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FOR IMMEDIATE RELEASE

## Sono-Tek Sales Grew 5% to \$2.82 million in First Quarter Fiscal 2020 with Continued Record Backlog

- Record high backlog of \$4,024,000
- First quarter gross margin was 46%
- Achieved net income of \$25,000, up 19%
- Company expects second quarter revenues to increase 15-20% vs last year, with further growth expected in the third quarter

MILTON, N.Y., July 15, 2019 – Sono-Tek Corporation (OTCQX: SOTK) the leading developer and manufacturer of ultrasonic coating systems, today reported financial results for its first quarter ended May 31, 2019 (“fiscal 2020”).

“The first quarter of FY2020 showed the expected 5% revenue growth, along with a profitable bottom line. More importantly, we continued to invest in upfront resources in Sales and Marketing, which includes Application Engineering personnel. Application Engineering has become an essential element in our growth strategy of pursuing larger, more complex ultrasonic coating systems. These orders increase our average revenue per order.

We experienced significant growth in larger Multi-Axis coating systems this quarter, along with increases in orders of Fluxing Systems and Integrated Coating Systems. We also experienced large increases in the Electronics/Microelectronics, Alternative Energy, and Emerging R&D market areas. Globally, we had increases in the US and Canada and Latin America geographies, which more than offset reductions in the Asia Pacific markets. For the first quarter of fiscal 2020, 44% of our sales originated in the US and Canada compared to 37% last year.

Due to the record increase in our orders and backlog this quarter, we are expecting second quarter revenues to increase by 15-20% over last year. Furthermore, our current expectation is to see similar growth in the balance of the Fiscal Year”, commented Dr. Christopher L. Coccio, Chairman and CEO.

### **First Quarter Fiscal 2020 Review**

	Three Months Ended May 31,		Change	
	2019	2018	\$	%
Net Sales	\$ 2,822,000	\$ 2,701,000	121,000	4.5%
Gross Profit	1,305,000	1,271,000	34,000	2.7%
<i>Gross Margin</i>	<i>46.2%</i>	<i>47.1%</i>		
Operating Income	\$ 5,000	\$ 32,000	(27,000)	(84%)
<i>Operating Margin</i>	<i>0.2%</i>	<i>1.2%</i>		
Net Income	\$ 25,000	\$ 21,000	4,000	19%
<i>Net Margin</i>	<i>0.9%</i>	<i>0.8%</i>		
Basic Earnings Per Share	\$0.00	\$0.00		
Diluted Earnings Per Share	\$0.00	\$0.00		
Weighted Average Shares -Basic	15,268,000	14,988,000		

Weighted Average Shares - Diluted	15,357,000	15,089,000
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The Company's net sales growth was driven by a combination of increases in the Electronics/Microelectronics market (up 16%), the Alternative Energy market (up 118%), and the Emerging R&D market (up 68%). The Company's strategy of providing paid coating services as a part of our Application Engineering services in addition to its coating equipment, is clearly benefitting revenues.

From a product sales perspective, Fluxing Systems demand increased 15%, Integrated Coating Systems demand increased 13%, and Multi-Axis Coating System demand increased 24%. Quarterly demand and revenue in any of the Market or Product baskets typically varies due to the size and timing of orders, so the multi-quarter totals at year-end are often more significant, reflecting overall Market and Product trends.

*See the accompanying tables at the end of this release for a breakout of sales by Market and Product.*

In the first quarter of fiscal 2020, approximately 56% of sales originated outside of the United States and Canada compared with 63% in the prior-year period. As expected, the geographic shift reflects higher sales to U.S. markets supported by strong economic growth here combined with a decrease in APAC as the Chinese trade situation is sorted out.

The change in product mix resulted in a slightly lower gross margin of 46.2%, and we increased our net income by 18% to \$25,000 this quarter. We expect our income to rise considerably as we proceed through the year, due to the increasing backlog and growth in orders with associated leverage on our operating costs.

## **Balance Sheet and Cash Flow Overview**

Cash and cash equivalents and short-term investments at quarter-end were \$5.7 million, up from \$5.5 million at the end of fiscal 2019. The increase was the result of the timing of working capital requirements primarily due to an increase in accounts payable and customer deposits partially offset by an increase in inventories.

Net cash provided by operating activities was \$362,000 in the first quarter of fiscal 2020 compared with using \$374,000 in the prior fiscal year period. Capital expenditures in the first quarter of fiscal 2020 were \$129,000 compared with \$101,000 in the prior fiscal year period.

## **About Sono-Tek**

Sono-Tek Corporation is the leading developer and manufacturer of ultrasonic coating systems for applying precise, thin film coatings to protect, strengthen or smooth surfaces on parts and components for the microelectronics/electronics, alternative energy, medical and industrial markets, including specialized glass applications in construction and automotive.

The Company's solutions are environmentally-friendly, efficient and highly reliable, and enable dramatic reductions in overspray, savings in raw material, water and energy usage and provide improved process repeatability, transfer efficiency, high uniformity and reduced emissions.

Sono-Tek's growth strategy is focused on leveraging its innovative technologies, proprietary know-how, unique talent and experience, and global reach to further develop microscopic coating technologies that enable better outcomes for its customers' products and processes.

For further information, visit [www.sono-tek.com](http://www.sono-tek.com).

***Safe Harbor Statement***

*This news release contains forward looking statements regarding future events and the future performance of Sono-Tek Corporation that involve risks and uncertainties that could cause actual results to differ materially. These factors include, among other considerations, general economic and business conditions; political, regulatory, tax, competitive and technological developments affecting our operations or the demand for our products; timely development and market acceptance of new products and paid coating services; adequacy of financing; capacity additions; the ability to enforce patents; maintenance of operating leverage; continued reduction in inventory requirements; maintenance of order backlog; consummation of order proposals; continued sales growth in the Electronics/Microelectronics, Alternative Energy, and Emerging R&D market areas; and the ability to achieve increased sales volume at projected levels and continued profitability. We refer you to documents that the company files with the Securities and Exchange Commission, which includes Form 10-K and Form 10-Qs containing additional important information.*

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**FINANCIAL TABLES FOLLOW**

**SONO-TEK CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(Unaudited)**

	<b><u>Three Months Ended May 31</u></b>	
	<b><u>2019</u></b>	<b><u>2018</u></b>
Net Sales	\$2,822,428	\$2,700,860
Cost of Goods Sold	<u>1,517,493</u>	<u>1,429,663</u>
Gross Profit	<u>1,304,935</u>	<u>1,271,197</u>
Operating Expenses		
Research and product development costs	337,173	333,866
Marketing and selling expenses	677,412	629,788
General and administrative costs	<u>285,813</u>	<u>275,392</u>
Total Operating Expenses	<u>1,300,398</u>	<u>1,239,046</u>
Operating Income	4,537	32,151
Interest Expense	(8,947)	(10,614)
Interest and Dividend Income	31,171	34,606
Realized gain on sale of marketable securities	—	29,392
Net unrealized loss on marketable securities	—	(49,061)
Other income	<u>4,755</u>	<u>2,520</u>
Income Before Income Taxes	31,516	38,994
Income Tax Expense	<u>6,303</u>	<u>17,564</u>
Net Income	<u>\$25,213</u>	<u>\$21,430</u>
Basic Earnings Per Share	<u>\$0.00</u>	<u>\$0.00</u>
Diluted Earnings Per Share	<u>\$0.00</u>	<u>\$0.00</u>
Weighted Average Shares - Basic	<u>15,268,071</u>	<u>14,987,613</u>
Weighted Average Shares - Diluted	<u>15,357,295</u>	<u>15,088,512</u>

**SONO-TEK CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

	<b>May 31, 2019 (Unaudited)</b>	<b>February 28, 2019</b>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 1,922,886	\$ 3,144,123
Marketable securities	3,779,187	2,365,706
Accounts receivable (less allowance of \$46,000)	1,332,353	1,397,891
Inventories, net	2,378,720	1,658,016
Prepaid expenses and other current assets	105,013	395,005
Total current assets	9,518,159	8,960,741
Land	250,000	250,000
Buildings, net	1,712,123	1,731,547
Equipment, furnishings and building improvements, net	866,471	802,932
Intangible assets, net	118,778	122,941
Deferred tax asset	332,017	332,017
TOTAL ASSETS	\$ 12,797,548	\$ 12,200,178
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable	\$ 1,013,961	\$ 585,694
Accrued expenses	614,518	632,706
Customer deposits	1,334,306	1,149,558
Current portion of long term debt	164,410	162,816
Income taxes payable	12,575	6,272
Total current liabilities	3,139,770	2,537,046
Deferred tax liability	370,757	370,757
Long term debt, less current maturities	665,838	707,715
Total liabilities	4,176,365	3,615,518
Stockholders' Equity		
Common stock, \$.01 par value; 25,000,000 shares authorized, 15,301,613 and 15,197,563 shares issued and outstanding, respectively	153,016	151,976
Additional paid-in capital	8,939,877	8,929,607
Accumulated deficit	(471,710)	(496,923)
Total stockholders' equity	8,621,183	8,584,660
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 12,797,548	\$ 12,200,178

**SONO-TEK CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**

	<b><u>Three Months Ended May 31,</u></b>	
	<b><u>2019</u></b>	<b><u>2018</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Income	\$ 25,213	\$ 21,430
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	89,207	80,893
Stock based compensation expense	11,310	8,900
Inventory reserve	14,000	18,000
Unrealized loss on marketable securities	—	49,061
Decrease (Increase) in:		
Accounts receivable	65,538	(198,504)
Inventories	(734,704)	(89,372)
Prepaid expenses and other current assets	289,992	4,773
(Decrease) Increase in:		
Accounts payable and accrued expenses	410,079	(290,133)
Customer Deposits	184,748	2,895
Income taxes payable	6,303	17,564
Net Cash Provided By (Used In) Operating Activities	361,686	(374,493)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of equipment and furnishings	(129,159)	(101,634)
Sale (Purchase) of marketable securities	(1,413,481)	40,093
Net Cash (Used In) Investing Activities	(1,542,640)	(61,541)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of long-term debt	(40,283)	(38,678)
Net Cash (Used In) Financing Activities	(40,283)	(38,678)
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,221,237)	(474,712)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of period	3,144,123	2,016,464
End of period	\$1,922,886	\$1,541,752
<b>SUPPLEMENTAL CASH FLOW DISCLOSURE:</b>		
Interest paid	\$8,947	\$10,614
Taxes Paid	\$-	\$-

**SONO-TEK CORPORATION**  
**ADDITIONAL INFORMATION – MARKET AND PRODUCT SALES**  
 (Unaudited)

***Market Sales:***

	Three Months Ended May 31,				Change	
	2019	<i>% of total</i>	2018	<i>% of total</i>	\$	%
Electronics/Microelectronics	\$ 1,538,000	55%	\$ 1,329,000	49%	209,000	16%
Medical	543,000	19%	912,000	34%	(369,000)	(40%)
Alternative Energy	386,000	14%	177,000	7%	209,000	118%
Emerging R&D and Other	285,000	10%	170,000	7%	115,000	68%
Industrial	70,000	2%	113,000	4%	(43,000)	(38%)
<b>TOTAL</b>	<b>\$2,822,000</b>		<b>\$2,701,000</b>		<b>\$121,000</b>	<b>4%</b>

***Product Sales:***

	Three Months Ended May 31,				Change	
	2019	<i>% of total</i>	2018	<i>% of total</i>	\$	%
Fluxing Systems	\$ 391,000	14%	\$ 340,000	13%	51,000	15%
Integrated Coating Systems	396,000	14%	349,000	13%	47,000	13%
Multi-Axis Coating Systems	1,073,000	38%	862,000	32%	211,000	24%
OEM Systems	319,000	11%	451,000	16%	(132,000)	(29%)
Other	643,000	23%	699,000	26%	(56,000)	(8%)
<b>TOTAL</b>	<b>\$2,822,000</b>		<b>\$2,701,000</b>		<b>\$121,000</b>	<b>4%</b>