

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

**FORM 10-K**

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended **March 31, 2026**

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number **000-12196**

**NVE Corporation**

(Exact name of registrant as specified in its charter)

**Minnesota**

State or other jurisdiction of incorporation or organization

**41-1424202**

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

**11409 Valley View Road, Eden Prairie, Minnesota**

**55344**

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code **(952) 829-9217**

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

<u>Title of each class</u>	<u>Trading symbol(s)</u>	<u>Name of each exchange on which registered</u>
<b>Common Stock, \$0.01 par value</b>	<b>NVEC</b>	<b>The NASDAQ Stock Market, LLC</b>

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes  No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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

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

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

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

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

The aggregate market value of the voting stock held by non-affiliates of the Registrant, based on the closing price on September 30, 2025, the last business day of the Registrant's most recently completed second fiscal quarter, as reported on the NASDAQ Stock Market, was approximately \$217 million.

The number of shares of the registrant's Common Stock (par value \$0.01) outstanding as of March 31, 2026 was 4,837,166.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of our Proxy Statement for our 2026 Annual Meeting of Shareholders are incorporated by reference into Items 10, 11, 12, 13, and 14 of Part III hereof.

**NVE CORPORATION  
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## **PART I**

### **FORWARD-LOOKING STATEMENTS**

Some of the statements made in this Report or the documents incorporated by reference in this Report and in other materials filed or to be filed by us with the Securities and Exchange Commission (“SEC”) as well as information included in verbal or written statements made by us constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are subject to the safe harbor provisions of the Reform Act. Forward-looking statements may be identified by the use of terminology such as may, will, expect, anticipate, intend, believe, estimate, should, or continue, or the negatives of these terms or other variations of these words or comparable terminology. To the extent that this Report contains forward-looking statements regarding the financial condition, operating results, business prospects, or any other aspect of NVE, you should be aware that our actual financial condition, operating results, and business performance may differ materially from that projected or estimated by us in the forward-looking statements. We have attempted to identify, in context, some of the factors that we currently believe may cause actual future experience and results to differ from their current expectations. These differences may be caused by a variety of factors, including but not limited to risks related to our reliance on several large customers for a significant percentage of revenue, uncertainties related to the economic environments in the industries we serve, uncertainties related to future sales and revenues, and other specific risks that may be alluded to in this Report or the documents incorporated by reference in this Report. For more information regarding our risks and uncertainties, see Item 1A “Risk Factors” of this Report.

### **ITEM 1. BUSINESS.**

#### **In General**

NVE Corporation, referred to as NVE, we, us, or our, develops and sells devices that use spintronics, a nanotechnology that relies on electron spin rather than electron charge to acquire, store, and transmit information. We manufacture high-performance spintronic products including sensors and couplers that are used to acquire and transmit data.

#### **NVE History and Background**

NVE is a Minnesota corporation headquartered in a suburb of Minneapolis. We were founded in 1989 by James M. Daughton, Ph.D., a spintronics pioneer. Our common stock became publicly traded in 2000 through a reverse merger and became NASDAQ listed in 2003. Since our founding, we have been awarded more than \$50 million in government research contracts. These contracts have helped us develop products and build our intellectual property portfolio. We have adopted a March 31 fiscal year, so fiscal years referenced in this report end March 31.

#### **Industry Background**

Much of the electronics industry is devoted to the acquisition, storage, and transmission of information. We have focused on three applications for our spintronic technology: magnetic sensors, couplers, and memories. Sensors acquire information, couplers transmit information, and memories store information. In that sense, our technology can provide the eyes, nerves, and brains of electronic systems.

Magnetic sensors can be used for many purposes including detecting the position or speed of robotics and mechanisms, or for communicating with implantable medical devices. We believe our spintronic sensors are smaller, more precise, and more reliable than competing devices.

Couplers are widely used in factory automation, providing reliable digital communication between electronic subsystems in factories. For example, couplers are used to send high-speed data between robots and central controllers. As manufacturing automation expands, there is a need for higher-speed data and more channel density. Because of their unique properties, we believe our couplers transmit more data at higher speeds and over longer distances than conventional devices.

Near-term potential MRAM applications include mission-critical storage such as military, industrial, and antitamper applications. Long term, MRAM could address the market for ubiquitous high-density memory.

#### **Our Enabling Technology**

Our designs are generally based on either giant magnetoresistance or tunneling magnetoresistance. These structures produce a large change in electrical resistance depending on the electron spin orientation in a free layer.

In giant magnetoresistance (GMR) devices, resistance changes due to conduction electrons scattering at interfaces within the devices. The GMR effect is only significant if the layer thicknesses are less than the mean free path of conduction electrons, which is approximately five nanometers. Our critical GMR conductor layers may be less than two nanometers, or five atomic layers, thick.

A more advanced type of spintronic structure we use is based on tunneling magnetoresistance (TMR). Such devices are known as Spin-Dependent Tunnel (SDT) junctions or Magnetic Tunnel Junctions (MTJs). SDT junctions use tunnel barriers that are so thin that electrons can “tunnel” through a normally insulating material to cause a resistance change. SDT barrier thicknesses can be in the range of one to four nanometers (less than ten molecular layers).

In our products, the spintronic elements are connected to integrated circuitry and encapsulated (“packaged”) in much the same way as conventional integrated circuits.

## **Our Strategy**

Our vision is to become the leading developer of practical spintronics technology and devices. Our spintronic technology provides eyes, nerves, and brains for electronic systems, breathing life and intelligence into inanimate objects. Our unique products support global trends of efficient energy conversion and smart, low-power end nodes for the “Internet of Things.” To grow product sales, we plan to broaden our sensor and coupler product lines and enhance our product benefits in target markets.

## **Our Products and Markets**

### ***Sensor Products and Markets***

Our sensor products detect the strength or gradient of magnetic fields and are often used to determine position or speed. GMR or TMR elements change electrical resistance depending on the magnetic field. In many of our devices, sensor elements are combined with foundry integrated circuitry or digital cores, and packaged in much the same way as conventional integrated circuits. Our sensors are small, highly sensitive to magnetic fields, precise, and reliable. We sell standard (“catalog”) sensors, and custom sensors designed to meet customers’ exact requirements.

#### *Standard sensors*

Our standard, or catalog sensors are generally used to detect the presence of a magnetic or metallic material to determine position, rotation, or speed. We believe our spintronic sensors are smaller, more precise, more reliable, and lower power than competing devices. Our major markets for standard sensors are the Industrial Internet of Things (IIoT) and the Artificial Intelligence of Things (AIoT) for factory automation.

#### *Custom and medical sensors*

Our primary custom products are sensors for medical devices, which are customized to our customers’ requirements and manufactured under stringent medical device quality standards. Many are used to replace electromechanical magnetic switches. We believe our sensors have important advantages in medical devices compared to electromechanical switches, including no moving parts for inherent reliability, and being smaller, more sensitive, and more precise. Our sensors can be customized for size, range, and sensitivity to magnetic fields, electrical resistance, and embedded software.

### ***Coupler Products and Markets***

Our spintronic couplers combine a GMR sensor element and an integrated microscopic coil. The coil creates a small magnetic field that is detected by the spintronic sensor, transmitting data almost instantly. Couplers are also known as “isolators” because they electrically isolate the coupled systems. Our major coupler markets are power conversion, IIoT, and AIoT. Our couplers enable more efficient power conversion and interconnections to implement IIoT, and AIoT for advanced factory automation.

### ***Power Products and Markets***

Power products include voltage regulators, interface ICs, DC-to-DC convertors, and products that combine couplers and DC-to-DC convertors to transmit energy as well as data. Our isolated DC-to-DC convertors transfer energy between systems without direct electrical connections and are used in energy conversion systems and industrial networks for IIoT, and AIoT. Energy conversion applications include battery energy storage systems and hybrid/electric vehicles.

### ***MRAM Products and Markets***

MRAM uses spintronics to store data. Unlike electrical charge, the spin of an electron is inherently permanent. We have invented several types of memory cells including inventions related to advanced MRAM designs and MRAM for tamper prevention or detection. Our MRAM strategy has been focused on low bit density for applications such as tamper prevention and detection.

## **Product Manufacturing**

Our product manufacturing includes “front-end” wafer production and “back-end” product testing. We believe having our own U.S. wafer production and test capabilities is an advantage over competitors that outsource such operations.

Wafer production is a cleanroom area with specialized equipment to deposit, pattern, etch, and process spintronic materials. Most of our products are fabricated in our facility using either raw silicon wafers or foundry wafers. Foundry wafers contain conventional electronics that perform housekeeping functions such as voltage regulation and signal conditioning in our products.

Each wafer may include thousands of devices. We build spintronics structures on wafers in our fabrication facility and do wafer-level inspection and testing. We either dice wafers to be sold in die form, process wafers into Wafer-Level Chip-Scale Parts (WLCSPPs), or send wafers to Asia for dicing and packaging. The process to convert wafers to WLCSPPs includes attaching solder balls, electrical testing, and wafer dicing. Alternatively, packaged parts are returned to us to be tested, inventoried, and shipped.

Our facility has been certified under the ISO 9001:2015 quality management standard and is an Approved Place of Manufacture under ECS/CIG 021-024: 2014.

### **Sales and Product Distribution**

We rely on distributors who stock and resell our products in more than 75 countries. Distributors of our products include America II Electronics, Inc., Angst+Pfister Sensors and Power, and Digi-Key Corporation. Our distributor agreements generally renew annually. In addition, we distribute versions of some of our products under private-brand partnerships with large integrated device manufacturers. These private-brand partnerships broaden our distribution and enhance our sales support, technical support, and product awareness.

### **New Product Status**

In the past fiscal year, we began marketing several new and improved products, including:

- new Wafer-Level Chip-Scale sensors;
- new gear-tooth rotation sensors; and
- new angle rotation sensors.

Long-term product development programs in fiscal 2026 included:

- ultrahigh-sensitivity TMR sensors;
- ultrahigh-low power TMR sensors;
- next-generation sensors for hearing aids and implanted medical devices; and
- next-generation MRAM for antitamper applications.

### **Our Competition**

#### ***Industrial Sensor Competition***

Several other companies either make or may have the capability to make GMR or TMR sensors. Also, several competitors make solid-state industrial magnetic sensors including silicon Hall-effect sensors and anisotropic magnetoresistive (AMR) sensors. We believe those types of sensors are not as sensitive or power-efficient as our GMR or TMR sensors.

#### ***Medical Sensor Competition***

Our sensors for medical devices face competition from electromechanical magnetic sensors and other solid-state magnetic sensors. Electromechanical magnetic sensors such as reed and micro-electromechanical system (MEMS) switches have been in use for several decades. Because our sensors have no moving parts, we believe they are inherently more reliable than electromechanical magnetic sensors. We also believe our sensors are smaller than the smallest electromechanical magnetic sensors, more precise in their magnetic switch points, and more sensitive. Compared to other solid-state sensors, our medical sensors may have advantages in size, sensitivity to small magnetic fields, or electrical interface simplicity.

#### ***Coupler Competition***

Competing coupler technologies include optical couplers, inductive couplers (transformers), capacitive couplers, and radio-frequency modulation couplers.

Our strategy is to compete based on product features rather than to compete solely on price. Our couplers are smaller and therefore require less circuit board space per channel than most competing couplers. Our other advantages over competing technologies may include smaller size, higher immunity to transients, and longer product life.

#### ***MRAM Competition***

Several emerging technologies could compete with MRAM.

### **Sources and Availability of Raw Materials**

Our principal sources of raw materials include suppliers of raw silicon and semiconductor foundry wafers that are incorporated into our products, and suppliers of device packaging services. We have worldwide wafer sources; most of our packaging services take place in Asia.

## Intellectual Property

### Patents

As of March 31, 2026, we had more than 50 issued U.S. patents assigned to us. We also have a number of foreign patents, several U.S. and foreign patents pending, and we have licensed patents from others. There are no patents we regard as critical to our current business owned by us or licensed to us that expire in the next 12 months.

We have patents on advanced MRAM designs that we believe are important, including patents that relate to magnetothermal MRAM, spin-momentum MRAM, and synthetic antiferromagnetic storage.

Some of our intellectual property has been developed with U.S. Government support. Under federal legislation, companies normally may retain the principal worldwide patent rights to any invention developed with U.S. Government support.

### Trademarks

“NVE” and “IsoLoop” are our registered trademarks. Other trademarks we claim include “GMR Switch” and “GT Sensor.”

## Dependence on Major Customers

We rely on several large customers for a significant percentage of our revenue, including Abbott Laboratories, certain distributors, and certain other customers. The loss of one or more of these customers could have a material adverse effect on us.

## Government Regulations

We are subject to government regulations including, but not limited to, federal, state, and local regulations related to environmental matters, tax matters, securities regulations, conflict minerals, ethics and foreign corrupt practices, import and export controls, tariffs and duties on incoming and outgoing goods, product safety and liability, workplace health and safety, labor and employment, and data privacy. We incur and expect to continue to incur costs and expenses to comply with these regulations and may incur penalties for any failure to do so.

Additionally, certain contracts require us to maintain facilities and personnel security clearances to protect classified information. Such clearances are subject to Government audits and investigations, and any deficiencies or illegal activities identified during the audits or investigations could result in the forfeiture or suspension of payments and civil or criminal penalties.

## Environmental Matters

We are subject to environmental laws and regulations particularly state and local laws and regulations relating to industrial waste and emissions. Compliance with these laws and regulations has not had a material impact on our capital expenditures, earnings, or competitive position to date. Existing and future environmental laws and regulations could result in expenses related to emission abatement or remediation, but we are currently unable to estimate such expenses.

## Human Capital Resources

### Employee Headcount

We had 42 employees as of March 31, 2026, 40 of whom were full-time. We had no contingent workers.

### Workforce Demographics

Although we are not required to file forms with the U.S. Equal Employment Opportunity Commission, we assessed our demographics using the data collection procedures for EEOC form EEO-1. Specifically, we conducted a voluntary survey for self-identification and supplemented those data with personnel data and observer identification. Minnesota data are from U.S. Census Bureau data for the latest quarter available.

### Gender Demographics

The gender demographics of our workforce compared to those of all Minnesota workers were as follows as of March 31, 2026:

<b>Gender</b>	<b>NVE</b>	<b>Minnesota</b>
Male	74%	50%
Female	26%	50%

As is the case with many technology companies, female employees are underrepresented in our workforce, particularly in engineer and technician jobs. We provide opportunities for employees to advance to technician and engineer positions, including internal training, tuition reimbursement, and scheduling flexibility to attend classes.

### *Racial Demographics*

Our workforce demographics by race as of March 31, 2026, were as follows:

<b>Race</b>	<b>NVE</b>	<b>Minnesota</b>
African American or Black	7%	8%
American Indian or Alaska Native	2%	1%
Asian	19%	6%
White or Caucasian	67%	82%

Thirty-three percent of our employees are from underrepresented groups, compared to 18% for the State.

### *Educational Demographics*

We have a highly educated workforce. Forty-eight percent of our employees have bachelor's or advanced degrees compared to 26% of all Minnesota workers.

### *Employee Turnover*

Our voluntary employee turnover was 7% for fiscal 2026, which is much lower than the semiconductor industry average of 16.4%. Voluntary turnover is calculated as the number of regular full-time employees as of March 31, 2025 who left voluntarily in the year ended March 31, 2026 (excluding retirements), divided by the average number of full-time employees. We define average number of employees as the average of the number of full-time employees at the beginning and at the end of the fiscal year.

### *Executive Demographics*

We have three Named Executive Officers. All three are male; one is African American.

### *Board of Directors Demographics*

Two of our five directors are women and one is Asian American.

### *Paid Family and Medical Leave*

As required by Minnesota law, we have implemented a paid family and medical leave plan, which provides up to 20 weeks paid leave per benefit year for various reasons, including an employee's own serious health condition, bonding with a new child, caring for a family member with a serious condition, and certain safety leaves. We are funding the direct costs of potential paid leaves through private insurance. The cost of the insurance is shared equally between the Company and employees. We are exposed to costs and expenses of employee absences related to the plan.

### *Employee Benefits*

We offer employees excellent fringe benefits, including medical insurance coverage paid for mostly by the Company, dental insurance, Company-paid life and accidental death and dismemberment insurance, Company-paid long-term disability insurance, generous 401(k) matches, Company-funded Health Savings Accounts, Dependent Care Flexible Spending Accounts, ample holidays and Paid Time Off, tuition reimbursement, and free coffee.

### *Employee Health and Safety*

NVE is committed to providing a safe and healthy work environment. The Compensation Committee of our Board of Directors oversees employee health and safety. We offer employees a variety of health and fitness resources in conjunction with our medical insurance.

### *Employee Development and Training*

NVE provides paid training including paid on-the-job training, specialized online training, tuition reimbursement, and paid internships.

### *Employee Relations*

None of our employees are represented by a labor union or are subject to a collective bargaining agreement. Based on periodic employee surveys, we believe we have good relations with our employees.

### **Available Information**

All reports we file with the SEC, including our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and proxy statements and additional proxy materials on Schedule 14A, as well as any amendments to those reports and schedules, are accessible at no cost through the "Investors" section of our Website ([www.nve.com](http://www.nve.com)). These filings are also accessible through the SEC's Website ([www.sec.gov](http://www.sec.gov)).

## **ITEM 1A. RISK FACTORS.**

We caution readers that the following important factors, among others, could affect our financial condition, operating results, business prospects, or any other aspect of NVE, and could cause our actual results to differ materially from that projected or estimated by us in the forward-looking statements made by us or on our behalf. Although we have attempted to list below the important factors that do or may affect our financial condition, operating results, business prospects, or any other aspect of NVE, other factors may in the future prove to be more important. New factors emerge from time to time and it is not possible for us to predict all of such factors. Similarly, we cannot necessarily assess or quantify the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in forward-looking statements.

### **Risks Related to Our Business**

#### ***The loss of supply from any of our key single-source wafer suppliers could substantially impact our ability to produce and deliver products and seriously harm our business and financial condition.***

Our critical suppliers include suppliers of certain raw silicon and semiconductor foundry wafers that are incorporated in our products. We maintain inventory of some critical wafers, but we have not identified or qualified alternate suppliers for many of the wafers now being obtained from single sources. Most of our wafer purchases are from foreign manufacturers, some of which have been subject to tariffs and could be subject to increased tariffs or restrictions in the future. Wafer supplies could be affected by geopolitical conflicts or acts of God such as floods, typhoons, cyclones, earthquakes, or pandemics, and risks related to extreme weather may be exacerbated by the effects of climate change. Wafer supply interruptions for any reason could seriously jeopardize our ability to provide products that are critical to our business and operations and may cause us to lose revenue.

#### ***Shortages of any critical chemicals or supplies could impact our ability to produce and deliver products and cause loss of revenue.***

There are a number of critical chemicals and supplies that we require to make products. These include certain gases, photoresists, polymers, metals, and specialized alloys. We maintain inventory of critical chemicals and materials, but in many cases, we are dependent on single sources, and some of the materials could be subject to shortages or be discontinued by their suppliers at any time. Supply interruptions or shortages for any reason could seriously jeopardize our ability to provide products that are critical to our business and operations and may cause us to lose revenue.

#### ***A loss of supply from any of our packaging vendors could impact our ability to deliver products and cause loss of revenue.***

We are dependent on our packaging vendors. Because of the unique materials our products use, the complexity of some of our products, unique magnetic requirements, and high isolation voltage specifications, many of our products are more challenging to package than conventional integrated circuits. We have alternate vendors or potential alternate vendors for the majority of our products, but it could be expensive, time-consuming, or impractical to convert to another vendor in the event of a supply interruption due to vendors' business decisions, business conditions, U.S. import restrictions, geopolitical conflicts, or acts of God, including floods, typhoons, earthquakes, or pandemics. Supply delays, interruptions, or loss of inventory could seriously jeopardize our ability to provide products that are critical to our business and operations and may cause us to lose revenue.

#### ***We risk losing business to our competitors.***

We have a number of competitors and potential competitors, many of whom have significantly greater financial, technical, and marketing resources than us. We believe that our competition is increasing as technology and markets mature. This has meant more competitors and more severe pricing pressure. In addition, our competitors may be narrowing or eliminating our performance advantages. We expect these trends to continue, and we may lose business to competitors or it may be necessary to significantly reduce our prices to acquire or retain business. These factors could have a material adverse impact on our financial condition, revenue, gross profit margins, or income.

#### ***Failure to meet stringent customer requirements could result in the loss of key customers and reduce our sales.***

Some of our customers, including certain medical device manufacturers, have stringent technical and quality requirements that require our products to meet certain test and qualification criteria or to adopt and comply with specific quality standards. Certain customers also periodically audit our performance. Failure to meet technical or quality requirements or a negative customer audit could result in the loss of current sales revenue, customers, and future sales.

#### ***We may lose revenue if we are unable to renew customer agreements.***

We have agreements with certain customers, including a Supplier Partnering Agreement, as amended, with Abbott Laboratories, which expires December 31, 2027. We cannot predict if these agreements will be renewed, or if renewed, under what terms. Although in the past we have continued to sell products to these customers without formal agreements, an inability to agree on mutually acceptable terms could have a significant adverse impact on our revenue or profitability.

***Changes in tax law, in our tax rates, or in exposure to additional income tax liabilities may materially and adversely affect our financial condition, results of operations, and cash flows.***

Changes in law and policy relating to Federal or state corporate taxes, changes in tax rates, or changes in our eligibility for tax deductions and credits could materially and adversely affect our financial condition, results of operations, and cash flows.

***Changes in state regulatory requirements may materially and adversely affect our financial condition, results of operations, and cash flows.***

Minnesota state legislation effective January 1, 2026 mandated paid family and medical leave, which has increased our employment costs and expenses. The provisions may also increase our risk of employee absences. Future changes in state regulatory requirements, such as paid leave, mandatory healthcare coverage, or unemployment insurance, may adversely impact our financial results.

***Some of our products are incorporated into medical devices, which could expose us to a risk of product liability claims and such claims could seriously harm our business and financial condition.***

Certain of our products are used in medical devices, including devices that help sustain human life. Although we have indemnification agreements with certain customers including provisions designed to limit our exposure to product liability claims, there can be no assurance that we will not be subject to losses, claims, damages, liabilities, or expenses resulting from bodily injury or property damage arising from the incorporation of our products in devices sold by our customers. Our indemnifying customers may not have the financial resources to cover all liability. Existing or future laws or unfavorable judicial decisions could limit or invalidate the provisions of our indemnification agreements, or the agreements may not be enforceable in all instances. A successful product liability claim could require us to pay, or contribute to payment of, substantial damage awards, which would have a significant negative effect on our business and financial condition.

***Federal legislation may not protect us against liability for the use of our products in medical devices and a successful liability claim could seriously harm our business and financial condition.***

Although the Biomaterials Access Assurance Act of 1998 may provide us some protection against potential liability claims, that Act and related case law provide significant exceptions to supplier immunity provisions, including limitations relating to negligence or willful misconduct. A successful product liability claim could require us to pay, or contribute to payment of, substantial damage awards, which would have a significant negative effect on our business and financial condition. Any product liability claim against us, with or without merit, could result in costly litigation, divert the time, attention, and resources of our management, and have a material adverse impact on our business.

***The malfunction of our products in medical devices could lead to the need to recall devices incorporating our products from the market, which may be harmful to our reputation and cause a significant loss of revenue.***

The malfunction of our products that are incorporated in medical devices could lead to the recall of existing medical devices incorporating our products. Even if assertions that our products caused or contributed to device failure do not lead to product liability or contract claims, such assertions could harm our reputation and customer relationships. Any damage to our reputation and/or the reputation of our products, or the reputation of our customers or their products could limit the market for our and our customers' products and harm our results of operations.

***We may lose revenue if we are unable to maintain important certifications.***

Our quality management system is certified to the ISO 9001 standard, and some of our products are also subject to independent certification and listings including by the VDE Institute and UL LLC. These certifications are subject to rigorous conditions. Failure to maintain any of our certifications or listings could cause us to be disqualified by one or more of our customers and could have a material adverse impact on our business and revenue.

***We may lose business and revenue if our critical production equipment fails.***

Our production process relies on certain critical pieces of equipment for defining, depositing, and modifying the magnetic properties of thin films. Some of this equipment was designed or customized by us, and some is no longer in production. While we have an in-house maintenance staff, maintenance agreements for certain equipment, some critical spare parts, and back-ups for some of the equipment, we cannot be sure we could repair or replace critical manufacturing equipment were it to fail.

***We are subject to risks inherent in doing business in foreign countries that could impair our results of operations.***

Foreign sales are a significant portion of our revenue and we rely on foreign suppliers, especially in Asia. Risks relating to operating in foreign markets that could impair our results of operations include economic and political instability; geopolitical conflicts; acts of God, including floods, typhoons, cyclones, and earthquakes; public health crises including, but not limited to, difficulties in enforcement of contractual obligations and intellectual property rights; changes in regulatory requirements; changes in import/export regulations and tariffs; transportation delays; and other uncertainties relating to the administration of, or changes in, or new interpretations of, the laws, regulations, and policies of jurisdictions where we do business. Current or future U.S. tariffs on imports could lead to supply-chain disruptions or increase our cost of imported materials, which could negatively impact our profitability. Additionally, foreign tariffs on our exported products could increase the price of our products in international markets, which could reduce revenues.

***Public health crises could have an adverse effect on our operations and financial results.***

The COVID-19 pandemic disrupted our supply chains and caused employee absences. Future public health crises could have a material adverse effect on our results of operations or our financial condition.

***Our business could be negatively impacted by cybersecurity events or information technology disruptions.***

We face various cybersecurity threats, including threats to our information technology infrastructure and attempts to gain access to our proprietary or classified information, and denial-of-service and distributed denial-of-service attacks. Additionally, there is a risk of disruptions due to failures of our information technology infrastructure or service provider outages. We maintain policies and procedures for the mitigation of information technology risks, and we maintain data backups, backup hardware, and some redundant systems. Our risk mitigation measures may not be effective in all scenarios, however, and any cybersecurity events could disrupt our operations, harm our reputation, expose us to liability, compromise our eligibility for research and development contracts involving sensitive or classified information, or have other effects.

***We face the risk of credit losses***

Accounting standards require us to measure our allowance for credit losses based on the expected credit losses over the life of our receivables. Any increases in our allowance for credit losses would have a negative impact on our financial results, including reducing our net income and net income per share.

***We could incur losses on our marketable securities.***

As of March 31, 2026, we held \$41,803,512 in short-term and long-term marketable securities, representing approximately 69% of our total assets. Business conditions, bond-market conditions, and interest rate increases beyond our control or ability to anticipate can cause credit-rating downgrades, increased default risk, or unrealized losses. Additionally, the assignment of a high credit rating does not preclude the risk of default on any marketable security. Any impairments of our marketable securities could impact our financial condition, income, or cash flows, or our ability to pay dividends.

***We may not be able to enforce our intellectual property rights.***

We protect our proprietary technology and intellectual property by seeking patents, trademarks, and copyrights, and by maintaining trade secrets by entering into confidentiality agreements with employees, suppliers, customers, and prospective customers depending on the circumstances. We hold patents or are the licensee of others owning patented technology covering certain aspects of our products and technology. These patent rights may be challenged, rendered unenforceable, invalidated, or circumvented. Efforts to enforce patent rights can involve substantial expense and may not be successful. Furthermore, others may independently develop similar, superior, or parallel technologies to any technology developed by us, or our technology may prove to infringe on patents or rights owned by others. Thus the patents held by or licensed to us may not afford us any meaningful competitive advantage. Also, our confidentiality agreements may not provide meaningful protection of our proprietary information. Our inability to maintain our proprietary rights could have a material adverse effect on our business, financial condition, and results of operations.

## **Risks Related to Our Industry**

***We face an uncertain economic environment in the industries we serve, which could adversely affect our business.***

The economic environment could have a material adverse impact on our business and revenue. Geopolitical conflicts or “trade wars” could negatively impact the economic environment. We sell products in the semiconductor market, which has been especially cyclical. We cannot predict the timing, strength, or duration of any economic slowdown, recession, semiconductor-industry slowdown, or subsequent recovery.

***Our business and our reliance on intellectual property exposes us to litigation risks.***

If patent infringement claims or actions are asserted against us, we may be required to obtain a license or cross-license, modify our existing technology, or design a new noninfringing technology. Such licenses or design modifications can be costly or could increase the cost of our products. In addition, we may decide to settle a claim or action against us, which settlement could be costly. We may also be liable for any past infringement, and we may be required to indemnify our customers against expenses relating to possible infringement. If there is an adverse ruling against us in an infringement lawsuit, an injunction could be issued barring production or sale of any infringing product. It could also result in a damage award equal to a reasonable royalty or lost profits or, if there is a finding of willful infringement, treble damages. Any of these results would increase our costs or harm our operating results.

## **Risks Related to Our Stock**

***Any decisions to reduce or discontinue paying cash dividends to our shareholders could cause the market price of our common stock to decline.***

Future dividends will be subject to Board approval and will consider factors including our results of operations, cash and marketable security balances, the timing of securities maturations, estimates of future cash requirements, fixed asset requirements, and other factors our Board may deem relevant. Because they are often more than our current cash flow from operations, long-term dividends at current rates may require increased earnings. Any reduction or discontinuance by us of cash dividends could cause the market price of our common stock to decline.

***The price of our common stock may be adversely affected by significant price fluctuations due to a number of factors, many of which are beyond our control.***

From time to time our stock price has decreased sharply and could decline in the future. The market price of our common stock may be significantly affected by many factors, some of which are beyond our control, including:

- the announcement of new products or product enhancements by us or our competitors;
- delays in our introduction of new products or technologies or market acceptance of these products or technologies;
- loss of customers, decreases in customers’ purchases, or decreases in customers’ purchase prices;
- changes in demand for our customers’ products;
- quarterly variations in our financial results, revenue, or revenue growth rates;
- speculation in the press or elsewhere about our business, potential revenue, or potential earnings;
- general economic conditions or market conditions specific to industries we or our customers serve or may serve;
- legal proceedings involving us, including intellectual property litigation or class action litigation;
- changes in Federal or state corporate income tax rates, tax credits, or other changes in tax policies;
- changes in tariffs, customs, duties, or other trade barriers in foreign jurisdictions where we purchase raw materials or sell our products; and
- our stock repurchase and dividend policies and decisions.

## **ITEM 1B. UNRESOLVED STAFF COMMENTS.**

None.

## **ITEM 1C. CYBERSECURITY.**

We recognize the increasing importance of cybersecurity and its potential impact on our business operations, financial condition, and reputation. We are committed to protecting our information assets and have implemented a comprehensive cybersecurity risk management program to identify, assess, and mitigate cybersecurity risks. We have not experienced any material cybersecurity incidents in the last three years.

### *Board of Directors Oversight of Cybersecurity*

Our Board of Directors Audit Committee has ultimate oversight of cybersecurity risks. The Committee is composed of independent directors with cybersecurity expertise. Management briefs the Committee on cybersecurity and information security at least annually.

### *Cybersecurity Risk Management*

We operate under written cybersecurity policies and procedures, and we use a risk-based approach to information security and periodically assess our cybersecurity risks. Our risk management strategy is based on the following principles:

- Our business does not require us to collect personal customer information. We minimize other cybersecurity risks by using specialized service providers for sensitive operations such as payroll processing, credit card transactions, email, and remote data backup. We verify our information service providers' cybersecurity policies.
- Identify and assess cybersecurity risks through a variety of methods, including audits to information security standards, threat testing, and vulnerability scanning.
- Prioritize risks based on their potential severity, likelihood, and detectability.
- Continuous improvement of our information technology hardware and software infrastructure including operating systems, network services, and encryption security protocols.
- Controls to mitigate risks, including access controls, data protection, data backups, redundant systems, and incident response plans. We keep our controls up-to-date.
- Actions to correct any deficiencies and reduce or eliminate vulnerabilities.
- Written cybersecurity contingency plans, including plans for various specific scenarios.
- Training and testing for all employees on cybersecurity risks, mitigation, and best practices. New employees are required to complete cybersecurity training and testing, and annual training and testing is required for all employees.

### *Cybersecurity Governance*

Our cybersecurity governance is designed to ensure that risks are managed consistently and effectively. Key elements are:

- Written policies and procedures that govern the use of information technology and the handling of sensitive information.
- Written incident response plans.
- Regular cybersecurity reporting to the Audit Committee of our Board of Directors.

We have a full-time information technology specialist who reports directly to our CEO and is responsible for assessing and managing cybersecurity risks. Both our information technology specialist and our CEO have extensive experience managing our cybersecurity. In the past year we also added a full-time information technology technician to help maintain and secure our infrastructure. We have not engaged third-party service providers for cybersecurity because we believe it is preferable to have expertise in-house.

## **ITEM 2. PROPERTIES.**

Our principal executive offices and manufacturing facility are located at 11409 Valley View Road, Eden Prairie, Minnesota, 55344, and leased under an agreement expiring May 31, 2031. The space consists of 21,362 square feet of offices, laboratories, and production areas. We completed a production expansion in the facility in 2025, and we currently believe the facility will meet our needs through the term of the lease. We hold no investments in real estate.

## **ITEM 3. LEGAL PROCEEDINGS.**

In the ordinary course of business, we may become involved in litigation. At this time, we are not aware of any material pending or threatened legal proceedings or other proceedings contemplated by governmental authorities that we expect would have a material adverse impact on our future results of operation and financial condition.

## **ITEM 4. MINE SAFETY DISCLOSURES.**

Not applicable.

## **PART II**

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

#### **Market Information and Dividends**

Our Common Stock trades on the Capital Market tier of the NASDAQ Stock Market under the symbol NVEC.

Dividends have been funded from net cash provided by operating activities and proceeds from maturities of marketable securities. Our dividend policy is subject to change at any time, and future dividends will be subject to Board approval and subject to the company's results of operations, cash and marketable security balances, our forecasts of future cash requirements, and other factors our Board may deem relevant.

#### **Shareholders**

We had 47 shareholders of record as of March 31, 2026. There are also several thousand beneficial holders of our common stock in "street name," whose shares of record are held by banks, brokers, and other financial institutions.

#### **Securities Authorized for Issuance Under Equity Compensation Plans**

Information regarding our securities authorized for issuance under equity compensation plans will be included in the section "Equity Compensation Plan Information" of our Proxy Statement for our 2026 Annual Meeting of Shareholders and is incorporated by reference into Item 12 of this Report.

#### **Stock Repurchase Program**

We did not repurchase any shares in fiscal 2026 or fiscal 2025, as we have found that dividends are a more efficient method of returning cash to our shareholders. Our Stock Repurchase Program may be modified or discontinued at any time without notice.

## **ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.**

You should read this discussion together with our Financial Statements and Notes included elsewhere in this Report. In addition to historical information, the following discussion contains forward-looking information that involves risks and uncertainties. Our actual future results could differ materially from those presently anticipated due to a variety of factors, including those discussed in Item 1A of this Report.

### **General**

We develop and sell devices that use “spintronics,” a nanotechnology that relies on electron spin rather than electron charge to acquire, store, and transmit information. We manufacture high-performance spintronic products including sensors and couplers to revolutionize data sensing and transmission. We also receive contracts for research and development and are a licensor of spintronic magnetoresistive random access memory technology, commonly known as MRAM.

### **Application of Critical Accounting Policies and Estimates**

In accordance with SEC guidance, those material accounting policies that we believe are the most critical to an investor’s understanding of our financial results and condition and require complex management judgment are discussed below.

#### ***Marketable Securities***

Marketable securities consist of debt investments and are recorded at their estimated fair value. Debt securities are considered available for sale. Unrealized holding gains and losses on available-for-sale debt securities are excluded from earnings and are reported as a separate component of accumulated other comprehensive income until realized. The costs of available-for-sale debt marketable securities are determined by specific identification for purposes of computing unrealized and realized gains and losses. Available-for-sale debt marketable securities are classified as short-term or long-term on the balance sheet based on their maturity date or expectations regarding future sales. We evaluated the available-for-sale debt securities for impairment and available-for-sale debt securities in loss position for greater than twelve months during fiscal 2026 and 2025.

We monitor our debt marketable securities to determine whether a loss exists related to the credit quality of the issuer. If the present value of the cash flows expected to be collected from the security is less than the amortized cost basis of the security, then a credit loss exists and an allowance against the security for credit losses is recorded. The allowance is limited to the amount by which fair value is below amortized cost, recognizing that the investment could be sold at fair value. Credit losses continue to be remeasured in subsequent reporting periods. Credit losses and recoveries related to debt securities are included in other income (expenses) in the income statement. When developing an estimate of expected credit losses, we consider all relevant information including, historical experience, current conditions and reasonable forecast of expected future cash flows. There were no credit losses and recoveries during fiscal 2026 or 2025.

#### ***Inventory Valuation***

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the first in, first out method. Where there is evidence that inventory could be disposed of at less than carrying value, the inventory is written down to the net realizable value in the current period. Additionally, we periodically examine our inventory in the context of inventory turnover, sales trends, competition, and other market factors, and we record provisions to inventory reserve when we determine certain inventory is unlikely to be sold. If reserved inventory is subsequently sold, corresponding reductions in inventory and inventory reserves are made. Our inventory reserve was \$215,000 as of March 31, 2026 and March 31, 2025.

#### ***Deferred Tax Estimation***

In determining the carrying value of our net deferred tax assets, we must assess the likelihood of sufficient future taxable income in certain tax jurisdictions, based on estimates and assumptions to realize the benefit of these assets. We evaluate the realizability of the deferred assets quarterly and assess the need for valuation allowances or reduction of existing allowances quarterly. No valuation allowance was recorded as we believe it is more likely than not that all of the deferred tax assets will be realized.

We had net deferred tax liabilities of \$248,284 as of March 31, 2026 and net deferred tax assets of \$1,867,069 as of March 31, 2025. Net deferred tax liabilities as of March 31, 2026 include \$139,228 for stock-based compensation deductions and net deferred tax assets as of March 31, 2025 include \$118,810 for stock-based compensation deductions.

## Results of Operations

The following table summarizes the percentage of revenue and year-to-year changes for various items for the last two fiscal years:

	Percentage of Revenue Year Ended March 31,		Year- to-Year Change
	2026	2025	
Revenue			
Product sales	95.8%	95.2%	2.4%
Contract research and development	4.2%	4.8%	(10.7)%
Total revenue	100.0%	100.0%	1.8%
Cost of sales	21.3%	16.4%	32.2%
Gross profit	78.7%	83.6%	(4.2)%
Expenses			
Research and development	12.0%	14.1%	(13.1)%
Selling, general, and administrative	6.3%	7.7%	(17.8)%
Total expenses	18.3%	21.8%	(14.8)%
Income from operations	60.4%	61.8%	(0.5)%
Interest income	7.2%	7.4%	(0.9)%
Other income	0.0%	0.5%	(97.1)%
Income before taxes	67.6%	69.7%	(1.2)%
Provision for income taxes	9.9%	11.5%	(12.0)%
Net income	57.7%	58.2%	0.9%

Total revenue for fiscal 2026 increased 1.8% compared to fiscal 2025 due to a 2.4% increase in product sales, partially offset by an 11% decrease in contract research and development revenue. The increase in product sales was primarily due to price increases and increased purchases by existing customers. The decrease in contract research and development revenue was due to the completion of certain research and development contracts.

Gross profit was 79% of revenue for fiscal 2026 compared to 84% for fiscal 2025. The decrease in gross margin percentage was due to a less profitable product mix and increased distributor sales. Distributor sales typically have lower gross margin than direct sales.

Total expenses decreased 15% for fiscal 2026 compared to fiscal 2025 due a 13% decrease in research and development expense and an 18% decrease in selling, general, and administrative expense. The decrease in research and development expense was due to the completion of some of our wafer-level chip scale packaging activities and reassignment of some research and development resources to manufacturing. The decrease in selling, general, and administrative expenses was primarily due to reassignment of some selling, general and administrative resources to manufacturing and new product development.

Other income decreased by \$131,465 for fiscal 2026 compared to fiscal 2025. Other income in fiscal 2025 was primarily from reclaiming precious metals used in our manufacturing process in the prior year.

Our effective tax rate, which is the provision for income taxes as a percentage of income before taxes, decreased to 15% for fiscal 2026 compared to 16% for fiscal 2025. The decrease in our effective tax rate was primarily due to an increase in research and development and manufacturing tax credits, partially offset by a decrease in foreign-derived intangible income deductions. The fiscal 2026 provision for income taxes included \$1,067,993 in advanced manufacturing investment tax credits. We expect such credits to decrease significantly in fiscal 2027 since we expect manufacturing equipment purchases to decrease significantly with the completion of our expansion.

Net income increased 1% to \$15,199,195 for fiscal 2026 compared to \$15,064,516 the prior year. The increase was primarily due to increased revenue, decreased expenses, and decreased taxes, partially offset by decreased gross profit margin and decreased other income.

## Liquidity and Capital Resources

### Overview

Our liquidity and operating capital requirements are primarily for purchases of raw materials such as foundry wafers, purchases of packaging services, and the maintenance of work-in-process inventories.

Cash and cash equivalents were \$1,714,040 as of March 31, 2026, compared to \$8,036,564 as of March 31, 2025. The \$6,322,524 decrease in cash and cash equivalents was due to \$19,348,664 of cash used in financing activities and \$3,631,857 of net cash used in investing activities, partially offset by \$16,657,997 of cash provided by operating activities.

### ***Operating Activities***

Net cash provided by operating activities related to product sales and research and development contract revenue was our primary source of working capital for fiscal 2026 and 2025. Net cash provided by operating activities increased to \$16,657,997 for fiscal 2026 compared to \$14,310,418 for fiscal 2025.

Non-cash operating lease expenses decreased \$107,863 primarily due to our receipt of a \$100,000 leasehold improvement allowance.

Accounts receivable decreased \$180,327 primarily due to the timing of customer payments.

Inventories decreased \$366,262 primarily due to increased product sales and conversion of raw materials and work-in-process inventories to finished goods to support increased product demand.

Prepaid expenses and other assets increased \$1,427,001 primarily due to increased accrued bond interest and overpayment of Federal estimated taxes for fiscal 2026.

Accrued payroll and other current liabilities decreased \$173,557 primarily due to the payment of federal and state taxes balance due as of March 31, 2025 in the first quarter of fiscal 2026.

### ***Investing Activities***

Net cash used in investing activities for fiscal 2026 consisted of \$15,242,719 of marketable securities purchases and \$2,189,138 of fixed asset purchases, partially offset by \$13,800,000 in proceeds from maturities of marketable securities. Fixed asset purchases were primarily of production equipment. We expect fixed asset purchases to decrease significantly in fiscal 2027 with the completion of our expansion.

### ***Financing Activities***

Net cash used in financing activities in fiscal 2026 consisted of \$19,348,664 of cash dividends paid to shareholders.

In addition to cash dividends to shareholders paid in fiscal 2026, on May 6, 2026, we announced that our Board had declared a cash dividend of \$1.00 per share of Common Stock, or \$4,837,166 based on shares outstanding as of March 31, 2026, to be paid May 29, 2026. We plan to fund dividends through cash provided by operating activities and proceeds from maturities of marketable securities. All future dividends will be subject to Board approval and subject to the company's results of operations, cash and marketable security balances, estimates of future cash requirements, and other factors the Board may deem relevant. Furthermore, dividends may be modified or discontinued at any time without notice.

## **ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.**

Financial statements and accompanying notes are included in this Report beginning on page F-1.

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

None.

## **ITEM 9A. CONTROLS AND PROCEDURES.**

### **Disclosure Controls and Procedures**

Management, with the participation of the Chief Executive Officer and Principal Financial Officer, has performed an evaluation of our disclosure controls and procedures that are defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act") as of the end of the period covered by this Report. This evaluation included consideration of the controls, processes, and procedures that are designed to ensure that information required to be disclosed by us in the reports we file under the Exchange Act is recorded, processed, summarized, and reported within the times specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Based on such evaluation, although there have been changes in personnel involved in our controls, processes, and procedures, our Chief Executive Officer and Principal Financial Officer concluded that, as of March 31, 2026, our disclosure controls and procedures were effective.

### **Management's Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act. Our management, including our Chief Executive Officer and Principal Financial Officer, assessed the effectiveness of our internal control over financial reporting as of March 31, 2026. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in the 2013 *Internal Control—Integrated Framework*. Based on our assessment using the criteria set forth by COSO in the 2013 *Internal Control—Integrated Framework*, management concluded that our internal control over financial reporting was effective as of March 31, 2026.

Our management, including our Chief Executive Officer and Principal Financial Officer, does not expect that our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within NVE have been detected. Our internal controls over financial reporting, however, are designed to provide reasonable assurance that the objectives of internal control over financial reporting are met.

### **Changes in Internal Controls**

During the year ended March 31, 2026, there was no change in our internal control over financial reporting that materially affected or is reasonably likely to materially affect, our internal control over financial reporting.

### **ITEM 9B. OTHER INFORMATION.**

#### **Rule 10b5-1 Plan Disclosures for Section 16 Officers and Directors**

During the quarter ended March 31, 2026, no director or officer (as defined in Rule 16a-1(f) under the Exchange Act) of the Company adopted or terminated any Rule 10b5-1 trading arrangements or non-Rule 10b5-1 trading arrangements (in each case, as defined in Item 408(a) of Regulation S-K). There are no such plans currently in effect.

### **ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.**

Not applicable.

### **PART III**

#### **ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.**

We have insider trading policies and procedures, which are referenced in Item 15(b) of this Report. Additionally, a section titled “Delinquent Section 16(a) Reports” to be included in our Proxy Statement for our 2026 Annual Meeting of Shareholders will set forth information regarding delinquent Section 16(a) reports required by Item 10. The section titled “Proposal 1. Election of Board of Directors” will set forth certain information regarding our directors and executive officers required by Item 10, the section titled “Information About Our Executive Officers” will set forth information regarding our executive officers required by Item 10, the section titled “Corporate Governance” will set forth information regarding our corporate governance and code of ethics required by Item 10. The information in these sections to be included in the Proxy Statement for our 2026 Annual Meeting of Shareholders is incorporated by reference into this section of this Report.

#### **ITEM 11. EXECUTIVE COMPENSATION.**

The information in the sections “Executive Compensation,” “Compensation Discussion and Analysis,” “Corporate Governance – Board Committees – Compensation Committee Interlocks and Insider Participation,” and “Director Compensation” to be included in the Proxy Statement for our 2026 Annual Meeting of Shareholders is incorporated by reference into this section.

#### **ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.**

The information in the sections “Equity Compensation Plan Information” and “Security Ownership” to be included in the Proxy Statement for our 2026 Annual Meeting of Shareholders is incorporated by reference into this section. Information regarding the material features of our 2000 Stock Option Plan, as amended, is contained in Note 7 to the Financial Statements included elsewhere in this Report.

#### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.**

The information in the sections “Security Ownership – Transactions With Related Persons, Promoters, and Certain Control Persons” and “Corporate Governance – Board Composition and Independence” to be included in our Proxy Statement for our 2026 Annual Meeting of Shareholders is incorporated by reference into this section.

#### **ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.**

The information in the sections “Audit Committee Disclosure – Fees Billed to Us by Our Independent Registered Public Accounting Firm During Fiscal 2026 and 2025” and “Audit Committee Disclosure – Audit Committee Pre-Approval Policy” to be included in the Proxy Statement for our 2026 Annual Meeting of Shareholders is incorporated by reference into this section.

### **PART IV**

#### **ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.**

##### **(a) Financial Statements and Schedules**

Financial statements are provided pursuant to Item 8 of this Report. Certain financial statement schedules have been omitted because they are not required, not applicable, or the required information is provided in other financial statements or the notes to the financial statements.

##### **(b) Exhibits**

A list of exhibits is on the following page.

Exhibit #	Description
3.1	Amended and Restated Articles of Incorporation of the company as amended by the Board of Directors effective August 3, 2003 (incorporated by reference to our Form 8-K filed August 7, 2023).
3.2	Bylaws of the company as amended by the Board of Directors effective May 6, 2020.
4	Description of the registrant's securities registered pursuant to Section 12 of the Securities Exchange Act of 1934.
10.1	Lease dated October 1, 1998, with Glenborough Properties, LP (incorporated by reference to our Form 10-QSB for the period ended September 30, 2002).
10.2	First amendment to lease with Glenborough dated September 18, 2002 (incorporated by reference to our Form 10-QSB for the period ended September 30, 2002).
10.3	Second amendment to lease with Glenborough dated December 1, 2003 (incorporated by reference to our Form 10-QSB for the period ended December 31, 2003).
10.4	Third amendment to lease with Carlson Real Estate (incorporated by reference to our Form 8-K/A filed December 20, 2007).
10.5	Fourth amendment to lease with the Barbara C. Gage Revocable Trust (incorporated by reference to our Form 8-K/A filed August 3, 2011).
10.6	Fifth amendment to lease with GRE – Bryant Lake, LLC (incorporated by reference to our Form 8-K/A filed March 3, 2020).
10.7	Sixth amendment to lease with GRE – Bryant Lake, LLC (incorporated by reference to our Form 8-K/A filed November 7, 2024).
10.8†	Employment Agreement with Daniel A. Baker dated January 29, 2001 (incorporated by reference to our Form 10-KSB for the year ended March 31, 2001).
10.9†	NVE Corporation 2000 Stock Option Plan as Amended July 19, 2001, by the shareholders (incorporated by reference to our Registration Statement on Form S-8 filed July 20, 2001).
10.10	Indemnification Agreement by and between Pacesetter, Inc., a St. Jude Medical Company, and the company (incorporated by reference to our Form 8-K filed September 27, 2005).
10.11+	Supplier Partnering Agreement by and between St. Jude and the company (incorporated by reference to our Form 8-K filed January 4, 2006).
10.12	Amendment No. 4 to St. Jude Supplier Partnering Agreement (incorporated by reference to our Form 8-K/A filed February 7, 2011).
10.13	Supplier Quality Agreement between St. Jude and the company (incorporated by reference to our Form 8-K filed February 10, 2016).
10.14	Amendment No. 5 to St. Jude Supplier Partnering Agreement (incorporated by reference to our Form 8-K/A filed April 21, 2016).
10.15*	Amendment No. 8 to Abbott Supplier Partnering Agreement (incorporated by reference to our Form 8-K/A filed February 2, 2022).
10.16*	Amendment No. 10 to Supplier Partnering Agreement between Abbott and the company (incorporated by reference to our Form 8-K/A filed January 3, 2024).
10.17*	Amendment No. 11 to Supplier Partnering Agreement between Abbott and the company (incorporated by reference to our Form 8-K/A filed February 13, 2025).
10.18*	Amendment No. 12 to Supplier Partnering Agreement between Abbott and the company (incorporated by reference to our Form 8-K/A filed December 17, 2025).
19	Insider Trading Policies and Procedures (incorporated by reference to our Form 10-K filed May 7, 2025).
23	Consent of Boulay PLLP.
31.1	Certification by Daniel A. Baker pursuant to Rule 13a-14(a)/15d-14(a).
31.2	Certification by Daniel Nelson pursuant to Rule 13a-14(a)/15d-14(a).
32	Certification by Daniel A. Baker and Daniel Nelson pursuant to 18 U.S.C. Section 1350.
97	Clawback Policy (incorporated by reference to our Form 10-K filed May 1, 2024).
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

†Indicates a management contract or compensatory plan or arrangement.

+Confidential portions deleted and filed separately with the SEC.

\*Certain confidential portions redacted pursuant to Item 601(b)(10)(iv) of Regulation S-K. The omitted information is (i) not material and (ii) would likely cause us competitive harm if publicly disclosed. We agree to furnish supplementally an unredacted copy of the exhibit to the Securities and Exchange Commission on its request.

**ITEM 16. FORM 10-K SUMMARY.**

We have elected not to include an optional Form 10-K Summary.

**SIGNATURES**

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

**NVE CORPORATION**




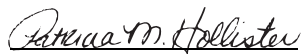
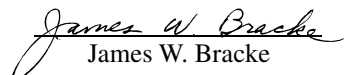
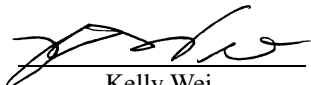
(Registrant)



by Daniel A. Baker  
President and Chief Executive Officer

Date May 6, 2026

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

<u>Name</u>	<u>Title</u>	<u>Date</u>
 Terrence W. Glarner	Director and Chairman of the Board	<u>May 6, 2026</u>
 Daniel A. Baker	Director, President & Chief Executive Officer (Principal Executive Officer)	<u>May 6, 2026</u>
 Daniel Nelson	Principal Financial Officer	<u>May 6, 2026</u>
 Patricia M. Hollister	Director	<u>May 6, 2026</u>
 James W. Bracke	Director	<u>May 6, 2026</u>
 Kelly Wei	Director	<u>May 6, 2026</u>



B O U L A Y

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of  
NVE Corporation

### Opinion on the Financial Statements

We have audited the accompanying balance sheets of NVE Corporation (the Company) as of March 31, 2026 and 2025, and the related statements of income, comprehensive income, shareholders' equity, and cash flows for each of the years in the two-year period ended March 31, 2026, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2026 and 2025, and the results of its operations and its cash flows for each of the years in the two-year period ended March 31, 2026, in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 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 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 financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matters

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

*Boulay PLLP*  
PCAOB ID# 542

We have served as the Company's auditor since 2019.

Minneapolis, Minnesota  
May 6, 2026

**NVE CORPORATION  
BALANCE SHEETS**

	<u>March 31, 2026</u>	<u>March 31, 2025</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 1,714,040	\$ 8,036,564
Marketable securities, short-term (amortized cost of \$18,118,460 as of March 31, 2026, and \$13,730,266 as of March 31, 2025)	18,125,060	13,691,593
Accounts receivable, net of allowance for credit losses of \$15,000	3,408,941	3,589,268
Inventories, net	7,082,821	7,449,083
Prepaid expenses and other assets	1,860,415	433,414
Total current assets	<u>32,191,277</u>	<u>33,199,922</u>
Fixed assets		
Machinery and equipment	13,843,799	11,758,205
Leasehold improvements	2,059,853	1,956,309
	15,903,652	13,714,514
Less accumulated depreciation and amortization	<u>12,187,643</u>	<u>11,727,615</u>
Fixed assets, net	3,716,009	1,986,899
Deferred tax assets	-	1,867,069
Marketable securities, long-term (amortized cost of \$23,726,027 as of March 31, 2026, and \$26,353,692 as of March 31, 2025)	23,678,452	26,304,623
Right-of-use asset – operating lease	793,794	917,349
Total assets	<u>\$ 60,379,532</u>	<u>\$ 64,275,862</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable	\$ 278,599	\$ 214,691
Accrued payroll and other	697,611	871,169
Operating lease	165,116	83,010
Total current liabilities	1,141,326	1,168,870
Deferred tax liabilities	248,284	-
Long-term operating lease liability	740,423	838,221
Total liabilities	2,130,033	2,007,091
Shareholders' equity		
Common stock, \$0.01 par value, 6,000,000 shares authorized; 4,837,166 issued and outstanding as of March 31, 2026, and March 31, 2025	48,372	48,372
Additional paid-in capital	19,914,769	19,821,106
Accumulated other comprehensive loss	(32,010)	(68,544)
Retained earnings	38,318,368	42,467,837
Total shareholders' equity	<u>58,249,499</u>	<u>62,268,771</u>
Total liabilities and shareholders' equity	<u>\$ 60,379,532</u>	<u>\$ 64,275,862</u>

See accompanying notes.

**NVE CORPORATION  
STATEMENTS OF INCOME**

	<b>Year Ended March 31,</b>	
	<b>2026</b>	<b>2025</b>
<b>Revenue</b>		
Product sales	\$ 25,221,918	\$ 24,632,102
Contract research and development	1,109,300	1,242,592
Total revenue, net	26,331,218	25,874,694
Cost of sales	5,599,454	4,235,780
Gross profit	20,731,764	21,638,914
<b>Expenses</b>		
Research and development	3,160,483	3,635,519
Selling, general, and administrative	1,650,790	2,009,246
Total expenses	4,811,273	5,644,765
Income from operations	15,920,491	15,994,149
Interest income	1,891,925	1,909,218
Other income	3,905	135,370
Income before taxes	17,816,321	18,038,737
Provision for income taxes	2,617,126	2,974,221
Net income	\$ 15,199,195	\$ 15,064,516
Net income per share – basic	\$ 3.14	\$ 3.12
Net income per share – diluted	\$ 3.14	\$ 3.11
Cash dividends declared per common share	\$ 4.00	\$ 4.00
<b>Weighted average shares outstanding</b>		
Basic	4,837,166	4,835,069
Diluted	4,839,169	4,839,154

**STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Year Ended March 31,</b>	
	<b>2026</b>	<b>2025</b>
Net income	\$ 15,199,195	\$ 15,064,516
Unrealized gain on marketable securities, net of tax	36,534	709,093
Comprehensive income	\$ 15,235,729	\$ 15,773,609

See accompanying notes.

**NVE CORPORATION**  
**STATEMENTS OF SHAREHOLDERS' EQUITY**

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehen- sive Income (Loss)	Retained Earnings	Total
	Shares	Amount				
Balance as of March 31, 2024	4,833,676	\$ 48,337	\$ 19,554,812	\$ (777,637)	\$ 46,743,005	\$ 65,568,517
Exercise of stock options, net of shares withheld for exercise price	3,490	35	114,127			114,162
Comprehensive income:						
Unrealized gain on marketable securities, net of tax				709,093		709,093
Net income					15,064,516	15,064,516
Total comprehensive income						15,773,609
Stock-based compensation			152,167			152,167
Cash dividends (\$4.00 per share of common stock)					(19,339,684)	(19,339,684)
Balance as of March 31, 2025	4,837,166	\$ 48,372	\$ 19,821,106	\$ (68,544)	\$ 42,467,837	\$ 62,268,771
Comprehensive income:						
Unrealized gain on marketable securities, net of tax				36,534		36,534
Net income					15,199,195	15,199,195
Total comprehensive income						15,235,729
Stock-based compensation			93,663			93,663
Cash dividends (\$4.00 per share of common stock)					(19,348,664)	(19,348,664)
Balance as of March 31, 2026	4,837,166	\$ 48,372	\$ 19,914,769	\$ (32,010)	\$ 38,318,368	\$ 58,249,499

See accompanying notes.

**NVE CORPORATION**  
**STATEMENTS OF CASH FLOWS**

	<b>Year Ended March 31,</b>	
	<b>2026</b>	<b>2025</b>
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 15,199,195	\$ 15,064,516
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	460,028	324,232
Bond discount amortization	(317,811)	(307,666)
Stock-based compensation	93,663	152,167
Deferred income taxes	2,105,121	(611,969)
Non-cash operating lease expense (credit)	107,863	(61,355)
Changes in operating assets and liabilities:		
Accounts receivable	180,327	(444,435)
Inventories	366,262	(290,498)
Prepaid expenses and other assets	(1,427,001)	255,935
Accounts payable	63,908	87,537
Accrued payroll and other	(173,558)	141,954
Net cash provided by operating activities	<u>16,657,997</u>	<u>14,310,418</u>
<b>INVESTING ACTIVITIES</b>		
Purchases of marketable securities	(15,242,719)	(11,279,773)
Proceeds from maturities of marketable securities	13,800,000	15,205,000
Purchases of fixed assets	(2,189,138)	(1,257,109)
Net cash (used in) provided by investing activities	<u>(3,631,857)</u>	<u>2,668,118</u>
<b>FINANCING ACTIVITIES</b>		
Payment of dividends to shareholders	(19,348,664)	(19,339,684)
Net proceeds from exercise of stock options	-	114,162
Net cash used in financing activities	<u>(19,348,664)</u>	<u>(19,225,522)</u>
Decrease in cash and cash equivalents	(6,322,524)	(2,246,986)
Cash and cash equivalents at beginning of year	<u>8,036,564</u>	<u>10,283,550</u>
Cash and cash equivalents at end of year	<u>\$ 1,714,040</u>	<u>\$ 8,036,564</u>
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid during the year for income taxes	\$ 1,933,149	\$ 3,311,534

See accompanying notes.

**NVE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. BASIS OF PRESENTATION**

**Description of Business**

We develop and sell devices that use spintronics, a nanotechnology that relies on electron spin rather than electron charge to acquire, store, and transmit information.

**Segment Reporting**

In accordance with ASC 280, *Segment Reporting*, operating segments are determined based on the information provided to the Chief Operating Decision Maker (CODM) on a regular basis and used for the purpose of assessing performance and allocating resources within the company. Our CEO is deemed to be our CODM since he makes all major decisions on how to allocate the resources and assess the performance for strategic and operational initiatives.

The CODM is regularly provided with and reviews revenue and gross margin information by revenue categories, product categories, and operating expenses by category to assess performance and allocate resources.

ASC 280 indicates that a component is an operating segment if it meets the following criteria:

- It engages in business activities from which it may earn revenues and incur expenses.
- Its operating results are regularly reviewed by the CODM to make decisions about resources to be allocated to the segment and assess its performance.
- Its discrete financial information is available.

We analyze revenues and assess sales performance in various categories but we do not prepare or analyze discrete financial information such as sales expenses, operating results, or profit and loss itemized by category. Therefore, we have concluded that the Company as a whole is a single operating and reportable segment under ASC 280, *Segment Reporting*.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Cash and Cash Equivalents**

We consider all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

**Concentration of Risk and Financial Instruments**

Financial instruments potentially subject to significant concentrations of credit risk consist principally of cash equivalents, marketable securities, and accounts receivable.

Cash and cash equivalents have been maintained in financial institutions we believe have high credit quality, however, these accounts may not be federally insured.

We have invested our excess cash in corporate-backed and municipal-backed bonds and money market instruments. Our investment policy prescribes purchases of only high-grade securities and limits the amount of credit exposure to any one issuer.

Our customers are throughout the world. We generally do not require collateral from our customers, but we perform ongoing credit evaluations of their financial condition. More information on accounts receivable is contained in the paragraph titled "Accounts Receivable and Allowance for Credit Losses" of this note.

Additionally, we are dependent on critical suppliers including our packaging vendors and suppliers of certain raw silicon and semiconductor wafers that are incorporated in our products. Recent changes in tariffs and trade regulations, as well as geopolitical conflicts, may increase the risks of supply interruptions.

### ***Marketable securities***

Our marketable securities consist of corporate bonds, treasury securities, and money market funds and are classified as available for sale. Marketable securities are initially recognized at cost. Marketable securities considered to be “purchased financial assets with credit deterioration” are initially recognized at cost, less any allowance for expected credit losses. Unrealized holding gains and losses are reported in other comprehensive income, net of applicable taxes, until realized. All marketable securities are carried on the balance sheet at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. We use a three-level fair value hierarchy in estimating and reporting fair values of our marketable securities:

Level 1 – Securities whose fair values are determined using quoted prices in active markets for identical securities.

Level 2 – Securities whose fair values are determined using quoted prices for similar securities in active markets or quoted prices for identical securities in markets that are not active.

Level 3 – Securities whose fair values are determined using unobservable inputs.

Corporate bonds and treasury securities with remaining maturities of less than one year are classified as short-term and those with remaining maturities of one year or more are classified as long-term. We consider all highly liquid investments with maturities of three months or less when purchased, including money market funds, to be cash equivalents.

### **Accounts Receivable and Allowance for Credit Losses**

We extend credit terms to customers in the normal course of business. We perform ongoing credit valuations of customers’ financial condition, and generally require no collateral. We maintain an allowance for expected credit losses on accounts receivables, which is recorded as an offset to accounts receivable. Changes in the allowance for credit losses are included as a component of operating expenses in the Statements of Income and Statements of Comprehensive Income. We assess credit losses on a collective basis where similar risk characteristics exist. Risk characteristics we consider include customer type, geography, market, credit risk, and receivable age. Receivables that do not share risk characteristics with other receivables, or where known collectability issues exist, are evaluated on an individual basis.

In determining the allowance for credit losses, we consider historical loss rates adjusted for current market conditions, and reasonable and supportable forecasts of future economic conditions, when applicable. Accounts considered to be uncollectible are written off against the allowance for credit losses.

### **Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is determined by the first in, first out method. We record inventory reserves when we determine certain inventory is unlikely to be sold based on sales trends, turnover, competition, and other market factors.

### **Product Warranty**

In general, we warranty our products to be free from defects in material and workmanship within 90 days of purchase.

### **Fixed Assets**

Fixed assets are stated at cost. Depreciation of machinery and equipment is recorded over the estimated useful lives of the assets, generally five years, using the straight-line method. Amortization of leasehold improvements is recorded using the straight-line method over the lesser of the remaining term of the lease and five-year useful life. We record losses on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those asset groups are less than the assets’ carrying amount. We did not identify any indicators of impairment during fiscal 2026 or 2025. Depreciation expense related to fixed assets was \$460,028 for fiscal 2026 and \$324,232 for fiscal 2025.

### **Revenue Recognition**

We recognize revenue when we satisfy performance obligations by the transfer of control of products or services to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those products or services. Revenue is disaggregated into product sales and contract research and development to depict the nature, amount, and timing of revenue recognition and economic characteristics of our business, and is represented within the Financial Statements.

We recognize revenue from product sales to customers and distributors when we satisfy our performance obligation, at a point in time, on product shipment or delivery to our customer or distributor as determined by agreed-on shipping terms. Shipping charges billed to customers are included in product sales and the related shipping costs are included in cost of sales as incurred. Under certain limited circumstances, our distributors may earn commissions for activities unrelated to their purchases of our products, such as for facilitating the sale of custom products or research and development contracts with third parties. We recognize any such commissions as selling, general, and administrative expenses. We recognize discounts provided to our distributors as reductions in revenue.

We recognize contract research and development revenue as the performance obligations are satisfied. Contracts have specifications unique to each customer and do not create an asset with an alternate use, and we have an enforceable right to payment for performance completed to date. We recognize revenue over a period of time using the percentage-of-completion method. Percentage of completion is measured using the cost-to-cost method, which compares costs incurred to date as a percentage of total estimated costs.

Accounts receivable is recognized when we have transferred a good or service to a customer and our right to receive consideration is unconditional through the completion of our performance obligation. Accounts receivable as of March 31, 2026 and 2025 are reported on the balance sheets. Accounts receivable, net of allowance for credit losses, as of April 1, 2024 were \$3,144,833. A contract asset is recognized when we have a right to consideration from the transfer of goods or services to a customer but have not completed our performance obligation. A contract liability is recognized when we have been paid by a customer but have not yet satisfied the performance obligation by transferring goods or services. We had no material contract assets or contract liabilities as of March 31, 2026, or 2025.

Our performance obligations related to product sales and contract research and development contracts are satisfied in one year or less. Unsatisfied performance obligations represent contracts with an original expected duration of one year or less. As permitted under Accounting Standards Codification (“ASC”) Topic 606, *Revenue from Contracts with Customers*, we are using the practical expedient not to disclose the value of these unsatisfied performance obligations. We also use the practical expedient in which we do not assess whether a contract has a significant financing component if the expectation at contract inception is such that the period between payment by the customer and the transfer of the promised goods or services to the customer will be one year or less.

### Income Taxes

We account for income taxes using the asset and liability method. Deferred income taxes are provided for temporary differences between the financial reporting and tax bases of assets and liabilities. We provide valuation allowances against deferred tax assets if we determine that it is less likely than not that we will be able to utilize the deferred tax assets.

### Research and Development Expense Recognition

Research and development costs are expensed as they are incurred. Customer-sponsored research and development costs are included in cost of sales.

### Stock-Based Compensation

We measure stock-based compensation cost at the grant date based on the fair value of the award and recognize the compensation expense over the requisite service period, which is generally the vesting period. We recognize any forfeitures as they occur.

### Net Income Per Share

Net income per basic share is computed based on the weighted average number of common shares issued and outstanding during the year. Net income per diluted share amounts assume the exercise of all stock options. The following table shows the components of diluted shares:

	<b>Year Ended March 31,</b>	
	<b>2026</b>	<b>2025</b>
Weighted average common shares outstanding – basic	4,837,166	4,835,069
Dilutive effect of stock options	2,003	4,085
Shares used in computing net income per share – diluted	<u>4,839,169</u>	<u>4,839,154</u>

### Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires us to make estimates and assumptions that affect the amounts reported in the Financial Statements and accompanying Notes. Actual results could differ from those estimates. See Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for more information on estimates and assumptions.

### NOTE 3. RECENTLY ADOPTED ACCOUNTING STANDARDS

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. ASU 2023-09 requires additional quantitative and qualitative income tax disclosures to enable financial statements users to better assess how an entity’s operations and related tax risks and tax planning and operational opportunities affect its tax rate and prospects for future cash flows. For public business entities, ASU 2023-09 was effective for annual periods beginning after December 15, 2024, which is fiscal 2026 for us. The adoption resulted in disclosure changes only in this Report, including a tabular reconciliation of our income tax provision in dollars and percentages in Note 7 to the Financial Statements of this report.

#### NOTE 4. NEW ACCOUNTING STANDARDS NOT YET ADOPTED

In July 2025, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2025-05, *Financial Instruments—Credit Losses (Topic 326)—Measurement of Credit Losses for Accounts Receivable and Contract Assets*. ASU 2025-05 aims to reduce the cost and complexity of estimating credit losses while maintaining decision-useful information for financial statement users. The guidance allows a practical expedient of assuming current conditions as of the balance sheet date remain unchanged for the remaining life of the assets. ASU 2025-05 is effective for fiscal years beginning after December 15, 2025, and interim periods within those annual reporting periods, which will be fiscal 2027 for us, with early adoption permitted. We are not currently planning early adoption. Adoption of ASU 2025-05 will result in disclosure changes. We do not currently expect the adoption to have a material impact on our Financial Statements.

In November 2024, the FASB issued Accounting Standards Update (ASU) No. 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)*. ASU 2024-03 aims to enhance transparency for users of financial statements by requiring public business entities to disaggregate specific expense categories. In January 2025, the FASB issued ASU No. 2025-01, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date*, which clarified the effective date for non-calendar year-end entities such as us. ASU 2024-03 mandates disclosures in the notes to financial statements detailing the composition and trends of key expense categories within major income statement captions. These enhanced disclosures are intended to help investors more effectively assess the entity's performance, understand its cost structure, and make more accurate forecasts of future cash flows. For public business entities, ASU 2024-03 is effective for annual periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027, which for us will be for fiscal 2028 and for interim reporting periods beginning with the first quarter of fiscal 2029. The adoption will result in disclosure changes only.

We do not expect the adoption of other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies that do not require adoption until a future date to have a material impact on our Financial Statements when they are adopted.

#### NOTE 5. MARKETABLE SECURITIES

The following table shows the major categories of our marketable securities and cash equivalents and their contractual maturities as of March 31, 2026:

	Total	<1 Year	1–3 Years	3–4 Years
Money market funds	\$ 1,121,096	\$ 1,121,096	\$ -	\$ -
Treasury securities	4,714,688	4,714,688	-	-
Corporate bonds	37,088,824	13,410,372	19,696,213	3,982,239
Total	<u>\$ 42,924,608</u>	<u>\$ 19,246,156</u>	<u>\$ 19,696,213</u>	<u>\$ 3,982,239</u>

Total marketable securities and money market funds represent approximately 71% of our total assets as of March 31, 2026. Marketable securities as of March 31, 2026, had remaining maturities between one and thirty-seven months.

Money market funds are included on the balance sheets in “Cash and cash equivalents.” Corporate bonds are included in “Marketable securities, short-term” and “Marketable securities, long-term.” Treasury securities are included in “Marketable securities, long-term.” Accrued interest receivables were \$455,566 as of March 31, 2026, and \$340,241 as of March 31, 2025, and are included in the balance sheets in “Prepaid expenses and other assets.”

We monitor the credit ratings of our marketable securities at least quarterly as reported by Standard & Poor's.

The following table shows the estimated fair value of our marketable securities, aggregated by fair value hierarchy inputs used in estimating their fair values:

	As of March 31, 2026			As of March 31, 2025		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Money market funds	\$ 1,121,096	\$ -	\$ 1,121,096	\$ 7,905,042	\$ -	\$ 7,905,042
Treasury securities	-	4,714,688	4,714,688	-	4,715,238	4,715,238
Corporate bonds	-	37,088,824	37,088,824	-	35,280,978	35,280,978
Total	<u>\$ 1,121,096</u>	<u>\$ 41,803,512</u>	<u>\$ 42,924,608</u>	<u>\$ 7,905,042</u>	<u>\$ 39,996,216</u>	<u>\$ 47,901,258</u>

Our available-for-sale securities as of March 31, 2026 and 2025, aggregated into classes of securities, were as follows:

	As of March 31, 2026			As of March 31, 2025				
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
Money market funds	\$ 1,121,096	\$ -	\$ -	\$ 1,121,096	\$ 7,905,042	\$ -	\$ -	\$ 7,905,042
Treasury securities	4,699,853	14,835	-	4,714,688	4,699,686	15,552	-	4,715,238
Corporate bonds	37,144,634	16,583	(72,393)	37,088,824	35,384,272	55,858	(159,152)	35,280,978
Total	<u>\$42,965,583</u>	<u>\$ 31,418</u>	<u>\$ (72,393)</u>	<u>\$42,924,608</u>	<u>\$47,989,000</u>	<u>\$ 71,410</u>	<u>\$ (159,152)</u>	<u>\$47,901,258</u>

The following table shows the gross unrealized holding losses and estimated fair value of our marketable securities, aggregated by category of securities and length of time that individual securities had been in a continuous unrealized loss position as of March 31, 2026 and 2025:

	Less Than 12 Months		12 Months or Greater		Total	
	Estimated Fair Value	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Losses
As of March 31, 2026						
Corporate bonds	\$ 23,221,061	\$ (51,668)	\$ 4,447,243	\$ (20,725)	\$ 27,668,304	\$ (72,393)
Total	<u>\$ 23,221,061</u>	<u>\$ (51,668)</u>	<u>\$ 4,447,243</u>	<u>\$ (20,725)</u>	<u>\$ 27,668,304</u>	<u>\$ (72,393)</u>
As of March 31, 2025						
Corporate bonds	\$ 7,323,059	\$ (31,808)	\$ 21,020,717	\$ (127,344)	\$ 28,343,776	\$ (159,152)
Total	<u>\$ 7,323,059</u>	<u>\$ (31,808)</u>	<u>\$ 21,020,717</u>	<u>\$ (127,344)</u>	<u>\$ 28,343,776</u>	<u>\$ (159,152)</u>

None of the securities were impaired at acquisition, and subsequent declines in fair value are attributable to interest rate increases. We do not intend to sell, and it is not more likely than not that we will be required to sell, these securities before recovery of their amortized cost basis. The issuers continue to make timely interest payments on these securities.

Unrealized gains on our marketable securities and their tax effects are as follows:

	Year Ended March 31,	
	2026	2025
Unrealized gain on marketable securities	\$ 46,767	\$ 907,698
Tax effects	(10,233)	(198,605)
Unrealized gain on marketable securities, net of tax	<u>\$ 36,534</u>	<u>\$ 709,093</u>

## NOTE 6. INVENTORIES

Inventories are shown in the following table:

	March 31,	
	2026	2025
Raw materials	\$ 1,357,842	\$ 1,608,632
Work in process	3,282,430	3,609,273
Finished goods	2,442,549	2,231,178
Total inventories	<u>\$ 7,082,821</u>	<u>\$ 7,449,083</u>

## NOTE 7. STOCK-BASED COMPENSATION

### Stock Option Plan

Our 2000 Stock Option Plan, as amended, provides for issuance of up to 5,000,000 common shares to employees, directors, and certain service providers of incentive stock options and nonstatutory stock options. As of March 31, 2026, the number of common shares remaining available for future issuance under our stock option plan was 113,240. Generally, the options may be exercised at any time prior to expiration, subject to vesting based on terms of employment. The period ranges from immediate vesting to vesting in one year. The options have exercisable lives of ten years from the date of grant and are generally not eligible to vest early in the event of retirement, death, disability, or change in control. Exercise prices are not less than fair market value of the underlying Common Stock at the date the options are granted. Stock-based compensation expense was \$93,663 in fiscal 2026 and \$152,167 in fiscal 2025.

### Valuation assumptions

We use the Black-Scholes-Merton option-pricing model to determine the fair value of stock options. The following assumptions were used to estimate the fair value of options granted:

	Year Ended March 31,	
	2026	2025
Risk-free interest rate	3.8–4.0 %	4.0–4.6 %
Expected volatility	40–41 %	40–42 %
Expected life (years)	5.0	5.0
Dividend yield	5.9–6.5 %	4.6–5.0 %

The determination of the fair value of the awards on the date of grant using the Black-Scholes-Merton model is affected by our stock price as well as assumptions of other variables, including projected stock option exercise behaviors, risk-free interest rate, and expected volatility of our stock price in future periods. Our estimates and assumptions affect the amounts reported in the Financial Statements and accompanying Notes.

### *Expected life*

We analyze historical exercise and termination data to estimate the expected life assumption. We believe historical data currently represents the best estimate of the expected life of a new option.

### *Risk-free interest rate*

The risk-free rate is based on the yield of U.S. Treasury securities on the grant date for maturities similar to the expected lives of the options.

### *Volatility*

We use historical volatility to estimate the expected volatility of our common stock.

### *Dividend yield*

We assumed a 5.9% to 6.5% dividend yield for fiscal 2026 and 4.6% to 5% dividend yield for fiscal 2025 based on the dividend yield on the date the options were granted.

### Tax effects of stock-based compensation

Stock-based compensation decreased net deferred tax liability by \$20,418 for fiscal 2026, and increased net deferred tax assets by \$17,142 for fiscal 2025.

## General stock option information

The following table summarizes the activity for all stock options outstanding for the years ended March 31, 2026 and 2025:

	Year Ended March 31,			
	2026		2025	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Options outstanding at beginning of year	33,500	\$ 74.19	36,000	\$ 69.50
Granted	6,500	64	6,500	81.96
Exercised	-	-	(9,000)	61.06
At March 31,	40,000	\$ 72.53	33,500	\$ 74.19
Options exercisable at March 31,	37,500	\$ 72.86	31,000	\$ 73.56
Weighted average grant date fair value of options granted during the year		\$ 14.94		\$ 22.77

No stock options were exercised in fiscal 2026. Of the 9,000 stock options exercised during the year ended March 31, 2025, 7,000 were exchanged in a cashless net option exercise which resulted into the issuance of 1,490 common shares.

The following table summarizes additional information about stock options outstanding and exercisable at March 31, 2026:

Options Outstanding				Options Exercisable		
Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Aggregate Intrinsic Value	Options Exercisable	Weighted Average Exercise Price	Aggregate Intrinsic Value
40,000	5.8	\$ 72.53	\$ 123,390	37,500	\$ 72.86	\$ 123,390

The total fair value of options granted was \$97,082 in fiscal 2026 and \$147,986 in fiscal 2025. There was \$3,419 of unrecognized stock-based compensation as of March 31, 2026 related to nonvested options, which was recognized in the first quarter of fiscal 2027. There was no unrecognized stock-based compensation as of March 31, 2025 related to nonvested options.

## NOTE 8. INCOME TAXES

Income tax provisions for fiscal 2026 and 2025 consisted of the following:

	Year Ended March 31,	
	2026	2025
Current taxes		
Federal	\$ 385,336	\$ 3,403,776
State (Minnesota)	126,669	182,414
Deferred taxes		
Federal	2,074,509	(587,356)
State (Minnesota)	30,612	(24,613)
Income tax provision	\$ 2,617,126	\$ 2,974,221

A reconciliation of the statutory tax rate to the effective tax rate for fiscal 2026 and 2025 is as follows:

	<b>Year Ended March 31,</b>			
	<b>2026</b>		<b>2025</b>	
	<b>Amount</b>	<b>% of Pretax Income</b>	<b>Amount</b>	<b>% of Pretax Income</b>
Income before income taxes	\$ 17,816,321	100.0%	\$ 18,038,737	100.0%
Tax expense at U.S. statutory rate	3,741,427	21.0%	3,788,135	21.0%
State income taxes, net of Federal benefit	155,002	0.9%	158,741	0.9%
Tax credits (R&D and manufacturing credits)	(1,135,592)	(6.4%)	(202,166)	(1.1%)
Effect of foreign-derived intangible income deductions	(359,326)	(2.0%)	(816,143)	(4.5%)
Non-deductible items	934	0.0%	916	0.0%
Other	214,681	1.2%	44,738	0.2%
Provision for income taxes	<u>\$ 2,617,126</u>	<u>14.7%</u>	<u>\$ 2,974,221</u>	<u>16.5%</u>

Income taxes paid for fiscal 2026 and 2025, disaggregated by federal and state, are as follow:

	<b>Year Ended March 31,</b>	
	<b>2026</b>	<b>2025</b>
Income taxes paid:		
Federal	\$ 1,793,539	\$ 3,223,664
State (Minnesota)	139,610	87,870
Total	<u>\$ 1,933,149</u>	<u>\$ 3,311,534</u>

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of our deferred tax assets and deferred tax liabilities as of March 31, 2026 and 2025 were as follows:

	<b>As of March 31, 2026</b>			<b>As of March 31, 2025</b>		
	<b>Deferred Tax Assets</b>	<b>Deferred Tax Liabilities</b>	<b>Net Deferred Tax Assets/ (Liabilities)</b>	<b>Deferred Tax Assets</b>	<b>Deferred Tax Liabilities</b>	<b>Net Deferred Tax Assets/ (Liabilities)</b>
Paid time off accrual	\$ 67,884	\$ -	\$ 67,884	\$ 67,594	\$ -	\$ 67,594
Reserve for obsolete inventory	47,017	-	47,017	47,042	-	47,042
Depreciation and amortization	-	(734,113)	(734,113)	-	(118,314)	(118,314)
Stock-based compensation deductions	139,228	-	139,228	118,810	-	118,810
Unrealized loss on marketable securities	8,961	-	8,961	19,198	-	19,198
Section 174 R&D expense	65,273	-	65,273	1,417,015	-	1,417,015
Section 263A UNICAP inventory	129,744	-	129,744	311,729	-	311,729
Other	27,722	-	27,722	3,995	-	3,995
Deferred Tax	<u>\$ 485,829</u>	<u>\$ (734,113)</u>	<u>\$ (248,284)</u>	<u>\$ 1,985,383</u>	<u>\$ (118,314)</u>	<u>\$ 1,867,069</u>

We had no unrecognized tax benefits as of March 31, 2026, and we do not expect any significant unrecognized tax benefits within 12 months of the reporting date. We recognize interest and penalties related to income tax matters in provision for income taxes. As of March 31, 2026 we had no accrued interest related to uncertain tax positions. Federal estimated tax overpayment was \$1,261,822 and State taxes payable was \$69,968 as of March 31, 2026. Federal and State taxes payable were \$243,394 as of March 31, 2025. The tax years ended March 31, 2023 through March 31, 2026 remain open to examination by the major taxing jurisdictions to which we are subject.

**NOTE 9. LEASES**

We conduct our operations in a leased facility under a non-cancellable lease expiring May 31, 2031. Our lease does not provide an implicit rate, so we used our incremental borrowing rate to determine the present value of lease payments. Lease expense is recognized on a straight-line basis over the lease term. Details of the lease are as follows:

	<b>Year Ended March 31,</b>	
	<b>2026</b>	<b>2025</b>
Operating lease cost	\$ 192,858	\$ 168,449
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows for leases	\$ 84,995	\$ 182,271
Right-of-use assets obtained in exchange for new lease liabilities		
Operating lease	\$ 710,665	\$ 710,665
Remaining lease term (months)	62	74
Discount rate	7.8%	7.8%

The following table presents the maturities of lease liabilities as of March 31, 2026:

<b>Year Ending March 31,</b>	<b>Operating Lease Liabilities</b>
2027	172,142
2028	213,284
2029	220,216
2030	227,373
2031	234,762
2032	40,399
Total lease payments	1,108,176
Imputed lease interest	(202,637)
Total lease liabilities	<u>\$ 905,539</u>

**NOTE 10. CONCENTRATIONS**

One customer accounted for 10% or more of total revenue for fiscal 2026:

	<b>% of Revenue</b>		<b>% of Accounts Receivable</b>	
	<b>Year Ended March 31,</b>			
	<b>2026</b>	<b>2025</b>	<b>2026</b>	<b>2025</b>
Customer A	37%	35%	27%	26%

We do not currently believe the receivable balances from this customer represent significant credit risks based on our analysis of the likelihood of default.

**NOTE 11. STOCK REPURCHASE PROGRAM**

On January 21, 2009 we announced that our Board of Directors authorized the repurchase of up to \$2,500,000 of our Common Stock from time to time in open market, block, or privately negotiated transactions. The timing and extent of any repurchases depends on market conditions, the trading price of the company's stock, tax considerations, and other factors, and subject to the restrictions relating to volume, price, and timing under applicable law. On August 27, 2015, we announced that our Board of Directors authorized up to \$5,000,000 of additional repurchases. We intend to finance any stock repurchases with cash provided by operating activities or maturing marketable securities. There were no stock repurchases for the fiscal years ended March 31, 2026 or 2025.

Our repurchase program does not have an expiration date and does not obligate us to purchase any shares, and in recent years we have focused on cash dividends as a more efficient way to return capital to our shareholders. The remaining authorization was \$3,520,369 as of March 31, 2026. The repurchase program may be modified or discontinued at any time without notice.

**NOTE 12. INFORMATION AS TO EMPLOYEE STOCK PURCHASE, SAVINGS, AND SIMILAR PLANS**

All of our employees except interns are eligible to participate in our 401(k) savings plan the first quarter after reaching age 18. Employees may contribute up to the Internal Revenue Code maximum. We make matching contributions of 100% of the first 3% of participants' before-tax salary deferral contributions. Our matching contributions were \$100,686 for fiscal 2026 and \$94,912 for fiscal 2025.

**NOTE 13. SUBSEQUENT EVENT**

On May 6, 2026 we announced that our Board had declared a quarterly cash dividend of \$1.00 per share of Common Stock to be paid May 29, 2026 to shareholders of record as of the close of business on May 18, 2026.

**EXHIBIT INDEX**

<b>Exhibit #</b>	<b>Description</b>
23	Consent of Boulay PLLP.
31.1	Certification by Daniel A. Baker pursuant to Rule 13a-14(a)/15d-14(a).
31.2	Certification by Daniel Nelson pursuant to Rule 13a-14(a)/15d-14(a).
32	Certification by Daniel A. Baker and Daniel Nelson pursuant to 18 U.S.C. Section 1350.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).



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