



Spring Investor Summit

March 2020



OTCQX: SOTK

## Safe Harbor Statement

This presentation contains forward-looking statements within the meaning of safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties, and other factors that could cause the actual results of the Company to differ materially from the results expressed or implied by such statements, including delivery of profitable, dynamic growth, growth opportunities for ultrasonic spray technology, retaining and expanding industry leadership and customer base, continuing product diversity, maintaining technological advantage of the Company's nozzles over those of competitors, including faster return on investment compared to conventional spray systems, enhancing global distribution network, launching successful food industry initiative, establishing market niche for recently developed products, market reception of new spray innovations, ability to increase sales of larger machines with longer delivery times, maintaining strong net cash position, achieving EBITDA projections, probable negative effects of the Coronavirus on the Company's operations, and other factors. Accordingly, although the Company believes that the expectations reflected in such forward-looking statement are reasonable, there can be no assurance that such expectations will prove to be correct. The Company has no obligation to update the forward-looking information contained in this presentation.

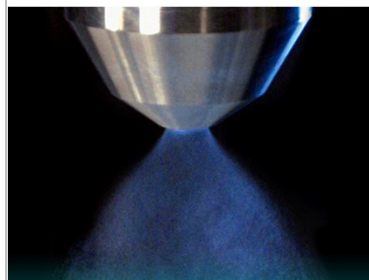
## Overview

FYE - Feb

Sono-Tek Corporation is the world leader in the design and manufacture of ultrasonic coating systems for depositing precise, thin film coatings to protect or strengthen surfaces, or apply functional layers (such as catalyst or electrical function) onto parts and components.

The main industries and applications using our coating equipment include:

- **Microelectronics/Electronics**
- **Alternative Energy**
- **Medical**
- **Industrial**
- **Emerging Research & Development/  
Other Markets**



[www.sono-tek.com](http://www.sono-tek.com)

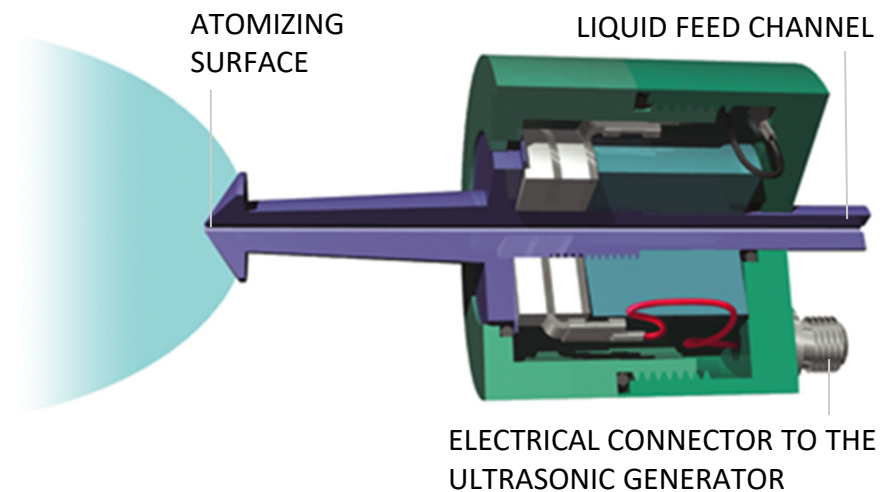
### Market Data

<b>OTCQX</b>	<b>SOTK</b>
<b>Price (2/28/2020)</b>	<b>\$2.27</b>
<b>52 Week Range</b>	<b>\$1.90 - \$3.00</b>
<b>Market Cap</b>	<b>\$34.6 M</b>
<b>Average Daily Trading (30 day)</b>	<b>~3,500</b>
<b>Common Shares Outstanding</b>	<b>15.3 M</b>
<b>Insider Ownership</b>	<b>19.5%</b>

**Cash & Cash Equivalents 11/30/2019 \$6.0 M**

## Ultrasonic Coating Technology

*Ultrasonic nozzle systems use high frequency ultrasonic vibrations to atomize liquids into uniform micron-sized drops that can be applied to surfaces at low velocity to provide highly uniform microscopic layers of material over a wide variety of surfaces.*





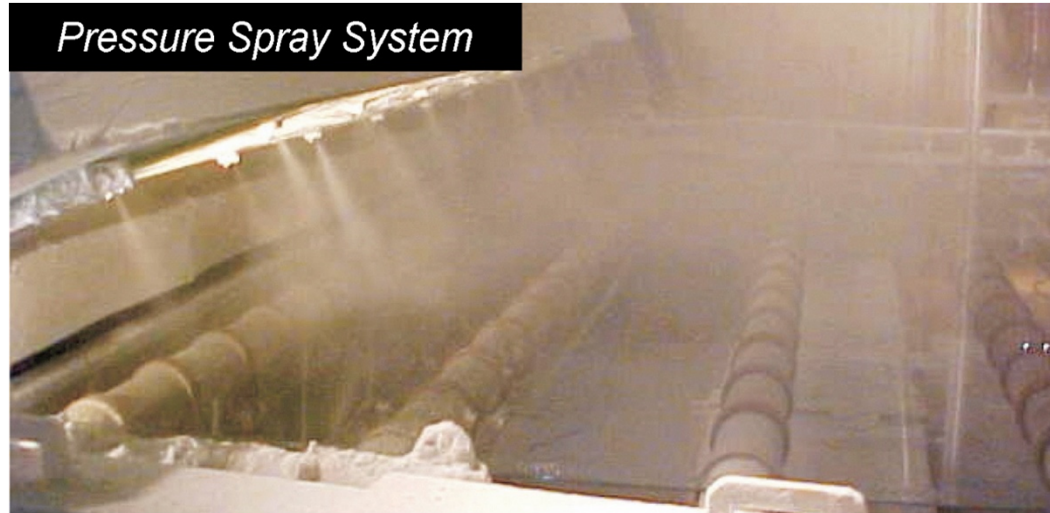
## Ultrasonic Coating Advantages

### Advantages becoming broadly recognized

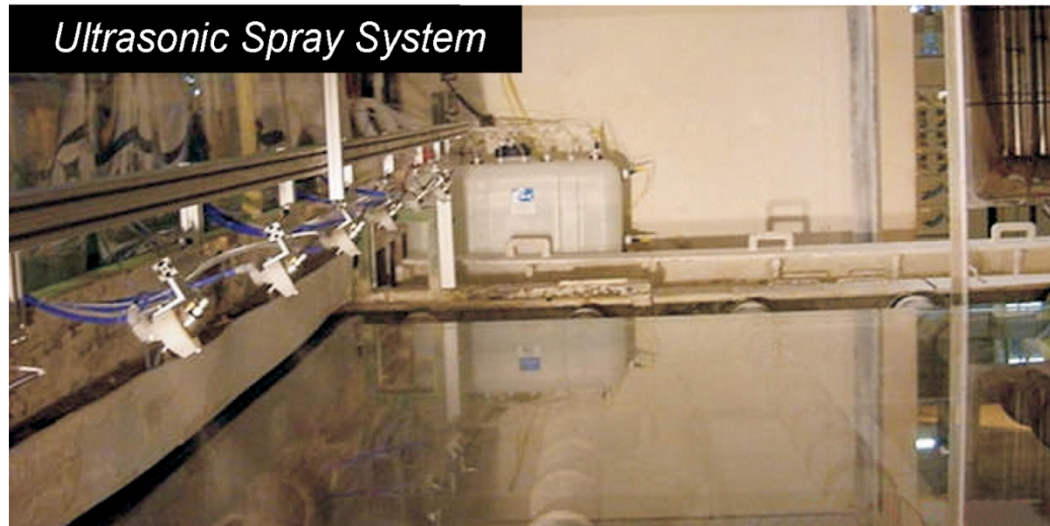
*More cost-effective, simpler than alternative coating methods*

- Dramatic reductions in overspray with reduced emissions
- Large cost savings in raw materials, liquid and energy usage
- Improved process repeatability, high efficiency, high uniformity
- High precision at economical costs

*Pressure Spray System*



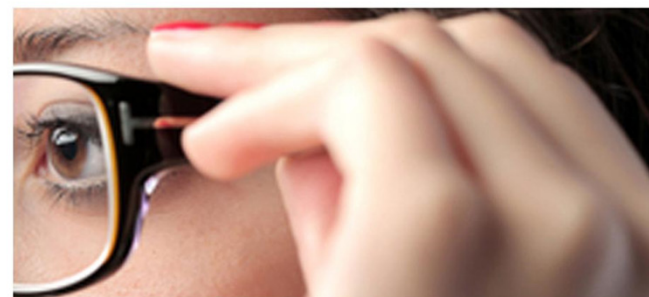
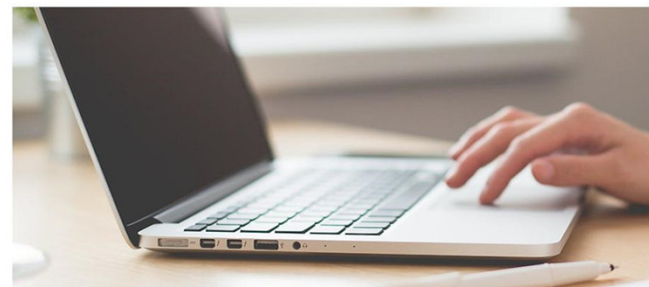
*Ultrasonic Spray System*



## Why Sono-Tek?

OTCQX: **SOTK**

*Technology  
for industry  
advancements  
that create a  
better world*



## Experienced Management Team

<b>Chris Coccio, PhD</b> <i>Chairman and Chief Executive Officer</i>	<ul style="list-style-type: none"> <li>• Sono-Tek Board since 1998 and CEO since 2001</li> <li>• General Electric career involving global P&amp;L responsibilities for businesses up to \$100M and 500 people</li> <li>• BSME-Stevens Institute, MSME-Univ. of Colorado, PhD-RPI</li> </ul>
<b>Steve Harshbarger</b> <i>President, Director</i>	<ul style="list-style-type: none"> <li>• Leading global expert in ultrasonic coatings applications and solutions developed over 25-year career</li> <li>• Bentley University graduate in Finance and Marketing</li> </ul>
<b>Stephen Bagley, CPA</b> <i>Chief Financial Officer</i>	<ul style="list-style-type: none"> <li>• CFO at Sono-Tek since 2005, OTCQX Issuer Advisory Council</li> <li>• Bachelor of Science-SUNY Oneonta, MBA-Marist College</li> </ul>

### Strong Group of Next Generation Leaders

→ **Robb Engle**  
*Executive Vice President*  
 Engineering

→ **Bennett Bruntl**  
*Vice President*  
 Sales & Marketing

→ **Chris Cichetti**  
*Vice President*  
 Applications Engineering

**Combined 40+ years of  
 Ultrasonic Coating expertise**

## Independent Board of Directors

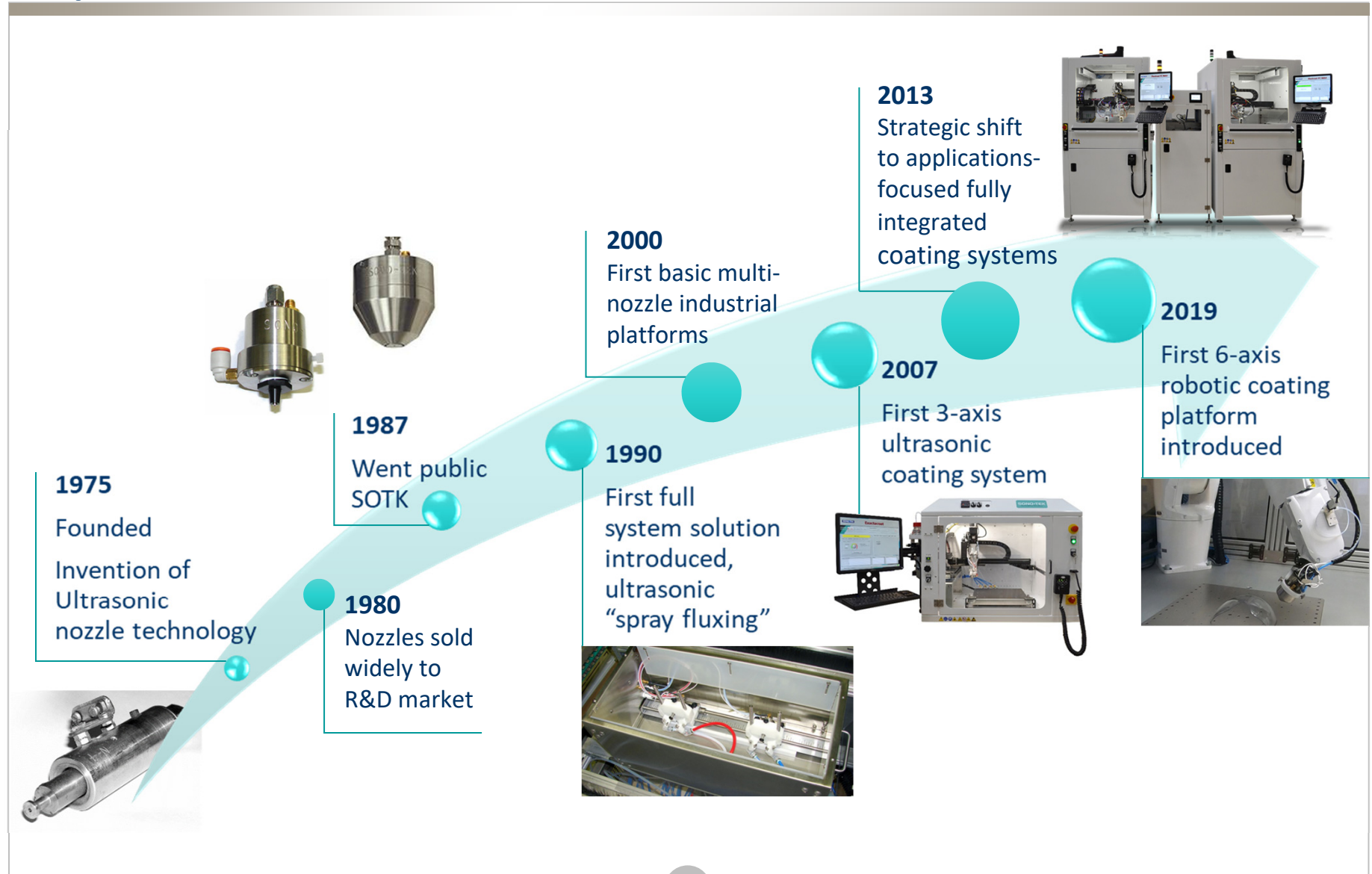
Board Member	Role	Affiliations
Dr. Chris Coccio	Chairman	CEO
Steve Harshbarger	Director	President
Eric Haskell, CPA	Independent Director	Former Public Company CFO
Dr. Donald Mowbray	Independent Director*	Former Senior Executive of GE
Dr. Joseph Riemer	Independent Director	Food Science Specialist & Former President of Sono-Tek
Samuel Schwartz	Chairman Emeritus and Independent Director	Retired Component Manufacturer & Former Chairman of the Board
Philip Strasburg, CPA	Independent Director**	Retired CPA & Corporate Auditor
Carol O'Donnell	Independent Director	Attorney & Hedge Fund Executive

\* Chair of Compensation Committee

\*\* Chair of Audit Committee



## Corporate Timeline



## Mission Statement

### OUR MISSION IS TO PROVIDE

- Precision thin film coating equipment solutions
- Outstanding application expertise across multiple industries for each customer's needs
- Worldwide application and service support
- Next gen ultrasonic coating technology to become a standard for advanced thin film deposition needs

*The Sono-Tek team is always developing ....  
We are constantly finding new applications that  
can benefit from our unique technology.*

## Strong Revenue and Gross Margin

FYE - Feb

Sales Grew

# 32%

In FY2020

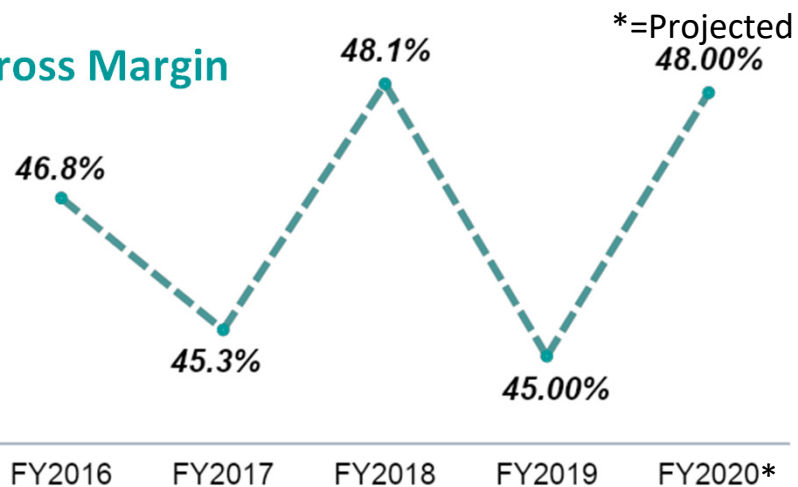
Net Income

# \$1M

In FY2020

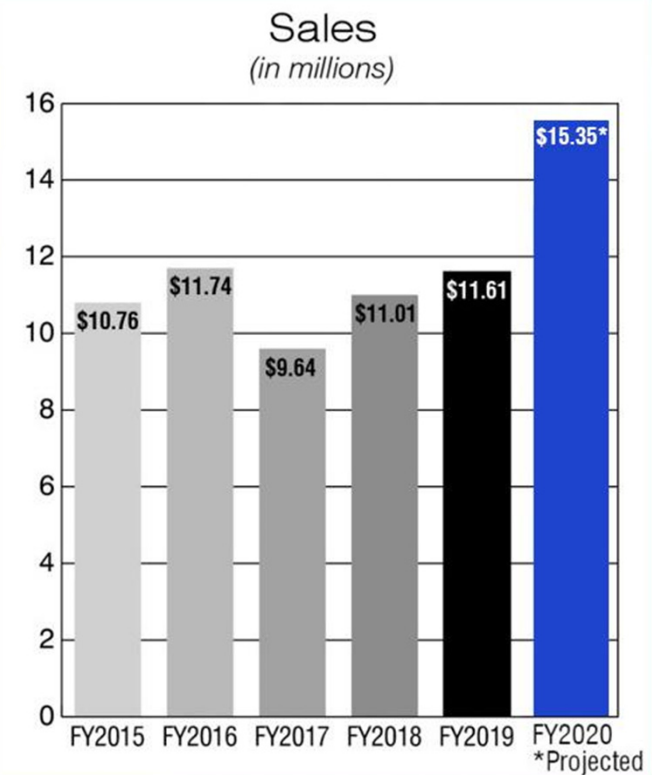
*a Five-fold  
Year Over Year  
Increase*

### Gross Margin



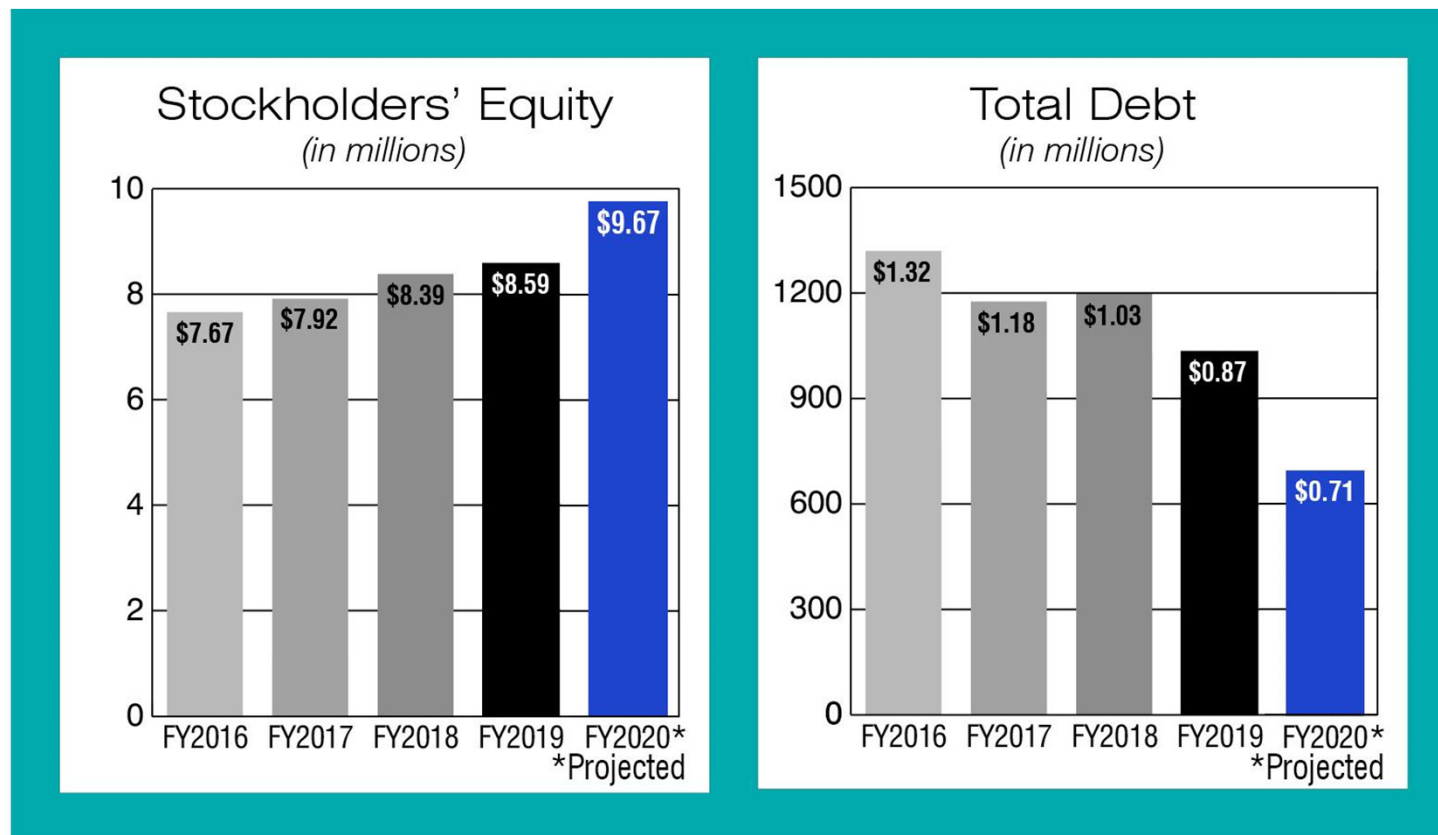
## Industry Leading Gross Margins

## Excellent Revenues



## Strong Balance Sheet

FYE - Feb



**Cash and Equity Rising, Debt Declining**



## Strategic Shift Starting in 2013

OTCQX: SOTK

- Heavily invested in **applications engineering** resources and laboratories to provide complete solutions to customers
- Shifted focus to provide higher value complete **machine solutions** and larger subsystems to OEMs
- **Created strategic partners** for requirements outside Sono-Tek expertise
- Invested significant resources to enhance **market diversity** – in products, industries and geographic locations

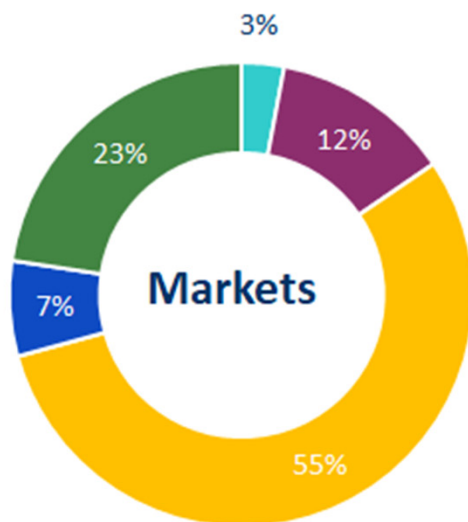
### RESULTS TO DATE

- Average unit selling prices have grown to ~\$200K - \$300K, with several large orders in the \$750K - \$1.6 million range
- Highly diversified by markets, geography and products
- Accelerated profits, improved balance sheet and increased financial strength
- Differentiated Sono-Tek from ultrasonic spray competitors by providing more value and expertise to customers

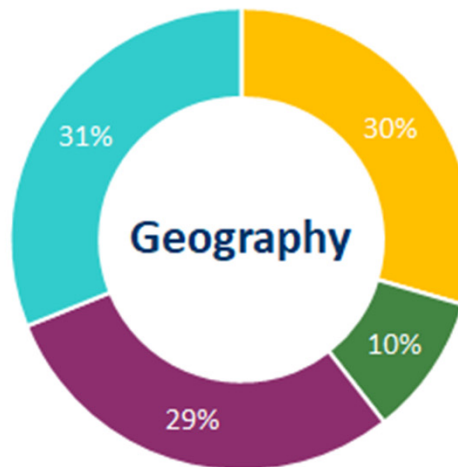
## Diversified Markets, Geography and Products

OTCQX: **SOTK**

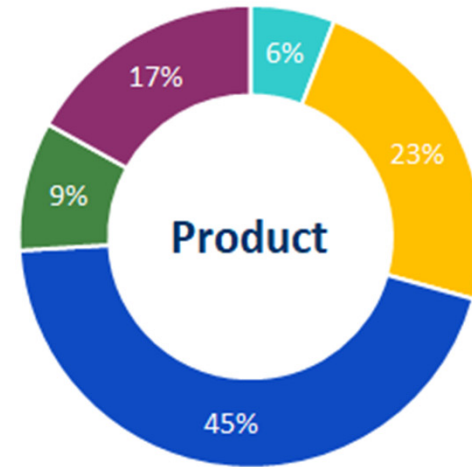
*FY 2020 Preliminary Sales  
\$15.4 million*



- Industrial
- Alt Energy
- Electronics
- Emerging R&D & Other
- Medical



- US & Canada
- Latin America
- Europe
- Asia



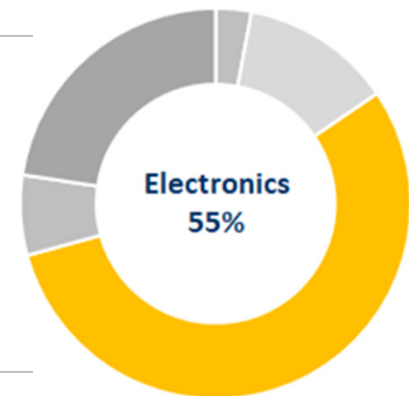
- Fluxing Systems
- Integrated Coating Systems
- Multi-Axis Coating Systems
- OEM
- Other

### OUTLOOK FOR GROWTH

*Driven by the never-ending appetite for new, smaller and more complex electronics devices, phones, touch screens, etc.*

### Applications

- Printed circuit boards
- Semiconductors: micron-thin photo-resist layers onto complex wafers (MEMS)
- Sensors
- Display/panel glass on personal electronic devices, lenses



### Differentiators

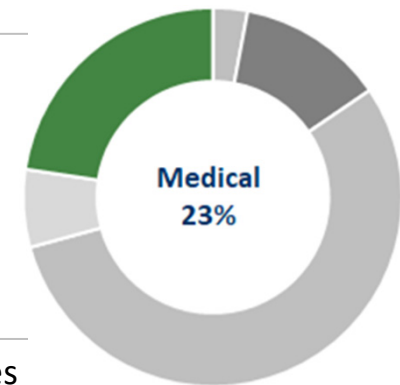
- Ability to address multi-dimensional complex geometries
- More efficient than standard, historic processes
- Product flexibility: full systems or subsystems
- Precise control for ultra-thin layers

### Market Position

- Market leader in mature printed circuit board industry
- Demonstrating significant value advantage over alternative coating processes

## Diversified Markets *Medical*

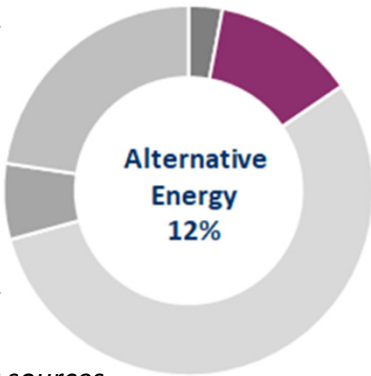
<b>OUTLOOK FOR GROWTH</b>	<i>Rapid deployment of next gen diagnostic coatings for quick analysis and identification of blood and genomics.</i>
<b>Applications</b>	<ul style="list-style-type: none"> <li>• Implanted medical devices: stents, balloons and diabetic monitoring devices</li> <li>• Blood collection tubes</li> <li>• Diagnostic devices, microfluidics</li> <li>• Advanced drug delivery products</li> </ul>
<b>Differentiators</b>	<ul style="list-style-type: none"> <li>• Application expertise, engineering team and laboratory facilities</li> <li>• Precise, repeatable processes, with accurate dosing</li> <li>• Product and service flexibility: <ul style="list-style-type: none"> <li>✓ <i>Full coating solutions</i></li> <li>✓ <i>Custom-engineered equipment for unique medical devices</i></li> <li>✓ <i>Paid coating services for application engineering, process development and pre-production volumes</i></li> </ul> </li> </ul>
<b>Market Position</b>	<ul style="list-style-type: none"> <li>• World leader in mature stent coating industry</li> <li>• Expanding opportunities as new technologies &amp; medical devices come to market</li> <li>• Large multi-national medical companies use of SOTK technology for new products</li> </ul>





# Diversified Markets *Clean Energy Applications*

<b>OUTLOOK FOR GROWTH</b>	<i>Growing demand for clean energy fuel cell technology, CO2 reduction and other emerging environmentally conscious technologies driving growth for multi-axis coating systems.</i>	
<b>Applications</b>	<ul style="list-style-type: none"> <li>• Catalyst coating for fuel cell technologies and systems:</li> <li>• Solar cells</li> <li>• Batteries</li> <li>• Electrolyzer coatings for hydrogen generation and CO2 reduction</li> </ul>	
<b>Differentiators</b>	<ul style="list-style-type: none"> <li>• Expanding global fuel cell market                             <ul style="list-style-type: none"> <li>✓ <i>Implemented use of fuel cells for: cars, buses, trucks, alternative power sources</i></li> </ul> </li> <li>• Highly durable, uniform, pinhole/crack-free coatings on fuel cell PEMs                             <ul style="list-style-type: none"> <li>✓ <i>Reduces waste of carbon-based catalyst inks</i></li> <li>✓ <i>Improves energy efficiency and durability</i></li> </ul> </li> </ul>	
<b>Market Position</b>	<ul style="list-style-type: none"> <li>• Provides higher energy output and greater longevity compared with slot/die coating technology</li> <li>• Opportunity in rapid growth market with preferred membrane surface coating results</li> </ul>	



# Diversified Markets *Industrial*

OUTLOOK FOR GROWTH	<i>Demand for expensive high purity glass is opening opportunities for increased coating protection from staining during storage.</i>	
Applications	<ul style="list-style-type: none"> <li>• Flat (“float”) glass used for windows in buildings and vehicles</li> <li>• Aerospace/aircraft: specialty component coating</li> <li>• Textiles: antimicrobial, next gen plasma technology</li> <li>• Food: antimicrobial coatings on meat products and packaging, coatings of flavors</li> <li>• Automotive: heat exchangers and brake pads</li> </ul>	<p>A donut chart with a small teal segment at the top, representing 3% of the total. The center of the chart contains the text 'Industrial 3%'.</p>
Differentiators	<ul style="list-style-type: none"> <li>• Extensive experience in uniform layers of water-soluble organic acid solutions (anti-stain coatings)</li> <li>• High transfer efficiency</li> <li>• Environmentally friendly</li> <li>• Cost effective</li> </ul>	
Market Position	<ul style="list-style-type: none"> <li>• Leading technology for high value industrial glass manufacturers</li> <li>• Opportunity for broadening recognition of ultrasonic coating capabilities</li> </ul>	

## Diversified Markets *Emerging R&D*

### OUTLOOK FOR GROWTH

*Broadbased basket of next gen applications in developing markets with growth potential*

### Applications

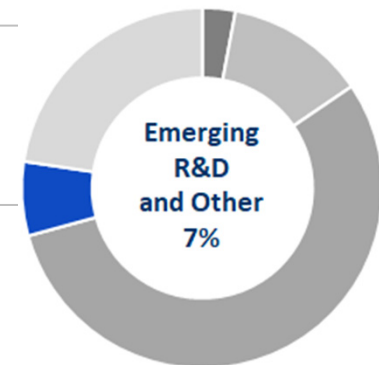
- Wide range of new applications in early R&D phase, often supported with government funding.

### Differentiators

- Ultrasonic coating technology has been shown to be highly flexible for implementation with many coating processes.

### Market Position

- Hundreds of Universities and Research Institutes utilizing Sono-Tek equipment for new coating needs under development.



### ***Application Expertise***

Provide customers with unique application expertise and knowledge

- *Continually developing in-house applications engineering, sales and marketing teams knowledge*
- *Provide proof of concept testing at global process development laboratories*
- *Highly technical, established long term global distribution network*

### ***Strategic Relationships***

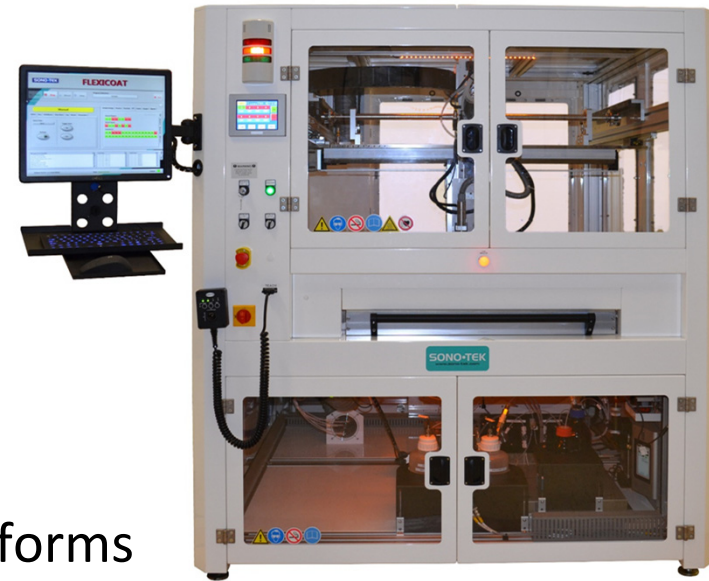
Identify industry partners/OEM relationships for applications outside of Sono-Tek capabilities or knowledge

- *Leverage Sono-Tek core technology to expand into new fields*
- *Seamless organic growth*



### *Introduction of New Products to Enhance Capabilities*

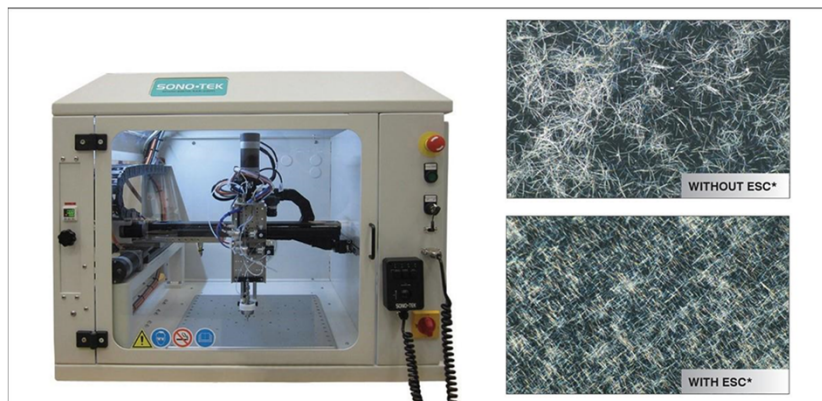
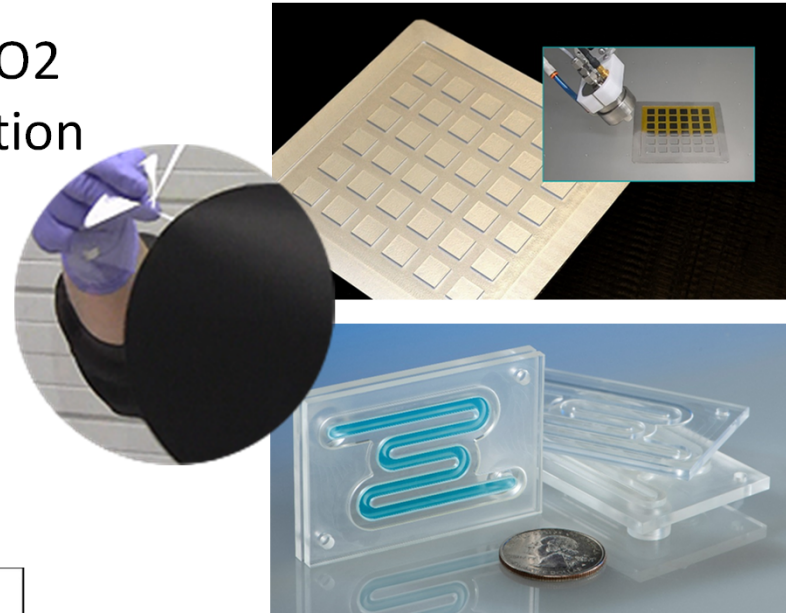
- Robotic coating platforms
  - *Combines 6-axis robotic capabilities with ultrasonic dispensing expertise*
  - *First order shipped (Feb 2020), valued at \$1.6 million, is largest order in Sono-Tek's history*
- Highly customized, multi-axis coating systems
  - *\$100 - \$400k*
- Complex multi-nozzle industrial platforms
  - *\$200 - \$600k*



*Fully automated, large format, customized coating solutions accelerate growth*

### *Introduction of New Products & Applications Knowledge*

- Electrolyzers for fuel cells, CO2 reduction, hydrogen generation
- EMI Shielding
- Clear Laser Welding
  - *For medical devices*
- Electrostatics



*Sono-Tek systems enable functional coatings that are often not possible with other coating methods*

# Coating Technologies Market Share

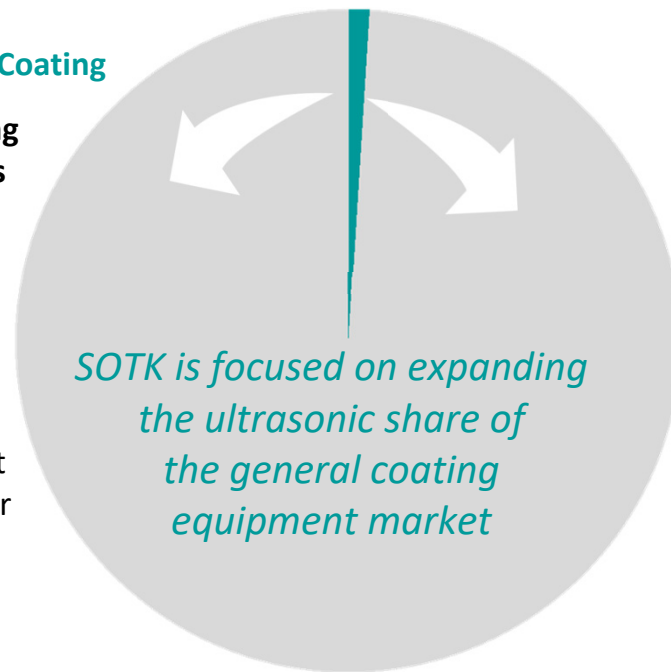
## GENERAL COATING EQUIPMENT MARKET

~\$5B/yr - Hundreds of Competitors

### ▪ Ultrasonic Coating

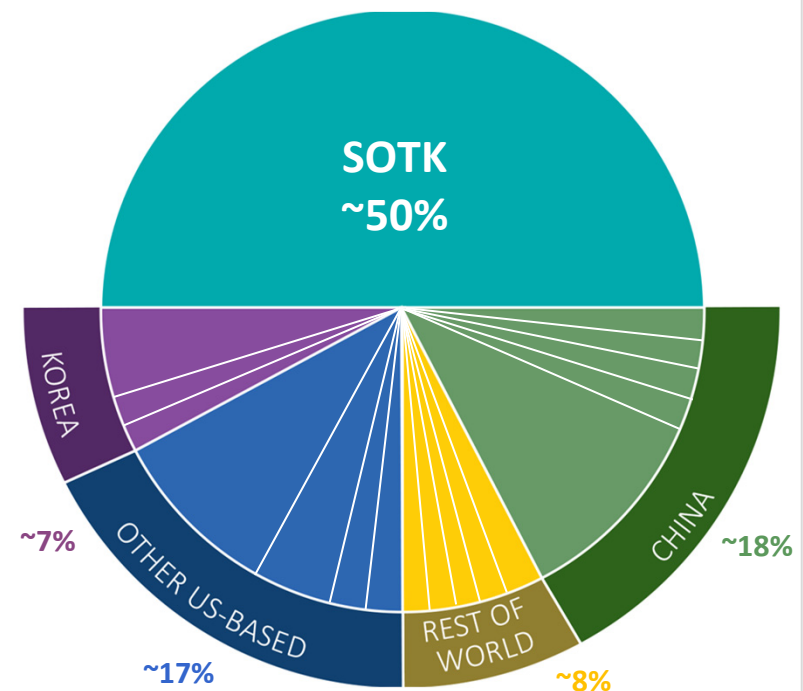
Other Coating Technologies include:

- CVD
- ALD
- Jetting
- Roller
- Slot Die
- Screen Print
- Air Atomizer



## ULTRASONIC COATING EQUIPMENT

~\$32M/yr - ~20 Competitors



***Capturing a growing segment of the coatings equipment market***

## Competitive Differentiators

- **Strong global brand and reputation**, known for high quality and reliability
- Highly specialized capabilities of **applications team**
  - *Experienced team of application engineers*
- **Proprietary know-how** of manufacturing and engineering design process
- **8 Laboratory testing facilities** located worldwide
  - *Demonstrates and assists in the application of our coating systems for current and new customers*
  - *Corporate headquarters in Milton, N.Y.*
  - *Germany, China (Guangzhou), Korea, Japan, Russia, Taiwan, and Turkey*

## Key Takeaways

- **Growth Strategies working** for introduction of new products, new markets, and market sub-segments within existing markets
- **Strong brand** and reputation: known for high quality and consistency
- **Continued strengthening of application expertise**, process development laboratories, new products, and technological advancements
- **Broadening of product line** with higher value machinery
- **Expanding addressable markets** and applications to broaden customer base
- Strong gross margins, **consistently profitable**, financial strength, successful accelerating growth strategies

# Thank You

OTCQX: **SOTK**

*Leadership through innovation since 1975*



- ★ Headquarters
- ★ Satellite Offices
- ★ Distributors

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