UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)
☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended July 31, 2021

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number 0-23248

SIGMATRON INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	36-3918470 (I.R.S. Employer Identification No.)
2201 Landmeier Road Elk Grove Village, Illinois (Address of principal executive offices)	60007 (Zip Code)

Registrant’s telephone number, including area code: (847) 956-8000

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock $0.01 par value per share	SGMA	The NASDAQ Capital Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files. Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of a "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☐ Accelerated Filer ☐

Non-accelerated Filer ☒ Smaller Reporting Company ☒

Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of the registrant's common stock, $0.01 par value, as of September 9, 2021: 4,284,508

SigmaTron International, Inc.

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SigmaTron International, Inc.

Condensed Consolidated Balance Sheets

	July 31, 2021 (Unaudited)	April 30, 2021
Current assets:		
Cash and cash equivalents	$ 3,186,580	$ 3,509,229
Accounts receivable, less allowance for doubtful accounts of $100,000 at July 31, 2021 and April 30, 2021, respectively	33,753,786	28,783,161
Inventories, net	113,143,188	98,078,601
Prepaid expenses and other assets	1,893,486	1,314,834
Refundable and prepaid income taxes	447,714	388,766
Notes receivable	8,876,594	7,014,594
Other receivables	3,419,814	2,464,678
Total current assets	164,721,162	141,553,863
Property, machinery and equipment, net	35,328,032	34,186,918
Intangible assets, net	1,909,627	1,996,749
Deferred income taxes	1,685,937	1,647,143
Right-of-use operating lease assets	12,257,463	13,015,986
Other assets	1,685,772	1,772,748
Total other long-term assets	17,538,799	18,432,626
Total assets	$ 217,587,993	$ 194,173,407
Liabilities and stockholders' equity:		
Current liabilities:		
Trade accounts payable	$ 77,246,626	$ 62,656,451
Accrued wages	7,191,954	6,283,987
Accrued expenses	2,499,012	2,457,882
Income taxes payable	1,939,692	1,331,504
Deferred revenue	2,172,350	423,971
Current portion of long-term debt	2,144,470	7,862,058
Current portion of finance lease obligations	1,312,029	1,455,638
Current portion of operating lease obligations	3,077,781	2,843,758
Total current liabilities	97,583,914	85,315,249
Long-term debt, less current portion	37,515,217	34,783,825
Income taxes payable	357,331	404,975
Finance lease obligations, less current portion	1,539,252	1,180,496
Operating lease obligations, less current portion	9,719,562	10,474,601
Other long-term liabilities	1,493,548	1,465,200
Total long-term liabilities	50,624,910	48,309,097
Total liabilities	148,208,824	133,624,346

Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.01 par value; 500,000 shares authorized, none issued or outstanding	-	-
Common stock, $0.01 par value; 12,000,000 shares authorized, 4,284,508 and 4,269,508 shares issued and outstanding at July 31, 2021 and April 30, 2021, respectively	42,575	42,560
Capital in excess of par value	23,784,838	23,751,461
Retained earnings	45,551,756	36,755,040
Total stockholders' equity	69,379,169	60,549,061
Total liabilities and stockholders' equity	$ 217,587,993	$ 194,173,407

SigmaTron International, Inc.

Condensed Consolidated Statements of Operations

	Three Months Ended July 31, 2021 (Unaudited)	Three Months Ended July 31, 2020 (Unaudited)
Net sales	$ 85,739,434	$ 60,524,956
Cost of products sold	76,156,956	56,252,765
Gross profit	9,582,478	4,272,191
Selling and administrative expenses	6,111,015	5,059,525
Operating income (loss)	3,471,463	(787,334)
Gain on extinguishment of long-term debt	(6,282,973)	-
Other income	(37,141)	(4,098)
Interest expense	237,916	338,264
Income (loss) before income tax expense	9,553,661	(1,121,500)
Income tax expense (benefit)	756,945	(220,834)
Net income (loss)	$ 8,796,716	$ (900,666)
Earnings (loss) per share – basic	$ 2.06	$ (0.21)
Earnings (loss) per share – diluted	$ 2.02	$ (0.21)
Weighted average shares of common stock outstanding Basic	4,275,410	4,250,986
Weighted average shares of common stock outstanding Diluted	4,353,912	4,250,986

The accompanying notes to the condensed consolidated financial statements are an integral part of these statements.

SigmaTron International, Inc.

Condensed Consolidated Statements of Changes in Stockholders' Equity

	For the three months ended July 31, 2021 (Unaudited)				
	Preferred stock	Common stock	Capital in excess of par value	Retained earnings	Total stockholders' equity
Balance at May 1, 2021	$ -	$ 42,560	$ 23,751,461	$ 36,755,040	$ 60,549,061
Recognition of stock-based compensation	-	-	20,035	-	20,035
Restricted stock awards	-	15	13,342	-	13,357
Net income	-	-	-	8,796,716	8,796,716
Balance at July 31, 2021	$ -	$ 42,575	$ 23,784,838	$ 45,551,756	$ 69,379,169

	For the three months ended July 31, 2020 (Unaudited)				
	Preferred stock	Common stock	Capital in excess of par value	Retained earnings	Total stockholders' equity
Balance at May 1, 2020	$ -	$ 42,265	$ 23,619,513	$ 35,214,021	$ 58,875,799
Restricted stock awards	-	31	15,198	-	15,229
Net loss	-	-	-	(900,666)	(900,666)
Balance at July 31, 2020	$ -	$ 42,296	$ 23,634,711	$ 34,313,355	$ 57,990,362

SigmaTron International, Inc.
Condensed Consolidated Statements of Cash Flows

		Three Months Ended July 31, 2021 (Unaudited)		Three Months Ended July 31, 2020 (Unaudited)
Cash flows from operating activities				
Net income (loss)	$	8,796,716	$	(900,666)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization of property, machinery and equipment		1,356,277		1,265,719
Stock-based compensation		20,035		-
Restricted stock expense		13,357		15,229
Deferred income tax (benefit) expense		(38,794)		1,544
Gain on extinguishment of long-term debt		(6,282,973)		-
Amortization of intangible assets		87,122		89,036
Amortization of financing fees		18,606		36,926
Loss from disposal or sale of machinery and equipment		9,497		4,242
Changes in operating assets and liabilities				
Accounts receivable		(4,970,625)		2,787,494
Inventories		(15,064,587)		1,972,771
Prepaid expenses and other assets		482,233		(583,689)
Refundable and prepaid income taxes		(58,948)		(59,240)
Income taxes payable		560,544		(270,663)
Trade accounts payable		14,590,175		(11,118,270)
Operating lease liabilities		(521,016)		730,722
Accrued expenses and wages		848,620		886,244
Deferred Revenue		1,748,379		-
Net cash provided by (used in) operating activities		1,594,618		(5,142,601)
Cash flows from investing activities				
Purchases of machinery and equipment		(2,901,827)		(966,856)
Advances on notes receivable		(1,862,000)		(1,131,900)
Net cash used in investing activities		(4,763,827)		(2,098,756)
Cash flows from financing activities				
Proceeds under equipment notes		-		1,128,608
Payments under finance lease and sale leaseback agreements		(494,730)		(549,758)
Payments under equipment notes		(261,863)		(118,599)
Payments under building notes payable		(119,365)		(80,416)
Borrowings under revolving line of credit		93,348,538		76,661,576
Payments under revolving line of credit		(89,462,832)		(73,725,348)
Payments of debt financing costs		(163,188)		(8,055)
Net cash provided by financing activities		2,846,560		3,308,008

Change in cash and cash equivalents	(322,649)	(3,933,349)
Cash and cash equivalents at beginning of period	3,509,229	6,779,445
Cash and cash equivalents at end of period	$ 3,186,580	$ 2,846,096
Supplementary disclosures of cash flow information		
Cash paid for interest	$ 296,405	$ 338,898
Cash paid for income taxes	293,707	96,288
Purchase of machinery and equipment financed under finance leases	709,877	671,446
Financing of insurance policy	65,706	83,048
Gain on extinguishment of long-term debt	6,282,973	-

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note A - Description of the Business

SigmaTron International, Inc., its subsidiaries, foreign enterprises and international procurement office (collectively, the "Company") operates in one business segment as an independent provider of electronic manufacturing services ("EMS"), which includes printed circuit board assemblies and completely assembled (box-build) electronic products. In connection with the production of assembled products, the Company also provides services to its customers, including (1) automatic and manual assembly and testing of products; (2) material sourcing and procurement; (3) manufacturing and test engineering support; (4) design services; (5) warehousing and distribution services; and (6) assistance in obtaining product approval from governmental and other regulatory bodies.

Note B - Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of SigmaTron International, Inc. ("SigmaTron"), SigmaTron's wholly-owned subsidiaries Standard Components de Mexico S.A., AbleMex, S.A. de C.V., Digital Appliance Controls de Mexico, S.A. de C.V., Spitfire Controls (Vietnam) Co. Ltd., Spitfire Controls (Cayman) Co. Ltd. and wholly-owned foreign enterprises Wujiang SigmaTron Electronics Co., Ltd. and SigmaTron Electronic Technology Co., Ltd. ("SigmaTron China") and international procurement office SigmaTron Taiwan branch (collectively, the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X.

Accordingly, the condensed consolidated financial statements do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the three month period ended July 31, 2021 is not necessarily indicative of the results that may be expected for the year ending April 30, 2022. The condensed consolidated balance sheet at April 30, 2021, was derived from audited annual financial statements but does not contain all of the footnotes disclosures from the annual financial statements. For further information, refer to the condensed consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended April 30, 2021.

COVID-19 and CARES Act

A pandemic of respiratory diseases, including variants (commonly known as "COVID-19") began to spread globally, including to the United States, in early 2020. The full impact of the COVID-19 outbreak is inherently uncertain at the time of this report. The COVID-19 outbreak has resulted in travel restrictions and in some cases, prohibitions of non-essential activities, disruption and shutdown of certain businesses and greater uncertainty in global financial markets. The full extent to which COVID-19 impacts the Company's business, global supply chain, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the outbreak within the U.S., China, Mexico, Vietnam and Taiwan, its severity, the actions to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note B - Basis of Presentation - Continued

Even after COVID-19 has subsided, the Company may continue to experience materially adverse impacts to its business as a result of its global economic impact, including any recession that has occurred or may occur in the future. There are no comparable recent events which may provide guidance as to the effect of the spread of COVID-19, and, as a result, the ultimate impact of COVID-19, or a similar health epidemic or pandemic, is highly uncertain and subject to change. The Company has adopted several measures in response to the COVID-19 outbreak. To date, the Company has been able to continue to meet the needs of its customers. Although the Company cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Company's results of future operations, financial position, and liquidity in fiscal year 2022.

On March 27, 2020, former President Trump signed into law the "Coronavirus Aid, Relief, and Economic Security (CARES) Act." It also appropriated funds for the U.S. Small Business Administration ("SBA") Paycheck Protection Program ("PPP Loan") loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19.

As further described in Note E, the Company received funds under the PPP Loan in the amount of $6,282,973. The PPP Loan was due to mature on April 23, 2022. The Company was notified of the forgiveness of the PPP Loan by the SBA on July 9, 2021 and it covers all principal and accrued interest. The accounting for the forgiveness is reflected in the Company's Statement of Operations under the extinguishment of PPP Loan debt.

Under the terms of all PPP Loans, all aspects of the PPP Loan remain subject to review by the SBA. While the Company is not aware of any issues, if it is later determined that it violated applicable laws or was otherwise ineligible to receive the PPP Loan, the Company will be required to repay the PPP Loan in its entirety in a lump sum and may be subject to additional penalties. If these events were to transpire, they could have a material adverse effect on the Company's business, results of operations, financial condition and liquidity for the remainder of fiscal year 2022 and beyond.

Reclassifications

Certain amounts recorded in the prior-period consolidated financial statements presented have been reclassified to conform to the current-period financial statement presentation. These reclassifications had no effect on previously reported results of operations.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note C - Inventories, net

The components of inventory consist of the following:

	July 31, 2021	April 30, 2021
Finished products	$ 24,443,995	$ 22,858,073
Work-in-process	6,975,389	5,601,560
Raw materials	84,138,114	72,033,278
	115,557,498	100,492,911
Less excess and obsolescence reserve	(2,414,310)	(2,414,310)
	$ 113,143,188	$ 98,078,601

Note D - Earnings Per Share and Stockholders' Equity

The following table sets forth the computation of basic and diluted earnings (loss) per share:

	Three Months Ended	
	July 31, 2021	July 31, 2020
Net income (loss)	$ 8,796,716	$ (900,666)
Weighted-average shares		
Basic	4,275,410	4,250,986
Effect of dilutive stock options	78,502	-
Diluted	4,353,912	4,250,986
Basic earnings (loss) per share	$ 2.06	$ (0.21)
Diluted earnings (loss) per share	$ 2.02	$ (0.21)

Options to purchase 513,232 shares of common stock were outstanding at July 31, 2021 and 2020. There were 102,000 options granted during the three month period ended July 31, 2021 and no options were granted during the three month period ended July 31, 2020. There was $20,035 and $0 stock option expense recognized for the three month periods ended July 31, 2021 and 2020, respectively. The balance of unrecognized compensation expense related to the Company's stock option plans at July 31, 2021 and 2020 was $225,734 and $0, respectively. For the three month period ended July 31, 2021 and 2020, 72,643 and 299,129 shares, respectively, were not included in the diluted weighted average common shares outstanding calculation as they were anti-dilutive.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note E - Long-term Debt

Debt and capital lease obligations consisted of the following at July 31, 2021 and April 30, 2021:

	July 31, 2021	April 30, 2021
Debt:		
Notes Payable - Banks	$ 29,514,345	$ 32,137,919
Notes Payable - Buildings	6,818,398	6,937,763
Notes Payable - Equipment	3,661,776	3,923,639
Unamortized deferred financing costs	(334,832)	(353,438)
Total debt	39,659,687	42,645,883
Less current maturities	2,144,470	7,862,058
Long-term debt	$ 37,515,217	$ 34,783,825
Finance lease obligations	$ 2,851,281	$ 2,636,134
Less current maturities	1,312,029	1,455,638
Total finance lease obligations, less current portion	$ 1,539,252	$ 1,180,496

Notes Payable – Banks

Prior to January 29, 2021, the Company had a senior secured credit facility with U.S. Bank National Association ("U.S. Bank"). The revolving credit facility allowed the Company to borrow up to the lesser of (i) $45,000,000 (the "Revolving Line Cap") less reserves or (ii) the Borrowing Base, but no more than 80% of the Company's Revolving Line Cap. Prior to its payoff and termination, the U.S. Bank senior secured credit facility was due to expire on March 31, 2022. On January 29, 2021, the Company paid the balance outstanding under the senior secured credit facility in the amount of $25,574,733. The unamortized deferred financing costs of $158,476 were expensed in fiscal year 2021 upon extinguishment of the debt.

On January 29, 2021, the Company entered into a Credit Agreement (the "Agreement") with JPMorgan Chase Bank, N.A. ("Lender"), pursuant to which Lender has agreed to provide the Company with a secured credit facility maturing on January 29, 2026, of which (a) up to $50,000,000 is available on a revolving loan basis, and (b) an aggregate of $6,500,000 was borrowed pursuant to two term loans (the "Facility"). The Facility is secured by substantially all of SigmaTron's assets including mortgages on its two Illinois properties.

The Facility allows the Company to choose among interest rates at which it may borrow funds for revolving loans: "CBFR Loans," the interest on which is based on (A) the "REVLIBOR30 Rate" (as defined in the Agreement) unless the REVLIBOR30 Rate is not available, in which case the interest is generally the rate of interest last quoted by The Wall Street Journal as the "Prime Rate" in the U.S., plus (B) an applicable margin of 2.0% (effectively 2.25% per annum at July 31, 2021); or "Eurodollar Loans," the interest on which is based on (X) an interest rate per annum (rounded upwards, if

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note E - Long-term Debt - Continued

necessary, to the next 1/16 of 1%) equal to the LIBO Rate (as defined in the Agreement) for any interest period multiplied by the Standard Reserve Rate (as defined in the Agreement) plus (Y) an applicable margin of 2.0%. Under the revolving portion of the Facility, the Company may borrow up to the lesser of (i) $50,000,000 or (ii) an amount equal to a percentage of the eligible receivable borrowing base plus a percentage of the inventory borrowing base. The Facility is collateralized by a lien on substantially all of the assets of the Company. Under the Agreement, a minimum Fixed Charge Coverage Ratio ("FCCR") financial covenant of 1.10x is applicable only during an FCCR trigger period which occurs when (i) an event of default (as defined in the Agreement) has occurred and is continuing, and Lender has elected to impose a FCCR trigger period upon notice to the Company or (ii) availability falls below the greater of (a) 10% of the revolving commitment and (b) the outstanding principal amount of the term loans. The Company was not in a FCCR trigger period as of July 31, 2021. Deferred financing costs of $361,734 were capitalized during the fiscal year ended April 30, 2021 and will be amortized over the term of the Agreement. As of July 31, 2021, there was $28,853,375 outstanding and $19,454,713 of unused availability under the revolving Facility compared to an outstanding balance of $24,967,668 and $15,947,990 unused availability at April 30, 2021. As of July 31, 2021 and April 30, 2021, the unamortized amount offset against outstanding debt was $325,787 and $343,890, respectively.

On April 23, 2020, the Company received a PPP loan from U.S. Bank, as lender, pursuant to the Paycheck Protection Program of the CARES Act, as administered by the SBA in the amount of $6,282,973. The Company submitted its loan forgiveness application on March 26, 2021. The Company was notified of the forgiveness of the PPP Loan by the SBA on July 9, 2021 and it covers all principal and accrued interest. The accounting for the forgiveness is reflected in the Company's Statement of Operations as a non-cash gain upon extinguishment of PPP Loan debt. Under the terms of all PPP Loans, all aspects of the PPP Loan remain subject to review by the SBA. While the Company is not aware of any issues, if it is later determined that it violated applicable laws or was otherwise ineligible to receive the PPP Loan, the Company will be required to repay the PPP Loan in its entirety in a lump sum and may be subject to additional penalties.

On March 15, 2019, the Company's wholly-owned subsidiary, SigmaTron Electronic Technology Co., Ltd., entered into a credit facility with China Construction Bank. On January 26, 2021, the agreement was amended. Under the agreement SigmaTron Electronic Technology Co., Ltd. can borrow up to 9,000,000 Renminbi, approximately $1,393,000 as of July 31, 2021, and the facility is collateralized by Wujiang SigmaTron Electronics Co., Ltd.'s manufacturing building. Interest is payable monthly and the facility bears a fixed interest rate of 3.85%. The term of the facility extends to January 6, 2022. There was $660,970 outstanding under the facility at July 31, 2021 compared to an outstanding balance of $824,159 at April 30, 2021.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note E - Long-term Debt - Continued

Notes Payable – Buildings

The Company entered into a mortgage agreement on December 21, 2017, in the amount of $5,200,000, with U.S. Bank to refinance the property that serves as the Company's corporate headquarters and its Illinois manufacturing facility in Elk Grove Village, Illinois. The note required the Company to pay monthly principal payments in the amount of $17,333, bore interest at a fixed rate of 4.0% per year and was payable over a fifty one month period. Deferred financing costs of $74,066 were capitalized in fiscal year 2018 which were amortized over the term of the agreement. On January 29, 2021, the Company repaid its U.S. Bank mortgage in the amount outstanding of $4,576,000, using proceeds from the Facility extended by Lender. The Company recorded a prepayment penalty of $120,842 in fiscal year 2021. The remaining deferred financing costs of $21,365 were expensed in fiscal year 2021.

The Company entered into a mortgage agreement on December 21, 2017, in the amount of $1,800,000, with U.S. Bank to refinance the property that serves as the Company's engineering and design center in Elgin, Illinois. The note required the Company to pay monthly principal payments in the amount of $6,000, bore interest at a fixed rate of 4.0% per year and was payable over a fifty one month period. Deferred financing costs of $65,381 were capitalized in the fiscal year 2018 which were amortized over the term of the agreement. On January 29, 2021, the Company repaid its U.S. Bank mortgage in the amount outstanding of $1,584,000, using proceeds from the Facility extended by Lender. The Company recorded a prepayment penalty of $41,830 in fiscal year 2021. The remaining deferred financing costs of $18,859 were expensed in fiscal year 2021.

The Company's Facility with Lender, entered into on January 29, 2021, also included two term loans, in the aggregate principal amount of $6,500,000. The loans require the Company to pay aggregate principal payments in the amount of $36,111 per month for 60 months, plus monthly payments of interest thereon at (A) the REVLIBOR30 Rate, unless the REVLIBOR30 Rate is not available, in which case the interest is generally the rate of interest last quoted by The Wall Street Journal as the "Prime Rate" in the U.S., plus (B) an applicable margin of 2.5%; (effectively 2.75% per annum at July 31, 2021); or "Eurodollar Loans," the interest on which is based on (X) an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the LIBO Rate (as defined in the Agreement) for any interest period multiplied by the Standard Reserve Rate (as defined in the Agreement) plus (Y) an applicable margin of 2.5%. Deferred financing costs of $10,050 were capitalized during fiscal year 2021 which are amortized over the term of the agreement. As of July 31, 2021, the unamortized amount included as a reduction to long-term debt was $9,045. A final aggregate payment of approximately $4,368,444 is due on or before January 29, 2026. The outstanding balance was $6,319,445 at July 31, 2021 compared to an outstanding balance of $6,427,778 at April 30, 2021.

The Company entered into a mortgage agreement on March 3, 2020, in the amount of $556,000, with The Bank and Trust SSB to finance the purchase of the property that serves as the Company's warehousing and distribution center in Del Rio, Texas. The note requires the Company to pay monthly installment payments in the amount of $6,103. Interest accrues at a fixed rate of 5.75% per year until March 3, 2025, and adjusts thereafter, on an annual basis, equal to 1.0% over the Prime

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note E - Long-term Debt - Continued

Rate as published by The Wall Street Journal. The note is payable over a 120 month period. The outstanding balance was $498,953 and $509,985 at July 31, 2021 and April 30, 2021, respectively.

Notes Payable – Equipment

The Company routinely enters into secured note agreements with Engencap Fin S.A. DE C.V. to finance the purchase of equipment. The terms of these secured note agreements mature from November 1, 2021 through May 1, 2023, with quarterly installment payments ranging from $11,045 to $37,941 and a fixed interest rate ranging from 6.65% to 8.00%.

The Company routinely enters into secured note agreements with FGI Equipment Finance LLC to finance the purchase of equipment. The terms of these secured note agreements mature from March 1, 2025 through April 1, 2026, with quarterly installment payments ranging from $10,723 to $69,439 and a fixed interest rate of 8.25%.

Annual maturities of the Company's debt, net of deferred financing fees for the remaining periods as of July 31, 2021, are as follows:

		Bank	Building	Equipment	Total
For the remaining 9 months of the fiscal year ending April 30:	2022	$ 660,970	$ 359,059	$ 775,680	$ 1,795,709
For the fiscal years ending April 30:	2023	-	481,085	825,854	1,306,939
	2024	-	483,904	781,148	1,265,052
	2025	-	486,890	837,710	1,324,600
	2026	28,527,588	4,742,119	441,384	33,711,091
	2027	-	60,068	-	60,068
	Thereafter	-	196,228	-	196,228
		$ 29,188,558	$ 6,809,353	$ 3,661,776	$ 39,659,687

Finance Lease and Sales Leaseback Obligations

The Company enters into various finance lease and sales leaseback agreements. The terms of the lease agreements mature through January 1, 2025, with monthly installment payments ranging from $1,455 to $40,173 and a fixed interest rate ranging from 3.75% to 12.73%.

Note F - Income Tax

The income tax expense was $756,945 for the three month period ended July 31, 2021 compared to an income tax benefit of $220,834 for the same period in the prior fiscal year. The Company's effective tax rate was 7.92% and 19.69% for the quarters ended July 31, 2021 and 2020, respectively. The increase in income tax expense for the three month period ended July 31, 2021 compared to the same period in the previous year is due to income recognized in the current quarter compared to a loss in the previous year. The decrease in effective tax rate is due to tax exempt income recognized in the current quarter.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note F - Income Tax - Continued

As described in Note E, the Company received a PPP Loan under the CARES Act of $6,282,973. For federal income tax purposes, the CARES Act expressly provides that any forgiveness or cancellation of all or part of such loans will not be treated as income for tax purposes. On January 6, 2021 the IRS issued Revenue Ruling 2021-02 allowing deductions for the payments of eligible expenses when such payments would result in the forgiveness of a loan under the PPP. The ruling supersedes previous IRS guidance stating that such deductions would be disallowed. The Company received full forgiveness of its PPP Loan on July 9, 2021. In accordance with the CARES Act and IRS Revenue Ruling 2021-02, the loan forgiveness amount was excluded from income for tax purposes.

The Company has not changed its plans to indefinitely reinvest the earnings of the Company's foreign subsidiaries. The cumulative amount of unremitted earnings for which U.S. income taxes have not been recorded is $5,538,000 as of July 31, 2021.

Note G - Commitments and Contingencies

From time to time the Company is involved in legal proceedings, claims or investigations that are incidental to the conduct of the Company's business. In future periods, the Company could be subjected to cash cost or non-cash charges to earnings if any of these matters are resolved on unfavorable terms. However, although the ultimate outcome of any legal matter cannot be predicted with certainty, based on present information, including management's assessment of the merits of any particular claim, the Company does not expect that these legal proceedings or claims will have any material adverse impact on its future consolidated financial position, results of operations or cash flows.

Note H - Significant Accounting Policies

Management Estimates and Uncertainties - The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates made in preparing the consolidated financial statements include depreciation and amortization periods, the allowance for doubtful accounts, excess and obsolete reserves for inventory, deferred income, deferred taxes, uncertain tax positions, valuation allowance for deferred taxes and valuation of long-lived assets. Actual results could materially differ from these estimates.

The potential impact of future disruptions and continued economic uncertainty over COVID-19 may have a significant adverse impact on the timing of delivery of customer orders and the levels of future customer orders. It is possible that these potential adverse impacts may result in the recognition of material impairments of the Company's long-lived assets or other related charges in future periods.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note H - Significant Accounting Policies - Continued

Revenue Recognition - The following table presents the Company's revenue disaggregated by the principal end-user markets it serves:

	Three Months Ended	
Net trade sales by	**July 31, 2021**	**July 31, 2020**
Industrial Electronics	$ 47,244,892	$ 36,617,258
Consumer Electronics	32,603,876	21,168,239
Medical / Life Sciences	5,890,666	2,739,459
Total Net Trade Sales	$ 85,739,434	$ 60,524,956

During the three month period ending July 31, 2021, no revenues were recognized from performance obligations satisfied or partially satisfied in previous periods and no amounts were allocated to performance obligations that remain unsatisfied or partially unsatisfied at July 31, 2021. The Company is electing not to disclose the value of the remaining unsatisfied performance obligation with a duration of one year or less as permitted by the practical expedient in ASU 2014-09, "*Revenue from Contracts with Customers.*" The Company had no material remaining unsatisfied performance obligations as of July 31, 2021, with an expected duration of greater than one year.

Income Tax - The Company's income tax expense, deferred tax assets and liabilities and reserves for unrecognized tax benefits reflect management's best assessment of estimated future taxes to be paid. The Company is subject to income taxes in both the U.S. and several foreign jurisdictions. Significant judgments and estimates by management are required in determining the consolidated income tax expense assessment.

Deferred income tax assets and liabilities are determined based on differences between financial reporting and tax basis of assets and liabilities, and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. In evaluating the Company's ability to recover its deferred tax assets within the jurisdiction from which they arise, the Company considers all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial operations. In projecting future taxable income, the Company begins with historical results and changes in accounting policies, and incorporates assumptions including the amount of future state, federal and foreign pre-tax operating income, the reversal of temporary differences, and the implementation of feasible and prudent tax planning strategies. These assumptions require significant judgment and estimates by management about the forecasts of future taxable income and are consistent with the plans and estimates the Company uses to manage the underlying businesses. In evaluating the objective evidence that historical results provide, the Company considers three years of cumulative operating income and/or loss. Valuation allowances are established when necessary to reduce deferred income tax assets to an amount more likely than not to be realized. The Company's valuation allowance was $1,058,648 and $1,138,736 as of July 31, 2021 and April 30, 2021, respectively.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note H - Significant Accounting Policies - Continued

Investment in Wagz - The Company has recorded an investment in Wagz, Inc. (“Wagz”), a privately held company whose equity does not have a readily determinable fair value. As permitted by ASC 321, *Investments - Equity Securities,* paragraph 321-35-2, the Company has elected to carry its investment in Wagz equity at its cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for identical or a similar investment of the same issuer until the investment no longer qualifies to be measured under paragraph 321-35-2. At July 31, 2021 and April 30, 2021, the Company continued to recognize the fair value of the Wagz common stock at $600,000, which is recorded within other assets.

On May 29, 2020, SigmaTron and Wagz, a privately held company in the pet technology market, entered into a Convertible Secured Promissory Note in the principal sum of up to $4,052,478. On January 27, 2021, Wagz issued an additional Convertible Secured Promissory Note to the Company in the principal sum of up to $1,588,328. On April 30, 2021, Wagz issued an additional Convertible Secured Promissory Note to the Company in the principal amount of $1,249,966. On April 30, 2021, Wagz issued a Secured Promissory Note to the Company in the principal amount of $308,329. On July 31, 2021, Wagz issued an additional Convertible Secured Promissory Note to the Company in the principal amount of $1,905,712. On July 31, 2021, Wagz issued a Secured Promissory Note to the Company in the principal amount of $38,723 (collectively, the “Notes”). At July 31, 2021, $8,876,594 and $243,980 was outstanding under Notes receivable and Other receivables, respectively, in the consolidated balance sheet compared to $7,014,594 and $184,507, respectively, at April 30, 2021. The Notes are due (the “Maturity Date”) on the earliest to occur of (a) December 31, 2021 or, if the closing of the Company’s proposed acquisition of Wagz (the “Closing”) does not occur due to the Company’s termination, that date which is twelve (12) months after the date of such termination, (b) upon the closing of a sale of all or substantially all of the assets or common stock of Wagz (other than the Closing), or (c) an Event of Default (as defined in the Notes). Interest is payable at the rate of four percent (4%) per annum and is payable on the Maturity Date. The Notes are collateralized by substantially all assets of Wagz.

On June 4, 2020, SigmaTron and Wagz, announced that they executed a Letter of Intent (“LOI”) relating to a proposed acquisition. Subject to the terms and conditions set forth in the LOI, SigmaTron expects to issue approximately 2,443,870 shares of SigmaTron common stock that would result in the stockholders of Wagz owning in the aggregate approximately one-third of the combined company. On July 19, 2021 the definitive agreement was signed. The parties expect the transaction to close by September 30, 2021 and it remains subject to achievement of certain milestones and satisfaction of conditions by both parties prior to Closing including the Company having determined that the Wagz Freedom Smart Dog Collar™ meets certain criteria, and the approval by the stockholders of both SigmaTron and Wagz.

In November 2020, Wagz sought short-term financing for its operations and secured a commitment from Angel Business Credit, LLC (“ABC”) for a loan of $250,000 conditioned on Wagz granting ABC a security interest in its assets and Gary R. Fairhead executing a personal guaranty. Mr. Fairhead is the Company’s President and CEO; his personal guaranty requires the approval of the Audit Committee of the Company’s Board of Directors. After consideration, the Audit Committee determined that Mr. Fairhead’s guaranty was in the best interests of the Company and approved the guaranty. The loan closed on November 12, 2020, and its principal, plus interest equal to $5,000, were due on the maturity

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note H - Significant Accounting Policies – Continued

date, December 10, 2020. The loan was paid in full on December 8, 2020. As a result, Mr. Fairhead's guaranty was cancelled and ABC's security interest was terminated.

New Accounting Standards:

In June 2016, the FASB issued ASU No. 2016-13, "*Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*." ASU 2016-13, as amended by ASU 2019-04 and ASU 2019-05, introduces a new forward-looking approach, based on expected losses, to estimate credit losses on certain types of financial instruments, including trade receivables. The estimate of expected credit losses will require entities to incorporate considerations of historical information, current information and reasonable and supportable forecasts. This ASU also expands the disclosure requirements to enable users of financial statements to understand the entity's assumptions, models and methods for estimating expected credit losses. For small reporting companies, ASU 2016-13 is effective for annual and interim reporting periods beginning after December 15, 2022, and the guidance is to be applied using the modified-retrospective approach. Earlier adoption is permitted. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, "*Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*", which provides optional expedients and exceptions for a period of time to ease the potential burden in accounting for the transition from reference rates that are expected to be discontinued. Regulators and market participants in various jurisdictions have undertaken efforts to eliminate certain reference rates and introduce new reference rates that are based on a larger and more liquid population of observable transactions. The amendments in this update apply only to contracts, hedging relationships and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The expedients and exceptions provided by the amendments do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022, except for hedging relationships existing as of December 31, 2022, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship. In January 2021, the FASB issued clarification on the scope of relief related to the reference rate reform. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note I – Leases

The Company leases office and storage space, vehicles and other equipment under non-cancellable operating leases with initial terms typically ranging from 1 to 5 years. At contract inception, the Company reviews the facts and circumstances of the arrangement to determine if the contract is or contains a lease. The Company follows the guidance in Topic 842 “Leases” to evaluate whether the contract has an identified asset; if the Company has the right to obtain substantially all economic benefits from the asset; and if the Company has the right to direct the use of the underlying asset. When determining if a contract has an identified asset, the Company considers both explicit and implicit assets, and whether the supplier has the right to substitute the asset. When determining if the Company has the right to direct the use of an underlying asset, the Company considers if they have the right to direct how and for what purpose the asset is used throughout the period of use and if they control the decision-making rights over the asset.

The Company’s lease terms may include options to extend or terminate the lease. The Company exercises judgment to determine the term of those leases when extension or termination options are present and include such options in the calculation of the lease term when it is reasonably certain that it will exercise those options.

The Company has elected to include both lease and non-lease components in the determination of lease payments. Payments made to a lessor for items such as taxes, insurance, common area maintenance, or other costs commonly referred to as executory costs, are also included in lease payments if they are fixed. The fixed portion of these payments are included in the calculation of the lease liability, while any variable portion would be recognized as variable lease expenses, when incurred. Variable payments made to third parties for these, or similar costs, such as utilities, are not included in the calculation of lease payments.

At commencement, lease-related assets and liabilities are measured at the present value of future lease payments over the lease term. As most of the Company’s leases do not provide an implicit rate, the Company exercises judgment in determining the incremental borrowing rate based on the information available when the lease commences to measure the present value of future payments.

Operating lease expense is recognized on a straight-line basis over the lease term. Finance lease cost includes amortization, which is recognized on a straight-line basis over the expected life of the leased asset, and interest expense, which is recognized following an effective interest rate method.

Operating leases are included in other assets, current operating lease obligations, and operating lease obligations (less current portion) on the Company’s consolidated balance sheet. Finance leases are included in property, plant and equipment and current and long-term portion of finance lease obligations on the Company’s consolidated balance sheet. Short term leases with an initial term of 12 months or less are not presented on the balance sheet with expense recognized as incurred.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note I – Leases – Continued

The following table presents lease assets and liabilities and their balance sheet classification:

	Classification	July 31, 2021	April 30, 2021
Operating Leases:			
Right-of-use Assets	Right-of-use operating lease assets	$ 12,257,463	$ 13,015,986
Operating lease current liabilities	Current portion of operating lease obligations	3,077,781	2,843,758
Operating lease noncurrent liabilities	Operating lease obligations, less current portion	9,719,562	10,474,601
Finance Leases:			
Right-of-use Assets	Property, machinery and equipment, net	5,616,959	5,843,068
Finance lease current liabilities	Current portion of finance lease obligations	1,312,029	1,455,638
Finance lease noncurrent liabilities	Finance lease obligations, less current portion	1,539,252	1,180,496

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note I – Leases – Continued

The components of lease expense for the three month period ended July 31, 2021 and 2020, are as follows:

		Three Months Ended	
	Classification	July 31, 2021	July 31, 2020
Operating Leases:			
Operating lease cost	Operating expenses	591,358	373,696
Variable lease cost	Operating expenses	97,354	78,347
Short term lease cost	Operating expenses	1,800	1,350
Finance Leases:			
Amortization of right-of-use assets	Operating expenses	594,103	419,693
Interest expense	Interest expense	66,404	66,358
Total		1,351,019	939,444

The weighted average lease term and discount rates for the quarter ended July 31, 2021 and 2020, are as follows:

	Three Months Ended	
	July 31, 2021	July 31, 2020
Operating Leases:		
Weighted average remaining lease term (months)	52.90	59.30
Weighted average discount rate	3.1%	3.1%
Finance Leases:		
Weighted average remaining lease term (months)	23.98	24.43
Weighted average discount rate	8.2%	7.6%

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note I – Leases – Continued

Future payments due under leases reconciled to lease liabilities are as follows:

	Operating	Finance
For the remaining 9 months of the fiscal year ending April 30:		
2022	$ 2,577,133	$ 1,252,099
For the fiscal years ending April 30:		
2023	3,452,535	942,692
2024	2,975,364	612,106
2025	2,354,451	391,259
2026	1,867,550	-
2027	343,006	-
Thereafter	150,252	-
Total undiscounted lease payments	13,720,291	3,198,156
Present value discount, less interest	922,948	346,875
Lease liability	$ 12,797,343	$ 2,851,281

Supplemental disclosures of cash flow information related to leases for the three months ended July 31, 2021 and 2020 are as follows:

	Three Months Ended	
Other Information	**July 31, 2021**	**July 31, 2020**
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from finance leases	66,404	66,358
Operating cash flows from operating leases	101,667	54,021
Financing cash flows from finance leases	494,730	549,758
Supplemental non-cash information on lease labilities arising from obtaining right-of-use assets:		
Right-of-use assets obtained in exchange for new finance lease liabilities	709,877	-
Right-of-use assets obtained in exchange for operating lease liabilities	-	334,530

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

In addition to historical financial information, this discussion of the business of SigmaTron International, Inc. ("SigmaTron"), its wholly-owned subsidiaries Standard Components de Mexico S.A., AbleMex, S.A. de C.V., Digital Appliance Controls de Mexico, S.A. de C.V., Spitfire Controls (Vietnam) Co. Ltd., Spitfire Controls (Cayman) Co. Ltd., wholly-owned foreign enterprises Wujiang SigmaTron Electronics Co., Ltd. and SigmaTron Electronic Technology Co., Ltd. (collectively, "SigmaTron China") and international procurement office SigmaTron Taiwan branch (collectively, the "Company") and other Items in this Quarterly Report on Form 10-Q contain forward-looking statements concerning the Company's business or results of operations. Words such as "continue," "anticipate," "will," "expect," "believe," "plan," and similar expressions identify forward-looking statements. These forward-looking statements are based on the current expectations of the Company. Because these forward-looking statements involve risks and uncertainties, the Company's plans, actions and actual results could differ materially. Such statements should be evaluated in the context of the direct and indirect risks and uncertainties inherent in the Company's business including, but not necessarily limited to, the risks inherent in any merger, acquisition or business combination; the Company's continued dependence on certain significant customers; the continued market acceptance of products and services offered by the Company and its customers; pricing pressures from the Company's customers, suppliers and the market; the activities of competitors, some of which may have greater financial or other resources than the Company; the variability of the Company's operating results; the results of long-lived assets impairment testing; the ability to achieve the expected benefits of acquisitions as well as the expenses of acquisitions; the collection of aged account receivables; the variability of the Company's customers' requirements; the impact of inflation on the Company's operating results; the availability and cost of necessary components and materials; the ability of the Company and its customers to keep current with technological changes within its industries; regulatory compliance, including conflict minerals; the continued availability and sufficiency of the Company's credit arrangements, including the phase-out of LIBOR; the ability to meet the Company's financial and restrictive covenants under its loan agreements; changes in U.S., Mexican, Chinese, Vietnamese or Taiwanese regulations affecting the Company's business; the turmoil in the global economy and financial markets; the spread of COVID-19 and variants (commonly known as "COVID-19") which has threatened the Company's financial stability by causing a decrease in consumer revenues, caused a disruption to the Company's global supply chain, caused plant closings or reduced operations thus reducing output at those facilities; the stability of the U.S., Mexican, Chinese, Vietnamese and Taiwanese economic, labor and political systems and conditions; currency exchange fluctuations; and the ability of the Company to manage its growth. These and other factors which may affect the Company's future business and results of operations are identified throughout the Company's Annual Report on Form 10-K, and as risk factors, may be detailed from time to time in the Company's filings with the Securities and Exchange Commission. These statements speak as of the date of such filings, and the Company undertakes no obligation to update such statements in light of future events or otherwise unless otherwise required by law.

Overview:

The Company operates in one business segment as an independent provider of EMS, which includes printed circuit board assemblies and completely assembled (box-build) electronic products. In connection with the production of assembled products, the Company also provides services to its customers, including (1) automatic and manual assembly and testing of products; (2) material sourcing and procurement; (3) manufacturing and test engineering support; (4) design services; (5) warehousing and distribution services; and (6) assistance in obtaining product approval from governmental and other regulatory bodies. The Company provides these manufacturing services through an international network of facilities located in the United States, Mexico, China, Vietnam and Taiwan.

The Company relies on numerous third-party suppliers for components used in the Company's production process. Certain of these components are available only from single-sources or a limited number of suppliers. In addition, a customer's specifications may require the Company to obtain components from a single-source or a small number of suppliers. The loss of any such suppliers could have a material impact on the Company's results of operations. Further, the Company could operate at a cost disadvantage compared to competitors who have greater direct buying power from suppliers. The Company does not enter into long-term purchase agreements with major or single-source suppliers. The Company believes that short-term purchase orders with its suppliers provides flexibility, given that the Company's orders are based on the changing needs of its customers.

Sales can be a misleading indicator of the Company's financial performance. Sales levels can vary considerably among customers and products depending on the type of services (turnkey versus consignment) rendered by the Company and the demand by customers. Consignment orders require the Company to perform manufacturing services on components and other materials supplied by a customer, and the Company charges only for its labor, overhead and manufacturing costs, plus a profit. In the case of turnkey orders, the Company provides, in addition to manufacturing services, the components and other materials used in assembly. Turnkey contracts, in general, have a higher dollar volume of sales for each given assembly, owing to inclusion of the cost of components and other materials in net sales and cost of goods sold. Variations in the number of turnkey orders compared to consignment orders can lead to significant fluctuations in the Company's revenue and gross margin levels. Consignment orders accounted for less than 1% of the Company's revenues for the three month periods ended July 31, 2021 and July 31, 2020.

The Company's international footprint provides our customers with flexibility within the Company to manufacture in China, Mexico, Vietnam or the U.S. We believe this strategy will continue to serve the Company well as its customers continuously evaluate their supply chain strategies.

The Company reported an excellent quarter to start fiscal year 2022. Pre-tax income was $9,553,661, which included forgiveness of the Company's Small Business Administration ("SBA") Paycheck Protection Program Loan ("PPP Loan") in the amount of $6,282,973. The extinguishment of debt of $6,282,973 was recorded as income during the quarter ended July 31, 2021. The Company posted revenue of $85,739,434. Both of the revenue and pre-tax income numbers, excluding the PPP Loan income, are records for the Company's quarterly operating results.

While the Company's backlog remains strong, it continues to face continuing challenges on the supply chain side. Semiconductor products, in particular, remain difficult to locate and often are purchased at a premium. The Company has seen several customers start to push out orders but other customers continue to ramp up and increase demand. It is difficult to predict how this will sort itself out going forward. The Company expects the shortage of certain components will be with it through calendar 2022 and perhaps part or all of 2023. This is dependent upon a continuing strong economy. Several of the Company's new customers have started to increase demand and the Company expects its revenue to grow going forward, especially in the safety and renewable energy markets.

On July 21,2021, the Company and Wagz signed a definitive Agreement and are working towards closure. The Company remains encouraged by the current market reaction to the latest version of the Wagz Freedom Smart Dog Collar and continues to believe that the upside of the transaction is significant for the shareholders and the Company looks forward to closing that transaction.

Results of Operations:

The following table sets forth selective financial data as a percentage of net sales for the periods indicated.

	Three Months Ended	
	July 31, 2021 (Unaudited)	**July 31, 2020 (Unaudited)**
Net sales	100.0%	100.0%
Operating expenses:		
Cost of products sold	88.8	92.9
Selling and administrative expenses	7.1	8.4
Total operating expenses	95.9	101.3
Operating income	4.1%	-1.3%

Net Sales

Net sales increased for the three month period ended July 31, 2021, to $85,739,434 from $60,524,956 for the three month period ended July 31, 2020. The Company's sales increased for the three month period ended July 31, 2021, as compared to the prior year in the consumer electronics, industrial electronics and medical/life science marketplaces. Sales in the first three months increased due to increasing demand from existing and new customers.

Gross Profit

Gross profit dollars increased during the three month period ended July 31, 2021, to $9,582,478 or 11.2% of net sales compared to $4,272,191 or 7.1% of net sales for the same period in the prior fiscal year. The increase in gross profit for the three month period ended July 31, 2021, was primarily the result of increased sales in the first quarter of fiscal 2022.

Selling and Administrative Expenses

Selling and administrative expenses increased to $6,111,015 or 7.1% of net sales for the three month period ended July 31, 2021, compared to $5,059,525 or 8.4% of net sales for the same period in the prior fiscal year. The net increase in selling and administrative expenses for the three month period ended July 31, 2021, was attributable to an increase in bonus expense and miscellaneous taxes. The increase in the foregoing expenses was partially offset by a decrease in sales expenses and legal professional fees.

Interest Expense

Interest expense decreased to $237,916 for the three month period ended July 31, 2021, compared to $338,264 for the same period in the prior fiscal year. The decrease in interest expense for the three month period ended July 31, 2021, was due to the lower interest rates from the Company's banking arrangements and decreased long-term debt obligations.

Income Tax Expense

The income tax expense was $756,945 for the three month period ended July 31, 2021, compared to an income tax benefit of $220,834 for the same period in the prior fiscal year. The Company's effective tax rate was 7.92% and 19.69% for the quarters ended July 31, 2021 and 2020, respectively. The increase in income tax expense for the three month period ended July 31, 2021 compared to the same period in the previous year is due to income recognized in the current quarter compared to a loss in the previous year. The decrease in effective tax rate is due to tax exempt income recognized in the current quarter due to the gain on extinguishment of the PPP Loan debt.

Net Income

Net income increased to $8,796,716 for the three month period ended July 31, 2021, compared to a net loss of $900,666 for the same period in the prior fiscal year. A substantial part of the increase in net income was attributable to the one-time extinguishment of the PPP Loan debt. Basic and diluted earnings per share for the first quarter of fiscal year 2022 were $2.06 and $2.02 respectively, compared to basic and diluted loss per share of $0.21 for the same period in the prior fiscal year.

Liquidity and Capital Resources:

Operating Activities.

Cash flow provided by operating activities was $1,594,618 for the three months ended July 31, 2021,which included the effect of the extinguishment of the PPP Loan debt. During the first three months of fiscal year 2022, cash flow provided by operating activities was primarily the result of net income, an increase in both accounts payable and deferred revenue in the amount of $14,590,175 and $1,748,379, respectively. Cash flow from operating activities was offset by an increase in both inventory and accounts receivable in the amount of $15,064,587 and $4,970,625, respectively. The increase in accounts payable is the result of more favorable payment terms with vendors and increased inventory purchases. The increase in inventory is the result of an increase in inventory purchases to satisfy customer orders. Further, capacity issues in the component industry made it difficult to obtain some components to complete assemblies for shipping.

Cash flow used in operating activities was $5,142,601 for the three months ended July 31, 2020. During the first three months of fiscal year 2021, cash flow used in operating activities was primarily the result of net loss, a decrease in accounts payable of $11,118,270. The decrease in accounts payable was primarily the result of the timing of payments. Cash flow used in operating activities was partially offset by the result of a decrease in accounts receivable and inventory of $2,787,494 and $1,972,771, respectively.

Investing Activities.

Cash used in investing activities was $4,763,827 for the three months ended July 31, 2021. During the first three months of fiscal year 2022 the Company purchased $2,901,827 in machinery and equipment to be used in the ordinary course of business. The Company has received forecasts from current customers for increased business that would require additional investment in capital equipment and facilities. To the extent that these forecasts come to fruition, the Company anticipates that it will make additional machinery and equipment purchases up to $3,500,000 in fiscal year 2022. The Company anticipates purchases will be funded by lease transactions. However, there is no assurance that such increased business will be obtained or that the Company will be able to obtain funding or leases at acceptable terms, if at all, in the future. During the first three months of fiscal year 2022 the Company made advances of $1,862,000 to Wagz. As more fully described in Note H – Significant Accounting Policies, on July 19, 2021, the Company signed a Definitive Agreement for a proposed business combination with Wagz. The advances were made in conjunction with the proposed business combination.

Cash used in investing activities was $2,098,756 for the three months ended July 31, 2020. During the first three months of fiscal year 2021, the Company purchased $966,856 in machinery and equipment used in the ordinary course of business. The Company made additional machinery and equipment purchases of $3,780,460 during the balance of fiscal year 2021. During the first three months of fiscal year 2021 the Company made advances of $1,131,900 to Wagz.

Financing Activities.

Cash provided by financing activities of $2,846,560 for the first three months ended July 31, 2021, was primarily the result of net borrowings under the line of credit.

Cash provided by financing activities of $3,308,008 for the first three months ended July 31, 2020, was primarily the result of net borrowings under the line of credit.

Financing Summary.

Notes Payable – Banks

Prior to January 29, 2021, the Company had a senior secured credit facility with U.S. Bank National Association ("U.S. Bank"). The revolving credit facility allowed the Company to borrow up to the lesser of (i) $45,000,000 (the "Revolving Line Cap") less reserves or (ii) the Borrowing Base, but no more than 80% of the Company's Revolving Line Cap. Prior to its payoff and termination, the U.S. Bank senior secured credit facility was due to expire on March 31, 2022. On January 29, 2021, the Company paid the balance outstanding under the senior secured credit facility in the amount of $25,574,733. The unamortized deferred financing costs of $158,476 were expensed in fiscal year 2021 upon extinguishment of the debt.

On January 29, 2021, the Company entered into a Credit Agreement (the "Agreement") with JPMorgan Chase Bank, N.A. ("Lender"), pursuant to which Lender has agreed to provide the Company with a secured credit facility maturing on January 29,2026, of which (a) up to $50,000,000 is available on a revolving loan basis, and (b) an aggregate of $6,500,000 was borrowed pursuant to two term loans (the "Facility"). The Facility is secured by substantially all of SigmaTron's assets including mortgages on its two Illinois properties.

The Facility allows the Company to choose among interest rates at which it may borrow funds for revolving loans: "CBFR Loans," the interest on which is based on (A) the "REVLIBOR30 Rate" (as defined in the Agreement) unless the REVLIBOR30 Rate is not available, in which case the interest is generally the rate of interest last quoted by The Wall Street Journal as the "Prime Rate" in the U.S., plus (B) an applicable margin of 2.0% (effectively 2.25% per annum at July 31, 2021); or "Eurodollar Loans," the interest on which is based on (X) an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the LIBO Rate (as defined in the Agreement) for any interest period multiplied by the Standard Reserve Rate (as defined in the Agreement) plus (Y) an applicable margin of 2.0%. Under the revolving portion of the Facility, the Company may borrow up to the lesser of (i) $50,000,000 or (ii) an amount equal to a percentage of the eligible receivable borrowing base plus a percentage of the inventory borrowing base. The Facility is collateralized by a lien on substantially all of the assets of the Company. Under the Agreement, a minimum Fixed Charge Coverage Ratio ("FCCR") financial covenant of 1.10x is applicable only during an FCCR trigger period which occurs when (i) an event of default (as defined in the Agreement) has occurred and is continuing, and Lender has elected to impose a FCCR trigger period upon notice to the Company or (ii) availability falls below the greater of (a) 10% of the revolving commitment and (b) the outstanding principal amount of the term loans. The Company was not in a FCCR trigger period as of July 31, 2021. Deferred financing costs of $361,734 were capitalized during the fiscal year ended April 30, 2021 and will be amortized over the term of the Agreement. As of July 31, 2021, there was $28,853,375 outstanding and $19,454,713 of unused availability under the revolving Facility compared to an outstanding balance of $24,967,668 and $15,947,990 unused availability at April 30, 2021. As of July 31, 2021 and April 30, 2021, the unamortized amount offset against outstanding debt was $325,787 and $343,890, respectively.

On April 23, 2020, the Company received a PPP loan from U.S. Bank, as lender, pursuant to the Paycheck Protection Program of the CARES Act, as administered by the SBA in the amount of $6,282,973. The Company submitted its loan forgiveness application on March 26, 2021. The Company was notified of the forgiveness of the PPP Loan by the SBA on July 9, 2021 and it covers all principal and accrued interest. The accounting for the forgiveness is reflected in the Company's Statement of Operations under the extinguishment of PPP Loan debt. Under the terms of all PPP Loans, all aspects of the PPP Loan remain subject to review by the SBA. While the Company is not aware of any issues, if it is later determined that it violated applicable laws or was otherwise ineligible to receive the PPP Loan, the Company will be required to repay the PPP Loan in its entirety in a lump sum and may be subject to additional penalties.

On March 15, 2019, the Company's wholly-owned subsidiary, SigmaTron Electronic Technology Co., Ltd., entered into a credit facility with China Construction Bank. On January 26, 2021, the agreement was amended. Under the agreement SigmaTron Electronic Technology Co., Ltd. can borrow up to 9,000,000 Renminbi, approximately $1,393,000 as of July 31, 2021, and the facility is collateralized by Wujiang SigmaTron Electronics Co., Ltd.'s manufacturing building. Interest is payable monthly and the facility bears a fixed interest rate of 3.85%. The term of the facility extends to January 6, 2022. There was $660,970 outstanding under the facility at July 31, 2021 compared to an outstanding balance of $824,159 at April 30, 2021.

Notes Payable – Buildings

The Company entered into a mortgage agreement on December 21, 2017, in the amount of $5,200,000, with U.S. Bank to refinance the property that serves as the Company's corporate headquarters and its Illinois manufacturing facility in Elk Grove Village, Illinois. The note required the Company to pay monthly principal payments in the amount of $17,333, bore interest at a fixed rate of 4.0% per year and was payable over a fifty one month period. Deferred financing costs of $74,066 were capitalized in fiscal year 2018 which were amortized over the term of the agreement. On January 29, 2021, the Company repaid its U.S. Bank mortgage in the amount outstanding of $4,576,000, using proceeds from the Facility extended by Lender. The Company recorded a prepayment penalty of $120,842 in fiscal year 2021. The remaining deferred financing costs of $21,365 were expensed in fiscal year 2021.

The Company entered into a mortgage agreement on December 21, 2017, in the amount of $1,800,000, with U.S. Bank to refinance the property that serves as the Company's engineering and design center in Elgin, Illinois. The note required the Company to pay monthly principal payments in the amount of $6,000, bore interest at a fixed rate of 4.0% per year and was payable over a fifty one month period. Deferred financing costs of $65,381 were capitalized in the fiscal year 2018 which were amortized over the term of the agreement. On January 29, 2021, the Company repaid its U.S. Bank mortgage in the amount outstanding of $1,584,000, using proceeds from the Facility extended by Lender. The Company recorded a prepayment penalty of $41,830 in fiscal year 2021. The remaining deferred financing costs of $18,859 were expensed in fiscal year 2021.

The Company's Facility with Lender, entered into on January 29, 2021, also included two term loans, in the aggregate principal amount of $6,500,000. The loans require the Company to pay aggregate principal payments in the amount of $36,111 per month for 60 months, plus monthly payments of interest thereon at (A) the REVLIBOR30 Rate, unless the REVLIBOR30 Rate is not available, in which case the interest is generally the rate of interest last quoted by The Wall Street Journal as the "Prime Rate" in the U.S., plus (B) an applicable margin of 2.5%; (effectively 2.75% per annum at July 31, 2021); or "Eurodollar Loans," the interest on which is based on (X) an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the LIBO Rate (as defined in the Agreement) for any interest period multiplied by the Standard Reserve Rate (as defined in the Agreement) plus (Y) an applicable margin of 2.5%. Deferred financing costs of $10,050 were capitalized during fiscal year 2021 which are amortized over the term of the agreement. As of July 31, 2021, the unamortized amount included as a reduction to long-term debt was $9,045. A final aggregate payment of approximately $4,368,444 is due on or before January 29, 2026. The outstanding balance was $6,319,445 at July 31, 2021 compared to an outstanding balance of $6,427,778 at April 30, 2021.

The Company entered into a mortgage agreement on March 3, 2020, in the amount of $556,000, with The Bank and Trust SSB to finance the purchase of the property that serves as the Company's warehousing and distribution center in Del Rio, Texas. The note requires the Company to pay monthly installment payments in the amount of $6,103. Interest accrues at a fixed rate of 5.75% per year until March 3, 2025, and adjusts thereafter, on an annual basis, equal to 1.0% over the Prime Rate as published by The Wall Street Journal. The note is payable over a 120 month period. The outstanding balance was $498,953 and $509,985 at July 31, 2021 and April 30, 2021, respectively.

Notes Payable – Equipment

The Company routinely enters into secured note agreements with Engencap Fin S.A. DE C.V. to finance the purchase of equipment. The terms of these secured note agreements mature from November 1, 2021 through May 1, 2023, with quarterly installment payments ranging from $11,045 to $37,941 and a fixed interest rate ranging from 6.65% to 8.00%.

The Company routinely enters into secured note agreements with FGI Equipment Finance LLC to finance the purchase of equipment. The terms of these secured note agreements mature from March 1, 2025 through April 1, 2026, with quarterly installment payments ranging from $10,723 to $69,439 and a fixed interest rate of 8.25%.

Finance Lease and Sales Leaseback Obligations

The Company enters into various finance lease and sales leaseback agreements. The terms of the lease agreements mature through January 1, 2025, with monthly installment payments ranging from $1,455 to $40,173 and a fixed interest rate ranging from 3.75% to 12.73%.

Other

The Company provides funds for salaries, wages, overhead and capital expenditure items as necessary to operate its wholly-owned Mexican, Vietnamese and Chinese subsidiaries and the Taiwan IPO. The Company provides funding in U.S. Dollars, which are exchanged for Pesos, Dong, Renminbi, and New Taiwan dollars. The fluctuation of currencies from time to time, without an equal or greater increase in inflation, could have a material impact on the financial results of the Company. The impact of currency fluctuations for the three month period ended July 31, 2021, resulted in net foreign currency transaction losses of $54,385 compared to net foreign currency losses of approximately $145,670 for the same period in the prior year. During the first three months of fiscal year 2022, the Company paid approximately $16,300,000 to its foreign subsidiaries for manufacturing services. All intercompany balances have been eliminated upon consolidation.

The Company has not changed its plans to indefinitely reinvest the earnings of the Company's foreign subsidiaries. The cumulative amount of unremitted earnings for which U.S. income taxes have not been recorded is $5,538,000 as of July 31, 2021.

The Company expects that the significant disruption in business activity and the financial markets created by the COVID-19 global pandemic will impact several sources of its liquidity, and is therefore continuously and critically reviewing its liquidity and anticipated capital requirements. For more information on the potential impact of the COVID-19 pandemic on the Company, see Note B - Basis of Presentation.

The impact of inflation on the Company's net sales, revenues and income from operations for the past two fiscal years has been minimal.

Off-balance Sheet Transactions:

The Company has no off-balance sheet transactions.

Tabular Disclosure of Contractual Obligations:

As a smaller reporting company, as defined in Item 10(f)(1) of Regulation S-K under the Exchange Act, the Company is not required to provide the information required by this item.

Item 3. Quantitative and Qualitative Disclosures About Market Risks.

As a smaller reporting company, as defined in Item 10(f)(1) of Regulation S-K under the Exchange Act, the Company is not required to provide the information required by this item.

Item 4. Controls and Procedures.

Disclosure Controls:

The Company's management, including its President and Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of its disclosure controls and procedures (as defined under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Rules 13a-15(e) and 15(d)-15(e) thereunder) as of July 31, 2021. The Company's disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives and its President and Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective at the reasonable assurance level as of July 31, 2021.

Internal Controls:

There has been no change in the Company's internal control over financial reporting during the three months ended July 31, 2021, that has materially affected or is reasonably likely to materially affect, its internal control over financial reporting. The Company's internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with U.S. GAAP.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time the Company is involved in legal proceedings, claims, or investigations that are incidental to the Company's business. In future periods, the Company could be subjected to cash cost or non-cash charges to earnings if any of these matters are resolved on unfavorable terms. However, although the ultimate outcome of any legal matter cannot be predicted with certainty, based on present information, including management's assessment of the merits of any particular claim, the Company does not expect these legal proceedings or claims will have any material adverse impact on its future consolidated financial position, results of operations or cash flows.

Item 1A. Risk Factors.

As a smaller reporting company, as defined in Item 10(f)(1) of Regulation S-K under the Exchange Act, the Company is not required to provide the information required by this item.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

10.1	Lease No. 15, entered into June 10, 2021, is an attachment to Master Lease No. 2017389 dated August 15, 2017 by and between First American Commercial Bancorp, Inc. and SigmaTron International, Inc.
31.1	Certification of Principal Executive Officer of the Company Pursuant to Rule 13a-14(a) under the Exchange Act, as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).
31.2	Certification of Principal Financial Officer of the Company Pursuant to Rule 13a-14(a) under the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).
32.1	Certification by the Principal Executive Officer of SigmaTron International, Inc. Pursuant to Rule 13a-14(b) under the Exchange Act and Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).
32.2	Certification by the Principal Financial Officer of SigmaTron International, Inc. Pursuant to Rule 13a-14(b) under the Exchange Act and Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).
101.INS	Inline XBRL Instance Document (the instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document)
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document and contained in Exhibit 101)

SIGNATURES:

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SIGMATRON INTERNATIONAL, INC.

/s/ Gary R. Fairhead	September 13, 2021
Gary R. Fairhead President and CEO (Principal Executive Officer)	Date
/s/ Linda K. Frauendorfer	September 13, 2021
Linda K. Frauendorfer Chief Financial Officer, Secretary and Treasurer (Principal Financial Officer and Principal Accounting Officer)	Date

Exhibit 10.1

FIRST AMERICAN
An RBC / City National Company

EQUIPMENT SCHEDULE No. 15

Lessee: SIGMATRON INTERNATIONAL, INC.				
Street Address: 2201 Landmeier Road	**City:** Elk Grove Village	**State:** IL	**County:** Cook	**Zip:** 60007
Contact: Michelle Laguna		**Telephone:** (847) 640-4397		

Equipment Location: Carretera Presa La Amistad KM 6.5 y Camino A Santa Eulalia, Acuña, Coahuila, Mexico 26230

Quality	Description
1	SIPLACE SMT Assembly System (Part No. 520502) including (2) SIPLACE SX2 Placement Machine), (2) 94-Millimeter Magnetpins, (2) 2nd Level Reel Container, (2) Multi-Frame Tape Splice Gripper, Multi-Frame Splice Clips, 8-Millimeter Blue Tape Connector, 12-Millimeter Blue Tape Connector, 16-Millimeter Blue Tape Connector, 24-Millimeter Blue Tape Connector, Nozzle Set for C+P20P, Service Box Nozzle with Copper Head, Head Exchange Kit for CPx, Head Exchange Kit for CPP, Head Exchange Kit for CP20P2, Head Maintenance Kit for CPx, Head Maintenance Kit for CPP, Head Maintenance Kit for CP20P2, Filter Disc for CPP, Filter Disc for C+P20, (50) SmartFeeder 2-Millimeter x 8-Millimeter Xi Splice, (9) SmartFeeder 8-Millimeter Xi Splice, (8) SmartFeeder 12-Millimeter X Splice Sensor, (8) SmartFeeder 16-Millimeter X Splice Sensor, (4) SmartFeeder 24-Millimeter X Splice Sensor, SmartFeeder 32-Millimeter X Splice Sensor, SmartFeeder 44-Millimeter X Splice Sensor, SmartFeeder 88-Millimeter X Splice Sensor, Single Slot Energy Interface X-Feeder, (2) Stick Magazines Feeder Module Type III, (2) Feeder Adapter X-Series, (2) Long Component Magazine SO6/SO8, (2) Long Component Magazine SO14/SO16, Tray Holder SX-Series, Line Operations Machine Connection, EDM Line License V3, (2) Explorer Station Connection, (2) Traceability Station Connection, Process Data Interface, Mobile Touch Computer, SQL2017 Processor, Line Utility Box, Symmedia Plug, (2) ASM Works Core, (8) SmartFeeder 12-Millimeter Splice Sensor, and CPP Nozzle Changer **Serial Number:** R089G-12046522, R090G-12046522
1	Dell PowerEdge R740 Server System (Part No. 20059) including Intel Xeon Gold Quad Core 5222 3.8GHz Processor, 32GB Memory, 1.2TB Hard Drive, Windows 10 Professional 64-bit Operating System, Dell 19-Inch Monitor, Dell Client Precision Workstation System, and Dell UltraSharp 24-Inch Monitor **Serial Number:** 28448097087
1	Freight

This Equipment Schedule No. 15 dated June 10, 2021 (“Equipment Schedule”) incorporates the terms and conditions of that certain Master Lease No. 2017389 dated August 15, 2017 (“Master Lease”) by and between FIRST AMERICAN COMMERCIAL BANCORP, INC. (“Lessor”) and SIGMATRON INTERNATIONAL, INC. (“Lessee”) (the Equipment Schedule and Master Lease as incorporated therein, the “Lease”). Lessor hereby leases to Lessee and Lessee hereby leases from Lessor the above-described items of Equipment for the Lease Term and on terms and conditions set forth herein. In the event of any conflict between the terms of the Master Lease and the terms of this Equipment Schedule, the terms of this Equipment Schedule shall prevail.

If applicable, for purposes of this Equipment Schedule and all ancillary documents, the terms defined in the Master Lease as “Delivery Order and Acceptance Certificate” and “Authorization Date” are hereby revised to be “Delivery and Acceptance Certificate” and “Acceptance Date,” respectively.

Base Lease Term		Monthly Rental Payment
42 Months	Lessee shall pay Lessor a nonrefundable advance rental payment in the amount of $17,338.75 which is applied to the last payment due under the Lease. Billing is monthly.	$17,338.75, plus applicable taxes

Accepted by Lessee: SIGMATRON INTERNATIONAL, INC.		Accepted by Lessor: FIRST AMERICAN COMMERCIAL BANCORP, INC.	
By: /s/ Linda K. Frauendorfer		**By:** /s/ Mike Bennett	
Name: Linda Frauendorfer		**Name:** Mike Bennett	
Title: Chief Financial Officer	*Date* June 9, 2021	**Title:** Vice President	**Date:** June 10, 2021

EXHIBIT 31.1

Certification of Principal Executive Officer of
SigmaTron International, Inc.
Pursuant to Rule 13a-14(a) under the Exchange Act,
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Gary R. Fairhead, President and Chief Executive Officer of SigmaTron International, Inc., certify that:

1. I have reviewed the Quarterly Report on Form 10-Q of SigmaTron International, Inc. for the quarter ended July 31, 2021 (this "report");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 13, 2021

/s/ Gary R. Fairhead

Gary R. Fairhead
President and Chief Executive Officer of
SigmaTron International, Inc.

EXHIBIT 31.2

**Certification of Principal Financial Officer of
SigmaTron International, Inc.
Pursuant to Rule 13a-14(a) under the Exchange Act,
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Linda K. Frauendorfer, Chief Financial Officer, Secretary and Treasurer of SigmaTron International, Inc., certify that:

1. I have reviewed the Quarterly Report on Form 10-Q of SigmaTron International, Inc. for the quarter ended July 31, 2021 (this "report");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 13, 2021

/s/ Linda K. Frauendorfer

Linda K. Frauendorfer
Chief Financial Officer, Secretary and
Treasurer of SigmaTron International, Inc.

EXHIBIT 32.1

**Certification by the Principal Executive Officer of
SigmaTron International, Inc.
Pursuant to Rule 13a-14(b) under the Exchange Act and
Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)**

I, Gary R. Fairhead, am President and Chief Executive Officer of SigmaTron International, Inc. (the "Company").

This certification is being furnished pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with the filing of the Company's Quarterly Report on Form 10-Q for the quarter ended July 31, 2021 (the "Report").

I hereby certify that to the best of my knowledge:

(a) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act (15 U.S.C. 78 m(a) or 78o(d)); and

(b) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 13, 2021

/s/ Gary R. Fairhead
Gary R. Fairhead
President and Chief Executive Officer of
SigmaTron International, Inc.

EXHIBIT 32.2

**Certification by the Principal Financial Officer of
SigmaTron International, Inc.
Pursuant to Rule 13a-14(b) under the Exchange Act and
Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)**

I, Linda K. Frauendorfer, am Chief Financial Officer, Secretary and Treasurer of SigmaTron International, Inc. (the “Company”).

This certification is being furnished pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with the filing of the Company’s Quarterly Report on Form 10-Q for the quarter ended July 31, 2021 (the “Report”).

I hereby certify that to the best of my knowledge:

(a) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act (15 U.S.C. 78 m(a) or 78o(d)); and

(b) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 13, 2021

/s/ Linda K. Frauendorfer
Linda K. Frauendorfer
Chief Financial Officer, Secretary and
Treasurer of SigmaTron International, Inc.