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 October 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 December 9, 2021: 4,374,179

SigmaTron International, Inc.

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SigmaTron International, Inc.
Condensed Consolidated Balance Sheets

	October 31, 2021 (Unaudited)	April 30, 2021
Current assets:		
Cash and cash equivalents	$ 2,420,346	$ 3,509,229
Accounts receivable, less allowance for doubtful accounts of $100,000 at October 31, 2021 and April 30, 2021, respectively	45,124,405	28,783,161
Inventories, net	133,157,121	98,078,601
Prepaid expenses and other assets	2,293,015	1,314,834
Refundable and prepaid income taxes	497,421	388,766
Notes receivable	10,999,557	7,014,594
Other receivables	3,773,265	2,464,678
Total current assets	198,265,130	141,553,863
Property, machinery and equipment, net	34,964,995	34,186,918
Intangible assets, net	1,823,139	1,996,749
Deferred income taxes	1,740,068	1,647,143
Right-of-use operating lease assets	11,493,451	13,015,986
Other assets	1,916,950	1,772,748
Total other long-term assets	16,973,608	18,432,626
Total assets	$ 250,203,733	$ 194,173,407
Liabilities and stockholders' equity:		
Current liabilities:		
Trade accounts payable	$ 86,719,252	$ 62,656,451
Accrued wages	8,165,267	6,283,987
Accrued expenses	3,284,507	2,457,882
Income taxes payable	1,479,181	1,331,504
Deferred revenue	6,790,842	423,971
Current portion of long-term debt	2,420,988	7,862,058
Current portion of finance lease obligations	1,274,714	1,455,638
Current portion of operating lease obligations	3,111,155	2,843,758
Total current liabilities	113,245,906	85,315,249
Long-term debt, less current portion	51,092,763	34,783,825
Income taxes payable	357,331	404,975
Finance lease obligations, less current portion	1,967,402	1,180,496
Operating lease obligations, less current portion	8,919,822	10,474,601
Other long-term liabilities	1,523,137	1,465,200
Total long-term liabilities	63,860,455	48,309,097
Total liabilities	177,106,361	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, 4,368,179 and 4,269,508 shares issued and outstanding at October 31, 2021 and April 30, 2021, respectively	43,509	42,560
Capital in excess of par value	24,351,902	23,751,461
Retained earnings	48,701,961	36,755,040
Total stockholders' equity	73,097,372	60,549,061
Total liabilities and stockholders' equity	$ 250,203,733	$ 194,173,407

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

SigmaTron International, Inc.
Condensed Consolidated Statements of Operations

	Three Months Ended October 31, 2021 (Unaudited)	Three Months Ended October 31, 2020 (Unaudited)	Six Months Ended October 31, 2021 (Unaudited)	Six Months Ended October 31, 2020 (Unaudited)
Net sales	$ 100,216,614	$ 69,618,424	$ 185,956,048	$ 130,143,380
Cost of products sold	88,439,028	62,858,882	164,595,984	119,111,647
Gross profit	11,777,586	6,759,542	21,360,064	11,031,733
Selling and administrative expenses	6,805,756	5,421,739	12,916,771	10,481,264
Operating income	4,971,830	1,337,803	8,443,293	550,469
Gain on extinguishment of long-term debt	-	-	(6,282,973)	-
Other income	(36,562)	(40,611)	(73,703)	(44,709)
Interest expense	344,675	308,613	582,591	646,877
Income (loss) before income tax expense	4,663,717	1,069,801	14,217,378	(51,699)
Income tax expense	1,513,512	442,943	2,270,457	222,109
Net income (loss)	$ 3,150,205	$ 626,858	$ 11,946,921	$ (273,808)
Earnings (loss) per share – basic	$ 0.73	$ 0.15	$ 2.78	$ (0.06)
Earnings (loss) per share – diluted	$ 0.69	$ 0.15	$ 2.69	$ (0.06)
Weighted average shares of common stock outstanding Basic	4,313,623	4,257,508	4,294,517	4,254,247
Weighted average shares of common stock outstanding Diluted	4,553,899	4,257,508	4,445,289	4,254,247

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 six months ended October 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
Recognition of stock-based compensation	-	-	122,885	-	122,885
Exercise of stock options	-	897	425,655	-	426,552
Restricted stock awards	-	37	18,524	-	18,561
Net income	-	-	-	3,150,205	3,150,205
Balance at October 31, 2021	$ -	$ 43,509	$ 24,351,902	$ 48,701,961	$ 73,097,372

	For the six months ended October 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
Net income	-	-	-	626,858	626,858
Balance at October 31, 2020	$ -	$ 42,296	$ 23,634,711	$ 34,940,213	$ 58,617,220

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

SigmaTron International, Inc.
Condensed Consolidated Statements of Cash Flows

	Six Months Ended Oct 31, 2021 (Unaudited)	Six Months Ended Oct 31, 2020 (Unaudited)
Cash flows from operating activities		
Net income (loss)	$ 11,946,921	$ (273,808)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Depreciation and amortization of property, machinery and equipment	2,773,922	2,529,756
Stock-based compensation	142,920	-
Restricted stock expense	31,918	15,229
Deferred income tax benefit	(92,925)	(147,816)
Gain on extinguishment of long-term debt	(6,282,973)	-
Amortization of intangible assets	173,610	177,424
Amortization of financing fees	37,208	76,248
Loss from disposal or sale of machinery and equipment	9,618	141,245
Changes in operating assets and liabilities		
Accounts receivable	(16,341,244)	6,171,838
Inventories	(35,078,520)	3,239,189
Prepaid expenses and other assets	468,470	640,417
Refundable and prepaid income taxes	(108,655)	301,268
Income taxes payable	100,033	(66,904)
Trade accounts payable	24,062,801	(11,288,257)
Operating lease liabilities	(1,287,382)	104,135
Accrued expenses and wages	2,407,671	1,911,747
Deferred revenue	6,366,871	-
Net cash (used in) provided by operating activities	(10,669,736)	3,531,711
Cash flows from investing activities		
Purchases of machinery and equipment	(3,107,854)	(2,470,920)
Advances on notes receivable	(3,962,000)	(2,612,300)
Net cash used in investing activities	(7,069,854)	(5,083,220)
Cash flows from financing activities		
Proceeds from the exercise of common stock options	426,552	-
Proceeds under equipment notes	1,159,275	2,397,015
Payments under finance lease and sale leaseback agreements	(952,597)	(1,011,945)
Payments under equipment notes	(527,004)	(283,684)
Payments under building notes payable	(238,889)	(160,983)
Borrowings under revolving line of credit	208,787,919	164,562,061
Payments under revolving line of credit	(191,986,249)	(165,448,281)
Payments of debt financing costs	(18,300)	(326,081)
Net cash provided by (used in) financing activities	16,650,707	(271,898)

Change in cash and cash equivalents	(1,088,883)	(1,823,407)
Cash and cash equivalents at beginning of period	3,509,229	6,779,445
Cash and cash equivalents at end of period	$ 2,420,346	$ 4,956,038
Supplementary disclosures of cash flow information		
Cash paid for interest	$ 649,607	$ 624,959
Cash paid for income taxes	2,382,322	134,355
Purchase of machinery and equipment financed under finance leases	1,558,579	-
Financing of insurance policy	295,052	302,074

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

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 and six month period ended October 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 various safety, cleaning and social distancing protocols. 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 caption "Gain of extinguishment of long-term 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:

	October 31, 2021	April 30, 2021
Finished products	$ 23,212,885	$ 22,858,073
Work-in-process	7,588,216	5,601,560
Raw materials	104,770,330	72,033,278
	135,571,431	100,492,911
Less excess and obsolescence reserve	(2,414,310)	(2,414,310)
	$ 133,157,121	$ 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		Six Months Ended	
	Oct 31, 2021	Oct 31, 2020	Oct 31, 2021	Oct 31, 2020
Net income (loss)	$ 3,150,205	$ 626,858	$ 11,946,921	$ (273,808)
Weighted-average shares				
Basic	4,313,623	4,257,508	4,294,517	4,254,247
Effect of dilutive stock options	240,276	-	150,772	-
Diluted	4,553,899	4,257,508	4,445,289	4,254,247
Basic earnings (loss) per share	$ 0.73	$ 0.15	$ 2.78	$ (0.06)
Diluted earnings (loss) per share	$ 0.69	$ 0.15	$ 2.69	$ (0.06)

Options to purchase 429,561 and 513,232 shares of common stock were outstanding at October 31, 2021 and 2020, respectively. There were 102,000 options granted during the six month period ended October 31, 2021 and no options were granted during the six month period ended October 31, 2020. There was $122,885 and $0 stock option expense recognized for the three month periods ended October 31, 2021 and 2020, respectively. There was $142,920 and $0 stock option expense recognized for the six month periods ended October 31, 2021 and 2020, respectively. The balance of unrecognized compensation expense related to the Company's stock option plans at October 31, 2021 and 2020 was $102,849 and $0, respectively. For the three month period ended October 31, 2021 and 2020, 0 and 314,740 shares, respectively, were not included in the diluted weighted average common

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note D - Earnings Per Share and Stockholders' Equity - Continued

shares outstanding calculation as they were anti-dilutive. For the six month period ended October 31, 2021 and 2020, 0 and 306,420 shares, respectively, were not included in the diluted weighted average common shares outstanding calculation as they were anti-dilutive.

Note E - Long-term Debt

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

	Oct 31, 2021	April 30, 2021
Debt:		
Notes Payable - Banks	$ 42,575,197	$ 32,137,919
Notes Payable - Buildings	6,698,874	6,937,763
Notes Payable - Equipment	4,555,910	3,923,639
Unamortized deferred financing costs	(316,230)	(353,438)
Total debt	53,513,751	42,645,883
Less current maturities	2,420,988	7,862,058
Long-term debt	$ 51,092,763	$ 34,783,825
Finance lease obligations	$ 3,242,116	$ 2,636,134
Less current maturities	1,274,714	1,455,638
Total finance lease obligations, less current portion	$ 1,967,402	$ 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 the Company's assets including mortgages on its two Illinois properties.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note E - Long-term Debt - Continued

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 October 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 October 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 October 31, 2021, there was $41,769,338 outstanding and $10,797,328 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 October 31, 2021 and April 30, 2021, the unamortized amount offset against outstanding debt was $307,688 and $343,890, respectively.

On November 17, 2021, the Company and JPMorgan Chase Bank, N.A. entered into an amendment of the Facility. The amended Facility allows the Company to borrow up to the lesser of (i) $53,000,000 or (ii) an amount equal to a percentage of the eligible receivable borrowing base plus a percentage of the inventory borrowing base. Further, the Facility was amended to allow in some circumstances customer deposits to be deemed eligible for collateral purposes.

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 long-term 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 $1,408,296 as of October 31, 2021, and the facility

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note E - Long-term Debt - Continued

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 $805,859 outstanding under the facility at October 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 October 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 October 31, 2021, the unamortized amount included as a reduction to long-term debt was $8,542. A final aggregate payment of approximately $4,368,444 is due on or before January 29, 2026. The outstanding balance was $6,211,111 at October 31, 2021 compared to an outstanding balance of $6,427,778 at April 30, 2021.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note E - Long-term Debt - Continued

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 $487,763 and $509,985 at October 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 October 1, 2026, with quarterly installment payments ranging from $10,723 to $71,326 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 October 31, 2021, are as follows:

		Bank	Building	Equipment	Total
For the remaining 6 months of the fiscal year ending April 30:	2022	$ 805,859	$ 77,285	$ 606,348	$ 1,489,492
For the fiscal years ending April 30:	2023	-	643,335	1,029,618	1,672,953
	2024	-	483,904	1,002,250	1,486,154
	2025	-	486,890	1,077,625	1,564,515
	2026	41,461,650	4,742,622	701,712	46,905,984
	2027	-	60,068	138,357	198,425
	Thereafter	-	196,228	-	196,228
		$ 42,267,509	$ 6,690,332	$ 4,555,910	$ 53,513,751

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 September 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%.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note F - Income Tax

The income tax expense was $1,513,512 for the three month period ended October 31, 2021 compared to an income tax expense of $442,943 for the same period in the prior fiscal year. The Company's effective tax rate was 32.45% and 41.40% for the quarters ended October 31, 2021 and 2020, respectively. The increase in income tax expense for the three month period ended October 31, 2021 compared to the same period in the previous year is due to increased income recognized in the current quarter compared to the previous year. The decrease in effective tax rate is due to variations in income earned by jurisdiction in the current period compared to the same period in the previous year.

The income tax expense was $2,270,457 for the six month period ended October 31, 2021 compared to an income tax expense of $222,109 for the same period in the prior fiscal year. The Company's effective tax rate was 15.97% and (429.63)% for the six month period ended October 31, 2021 and 2020, respectively. The increase in income tax expense for the six month period ended October 31, 2021 compared to the same period in the previous year is due to increased income recognized in the current year compared to the previous year. The change in effective tax rate for the six month period ended October 31, 2021 is due to an increase in income and variations in income earned by jurisdiction in the current period compared to the same period in the previous year.

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 during the three month period ended July 31, 2021.

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 $5,091,000 as of October 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.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

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, including variants, 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.

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

	Three Months Ended		Six Months Ended	
Net trade sales by	October 31, 2021	October 31, 2020	October 31, 2021	October 31, 2020
Industrial Electronics	$ 55,094,535	$ 35,654,079	$ 102,339,427	$ 72,271,337
Consumer Electronics	39,712,171	30,671,077	72,316,047	51,839,316
Medical / Life Sciences	5,409,908	3,293,268	11,300,574	6,032,727
Total Net Trade Sales	$ 100,216,614	$ 69,618,424	$ 185,956,048	$ 130,143,380

During the three and six month periods ending October 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 October 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 October 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

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note H - Significant Accounting Policies - Continued

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, amongst other factors, 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 $1,346,562 and $1,138,736 as of October 31, 2021 and April 30, 2021, respectively.

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 October 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. On October 31, 2021, Wagz issued a Convertible Secured Promissory Note to the Company in the principal amount of $2,169,282 (collectively, the "Notes"). At October 31, 2021, $10,999,557 and $346,975 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.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note H - Significant Accounting Policies – Continued

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 December 31, 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.

On December 7, 2021, the Company amended its Agreement and Plan of Merger with Wagz. The amendment decreases the number of SigmaTron shares given to Wagz in conjunction with the transaction. Please refer to Form 8-K, filed December 10, 2021 for more information regarding the amendment.

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 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

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note H - Significant Accounting Policies – Continued

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.

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.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note I – Leases – Continued

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.

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

	Classification	October 31, 2021	April 30, 2021
Operating Leases:			
Right-of-use Assets	Right-of-use operating lease assets	$ 11,493,451	$ 13,015,986
Operating lease current liabilities	Current portion of operating lease obligations	3,111,155	2,843,758
Operating lease noncurrent liabilities	Operating lease obligations, less current portion	8,919,822	10,474,601
Finance Leases:			
Right-of-use Assets	Property, machinery and equipment, net	6,282,050	5,843,068
Finance lease current liabilities	Current portion of finance lease obligations	1,274,714	1,455,638
Finance lease noncurrent liabilities	Finance lease obligations, less current portion	1,967,402	1,180,496

The components of lease expense for the three and six month periods ended October 31, 2021 and 2020, are as follows:

	Expense Classification	Three Months Ended October 31, 2021	Three Months Ended October 31, 2020	Six Months Ended October 31, 2021	Six Months Ended October 31, 2020
Operating Leases:					
Operating lease cost	Operating	589,654	353,317	1,181,058	727,012
Variable lease cost	Operating	97,354	78,347	194,708	156,694
Short term lease cost	Operating	1,800	1,350	3,600	2,700
Finance Leases:					
Amortization of right-of-use assets	Operating	540,118	493,042	1,134,221	912,735
Interest expense	Interest	71,578	56,043	137,982	122,401
Total		1,300,504	982,099	2,651,569	1,921,542

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note I – Leases – Continued

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

	October 31, 2021	**October 31, 2020**
Operating Leases:		
Weighted average remaining lease term (months)	50.30	58.40
Weighted average discount rate	3.1%	3.1%
Finance Leases:		
Weighted average remaining lease term (months)	32.21	22.25
Weighted average discount rate	8.9%	7.7%

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

	Operating	Finance
For the remaining 6 months of the fiscal year ending April 30:		
2022	$ 1,707,563	$ 895,179
For the fiscal years ending April 30:		
2023	3,454,931	1,189,375
2024	2,978,018	858,791
2025	2,357,245	637,943
2026	1,867,872	102,785
2027	343,006	-
Thereafter	150,252	-
Total undiscounted lease payments	12,858,887	3,684,073
Present value discount, less interest	827,910	441,957
Lease liability	$ 12,030,977	$ 3,242,116

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note I – Leases – Continued

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

	Six Months Ended	
Other Information	October 31, 2021	October 31, 2020
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	71,578	122,401
Operating cash flows from operating leases	198,729	109,917
Financing cash flows from finance leases	952,597	1,011,945
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	1,558,579	-
Right-of-use assets obtained in exchange for operating lease liabilities	1,522,535	1,162,451

Note J – Subsequent Event

On November 17, 2021, the Company and JPMorgan Chase Bank, N.A. entered into an amendment of the Facility. The amended Facility allows the Company to borrow up to the lesser of (i) $53,000,000 or (ii) an amount equal to a percentage of the eligible receivable borrowing base plus a percentage of the inventory borrowing base. Further, the Facility was amended to allow in some circumstances customer deposits to be deemed eligible for collateral purposes.

On December 7, 2021, the Company amended its Agreement and Plan of Merger with Wagz. The amendment decreases the number of SigmaTron shares given to Wagz in conjunction with the transaction. Please refer to Form 8-K, filed December 10, 2021 for more information regarding the amendment.

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 and six month periods ended October 31, 2021 and October 31, 2020. Further, sales for the six months ended October 31,2021 included significant premiums of approximately 10% of net sales related to raw materials charges to the Company's customers with roughly the same amount included in cost of products sold.

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 record quarterly sales and operating results for the quarter ended October 31, 2021. The results were driven by strong and growing demand from existing customers and several new customers. Backlog remains strong. Unfortunately, the volatility of the electronics marketplace remains and is not improving. The Company continues to experience shortages that affected final production for the Company's customers causing them to push out consumption of assemblies from the Company. Accordingly, the Company continues to be negatively affected by the disruptions in the component marketplace. There is no predictability regarding when theses disruptions will occur and it is a challenge in terms of reacting to these disruptions.

Results of Operations:

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

	Three Months Ended		Six Months Ended	
	October 31, 2021 (Unaudited)	October 31, 2020 (Unaudited)	October 31, 2021 (Unaudited)	October 31, 2020 (Unaudited)
Net sales	100.0%	100.0%	100.0%	100.0%
Operating expenses:				
Cost of products sold	88.2	90.3	88.5	91.5
Selling and administrative expenses	6.8	7.8	6.9	8.1
Total operating expenses	95.0	98.1	95.4	99.6
Operating income	5.0%	1.9%	4.5%	0.4%

Net Sales

Net sales increased for the three month period ended October 31, 2021, to $100,216,614 from $69,618,424 for the three month period ended October 31, 2020. Net sales increased for the six month period ended October 31, 2021, to $185,956,048 from $130,143,380 for the six month period ended October 31, 2020. The Company's sales increased for the three and six month periods ended October 31, 2021, as compared to the prior year in the consumer electronics, industrial electronics and medical/life science marketplaces. Sales for the three and six month periods increased due to increasing demand from existing and new customers.

Gross Profit

Gross profit dollars increased during the three month period ended October 31, 2021, to $11,777,586 or 11.8% of net sales compared to $6,759,542 or 9.7% of net sales for the same period in the prior fiscal year. Gross profit dollars increased during the six month period ended October 31, 2021, to $21,360,064 or 11.5% of net sales compared to $11,031,733 or 8.5% of net sales for the same period in the prior fiscal year. The increase in gross profit for the three and six month periods ended October 31, 2021, was the result of lower operating costs and product mix compared to the same period in the prior year.

Selling and Administrative Expenses

Selling and administrative expenses increased to $6,805,756 or 6.8% of net sales for the three month period ended October 31, 2021, compared to $5,421,739 or 7.8% 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 October 31, 2021, was attributable to an increase in bonus expense and accounting professional fees. The increase in the foregoing expenses was partially offset by a decrease in general insurance and miscellaneous taxes. Selling and administrative expenses increased to $12,916,771 or 6.9% of net sales for the six month period ended October 31, 2021, compared to $10,481,264 or 8.1% of net sales for the same period in the prior fiscal year. The net increase in selling and administrative expenses for the six month period ended October 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 legal professional fees and general insurance.

Interest Expense

Interest expense increased to $344,675 for the three month period ended October 31, 2021, compared to $308,613 for the same period in the prior fiscal year. Interest expense decreased to $582,591 for the six month period ended October 31, 2021, compared to $646,877 for the same period in the prior fiscal year. The increase in interest expense for the three month period ended October 31, 2021, was due to the increased borrowings under the Company’s banking arrangements. The decrease in interest expense for the six month period ended October 31, 2021, was due to the lower interest rates from the Company’s banking arrangements.

Income Tax Expense

The income tax expense was $1,513,512 for the three month period ended October 31, 2021, compared to an income tax expense of $442,943 for the same period in the prior fiscal year. The Company’s effective tax rate was 32.45% and 41.40% for the quarters ended October 31, 2021 and 2020, respectively. The income tax expense was $2,270,457 for the six month period ended October 31, 2021, compared to an income tax expense of $222,109 for the same period in the prior fiscal year. The Company’s effective tax rate was 15.97% and (429.63)% for the six month period ended October 31, 2021 and 2020, respectively. The increase in income tax expense for the three month period ended October 31, 2021 compared to the same period in the previous year is due to increased income recognized in the current quarter compared to the previous year. The decrease in effective tax rate is due to variations in income earned by jurisdiction in the current period compared to the same period in the previous year. The increase in income tax expense for the six month period ended October 31, 2021 compared to the same period in the previous year is due to increased income recognized in the current year compared to the previous year. The change in effective tax rate for the six month period ended October 31, 2021 is due to an increase in income and variations in income earned by jurisdiction in the current period compared to the same period in the previous year.

Net Income

Net income increased to $3,150,205 for the three month period ended October 31, 2021, compared to a net income of $626,858 for the same period in the prior fiscal year. Net income increased to $11,946,921 for the six month period ended October 31, 2021, compared to a net loss of $273,808 for the same period in the prior fiscal year. A substantial part of the increase in net income for the six month period ended October 31, 2021 was attributable to the one-time gain recorded upon the extinguishment of the PPP Loan debt during the three month period ending July 31, 2021. Basic and diluted earnings per share for the second quarter of fiscal year 2022 were $0.73 and $0.69 respectively, compared to basic and diluted earnings per share of $0.15 each for the same period in the prior fiscal year. Basic and diluted earnings per share for the six month period ended October 31, 2021 were $2.78 and $2.69, respectively, compared to basic and diluted loss per share of $0.06 each for the same period in the prior fiscal year.

Liquidity and Capital Resources:

Operating Activities.

Cash flow used in operating activities was $10,669,736 for the six months ended October 31, 2021. During the first six months of fiscal year 2022, cash flow used in operating activities was primarily the result of an increase in both inventory and accounts receivable in the amount of $35,078,520 and $16,341,244, respectively. Cash flow from operating activities was offset by an increase in accounts payable and deferred revenue in the amount of $24,062,801 and $6,366,871, respectively. 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. The increase in accounts payable is the result of more favorable payment terms with vendors and increased inventory purchases.

Cash flow provided by operating activities was $3,531,711 for the six months ended October 31, 2020. During the first six months of fiscal year 2021, cash flow provided by operating activities was primarily the result of a decrease in accounts receivable and inventory of $6,171,838 and $3,239,189, respectively. Cash flow provided by operating activities was partially offset by the result of a decrease in accounts payable of $11,288,257. The decrease in accounts payable was primarily the result of the timing of payments.

Investing Activities.

Cash used in investing activities was $7,069,854 for the six months ended October 31, 2021. During the first six months of fiscal year 2022 the Company purchased $3,107,854 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 $3,400,000 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 for leases at acceptable terms, if at all, in the future. During the first six months of fiscal year 2022 the Company made advances of $3,962,000 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 $5,083,220 for the six months ended October 31, 2020. During the first six months of fiscal year 2021, the Company purchased $2,470,920 in machinery and equipment used in the ordinary course of business. The Company made additional machinery and equipment purchases of $2,276,396 during the balance of fiscal year 2021. During the first six months of fiscal year 2021 the Company made advances of $2,612,300 to Wagz.

Financing Activities.

Cash provided by financing activities of $16,650,707 for the first six months ended October 31, 2021, was primarily the result of net borrowings under the line of credit.

Cash used in financing activities of $271,898 for the first six months ended October 31, 2020, was primarily the result of net payments 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 the Company'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 October 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 October 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 October 31, 2021, there was $41,769,338 outstanding and $10,797,328 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 October 31, 2021 and April 30, 2021, the unamortized amount offset against outstanding debt was $307,688 and $343,890, respectively.

On November 17, 2021, the Company and JPMorgan Chase Bank, N.A. entered into an amendment of the Facility. The amended Facility allows the Company to borrow up to the lesser of (i) $53,000,000 or (ii) an amount equal to a percentage of the eligible receivable borrowing base plus a percentage of the inventory borrowing base. Further, the Facility was amended to allow in some circumstances customer deposits to be deemed eligible for collateral purposes.

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 long-term 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 $1,408,296 as of October 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 $805,859 outstanding under the facility at October 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 October 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 October 31, 2021, the unamortized amount included as a reduction to long-term debt was $8,542. A final aggregate payment of approximately $4,368,444 is due on or before January 29, 2026. The outstanding balance was $6,211,111 at October 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 $487,763 and $509,985 at October 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 October 1, 2026, with quarterly installment payments ranging from $10,723 to $71,326 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 September 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 six month period ended October 31, 2021, resulted in net foreign currency transaction losses of $121,400 compared to net foreign currency losses of approximately $165,209 for the same period in the prior year. During the six months of fiscal year 2022, the Company paid approximately $29,870,000 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 $5,091,000 as of October 31, 2021.

Conditions surrounding COVID-19 change rapidly and additional impacts of which the Company is not currently aware may arise. Based on past performance and current expectations, the Company believe’s that the existing sources of liquidity, including current cash, will provide sufficient resources to meet known capital requirements and working capital needs through the next twelve months.

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 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 October 31, 2021. The Company's disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives and its 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 October 31, 2021.

Internal Controls:

There has been no change in the Company's internal control over financial reporting during the six months ended October 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. On November 8, 2021, the Company announced that James J Reiman has been elected Chief Financial Officer , Vice President Finance, Treasurer and Secretary of SigmaTron International, Inc, effective immediately. The change in Chief Financial Officer did not affect the Company's internal controls over financial reporting.

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.

On November 17, 2021, the Company and JPMorgan Chase Bank, N.A. entered into an amendment of the Facility. The amended Facility allows the Company to borrow up to the lesser of (i) $53,000,000 or (ii) an amount equal to a percentage of the eligible receivable borrowing base plus a percentage of the inventory borrowing base. Further, the Facility was amended to allow in some circumstances customer deposits to be deemed eligible for collateral purposes. The effective date of this amendment is November 17, 2021.

Item 6. Exhibits.

10.1	Third Amendment to Credit Agreement entered into as of September 30, 2021, by and between SigmaTron International, Inc., and JPMorgan Chase Bank, N.A.
10.2	Fourth Amendment to Credit Agreement entered into as of November 17, 2021, by and between SigmaTron International, Inc., and JPMorgan Chase Bank, N.A.
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	December 13, 2021
Gary R. Fairhead CEO (Principal Executive Officer)	Date
/s/ James J. Reiman	December 13, 2021
James J. Reiman Chief Financial Officer, Secretary and Treasurer (Principal Financial Officer and Principal Accounting Officer)	Date

Exhibit 10.1
EXECUTION VERSION

THIRD AMENDMENT TO CREDIT AGREEMENT

This THIRD AMENDMENT TO CREDIT AGREEMENT (this "Amendment") is made as of September 30, 2021, by and among SIGMATRON INTERNATIONAL, INC., a Delaware corporation ("Borrower"), the other Loan Parties party hereto (if any), and JPMORGAN CHASE BANK, N.A. ("Lender").

RECITALS :

A. Borrower and Lender have heretofore entered into a Credit Agreement dated as of January 29, 2021 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"). All capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Credit Agreement.

B. Borrower and Lender have agreed to make certain amendments to the Credit Agreement on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto hereby agree as follows:

SECTION 1. AMENDMENTS.

Subject to the satisfaction of the conditions precedent set forth in Section 2 below, the Credit Agreement shall be and hereby is amended as follows:

1.1. Clause (a) of Section 5.08 of the Credit Agreement is amended and restated in its entirety to read as follows:

(a) The proceeds of the Loans and the Letters of Credit will be used only for working capital, other general corporate purposes including funding business operations in the ordinary course of the Borrower, its Subsidiaries and Wagz (until the consummation of the Wagz Acquisition); provided that proceeds of Loans and Letters of Credit used to finance business operations of Wagz prior to consummation of the Wagz Acquisition shall not exceed $7,000,000 in the aggregate, and to refinance existing Indebtedness outstanding on the Effective Date. No part of the proceeds of any Loan and no Letter of Credit will be used, whether directly or indirectly, (i) for any purpose that entails a violation of any of the regulations of the Federal Reserve Board, including Regulations T, U and X or (ii) to make any Acquisition, except for the Wagz Acquisition or as may be permitted by a Rider attached hereto.

1.2. Clause (l) of Section 6.04 of the Credit Agreement is amended and restated in its entirety to read as follows:

(l) the Wagz Acquisition; provided that (i) the acquisition shall be consummated on or before December 31, 2021 and the number of shares of the common stock of the Borrower exchanged in the Wagz Acquisition shall not exceed 2,443,870 (or such greater amount agreed to by the Lender in its Permitted Discretion), (ii) is consummated pursuant to the Wagz Purchase Agreement and such other documents to be executed and delivered in connection with the Wagz Purchase Agreement that are in form and substance acceptable to the Borrower's Board of Directors, (iii) prior to, and immediately after giving effect to such acquisition, subject to incorporation of such changes to the Disclosure Certificate, Perfection Certificate and other Loan Documents that are furnished by the Borrower to the Lender (and reasonably agreed to by the Lender), no Default or Event of Default shall have occurred and be continuing, and (iv) immediately after giving effect to such acquisition, the Borrower shall, and shall cause Wagz to, take all actions required under Section 5.14 hereof;

1.3. Clause (d) of the term "Borrowing Base" set forth in the Borrowing Base Schedule to the Credit Agreement is amended and restated in its entirety to read as follows:

> (d) the least of (i) $5,000,000, (ii) 70% of Eligible In-Transit Inventory, valued at the lower of cost or market value, determined on a first-in-first-out basis, at such time and (iii) the product of 85% *multiplied by* the NOLV Percentage identified in the most recent inventory appraisal ordered by the Lender *multiplied by* Eligible In-Transit Inventory, valued at the lower of cost or market value, determined on a first-in-first-out basis, at such time, *plus*

1.4. The term "Subsidiary" set forth in the Terms Schedule to the Credit Agreement is amended and restated in its entirety to read as follows:

> "Subsidiary" means any direct or indirect subsidiary of the Borrower or a Loan Party, as applicable, including the Excluded Foreign Subsidiaries. The undersigned hereby acknowledge and agree that the Delaware corporation to be incorporated by the Borrower as a wholly-owned subsidiary to effect the Wagz Acquisition (the "Acquisition Subsidiary") shall not, prior to consummation of the Wagz Acquisition, be deemed a Subsidiary hereunder, so long as (i) the Wagz Acquisition is consummated by December 31, 2021 and (ii) the Acquisition Subsidiary does not at any time prior to consummation of the Wagz Acquisition own any assets or conduct any business.

SECTION 2. CONDITIONS TO EFFECTIVENESS.

The effectiveness of this Amendment is subject to the satisfaction of all of the following conditions precedent:

2.1. Lender shall have received duly executed copies of this Amendment from Borrower.

2.2. Legal matters incident to the execution and delivery of this Amendment shall be reasonably satisfactory to Lender and its counsel.

SECTION 3. REPRESENTATIONS, WARRANTIES AND COVENANTS.

In order to induce Lender to enter into this Amendment, each Loan Party hereby jointly and severally represents, warrants and covenants to Lender, as of the date hereof that:

3.1. *Representations, Warranties and Covenants.* (i) After giving effect to this Amendment, no representation or warranty of any Loan Party contained in the Credit Agreement or any of the Loan Documents, including this Amendment, shall be untrue or incorrect in any material respect as of the date hereof, except to the extent that such representation or warranty expressly relates to an earlier date and (ii) no Default has occurred or is continuing, or would result after giving effect hereto.

3.2. *Authorization, Etc.* Each Loan Party has the corporate or limited liability company power, as applicable, and authority to execute, deliver and perform this Amendment. Since the Effective Date, there has been no amendment, modification, restatement or supplement to (a) any Loan Party's organizational documents (i.e., articles of incorporation or organization and by-laws or operating agreement) (the "Organizational Documents") or (b) the resolutions that were delivered to the Lender on January 29, 2021, and such Organizational Documents and resolutions are in full force and effect as of the date hereof. Each Loan Party has taken all necessary corporate or limited liability company action (including, without limitation, obtaining approval of its stockholders or members, if necessary) to authorize its execution, delivery and performance of this Amendment.

No consent, approval or authorization of, or declaration or filing with, any Governmental Authority, and no consent of any other Person, is required in connection with any Loan Party's execution, delivery and performance of this Amendment, except for those already duly obtained. This Amendment has been duly executed and delivered by each Loan Party and constitutes the legal, valid and binding obligation of each Loan Party, enforceable against it in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditor rights generally or by equitable principles relating to enforceability. No Loan Party's execution, delivery or performance of this Amendment
(i) contravenes the terms of any of such Loan Party's Organizational Documents; (ii) conflicts with or constitutes a violation or breach of, or constitutes a default under, or results in the creation or imposition of any Lien (other than pursuant to the Collateral Documents) upon the property of any Loan Party by reason of the terms of any material contractual obligation (including without limitation contractual obligations arising from any Material Agreements to which any Loan Party is a party or which is binding upon it); or (iii) violates any Requirement of Law in any material respect.

SECTION 4. REFERENCE TO AND EFFECT ON LOAN DOCUMENTS.

4.1. *Ratification.* Except as specifically provided in this Amendment, the Credit Agreement and the Loan Documents shall remain in full force and effect and each Loan Party hereby ratifies and reaffirms each term and condition set forth in the Credit Agreement and in the other Loan Documents, effective as of the date hereof.

4.2 *No Waiver.* This Amendment is only applicable and shall only be effective in the specific instances and for the specific purposes for which made or given. Except as specifically provided in this Amendment, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver or forbearance of any right, power or remedy of Lender under the Credit Agreement or any of the Loan Documents, or constitute a consent, waiver or modification with respect to any provision of the Credit Agreement or any of the Loan Documents which shall remain in full force and effect. Upon the effectiveness of this Agreement each reference in (i) the Credit Agreement to "this Agreement," "hereunder," "hereof," or words of similar import and (ii) any Loan Document to "the Agreement" shall, in each case and except as otherwise specifically stated therein, mean and be a reference to the Credit Agreement as amended hereby.

4.3. *Collateral*. The Loan Parties heretofore executed and delivered to Lender the Collateral Documents. The Loan Parties hereby acknowledge and agree that the Liens created and provided for by the Collateral Documents continue to secure, among other things, the Secured Obligations arising under the Credit Agreement as amended hereby; and the Collateral Documents and the rights and remedies of Lender thereunder, the obligations of the Loan Parties thereunder, and the Liens created and provided for thereunder remain in full force and effect and shall not be affected, impaired or discharged hereby. Nothing herein contained shall in any manner affect or impair the priority of the liens and security interests created and provided for by the Collateral Documents as to the indebtedness which would be secured thereby prior to giving effect to this Amendment.

SECTION 5. AFFIRMATION OF GUARANTORS.

5.1. Each Loan Guarantor hereby acknowledges that it has reviewed the terms and provisions of this Amendment and consents to any modification of the Credit Agreement effected pursuant to this Amendment. Each Loan Guarantor hereby confirms to Lender that, after giving effect to the foregoing Amendment, the Loan Guaranty of such Loan Guarantor and each other Loan Document to which such Loan Guarantor is a party continues in full force and effect and is the legal, valid and binding obligation of such Loan Guarantor, enforceable against such Loan Guarantor in accordance with its terms except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

5.2. Each Loan Guarantor acknowledges and agrees that (i) notwithstanding the conditions to effectiveness set forth in this Amendment, such Loan Guarantor is not required by the terms of the Credit Agreement or any other Loan Document to consent to the waivers or modifications to the Credit Agreement effected pursuant to this Amendment and (ii) nothing in the Credit Agreement, this Amendment or any other Loan Document shall be deemed to require the consent of such Loan Guarantor to any future waivers or modifications to the Credit Agreement.

SECTION 6. MISCELLANEOUS.

6.1. *Successors and Assigns.* This Amendment shall be binding on and shall inure to the benefit of the Loan Parties and Lender and their respective successors and assigns, except as otherwise provided herein. No Loan Party may assign, transfer, hypothecate or otherwise convey its rights, benefits, obligations or duties hereunder without the prior written consent of Lender. The terms and provisions of this Amendment are for the purpose of defining the relative rights and obligations of the Loan Parties and Lender with respect to the transactions contemplated hereby and there shall be no third party beneficiaries of any of the terms and provisions of this Agreement.

6.2. *Entire Agreement.* This Amendment, including all schedules and other documents attached hereto or incorporated by reference herein or delivered in connection herewith, constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all other understandings, oral or written, with respect to the subject matter hereof.

6.3. *Expenses.* As provided in Section 8.03 (Expenses; Limitation of Liability; Indemnity, Etc.) of the Credit Agreement, Borrower agrees to pay promptly on demand all reasonable and documented out- of-pocket expenses incurred by Lender in connection with the preparation, execution and delivery of this Amendment.

6.4. *Headings.* Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

6.5. *Severability.* Wherever possible, each provision of this Amendment shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Amendment shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Amendment.

6.6. *Conflict of Terms.* Except as otherwise provided in this Amendment, if any provision contained in this Amendment is in conflict with, or inconsistent with, any provision in any of the Loan Documents, the provision contained in this Amendment shall govern and control.

6.7. *Counterparts.* This Amendment may be executed in any number of separate counterparts, each of which shall collectively and separately constitute one agreement. Delivery of an executed signature page to this Amendment by facsimile or electronic transmission shall be effective as delivery of a manually executed signature page to this Amendment.

6.8 *Incorporation of Credit Agreement.* The provisions contained in Sections 8.09 (Governing Law; Jurisdiction; Consent to Service of Process) and 8.10 (Waiver of Jury Trial) of the Credit Agreement are incorporated herein by reference to the same extent as if reproduced herein in their entirety, except with reference to this Amendment rather than the Credit Agreement.

[Signature Pages Follow]

In Witness Whereof, each of the parties hereto has caused a counterpart of this Amendment to be duly executed and delivered as of the date first above written.

BORROWER:

SIGMATRON INTERNATIONAL, INC.

By: /s/ Linda K. Frauendorfer
Name: Linda K. Frauendorfer
Title: Chief Financial Officer

[Signature Page to Third Amendment to Credit Agreement (Sigmatron International, Inc., 2021)]

LENDER:

JPMORGAN CHASE BANK, N.A.

By:	/s/ Lena Centomani
Name:	Lena Centomani
Title:	Authorized Officer

[Signature Page to Third Amendment to Credit Agreement (Sigmatron International, Inc., 2021)]

Exhibit 10.2
EXECUTION VERSION

FOURTH AMENDMENT TO CREDIT AGREEMENT

This FOURTH AMENDMENT TO CREDIT AGREEMENT (this "Amendment") is made as of November 17, 2021, by and among SIGMATRON INTERNATIONAL, INC., a Delaware corporation ("Borrower"), the other Loan Parties party hereto (if any), and JPMORGAN CHASE BANK, N.A. ("Lender").

R E C I T A L S :

A.Borrower and Lender have heretofore entered into a Credit Agreement dated as of January 29, 2021 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"). All capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Credit Agreement.

B. Borrower and Lender have agreed to make certain amendments to the Credit Agreement on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto hereby agree as follows:

SECTION 1. AMENDMENTS.

Subject to the satisfaction of the conditions precedent set forth in Section 2 below, the Credit Agreement shall be and hereby is amended as follows:

1.1. The definition of "Revolving Commitment" sent forth in the Definitions Schedule to the Credit Agreement is amended and restated in its entirety to read as set forth below:

"Revolving Commitment" means the commitment of the Lender to make Revolving Loans hereunder up to the amount set forth in the Terms Schedule. The amount of the Lender's Revolving Commitment as of the Fourth Amendment Effective Date is $53,000,000.

1.2. The following new defined terms are added to the Definitions Schedule to the Credit Agreement in their appropriate alphabetic position to read as set forth below:

"Customer Letter" means a letter agreement entered into between an Account Debtor and Borrower, in the form previously approved by Lender (or such other form acceptable to Lender), which includes, among other things, an acknowledgment from the Account Debtor that under no circumstances may it offset any portion of the deposit made pursuant to such letter against its trade payables with Borrower.

"Fourth Amendment Effective Date" means November 17, 2021.

1.3. Clause (q) of the defined term "Eligible Accounts" set forth in the Terms Schedule to the Credit Agreement is amended and restated in its entirety to read as follows:

(q) which is owed by an Account Debtor or any Affiliate of such Account Debtor to which the related Loan Party is indebted, but only to the extent of such indebtedness, or is subject to any security deposit, progress payment, retainage or other similar advance made by or for the benefit of an Account Debtor, in each case to the extent thereof (for the avoidance of doubt, Accounts owed by an Account Debtor party to Customer Letter shall not be deemed excluded, reduced or otherwise adjusted via this clause (q) solely as a result of such Customer Letter);

1.4. Section 1 of the Term Schedule to the Credit Agreement is amended and restated in its entirety to read as follows:

1. Revolving Commitment (Definitions Schedule): $53,000,000.

(a) The Borrower may request that the Lender increase the Revolving Commitment at any after the Fourth Amendment Effective Date; provided that (i) any such request for an increase shall be in a minimum amount of $5,000,000, (ii) the Borrower may make a maximum of two (2) such requests, (iii) after giving effect thereto, the sum of the total of the additional Commitments does not exceed $12,000,000, (iv) the procedure described in clause (b) below has been satisfied. **Nothing contained in this section shall constitute, or otherwise be deemed to be, a commitment on the part of the Lender to increase its Commitment hereunder at any time and the Borrower acknowledges that the Lender may decline the request for any reason, or no reason whatsoever, notwithstanding the absence of a Material Adverse Effect, Default or Event of Default.**

(b) The amendment hereto for such an increase shall be in form and substance satisfactory to the Lender. As a condition precedent to (i) requesting such an increase, the Borrower shall deliver to the Lender a certificate of each Loan Party signed by an authorized officer of such Loan Party (A) certifying and attaching the resolutions adopted by such Loan Party approving or consenting to such increase, and (B) in the case of the Borrower, certifying that, before and after giving effect to such increase or addition, (1) the representations and warranties contained in Article III and the other Loan Documents are true and correct, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date, (2) no Default exists and (3) the Borrower is in compliance (on a pro forma basis) with the covenants contained in the Financial Covenants Schedule, and (ii) the Lender agreeing to such an increase, the Borrower shall deliver to the Lender legal opinions and documents consistent with those delivered on the Effective Date, to the extent requested by the Lender.

SECTION 2. CONDITIONS TO EFFECTIVENESS.

The effectiveness of this Amendment is subject to the satisfaction of all of the following conditions precedent:

2.1. Lender shall have received duly executed copies of this Amendment from Borrower.

2.2. Lender shall have received a duly executed legal opinion from counsel to Borrower in respect of this Amendment (including the Revolving Commitment increase), which opinion shall be in form and substance reasonably acceptable to Lender.

2.3. Legal matters incident to the execution and delivery of this Amendment shall be reasonably satisfactory to Lender and its counsel.

SECTION 3. REPRESENTATIONS, WARRANTIES AND COVENANTS.

In order to induce Lender to enter into this Amendment, each Loan Party hereby jointly and severally represents, warrants and covenants to Lender, as of the date hereof that:

3.1. *Representations, Warranties and Covenants.* (i) After giving effect to this Amendment, no representation or warranty of any Loan Party contained in the Credit Agreement or any of the Loan Documents, including this Amendment, shall be untrue or incorrect in any material respect as of the date hereof, except to the extent that such representation or warranty expressly relates to an earlier date and (ii) no Default has occurred or is continuing, or would result after giving effect hereto.

3.2. *Authorization, Etc.* Each Loan Party has the corporate or limited liability company power, as applicable, and authority to execute, deliver and perform this Amendment. Since the Effective Date, there has been no amendment, modification, restatement or supplement to (a) any Loan Party's organizational documents (i.e., articles of incorporation or organization and by-laws or operating agreement) (the "Organizational Documents") or (b) the resolutions that were delivered to the Lender on January 29, 2021, and such Organizational Documents and resolutions are in full force and effect as of the date hereof. Each Loan Party has taken all necessary corporate or limited liability company action (including, without limitation, obtaining approval of its stockholders or members, if necessary) to authorize its execution, delivery and performance of this Amendment. No consent, approval or authorization of, or declaration or filing with, any Governmental Authority, and no consent of any other Person, is required in connection with any Loan Party's execution, delivery and performance of this Amendment, except for those already duly obtained. This Amendment has been duly executed and delivered by each Loan

Party and constitutes the legal, valid and binding obligation of each Loan Party, enforceable against it in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditor rights generally or by equitable principles relating to enforceability. No Loan Party's execution, delivery or performance of this Amendment (i) contravenes the terms of any of such Loan Party's Organizational Documents; (ii) conflicts with or constitutes a violation or breach of, or constitutes a default under, or results in the creation or imposition of any Lien (other than pursuant to the Collateral Documents) upon the property of any Loan Party by reason of the terms of any material contractual obligation (including without limitation contractual obligations arising from any Material Agreements to which any Loan Party is a party or which is binding upon it); or (iii) violates any Requirement of Law in any material respect.

SECTION 4. REFERENCE TO AND EFFECT ON LOAN DOCUMENTS.

4.1. *Ratification.* Except as specifically provided in this Amendment, the Credit Agreement and the Loan Documents shall remain in full force and effect and each Loan Party hereby ratifies and reaffirms each term and condition set forth in the Credit Agreement and in the other Loan Documents, effective as of the date hereof.

4.2 *No Waiver.* This Amendment is only applicable and shall only be effective in the specific instances and for the specific purposes for which made or given. Except as specifically provided in this Amendment, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver or forbearance of any right, power or remedy of Lender under the Credit Agreement or any of the Loan Documents, or constitute a consent, waiver or modification with respect to any provision of the Credit Agreement or any of the Loan Documents which shall remain in full force and effect. Upon the effectiveness of this Agreement each reference in (i) the Credit Agreement to "this Agreement," "hereunder," "hereof," or words of similar import and (ii) any Loan Document to "the Agreement" shall, in each case and except as otherwise specifically stated therein, mean and be a reference to the Credit Agreement as amended hereby.

4.3.*Collateral*. The Loan Parties heretofore executed and delivered to Lender the Collateral Documents. The Loan Parties hereby acknowledge and agree that the Liens created and provided for by the Collateral Documents continue to secure, among other things, the Secured Obligations arising under the Credit Agreement as amended hereby; and the Collateral Documents and the rights and remedies of Lender thereunder, the obligations of the Loan Parties thereunder, and the Liens created and provided for thereunder remain in full force and effect and shall not be affected, impaired or discharged hereby. Nothing herein contained shall in any manner affect or impair the priority of the liens and security interests created and provided for by the Collateral Documents as to the indebtedness which would be secured thereby prior to giving effect to this Amendment.

SECTION 5. AFFIRMATION OF GUARANTORS.

5.1. Each Loan Guarantor hereby acknowledges that it has reviewed the terms and provisions of this Amendment and consents to any modification of the Credit Agreement effected pursuant to this Amendment. Each Loan Guarantor hereby confirms to Lender that, after giving effect to the foregoing Amendment, the Loan Guaranty of such Loan Guarantor and each other Loan Document to which such Loan Guarantor is a party continues in full force and effect and is the legal, valid and binding obligation of such Loan Guarantor, enforceable against such Loan Guarantor in accordance with its terms except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

5.2. Each Loan Guarantor acknowledges and agrees that (i) notwithstanding the conditions to effectiveness set forth in this Amendment, such Loan Guarantor is not required by the terms of the Credit Agreement or any other Loan Document to consent to the waivers or modifications to the Credit Agreement effected pursuant to this Amendment and (ii) nothing in the Credit Agreement, this Amendment or any other Loan Document shall be deemed to require the consent of such Loan Guarantor to any future waivers or modifications to the Credit Agreement.

SECTION 6. MISCELLANEOUS.

6.1. *Successors and Assigns.* This Amendment shall be binding on and shall inure to the benefit of the Loan Parties and Lender and their respective successors and assigns, except as otherwise provided herein. No Loan Party may assign, transfer, hypothecate or otherwise convey its rights, benefits, obligations or duties hereunder without the prior written consent of Lender. The terms and provisions of this Amendment are for the purpose of defining the relative rights and obligations of the Loan Parties and Lender with respect to the transactions contemplated hereby and there shall be no third party beneficiaries of any of the terms and provisions of this Agreement.

6.2. *Entire Agreement.* This Amendment, including all schedules and other documents attached hereto or incorporated by reference herein or delivered in connection herewith, constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all other understandings, oral or written, with respect to the subject matter hereof.

6.3. *Expenses.* As provided in Section 8.03 (Expenses; Limitation of Liability; Indemnity, Etc.) of the Credit Agreement, Borrower agrees to pay promptly on demand all reasonable and documented out-of-pocket expenses incurred by Lender in connection with the preparation, execution and delivery of this Amendment.

6.4. *Headings.* Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

6.5. *Severability.* Wherever possible, each provision of this Amendment shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Amendment shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Amendment.

6.6. *Conflict of Terms.* Except as otherwise provided in this Amendment, if any provision contained in this Amendment is in conflict with, or inconsistent with, any provision in any of the Loan Documents, the provision contained in this Amendment shall govern and control.

6.7. *Counterparts.* This Amendment may be executed in any number of separate counterparts, each of which shall collectively and separately constitute one agreement. Delivery of an executed signature page to this Amendment by facsimile or electronic transmission shall be effective as delivery of a manually executed signature page to this Amendment.

6.8 *Incorporation of Credit Agreement.* The provisions contained in Sections 8.09 (Governing Law; Jurisdiction; Consent to Service of Process) and 8.10 (Waiver of Jury Trial) of the Credit Agreement are incorporated herein by reference to the same extent as if reproduced herein in their entirety, except with reference to this Amendment rather than the Credit Agreement.

[Signature Pages Follow]

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Amendment to be duly executed and delivered as of the date first above written.

BORROWER:

SIGMATRON INTERNATIONAL, INC.

By:	/s/ Gary R. Fairhead
Name:	Gary R. Fairhead
Title:	Chief Executive Officer

[Signature Page to Fourth Amendment to Credit Agreement (SigmaTron International, Inc.)]

LENDER:

JPMORGAN CHASE BANK, N.A.

By: /s/ Lena Centomani
Name: Lena Centomani
Title: Authorized Officer

[Signature Page to Fourth Amendment to Credit Agreement (SigmaTron International, Inc.)]

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, 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 October 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: December 13, 2021

/s/ Gary R. Fairhead
Gary R. Fairhead
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, James J. Reiman, 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 October 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: December 13, 2021

/s/ James J. Reiman

James J. Reiman
Chief Financial Officer, Secretary and
Treasurer of SigmaTron International, Inc.

SigmaTron International, Inc.
October 31, 2021

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, 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 October 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: December 13, 2021

/s/ Gary R. Fairhead
Gary R. Fairhead
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, James J. Reiman, 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 October 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: December 13, 2021

/s/ James J. Reiman
James J. Reiman
Chief Financial Officer, Secretary and
Treasurer of SigmaTron International, Inc.