

**SONO-TEK CORPORATION  
CONSOLIDATED BALANCE SHEETS**

	<b>February 28,</b>	
	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 3,144,123	\$ 2,016,464
Marketable securities	2,365,706	4,405,900
Accounts receivable (less allowance of \$46,000)	1,397,891	774,778
Inventories, net	1,658,016	1,354,083
Prepaid expenses and other current assets	395,005	139,406
Total current assets	8,960,741	8,690,631
Land	250,000	250,000
Buildings, net	1,731,547	1,807,339
Equipment, furnishings and leasehold improvements, net	802,932	498,401
Intangible assets, net	122,941	136,576
Deferred tax asset	332,017	396,387
TOTAL ASSETS	\$ 12,200,178	\$ 11,779,334
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable	\$ 585,694	\$ 652,863
Accrued expenses	632,706	893,192
Customer deposits	1,149,558	344,098
Current maturities of long term debt	162,816	156,119
Income taxes payable	6,272	84,621
Total current liabilities	2,537,046	2,130,893
Deferred tax liability	370,757	385,384
Long term debt, less current maturities	707,715	870,532
Total Liabilities	3,615,518	3,386,809
Commitments and Contingencies	-	-
Stockholders' Equity		
Common stock, \$.01 par value; 25,000,000 shares authorized, 15,197,563 and 14,986,367 issued and outstanding, respectively	151,976	149,864
Additional paid-in capital	8,929,607	8,901,171
Accumulated deficit	(496,923)	(760,115)
Accumulated other comprehensive income	—	101,605
Total stockholders' equity	8,584,660	8,392,525
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 12,200,178	\$ 11,779,334

**SONO-TEK CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**

	<b>Fiscal Year Ended</b>	
	<b>February 28,</b>	
	<b>2019</b>	<b>2018</b>
Net Sales	\$ 11,609,599	\$ 11,008,444
Cost of Goods Sold	6,361,353	5,711,951
Gross Profit	<u>5,248,246</u>	<u>5,296,493</u>
Operating Expenses		
Research and product development	1,324,766	1,280,308
Marketing and selling	2,686,382	2,516,461
General and administrative	1,154,611	1,118,107
Total Operating Expenses	<u>5,165,759</u>	<u>4,914,876</u>
Operating Income	82,487	381,617
Other Income (Expense):		
Interest Expense	(39,977)	(46,117)
Interest and Dividend Income	136,677	91,459
Realized gain on sale of marketable securities	73,699	11,208
Net unrealized loss on marketable securities	(100,184)	—
Other Income	28,732	21,896
Income before Income Taxes	181,434	460,063
Income Tax Expense	19,847	91,856
Net Income	<u>\$ 161,587</u>	<u>\$ 368,207</u>
Other Comprehensive Income		
Net unrealized gain on marketable securities	—	59,355
Comprehensive Income	<u>\$ 161,587</u>	<u>\$ 427,562</u>
Basic Earnings Per Share	<u>\$ .01</u>	<u>\$ .02</u>
Diluted Earnings Per Share	<u>\$ .01</u>	<u>\$ .02</u>
Weighted Average Shares – Basic	<u>15,107,778</u>	<u>14,968,450</u>
Weighted Average Shares – Diluted	<u>15,218,913</u>	<u>15,095,123</u>

**SONO-TEK CORPORATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Fiscal Year Ended</b>	
	<b>February 28,</b>	
	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Income	\$ 161,587	\$ 368,207
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	332,147	399,526
Stock based compensation expense	30,548	41,728
Inventory reserve	66,000	104,601
Unrealized loss on marketable securities	100,184	—
Deferred tax expense	49,743	(33,558)
(Increase) Decrease in:		
Accounts receivable	(623,113)	376,023
Inventories	(369,933)	(118,000)
Prepaid expenses and other assets	(255,599)	(12,130)
(Decrease) Increase in:		
Accounts payable and accrued expenses	(327,655)	340,739
Customer deposits	805,460	265,196
Income taxes payable	(78,349)	70,002
Net Cash (Used In) Provided by Operating Activities	(108,980)	1,802,334
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of equipment, furnishings and leasehold improvements	(547,251)	(189,245)
Sale (purchase) of marketable securities	1,940,010	(2,004,360)
Net Cash Provided By (Used In) Investing Activities	1,392,759	(2,193,605)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from exercise of options	—	210
Repayment of long-term debt	(156,120)	(149,698)
Net Cash (Used In) Financing Activities	(156,120)	(149,488)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,127,659</b>	<b>(540,759)</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	2,016,464	2,557,223
End of year	\$ 3,144,123	\$ 2,016,464
<b>Supplemental Cash Flow Disclosure:</b>		
Interest Paid	\$ 39,977	\$ 46,117
Income Taxes Paid	\$ 28,178	\$ 59,494