation not in excess of the maximum allowed under the Code. Effective January 1, 2022, all employees became eligible to participate in the plan the first of the month following 30 days of employment. Also effective, January 1, 2025, we match 50% of the first 6% of a participant's compensation contributed to the plan. The total contributions under the plan charged to income from operations totaled \$0.4 million for fiscal 2026 and \$0.5 million for fiscal 2025.

Additionally, we have a discretionary profit-sharing plan pursuant to Section 401(k) of the Code, whereby we may contribute an additional percentage of compensation. Employees are not required to contribute to the plan to receive the discretionary profit-sharing contribution. We did not make any discretionary profit-sharing contributions in fiscal 2026 or in fiscal 2025.

We have a "Cafeteria Plan" pursuant to Section 125 of the Code, whereby health care benefits are provided for active employees through insurance companies. Substantially all active full-time employees are eligible for these benefits. We recognize the cost of providing these benefits by expensing the annual premiums, which are based on benefits paid during the year. The premiums expensed to results from operations for these benefits totaled \$1.6 million for the fiscal year ended June 30, 2026 and for the fiscal year ended June 30, 2025.

Deferred Compensation Plan

Effective July 16, 2020, the Board of Directors approved and adopted a Non-Qualified Incentive Plan (the “Incentive Plan”). Pursuant to the Incentive Plan, the Human Resources Committee and the Board of Directors may make deferred cash payments or other cash awards (“Awards”) to directors, officers, employees and eligible consultants of NAI (“Participants”). These Awards are made subject to conditions precedent that must be met before NAI is obligated to make the payment. The purpose of the Incentive Plan is to enhance the long-term stockholder value of NAI by providing the Human Resources Committee and the Board of Directors the ability to make deferred cash payments or other cash awards to encourage Participants to serve NAI or to remain in the service of NAI, and to assist NAI to achieve results determined by the Human Resources Committee or the Board of Directors to be in NAI's best interest.

The Incentive Plan authorizes the Human Resources Committee or the Board of Directors to grant to, and administer, unsecured and deferred cash Awards to Participants and to subject each Award to whatever conditions are determined appropriate by the Human Resources Committee or the Board of Directors. The terms of each Award, including the amount and any conditions that must be met to be entitled to payment of the Award are set forth in an Award Agreement between each Participant and NAI. The Incentive Plan provides the Board of Directors with the discretion to set aside assets to fund the Incentive Plan although that has not been done to date.

During the year ended June 30, 2026, we granted a total of \$0.9 million in deferred cash awards to members of our Board of Directors and certain key members of our management team. During the year ended June 30, 2025, we granted a total of \$0.2 million in deferred cash awards to members of our Board of Directors. Each deferred cash award provides for three equal cash payments to the applicable Participant to be paid approximately on the one year, two year, and three year anniversaries of the date of the grant of such Awards, (the “Award Date”); provided on the date of each payment (the “Payment Date”), the Participant has been since the Award Date, and continues to be through the Payment Date, a member of our Board of Directors or an employee of NAI. In the event a Participant ceases to be an employee of NAI or a member of our Board of Directors prior to any Payment Date, no further payments shall be made in connection with the Award.

During the fiscal year ended June 30, 2026, deferred cash award forfeitures were \$0.1 million, and there were none during the fiscal year ended June 30, 2025.

Defined Benefit Pension Plan

We formerly sponsored a defined benefit pension plan, which provides retirement benefits to employees based generally on years of service and compensation during the last five years before retirement. Effective June 21, 1999, we adopted an amendment to freeze benefit accruals to the participants. Annually, we contribute an amount not less than the minimum funding requirements of the Employee Retirement Income Security Act of 1974 nor more than the maximum tax-deductible amount.

Disclosure of Funded Status

The following table sets forth the defined benefit pension plan's funded status and amount recognized in our consolidated balance sheets at June 30 (in thousands):

	2026	2025
Change in Benefit Obligation:		
Benefit obligation at beginning of year	\$ 1,152	\$ 1,374
Interest cost	41	46
Actuarial (loss) gain	(18)	62
Benefits paid	(53)	(330)
Benefit obligation at end of year	<u>\$ 1,122</u>	<u>\$ 1,152</u>
Change in Plan Assets:		
Fair value of plan assets at beginning of year	\$ 1,042	\$ 1,232
Actual return on plan assets	156	92
Employer contributions	49	48
Benefits paid	(53)	(330)
Fair value of plan assets at end of year	<u>\$ 1,194</u>	<u>\$ 1,042</u>
Reconciliation of Funded Status:		
Difference between benefit obligation and fair value of plan assets	\$ 72	\$ (110)
Unrecognized net actuarial loss in accumulated other comprehensive income	69	217
Net amount recognized	<u>\$ 141</u>	<u>\$ 107</u>
Projected benefit obligation	\$ 1,122	\$ 1,152
Accumulated benefit obligation	\$ 1,122	\$ 1,152
Fair value of plan assets	\$ 1,194	\$ 1,042

The weighted-average discount rate used for determining the projected benefit obligations for the defined benefit pension plan was 5.42% for the year ended June 30, 2026 and 5.29% during the year ended June 30, 2025.

Net Periodic Benefit Cost

The components included in the defined benefit pension plan's net periodic benefit expense for the fiscal years ended June 30 were as follows (in thousands):

	2026	2025
Interest cost	\$ 41	\$ 46
Expected return on plan assets	(46)	(51)
Recognized actuarial loss	17	24

Settlement loss		3	62
Net periodic benefit expense	\$	<u>15</u>	<u>\$ 81</u>

In the fiscal year ended June 30, 2026, we contributed \$49,000 to our defined benefit pension plan, and in the fiscal year ended June 30, 2025, we contributed \$48,000 to our defined benefit pension plan.

The following is a summary of changes in plan assets and benefit obligations recognized in other comprehensive income (loss) (in thousands):

	2026	2025
Net (loss) income	\$ (129)	\$ 21
Settlement loss	(3)	(62)
Amortization of net loss	(17)	(24)
Total recognized in other comprehensive loss	\$ (149)	\$ (65)
Total recognized in net periodic benefit cost and other comprehensive (loss) income	\$ (134)	\$ 16

No estimated net gain or loss for the defined benefit pension plan will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year. We do not have any transition obligations or prior service costs recorded in accumulated other comprehensive income.

The following benefit payments are expected to be paid (in thousands):

2027	\$ 840
2028	28
2029	28
2030	—
2031	—
2032-2036	259
Total benefit payments expected to be paid	\$ 1,155

The weighted-average rates used for the years ended June 30 in determining the defined benefit pension plan's net pension costs, were as follows:

	2026	2025
Discount rate	5.42%	5.29%
Expected long-term rate of return	6.70%	6.70%
Compensation increase rate	N/A	N/A

Our expected rate of return is determined based on a methodology that considers historical returns of multiple classes analyzed to develop a risk-free real rate of return and risk premiums for each asset class. The overall rate for each asset class was developed by combining a long-term inflation component, the risk-free real rate of return, and the associated risk premium. A weighted average rate was developed based on those overall rates and the target asset allocation of the plan.

Our defined benefit pension plan's weighted average asset allocation at June 30 and weighted average target allocation were as follows:

	2026	2025	Target Allocation
Equity securities	68%	60%	53%
Debt securities	29%	35%	41%
Cash alternatives	3%	4%	2%
Commodities	0%	1%	4%
	100%	100%	100%

The underlying basis of the investment strategy of our defined benefit pension plan is to ensure that pension funds are available to meet the plan's benefit obligations when due. Our investment strategy is a long-term risk controlled approach using diversified investment options with relatively minimal exposure to volatile investment options like derivatives.

The fair values by asset category of our defined benefit pension plan at June 30, 2026 were as follows (in thousands):

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities (1)	\$ 814	\$ 814	\$ —	\$ —
Debt securities (2)	\$ 348	\$ 348	\$ —	\$ —
Other (3)	\$ 32	\$ 32	\$ —	\$ —
Total	\$ 1,194	\$ 1,194	\$ —	\$ —

(1) This category is comprised of publicly traded funds of which 67% are U.S. large-cap funds, 16% are U.S. mid-cap funds, 11% are developed and emerging markets and 6% are U.S. small-cap funds.

(2) This category is comprised of publicly traded funds, of which 54% are U.S. fixed income funds and 46% are corporate, foreign or emerging market funds.

(3) This category is comprised of publicly traded assets, of which 96% are money market funds and 4% are commodities.

I. Stockholders' Equity

Treasury Stock

On September 18, 2020, the Board of Directors authorized a \$2.0 million increase to our stock repurchase plan ("Repurchase Plan"), thus bringing the total authorized repurchase amount to \$12.0 million. On March 12, 2021, the Board of Directors authorized an additional \$3.0 million increase to the Repurchase Plan, thus bringing the total authorized repurchase amount to \$15.0 million. On January 14, 2022, the Board of Directors authorized an additional \$3.0 million increase to the Repurchase Plan, thus bringing the total authorized repurchase amount to \$18.0 million. Under the Repurchase Plan, we may, from time to time, purchase shares of our common stock, depending upon market conditions, in open market or privately negotiated transactions. Our new Credit Agreement with Legacy currently prohibits most stock repurchases (see Note F). As a result, until that restriction is modified or removed, we do not intend to purchase our shares other than our longstanding practice of purchasing shares from our employees in exchange for paying the employees' withholding tax requirements upon vesting of restricted stock held by the employee.

Treasury Stock repurchases for the year ended June 30, 2026 were as follows:

	Shares	Average Cost	Total Cost (in thousands)
Shares purchased under Repurchase Plan	—	\$ —	\$ —
Shares acquired from employees for restricted stock vesting	32,006	2.76	88
Total	32,006		\$ 88

Treasury Stock repurchases for the year ended June 30, 2025 were as follows:

	Shares	Average Cost	Total Cost (in thousands)
Shares purchased under Repurchase Plan	—	\$ —	\$ —
Shares acquired from employees for restricted stock vesting	45,972	3.88	178
Total	45,972		\$ 178

Shares acquired from employees for restricted stock vesting were returned to us by the related employees and in return we paid each employee's required tax withholding resulting from the vesting of restricted shares. The valuation of the shares acquired and thereby the number of shares returned to us was calculated based on the closing share price on the date the shares vested.

Stock Incentive Plans

For the years ended June 30, 2026 and June 30, 2025, the Company had no stock options outstanding.

Restricted stock activity for the year ended June 30, 2026 was as follows:

	Number of Shares – 2020 Plan	Weighted Average Grant Date Fair Value
Nonvested at June 30, 2025	173,985	\$ 6.38
Granted	147,000	\$ 2.71
Vested	(100,163)	\$ 6.93
Forfeited	(26,665)	\$ 4.25
Nonvested at June 30, 2026	194,157	\$ 3.61
Available for grant at June 30, 2026	561,877	

Restricted stock activity for the year ended June 30, 2025 was as follows:

	Number of Shares – 2020 Plan	Weighted Average Grant Date Fair Value
Nonvested at June 30, 2024	283,107	\$ 7.50
Granted	24,000	\$ 3.84
Vested	(133,122)	\$ 8.31
Forfeited	—	\$ —
Nonvested at June 30, 2025	173,985	\$ 6.38
Available for grant at June 30, 2025	158,877	

Restricted stock grants, granted to members of our Board of Directors and certain key members of our management team, vest over a period of up to three years from the date of grant and the unvested shares cannot be sold or otherwise transferred and the right to receive dividends, if declared by our Board of Directors, is forfeitable until the shares become vested. The total remaining unrecognized compensation cost related to unvested restricted stock shares amounted to \$0.5 million at June 30, 2026 and the weighted average remaining requisite service period of unvested restricted stock shares was 2.1 years.

J. Commitments

We lease a total of approximately 162,000 square feet at our manufacturing facility in Vista, California from an unaffiliated third party under a non-cancelable operating lease. On July 18, 2023, we entered into a Fourth Amendment to the lease of our Vista, California manufacturing facility. The Fourth Amendment extends the term of the lease by an additional ten years and five months commencing April 1, 2024 and includes an option to extend the lease through August 31, 2039. We reevaluated our leased property in Vista as of June 30, 2026 and determined that it was no longer reasonably certain that we would exercise an extension option that was previously recorded at the time of the Fourth Amendment to the Lease. As a result, our lease liability and right-of-use asset as of June 30, 2026 both decreased by \$14.1 million due to this remeasurement.

NAIE leases facility space in Manno, Switzerland from two unaffiliated third parties. The leased spaces total approximately 116,000 square feet. NAIE primarily use the facilities for manufacturing, packaging, warehousing and distributing nutritional supplement products for the European and Asian marketplaces. On May 4, 2022, NAIE further extended the lease on its main manufacturing facility for a new term of ten years effective January 1, 2023 with a new expiration date of December 31, 2032, with an option to extend one year.

On November 5, 2018, NAIE entered into a lease with Sofinol SA for approximately 2,870 square meters of commercial warehouse space in a building located on the property adjacent to the leasehold for the primary existing NAIE facility in Manno, Switzerland. NAIE uses the space primarily for raw material storage. The lease was for an initial five-year term commencing on January 1, 2019 and NAIE can terminate the lease with 12 months advance notice given on June 30th or December 31st each year of the initial term. At the end of the initial term the lease transfers to an indefinite tenancy at the same rental rate terminable by NAIE or the landlord upon 12 months' advance notice. The initial term of this lease ended on December 31, 2024. On June 9, 2026, NAIE provided notification of terminating this lease thus ending the lease on December 31, 2026.

On January 22, 2024, NAIE entered into a lease for an apartment in Lugano, Switzerland with an original lease term of 27 months beginning April 1, 2024 and ending on June 30, 2026. On June 2, 2026, NAIE extended the lease term six months until December 31, 2026.

Minimum rental commitments (exclusive of property tax, insurance and maintenance) under all non-cancelable operating leases with initial or remaining lease terms in excess of one year, including the lease agreements referred to above, are set forth below as of June 30, 2026 (in thousands):

	2027	2028	2029	2030	2031	There-after	Total
Gross minimum rental commitments	\$ 4,894	\$ 4,834	\$ 4,967	\$ 5,105	\$ 5,248	\$ 15,100	\$ 40,148

Rental expense totaled \$5.7 million for the fiscal year ended June 30, 2026 and \$5.5 million for the fiscal year ended June 30, 2025.

K. Economic Dependency

We had substantial net sales to certain customers in our private-label contract manufacturing segment during the fiscal years ended June 30 shown in the following table. The loss of any of these customers, or a significant decline in sales or the growth rate of sales to these customers, or in their ability to make payments when due, could have a material adverse impact on our net sales and net operating results. Net sales to any one customer representing 10% or more of the respective year's consolidated net sales were as follows (dollars in thousands):

	Fiscal 2026	Fiscal 2025
Customer 1	\$ 39,797	\$ 17,165
Customer 2	33,724	42,289
Customer 3	(a)	17,707
	<u>\$ 73,521</u>	<u>\$ 77,161</u>

(a) Sales were less than 10% of the respective period's consolidated net sales.

Accounts receivable from these customers totaled \$12.3 million at June 30, 2026 and \$9.9 million at June 30, 2025.

We buy certain products, including beta-alanine, from a single supplier. The loss of this supplier or other raw material suppliers could have a material adverse impact on our net results of operations. Raw material purchases from any one supplier representing 10% or more of the respective period's total raw material purchases were as follows (dollars in thousands):

	Year ended June 30,			
	2026		2025	
	Raw Material Purchases by Supplier	% of Total Raw Material Purchases	Raw Material Purchases by Supplier	% of Total Raw Material Purchases
Supplier 1	\$ 8,104	12%	\$ 12,004	18%
	<u>\$ 8,104</u>	<u>12%</u>	<u>\$ 12,004</u>	<u>18%</u>

L. Derivatives and Hedging

We are exposed to gains and losses resulting from fluctuations in foreign currency exchange rates relating to forecasted product sales denominated in foreign currencies and to other transactions of NAIE, our foreign subsidiary. As part of our overall strategy to manage the level of exposure to the risk of fluctuations in foreign currency exchange rates, we may use foreign exchange contracts in the form of forward contracts. There can be no guarantee any such contracts, to the extent we enter into such contracts, will be effective hedges against our foreign currency exchange risk.

During the year ended June 30, 2026 and prior, we entered into forward contracts designated as cash flow hedges primarily to protect against the foreign exchange risks inherent in our forecasted sales of products at prices denominated in currencies other than the U.S. dollar. These contracts were all settled as of June 30, 2026. For derivative instruments that are designated and qualify as cash flow hedges, we record the effective portion of the gain or loss on the derivative in accumulated other comprehensive income (OCI) as a separate component of stockholders' equity and subsequently reclassify these amounts into earnings in the period during which the hedged transaction is recognized in earnings.

For foreign currency contracts designated as cash flow hedges, hedge effectiveness is measured using the spot rate. Changes in the spot-forward differential are excluded from the test of hedge effectiveness and are recorded currently in earnings as revenue. We measure effectiveness by comparing the cumulative change in the hedge contract with the cumulative change in the hedged item as well as ensuring the assumptions we made at hedge inception have not materially changed. Although no hedging relationships were terminated as a result of ineffective hedging for the years ended June 30, 2026 and June 30, 2025, as part of our debt refinancing, Wells Fargo required us to extinguish and settle our remaining outstanding foreign currency hedge contracts (see Note F). As a result, we net settled our remaining contracts as of May 11, 2026 resulting in a net settlement loss of \$0.2 million, and we terminated our hedging line of credit with Wells Fargo. We are exploring opportunities with other lenders to establish a new foreign currency hedging credit line.

We monitor the probability of forecasted transactions as part of the hedge effectiveness testing on a quarterly basis.

As of June 30, 2026, no foreign exchange contracts were outstanding. During the year ended June 30, 2026, a net gain of approximately \$1.6 million was recorded in OCI and reclassified into earnings. As of June 30, 2026, approximately \$0.4 million of deferred taxes related to derivative instruments designated as cash flow hedges was recorded in OCI. As of June 30, 2025, a net loss of approximately \$1.6 million, offset by approximately \$0.4 million of deferred taxes, related to derivative instruments designated as cash flow hedges was recorded in OCI.

During the year ended June 30, 2026, we recognized \$0.9 million of net gains in OCI and reclassified \$0.4 million of net gains and forward point amortization from OCI to Net Sales as well a net settlement loss of \$0.2 million to Foreign exchange loss when we settled our remaining contracts on May 11, 2026 (see Note F). During the year ended June 30, 2025, we recognized \$1.6 million of net losses in OCI and reclassified \$0.2 million of losses and forward point amortization from OCI to Net Sales.

For foreign currency contracts not designated as cash flow hedges, changes in the fair value of the hedge are recorded directly to foreign exchange gain or loss in other income in an effort to offset the change in valuation of the underlying hedged item. During the year ended June 30, 2026, we entered into forward contracts in order to hedge foreign exchange risk associated with the lease liability at NAIE, which is denominated in Swiss Francs (CHF). As of June 30, 2026, there were no foreign exchange contracts not designated as cash flow hedges outstanding.

M. Contingencies

From time to time, we become involved in various investigations, claims and legal proceedings that arise in the ordinary course of our business. These matters may relate to product liability, employment, intellectual property, tax, regulation, contract or other matters. The resolution of these matters as they arise will be subject to various uncertainties and, even if such claims are without merit, could result in the expenditure of significant financial and managerial resources. While unfavorable outcomes are possible, based on available information, we generally do not believe the resolution of these matters will result in a material adverse effect on our business, consolidated financial condition, or results of operations and the price of our common stock. However, a settlement payment or unfavorable outcome could adversely impact our results of operations. Our evaluation of the likely impact of these actions could change in the future, and we could have unfavorable outcomes we do not expect.

Settlement of Legal Proceeding

In December 2023, we were sued by three former employees in two separate, but substantially identical matters brought by the same law firm. The lawsuits were filed as a putative class action and a PAGA action seeking awards for all similarly situated employees going back ten years or more. We responded to these actions and agreed to submit the matters for mediation. On July 3, 2025, the mediation took place, and a tentative settlement agreement was reached whereby we agreed to contribute a maximum of \$1.25 million. The court has consolidated the two actions. The settlement was brought before the court and an attempt to contact all similarly situated employees was made for them to participate at their discretion. The court agreed to the settlement. Payment was remitted in the first quarter of fiscal year 2027, and final court approval and termination of the proceedings is expected to take place in February 2027. Although we were not found liable and did not admit liability, we accrued the maximum settlement amount in our results of operations as of June 30, 2025, along with estimated related legal fees of approximately \$150,000. During the year ended June 30, 2026, we accrued additional estimated related legal fees of \$44,000.

Employee Retention Tax Credit

In fiscal 2023, we recorded a \$3.5 million Employee Retention Tax Credit ("ERTC") net refund associated with the Coronavirus Aid, Relief, and Economic Security Act signed into law in March 2020 and extended with the Taxpayer Certainty and Disaster Tax Relief Act of 2020 and the American Rescue Plan Act of 2021. These acts provided numerous tax provisions and other stimulus measures, including the ERTC. Under these expanded measures, we determined during fiscal 2023 that we qualified for the ERTC for the first three quarters of calendar 2021 and filed the required amended payroll tax returns to claim this refund. On December 9, 2024, the Internal Revenue Service ("IRS") sent us a 105c letter informing us that they do not believe we qualify for the tax credit for the third quarter of calendar 2021. We disagreed with the position the IRS noted in their denial letter and responded to their letter to contest their claim. Although we had received this initial denial from the IRS, we believed we were entitled to the refund for these claims recorded in fiscal 2023. We have not yet received any additional correspondence from the IRS associated with our appeal related to the third quarter of calendar 2021, but in April 2025, we collected the refund amounts associated with our ERTC filings for the first and second quarters of calendar year 2021, which totaled \$2.9 million. As of June 30, 2026, our legal advisors on this matter informed us that the cost of litigation with the IRS based on their aggressive posturing of our request for refund of the third quarter of calendar 2021 credit would outweigh the benefits. Consequently, we reserved the remaining receivable balance of \$1.5 million and reversed associated fees of \$0.3 million for a net expense to our results of operations of \$1.2 million for the year ended June 30, 2026.

Geopolitical Uncertainty

Management is monitoring the 2026 Iran War in the Middle East, the Russo-Ukrainian war in Eastern Europe, and on-going conflicts in Sudan and Syria, and potential economic effects from these events as they develop. These geographical areas account for a small portion of our global net sales, but we do source multiple raw materials from Israel. We do not anticipate these conflicts will have a significant impact on our net sales. We are continually evaluating options for alternative ingredient sources and/or holding safety stock of impacted materials to limit any impact. There are further concerns regarding overall decreased supplies of commodities that rely on available safe passage through the Strait of Hormuz and other potential maritime chokepoints, consumer purchasing and consumption behavior, increases in global shipping expenses, greater volatility in foreign exchange and interest rates, and other unforeseen business disruptions due to the current global geopolitical tensions. We will continue to evaluate impacts of these developments on our customers, suppliers, employees, and operations.

Government Trade Tariffs

On February 20, 2026, the U.S. Supreme Court ruled in the present circumstances the International Emergency Economic Powers Act ("IEEPA") does not authorize the President of the United States to impose tariffs. On February 24, 2026, the United States Government terminated tariffs imposed under the IEEPA and replaced them with tariffs from 10% to 15% under Section 122 of the Trade Act of 1974 which expired on July 23, 2026. On July 24, 2026, replacement tariffs of 10% to 12.5 % under Section 301 of the Trade Act of 1974 were imposed on 60 U.S. trading partners. Details of future tariff restrictions seem to continuously evolve thus making changes to them unpredictable. Current and future implementation of tariffs may include products and ingredients we or our customers require for their products. These goods may include beta-alanine. The commercialization of our beta-alanine patent estate depends on the availability of the raw material beta-alanine. In response to the U.S. imposition of tariffs, China, Canada, the European Union, and other governments have imposed their own tariffs on certain American products. The resulting tariffs could have a significant adverse effect on our customers' businesses, the availability of beta-alanine, and the cost of our products. While we do not know how potential increased tariffs will unfold, or how any tariffs will impact our business, we believe the imposition of additional tariffs by the U.S. or other governments on products or ingredients we use in the products we manufacture could adversely impact our customers as a result of increased product costs, and such increased costs could have an adverse impact on the availability of beta-alanine, the licensing of our patents and trademarks and our distribution of this raw material. This could adversely impact our ability to license our patents and trademarks, our ability to sell beta-alanine, and our customers' ability to compete in the marketplace, reducing demand for our products, and products we manufacture for our customers. Any of these events could have a material adverse effect on our business and results of operations.

As a contract manufacturer, we pass through material cost increases to our customers, including increases associated with tariffs. We also work with our customers to identify potential alternative supply sources for key ingredients to help mitigate the impact tariffs may have on the cost of their products. We will continue to evaluate the impact of imposed trade tariffs on our customers, suppliers and operations.

N. Segment Information

Our business consists of two segments for financial reporting purposes. The two segments are identified as (i) private-label contract manufacturing, which primarily relates to the provision of private-label contract manufacturing services to companies that market and distribute nutritional supplements and other health care products, and (ii) patent and trademark licensing, which primarily includes direct raw material sales and royalty income from our license and supply agreements associated with the sale and use of beta-alanine under our CarnoSyn®, SR CarnoSyn®, CarnoSyn® 4X, and TriBsyn® trademarks.

The chief operating decision maker is the Company's Chief Executive Officer, who, in conjunction with senior management, evaluates segment performance based on a number of factors. The primary performance measures for each segment are net sales and income or loss from operations before corporate allocations. Operating income or loss for each segment does not include corporate general and administrative expenses, interest expense and other miscellaneous income and expense items. Corporate general and administrative expenses include, but are not limited to human resources, corporate legal, finance, information technology, and other corporate level related expenses, which are not allocated to any segment. Transfers of raw materials between segments are recorded at cost. The accounting policies of our segments are the same as those described in the summary of significant accounting policies in Note A.

During fiscal 2026 in our Private-label contract manufacturing segment, we observed a decline in the fair value of our manufacturing facility we own in Carlsbad, California compared to its carrying value, negative cash flow results from operating activities in fiscal years 2026 and 2024, an adverse change in the business climate as a result of one of our largest customer's downward revisions of forecasted orders, and expected negative cash flow results for fiscal year 2027. These factors indicated the carrying value of certain long-lived assets might not be fully recoverable. Consequently, we performed an evaluation of the recoverability of this asset group. Based on this evaluation, we determined the carrying amount of our manufacturing facility in Carlsbad, California exceeded the projected undiscounted future cash flows from that facility. Accordingly, we determined an impairment loss due to the carrying value of this asset group as of June 30, 2026 being in excess of the sum of expected cash flows over the forecasted useful life of the facility subject to fair value limitations. As a result, we recognized a non-cash impairment charge of \$10.4 million presented as a separate line item, *Impairment loss*, on the consolidated statements of operations and comprehensive loss to write down property and equipment, to reflect the lower of their estimated fair values or carrying amounts as of June 30, 2026. This charge significantly increased our operating loss for fiscal year 2026 but had no immediate impact on our cash position or liquidity. For estimates of fair values, we relied on significant unobservable inputs categorized as Level 3 within the fair value hierarchy such as third-party real estate experts for building and land fair values as of June 5, 2026, and a third-party appraiser's report for Machinery and Equipment as of January 28, 2026, which we received as part of our debt refinancing in May 2026 and do not represent fair values as of June 30, 2026. It is possible the assumptions and underlying estimates used to determine the fair value of this asset group will change in the future, and such changes could result in a material difference from the impairment loss recognized in these financial statements.

Our operating results by business segment for the year ended June 30, 2026 were as follows (in thousands):

	Private-label contract manufacturing	Patent and trademark licensing	Corporate expenses not allocated to segments	Natural Alternatives International Inc. Consolidated
Net sales	\$ 134,615	\$ 7,900	\$ -	\$ 142,515
Cost of goods sold	130,700	2,818	-	133,518
Gross profit	3,915	5,082	-	8,997
Other selling, general and administrative expenses	5,958	2,390	8,948	17,296
Impairment loss	10,409	-	-	10,409
Settlement of legal proceeding and associated expense	-	-	44 (a)	44
(Loss) income from operations	(12,452)	2,692	(8,992)	(18,752)
Other income (expense):				
Interest income	50	-	-	50
Interest expense	(1,186)	-	-	(1,186)
Foreign exchange loss	(316)	-	-	(316)
Other, net	(61)	-	-	(61)
Total other expense	(1,513)	-	-	(1,513)
(Loss) income before income taxes	(13,965)	2,692	(8,992)	(20,265)
Provision for income taxes				430
Net loss				<u>\$ (20,695)</u>

Other supplemental information:

Stock-based compensation	\$ 552	\$ 51	\$ -	\$ 603
Depreciation and amortization	4,702	7	-	4,709
Total assets	85,632	40,814	-	126,446
Capital expenditures	3,816	-	-	3,816

(a) Additional estimated legal fees related to services associated with settlement of two legal proceedings were allocated to Corporate expenses.

Our operating results by business segment for the year ended June 30, 2025 were as follows (in thousands):

	Private-label contract manufacturing	Patent and trademark licensing	Corporate expenses not allocated to segments	Natural Alternatives International Inc. Consolidated
Net sales	\$ 121,779	\$ 8,081	\$ -	\$ 129,860
Cost of goods sold	118,111	2,460	-	120,571
Gross profit	3,668	5,621	-	9,289
Other selling, general and administrative expenses	5,395	2,215	8,939	16,549
Settlement of legal proceeding and associated expense	-	-	1,400 (a)	1,400
(Loss) income from operations	(1,727)	3,406	(10,339)	(8,660)
Other income (expense):				
Interest income	168	-	-	168
Interest expense	(915)	-	-	(915)
Foreign exchange loss	(1,340)	-	-	(1,340)
Other, net	7	-	-	7
Total other expense	(2,080)	-	-	(2,080)
(Loss) income before income taxes	(3,807)	3,406	(10,339)	(10,740)
Provision for income taxes				2,835
Net loss				<u>\$ (13,575)</u>

Other supplemental information:

Stock-based compensation	\$ 887	\$ 90	\$ -	\$ 977
Depreciation and amortization	4,553	7	-	4,560
Total assets	113,843	38,096	-	151,939
Capital expenditures	3,614	-	-	3,614

(a) Expenses accrued for gross settlement of two legal actions and related legal fees for services associated with the settlement were allocated to Corporate expenses.

Our private-label contract manufacturing products are sold both in the U.S. and in markets outside the U.S., including Europe, Canada, Australia, New Zealand, Mexico and Asia. Our primary markets outside the U.S. are Europe and Asia. Our patent and trademark licensing activities are primarily based in the U.S.

Net sales by geographic region, based on the customers' location, for the two years ended June 30 were as follows (in thousands):

	2026	2025
United States	\$ 93,324	\$ 79,128
Markets outside the United States	49,191	50,732
Total net sales	<u>\$ 142,515</u>	<u>\$ 129,860</u>

Products manufactured by NAIE accounted for 86% of consolidated net sales in markets outside the U.S. in fiscal 2026 and 85% of consolidated net sales in markets outside the U.S. in fiscal 2025. Products manufactured by NAIE and sold in the U.S. during the fiscal year ended June 30, 2026 accounted for \$36,000 of NAIE net sales. No products manufactured by NAIE were sold in the U.S. during the fiscal year ended June 30, 2025.

Long-lived assets by geographic region, based on the location of the company or subsidiary at which they were located or made, for the two years ended June 30 were as follows (in thousands):

	2026	2025
United States	\$ 45,777	\$ 76,212
Europe	13,890	15,732
Total Long-lived assets	<u>\$ 59,667</u>	<u>\$ 91,944</u>

Total assets by geographic region, based on the location of the company or subsidiary at which they were located or made, for the two years ended June 30 were as follows (in thousands):

	2026	2025
United States	\$ 91,455	\$ 105,860
Europe	34,991	46,079
Total assets	<u>\$ 126,446</u>	<u>\$ 151,939</u>

Capital expenditures by geographic region, based on the location of the company or subsidiary at which they were located or made, for the two years ended June 30 were as follows (in thousands):

	2026	2025
United States	\$ 2,469	\$ 2,862
Europe	1,347	752
Total capital expenditures	<u>\$ 3,816</u>	<u>\$ 3,614</u>

O. Subsequent Events

In August 2026, one of our largest private-label contract manufacturing customers informed us of a material downward revision in their forecast of projected orders and purchases from us during our fiscal year 2027 caused by growing inventory levels on their behalf. As a result, we made considerable changes to our forecast for fiscal year 2027. Although our overall sales forecast for fiscal 2027 includes an expected increase in sales as compared to fiscal 2026, we currently anticipate we will experience a net loss for fiscal 2027.

Consequently, we anticipate we will not be able to comply with the fixed charge coverage ratio covenant requirement as defined in the Loan and Security Agreement that is based on only domestic operations and will first be measured for the nine months ending September 30, 2026. We have informed Legacy of our pending non-compliance with the fixed charge coverage ratio, and there is no assurance that a waiver, amendment, or remedy will be available or what the difference in amount, cost or other factors may be.

After careful consideration of the Company's current financial position and strategic objectives, management has determined the sale of the manufacturing facility located in Carlsbad, California is in the best interests of the Company and its stockholders. The Board of Directors has concluded that divesting this real property asset will provide the Company with additional liquidity needed to manage cash flows and reduce the overall debt load while improving capacity utilization. In light of the Company's recent operating challenges, management believes unlocking the capital currently held in this facility will allow the Company to extinguish the outstanding term-note on this property, reduce persistent excess capacity in our contract manufacturing segment, and better size the Company for sustainable growth. Management believes production can be effectively consolidated in our Vista, California manufacturing facility with no disruptions to production of customers' products.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

We maintain certain disclosure controls and procedures as defined under the Securities Exchange Act of 1934. They are designed to help ensure that material information is: (1) gathered and communicated to our management, including our principal executive and financial officers, in a manner that allows for timely decisions regarding required disclosures; and (2) recorded, processed, summarized, reported and filed with the SEC as required under the Securities Exchange Act of 1934 and within the time periods specified by the SEC.

Our management, with the participation of our Chief Executive Officer and our President and Chief Operating Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2026. Based on such evaluation, our Chief Executive Officer and President concluded our disclosure controls and procedures were effective as of June 30, 2026.

(b) Management's Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company, and for performing an assessment of the effectiveness of internal control over financial reporting as of June 30, 2026. For this purpose, internal control over financial reporting refers to a process designed by, or under the supervision of, our principal executive and financial officers and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material adverse effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are 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 performed an assessment of the effectiveness of our internal control over financial reporting as of June 30, 2026 based upon criteria in an Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) (2013 framework). Based on this assessment, management concluded our internal control over financial reporting was effective as of June 30, 2026 based on the criteria issued by COSO.

This assessment does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Management's report was not required to be attested to by our independent registered public accounting firm pursuant to applicable law and rules that permit the Company to provide only the management's report as part of this assessment.

(c) Changes in Internal Control Over Financial Reporting

There were no changes to our internal control over financial reporting during the fourth quarter ended June 30, 2026 that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

During the fiscal year ended June 30, 2026, none of our directors or officers, as defined in Section 16 of the Securities Exchange Act of 1934 adopted, modified, or terminated any contract instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement" as defined under Item 408(a) of Regulation S-K.

PART III

The information called for under Items 10-14 of this Part III will be incorporated by reference from our definitive proxy statement to be filed on or before October 28, 2026 for our Annual Meeting of Stockholders to be held on December 11, 2026.

PART IV**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

The following documents are filed as part of this report:

(1) Financial Statements. The financial statements listed below are included under Item 8 of this report:

- Consolidated Balance Sheets as of June 30, 2026 and 2025;
- Consolidated Statements of Operations and Comprehensive Loss for the years ended June 30, 2026 and 2025;
- Consolidated Statements of Stockholders' Equity for the years ended June 30, 2026 and 2025;
- Consolidated Statements of Cash Flows for the years ended June 30, 2026 and 2025; and
- Notes to Consolidated Financial Statements.

(2) Exhibits. The following exhibit index shows those exhibits filed with this report and those incorporated by reference:

EXHIBIT INDEX

Exhibit Number	Description	Incorporated By Reference To
3(i)	Amended and Restated Certificate of Incorporation of Natural Alternatives International, Inc. filed with the Delaware Secretary of State on January 14, 2005	Exhibit 3(i) of NAI's Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2004, filed with the commission on February 14, 2005
3(ii)	Amended and Restated By-laws of Natural Alternatives International, Inc. dated as of February 9, 2009	Exhibit 3(ii) of NAI's Current Report on Form 8-K dated February 9, 2009, filed with the commission on February 13, 2009
4(i)	Form of NAI's Common Stock Certificate	Exhibit 4(i) of NAI's Annual Report on Form 10-K for the fiscal year ended June 30, 2005, filed with the commission on September 8, 2005
10.1	Lease of Facilities in Vista, California between NAI and Calwest Industrial Properties, LLC, a California limited liability company (lease reference date June 12, 2003)	Exhibit 10.10 of NAI's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2003, filed with the commission on November 5, 2003
10.2	Form of Indemnification Agreement entered into between NAI and each of its directors	Exhibit 10.15 of NAI's Annual Report on Form 10-K for the fiscal year ended June 30, 2004, filed with the commission on September 14, 2004
10.3	2009 Omnibus Incentive Plan*	Attachment D of NAI's definitive Proxy Statement filed with the commission on October 16, 2009
10.4	Nonqualified Incentive Plan*	Exhibit 10.1 to NAI's Current Report on Form 8-K dated July 16, 2020, filed with the commission on July 22, 2020
10.5	License and Fee Agreement effective November 10, 2010 by and among Roger Harris, Mark Dunnett, Kenny Johansson and NAI	Exhibit 10.40 of NAI's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2010, filed with the commission on November 12, 2010
10.6	ISDA 2002 Master Agreement dated as of March 10, 2011 by and between Bank of America N.A. and NAI (with Schedule dated March 10, 2011)	Exhibit 10.31 of NAI's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011, filed with the commission on May 16, 2011
10.7	Third amendment to the Lease of Facilities in Vista, California between NAI and CWCA Vista Distribution 77, LLC, a Delaware limited liability company	Exhibit 10.40 of NAI's Annual Report on Form 10-K for the fiscal year ended June 30, 2013, filed with the commission on September 19, 2013
10.8	Lease of Facilities in Manno, Switzerland between NAIE and Mr. Silvio Tarchini effective July 1, 2014 (English translation)	Exhibit 10.38 of NAI's Annual Report on Form 10-K for the fiscal year ended June 30, 2014, filed with the commission on September 25, 2014.
10.9	Amended and Restated Employment Agreement, by and between NAI and Mark A. LeDoux, effective October 1, 2015*	Exhibit 10.1 of NAI's Current Report on Form 8-K dated October 1, 2015, filed with the commission on October 1, 2015.
10.10	Amended and Restated Employment Agreement, by and between NAI and Kenneth E. Wolf, effective October 1, 2015*	Exhibit 10.2 of NAI's Current Report on Form 8-K dated October 1, 2015, filed with the commission on October 1, 2015.

10.12	First amendment to credit agreement by and between NAI and the Wells Fargo Bank N.A. effective as of February 1, 2016	Exhibit 10.01 of NAI's Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2015, filed with the commission on February 9, 2016.
10.13	First amendment to the Amended and Restated Employment Agreement, by and between NAI and Michael E. Fortin, effective September 1, 2016*	NAI's Current Report on Form 8-K dated September 1, 2016, filed with the commission on September 6, 2016
10.14	First amendment to the Amended and Restated Employment Agreement, by and between NAI and Mark A. LeDoux, effective July 1, 2018*	Exhibit 10.1 of NAI's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2018, filed with the commission on November 13, 2018
10.15	First amendment to the Amended and Restated Employment Agreement, by and between NAI and Kenneth E. Wolf, effective July 1, 2018*	Exhibit 10.2 of NAI's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2018, filed with the commission on November 13, 2018
10.16	Second amendment to the Amended and Restated Employment Agreement, by and between NAI and Michael E. Fortin, effective July 1, 2018*	Exhibit 10.3 of NAI's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2018, filed with the commission on November 13, 2018
10.17	Lease of Facilities in Manno, Switzerland between NAIE and Mr. Silvio Tarchini dated October 19, 2018	Exhibit 10.4 of NAI's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2018, filed with the commission on November 13, 2018
10.18	Lease of Parking Places in Manno, Switzerland between NAIE and Mr. Silvio Tarchini dated October 19, 2018	Exhibit 10.5 of NAI's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2018, filed with the commission on November 13, 2018
10.19	Lease of Facilities in Manno, Switzerland between NAIE and Sofinol SA dated November 5, 2018	Exhibit 10.6 of NAI's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2018, filed with the commission on November 13, 2018
10.20	Amended and Restated Exclusive Manufacturing Agreement with Juice Plus+ dated March 31, 2019	Exhibit 10.48 of NAI's Current Report on Form 8-K dated March 31, 2019, filed with the commission on April 5, 2019
10.21	Third amendment to the Amended and Restated Employment Agreement, by and between NAI and Michael E. Fortin, effective July 1, 2019*	Exhibit 10.61 of NAI's Annual Report on Form 10-K for the annual period ended June 30, 2019, filed with the commission on September 24, 2019
10.22	Second amendment to the Amended and Restated Employment Agreement, by and between NAI and Mark LeDoux, effective July 1, 2021*	Exhibit 10.65 of NAI's Current Report on Form 8-K dated July 1, 2021, filed with the commission on July 9, 2021
10.23	Second amendment to the Amended and Restated Employment Agreement, by and between NAI and Kenneth E. Wolf, effective July 1, 2021*	Exhibit 10.66 of NAI's Current Report on Form 8-K dated July 1, 2021, filed with the commission on July 9, 2021
10.24	Fourth amendment to the Amended and Restated Employment Agreement, by and between NAI and Michael E. Fortin, effective July 1, 2021*	Exhibit 10.67 of NAI's Current Report on Form 8-K dated July 1, 2021, filed with the commission on July 9, 2021
10.25	Credit Agreement by and between NAI and Wells Fargo Bank, N.A. effective as of May 24, 2021	Exhibit 10.1 of NAI's Current Report on Form 8-K dated May 24, 2021 filed with the commission on May 27, 2021
10.26	2020 Omnibus Incentive Plan*	Annex I of NAI's definitive Proxy Statement filed with the commission on October 26, 2020
10.27	First Amendment to Credit Agreement by and between NAI and Wells Fargo Bank, N.A. effective as of August 16, 2021	Exhibit 10.3 of NAI's Current Report on Form 8-K dated August 16, 2021 filed with the commission on August 24, 2021
10.28	Revolving Line of Credit Note made by NAI for the benefit of Wells Fargo Bank, N.A. dated August 16, 2021 in the amount of \$20,000,000	Exhibit 10.4 of NAI's Current Report on Form 8-K dated August 16, 2021 filed with the commission on August 24, 2021
10.29	Term Note by and between NAI and Wells Fargo Bank, N.A. effective as of August 16, 2021	Exhibit 10.5 of NAI's Current Report on Form 8-K dated August 16, 2021 filed with the commission on August 24, 2021
10.30	Security Agreement by and between NAI and Wells Fargo Bank, N.A. effective as of August 16, 2021	Exhibit 10.6 of NAI's Current Report on Form 8-K dated August 16, 2021 filed with the commission on August 24, 2021
10.31	Second Amendment to Credit Agreement by and between NAI and Wells Fargo Bank, N.A. effective January 31, 2022	Exhibit 10.33 of NAI's Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2021, filed with the commission on February 9, 2022
10.32	Lease of Facilities in Manno, Switzerland between NAIE and Mr. Silvio Tarchini dated May 4, 2022	Exhibit 10.34 of NAI's Annual Report on Form 10-K for the fiscal year ended June 30, 2022, filed with the commission on September 21, 2022.
10.33	Third Amendment to Credit Agreement by and between NAI and Wells Fargo effective as of September 19, 2022.	Exhibit 10.35 of NAI's Current Report on Form 8-K dated October 12, 2022, filed with the commission on October 13, 2022
10.34	Revolving Line of Credit Note made by NAI for the benefit of Wells Fargo dated September 19, 2022 in the amount of \$20,000,000.	Exhibit 10.36 of NAI's Current Report on Form 8-K dated October 12, 2022, filed with the commission on October 13, 2022
10.35	Fourth Amendment to Lease of NAI manufacturing facilities in Vista, California between NAI, the tenant, and Park Center Industrial ILP, LLC, a Delaware limited liability company, the landlord	Exhibit 10.17 of NAI's Current Report on Form 8-K dated July 21, 2023, filed with the commission on July 24, 2023
10.36	Clawback Policy	Exhibit 10.36 of NAI's Annual Report on Form 10-K for the fiscal

- 10.37 [First modification to Promissory Note by and between NAI and Wells Fargo, effective as of February 13, 2024](#)
- 10.38 [Fourth Amendment and Waiver of Events of Default to Credit Agreement by and between NAI and Wells Fargo effective as of February 13, 2024](#)

year ended June 30, 2023, filed with the commission on September 19, 2023

Exhibit 10.37 of NAI's Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2023, filed with the commission on February 13, 2024

Exhibit 10.38 of NAI's Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2023, filed with the commission on February 13, 2024

10.39	Fifth Amendment to Credit Agreement by and between NAI and Wells Fargo effective May 14, 2025	Exhibit 10.39 of NAI's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2025, filed with the commission on May 14, 2025
10.40	Sixth Amendment to Credit Agreement by and between NAI and Wells Fargo effective as of June 20, 2025	Exhibit 10.40 of NAI's Current Report on Form 8-K dated June 23, 2025, filed with the commission on June 23, 2025
10.41	Second Amendment to Revolving Line of Credit Note made by NAI for the benefit of Wells Fargo dated June 20, 2025	Exhibit 10.41 of NAI's Current Report on Form 8-K dated June 23, 2025, filed with the commission on June 23, 2025
10.42	First Modification of Deed of Trust and Assignment of Rents and Leases dated June 20, 2025	Exhibit 10.42 of NAI's Current Report on Form 8-K dated June 23, 2025, filed with the commission on June 23, 2025
10.43	Fifth Amendment to Employment Agreement by and between NAI and Michael E. Fortin effective July 1, 2025*	Exhibit 10.68 of NAI's Current Report on Form 8-K dated July 1, 2025, filed with the commission on July 1, 2025
10.44	Manufacturing Agreement by and between Natural Alternatives International, Inc., and The Juice Plus+ Company, dated effective July 16, 2025	Exhibit 10.49 of NAI's Current Report on Form 8-K dated July 21, 2025, filed with the commission on July 21, 2025
10.45	Waiver and Release Agreement by and between NAI and Wells Fargo effective as of December 12, 2025	Exhibit 10.43 of NAI's Current Report on Form 8-K dated December 17, 2025, filed with the commission on December 17, 2025
10.46	Third Amendment to Employment Agreement by and between NAI and Mark A. LeDoux effective May 1, 2026*	Exhibit 10.69 of NAI's Current Report on Form 8-K dated March 20, 2026, filed with the commission on March 20, 2026
10.47	Employment Agreement by and between Natural Alternatives International Europe and Mark A. LeDoux effective May 1, 2026*	Exhibit 10.70 of NAI's Current Report on Form 8-K dated March 20, 2026, filed with the commission on March 20, 2026
10.48	Loan and Security Agreement between Natural Alternatives International, Inc. and Legacy Corporate Lending, LLC dated May 18, 2026	Exhibit 10.45 of NAI's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2026, filed with the commission on May 19, 2026
10.49	Credit Agreement between NAIE and UBS Switzerland AG dated June 17, 2026	Filed herewith
21	Subsidiaries of the Company	Filed herewith
23.1	Consent of Independent Registered Public Accounting Firm	Filed herewith
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer	Filed herewith
31.2	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial and Accounting Officer	Filed herewith
32	Section 1350 Certification	Filed herewith
101.INS	Inline XBRL Instance Document (the Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)	Furnished herewith
101.SCH	Inline XBRL Taxonomy Extension Schema Document	Furnished herewith
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	Furnished herewith
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	Furnished herewith
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	Furnished herewith
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	Furnished herewith
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	Furnished herewith

* Indicates management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Natural Alternatives International, Inc., the registrant, has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: September 28, 2026

NATURAL ALTERNATIVES INTERNATIONAL, INC.

By: /s/ Mark A. LeDoux
Mark A. LeDoux, 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 Natural Alternatives International, Inc. and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Mark A. LeDoux</u> (Mark A. LeDoux)	Chief Executive Officer and Chairman of the Board of Directors (principal executive officer)	September 28, 2026
<u>/s/ Kenneth E. Wolf</u> (Kenneth E. Wolf)	President and Chief Operating Officer (principal financial and accounting officer)	September 28, 2026
<u>/s/ Alan G. Dunn</u> (Alan G. Dunn)	Director	September 28, 2026
<u>/s/ L. Kay Matherly</u> (L. Kay Matherly)	Director	September 28, 2026
<u>/s/ Guru Ramanathan</u> (Guru Ramanathan)	Director	September 28, 2026



Banking relationship
0247 00554949
(for internal bank use only)

UBS Switzerland AG
Casella Postale 1064
6830 Chiasso
Tel. +41-91-801 66 88

ubs.com

Credit Agreement UBS Corporate Financing

1. **Borrower**
NAIE Natural Alternatives International Europe SA
Via Cantonale
6928 Manno
(hereinafter referred to as the 'Borrower')
2. **Lender**
UBS Switzerland AG
Piazza Col. C. Bernasconi 5
6830 Chiasso
(hereinafter referred to as 'UBS')
3. **Credit facility**
UBS grants the Borrower a credit facility in a **maximum amount of 2 000 000 CHF**.
4. **Financing purpose**
To finance current assets for operating purposes.
5. **Availability**
Subject to the terms and conditions of this Credit Agreement, this credit facility is available in the following forms in CHF and/or any freely-available and convertible currency:
 - as a current account overdraft.
Up to a maximum amount of 1 500 000 CHF.
 - as UBS fixed advances with terms of 1 - 12 months.
Up to a maximum amount of 1 500 000 CHF.
 - as UBS floating rate loan with no fixed term.
 - for issuing guarantees in form and substance acceptable to UBS with a maximum term of 1 year.
 - for opening of documentary credits in a form acceptable to UBS for a period of up to 1 year.

UBS may amend unilaterally and at any time the utilization forms of the Credit Facility and/or cease the offering of certain utilization forms. In the event of a change in circumstances UBS reserves the right to refuse the utilization of the Credit Facility by the Borrower without termination of the Credit Agreement.

6. **Interest rates and commission**

6.1 **UBS current accounts**

The applicable interest rates in CHF and common foreign currencies will be provided to the Borrower upon request.

Plus credit commission in the amount of 0,25% per quarter based on the maximum debit balance, but which shall not exceed 50% of the amount of interest charged per calendar quarter.

At the end of each calendar quarter, a closing statement showing interest and commission charges shall be provided. UBS shall have the right to adjust interest and commission rates to changing market conditions at any time with immediate effect.

6.2 UBS fixed advances

For any advance with a term of up to and including 6 months, principal and interest shall be calculated and charged as a single payment at maturity.

For any advance with a term of more than 6 months, interest shall be calculated and charged quarterly at the end of each calendar quarter. Principal and interest shall be calculated and charged at maturity.

The interest rate is composed of the base interest rate according to Euromarket rates for the relevant term and currency, and a UBS margin

The interest rate shall be fixed two bank working days prior to any advance being drawn down or renewed, for the corresponding term and currency. The instructions for drawdown or renewal must be received by UBS at least two bank working days before such drawdown or renewal. Where such instructions are unavailable, advances falling due shall not be renewed and both principal and interest shall be debited from the relevant current account.

6.3 UBS floating rate loan

The interest rate is composed of the compounded overnight rate authoritative for the relevant currency (henceforth the base interest rate) plus the margin UBS determines.

For utilizations in CHF, the base interest rate shall be the compounded SARON, an interest rate provided by SIX Group Ltd., which is calculated and published according to the formula and methodology that SIX Group Ltd. publishes. For utilizations in USD, the SOFR compounded provided by the Federal Reserve Bank of New York shall be used as the base interest rate. For utilizations in EUR, the €STR compounded provided by the European Central Bank shall apply as the base interest rate, for utilizations in GBP the SONIA compounded provided by the Bank of England shall be used and for JPY the TONA compounded provided by the Bank of Japan shall be used. Base interest rates in foreign currency are also calculated according to the formula and methodology set by the administrator of the relevant reference interest rate.

The interest period shall be one calendar quarter. The first interest period shall begin on the same calendar day as the disbursement of the loan amount and shall continue until the last calendar day of the calendar quarter. Afterward, the interest period shall continue from the last calendar day of each calendar quarter until the last calendar day of the next calendar quarter. The last interest period shall continue until the calendar day when the termination becomes effective.

For utilizations in CHF, the compounded SARON shall be calculated as the base interest rate by compounding the overnight rates published in the applicable interest period for the individual calculation days. For utilizations in the currencies EUR (€STR), USD (SOFR), GBP (SONIA) and JPY (TONA), the base interest rate is based on compounding the overnight rates that were valid two local bank working days before the applicable interest day, so that a so-called look back period of two local bank working days applies (see informational sheet on overnight rates and compounded overnight rates, which forms an integrated component of this credit agreement).

The Borrower shall notify UBS of the desired amount and currency before the desired payout day.

The Borrower can change the amount, currency or the type of use in general subject to a notice period of 30 calendar days. Without such notice of the Borrower the UBS Floating Rate Loan shall be automatically continued with the current amount, currency and set margin.

6.4 Guarantees/documentary credits

Commissions and fees shall be fixed by UBS on a case-by-case basis, and shall depend in particular on the nature, size, term and complexity of the transaction as well as the Borrower's credit rating.

UBS shall have the right to adjust its commissions at any time during the term of a guarantee, subject to a notice period of 90 days. UBS shall notify the Borrower of such adjustment in writing.

6.5 Interest calculation

Interest shall be calculated on an act/360 basis, i.e. the actual number of days per month divided by a 360-day year.

When determining the interest rate, and for the avoidance of doubt, the base interest rate may never be less than zero.

6.6 **Non-availability of the base interest rate**

In the event that the base interest rate is no longer available in a currency as a recognized reference interest rate or is no longer published, the Contracting Parties agree that UBS shall determine the interest rate on the basis of another reference interest rate that is economically as nearly equivalent as possible. Reference interest rates deemed to be equivalent are specifically those rates that are calculated for the purpose of the value-neutral conversion of loans that were previously tied to the base interest rate in a currency.

If an economically equivalent reference interest rate is not available from third parties, and if no recognized premium or discount for the value-neutral conversion from the base interest rate in a currency to a replacement rate has been published, UBS will itself establish a corresponding premium or discount, publish it and take it into account when determining the interest rate.

For the avoidance of doubt, it is agreed that also in the event the base interest rate in a currency is discontinued, the reference value (before the margin) that is applied according to the aforementioned provisions can never be less than zero.

Starting at the time when the base interest rate in a currency is no longer available, new utilizations under the respective type of use are no longer possible.

7. **Handling fees**

The handling fees amount to an one-time payment of 15 000 CHF.

In the event of a later redemption of the credit facility by a third party, UBS shall charge the Borrower 300 CHF for work and expenses incurred.

Cantonal stamp duty in the amount of 20 CHF due upon receipt of the Credit Agreement countersigned by the Borrower. This fee shall be debited directly to the corresponding current account.

8. **Maturity of Interests, Commissions and Fees / Debits**

Interests, commissions and fees shall be payable on the agreed maturity date and the agreed account shall be debited, even if the day in question is a Saturday, Sunday or public holiday. Where interest or capital re-payments are delayed, interest on arrears, increased by at least 2% p.a., shall be charged.

9. **Security**

The forms of security listed below shall serve UBS as security for all claims including all past due and current interest, commission, etc.:

- 1) Assignment of all accounts receivable, pursuant to the separate document «Global Assignment».

10. **Term**

Until further notice.

11. **Termination**

11.1 **Ordinary termination**

The Borrower shall have the right to terminate this Credit Agreement at any time with immediate effect.

UBS shall have the right to terminate this Credit Agreement at any time with immediate effect, and to refuse to make funds available to the Borrower under the credit facility at its discretion, without having to provide any reasons.

Any termination shall cancel the unused portion of the credit facility with immediate effect.

To the extent that the credit facility has been drawn down, any outstanding amounts shall become due and payable as follows:

- **UBS current account**
immediately
- **UBS fixed advance**
on expiration of the agreed term
- **UBS floating rate loan**
after 30 calendar days have expired

If, at the time of any ordinary termination, any use of the credit facility is made in the form of guarantees and documentary credits, the Borrower undertakes to release UBS within six months since the date of the termination at the latest from such contingent obligations or to provide security by pledging marketable assets up to the full amount of those commitments plus a customary bank margin.

11.2 **Extraordinary termination**

The Borrower shall have the right to terminate this Credit Agreement extraordinarily at any time by observing a period of 10 days' advance notice, and to repay any outstanding amounts drawn down under the same in whole or in part. In the event that the outstanding amount becomes due as a result of an extraordinary termination during a current fixed interest period or on a date other than the original due date, an indemnity pursuant to paragraph 1 of «Indemnity in the event of an extraordinary termination» is due and payable on the due date of the premature repayment.

UBS shall have the right to terminate this Credit Agreement at any time with immediate effect, and to declare all outstanding amounts including accrued interest, commission, fees, etc. immediately due and payable, irrespective of the term of any credit facility granted to the Borrower, if:

- 1) the Borrower or a Group company («Group company» shall hereinafter mean any company that is controlled by the Borrower within the meaning of Art. 963, para. 2 of the Swiss Code of Obligations) is more than 30 calendar days in arrears with payment of interest, commission and/or principal payments owed to UBS or a third party (including any parties that may have acquired claims under the credit granted), or fails to reduce overdrafts by repayment or providing sufficient additional security within the time period set therefor by UBS.
- 2) the Borrower or one of its Group companies is/are required by official order (in particular in the area of environmental protection) to undertake remedial measures which are deemed by UBS as having a potentially material effect on the Borrower's ability to perform its financial obligations.
- 3) in the opinion of UBS a material reduction in the value of security is imminent or has occurred.
- 4) there has been a change of ownership/controlling interests in relation to the Borrower which UBS deems to be material.
- 5) the Borrower or a Group company changes its/their legal or commercial structure, e.g. through liquidation, sale of a substantial part of its assets, change of its objects or business activities, merger or restructuring, provided that the relevant event is deemed by UBS as having a potentially material effect on the Borrower's ability to perform its financial obligations.
- 6) with regard to the Borrower or a Group company bankruptcy proceedings are filed and/or an application for court or out-of-court creditor protection is made and/or if debt enforcement proceedings are threatened or have already been initiated.
- 7) the Borrower or a Group company has suspended payments or the earnings or asset position of the Borrower or a Group company is deemed by UBS to have deteriorated significantly.
- 8) the Borrower or a Group company is in breach of any other obligations arising under this Credit Agreement.

If, at the time of any extraordinary termination, any use of the credit facility is made in the form of guarantees and documentary credits, the Borrower undertakes to release UBS immediately from such contingent obligations or to provide security by pledging marketable assets up to the full amount of those commitments plus a customary bank margin.

12. **Indemnity in the event of an extraordinary termination**

In the event of an extraordinary termination by the Borrower an indemnity must be paid. This indemnity shall be calculated on the basis of the difference interest rate applied until the end of the fixed interest period, whereas the difference interest rate shall be the difference between the agreed interest rate and the interest rate obtainable at the time of the premature repayment on an investment in the money or capital market with a corresponding remaining term. If the interest rate is higher than the investment rate, the resulting difference shall be charged to the Borrower; if the interest rate is less than the investment rate, the resulting difference shall be credited to the Borrower.

In the event that UBS terminates this Credit Agreement extraordinarily, the Borrower shall be liable to indemnify UBS for all losses UBS has suffered and/or costs incurred as a result, for any amount utilized under the Credit Agreement with a fixed interest period, in particular but not limited to, any indemnity which shall be calculated on the basis of the difference interest rate applied until the end of the fixed interest period, whereas the difference interest rate shall be the difference between the agreed interest rate and the interest rate obtainable at the time of the premature repayment on an investment in the money or capital market with a corresponding remaining term. UBS reserves the right to claim additional compensation.

13. **Representations and warranties**

The Borrower represents and warrants that:

- 1) the Borrower has not created any security interest in respect of its own obligations and/or the obligations of third parties other than security given under this Credit Agreement or in the context of other credit agreements with UBS and/or any security given in favour of other creditors with respect to which the Borrower has expressly notified UBS.
- 2) no event has occurred which would entitle UBS to effect extraordinary termination, and no legal action is pending which could have a material adverse effect on the Borrower or its assets.
- 3) at the time of entering into this Credit Agreement, there is no official order affecting it (in particular in the area of environmental protection), with the exception of any such orders of which UBS has been informed. The Borrower confirms that this is also the case for the companies under its control.

14. **Positive covenants**

The Borrower undertakes:

- 1) to effect all payment transactions via UBS, in order to facilitate credit control.
- 2) to maintain, on a continuous basis, a minimum equity of 10,000,000 CHF (ten million Swiss francs) at the level of the Swiss entity [NAIE Natural Alternatives International Europe SA], as evidenced by the latest approved financial statements prepared in accordance with the applicable accounting principles. Failure to comply with this requirement shall constitute a material breach under this credit agreement.

15. **Negative covenants**

The Borrower undertakes and ensures that neither the Borrower nor any group company, without prior written consent from UBS, will,

- 1) enter into or assume any obligations (incl. contingent liabilities) which are secured by a right of lien, collateral agreement or any other encumbrance upon its current or future assets.
- 2) secure existing obligations (incl. contingent liabilities) in the above-mentioned manner.
- 3) grant any security for obligations (incl. contingent liabilities) of any group company and/or third party.
- 4) prioritize any third party claims (incl. group company claims) over UBS claims out of or in connection with this Credit Agreement (pari passu).

16. **Information undertaking**

For the entire term of this Credit Agreement, the Borrower undertakes to provide the following information to UBS:

- 1) annually one copy of the balance sheet, the profit and loss statement and, if required by law, an audit report compliant with the legal requirements by no later than four months following the end of the financial year (separate and consolidated).

In the event of a change in circumstances UBS reserves the right to demand an audit report or to increase the requirements the audit report has to fulfill.

- 2) one copy of the budget, including the investment budget by no later than 30 calendar days prior to commencement of the relevant fiscal year.

The Borrower undertakes, for the entire term of this credit facility, to immediately inform UBS of any material changes, in particular of the occurrence, or likely occurrence, of any circumstances which might constitute grounds for extraordinary termination.

UBS treats this information as confidential.

17. **Conditions precedent**

No utilisation may be drawn down until all copies of the documents listed below have been received by UBS, executed in the required form and satisfactory to UBS, and UBS has received the agreed security in legally valid form:

- one copy of this Credit Agreement
- Global Assignment

In the event that UBS has not received all of the documents and/or security, in the required form, within one month of the date of execution of this Credit Agreement, UBS shall be authorized to rescind this Credit Agreement without granting any extension of the deadline for receiving the said documents and/or security.

18. **Miscellaneous provisions**

18.1 **General Terms and Conditions and Disclosure of Client Data**

The «General Terms and Conditions» of UBS as well as the document «Disclosure of Client Data» shall form an integral part of this Credit Agreement.

18.2 **Order in which security shall be realized**

In the event that several items of security have been provided to UBS, UBS shall, if and when realizing the security, decide at its discretion to what extent and in which order the items shall be realized, and how the proceeds from such realization shall be allocated to the individual drawdowns.

18.3 **Increased cost**

In the event that increased costs are incurred by UBS due to governmental regulations, for example the introduction of minimum reserves, credit taxation or alterations in minimum equity capital rates, these additional expenses shall be borne by the Borrower. In such cases, UBS will be entitled to increase correspondingly the relevant interest rates and commissions by observing a period of at least 30 days' advance notice.

If UBS is forced to increase the interest rates and commissions in accordance with this clause, the Borrower shall be entitled to repay the credit/amounts drawn down affected by such increase together with interest rates and commissions, by observing a period of at least 30 days' advance notice. The costs of such early repayment shall be borne by the Borrower pursuant to paragraph 1 of «Indemnity in the event of an extraordinary termination».

19. **Transfer of credit claims and banking secrecy waiver**

UBS shall have the right to offer for transfer, or to transfer, in whole or in part, its rights under this Contract, including any collateral provided in respect of the credit facility, such as mortgage notes and/or any other collateral, to any third parties in Switzerland or abroad.

UBS may at any time provide all third parties, including rating agencies, which may be parties to such transfer, with access to all information and data relevant to the transfer, and shall be released in this regard from the statutory obligation to maintain banking secrecy. Insofar as third parties are not subject to Swiss legislation on banking secrecy, information and data shall only be disclosed if the said parties undertake to maintain secrecy.

All purchasers shall be entitled to further assign the rights acquired, provided that each subsequent purchaser also undertakes to maintain secrecy.

Mortgage notes and/or other collateral provided in respect of the credit facility may be transferred only if the rights under this Contract are also transferred at the same time, in whole or in part, or if it is ensured in any other way that the provider of collateral can also exercise against the purchaser of the mortgage note and/or other collateral any right of objection against the respective owner of the credit claim; and that the provider of collateral can, after full repayment of all secured claims, demand delivery of the mortgage note and/or other collateral provided in respect of the credit facility.

UBS (and any party acquiring rights as a result of any transfer made in accordance with this clause) may, without having to obtain further consent from the Borrower, assign, along with the transferred rights, any limit obligation agreed under this Contract, and/or any other obligations arising hereunder, to the purchaser in respect thereof.

Any party acquiring such obligations must either be a company affiliated with UBS, or a Swiss or foreign financial institution (bank, insurance company, or similar). UBS shall be released from any obligation to the extent that it transfers the same. In accordance with and pursuant to this provision, UBS shall be also entitled to transfer the Contract as a whole to such a purchaser (transfer of contract). Each purchaser shall be entitled to further transfer the entire Contract to a subsequent purchaser.

20. **Waiver of set-off**

The Borrower waives its right to offset its obligations against any claims it may have against UBS and/or any party acquiring rights under this Credit Agreement, even if such claim by way of set-off against UBS, or any party acquiring rights hereunder, may not be recoverable as a result of insolvency or over-indebtedness.

21. **Applicable law and place of jurisdiction**

This Credit Agreement shall be governed by and construed in accordance with substantive Swiss law.

Subject to mandatory jurisdictions provided by law the exclusive place of jurisdiction for all legal proceedings shall be Zurich or the location of the branch holding the account.

This shall also be the place of performance, and the place of debt collection for the Borrower domiciled abroad.

22. **Number of executions**

This Agreement was executed in two original copies.

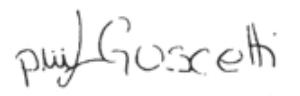
Lender

UBS Switzerland AG

Chiasso, 16 June 2026
Place / Date



Oliver Bruno Alfaro



Laura Guscetti

(for UBS Switzerland AG binding with facsimile signatures)

Agreed

Borrower

NAIE Natural Alternatives International Europe SA

MORIND 17-JUN-2026
Place / Date



Signature(s)



For internal bank use only

Signature(s) verified/Signed in my presence

Information on overnight rates and compounded overnight rates

What are overnight rates?

Each of the five currency zones CHF, EUR, USD, GBP and JPY have determined their own overnight rate that is suitable in the lending business for being used as a reference interest rate. The following table provides a short overview:

Currency	Overnight rate	Administration
CHF	SARON	SIX Swiss Exchange
EUR	€STR	European Central Bank
USD	SOFR	Federal Reserve Bank of New York
GBP	SONIA	Bank of England
JPY	TONA	Bank of Japan

The SARON (Swiss Average Rate Overnight) is calculated as a volume-weighted average rate based on completed transactions and binding buy and sell prices on the Swiss money market. The calculation method has been defined by SIX Group SA (SIX) in collaboration with the Swiss National Bank (SNB). The SARON is publicly accessible, transparent and meets the requirements of international benchmark standards. It is set and published immediately after the close of business (18:00 hours Central European Time) by SIX, which operates the infrastructure for the Swiss financial market.

Furthermore, since the introduction of the SNB base rate, the SARON has also been subject to the monetary policy of the SNB. As the SARON is the most meaningful, short-term money market interest rate in Switzerland today, the SNB explicitly aims to keep it close to its own prime rate.

The administrators use similar principles for the currencies EUR, USD, GBP and JPY. In particular it was emphasized that overnight rates in a liquid market would be determined by transparent criteria. In contrast to the CHF, the base interest rates are not published until the following trading day.

If no overnight rate is determined on a bank working day for the functional currency, the applicable overnight rate is the overnight rate from the preceding bank working day.

What are compounding overnight rates, and how are they calculated?

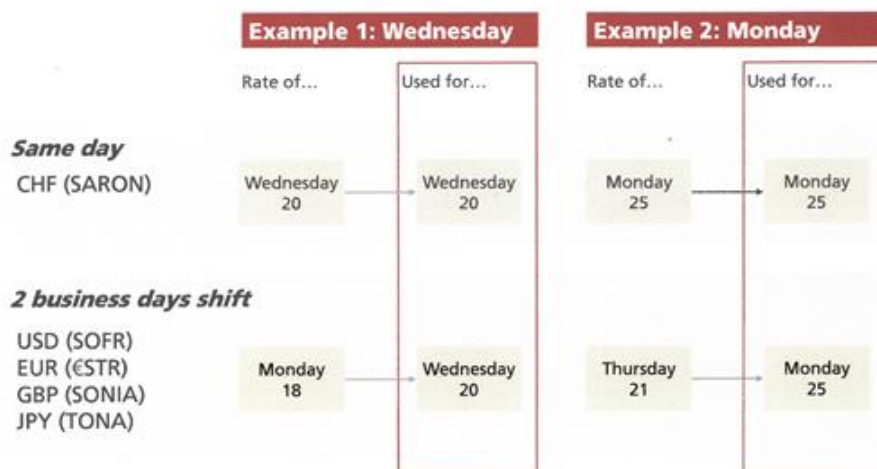
The authoritative base interest rate for the UBS Floating Rate Loan is the compounded overnight rate in the appropriate currency. The authoritative base interest rate is calculated by the formula and methodology set by the administrator of that reference interest rate.

The Compounded SARON is an interest rate set and published daily by SIX for various interest periods. The amount of interest that must be paid for the UBS Floating Rate Loan is calculated by compounding the SARON overnight rates applicable in the chosen interest period¹. Thus, the Compounded SARON reflects the realized interest level in the past interest period. The Compounded SARON is, therefore, a retrospective reference interest rate which is made known one banking day before the end of the interest period (at 6:00 p.m. Central European Time). The Compounded SARON can be found and checked at any time on the SIX website.

If a calculation day during the interest period falls on a Saturday, Sunday or other officially recognized holiday, the overnight rate applicable on the directly preceding local bank working day is used to calculate the compounded interest rate in the appropriate currency according to the formula published by the appropriate benchmark administrator.

¹ SIX Group Ltd always rounds the Compounded SARON up to four decimal places. UBS uses compounded rates rounded to four decimal places for all currencies.

Overnight rates are also compounded in the currencies EUR, USD, GBP and JPY. Since the overnight rates are not published until the following trading day, what is known as a look back period of two local bank working days is applied. This means that the interest rate from two local bank working days in the past is used. For example on Monday the overnight rate from the past Thursday is included in the calculation, on Tuesday the interest rate from the past Friday is included in the calculation and on Wednesday the overnight rate from the past Monday is included in the calculation.



Where do I find information on compounded overnight rates?

Information about the Compounded SARON and how the Compounded SARON is calculated can be found on the SIX website.

Information on the overnight rates and the calculation methods in the other currency zones can be found on the webpages of the appropriate administrator.

As the links to the administrators or their contents may alter at any time, for easier reference you will find the above-mentioned information and the current version of the documents under the following link: ubs.com/floating-rate-loan

Global Assignment

Contracting parties

NAIE Natural Alternatives International Europe SA
Via Cantonale
6928 Manno

(hereinafter the Assignor¹)

1. The Assignor herewith irrevocably assigns unto UBS Switzerland AG (hereinafter UBS), all existing and future claims from his business, including any preferential and accessory rights (such as guaranties, pledged rights, rights of retention, claims due to reservation of ownership, rights to the surrendering of goods, rights which have been transferred in trust, insurance claims etc.) (hereinafter Claims). Furthermore, all current, forfeited and future interest is assigned. The assignment includes any credit balances on accounts held with third party banks or postal accounts, resulting from the payment of Claims.
2. With the Global Assignment, UBS shall obtain all rights of the Assignor towards the assignment debtors. UBS will thereby particularly be entitled (a) to give notice on any Claims, (b) to require payment of any interest and principal in so far as such is due, as well as (c) setting-off any paid amounts with claims that it has or will have against the Assignor, without regard to whether or not such claims are due, as well as keeping such claims in trust and (d) granting respite for the Claims at its own discretion. In so far as the Assignor's rights are connected to the obligation as such, UBS shall be expressly empowered but not obliged to exercise these rights in its own name. This empowerment shall not be revoked with the Assignor's death or where one of the events set out in article 35 of the Swiss Code of Obligations should occur.

The Assignor undertakes to present to UBS any existing instruments of indebtedness, as well as - immediately upon request - all other documents, as well as providing all information necessary in order for UBS to exercise its rights under this Assignment. In addition, UBS may inspect his account books at any time, in order to evaluate the status of the Claims.

Furthermore, the Assignor undertakes, unconfirmed and with reference to this Global Assignment, to inform UBS **by the latest the 15th day of each month as to the balance of his claims**, valid as per the end of the preceding month, as well as attaching to said balance, **every three months**, a complete list of all outstanding claims including an indication of the invoice dates, the amounts due, as well as the name and domicile of the assignment debtors.

As per June 30, 2025, the claims assigned to UBS were worth a total of 6 374 145.00 CHF.

3. The Claims shall serve UBS as collateral for all present and future claims made by UBS towards the Assignor or his legal heirs or successors in connection with the business relationship. The Global Assignment also covers Claims resulting from compensation for damages, due and current interest, commissions as well as expenses and costs.

They/it shall also serve as security for claims for compensation brought against the Assignor where UBS, as a consequence of the Assignor's failure to discharge his/her/its obligation to pay Value Added Tax (hereinafter VAT), is obliged to pay the same to the Swiss Federal Tax Administration (hereinafter FTA) or has made such payments to it with effect of discharging its own liability (qv. section 11). Where several guaranteed claims exist, UBS shall decide which of these shall be accredited with the Claims or any proceeds therefrom. Claims assigned to one UBS branch shall also constitute collateral for claims from other UBS branches.

4. The Assignor fully warrants the existence and the enforceability of the Claims. He undertakes to monitor the assignment debtors and to inform UBS when their solvency could put the enforceability of the claims at risk. He also undertakes to immediately inform UBS about Claims that appear in danger of default.

The Assignor hereby confirms that no contractual or statutory prohibitions of assignment exclude or restrict the assignment of Claims (e.g. through the reservation of required consent by the assignment debtor).

5. The Assignor hereby renounces his right to object to UBS liquidating the Claims before initiating enforcement proceedings leading to the seizure of assets or bankruptcy proceedings.
6. The Assignor shall ensure, by taking suitable measures, e.g. providing indication on his invoices, by referring to the existing UBS banking relationship, or by enclosing UBS postal payment slips, that any payments for the Claims are made to his UBS account. The Assignor shall immediately pass on to UBS payments made directly to himself or to a third party bank or to a postal account. The Assignor furthermore undertakes to inform the assignment debtors, immediately upon UBS' first request, of the Global Assignment. Furthermore, UBS may also inform the assignment debtors at any given time.

7. The Assignor is not permitted to have other banks provide discounts or advances where he receives a bill of exchange. The said bill of exchange must be endorsed to UBS' order and submitted, in accordance with UBS' instructions.
8. Where in UBS' opinion a reduction in value of the Claims should occur or be in danger of occurring (e.g. due to a deterioration in the economic situation of the assignment debtors, due to currency fluctuations etc.), or where for other reasons UBS considers the Claims as no longer offering sufficient collateral, the Assignor undertakes to immediately either improve such collateral according to UBS's requirements or to make down payments as defined by UBS.
9. The Assignor hereby confirms, he is solely entitled to the Claims and there are no other assignments besides this Global Assignment. The Assignor also warrants that he shall not make such assignments to third parties for as long as this Global Assignment exists. The Assignor is committing a crime if he assign a claim more than once, or fails to pass on to UBS payments made directly to himself, to third party banks or postal accounts.
10. The Assignor undertakes to discharge his/her/its VAT obligations in connection with the Claims, in particular to pay in full and on time the tax claim, and to prove to UBS, on its request, that this has been done. The Assignor further authorizes UBS to obtain this information directly from the FTA and, for this purpose, frees UBS from its obligations under Swiss banking secrecy laws and the FTA from its obligations of official confidentiality.

The Assignor undertakes to inform UBS immediately in the event of an application for opening of bankruptcy proceedings or moratorium, opening of proceedings for seizure or realization of assets being brought against him/her/it or of the Assignor being, or expected to become, for other reasons, no longer able to discharge his/her/its VAT obligations in connection with the Claims.

11. UBS has the right to pay the VAT transferred and collected with the Claim(s) to the FTA at any time and thereby discharge its liability. UBS shall be indemnified by the Assignor for such payments and for payments made as a result of the Assignor's failure to discharge his/her/its obligation to pay VAT.

For this purpose, UBS may debit an account held by the Assignor. The Assignor shall also make available to UBS the documentation required for the purpose of verifying the amount of liability.

12. Transfer of credit claims and banking secrecy waiver

Where UBS chooses to exercise, in part or in full, the right granted to it by the Borrower to transfer credit claims, inclusive of collateral, namely the claims assigned herewith, it shall be permitted to disclose any information and data collected in connection with the present agreement to third parties involved in such transfer, including rating agencies, at any time, and shall be freed from its obligations under Swiss banking secrecy laws, in this regard the same shall apply to any party acquiring such claim and which has the right to reassign the same in whole or in part. Where such assignees are not subject to Swiss banking secrecy laws, such disclosure shall only occur where they undertake to maintain secrecy and require such secrecy from possible further contracting partners.

Where UBS chooses to exercise, in part or in full, the right granted to it by the Borrower to transfer credit claims, then it shall be allowed to pledge all or any of the Claims, to the purchaser as collateral for the transferred credit claims or to also grant other security rights to the Claims.

Where UBS additionally makes use of the right granted to it by the Borrower to transfer limit obligations and/or other obligations arising from the credit relationship, it may also pledge all or any of the Claims as collateral for securing all future claims resulting from the assumed obligations or may also grant other security rights to the Claims.

After the final repayment to the purchaser of the claims guaranteed by the Claims, the Claims again exclusively secure the claims of UBS as per Section 3 hereof. UBS undertakes - to the extent required - that the purchaser retransfers all transferred claims to UBS subsequent to the satisfaction of such claims. UBS is, particularly in the event of a pledge and subject to the consent of the purchaser, authorised to exercise all rights under the present agreement in its own name as well as in the name of the purchaser.

UBS may, however, also empower the purchaser to independently assert the rights transferred to him with the Claims for the claims of UBS as well as for the credit claims transferred to him.

In the event that UBS exercises the right granted by the Borrower to transfer claims under the credit facility, together with any security provided in respect thereof, in particular the claims hereby assigned, in whole or in part, it shall be entitled to grant all rights hereby granted in connection with use of the claims assigned, which shall be equal in scope to the rights accruing to UBS and such assignee shall be entitled to grant the same to its successors in title.

13. All communications to the Assignor shall be deemed to have been duly served, when they have been dispatched to the last known address provided to UBS.

14. **Applicable law and place of jurisdiction**

This Global Assignment shall be governed by and construed in accordance with substantive Swiss law.

Subject to mandatory jurisdictions provided by law the exclusive place of jurisdiction for all legal proceedings shall be Zurich or the location of the branch holding the account.

This shall also be the place of performance, and the place of debt collection for the Assignor domiciled abroad.

Agreed



Münster 17.06.2026

Place / Date



NAIE Natural Alternatives International Europe SA



¹ The singular form also includes the plural, and all masculine terms referring to persons refer to persons of both genders.

Exhibit 21

**List of Subsidiaries of
Natural Alternatives International, Inc., a Delaware corporation**

<u>Name of Subsidiary</u>	<u>State or other Jurisdiction of Incorporation or Organization</u>
Natural Alternatives International Europe S.A.	Switzerland

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements on Forms S-8 (Nos. 333-296116 and 333-254014) of Natural Alternatives International, Inc. (the “Company”) of our report dated September 28, 2026, relating to our audits of the Company’s consolidated financial statements as of June 30, 2026 and 2025, and for each of the years then ended, included in the Company’s Annual Report on Form 10-K for the fiscal year ended June 30, 2026 filed with the U.S. Securities and Exchange Commission.

Our report dated September 28, 2026 contains an explanatory paragraph that states the Company has experienced continued net losses and negative operating cash flow, a forecasted inability to meet financial covenant requirements in its credit facility agreement, and insufficient cash resources to satisfy the liabilities under the credit facility agreement should such be deemed in default and the lender exercises its rights under the agreement. Our report further states that these conditions raise substantial doubt about the Company’s ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ HASKELL & WHITE LLP

Irvine, California
September 28, 2026

**Certification of Chief Executive Officer
Pursuant to
Rule 13a-14(a)/15d-14(a)**

I, Mark A. LeDoux, Chief Executive Officer of Natural Alternatives International, Inc., certify that:

1. I have reviewed this Annual Report on Form 10-K of Natural Alternatives International, Inc.;
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: September 28, 2026

/s/ Mark A. LeDoux

Mark A. LeDoux, Chief Executive Officer

Certification of Principal Financial and Accounting Officer
Pursuant to
Rule 13a-14(a)/15d-14(a)

I, Kenneth E. Wolf, as the Principal Financial and Accounting Officer of Natural Alternatives International, Inc., certify that:

1. I have reviewed this Annual Report on Form 10-K of Natural Alternatives International, Inc.;
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: September 28, 2026

/s/ Kenneth E. Wolf

Kenneth E. Wolf, Principal Financial and Accounting
Officer

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), each of the undersigned officers of Natural Alternatives International, Inc., a Delaware corporation, does hereby certify, to such officer's knowledge, that the Annual Report on Form 10-K for the fiscal year ended June 30, 2026 of Natural Alternatives International, Inc. fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and that information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Natural Alternatives International, Inc.

Date: September 28, 2026

/s/ Mark A. LeDoux

Mark A. LeDoux, Chief Executive Officer

Date: September 28, 2026

/s/ Kenneth E. Wolf

Kenneth E. Wolf, President, Chief Operating Officer,
and Principal Financial and Accounting Officer

The foregoing certification is furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and is not being filed as part of the Form 10-K or as a separate disclosure document.