

## IR FAQs

- 1. What is the stock symbol for Sono-Tek Corporation?**  
Sono-Tek Corporation is traded on the Nasdaq exchange and is listed under the symbol "SOTK".
- 2. Can I purchase stock directly from Sono-Tek Corporation?**  
Stock cannot be directly purchased from Sono-Tek Corporation.
- 3. What is Sono-Tek Corporation's fiscal year?**  
March 1 to February 28.
- 4. What are the earnings release dates?**  
First Quarter ending May 31: Early to mid-July  
Second Quarter ending August 30: Early to mid-October  
Third Quarter ending November 30: Early to mid-January  
Fourth Quarter ending February 28: Early to late-May
- 5. When is the annual meeting of shareholders?**  
Sono-Tek Corporation holds its Annual Shareholders meeting in August of each year.
- 6. Who is Sono-tek Corporation's Transfer Agent?**  
American Stock Transfer  
Company 6201 15th Ave.  
Brooklyn NY 11219  
[www.amstock.com](http://www.amstock.com)
- 7. How can I get a copy of the Annual Report? Investor's Kit?**  
All publicly available documents can be found on our website ([www.sono-tek.com](http://www.sono-tek.com)) under Investor Kit.  
Available documents include:
  - a. Annual Report
  - b. Proxy statement
  - c. Form 10K
  - d. Form 10Q
- 8. How do I contact Investor Relations?**  
Please direct your Investor relations questions by using our General Inquiry form on our website, or e-mail us at [info@sono-tek.com](mailto:info@sono-tek.com).
- 9. Where can I find more information about the company?**  
News releases, Calendar of events, filings with the SEC and other information can be found on our website [www.sono-tek.com](http://www.sono-tek.com).

## IR CONTACTS

**Primary IR Contact**

Sono-Tek Corporation

Investor Relations

Email: [info@sono-tek.com](mailto:info@sono-tek.com)

**Transfer Agent**

American Stock Transfer Company

6201 15th Ave.

Brooklyn NY 11219

[www.amstock.com](http://www.amstock.com)

**Corporate Counsel**

Eilenberg & Krause LLP

11 East 44th Street

New York, NY 10017

[www.eeklaw.com](http://www.eeklaw.com)

**Independent Accountants**

Marcum LLP

100 Eagle Rock Avenue

East Hanover, NJ 07936

## CORPORATE PROFILE

### Company Overview & Strategy

Sono-Tek offers a broad portfolio of ultrasonic atomization based coating systems for the Electronics, Semiconductor, Advanced Energy, Medical Device, Glass, Textile, and Food industries. The common denominator in this growing list of applications is the benefit of thinner, micron thickness, precise coatings, superior product quality, and savings in material costs of expensive coating liquids when compared to other coating methods. Additional significant side benefits of ultrasonic atomization are the lack of overspray into the environment and lower maintenance compared to traditional pressure spraying systems.

### Markets & Products Focus

#### *Electronics Industry*

Fluxing equipment for printed circuit board assembly

#### *Fuel Cell & Solar Cell Manufacturing*

Robotic coaters for conductive and catalyst layers: ExactaCoat, FlexiCoat

#### *Semiconductor Industry*

Photoresist and protective coatings glass industry corrosion resistant, hard coatings, electrochromic and other specialty coatings during and after the glass manufacturing process

#### *Medical Industry*

Equipment to apply advanced coatings to implantable medical devices such as stents, balloons, meshes, diagnostic devices, blood collection tubes

#### *Food Industry*

Equipment for the application of antimicrobials in meat processing, flavorings and other additive coatings onto food products

#### *Textile & Fabric Industry*

Application of antimicrobials, water repellents, protective hard coatings

Many emerging technology products are brought to market with the help of Sono-Tek coating equipment used in their manufacturing processes. Our name supports research and products made by some of the largest tech producers in the world.

### Corporate Highlights

<b>Fiscal Calendar:</b> March 1st – February 28th	<b>Corporate Headquarters:</b> Sono-Tek Industrial Park 2012 Route 9W Milton, NY 12547 USA (845)795-2020
<b>Stock Symbol</b> Nasdaq: SOTK	
<b>F/T Employees:</b> 90	
<b>Founded:</b> 1975	
<b>Sector:</b> Technology, Ultrasonic Coating Equipment	
<b>Distribution Network:</b> Worldwide	

## Board of Directors

### **Dr. Christopher L. Coccio, Executive Chairman**

Dr. Christopher L. Coccio joined the Company as a Director in 1998 and was appointed President and Chief Executive Officer of Sono-Tek in 2001. He was appointed Chairman in 2007. During his tenure as Chairman and CEO, Sono-tek grew from \$2.5M in sales to \$20M, and the share price went from pennies to \$5-8 per share. The Company uplisted to Nasdaq in 2021 to increase Shareholder liquidity, and now trades at a significantly higher volume than before the uplisting. A key reason for our growth has been the diversification in applications of our innovative technology as well as a broad outreach beyond our domestic market. Today we serve customers in half a dozen application markets with approximately half our sales now to international customers. At the beginning of 2024, Dr. Coccio transitioned to Executive Chairman, where he can both lead the Board as well as assist the new CEO and our team in continuing our success going forward.

Earlier in his career, he held various engineering, sales, marketing and management positions at General Electric Company, with P&L responsibilities for up to \$100 million in sales and 500 people throughout the United States. He also won an ASME Congressional Fellowship and served with the Senate Energy Committee in 1976. His business experience includes both domestic and international markets and customers. Dr. Coccio received a B.S.M.E. from Stevens Institute of Technology, an M.S.M.E. from the University of Colorado, and a Ph.D. from Rensselaer Polytechnic Institute in Chemical Engineering.

### **R. Stephen Harshbarger, CEO & President**

Mr. Harshbarger has over 30 years of experience in ultrasonic coating equipment for the electronics, medical device and advanced energy industries. He joined Sono-Tek in 1993 and was appointed President of the Company in 2012, a Director in 2013, and in August 2020, he assumed the Chief Operating Officer position as well. As President, he directed the Company's Sales, Marketing, Engineering, Service, and Manufacturing Operations. Prior to becoming President, Mr. Harshbarger served as Sales Engineer, World-Wide Sales and Marketing Manager, Vice President & Director of Electronics and Advanced Energy (E&AE) and Executive Vice President. In his years managing the sales organization, Mr. Harshbarger established a worldwide distribution and representative network in more than 40 countries consisting of more than 300 people, and contributing to revenue growth of greater than 400%.

Prior to joining the Company, Mr. Harshbarger was the Sales and Marketing Manager for Plasmaco Inc., a world leader in the development of flat panel displays. In that position, he established the company's distribution network, participated in venture capital funding, and introduced the first flat panel technology to Wall Street trading floors. Mr. Harshbarger is a graduate of Bentley University with a major in Finance and a minor in Marketing.

### **Dr. Joseph Riemer, Consultant, Retired VP Food Business**

Dr. Joseph Riemer joined the Company in 2007 as Vice President of Engineering, and later that year became a Board member. Dr. Riemer holds a Ph.D. in Food Science and Technology from the Massachusetts Institute of Technology (MIT), focusing on food technology, food chemistry, biochemical analysis, and food microbiology. His experience includes seven years with Pfizer in its Adams Confectionary Division, where he was Director, Global Operations Development. Dr. Riemer has also held leading positions with several food, food ingredients, and personal care products companies. He has served in the capacities of research and development, operations, and general management. Prior to joining the Company, he was a management consultant serving clients in the food, biotech and pharmaceutical industries.

### **Philip Strasburg, CPA**

Philip Strasburg has been a Director since 2004, and the chairman of the Audit Committee since 2005. He is a former partner at Anchin Block and Anchin, LLP and has 40 years of experience in auditing. He was the lead partner on the Sono-Tek account from Fiscal 1994 to Fiscal 1996. Mr. Strasburg is a certified public accountant in New York State. He has a Master of Science in economics from The London School of Economics and Political Science and a Bachelors of Science degree from Lehigh University, where he majored in business administration.

**Eric Haskell, CPA**

Eric Haskell has been a Director since 2009. He has over 30 years of experience in senior financial positions at several public and private companies. He has significant expertise in the areas of acquisitions and divestitures, strategic planning and investor relations. From 2005 to 2008, Mr. Haskell served as the Executive Vice President and Chief Financial Officer of SunCom Wireless Holdings, Inc., a company providing digital wireless communications services which was publicly traded until its merger with a wholly-owned subsidiary of T-Mobile USA, Inc. He also served as a member of SunCom's Board of Directors from 2003 to 2007. From 1989 until April 2004, Mr. Haskell served as the Chief Financial Officer of Systems & Computer Technology Corp., a NASDAQ listed software and services corporation. Mr. Haskell received his Bachelors Degree in Business Administration from Adelphi University.

**Carol O'Donnell**

Carol O'Donnell was appointed a Director of the Company in November 2018. Ms. O'Donnell is currently the Chief Executive Officer and Chief Compliance Officer of Protégé Partners, an industry leading firm investing in and seeding smaller and emerging hedge fund managers. Recently, she was a key member of the Protégé executive team that launched an affiliate business, MOV37, for which she also serves as Chief Executive Officer. Prior to joining Protégé Partners, Ms. O'Donnell was the Director of Legal and Compliance with DARA Capital US, Inc., a Swiss-owned boutique registered investment advisory and wealth management firm. She also worked at Permal Group as General Counsel and Chief Compliance Officer, and was COO and General Counsel of Framework Investment Group. Ms. O'Donnell is qualified to practice law in the States of New York and Connecticut, and holds a JD from the Benjamin Cardozo School of Law and a BS in business and economics from Skidmore College.

**Dr. Adeniyi Lawal**

Dr. Adeniyi Lawal has considerable experience in both industries and academia, having worked with Shell Petroleum Development Company, Texaco Overseas Oil Company, and three different universities. Currently he's a Professor of Chemical Engineering at the Department of Chemical Engineering & Materials Science, Stevens Institute of Technology where he has been a member of the faculty for over twenty-five years. At Stevens, he has held several administrative positions, including Program Director, Associate Department Chair, and now, Department Chair. Dr. Lawal has directed research groups in academia, and has been a highly successful researcher, having executed several multi-million dollar, and multi-year projects funded by the DOE, and DoD. ACS-Petroleum Research Fund, GAF Materials Corporation, Phillips Netherlands, and International Flavors & Fragrances have also funded his research. He has published extensively in highly esteemed, archival journals and is the recipient of 5 U.S. and International patents. Dr. Lawal has also been active in scientific societies, organized and chaired national and international conferences. He received a B.Sc (Honors) Degree in Engineering from the University of Ibadan, Nigeria, an S.M. Degree from MIT and a Ph.D. from McGill University, Canada, both in Chemical Engineering.

**Kirk Warshaw**

Kirk Warshaw brings over 40 years of experience in financial and general management across a diverse range of industries. He currently serves as Executive Chairman of Bogue Machine Company and as Chief Executive Officer and Chief Financial Officer of UAV Turbines (UAVT), a company focused on developing small turbine engine systems for aerospace and military applications. Throughout his career, Mr. Warshaw has provided advisory services and held interim executive leadership roles at numerous companies, specializing in financial oversight, corporate restructuring, and strategic growth. Earlier in his career, he worked in public accounting and financial institutions, earning his CPA in 1982. Mr. Warshaw is a graduate of Lehigh University, where he earned a Bachelor of Science degree in Accounting and Marketing in 1980.

## Officers

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### **Stephen J. Bagley, CPA, Chief Financial Officer**

Stephen Bagley was appointed Chief Financial Officer in June 2005. From 1987 to 1991 he worked in public accounting in various capacities. From 1992 to 2005, he held various leadership positions as Controller, Chief Financial Officer and Vice President of Finance for companies with up to \$45,000,000 in revenues. Mr. Bagley earned a Bachelor of Science degree from The State University of NY at Oneonta and an MBA from Marist College. He was licensed as a CPA in 1990. Mr. Bagley served on the OTCQX US Advisory Council from 2019 to 2020. Mr. Bagley is a past President of the Board of Education for the New Paltz Central School District and a past Chairman of the Audit and Finance Committee for the District.

**Chris Cichetti, COO**

Chris Cichetti Chris Cichetti serves as Chief Operating Officer at Sono-Tek, a role he assumed in March 2025. He oversees Engineering, Applications Engineering, Sales, Service, IT, and Manufacturing. A long-time team member, Chris joined Sono-Tek in 2005 as an Electrical Engineer and has held several leadership roles, including Application Engineer, Senior Application Engineer, Manager of the Application Engineering Department, and Vice President of Sales & Applications Engineering.

Chris was instrumental in the creation and development of the Sono-Tek Application Engineering department and has been a key driver in expanding the Company's technical capabilities and customer-centric approach. He brings deep experience in lab testing, process development, project management, and has successfully led the implementation of multiple OEM relationships with both customers and vendors.

Chris holds a degree in Computer and Electrical Engineering with a minor in International Studies from Worcester Polytechnic Institute.

**Maria Kuha, Vice President, Manufacturing Operations, Procurement & Logistics**

Maria Kuha joined Sono-Tek in 2007. Mrs. Kuha was appointed VP, Manufacturing Operations, Procurement & Logistics in September 2022. Prior to assuming her present position, Mrs. Kuha served as Operations Director, Purchasing Manager, and several other positions within the procurement aspects of Sono-Tek; providing extensive expertise in several vital areas of Sono-Tek operations. Prior to joining Sono-Tek, Mrs. Kuha held various positions in high-tech manufacturing companies revolving around purchasing and operations. She holds an AAS in business from Dutchess County Community College.

## Corporate Governance Principles

Sono-Tek Corporation's Board of Directors is divided into two classes. The Directors in each class serve for a term of two years, and until their respective successors are duly elected and qualified. The Directors are elected at the Annual Meeting by plurality vote to hold office until the Company's Annual Meeting of Shareholders, two years hence.

The Company's Board of Directors is currently comprised of five "independent directors", as that term is defined under NASDAQ rules, and three directors who are not "independent directors". The Company's CEO and President are current employees of the Company and are therefore not considered independent. Also, a former Vice President of the Company was an employee during the past three years, and therefore is not considered independent under Nasdaq rules.

The Board believes that the service of the current Chairman of the Board as Chief Executive Officer of the Company is appropriate because it provides an important link between the Company's management and the Board, enabling the Board to benefit from management's views on the Company's business while the Board performs its oversight role. Further, the Board believes that the current Chairman & CEO's significant ownership of Sono-Tek Corporation stock aligns his interests with those of Sono-Tek's shareholders. In addition, the Board believes that having one person serve as both Chief Executive Officer and Chairman of the Board of Directors demonstrates for the Company's employees, strategic partners, customers and shareholders that Sono-Tek has one clear leader.

Management is responsible for Sono-Tek's day-to-day risk management, and the Board's role is to engage in informed oversight. The entire Board performs the risk oversight role. Sono-Tek's Chief Executive Officer is a member of the Board of Directors, and Sono-Tek's Chief Financial Officer regularly attends Board meetings, which helps facilitate discussions regarding risk between the Board and Sono-Tek's senior management, as well as the exchange of risk-related information or concerns between the Board and senior management. Further, the independent directors generally meet in executive session following regularly scheduled Board meetings to voice their observations or concerns and to shape the agendas for future Board meetings.

The Board of Directors believes that, with these practices, each director has an equal stake in the Board's actions and oversight role and equal accountability to Sono-Tek and its shareholders.

The Board of Directors holds approximately four meetings during the fiscal year. In addition all Board members are strongly encouraged to attend the Annual Shareholders meeting. The Board of Directors has two standing committees: Audit Committee and Compensation Committee.

Shareholder Communications with the Company's Board of Directors is expedited through mail addressed to:

Directors c/o Corporate Secretary  
Sono-Tek Corporation  
2012 Route 9W  
Milton, NY 12547

At the direction of the Board, all mail received may be opened and screened for security purposes. Trivial items will be delivered to the Directors at the next scheduled Board meeting. Mail addressed to a particular Director will be forwarded or delivered to that Director. Mail addressed to "Board of Directors" "Outside Directors" or "Non-Management Directors" will be forwarded or delivered to the Chairman of the Board.



## Code of Ethics

Sono-Tek Corporation's Board of Directors is divided into two classes. The Directors in each class serve for a term of two years, and until their respective successors are duly elected and qualified. The Directors are elected at the Annual Meeting by plurality vote to hold office until the Company's Annual Meeting of Shareholders, two years hence.

### Purpose of Code of Ethics

The purpose of this Code of Ethics is: to promote the honest and ethical conduct of our Senior Executive and Financial Officers (described below), including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; to promote full, fair, accurate, timely and understandable disclosure in periodic reports required to be filed by Sono-Tek Corporation (the "Company"); and to promote compliance with all applicable rules and regulations that apply to the Company and its officers.

### Introduction

This Code of Ethics is applicable to the Company's Chief Executive Officer, Chief Financial Officer, and other officers (or any persons performing similar functions, together, the "Senior Executive and Financial Officers"). References in this Code of Ethics to the Company means the Company or any of its subsidiaries.

While we expect honest and ethical conduct in all aspects of our business from all of our employees, we expect the highest possible honest and ethical conduct from our Senior Executive and Financial Officers. As a Senior Executive or Financial Officer, you are an example for other employees and we expect you to foster a culture of transparency, integrity and honesty. Compliance with this Code is a condition to your employment and any violations of the Code may result in disciplinary action, up to and including termination of your employment.

Waivers of this Code may be made only by the Board or a Board committee and will be disclosed in accordance with applicable law

### Conflicts of Interest

A conflict of interest occurs when your private interests interfere, or appear to interfere, in any way, with the interests of the Company as a whole. Conflicts of interest can also arise when you take action or you or a member of your family have interests that may make it difficult for you to perform your duties to the Company effectively. Although we cannot list every conceivable conflict, following are some common examples that illustrate actual or apparent conflicts of interest that should be avoided:

### Improper Personal Benefits from the Company

Conflicts of interest arise when an officer or a member of his or her family receives improper personal benefits as a result of his or her position in the Company. You may not accept any benefits from the Company that have not been duly authorized and approved pursuant to Company policy and procedure, including any Company loans or guarantees of your personal obligations.

**Code of Ethics** *continued***Financial Interests in Other Businesses**

You should avoid having an ownership interest in any other enterprise if that interest compromises or appears to compromise your loyalty to the Company. For example, you may not own an interest in a company that competes with the Company or that does business with the Company (such as a supplier) unless you obtain the written approval of the Chief Executive Officer before making any such investment. However, it is not typically considered, and the Company does not consider it, a conflict of interest (and therefore prior written approval is not required) to make investments in competitors, clients or suppliers that are listed on a national or international securities exchange so long as the total value of the investment is less than one percent (1%) of the outstanding stock of the corporation and the amount of the investment is not so significant that it would affect your business judgment on behalf of the Company.

**Business Arrangements with the Company**

Without the prior written approval of the Chief Executive Officer, you may not participate in a joint venture, partnership or other business arrangement with the Company.

**Corporate Opportunities**

If you learn of a business or investment opportunity through the use of corporate property or information or your position at the Company, such as from a competitor or actual or potential supplier or business associate of the Company (including a principal, officer, director or employee of any of the above), you may not participate in the business or make the investment without the prior written approval of the Chief Executive Officer. Such an opportunity should be considered an investment opportunity for the Company in the first instance.

**Outside Employment or Activities With a Competitor**

Simultaneous employment with or serving as a director of a competitor of the Company is strictly prohibited, as is any activity that is intended to or that you should reasonably expect to advance a competitor's interests at the expense of the Company's interests. You may not market products or services in competition with the Company's current or potential business activities. It is your responsibility to consult with the Chief Executive Officer to determine whether a planned activity will compete with any of the Company's business activities before you pursue the activity in question.

**Outside Employment With a Supplier**

Without the prior written approval of the Chief Executive Officer, you may not be a supplier or be employed by, serve as a director of or represent a supplier to the Company. Without the prior written approval of the General Counsel (or, with respect to the General Counsel, approval by the Chief Executive Officer), you may not accept money or benefits of any kind from a third party as compensation or payment for any advice or services that you may provide to a client, supplier or anyone else in connection with its business with the Company.

**Family Members Working In The Industry**

If your spouse or significant other, your children, parents, or in-laws, or someone else with whom you have a familial relationship is a competitor or supplier of Company or is employed by one, you must disclose the situation to the Chief Executive Officer so that the Company may assess the nature and extent of any concern and how it can be resolved. You must carefully guard against inadvertently disclosing Company confidential information and being involved in decisions on behalf of the Company that involve the other enterprise.

*\*If you have any doubt as to whether or not conduct would be considered a conflict of interest, please consult with the General Counsel.*

**Code of Ethics** *continued***Accurate Periodic Reports and Other Public Communications**

As you are aware, full, fair, accurate, timely and understandable disclosure in our periodic reports filed with the SEC and in our other public communications is required by SEC rules and is essential to our continued success. Please exercise the highest standard of care in preparing such materials. We have established the following guidelines in order to ensure the quality of our periodic reports.

- All Company accounting records, as well as reports produced from those records, must be kept and presented in accordance with the laws of each applicable jurisdiction.
- All records must fairly and accurately reflect the transactions or occurrences to which they relate.
- All records must fairly and accurately reflect in reasonable detail the Company's assets, liabilities, revenues and expenses.
- The Company's accounting records must not contain any false or intentionally misleading entries.
- No information may be concealed from the internal auditors or the independent auditors.
- Compliance with Generally Accepted Accounting Principles and the Company's system of internal accounting controls is required at all times.

**Compliance with Laws and Ethics Code**

You are expected to comply with both the letter and spirit of all applicable governmental rules and regulations and this Code, and to report any suspected violations of applicable governmental rules and regulations or this Code to the CEO. No one will be subject to retaliation because of a good faith report of a suspected violation. If you fail to comply with this Code or any applicable laws or regulations, you may be subject to disciplinary measures, up to and including discharge.

**No Rights Created**

This Code is a statement of certain fundamental principles, policies and procedures that govern the Company's Senior Executive and Financial Officers in the conduct of the Company's business. It is not intended to and does not create any rights in any employee, customer, supplier, competitor, shareholder or any other person or entity.

**ACKNOWLEDGMENT**

I have received and read the Code of Ethics for Senior Executive and Financial Officers, and I understand its contents. I agree to comply fully with the standards contained in the Code of Ethics and the Company's related policies and procedures. I understand that I have an obligation to report to the CEO any suspected violations of the Code of Ethics.

## Board of Directors Nominating Process

The Board of Directors does not maintain a separate nominating committee because the Board of Directors believes that it can select prospective Director nominees by acting on the basis of a consensus of the entire Board of Directors. Accordingly, all Directors participate in the selection of candidates for nomination as Directors of the Company. The Board identifies and deliberates on the merits of candidates, based upon education, and experience in the following areas: business, scientific, legal and financial. The Board of Directors does not have a separate charter pertaining to nominations. The Board of Directors will consider nominees recommended by shareholders. No special procedure needs to be followed in submitting such recommendation.

## Audit Committee and Its Charter

The Company's Board of Directors has an Audit Committee composed of 3 members of the Board of Directors. The Board of Directors has adopted a charter for the Audit Committee which can be seen below. The "audit committee financial expert" designated by the Board is an experienced CPA. The Audit Committee is responsible for (i) selecting an independent public accountant for ratification by the stockholders, (ii) reviewing material accounting items affecting the consolidated financial statements of the Company, and (iii) reporting its findings to the Board of Directors.

**The following Charter describes the responsibilities of the Sono-Tek Audit Committee:**

- Annually in advance of the annual meeting of stockholders selects the independent public accountants to audit the books, records and accounts of the Corporation and submits such selection to the stockholders for ratification or rejection at such meeting, engages the independent public accountants and ensures that the scope of the audit is sufficiently comprehensive.
- Evaluates and, when appropriate, recommends to the Board of Directors the replacement of the independent public accountants.
- Reviews the quality and acceptability of each material accounting item affecting the financial statements of the Corporation which, in the opinion of the independent public accountants, might receive, under generally accepted accounting principles ("GAAP"), treatment varying from the proposed for such statements and transmits to the Board of Directors the Audit Committee's decision on such accounting items.
- Reports to the Board on each Committee meeting (orally through its Chairman) and on a total year's activity in written form on an annual basis.

**In undertaking the above-mentioned responsibilities, the Sono-Tek Audit Committee undertakes the following activities:**

- Meets with the independent public accountants to review their proposed plan for conducting the annual audit including its scope and degree of reliance on internal controls, reviews and approves the proposed fees for the audit, and approves any required special services; and
- Obtains from the independent public accountants a formal written Statement of Independence delineating all relationships with Sono-Tek, actively engages in a dialog with the independent public accountants with respect to any disclosed relationships or services that may affect their objectivity or independence and takes appropriate action to ensure their independence; and
- Receives reports from the management of Sono-Tek, which include material changes in accounting policy and significant changes in the substance and format of the financial statements.

**In support of its primary duty, the Audit Committee also undertakes the following responsibilities and activities:**

- Oversee the adequacy of the system of internal accounting controls of the Corporation.
- (a) The Committee ensures itself that actual implementation of the policies of the Corporation, together with the procedures to be followed thereunder, assure the safeguarding of assets and the reliability of financial records. In this regard, the Committee reviews compliance with the Foreign Corrupt Practices Act and The Sarbanes Oxley Act. The Committee also receives reports on audit comments periodically from management, and annually from the independent public accountants, and a report on thefts and defalcations at least annually from the Chief Executive Officer and Chief Financial Officer of Sono-Tek.

Audit Committee and Its Charter *continued*

- (b) The Committee meets privately and individually with the Chief Executive Officer and Chief Financial Officer and the independent public accountants to determine that, among other items:
  - no outstanding differences of opinion exist between the independent public accountants and management;
  - (ii) no material changes or modifications of accounting principles or practice exist which either the independent auditor or management wished to make and the other resisted;
  - (iii) the internal auditor, if the company has created such a function, confirms the continued encouragement and support from management; and
  - (iv) confirms that each has a right and duty of direct communication with the audit committee at any time.
- Receive a report annually on expenses reported by the top elected officers of the corporation.
- Review the corporation's annual financial statements and the independent public accountants' report thereon prior to publication of the statements.
- Ensures the delivery of a report from the Audit Committee to the Board of Directors (the "Audit Committee Annual Report") disclosing whether or not, with respect to prior fiscal year:
  - (i) management has reviewed the audited financial statements with the Audit Committee, including a discussion of the quality of the accounting principles as applied and significant judgments affecting the Corporation's financial statements;
  - (ii) the independent public accountants have discussed with the Audit Committee the independent public accountants' judgments of the quality of those principles as applied and the judgments referenced in (i) above under the circumstances;
  - (iii) the members of Audit Committee have discussed among themselves, without management or the independent public accountants present, the information disclosed to the Audit Committee, in (i) and (ii) above; and
  - (iv) the Audit Committee, in reliance on review and discussions conducted with management and the independent public accountants pursuant to (i) and (ii) above, is satisfied that the Corporation's financial statements are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP) in all material respects. Additionally, the Audit Committee shall ensure that the Annual Report of the Audit Committee is included in the Corporation's annual report to shareholders and Form 10-KSB Annual Report.
- Reviews and discusses with the independent public accountants and a representative of the Corporation's financial management the financial information contained in the Corporation's Form 10-QSB Report prior to its filing and the Corporation's earnings announcements prior to release, including significant adjustments, management judgments and accounting estimates, significant new accounting policies and outside auditor disagreements with management.
- Conducts special reviews at its own discretion within the parameters of its basic responsibilities or in other areas at the request of the Chairman of the Board or the Board of Directors.
- Ensures the disclosure of the Audit Committee charter at least triennially in the annual report to stockholders and in the next annual report to shareholders after any significant amendment to that charter.

**Audit Committee and Its Charter** *continued*

- Reviews and updates the Audit Committee charter as conditions dictate, but at least triennially.
  - Periodically review globalization issues, strategies, related risks and controls related to foreign offices, joint ventures and alliances abroad.

In order to successfully execute its responsibilities, the Sono-Tek Audit Committee maintains a high degree of independence both in establishing its agenda and directly accessing various members of Sono-Tek and subsidiary management. This ensures an independent and open exchange of views and confirms the authority and responsibility of internal and external auditors and financial management to inform the Audit Committee, formally and informally, of any such matters within the duties and responsibilities of that Committee. Such communication is achieved through both formal reports to the Committee and a direct line of communication by the Chief Financial Officer, General Counsel, independent public accountants, and others in the Corporation to the Chairman of the Committee and the Committee itself.

By meeting its clearly delineated responsibilities through informed and dynamic activity and communication processes, the Audit Committee can enable the Board to fulfill its fiduciary responsibilities relative to the Corporation's internal controls and financial reporting process.

## Compensation Committee and Its Charter

The Company's Board of Directors has a Compensation Committee composed of 3 Members of the Board of Directors. The compensation of the executive officers of the Company is set by the Company's Board of Directors based upon the recommendations of the Compensation Committee. Compensation is set at levels believed to be competitive with executive officers with similar qualifications, experience and responsibilities of similar businesses. Such individuals receive a base salary and incentive compensation based on the achievement of certain operating objectives.

### Compensation Committee Charter

*Set forth below is the charter for the Compensation Committee (the "Committee") of the Board of Directors (the "Board") of Sono-Tek Corporation (the "Company").*

#### General Purpose

The Committee shall assist the Board in overseeing the Company's management compensation practices and policies, including (i) determining and approving the compensation of the Company's Chief Executive Officer ("CEO"); (ii) reviewing and approving compensation levels for the Company's other executive officers; (iii) reviewing and approving management incentive compensation policies and programs; (iv) reviewing and approving equity compensation programs for employees, and exercising discretion in the administration of such programs; and (v) if required under Securities and Exchange Commission Regulations, preparing a report or statement on executive compensation for inclusion in the proxy statement.

#### Specific Responsibilities

The Committee shall:

- Review and approve corporate goals and objectives relevant to the compensation of the CEO and, to the extent it deems appropriate, other executive officers;
- Determine and approve the compensation of the CEO;
- When requested, review and approve, or make recommendations to the Board with respect to, the compensation of the Company's other executive officers;
- When requested, review and approve, or make recommendations to the Board with respect to, any incentive-compensation plan or equity-based plan for the benefit of executive officers, including but not limited to, specific grants of stock options or other equity-based benefits for such executive officers;
- Supervise administration of any incentive-compensation plan or equity-based plan for the benefit of executive officers;
- Review and approve, or make recommendations to the Board with respect to, management's proposals relating to changes in base compensation, amounts of annual or special bonus payments, stock option grants or other equity-based benefits for employees or consultants who are not executive officers, as such proposals relate either to a group of such employees or consultants, taken as a whole, or as they relate to specific individuals.
- Review and approve the compensation committee report on executive compensation that is required in the Company's annual proxy statement.

In evaluating CEO compensation, the Committee should consider: (i) the CEO's performance in light of the Company's goals and objectives relevant to such executive's compensation, (ii) competitive market data relevant to executive compensation and (iii) such other factors as the Committee deems appropriate. In addition, when evaluating the long-term incentive component of CEO compensation, the Committee should consider the Company's performance and relative shareholder return, the value of similar incentive awards to CEO's at comparable companies, and the awards given to the Company's CEO in past years.

In evaluating the compensation of executive officers other than the CEO, the Committee should consider the recommendation of the CEO and such other factors as the Committee deems appropriate (including, without limitation, the factors enumerated in subsection 2.2 that the Committee deems appropriate).



## Compensation Committee and Its Charter *continued*

### Authority to Retain Advisors

The Committee has sole authority to: (i) retain compensation consultants of its own choice to advise with respect to director or executive officer compensation, (ii) approve the fees and other retention terms of such consultants and (iii) terminate the retention of any such consultant.

The Committee may also retain such other advisors as it deems necessary or appropriate.

The Company shall provide for appropriate funding, as reasonably determined by the Committee, for payment of compensation to any advisors engaged by the Committee.

### Composition and Operation of the Committee

The Committee shall be comprised of two or more directors appointed by the board. Each member of the Committee must be "independent" within the meaning of the rules of the Nasdaq Stock Market. The Committee may appoint one member to serve as Chairman of the Committee.

The Committee shall meet at least once annually.

Any member of the Committee may be removed by the board, with or without cause, at any time.

At all meetings of the Committee, a majority of the entire Committee shall be necessary and sufficient to constitute a quorum for the transaction of business.

The vote of a majority of the Committee members present at a meeting at which a quorum is present shall be the act of the Committee. The Committee may also act by unanimous written consent as provided in the Company's by-laws or applicable New York law.

The Committee may hold meetings, both regular and special, either within or without the State of New York. Regular meetings of the Committee may be held without notice at such time and at such place as may from time to time be determined by the Committee. Special meetings of the Committee may be called by any member of the Committee. Notice for Committee meetings, when required, shall be given in the same manner as notice for a Board meeting.

Meetings of the Committee shall be presided over by the Chairman of the Committee, if any, or in the absence of a Chairman by a chairman chosen at the meeting.

At all meetings of the Committee, the Committee shall ensure that the CEO or any other executive whose compensation is being considered is not present during voting or deliberations on the executive's compensation.

The Committee shall conduct a self-evaluation at least annually to determine whether (i) it is functioning effectively in accordance with this Charter and (ii) whether any amendments to this Charter should be proposed to the board.

The Committee shall record minutes of each of its meetings.

The Committee shall make regular reports to the Board on its activities. These reports may be made orally or in writing or by providing copies of relevant minutes.

The Committee may form, and delegate any of its responsibilities to, a subcommittee so long as such subcommittee is solely comprised of members of the Committee. The requirements for action by a subcommittee shall, except as otherwise provided by act of the Committee, be the same as applicable to the Committee.

If required by SEC regulations, the Committee shall publish a report annually in the Company's proxy statement, setting forth its justification for its compensation determinations for the CEO. This Report should also include a discussion of the Committee's principles.

The Committee may periodically retain an expert independent consultant to conduct a review of executive compensation and provide recommendations to the Committee.

