

Thursday, December 11, 2003

FOR IMMEDIATE RELEASE

Northern Technologies International Corporation Announces Sales and Earnings For
Fiscal Year 2003

	2003	2002
NORTH AMERICAN OPERATIONS:		
Sales	\$ 8,353,875	\$ 7,594,383
Cost of goods sold	<u>3,970,073</u>	<u>3,589,172</u>
Gross profit	4,383,802	4,005,211
Operating expenses:	<u>5,051,574</u>	<u>4,238,980</u>
NORTH AMERICAN OPERATING (LOSS) INCOME	(667,772)	(233,769)
INCOME FROM CORPORATE JOINT VENTURES AND EUROPEAN HOLDING COMPANY		
	989,002	1,555,635
INCOME BEFORE INCOME TAX (BENEFIT) EXPENSE	422,727	1,412,176
INCOME TAX (BENEFIT) EXPENSE	<u>(85,000)</u>	<u>185,000</u>
NET INCOME	<u>\$ 507,727</u>	<u>\$ 1,227,176</u>
NET INCOME PER COMMON SHARE:		
Basic	<u>\$.14</u>	<u>\$.34</u>
Diluted	<u>\$.14</u>	<u>\$.34</u>
WEIGHTED AVERAGE COMMON SHARES ASSUMED OUTSTANDING:		
Basic	<u>3,632,391</u>	<u>3,665,961</u>
Diluted	<u>3,636,679</u>	<u>3,665,961</u>

The Company had net sales originating in the United States of \$8,353,875 in fiscal year 2003; an increase of \$759,492 or 10.0% from net sales of \$7,594,383 in fiscal year 2002. The increase in net sales was due primarily to an increase in the volume of materials science based industrial packaging products sold to new and existing customers in North America. The increase in demand was due to an increased allocation of resources dedicated to the sales efforts and an upturn in the industrial sector that the Company serves.

Net income decreased 59.5% for fiscal 2003 from fiscal 2002 mostly due to equity write-downs associated with starting up and restructuring various corporate joint ventures, increases in the expenses associated with servicing corporate joint ventures and increases in expenses associated with North American Operations.

Corporate Joint Ventures market existing products in their respective territories. The Company consolidates its corporate joint ventures by utilizing the equity method of accounting, as the Company owns between 25% and 50% of each company. Composite financial information from the audited and unaudited financial statements of the Company's joint ventures carried on the equity basis is summarized as follows:

	August 31	
	2003	2002
Current assets	\$ 19,359,530	\$ 13,053,513
Total assets	23,954,072	16,462,161
Current liabilities	8,254,472	6,198,701
Noncurrent liabilities	2,544,017	245,895
Joint ventures' equity	13,795,966	10,017,521
Northern Technologies International Corporation's share of Corporate Joint Ventures' equity	6,152,921	5,179,825

	Years Ended August 31		
	2003	2002	2001
Sales	\$ 37,233,712	\$ 24,931,945	\$ 21,218,289
Gross profit	18,437,864	11,447,114	10,762,703
Net income	1,695,717	2,042,812	912,865
Northern Technologies International Corporation's share of equity in income of Corporate Joint Ventures	939,098	1,010,053	530,348

The Company receives fees for technical and other support to the Corporate Joint Ventures based on the revenues of the individual Corporate Joint Ventures. The Company recognized fee income for such support in the amounts of \$2,601,634 and \$2,131,513 for fiscal years 2003 and 2002, respectively. The increase in fees for technical and other support to Corporate Joint Ventures was due to the increase in revenues from the Corporate Joint Ventures as a whole.

NTI offers expert technical service in corrosion management and unique technically superior products that prevent corrosion. The products and services primarily include proprietary volatile corrosion inhibiting products and packaging, sold under the brand name ZERUST®. The Company provides rust and corrosion protection products and custom packaging systems for automotive, electronics, electrical, mechanical, and military applications. Additionally, the Company offers direct on-site technical support on rust and corrosion issues in 46 countries, and operates a marketing, distribution, and technical network in Asia, Europe, North and South America as well as the Middle East.

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The statements regarding Northern Technologies International Corporation contained in this release that are not historical in nature, particularly those that utilize terminology such as "may," "will," "should," "likely," "expects," "anticipates," "estimates," "believes" or "plans," or comparable terminology, are forward-looking statements based on current expectations and assumptions, and entail various risks and uncertainties that could cause actual results to differ materially from those expressed in such forward-looking statements. Important factors known to Northern Technologies International Corporation that could cause such material differences are identified and discussed from time to time in Northern Technologies International Corporation's filings with the Securities and Exchange Commission, including those factors which are discussed in Northern Technologies International Corporation's Annual Report on Form 10-KSB, for the fiscal year ended August 31, 2003, which factors are incorporated herein by reference.

Northern Technologies International Corporation undertakes no obligation to correct or update any forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any future disclosure Northern Technologies International Corporation makes on related subjects in future reports to the SEC.