UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended June 30, 2020 | Commission File Number 001-07233

STANDEX INTERNATIONAL CORPORATION
(Exact name of registrant as specified in its Charter)

delaware	31-0596149
(State of incorporation)	*(I.R.S. Employer Identification No.)*
23 Keewaydin Drive, Salem, New Hampshire	03079
(Address of principal executive offices)	*(Zip Code)*

(603) 893-9701
(Registrant's telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE SECURITIES EXCHANGE ACT OF 1934:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, Par Value $1.50 Per Share	SXI	New York Stock Exchange

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ **No** ☐

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. **Yes** ☐ **No** ☒

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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 "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 in Rule 12b-2 of the Exchange Act). **Yes** ☐ **No** ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant at the close of business on December 31, 2019 was approximately $983,021,425. Registrant's closing price as reported on the New York Stock Exchange for December 31, 2019 was $79.35 per share.

The number of shares of Registrant's Common Stock outstanding on August 18, 2020 was 12,380,901 .

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the Registrant's 2020 Annual Meeting of Stockholders (the "Proxy Statement") are incorporated by reference into Part III of this report.

Forward Looking Statement

Statements contained in this Annual Report on Form 10-K that are not based on historical facts are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of forward-looking terminology such as "should," "could," "may," "will," "expect," "believe," "estimate," "anticipate," "intend," "continue," or similar terms or variations of those terms or the negative of those terms. There are many factors that affect the Company's business and the results of its operations and that may cause the actual results of operations in future periods to differ materially from those currently expected or anticipated. These factors include, but are not limited to: materially adverse or unanticipated legal judgments, fines, penalties or settlements; conditions in the financial and banking markets, including fluctuations in exchange rates and the inability to repatriate foreign cash; domestic and international economic conditions, including the impact, length and degree of economic downturns on the customers and markets we serve and more specifically conditions in the food service equipment, automotive, construction, aerospace, energy, oil and gas, transportation, consumer appliance and general industrial markets; lower-cost competition; the relative mix of products which impact margins and operating efficiencies in certain of our businesses; the impact of higher raw material and component costs, particularly steel, petroleum based products and refrigeration components; an inability to realize the expected cost savings from restructuring activities including effective completion of plant consolidations, cost reduction efforts including procurement savings and productivity enhancements, capital management improvements, strategic capital expenditures, and the implementation of lean enterprise manufacturing techniques; the inability to achieve the savings expected from global sourcing of raw materials and diversification efforts in emerging markets; the impact on cost structure and on economic conditions as a result of actual and threatened increases in trade tariffs; the inability to attain expected benefits from strategic alliances or acquisitions and the inability to effectively consummate and integrate such acquisitions and achieve synergies envisioned by the Company; market acceptance of our products; our ability to design, introduce and sell new products and related product components; the ability to redesign certain of our products to continue meeting evolving regulatory requirements; the impact of delays initiated by our customers; and our ability to increase manufacturing production to meet demand; and potential changes to future pension funding requirements. In addition, any forward-looking statements represent management's estimates only as of the day made and should not be relied upon as representing management's estimates as of any subsequent date. While the Company may elect to update forward-looking statements at some point in the future, the Company and management specifically disclaim any obligation to do so, even if management's estimates change.

PART I

Item 1. Business

Standex International Corporation was incorporated in 1975 and is the successor of a corporation organized in 1955. As used in this report, the terms "we," "us," "our," the "Company" and "Standex" mean Standex International Corporation and its subsidiaries. We have paid dividends each quarter since Standex became a public corporation in November 1964. Overall management, strategic development and financial control are led by the executive staff at our corporate headquarters in Salem, New Hampshire.

Unless otherwise noted, references to years are to fiscal years. Currently our fiscal year end is June 30. For further clarity, our fiscal year 2020 includes the twelve-month period from July 1, 2019 to June 30, 2020.

We are a diversified industrial manufacturer with leading positions in a variety of products and services that are used in diverse commercial and industrial markets. As of the end of the fiscal third quarter 2020, we had nine operating segments aggregated into five reportable segments. During the third quarter of 2020, we announced the divestiture of our Refrigerated Solutions Group (RSG) consistent with our strategy to focus our financial assets and managerial resources on our higher growth and operating margin businesses. The divestiture of RSG was completed and consideration was exchanged in April of fiscal year 2020. Subsequent to the disposition of the RSG, we reviewed the quantitative and qualitative characteristics of our remaining businesses, including the manner in which our chief operating decision maker makes decisions regarding these businesses, and determined that we have seven operating segments that aggregate to five reportable segments.

Our new reportable segment structure is as follows:

- Electronics operating segment
- Engraving operating segment
- Scientific operating segment
- Engineering Technologies Group operating segment
- Specialty Solutions – an aggregation of our Federal, Procon, and Hydraulics operating segments.

Our segments differentiate themselves by collaborating with our customers in order to develop and deliver custom solutions or engineered components that solve problems for our customers or otherwise meet their needs (a business model we refer to as "Customer Intimacy").

Our long-term strategy is to enhance shareholder value by building larger, more profitable "Customer Intimacy" focused industrial platforms through a value creation system that assists management in meeting specific corporate and business unit financial and strategic performance goals in order to create, improve, and enhance shareholder value. The Standex Value Creation System is a methodology which provides standard work and consistent tools used throughout the company in order to achieve our organization's goals. The Standex Value Creation System employs four components: Balanced Performance Plan, Growth Disciplines, Operational Excellence, and Talent Management. The Balanced Performance Plan process aligns annual goals throughout the company and provides a standard reporting, management and review process. It is focused on setting, tracking and reviewing annual and quarterly targets that support our short and long-term goals. The Growth Disciplines use a standard work playbook of tools and processes including market maps, market tests, and growth laneways to identify, explore and execute on opportunities that expand the business organically and through acquisitions. Operational Excellence also employs a standard work playbook of tool and processes, based on LEAN, to improve operating execution (effectiveness), eliminate waste (efficiency) and thereby improve profitability, cash flow and customer satisfaction. Finally, Talent Management is an organizational development process that provides training, development, and succession planning for employees throughout our worldwide organization. The Standex Value Creation System ties all of these disciplines together under a common umbrella by providing standard playbook of tools and processes to deliver our business objectives.

- It is our objective to grow larger and more profitable business units through both organic (Growth Disciplines) and inorganic (acquisition) activities. We seek to identify and implement organic growth initiatives such as new product and service development, new and current customer acquisition / expansion, geographic market enlargement, sales channel partner extension, and new business model investigation. Also, we have a long-term objective to create sizable business platforms by adding strategically aligned acquisitions to strengthen the individual businesses, create both sales and cost synergies with our core business platforms, and accelerate their growth and margin improvement. We also look to drive continuous improvement within our business platforms to enhance the execution of their current core business to accelerate growth and improve margins. In these pursuits, we have a particular focus on identifying and investing in opportunities that complement our current products and services and will increase the global presence and capabilities of our businesses. From time to time, we have divested, and likely will continue to divest, businesses that we feel are not strategic or do not meet our growth and return expectations.

- Our objective to grow larger and more profitable business platforms also relies upon Operational Excellence, which drives continuous improvement and thereby margin expansion of our businesses. We recognize that our businesses are competing in a global economy that requires us to improve our competitive position, and we continue to deploy these capabilities to drive improvements in the cost structure of our businesses. These efforts include but are not limited to the application of LEAN, the use of low cost manufacturing facilities in countries such as Mexico and India, the consolidation of manufacturing facilities to achieve economies of scale and leveraging of fixed infrastructure costs, the use of alternate sourcing to achieve procurement cost reductions, and the investment of capital to increase productivity in both the shop floor and back-office.

- The Company's strong historical cash flow has been a cornerstone for funding our capital allocation strategy. Our priority for the use of capital is to use cash flow generated from operations for maintenance and safety capital assets; investment in capital assets to fund the strategic growth programs described above, including acquisitions, if our return and investment criteria are met; repayment of outstanding debt if our liquidity levels meet our criteria; and to return cash to our shareholders through the payment of dividends and stock buybacks.

Please visit our website at www.standex.com to learn more about us or to review our most recent SEC filings. The information on our website is for informational purposes only and is not incorporated into this Annual Report on Form 10-K.

Description of Segments

Electronics

Our Electronics group is a global component and value-added solutions provider of both sensing and switching technologies along with magnetic power conversion components and assemblies. We are focused on designing, engineering, and manufacturing innovative solutions, components and assemblies to solve our customers' application needs with a commitment to a customer first attitude through our Partner/Solve/Deliver® approach. Our approach allows us to expand the business through pursuing organic growth with our current customers, developing new products and technologies for both new and existing customers, driving geographic expansion, and pursuing inorganic growth through strategic acquisitions.

Components are manufactured in plants located in the U.S., Mexico, the U.K., Germany, Japan, China and India.

Markets and Applications

Our diverse and highly engineered products and solutions and vertically integrated manufacturing capabilities are vital to an array of markets and provide safe and efficient power transformation, current monitoring, isolation, as well as sensors and relays to monitor systems for function and safety. The end-user of our engineered solution is typically an Original Equipment Manufacturer ("OEM") industrial equipment manufacturer. End-user markets include, but are not limited to, smart-grid, alternative energy, appliances, HVAC, security, military, medical, aerospace, test and measurement, power distribution, transportation and general industrial applications.

Brands

Business unit names are Standex Electronics, Standex-Meder Electronics, Northlake Engineering, Agile Magnetics, Standex Electronics Japan, and the MEDER, KENT, and KOFU reed switch brands.

Products

Our sensing products employ technologies such as reed switch, Hall effect, inductive, conductive and other technologies. Sensing based solutions include reed relays, fluid level, proximity, motion, flow, HVAC condensate as well as custom electronic sensors containing our core technologies. The magnetics or power conversion products include custom wound transformers and inductors for low and high frequency applications, current sense technology, advanced planar transformer technology, value added assemblies, and mechanical packaging.

Customers

The business sells to a wide variety of industrial, medical, power, automotive and consumer goods customers globally through a direct sales force, regional sales managers, and field applications engineers, commissioned agents, representative groups, and distribution channels.

Engraving

Engraving creates custom textures and surface finishes on tooling to enhance the beauty and function of a wide range of consumer goods and automotive products. We focus on continuing to meet the needs of a changing marketplace by offering experienced craftsmanship while investing in new technologies such as laser engraving and soft surface skin texturized tooling. Our growth strategy is to continue to develop new technologies to enhance surface textures, both organically and with bolt-on acquisitions. We are one company operating in 23 countries using a consistent approach to guarantee harmony on global programs in service of our customers.

Markets and Applications

Standex Engraving Mold Tech has become the global leader in its industry by offering a full range of services to OEM's, Tier 1 suppliers, mold makers and product designers. From start to finish, these services include the design of bespoke textures, the verification of the texture on a prototype, engraving a mold, enhancing and polishing it, and then offering on-site try-out support with ongoing tool maintenance and texture repair capabilities. In addition to these services, we also produce soft trim tooling such as in mold graining (IMG) and nickel shells.

Engraving companies and brands also include:

- Piazza Rosa and World Client Services which both offer laser engraving and tool finishing in Europe and Mexico.
- Tenibac-Graphion provides additional texturizing and protyping capabilities in North America and China.
- GS Engineering employs advanced processes and technology to rapidly produce molds for the creation of soft-touch surfaces.
- Innovent, located in North America and Europe, is a specialized supplier of tools and machines used to produce diapers and products that contain absorbent materials between layers of non-woven fabric.

Products and Services

Texturing is achieved with either a laser or a chemical etching technique.

- Laser Engraving offers superior features previously unavailable on products, such as multiple gloss levels, the elimination of paint and optimized scratch performance, and sharp definition for precise geometric patterns.
- Chemical Engraving produces carefully designed textures and finishes without seams or distortion. Our Digital Transfer Technology offers an exclusive service which guarantees consistency, pattern integrity and texture harmony around the world.

Architexture Design Studio uses proprietary technology called Model-Tech® which utilizes proven expertise to create and test custom textures. During the Model-Tech process, an original texture is first designed to offer beauty and function which ultimately is used to create a large-format skin that can be wrapped on a model for testing.

Tooling Performance services include the enhancement, finishing and repair of a tool to improve its use during manufacturing.

- Tool Enhancement services increase the wear resistance of the mold. Processes include advanced tool finishing services, anti-scratch, laser hardening in localized areas, Tribocoat® and Release Coat.
- Tool Finishing and Repair allows customers to achieve outstanding quality while saving valuable time. These services include laser micro-welding, polishing and lapping, laser cladding to accommodate engineering changes, mold assembly, tool management, maintenance, texture repair and on-site support.

Soft Trim Tooling and nickel shell molds are used to produce soft surfaces that emulate the feel of natural materials.

Customers

This business has become the global leader providing these products and services by offering a full range of services to OEM's, product designers, Tier 1 suppliers and toolmakers all around the world.

Scientific

The Scientific business is a provider of specialty temperature-controlled equipment for the medical, scientific, pharmaceutical, biotech and industrial markets. The group designs and produces its products in Summerville, SC.

Our product portfolio is used to control the temperatures of critical healthcare products, medications, vaccines and laboratory samples. We focus on solving customer problems for these critical applications and deliver innovative products and solutions meeting the unique needs of our customers.

Markets and Applications

The scientific and healthcare equipment that we design and manufacture is used in hospitals, pharmacies, clinical laboratories, reference laboratories, physicians' offices, life science laboratories, government facilities, and industrial testing laboratories. Our product offerings include:

- Laboratory and medical grade refrigerators, freezers and accessories,
- Cryogenic storage tanks and accessories,
- Environmental stability chambers and incubators.

Brands

Our products are sold under a number of different brands including American BioTech Supply (ABS), Lab Research Products (LRP), Cryosafe, and CryoGuard.

Customers

Scientific products are sold to medical and laboratory distributors, healthcare facilities, research universities, pharmaceutical companies, and pharmacies.

Engineering Technologies

The Engineering Technologies Group is a provider of innovative, turnkey metal-formed solutions for OEM and Tier 1 manufacturers for their advanced engineering designs.

Our solutions seek to reduce input weight, material cost, part count, and complexity for unique customer design challenges involving all formable materials with particular focus on large dimensions, large thickness or thin-wall construction, complex shapes and contours, and/or single-piece construction requirements. Engineering Technologies devises and manufactures these cost-effective components and assemblies by combining a portfolio of best-in-class forming technologies and technical experience, vertically integrated manufacturing processes, and group wide technical and design expertise.

We intend to grow sales and product offerings by investing in advancements in our current and new technologies and identifying new cutting-edge solutions for these capabilities in existing and adjacent markets via customer and research collaboration.

Our segment is comprised of two businesses, Spincraft, with locations in Billerica, MA, New Berlin, WI, and Newcastle upon Tyne in the U.K, and Enginetics, located in Huber Heights, OH.

Brands

This business unit's brand names are Spincraft and Enginetics.

Markets and Applications

Spincraft products serve applications within the space, aviation, defense, energy, medical, and general industrial markets.

- The space market we serve is comprised of components for space launch systems including fuel tanks, tank domes, combustion liners, nozzles, and crew vehicle structures.
- The aviation market offerings include a large portfolio of components and assemblies including inlet ducts and lipskins.
- The defense market we serve covers a wide spectrum of metal applications including missile nose cones and fabrications, large dimension exhaust systems, navy-nuclear propulsion, and engine components for military aircraft
- Applications within the energy market include components and assemblies for new and MRO gas turbines, as well as solutions for oil & gas exploration operations

Enginetics aviation market offerings include a large portfolio of components within engines such as seals, heat shield, and combustor elements, as well as components of aero structures.

Customers

Engineering Technologies components are sold directly to large space, aviation, defense, energy and medical companies, or suppliers to those companies.

Specialty Solutions

Specialty Solutions is a collection of our three remaining businesses: Federal Industries, Procon, and Custom Hoists. These businesses differentiate themselves in their respective markets by collaborating with our customers in order to develop and deliver custom solutions.

Federal Industries provides merchandising solutions to retail and food service customers whose revenue stream is enhanced through food presentation. Federal focuses on the challenges of enabling retail and food service establishments to provide food and beverages that are fresh and appealing while at the same time providing for food safety, and energy efficiency. Our key differentiator is the ability to customize products to match customers' décor within industry lead-time. This differentiator is used to target the convenience store, school cafeterias and quick-service restaurant segments.

Procon is a global supplier of pump solutions to the beverage, medical, welding and ink markets. Through collaboration between our customers and our product development teams, we provide custom fluid pumping solutions to OEM manufacturers, and aftermarket distributors. We manufacture globally, utilizing the latest techniques and processes to ensure the highest quality and acute attention to detail in order for our products to meet the demands of the applications and environmental conditions required by our customers.

Custom Hoists is a supplier of engineered hydraulic cylinders that meet customer specific requirements for demanding applications. Our engineering expertise coupled with broad manufacturing capabilities and responsiveness to customer needs drives our top line growth opportunities. We leverage our full line of products for the construction markets in dump truck and trailer applications and deep expertise in the refuse market to expand into new adjacent markets, targeting the most challenging custom applications. Flexible design capability, a global supply chain and speed to market enable us to be successful in growing our business. Our team is dedicated to superior customer service through our technical engineering support and on-time delivery.

Specialty Solutions Locations

Specialty Solutions products are designed and/or manufactured in Hayesville, OH; Smyrna TN; Nogales, MX; Belleville, WI; Tianjin, China; and Mountmellick, Ireland.

Markets and Applications

Federal custom designs and manufactures refrigerated, heated and dry merchandising display cases for bakery, deli, confectionary and packaged food products utilized in restaurants, convenience stores, quick-service restaurants, supermarkets, drug stores and institutions such as hotels, hospitals, and school cafeterias.

Procon custom fluid pump solutions are sold into the global carbonation, coffee, and beer chilling beverage markets as well as reverse osmosis water treatment, medical, welding, and commercial ink markets.

Industries that utilize Custom Hoist's single and double acting telescopic and piston rod hydraulic cylinders include construction equipment, refuse, airline support, mining, oil and gas, and other material handling applications. We also sell specialty pneumatic cylinders and promote complete wet line kits, which are complete hydraulic systems that include a pump, valves, hoses and fittings. Our products are utilized by OEMs on vehicles such as dump trucks, dump trailers, bottom dumps, garbage trucks (both recycling and rear loader), container roll off vehicles, hook lift trucks, liquid waste handlers, vacuum trucks, compactors, balers, airport catering vehicles, container handling equipment for airlines, lift trucks, yard tractors, and underground mining vehicles.

Customers

Specialty Solutions products are sold to OEMs, distributors, service organizations, aftermarket repair outlets, end-users, dealers, buying groups, consultants, government agencies and manufacturers.

Working Capital

Our primary source of working capital is the cash generated from continuing operations. No segments require any special working capital needs outside of the normal course of business.

Competition

Standex manufactures and markets products many of which have achieved a unique or leadership position in their market, however, we encounter competition in varying degrees in all product groups and for each product line. Competitors include domestic and foreign producers of the same and similar products. The principal methods of competition are product performance and technology, price, delivery schedule, quality of services, and other terms and conditions.

International Operations

We have international operations in all of our business segments. International operations are conducted at 66 locations, in Europe, Canada, China, Japan, India, Southeast Asia, Korea, Mexico, Brazil, and South Africa. See the Notes to Consolidated Financial Statements for international operations financial data. Our net sales from continuing international operations decreased from 42% in 2019 to 40% in 2020. International operations are subject to certain inherent risks in connection with the conduct of business in foreign countries including, exchange controls, price controls, limitations on participation in local enterprises, nationalizations, expropriation and other governmental action, restrictions of repatriation of earnings, and changes in currency exchange rates.

Research and Development

We develop and design new products to meet customer needs in order to offer enhanced products or to provide customized solutions for customers. Developing new and improved products, broadening the application of established products, and continuing efforts to improve our methods, processes, and equipment continues to drive our success. However, due to the nature of our manufacturing operations and the types of products manufactured, expenditures for research and development are not significant to any individual segment or in the aggregate. Research and development costs are quantified in the Notes to Consolidated Financial Statements.

Environmental Matters

Based on our knowledge and current known facts, we believe that we are presently in substantial compliance with all existing applicable environmental laws and regulations and do not anticipate (i) any instances of non-compliance that will have a material effect on our future capital expenditures, earnings or competitive position or (ii) any material capital expenditures for environmental control facilities.

Financial Information about Geographic Areas

Information regarding revenues from external customers attributed to the United States, all foreign countries and any individual foreign country, if material, is contained in the Notes to Consolidated Financial Statements,"Industry Segment Information."

Number of Employees

As of June 30, 2020, we employed approximately 3,800 employees of which approximately 1,100 were in the United States. About 250 of our U.S. employees were represented by unions. Approximately 44% of our production workforce is situated in low-cost manufacturing regions such as Mexico and Asia.

Executive Officers of Standex

The executive officers of the Company as of June 30, 2020 were as follows:

Name	Age	Principal Occupation During the Past Five Years
David Dunbar	58	President and Chief Executive Officer of the Company since January 2014.
Ademir Sarcevic	45	Vice President and Chief Financial Officer of the Company since September 2019. Various positions over the years at Pentair plc from 2012 to September 2019 with increasing responsibility ending as Senior Vice President and Chief Accounting Officer.
Alan J. Glass	56	Vice President, Chief Legal Officer and Secretary of the Company since April 2016. Vice President, General Counsel and Secretary of CIRCOR International, Inc. from 2000 through 2016.
Sean Valashinas	49	Vice President, Chief Accounting Officer and Assistant Treasurer of the Company since October 2007.
Paul Burns	47	Vice President of Strategy and Business Development since July 2015.
Annemarie Bell	56	Vice President of Human Resources since June 2019, Interim Vice President of Human Resources from October 2018 through June 2019; Vice President of Human Resources for four of Standex business units from October 2015 through October 2018, Director of Human Resources and Human Resources Business Partner at PerkinElmer from 2007 through 2015.
James Hooven	49	Vice President of Operations and Supply Chain since February 2020, Senior Vice President for Hillenbrand Inc.

The executive officers are elected each year at the first meeting of the Board of Directors subsequent to the annual meeting of stockholders, to serve for one-year terms of office. There are no family relationships among any of the directors or executive officers of the Company.

Long-Lived Assets

Long-lived assets are described and discussed in the Notes to Consolidated Financial Statements under the caption "Long-Lived Assets."

Available Information

Standex's corporate headquarters are at 23 Keewaydin Drive, Salem, New Hampshire 03079, and our telephone number at that location is (603) 893-9701.

The U.S. Securities and Exchange Commission (the "SEC") maintains an internet website at www.sec.gov that contains our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and proxy statements, and all amendments thereto. All reports that we file with the SEC may be read and copied at the SEC's Public Reference Room at 100 F Street, N.E., Washington, DC 20549. Information about the operation of the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330. Standex's internet website address is www.standex.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and proxy statements, and all amendments thereto, are available free of charge on our website as soon as reasonably practicable after such reports are electronically filed with or furnished to the SEC. In addition, our code of business conduct, our code of ethics for senior financial management, our corporate governance guidelines, and the charters of each of the committees of our Board of Directors (which are not deemed filed by this reference), are available on our website and are available in print to any Standex shareholder, without charge, upon request in writing to "Chief Legal Officer, Standex International Corporation, 23 Keewaydin Drive, Salem, New Hampshire, 03079."

The certifications of Standex's Chief Executive Officer and Chief Financial Officer, as required by the rules adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, are filed as exhibits to this Form 10-K.

Item 1A. Risk Factors

An investment in the Company involves various risks, including those mentioned below and those that are discussed from time to time in our other periodic filings with the Securities and Exchange Commission. Investors should carefully consider these risks, along with the other information filed in this report, before making an investment decision regarding the Company. Any of these risks could have a material adverse effect on our financial condition, results of operations and/or value of an investment in the Company.

The ongoing COVID-19 pandemic has, and could continue to adversely affect our revenues, operating results, cash flow and financial condition.

Our business and operations, and the operations of our suppliers, business partners and customers, have been, and are expected to continue to be adversely affected by the ongoing Coronavirus (or COVID-19) pandemic which is impacting worldwide economic activity including in many countries or localities in which we operate, sell, or purchases good and services. There can be no assurance that COVID-19 will not impact our business generally as a result of the virus' potential impact on delays in supply chain, production and/or purchases from our customers and timely payment from any customers who may be experiencing liquidity issues due to the pandemic. Due to the spread of COVID-19, we have modified our business practices, including employee travel restrictions, employee work locations, and cancellation of physical participation in non-critical meetings, events and conferences pursuant to applicable government guidelines. There is no certainty that such measures will be sufficient to mitigate the risks posed by COVID-19, which could adversely impact our ability to perform critical functions, such as the research and development of new products, the manufacture of our products, and the distribution and sale of our products. Moreover, while each of our operations has prepared business continuity plans to address COVID-19 concerns, in an effort to ensure that we are protecting our employees, continuing to operate our business and service our customers' needs, there is no guarantee that such plans will anticipate or fully mitigate the various impacts the pandemic may have, much of which is still uncertain. While it is not possible at this time to estimate the scope and severity of the impact that COVID-19 will have on our operations, the continued spread of COVID-19, the measures taken by the governments of countries affected, actions taken to protect employees, actions taken to shut down or temporarily discontinue operations in certain locations, and the impact of the pandemic on various business activities in affected countries and the economy generally, could adversely affect our financial condition, results of operations and cash flows. The ultimate extent to which COVID-19 impacts our business will depend on the severity, location and duration of the spread of COVID-19, the actions undertaken by local and world governments and health officials to contain the virus or treat its effects, and the success of ongoing efforts to create and distribute a successful vaccine.

A deterioration in the domestic and international economic environment could adversely affect our operating results, cash flow and financial condition.

Recessionary economic conditions, with or without a tightening of credit, could adversely impact major markets served by our businesses, including cyclical markets such as automotive, aviation, energy and power, heavy construction vehicle, general industrial, consumer appliances and food service. An economic recession could adversely affect our business by:

- reducing demand for our products and services, particularly in markets where demand for our products and services is cyclical;
- causing delays or cancellations of orders for our products or services;
- reducing capital spending by our customers;
- increasing price competition in our markets;
- increasing difficulty in collecting accounts receivable;
- increasing the risk of excess or obsolete inventories;
- increasing the risk of impairment to long-lived assets due to reduced use of manufacturing facilities;
- increasing the risk of supply interruptions that would be disruptive to our manufacturing processes; and
- reducing the availability of credit and spending power for our customers.

We rely on our credit facility to provide us with sufficient capital to operate our businesses and to fund acquisitions.

We rely on our revolving credit facility, in part along with operating cash flow, to provide us with sufficient capital to operate our businesses and to fund acquisitions. The availability of borrowings under our revolving credit facility is dependent upon our compliance with the covenants set forth in the facility, including the maintenance of certain financial ratios. Our ability to comply with these covenants is dependent upon our future performance, which is subject to economic conditions in our markets along with factors that are beyond our control. Violation of those covenants could result in our lenders restricting or terminating our borrowing ability under our credit facility, cause us to be liable for covenant waiver fees or other obligations, or trigger an event of default under the terms of our credit facility, which could result in acceleration of the debt under the facility and require prepayment of the debt before its due date. Even if new financing is available, in the event of a default under our current credit facility, the interest rate charged on any new borrowing could be substantially higher than under the current credit facility, thus adversely affecting our overall financial condition. If our lenders reduce or terminate our access to amounts under our credit facility, we may not have sufficient capital to fund our working capital needs and/or acquisitions or we may need to secure additional capital or financing to fund our working capital requirements or to repay outstanding debt under our credit facility or to fund acquisitions.

Our credit facility contains covenants that restrict our activities.

Our revolving credit facility contains covenants that restrict our activities, including our ability to:

- incur additional indebtedness;
- make investments, including acquisitions;
- create liens;
- pay cash dividends to shareholders unless we are compliant with the financial covenants set forth in the credit facility; and
- sell material assets.

Our global operations subject us to international business risks.

We operate in 66 locations outside of the United States in Europe, Canada, China, Japan, India, Singapore, Korea, Mexico, Brazil, Turkey, Malaysia, and South Africa. If we are unable to successfully manage the risks inherent to the operation and expansion of our global businesses, those risks could have a material adverse effect on our results of operations, cash flow or financial condition. These international business risks include:

- fluctuations in currency exchange rates;
- changes in government regulations;
- restrictions on repatriation of earnings;
- import and export controls;
- political, social and economic instability;
- potential adverse tax consequences;
- difficulties in staffing and managing multi-national operations;
- unexpected changes in zoning or other land-use requirements;

- difficulties in our ability to enforce legal rights and remedies; and
- changes in regulatory requirements.

Failure to achieve expected savings and synergies could adversely impact our operating profits and cash flows.

We focus on improving profitability through LEAN enterprise, low cost sourcing and manufacturing initiatives, improving working capital management, developing new and enhanced products, consolidating factories where appropriate, automating manufacturing processes, diversification efforts and completing acquisitions which deliver synergies to stimulate sales and growth. If we are unable to successfully execute these programs, such failure could adversely affect our operating profits and cash flows. In addition, actions we may take to consolidate manufacturing operations to achieve cost savings or adjust to market developments may result in restructuring charges that adversely affect our profits.

Violation of anti-bribery or similar laws by our employees, business partners or agents could result in fines, penalties, damage to our reputation or other adverse consequences.

We cannot assure that our internal controls, code of conduct and training of our employees will provide complete protection from reckless or criminal acts of our employees, business partners or agents that might violate United States or international laws relating to anti-bribery or similar topics. A violation of these laws could subject us to civil or criminal investigations that could result in substantial civil or criminal fines and penalties and which could damage our reputation.

We face significant competition in our markets and, if we are not able to respond to competition in our markets, our net sales, profits and cash flows could decline.

Our businesses operate in highly competitive markets. To compete effectively, we must retain long standing relationships with significant customers, offer attractive pricing, maintain product quality, meet customer delivery requirements, develop enhancements to products that offer performance features that are superior to our competitors and which maintain our brand recognition, continue to automate our manufacturing capabilities, continue to grow our business by establishing relationships with new customers, diversify into emerging markets and penetrate new markets. In addition, many of our businesses experience sales churn as customers seek lower cost suppliers. We attempt to offset this churn through our continual pursuit of new business opportunities. However, if we are unable to compete effectively or succeed in our pursuit of new business opportunities, our net sales, profitability and cash flows could decline. Pricing pressures resulting from competition may adversely affect our net sales and profitability.

If we are unable to successfully introduce new products and product enhancements, our future growth could be impaired.

Our ability to develop new products and innovations to satisfy customer needs or demands in the markets we serve can affect our competitive position and often requires significant investment of resources. Difficulties or delays in research, development or production of new products and services or failure to gain market acceptance of new products and technologies may significantly reduce future net sales and adversely affect our competitive position.

Increased prices or significant shortages of the commodities that we use in our businesses could result in lower net sales, profits and cash flows.

We purchase large quantities of steel, aluminum, refrigeration components, freight services, and other metal commodities for the manufacture of our products. We also purchase significant quantities of relatively rare elements used in the manufacture of certain of our electronics products. Historically, prices for commodities and rare elements have fluctuated, and we are unable to enter into long-term contracts or other arrangements to hedge the risk of price increases in many of these commodities. Significant price increases for these commodities and rare elements could adversely affect our operating profits if we cannot timely mitigate the price increases by successfully sourcing lower cost commodities or rare elements or by passing the increased costs on to customers. Shortages or other disruptions in the supply of these commodities or rare elements could delay sales or increase costs.

Current and threatened tariffs on components and finished goods from China and other countries could result in lower net sales, profits and cash flows and could impair the value of our investments in our Chinese operations.

As part of our low-cost country sourcing strategy, we (i) maintain manufacturing facilities in China and (ii) import certain components and finished goods from our own facilities and third-party suppliers in China. Many of the components and finished goods we import from China are subject to tariffs recently enacted by the United States government as well as additional proposed tariffs. While we attempt to pass on these additional costs to our customers, competitive factors (including competitors who import from other countries not subject to such tariffs) may limit our ability to sustain price increases and, as a result, may adversely impact our net sales, profits and cash flows. The maintenance of such tariffs over the long-term also could impair the value of our investments in our Chinese operations. In addition, the imposition of tariffs may influence the sourcing habits of certain end users of our products and services which, in turn, could have a direct impact on the requirements of our direct customers for our products and services. Such an impact could adversely affect our net sales, profits and cash flows.

An inability to identify or complete future acquisitions could adversely affect our future growth.

As part of our growth strategy, we intend to pursue acquisitions that provide opportunities for profitable growth for our businesses and enable us to leverage our competitive strengths. While we continue to evaluate potential acquisitions, we may not be able to identify and successfully negotiate suitable acquisitions, obtain financing for future acquisitions on satisfactory terms, obtain regulatory approval for certain acquisitions or otherwise complete acquisitions in the future. An inability to identify or complete future acquisitions could limit our future growth.

We may experience difficulties in integrating acquisitions.

Integration of acquired companies involves several risks, including:

- inability to operate acquired businesses profitably;
- failure to accomplish strategic objectives for those acquisitions;
- unanticipated costs relating to acquisitions or to the integration of the acquired businesses;
- difficulties in achieving planned cost savings synergies and growth opportunities; and
- possible future impairment charges for goodwill and non-amortizable intangible assets that are recorded as a function of acquisitions.

Additionally, our level of indebtedness may increase in the future if we finance acquisitions with debt, which would cause us to incur additional interest expense and could increase our vulnerability to general adverse economic and industry conditions and limit our ability to service our debt or obtain additional financing. We cannot assure that future acquisitions will not have a material adverse effect on our financial condition, results of operations and cash flows.

Impairment charges could reduce our profitability.

We test goodwill and our other intangible assets with indefinite useful lives for impairment on an annual basis or on an interim basis if a potential impairment factor arises that indicates the fair value of the reporting unit may fall below its carrying value. Various uncertainties, including continued adverse conditions in the capital markets or changes in general economic conditions, could impact the future operating performance at one or more of our businesses which could significantly affect our valuations and could result in additional future impairments. The recognition of an impairment of a significant portion of goodwill would negatively affect our results of operations.

Materially adverse or unforeseen legal judgments, fines, penalties or settlements could have an adverse impact on our profits and cash flows.

We are and may, from time to time, become a party to legal proceedings incidental to our businesses, including, but not limited to, alleged claims relating to product liability, environmental compliance, patent infringement, commercial disputes and employment and regulatory matters. In accordance with United States generally accepted accounting principles, we establish reserves based on our assessment of contingent liabilities. Subsequent developments in legal proceedings may affect our assessment and estimates of loss contingencies, recorded as reserves, which could require us to record additional reserves or make material payments which could adversely affect our profits and cash flows. Even the successful defense of legal proceedings may cause us to incur substantial legal costs and may divert management's time and resources away from our businesses.

The costs of complying with existing or future environmental regulations, and of correcting any violations of these regulations, could impact our profitability.

We are subject to a variety of environmental laws relating to the storage, discharge, handling, emission, generation, use and disposal of chemicals, hazardous waste and other toxic and hazardous materials used to manufacture, or resulting from the process of manufacturing, our products and providing our services. We cannot predict the nature, scope or effect of regulatory requirements to which our operations might be subject or the manner in which existing or future laws will be administered or interpreted. We are also exposed to potential legacy environmental risks relating to businesses we no longer own or operate. Future regulations could be applied to materials, products or activities that have not been subject to regulation previously. The costs of complying with new or more stringent regulations, or with more vigorous enforcement of these or existing regulations, could be significant.

In addition, properly permitted waste disposal facilities used by us as a legal and legitimate repository for hazardous waste may in the future become mismanaged or abandoned without our knowledge or involvement. In such event, legacy landfill liability could attach to or be imposed upon us in proportion to the waste deposited at any disposal facility.

Environmental laws require us to maintain and comply with a number of permits, authorizations and approvals and to maintain and update training programs and safety data regarding materials used in our processes. Violations of these requirements could result in financial penalties and other enforcement actions. We could be required to halt one or more portions of our operations until a violation is cured. Although we attempt to operate in compliance with these environmental laws, we may not succeed in this effort at all times. The costs of curing violations or resolving enforcement actions that might be initiated by government authorities could be substantial.

The costs of complying with existing or future regulations applicable to our products, and of correcting any violations of such regulations, could impact our profitability.

Certain of our products are subject to regulations promulgated by administrative agencies such as the Department of Energy, Occupational Health and Safety Administration and the Food and Drug Administration. Such regulations, among other matters, specify requirements regarding energy efficiency and product safety. Regulatory violations could result in financial penalties and other enforcement actions. We could be required to halt production of one or more products until a violation is cured. Although we attempt to produce our products in compliance with these requirements, the costs of curing violations or resolving enforcement actions that might be initiated by administrative agencies could be substantial.

Our results could be adversely affected by natural disasters, political crises, or other catastrophic events.

Natural disasters, such as hurricanes, tornadoes, floods, earthquakes, and other adverse weather and climate conditions; political crises, such as terrorist attacks, war, labor unrest, and other political instability; or other catastrophic events, such as disasters occurring at our suppliers' manufacturing facilities, whether occurring in the United States or internationally, could disrupt our operations or the operations of one or more of our suppliers. Certain of our key manufacturing facilities are located in geographic areas with a higher than nominal risk of earthquake and flood and others are in areas of higher than nominal political risk (such as China). To the extent any of these events occur, our operations and financial results could be adversely affected.

We depend on our key personnel and the loss of their services may adversely affect our business.

We believe that our success depends on our ability to hire new talent and the continued employment of our senior management team and other key personnel. If one or more members of our senior management team or other key personnel were unable or unwilling to continue in their present positions, our business could be seriously harmed. In addition, if any of our key personnel joins a competitor or forms a competing company, some of our customers might choose to use the services of that competitor or those of a new company instead of our own. Other companies seeking to develop capabilities and products or services similar to ours may hire away some of our key personnel. If we are unable to maintain our key personnel and attract new employees, the execution of our business strategy may be hindered and our growth limited.

Strategic divestitures and contingent liabilities from businesses that we sell could adversely affect our results of operations and financial condition.

From time to time, we have sold and may continue to sell business that we consider to be either underperforming or no longer part of our strategic vision. The sale of any such business could result in a financial loss and/or write-down of goodwill which could have a material adverse effect on our results for the financial reporting period during which such sale occurs. In addition, in connection with such divestitures, we have retained, and may in the future retain responsibility for some of the known and unknown contingent liabilities related to certain divestitures such as lawsuits, tax liabilities, product liability claims, and environmental matters.

The trading price of our common stock has been volatile, and investors in our common stock may experience substantial losses.

The trading price of our common stock has been volatile and may become volatile again in the future. The trading price of our common stock could decline or fluctuate in response to a variety of factors, including:

- our failure to meet the performance estimates of securities analysts;
- changes in financial estimates of our net sales and operating results or buy/sell recommendations by securities analysts;
- fluctuations in our quarterly operating results;
- substantial sales of our common stock;
- changes in the amount or frequency of our payment of dividends or repurchases of our common stock;
- general stock market conditions; or
- other economic or external factors.

Decreases in discount rates and actual rates of return could require an increase in future pension contributions to our pension plans which could limit our flexibility in managing our Company.

The discount rate and the expected rate of return on plan assets represent key assumptions inherent in our actuarially calculated pension plan obligations and pension plan expense. If discount rates and actual rates of return on invested plan assets were to decrease significantly, our pension plan obligations could increase materially. Although our pension plans have been frozen, the size of future required pension contributions could require us to dedicate a greater portion of our cash flow from operations to making contributions, which could negatively impact our financial flexibility.

Our business could be negatively impacted by cybersecurity threats, information systems and network interruptions, and other security threats or disruptions.

Our information technology networks and related systems are critical to the operation of our business and essential to our ability to successfully perform day-to-day operations. Cybersecurity threats are persistent, evolve quickly, and include, but are not limited to, computer viruses, ransomware, attempts to access information, denial of service and other electronic security breaches. These events could disrupt our operations or customers and other third-party IT systems in which we are involved and could negatively impact our reputation among our customers and the public which could have a negative impact on our financial conditions, results of operations, or liquidity.

We are subject to increasing regulation associated with data privacy and processing, the violation of which could result in significant penalties and harm our reputation.

Regulatory scrutiny of privacy, data protection, collection, use and sharing of data is increasing on a global basis. Like all global companies, we are subject to a number of laws, rules and directives (“privacy laws”) relating to the collection, use, retention, security, processing and transfer (“processing”) of personally identifiable information about our employees, customers and suppliers (“personal data”) in the countries where we operate. The most notable of these privacy laws is the EU’s General Data Protection Regulation (“GDPR”), which came into effect in 2018. GDPR extends the scope of the EU data protection law to all foreign companies processing data of EU residents and imposes a strict data protection compliance regime with severe penalties for non-compliance of up to the greater of 4% of worldwide turnover and €20 million. While we continue to strengthen our data privacy and protection policies and to train our personnel accordingly, a determination that there have been violations of GDPR or other privacy or data protection laws could expose us to significant damage awards, fines and other penalties that could, individually or in the aggregate, materially harm our results of operations and reputation.

Various restrictions in our charter documents, Delaware law and our credit agreement could prevent or delay a change in control that is not supported by our board of directors.

We are subject to several provisions in our charter documents, Delaware law and our credit facility that may discourage, delay or prevent a merger, acquisition or change of control that a stockholder may consider favorable. These anti-takeover provisions include:

- maintaining a classified board and imposing advance notice procedures for nominations of candidates for election as directors and for stockholder proposals to be considered at stockholders' meetings;
- a provision in our certificate of incorporation that requires the approval of the holders of 80% of the outstanding shares of our common stock to adopt any agreement of merger, the sale of substantially all of the assets of the Company to a third party or the issuance or transfer by the Company of voting securities having a fair market value of $1 million or more to a third party, if in any such case such third party is the beneficial owner of 10% or more of the outstanding shares of our common stock, unless the transaction has been approved prior to its consummation by all of our directors;
- requiring the affirmative vote of the holders of at least 80% of the outstanding shares of our common stock for stockholders to amend our amended and restated by-laws;
- covenants in our credit facility restricting mergers, asset sales and similar transactions; and
- the Delaware anti-takeover statute contained in Section 203 of the Delaware General Corporation Law.

Section 203 of the Delaware General Corporation Law prohibits a merger, consolidation, asset sale or other similar business combination between the Company and any stockholder of 15% or more of our voting stock for a period of three years after the stockholder acquires 15% or more of our voting stock, unless (1) the transaction is approved by our board of directors before the stockholder acquires 15% or more of our voting stock, (2) upon completing the transaction the stockholder owns at least 85% of our voting stock outstanding at the commencement of the transaction, or (3) the transaction is approved by our board of directors and the holders of 66 2/3% of our voting stock, excluding shares of our voting stock owned by the stockholder.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We have a total of 100 facilities, of which we operate 88 manufacturing plants and warehouses located throughout the United States, Europe, Canada, Southeast Asia, Korea, Japan, China, India, Brazil, South Africa, and Mexico. The Company owns 20 of the facilities and the balance are leased. For the year ended June 30, 2020 the approximate building space utilized by each segment is as follows:

		Area in Square Feet (in thousands)		
Segment location	**Number of Facilities**	**Leased**	**Owned**	**Total**
Asia Pacific	9	77	29	106
EMEA(1)	5	34	66	100

Other Americas	1	-	56	56
United States	4	60	89	149
Electronics	19	171	240	411
Asia Pacific	16	426	-	426
EMEA(1)	22	414	57	471
Other Americas	6	89	-	89
United States	11	142	135	277
Engraving	55	1,071	192	1,263
United States	4	174	-	174
Scientific	4	174	-	174
EMEA(1)	3	80	-	80
United States	6	243	171	414
Engineering Technologies	9	323	171	494
Asia Pacific	2	76	-	76
EMEA(1)	1	13	-	13
Other Americas	1	1	-	1
United States	8	50	198	248
Specialty Solutions	12	140	198	338
United States	1	17	-	17
Corporate & Other	1	17	-	17
Total	**100**	**1,896**	**801**	**2,697**

(1) EMEA consists Europe, Middle East and S. Africa.

In general, the buildings are in sound operating condition and are considered to be adequate for their intended purposes and current uses.

We own substantially all of the machinery and equipment utilized in our businesses.

Item 3. Legal Proceedings

Discussion of legal matters is incorporated by reference to Part II, Item 8, Note 12, “COMMITMENTS AND CONTINGENCIES,” in the Notes to the Consolidated Financial Statements.

Item 4. Mine Safety Disclosures

Not Applicable

PART II

Item 5. Market for Standex Common Stock

Related Stockholder Matters and Issuer Purchases of Equity Securities

The principal market in which the Common Stock of Standex is traded is the New York Stock Exchange under the ticker symbol “SXI”. The high and low sales prices for the Common Stock on the New York Stock Exchange and the dividends paid per Common Share for each quarter in the last two fiscal years are as follows:

	Common Stock Price Range				**Dividends Per Share**	
	2020		**2019**			
Year Ended June 30	**High**	**Low**	**High**	**Low**	**2020**	**2019**
First quarter	$78.16	$59.93	$114.20	$99.95	$0.20	$0.18
Second quarter	80.92	69.2	109.77	62.02	0.22	0.20
Third quarter	79.39	38.39	83.18	66.02	0.22	0.20
Fourth quarter	64.46	43.08	76.78	62.79	0.22	0.20

The approximate number of stockholders of record on July 31, 2020 was 1,421.

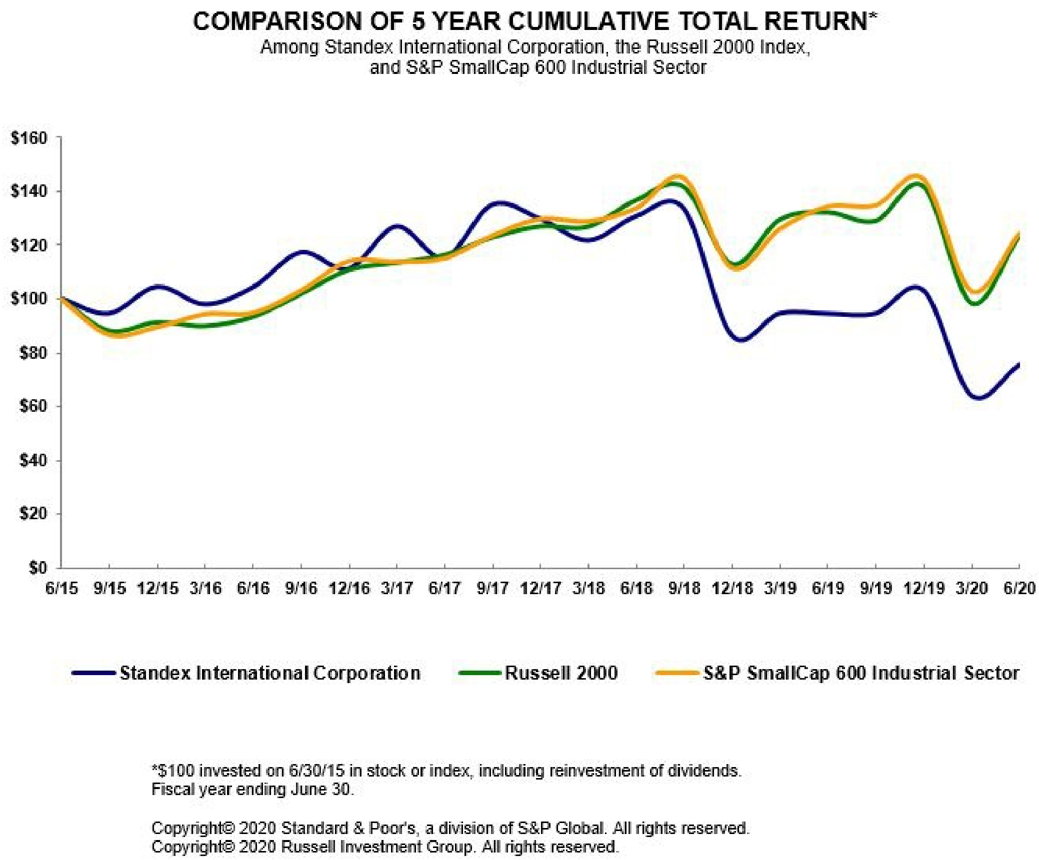
Additional information regarding our equity compensation plans is presented in the Notes to Consolidated Financial Statements under the caption “Stock-Based Compensation and Purchase Plans” and Item 12 “Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.”

Issuer Purchases of Equity Securities (1)
Quarter Ended June 30, 2020

Period	**(a) Total Number of Shares (or units) Purchased**	**(b) Average Price Paid per Share (or unit)**	**(c) Total Number of Shares (or units) Purchased as Part of Publicly Announced Plans or Programs**	**(d) Maximum Number (or Appropriate Dollar Value) of Shares (or units) that May Yet Be Purchased Under the Plans or Programs**
April 1 - April 30, 2020	-	$ -	-	$ 44,671,573
May 1 - May 31, 2020	30,000	47.63	30,000	43,242,563
June 1 - June 30, 2020	-	-	-	43,242,563
TOTAL	30,000	$ 47.63	30,000	$ 43,242,563

(1) The Company has a Stock Buyback Program (the "Program") which was originally announced on January 30, 1985 and most recently amended on April 26, 2016. Under the Program, the Company is authorized to repurchase up to an aggregate of $100 million of its shares. Under the program, purchases may be made from time to time on the open market, including through 10b5-1 trading plans, or through privately negotiated transactions, block transactions, or other techniques in accordance with prevailing market conditions and the requirements of the Securities and Exchange Commission. The Board's authorization is open-ended and does not establish a timeframe for the purchases. The Company is not obligated to acquire a particular number of shares, and the program may be discontinued at any time at the Company's discretion.

The following graph compares the cumulative total stockholder return on the Company's Common Stock as of the end of each of the last five fiscal years, with the cumulative total stockholder return on the Standard & Poor's Small Cap 600 (Industrial Segment) Index and on the Russell 2000 Index, assuming an investment of $100 in each at their closing prices on June 30, 2014 and the reinvestment of all dividends.



Item 6. Selected Consolidated Financial Data

Selected financial data for the five years ended June 30, is as follows:

See Item 7 for discussions on comparability of the below.

	2020	2019	2018	2017	2016
SUMMARY OF OPERATIONS (in thousands)					
Net sales					
Electronics	$ 185,294	$ 204,073	$ 196,291	$ 136,689	$ 118,319
Engraving	143,736	149,693	136,275	105,943	124,120
Scientific	57,523	57,621	52,086	23,442	0
Engineering Technologies	104,047	105,270	90,781	90,506	82,235
Specialty Solutions	113,935	123,274	120,082	106,894	108,664
Total	$ 604,535	$ 639,931	$ 595,515	$ 463,474	$ 433,338
Gross profit	$ 215,455	$ 234,667	$ 225,999	$ 167,307	$ 153,380
Operating income (loss)					
Electronics	29,749	41,227	45,501	27,855	21,323
Engraving	20,493	23,996	29,618	26,139	30,214

Scientific	13,740	13,676	11,436	4,269	0
Engineering Technologies	14,027	11,169	6,506	9,758	8,328
Specialty Solutions	18,546	19,000	18,688	17,719	19,294
Restructuring (1)	(4,669)	(1,289)	(3,428)	(4,987)	(1,304)
Acquisition related expenses	(1,759)	(3,075)	(3,749)	(7,843)	-
Other operating income (expense), net	-	(500)	-	-	(7,067)
Corporate and Other	(29,599)	(24,728)	(26,430)	(23,664)	(23,829)
Total	$ 60,528	$ 79,476	$ 78,142	$ 49,246	$ 46,959
Interest expense	(7,475)	(10,760)	(8,029)	(4,043)	(2,871)
Other non-operating (loss) income	1,021	(1,742)	(1,720)	(1,905)	(2,105)
Provision for income taxes	(13,060)	(18,688)	(38,026)	(9,370)	(8,406)
Income from continuing operations	41,014	48,286	30,367	33,928	33,577
Income/(loss) from discontinued operations	(20,826)	19,628	6,237	12,617	18,479
Net income	$ 20,188	$ 67,914	$ 36,604	$ 46,545	$ 52,056

(1) See discussion of restructuring activities in Note 15 of the consolidated financial statements.

	2020	2019	2018	2017	2016
PER SHARE DATA					
Basic					
Income from continuing operations	$ 3.33	$ 3.84	2.39	$ 2.68	$ 2.65
Income/(loss) from discontinued operations	(1.69)	1.56	0.49	1.00	1.46
Total	$ 1.64	$ 5.40	$ 2.88	$ 3.68	$ 4.11
Diluted					
Income from continuing operations	$ 3.31	$ 3.83	$ 2.37	$ 2.66	$ 2.63
Income/(loss) from discontinued operations	(1.68)	1.55	0.49	0.99	1.45
Total	$ 1.63	$ 5.38	$ 2.86	$ 3.65	$ 4.08
Dividends declared	$ 0.86	$ 0.78	$ 0.70	$ 0.62	$ 0.54

	2020	2019	2018	2017	2016
BALANCE SHEET (in thousands)					
Total assets	$ 930,878	$ 921,889	$ 916,937	$ 867,676	$ 690,457
Accounts receivable	98,157	103,374	103,081	91,906	69,796
Inventories	85,031	76,302	80,937	69,913	56,600
Accounts payable	54,910	54,201	55,975	56,147	40,881
Goodwill	271,221	273,843	204,091	195,019	109,683
Long-term debt	$ 199,150	$ 197,610	$ 193,772	$ 191,976	$ 92,114
Total debt	199,150	197,610	193,772	191,976	92,114
Less cash	118,809	93,145	109,602	88,566	121,988
Net debt (cash)	$ 80,341	$ 104,465	$ 84,170	$ 103,410	$ (29,874)
Stockholders' equity	$ 461,632	$ 464,313	$ 450,795	$ 408,664	$ 369,959

KEY STATISTICS	2020	2019	2018	2017	2016
Gross profit margin	35.6 %	36.7 %	38.0 %	36.1 %	35.4 %
Operating income margin	10.0 %	12.4 %	13.1 %	10.6 %	10.8 %

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

We are a diversified industrial manufacturer with leading positions in a variety of products and services that are used in diverse commercial and industrial markets. As of the end of the fiscal third quarter 2020, we had nine operating segments aggregated into five reportable segments. During the third quarter of 2020, we announced the divestiture of our Refrigerated Solutions Group (an accumulation of our Master-Bilt and NorLake operating segments) consistent with our strategy to focus our financial assets and managerial resources on our higher growth and operating margin businesses. The divestiture of the Refrigerated Solutions Group was completed and consideration was exchanged in April of fiscal year 2020. Subsequent to the disposition of the Refrigeration Solutions Group, we reviewed the quantitative and qualitative characteristics of our remaining businesses and determined that we now have seven operating segments that aggregate to five reportable segments. All periods presented have been revised accordingly to reflect the new reportable segments.

Our new reportable segment structure is as follows:

- Electronics operating segment
- Engraving operating segment
- Scientific operating segment
- Engineering Technologies Group operating segment
- Specialty Solutions – an aggregation of our Federal, Procon, and Hydraulics operating segments.

Our segments differentiate themselves by collaborating with our customers in order to develop and deliver custom solutions or engineered components that solve problems for our customers or otherwise meet their needs (a business model we refer to as "Customer Intimacy").

Overall management, strategic development and financial control are led by the executive staff at our corporate headquarters located in Salem, New Hampshire.

Our long-term strategy is to enhance shareholder value by building larger, more profitable "Customer Intimacy" focused industrial platforms through a value creation system that assists management in meeting specific corporate and business unit financial and strategic performance goals in order to create, improve, and enhance shareholder value. In so doing, we expect to focus our financial assets and managerial resources on our higher growth and operating margin businesses while considering divestiture of those businesses that we feel are not strategic or do not meet our growth and return expectations.

The Standex Value Creation System is a methodology which provides standard work and consistent tools used throughout the company in order to achieve our organization's goals. The Standex Value Creation System employs four components: Balanced Performance Plan, Growth Disciplines, Operational Excellence, and Talent Management. The Balanced Performance Plan process aligns annual goals throughout the company and provides a standard reporting, management and review process. It is focused on setting, tracking and reviewing annual and quarterly targets that support our short and long-term goals. The Growth Disciplines use a standard work playbook of tools and processes including market maps, market tests and growth laneways to identify explore and execute on opportunities that expand the business organically and through acquisitions. Operational Excellence also employs a standard work playbook of tools and processes, based on LEAN, to improve operating execution (effectiveness), eliminate waste (efficiency) and thereby improve profitability, cash flow and customer satisfaction. Finally, Talent Management is an organizational development process that provides training, development, and succession planning for employees throughout our worldwide organization. The Standex Value Creation System ties all disciplines together under a common umbrella by providing standard playbook of tools and processes to deliver our business objectives. Through the use of our Standex Value Creation System, we have developed a balanced approach to value creation. While we intend to continue investing acquisition capital in high margin and growth segments such as Electronics and Engraving, we will continue to support all of our businesses as they enhance value through deployment of our GDP+ and OpEx playbooks.

It is our objective to grow larger and more profitable business units through both organic initiatives and acquisitions. We seek to identify and implement organic growth initiatives such as new product development, geographic expansion, and the introduction of products and technologies into new markets, key accounts and strategic sales channel partners. Also, we have a long-term objective to create sizable business platforms by adding strategically aligned or "bolt on" acquisitions to strengthen the individual businesses, create both sales and cost synergies with our core business platforms, and accelerate their growth and margin improvement. We look to create both sales and cost synergies within our core business platforms, accelerate growth and improve margins. We have a particular focus on identifying and investing in opportunities that complement our products and will increase the global presence and capabilities of our businesses. From time to time, we have divested, and likely will continue to divest, businesses that we feel are not strategic or do not meet our growth and return expectations.

As part of our ongoing strategy:

- Subsequent to the end of the fiscal year, during July of 2020, we acquired Renco Electronics, a designer and manufacturer of customized standard magnetics components and products including transformers, inductors, chokes and coils for power and RF applications. Renco's end markets and customer base in areas such as consumer and industrial applications are highly complementary to our existing business with the potential to further expand key account relationships and capitalize on cross selling opportunities between the two companies. Renco operates one manufacturing facility in Florida and is supported by contract manufacturers in Asia. Renco's results will be reported within our Electronics segment beginning in fiscal year 2021.

- During the third quarter of fiscal year 2020, we initiated a program and signed an agreement to divest our Master-Bilt and NorLake businesses (together our Refrigerated Solutions Group or RSG). This divestiture allows us to continue the simplification of our portfolio and enables us to focus more clearly on those of our businesses that sell differentiated products and which have higher growth and margin profiles. The divestiture was finalized and consideration was exchanged in the fourth quarter of 2020. Results of RSG in current and prior periods have been classified as discontinued operations in the Consolidated Financial Statements. The divestiture impacts the consolidated company results as follows:

	Year Ended June 30, 2020			Year Ended June 30, 2019		
$000's	Continuing Ops Prior to Divested RSG	Divested RSG Businesses	Restated Continuing Ops	Continuing Ops Prior to Divested RSG	Divested RSG Businesses	Restated Continuing Ops
Net Sales	$ 719,606	$ 115,071	$ 604,535	$ 791,579	$ 151,648	$ 639,931
Operating Income/(Loss)	39,543	(20,985)	60,528			
Asset Impairment Charge	(20,278)	(20,278)	-	-	-	-
Operating Income/(Loss) after impairment charge	59,821	(707)	60,528	78,117	(1,359)	79,476
%	8.3%	(0.6)%	10.0%	9.9%	(0.9)%	12.4%

- During the first quarter of 2019, the Company decided to divest its Cooking Solutions Group, which consisted of three operating segments, Associated American Industries, BKI, and Ultrafryer, along with a minority interest investment. We completed this divestiture during the third quarter of 2019 and received proceeds for the sale on the first day of the fourth quarter of 2019. In connection with the divestiture efforts, we also sold our minority interest in a European oven manufacturer back to the majority owners. Results of the Cooking Solutions Group in current and prior periods have been classified as discontinued operations in the Consolidated Financial Statements.

- In April 2019, we acquired Ohio-based Genius Solutions Engineering Company (d/b/a GS Engineering), a provider of specialized "soft surface" skin texturized tooling, primarily serving the automotive end market. GS Engineering brings us critical proprietary technologies that offer significant advantages in creating tools for "soft surface" components which are used increasingly in vehicle interiors. The tooling for soft surface products offered by GS is highly complementary to our current industry-leading capabilities in texturing molds and tools used to create "hard surface" components. This technology also complements and enables us to improve our existing nickel shell technology that produces soft surface tooling. GS operates one facility in Ohio and its results are reported within our Engraving segment.

- In September 2018, we acquired New Hampshire-based Regional Mfg. Specialists, Inc. (now named Agile Magnetics, Inc.), a provider of high-reliability magnetics. The addition of Agile Magnetics is an important step forward in building out the high reliability magnetics business of Standex Electronics. As a result of this combination, we have broadened our exposure to several attractive end-markets and added a valuable manufacturing and sales base in the northeast. Additionally, we can now offer complementary products from Standex's broader portfolio to Agile's customer base. Agile Magnetics products include transformers, inductors and coils for mission critical applications for blue chip OEMs in the semiconductor, military, aerospace, healthcare, and industrial markets. Agile operates one manufacturing facility in New Hampshire and its results are reported within our Electronics segment.

- In August 2018, we acquired Michigan-based Tenibac-Graphion, Inc., a provider of chemical and laser texturing services. The combination of Tenibac and Standex Engraving expands services available to customers, increases responsiveness to customer demands, and drives innovative approaches to solving customer needs. The combined customer base now has access to the full line of mold and tool services, such as the Architexture design consultancy, chemical and laser engraving, tool finishing, and tool enhancements. Tenibac serves automotive, packaging, medical and consumer products customers, and operates three facilities, two in Michigan and one in China. The Tenibac results are reported within our Engraving segment.

- We acquired Italy-based Piazza Rosa Group ("Piazza Rosa") in July 2017. The privately held company is a leading provider of mold, tool treatment and finishing services for the automotive and consumer products markets. The combination of these competencies with Standex Engraving's worldwide presence and texturizing capabilities creates a global tool finishing service leader and provides additional opportunities in the broader surface engineering market. The Piazza Rosa Group's results are reported within our Engraving segment.

As a result of these portfolio moves, we have transformed Standex to a company with end market exposure that is no longer dependent on sales of standard products to the food service industry and into a more focused group of businesses selling customized solutions to high value end markets via a compelling customer value proposition. The narrowing of the portfolio allows for greater management focus on driving operational disciplines and positions us well to withstand the COVID-19 crisis and invest selectively in our ongoing pipeline of organic and inorganic opportunities.

We develop "Customer Intimacy" by utilizing the Standex Growth Disciplines to partner with our customers in order to develop and deliver custom solutions or engineered components. By partnering with our customers during long-term product development cycles, we become an extension of their development teams. Through this Partner, Solve, Deliver® approach, we are able to secure our position as a preferred long-term solution provider for our products and components. This strategy results in increased sales and operating margins that enhance shareholder returns.

Standex Operational Excellence drives continuous improvement in the efficiency of our businesses, both on the shop floor and in the office environment. We recognize that our businesses are competing in a global economy that requires us to improve our competitive position. We have deployed a number of management competencies to drive improvements in the cost structure of our business units including operational excellence through lean enterprise, the use of low cost manufacturing facilities, the consolidation of manufacturing facilities to achieve economies of scale and leveraging of fixed infrastructure costs, alternate sourcing to achieve procurement cost reductions, and capital improvements to increase productivity.

The Company's strong historical cash flow has been a cornerstone for funding our capital allocation strategy. We use cash flow generated from operations to fund the strategic growth programs described above, including acquisitions and investments for organic growth, investments in capital assets to upgrade our facilities, improve productivity and lower costs, and to return cash to our shareholders through payment of dividends and stock buybacks.

Restructuring expenses reflect costs associated with the Company's efforts of continuously improving operational efficiency and expanding globally in order to remain competitive in our end-user markets. We incur costs for actions to size our businesses to a level appropriate for current economic conditions, improve our cost structure, enhance our competitive position and increase operating margins. Such expenses include costs for moving facilities to locations that allow for lower fixed and variable costs, external consultants who provide additional expertise starting up plants after relocation, downsizing operations because of changing economic conditions, and other costs resulting from asset redeployment decisions. Shutdown costs include severance, benefits, stay bonuses, lease and contract terminations, asset write-downs, costs of moving fixed assets, and moving and relocation costs. Vacant facility costs include maintenance, utilities, property taxes and other costs.

Because of the diversity of the Company's businesses, end user markets and geographic locations, management does not use specific external indices to predict the future performance of the Company, other than general information about broad macroeconomic trends. Each of our individual business units serves niche markets and attempts to identify trends other than general business and economic conditions which are specific to its business and which could impact their performance. Those units report pertinent information to senior management, which uses it to the extent relevant to assess the future performance of the Company. A description of any such material trends is described below in the applicable segment analysis.

We monitor a number of key performance indicators ("KPIs") including net sales, income from operations, backlog, effective income tax rate, gross profit margin, and operating cash flow. A discussion of these KPIs is included below. We may also supplement the discussion of these KPIs by identifying the impact of foreign exchange rates, acquisitions, and other significant items when they have a material impact on a specific KPI.

We believe the discussion of these items provides enhanced information to investors by disclosing their impact on the overall trend which provides a clearer comparative view of the KPI, as applicable. For discussion of the impact of foreign exchange rates on KPIs, the Company calculates the impact as the difference between the current period KPI calculated at the current period exchange rate as compared to the KPI calculated at the historical exchange rate for the prior period. For discussion of the impact of acquisitions, we isolate the effect on the KPI amount that would have existed regardless of our acquisition. Sales resulting from synergies between the acquisition and existing operations of the Company are considered organic growth for the purposes of our discussion.

Unless otherwise noted, references to years are to fiscal years.

Impact of COVID-19 Pandemic on the Company

Given the global nature of our business and the number of our facilities in China, we were impacted by COVID-19 related issues beginning in February of our third quarter. We took immediate, and effective action to protect our health and safety, continue to serve our customers, support our communities and manage our cash flows. Our priority was and remains the health and safety of all of our employees. Each of our facilities is following safe practices as defined in their local jurisdictions as well as sharing experiences and innovative ways of overcoming challenges brought on by the crisis during updates with global site leaders. We are rigorously following health protocols in our plants, including changing work cell configurations and revising shift schedules when appropriate, in order to do our best to continue operations. We were deemed an essential business in most plants and had limited shutdowns in our facilities. Shutdowns that have occurred have been primarily centered around our sites in China, India, Italy, and Mexico. Despite most businesses remaining operational, we have experienced revenue losses due to the impact that the pandemic has had on our customers.

Given the impact that the pandemic created on our backlog and incoming order rate, we took actions to identify and implement cost savings and restructuring actions with each of our operating units as well as our corporate headquarters. Actions identified include reducing outside discretionary spend, the natural elimination of travel and trade show expenses that were a result of COVID-19 related curtailments, implementation of rolling furloughs in several businesses where appropriate, and the elimination of certain salaried and hourly positions. The costs, including restructuring charges, for many of these items occurred in our fourth quarter of fiscal year 2020. As we look forward into fiscal year 2021 and beyond, the impact of the pandemic on our businesses remains uncertain, however, we have identified further cost reduction actions and stand ready to implement these plans as circumstances in individual businesses or countries require.

We exited the fourth quarter with $118.8 million in cash and $200.0 million of borrowings under our revolving credit facility. Our leverage ratio covenant, as defined in our revolving credit agreement, was 1.47 to 1 and allowed us the capacity to borrow an additional $203.6 million at June 30, 2020. As interest rates declined during the third quarter, we took the opportunity to revisit our fixed to floating debt ratio and entered into $125 million of new interest rate swaps to lock in additional fixed rate debt financing. We also extended an expiring $25 million swap for another five years. The cumulative impact of these items is a reduction in our effective interest rate by approximately 50 basis points or $1 million per year going forward.

Finally, we are reviewing our ability to participate in any governmental assistance programs available to us in each of our global locations, and we will participate in these programs as available and appropriate. For instance, we have elected to take advantage of provisions in the United States Coronavirus Aid, Relief, and Economic Security ("CARES") Act, which allows for deferral until December 31, 2020 of defined benefit pension plan contributions due during calendar year 2020. Prior to passage of the CARES Act, we were required to make payments of $1.5 million in the fourth quarter of fiscal year 2020 and an additional $3.2 million in the first two quarters of fiscal year 2021, which we will now defer until December of fiscal year 2021. We believe that the we have sufficient liquidity around the world and access to financing to execute on our short and long-term strategic plans.

Consolidated Results from Continuing Operations (in thousands):

	2020	2019	2018
Net sales	$ 604,535	$ 639,931	$ 595,515
Gross profit margin	35.6%	36.7%	38.0%
Restructuring costs	4,669	1,289	3,428
Acquisition related expenses	1,759	3,075	3,749
Income from operations	60,528	79,476	78,142
Backlog (realizable within 1 year)	$ 152,304	$ 183,100	$ 185,488

	2020	2019	2018
Net sales	$ 604,535	$ 639,931	$ 595,515
Components of change in sales:			
Effect of acquisitions	11,635	29,122	59,855
Effect of exchange rates	(6,089)	(12,041)	14,394
Organic sales change	(40,942)	27,335	57,792

Net sales for the fiscal year 2020 decreased by $35.4 million, or 5.5%, when compared to the prior year. Incremental sales from our recent acquisitions accounted for $11.6 million or 1.8% of the increase, while organic sales accounted for a decrease of $40.9 million or 6.4%. Changes in foreign exchange rates contributed to sales declines of $6.1 million or 1.0%. The organic sales decreases occurred in all of our segments and was primarily a result of both direct and indirect impacts of the pandemic driven economic slowdown.

Net sales for the fiscal year 2019 increased by $44.4 million, or 7.5%, when compared to the prior year. Incremental sales from our recent acquisitions accounted for $29.1 million or 4.9% of the increase, while organic sales gains accounted for $27.3 million or 4.6%. Changes in foreign exchange rates contributed to sales declines of $12.0 million or 2.0%. The organic sales increases occurred in all of our segments except the Specialty Solutions Group.

Gross Profit Margin

Gross margin in fiscal year 2020 declined to 35.6% as compared to 36.7% in 2019 primarily due to the pandemic related organic sales decline during the second half of the year. Gross Margins are anticipated to improve in the coming fiscal year as cost reduction activities identified in the second half of fiscal year 2020 have now been implemented.

Gross margin in fiscal year 2019 declined to 36.7% as compared to 38.0% in 2018 as a result of incremental purchase accounting, material and wage inflation, manufacturing inefficiencies, country specific site performance and an asset impairment charge all recorded in 2019.

Restructuring Charges and Acquisition Related Expenses

During fiscal year 2020, we incurred restructuring expenses of $4.7 million primarily related to restructuring efforts that are intended to improve profitability, streamline production and reduce our cost base to a level commensurate with a post-pandemic operating environment. These efforts include approximately $1.1 million related to the announced closure of a Specialty Solutions pump rotor production facility in Ireland.

Acquisition related expenses in fiscal year 2020 were $1.8 million. These expenses were comprised primarily of $1.2 million for deferred compensation payments earned by the Horizon Scientific seller during the year. Because these payments are contingent on the seller remaining an employee of the Company, they are treated as compensation expense. We made the third and final scheduled payment to the seller during the first quarter of fiscal year 2020 and this arrangement has now been settled. Other acquisition related expenses consist of due diligence, integration, and valuation expenses incurred in connection with both completed and terminated acquisitions during the year.

Selling, General, and Administrative Expenses

Selling, general, and administrative expenses, ("SG&A") for the fiscal year 2020 were $148.5 million, or 24.6% of sales compared to $150.3 million, or 23.5% of sales during the prior year. SG&A expenses were impacted by on-going expenses related to our recent acquisitions of $1.7 million offset by a decrease in variable distribution and selling expenses primarily as a result of organic sales declines.

Selling, general, and administrative expenses, ("SG&A") for the fiscal year 2019 were $150.3 million, or 23.5% of sales compared to $140.7 million, or 23.6% of sales during the prior year. SG&A expenses were impacted by on-going expenses related to our fiscal year 2019 acquisitions of $7.4 million and an increase in distribution and selling expenses due to sales mix.

Income from Operations

Income from operations for the fiscal year 2020 was $60.5 million, compared to $79.5 million during the prior year. The $19.0 million decrease, or 23.8%, is primarily due to the impact of volume related losses triggered by the COVID-19 pandemic along with material inflation, partially offset by cost reduction activities and productivity improvement initiatives implemented in all of our businesses.

Income from operations for the fiscal year 2019 was $79.5 million, compared to $78.1 million during the prior year. The $1.4 million increase, or 1.7%, is primarily due to organic sales increases, business mix and lower restructuring costs, which more than offset by material and wage inflation pressures.

Discussion of the performance of each of our reportable segments is fully explained in the segment analysis that follows.

Interest Expense

Interest expense for the fiscal year 2020 was $7.5 million, a decrease of $3.3 million as compared to the prior year. Decreased interest expense was a result of lower borrowings and a lower effective interest rate. Our effective interest rate of 2.59% was 129 basis points or 33% lower than the 2019 effective interest rate of 3.88%.

Interest expense for the fiscal year 2019 was $10.8 million, an increase of $2.8 million as compared to the prior year. Increased interest expense was a result of higher borrowing costs and an increase in average outstanding borrowings for the year, primarily to fund acquisition activity.

Income Taxes

On December 22, 2017, the Tax Cuts and Jobs Act (the "Act" or "TCJA") was passed which, among other things, reduces the federal corporate tax rate to 21.0% effective for taxable years starting on or after January 1, 2018. For the years ended June 30, 2020 and 2019, the Company recorded federal taxes using a federal rate of 21.0%.

The provision for fiscal year ending June 30, 2020 and 2019 was impacted by several law changes implemented by the Act such as the, interest deduction limitation and Global Intangible Low Taxed Income (GILTI). As allowed under US GAAP, the Company has elected to treat any taxes due on future U.S. inclusions in taxable income under the GILTI provision as a current-period expense when incurred. The Company will continue to monitor guidance regarding these changes for how it will impact the financial statements in later periods.

The Company's income tax provision from continuing operations for the fiscal year ended June 30, 2020 was $13.1 million, or an effective rate of 24.3% compared to $18.7 million, or an effective rate of 27.9% for the year ended June 30, 2019, and $38.1 million, or an effective rate of 55.4% for the year ended June 30, 2018. Changes in the effective tax rates from period to period may be significant as they depend on many factors including, but not limited to, the amount of the Company's income or loss, the mix of income earned in the US versus outside the US, the effective tax rate in each of the countries in which we earn income, and any one-time tax issues which occur during the period.

The Company's income tax provision from continuing operations for the fiscal year ended June 30, 2020 was impacted by the following items: (i) a tax benefit of $1.2 million related to the Federal R&D credit, (ii) a tax provision of $1.4 million due to the mix of income in various jurisdictions, (iii) a tax benefit of $0.7 million related to the release of uncertain tax provision reserves,, and (iv) a tax provision of $0.8 million related to GILTI.

The Company's income tax provision from continuing operations for the fiscal year ended June 30, 2019 was impacted by the following items: (i) a tax benefit related to the impact of the Sec. 965 toll tax of $0.8 million, (ii) a tax provision of $0.3 million related to the elimination of the performance based compensation exception for executive compensation under Sec. 162(m) of the Internal Revenue Code, and (iii) a tax provision related to expected foreign withholding taxes on cash repatriation of $2.1 million.

The Company's income tax provision from continuing operations for the fiscal year ended June 30, 2018 was impacted by the following items: (i) a tax provision related to the impact of the Sec. 965 toll tax of $11.7 million, (ii) a tax provision related to a revaluation of deferred taxes due to the federal rate reduction of $1.3 million, and (iii) a tax provision related to expected foreign withholding taxes on cash repatriation of $7.8 million.

Capital Expenditures

Our capital spending is focused on growth initiatives, cost reduction activities, and upgrades to extend the capabilities of our capital assets. In general, we anticipate our capital expenditures over the long-term will be approximately 3% to 4% of net sales.

During 2020, capital expenditures decreased to $19.3 million or 3.2% of net sales, as compared to $32.5 million, or 5.1%, of net sales in the prior year. In response to reduced activity levels brought on by the COVID-19 pandemic, beginning in the third quarter, we reduced our capital expenditures to only necessary maintenance, safety and the highest priority growth initiatives. Capital spending in 2019 included $5.8 million for a new Electronics facility in Cincinnati which replaced a legacy facility sold for $1.4 million in fiscal year 2018. We expect 2021 capital spending to be between $28 million and $30 million which includes $3.7 million allocated to begin construction for a new Electronics facility in Germany to replace a legacy facility sold in fiscal year 2019.

Backlog

Backlog includes all active or open orders for goods and services. Backlog also includes any future deliveries based on executed customer contracts, so long as such deliveries are based on agreed upon delivery schedules. With the exception of our Engineering Technologies group, backlog has limited value as an indicator for the Company's businesses because of our relatively short delivery periods and rapid inventory turnover. Due to the nature of long-term agreements in the Engineering Technologies group, the timing of orders and delivery dates can vary considerably resulting in significant backlog changes from one period to another. Backlog orders are not necessarily an indicator of future sales levels because of variations in lead times and customer production demand pull systems. Customers may delay delivery of products or cancel orders prior to shipment, subject to possible cancellation penalties. In general, the majority of net realizable backlog beyond one year comes from the Engineering Technologies group.

Backlog orders in place at June 30, 2020 and 2019 are as follows (in thousands):

	As of June 30, 2020		As of June 30, 2019	
	Total Backlog	Backlog under 1 year	Total Backlog	Backlog under 1 year
Electronics	$ 56,170	$ 55,991	$ 62,381	$ 56,243
Engraving	16,076	13,719	22,160	22,160
Scientific	3,341	3,341	5,372	5,372
Engineering Technologies	97,682	66,493	113,714	79,062
Specialty Solutions	17,071	12,760	23,701	20,263
Total	$ 190,340	$ 152,304	$ 227,328	$ 183,100

Backlog realizable within one year decreased $30.8 million, or 16.8% to $152.3 million at June 30, 2020 from $183.1 million at June 30, 2019. We experienced backlog declines in all segments as a result of the general, global economic slowdown brought about by the COVID-19 pandemic.

Segment Analysis (in thousands)

Electronics

(in thousands except percentages)	2020 compared to 2019			2019 compared to 2018		
	2020	2019	% Change	2019	2018	% Change
Net sales	$185,294	$204,073	-9.2%	$204,073	$196,291	4.0%
Income from operations	29,749	41,227	-27.8%	41,227	45,501	-9.4%
Operating income margin	16.1%	20.2%		20.2%	23.2%	

Net sales in fiscal year 2020 decreased $18.8 million, or 9.2%, when compared to the prior year as organic sales declined $20.3 million, or 9.9%. Sales were slightly down in North America while down significantly in Europe and Asia. New sensor, switch and relay applications continued to offset some of the core business loss due to economic conditions and current COVID-19 impact. The incremental sales impact of the Agile Magnetics acquisition, which was acquired in September of fiscal year 2019, was $3.1 million during the year and foreign exchange rates unfavorably affected sales by $1.6 million or 0.8%. Given the diversity of markets and geographies served by the Electronics business, the COVID-19 pandemic could have differing impact on our future incoming order rate and sales performance in various regions.

Income from operations in the fiscal year 2020 decreased $11.5 million, or 27.8%, when compared to the prior year. The operating income decline was due to the margin loss on the lower organic sales, inflationary cost increases, particularly rhodium costs, and incremental costs related to the current COVID-19 environment, which more than offset cost saving initiatives implemented throughout the year. Looking forward, we have fixed our most significant material cost for the first six months of fiscal year 2021, and, for this portion of the year, we expect material costs in line with those experienced in the fourth quarter of 2020.

Net sales in fiscal year 2019 increased $7.8 million, or 4.0%, when compared to the prior year with organic sales growth contributing $2.6 million, or 1.3%. The sales impact of the Agile Magnetics acquisition was $9.3 million and foreign exchange rates unfavorably affected sales by $4.2 million or 2.1%.

Income from operations in the fiscal year 2019 decreased $4.3 million, or 9.4%, when compared to the prior year. The operating income decline was due to government mandated wage increases in our Mexico operation, material cost increases, acquisition purchase accounting of $0.3 million, and India facility start-up costs, partially offset by cost saving initiatives.

Engraving

(in thousands except percentages)	2020 compared to 2019			2019 compared to 2018		
	2020	2019	% Change	2019	2018	% Change
Net sales	$143,736	$149,693	-4.0%	$149,693	$136,275	9.8%
Income from operations	20,493	23,996	-14.6%	23,996	29,618	-19.0%
Operating income margin	14.3%	16.0%		16.0%	21.7%	

Net sales in fiscal year 2020 decreased by $6.0 million or 4.0% compared to the prior year. The effect of acquisitions generated $8.5 million or 5.7% of additional sales for fiscal year 2020 which have been partially offset by foreign exchange declines of $3.6 million for the year. Organic sales declines of $10.9 million, or 7.3%, were a result of the timing of automotive projects, slower incoming workloads as a result of pandemic related delays, and the closure of unprofitable sites as part of our previously announced restructuring. We expect sales growth in fiscal year 2021 due to an increase in the number of new automotive launches along with the continued introduction of our soft skin and tool finishing offerings throughout our global sales network.

Income from operations in fiscal year 2020 decreased by $3.5 million, or 14.6%, when compared to the prior year. The decrease was primarily a result of organic sales declines for the year. In response to the global economic slowdown, we have implemented cost savings and restructuring actions that we expect to generate approximately $3.0 million of annual savings beginning in fiscal year 2021.

Net sales in fiscal year 2019 increased by $13.4 million or 9.8% compared to the prior year. Growth was driven by two acquisitions which contributed $19.8 million or 14.5%. Organic sales were nearly flat as compared to prior year while currency negatively impacted sales by 4.8%.

Income from operations in fiscal year 2019 decreased by $5.6 million, or 19.0%, when compared to the prior year. The decrease was primarily due to an unfavorable geographic mix, lower automotive sales in North America, reduced demand at our higher profit China facilities due to concerns regarding trade conflicts, and purchase accounting costs associated with the Tenibac and GS acquisitions.

Scientific

(in thousands except percentages)	2020 compared to 2019			2019 compared to 2018		
	2020	2019	% Change	2019	2018	% Change
Net sales	$57,523	$57,621	-0.2%	$57,621	$52,086	10.6%
Income from operations	13,740	13,676	0.5%	13,676	11,436	19.6%
Operating income margin	23.9%	23.7%		23.7%	22.0%	

Net sales in fiscal year 2020 remained relatively flat when compared to the prior year. We experienced decreased sales volume in our clinical laboratories, physicians' offices, hospitals and academic laboratories markets, primarily due to impacts of the COVID-19 pandemic and the economic downturn. This was largely offset by sales in the pharmaceutical market. Moving forward we anticipate higher sales volume in our pharmaceutical market, partially offset by declines in the clinical laboratories, physicians' offices, hospitals and academic laboratories markets. We have and will continue to enact measures to prepare for any anticipated increase in demand for medication and vaccine storage, working with channel partners as well as Federal, State and Local governments as applicable.

Income from operations in fiscal 2020 increased by $0.1 million, or 0.5% when compared to the prior year as modest sales declines were overcome with cost controls of labor and discretionary spending as well as stronger sales in our pharmaceutical market.

Net sales in fiscal year 2019 increased by $5.5 million, or 10.6% compared to the prior year as volume increased for sales to pharmaceutical customers and national clinical distributors.

Income from operations in fiscal year 2019 increased $2.2 million or 19.6% when compared to the prior year. Operating income margins in fiscal 2019 were impacted by increased sales volume and price increases which were partially offset by an increase in tariffs enacted on product imported from Asia.

Engineering Technologies

(in thousands except percentages)	2020 compared to 2019			2019 compared to 2018		
	2020	2019	% Change	2019	2018	% Change
Net sales	$104,047	$105,270	-1.2%	$105,270	$90,781	16.0%
Income from operations	14,027	11,169	25.6%	11,169	6,506	71.7%
Operating income margin	13.5%	10.6%		10.6%	7.2%	

Net sales in fiscal year 2020 decreased $1.2 million or 1.2% when compared to the prior year. Sales distribution by market in 2020 was as follows: 43% aviation, 30% space, 12% energy, 9% defense, and 6% other markets. The decline in aviation sales of 8% from the prior year was primarily in the aircraft engine segment, as a result of both the grounding of the Boeing MAX 737 aircraft and impacts of the COVID-19 pandemic on the aviation industry in general. Space market sales increased 13.4% from the prior year driven by higher sales in the unmanned and manned space segment on production and new development programs while defense sales increased by 12.5% from the prior year driven by higher volume in the missile segment. In fiscal year 2021, we anticipate aviation and energy markets to see year over year declines as these industries continue to be impacted by the global pandemic, while the defense market should increase through higher volume in production and development work. Additionally, we anticipate the space market to see a year over year decline due to project timing and the cyclical nature of the market.

Income from operations in fiscal year 2020 increased $2.8 million or 25.6% when compared to the prior year. The increase in operating income was driven by improved manufacturing efficiencies, cost reduction programs implemented during the year, and a favorable product mix. The focus in fiscal year 2021, will be to drive productivity initiatives to improve margin levels in the key sectors despite the forecasted volume declines.

Net sales in fiscal year 2019 increased $14.5 million or 16.0% when compared to the prior year. Sales distribution by market in 2019 was as follows: 46% aviation, 26% space, 13% energy, 8% defense, 5% medical, and 2% other markets. Aviation sales grew 9.0% from the prior year due to sales on new aircraft and engine platforms. Space market sales increased 13.5% from the prior year driven by higher sales in the manned space segment on new development programs. Growth in 2019 was also driven by increased sales in the oil and gas and defense markets.

Income from operations in fiscal year 2019 increased $4.7 million or 71.7% when compared to the prior year. The increase in operating income was driven by higher sales volume, improved manufacturing efficiencies on production programs, and price increases in the Aviation segment, partially offset by an asset impairment charge of $1.2 million due to a customer contract termination.

Specialty Solutions

(in thousands except percentages)	2020 compared to 2019			2019 compared to 2018		
	2020	2019	% Change	2019	2018	% Change
Net sales	$113,935	$123,274	-7.6%	$123,274	$120,082	2.7%
Income from operations	18,546	19,000	-2.4%	19,000	18,688	1.7%
Operating income margin	16.3%	15.4%		15.4%	15.6%	

Net sales for fiscal year 2020 decreased $9.3 million, or 7.6% when compared to the prior year as organic sales declined by $8.8 million or 7.1% and foreign exchange rates unfavorably affected sales by $0.6 million or 0.5%. Decreased sales volume are primarily due to impacts of the COVID-19 pandemic which created market downturns in the beverage, convenience store and dump markets.

Income from operations for fiscal year 2020 decreased $0.5 million, or 2.4%, when compared to the prior year, primarily due to decreased sales volume in each of our groups. The sales volume decrease was offset in our Hydraulics and Display Merchandising groups by favorable mix, cost control of labor, and the implementation of identified manufacturing efficiencies. Moving forward we anticipate a continued reduction in sales volume over the first half of the fiscal year as customers continue to curtail spending in order to overcome the impact of the pandemic, but that our cost reduction and footprint consolidation activities implemented in the fourth quarter of 2020 will partially offset the impact of volume declines on operating income.

Net sales for fiscal year 2019 increased $3.2 million, or 2.7% when compared to the prior year due organic sales increases of $4.0 million, or 3.4%. Foreign exchange rates unfavorably affected sales in fiscal year 2019 compared to the prior year by $0.8 million or 0.7%. The increase in organic sales is primarily due to new product introductions in the Hydraulics business during the year and market share gains in the refuse OEM marketplace.

Income from operations for fiscal year 2019 increased $0.3 million, or 1.7%, when compared to the prior year. The operating income increase was driven by the revenue growth in the refuse market of our Hydraulics market partially offset by higher material costs and higher manufacturing overhead as a result of sales volume in our display merchandising and pump businesses.

Corporate, Restructuring and Other

(in thousands except percentages)	2020 compared to 2019			2019 compared to 2018		
	2020	2019	% Change	2019	2018	% Change
Corporate	$ (29,599)	$ (24,728)	19.7%	$ (24,728)	$ (26,430)	-6.4%
Restructuring	(4,669)	(1,289)	262.2%	(1,289)	(3,428)	-62.4%
Other Operating Expenses	(1,759)	(3,575)	-50.8%	(3,575)	(3,749)	-4.6%

Corporate expenses increased by 19.7% in fiscal year 2020 primarily due to increased stock-based compensation, management transition, and benefit expenses in the first two quarters of fiscal year 2020.

Corporate expenses declined by 6.4% in fiscal year 2019 primarily due to reduced incentive compensation expenses and cost containment activities.

The restructuring and acquisition-related costs have been discussed above in the Company Overview.

Discontinued Operations

In pursuing our business strategy, the Company continues to divest certain businesses and record activities of these businesses as discontinued operations. Results of the Cooking Solutions Group and Refrigerated Solutions Group in current and prior periods have been classified as discontinued operations in the Consolidated Financial Statements and excluded from the results from continuing operations. Activity related to discontinued operations for twelve months ended June 30, 2020, 2019 and 2018 is as follows (in thousands):

	Year Ended June 30,		
	2020	2019	2018
Net Sales	$ 111,841	$ 223,067	$ 272,867
Gain (Loss) on Sale of Business	$ (19,996)	$ 20,539	$ -
Transaction Fees	(1,933)	(4,397)	-
Income (loss) from Discontinued Operations	$ (23,553)	$ 17,541	$ 8,006
Non-operating Income (Expense)	-	(366)	809
Profit (loss) Before Taxes	$ (23,439)	$ 17,175	$ 8,815
Benefit (Provision) for Taxes	2,613	2,453	(2,578)
Net income (loss) from Discontinued Operations	$ (20,826)	$ 19,628	$ 6,237

Liquidity and Capital Resources

At June 30, 2020, our total cash balance was $118.8 million, of which $77.6 million was held outside of the United States. Due to changes in the U.S. tax law, we began repatriating foreign earnings in fiscal year 2019, and, during fiscal years 2020 and 2019, we returned $39.2 million and $51.5 million of our cash previously held outside of the United States, respectively. During fiscal year 2021, we anticipate returning an additional $35.0 million of foreign cash however, the amount and timing of cash repatriation during 2021 will be dependent upon each business unit's operational needs including requirements to fund working capital, capital expenditure, and jurisdictional tax payments. The repatriation of cash balances from certain of our subsidiaries could have adverse tax consequences or be subject to capital controls; however, those balances are generally available without legal restrictions to fund ordinary business operations.

Cash Flow

Net cash provided by continuing operating activities for the year ended June 30, 2020 was $56.5 million compared to net cash provided by continuing operating activities of $72.9 million in the prior year. We generated $88.6 million from income statement activities and used $32.1 million of cash to fund working capital increases. Cash flow used in investing activities for the year ended June 30, 2020 totaled $20.6 million. Uses of investing cash consisted primarily of capital expenditures of $21.5 million. Cash used by financing activities for the year ended June 30, 2020 were $19.0 million and included cash paid for dividends of $10.6 million and stock repurchases of $10.4 million offset by net borrowings of $1.2 million.

Net cash provided by continuing operating activities for the year ended June 30, 2019 was $72.9 million compared to net cash provided by continuing operating activities of $48.6 million in the prior year. We generated $78.1 million from income statement activities and used $5.2 million of cash to fund working capital increases. Cash flow used in investing activities for the year ended June 30, 2019 totaled $157.6 million. Uses of investing cash consisted primarily of capital expenditures of $32.5 million along with $127.9 million for the acquisition of Tenibac, Agile Magnetics, and GS Engineering. Cash used by financing activities for the year ended June 30, 2019 were $38.2 million and included cash paid for dividends of $9.8 million and stock repurchases of $33.4 million offset by net borrowings of $4.8 million.

We sponsor a number of defined benefit and defined contribution retirement plans. The U.S. pension plan is frozen for all participants. We have evaluated the current and long-term cash requirements of these plans, and our existing sources of liquidity are expected to be sufficient to cover required contributions under ERISA and other governing regulations.

The fair value of the Company's U.S. defined benefit pension plan assets was $194.8 million at June 30, 2020, as compared to $186.2 million as of June 30, 2019. We participate in two multi-employer pension plans and sponsor six defined benefit plans including two in the U.S. and one in the U.K., Germany, Ireland, and Japan. The Company's pension plan is frozen for U.S. employees and participants in the plan ceased accruing future benefits. Our primary U.S. defined benefit plan is not expected to be 100% funded under ERISA rules at June 30, 2020. The Company has elected to take advantage of provisions in the United States Coronavirus Aid, Relief, and Economic Security ("CARES") Act which allows for deferral until December 31, 2020 of defined benefit pension plan contributions due during calendar year 2020. Prior to passage of the CARES Act, the Company was required to make U.S. defined benefit pension payments of $1.5 million in the fourth quarter of fiscal year 2020 which will now be deferred until December. Including deferred payments, we expect to contribute $10.0 million to all of our Company sponsored defined benefit plans during fiscal year 2021.

We have evaluated the current and long-term cash requirements of our defined benefit and defined contribution plans as of June 30, 2020 and determined our operating cash flows from continuing operations and available liquidity are expected to be sufficient to cover the required contributions under ERISA and other governing regulations.

We have an insurance program in place to fund supplemental retirement income benefits for five retired executives. Current executives and new hires are not eligible for this program. At June 30, 2020, the underlying policies had a cash surrender value of $18.4 million and are reported net of loans of $8.9 million for which we have the legal right of offset. These amounts are reported net on our balance sheet.

Capital Structure

During the second quarter of fiscal year 2019, the Company entered into a five-year Amended and Restated Credit Agreement ("credit agreement", or "facility"). The facility has a borrowing limit of $500 million and can be increased by an amount of up to $250 million, in accordance with specified conditions contained in the agreement. The facility also includes a $10 million sublimit for swing line loans and a $35 million sublimit for letters of credit.

Under the terms of the Credit Facility, we will pay a variable rate of interest and a fee on borrowed amounts as well as a commitment fee on unused amounts under the facility. The amount of the commitment fee will depend upon both the undrawn amount remaining available under the facility and the Company's funded debt to EBITDA (as defined in the agreement) ratio at the last day of each quarter.

Funds borrowed under the facility may be used for the repayment of debt, working capital, capital expenditures, acquisitions (so long as certain conditions, including a specified funded debt to EBITDA leverage ratio is maintained), and other general corporate purposes. As of June 30, 2020, the Company has used $7.3 million against the letter of credit sub-facility and had the ability to borrow $203.6 million under the facility based on our current trailing twelve-month EBITDA. The facility contains customary representations, warranties and restrictive covenants, as well as specific financial covenants. The Company's current financial covenants under the facility are as follows:

Interest Coverage Ratio - The Company is required to maintain a ratio of Earnings Before Interest and Taxes, as Adjusted ("Adjusted EBIT per the Credit Facility"), to interest expense for the trailing twelve months of at least 2.75:1. Adjusted EBIT per the Credit Facility specifically excludes extraordinary and certain other defined items such as cash restructuring and acquisition-related charges up to the lower of $20.0 million or 10% of EBITDA. The facility allows for unlimited non-cash charges including purchase accounting and goodwill adjustments. At June 30, 2020, the Company's Interest Coverage Ratio was 9.09:1.

Leverage Ratio- The Company's ratio of funded debt to trailing twelve month Adjusted EBITDA per the Credit Facility, calculated as Adjusted EBIT per the Credit Facility plus depreciation and amortization, may not exceed 3.5:1. Under certain circumstances in connection with a Material Acquisition (as defined in the Facility), the Facility allows for the leverage ratio to go as high as 4.0:1 for a four-fiscal quarter period. At June 30, 2020, the Company's Leverage Ratio was 1.47:1.

As of June 30, 2020, we had borrowings under our facility of $200.0 million. In order to manage our interest rate exposure on these borrowings, we are party to $200.0 million of active floating to fixed rate swaps. These swaps convert our interest payments from LIBOR to a weighted average rate of 1.27%. The effective rate of interest for our outstanding borrowings, including the impact of the interest rate swaps, was 2.59%. Our primary cash requirements in addition to day-to-day operating needs include interest payments, capital expenditures, acquisitions, share repurchases, and dividends.

Our primary sources of cash for these requirements are cash flows from continuing operations and borrowings under the facility. We expect that fiscal year 2021 depreciation and amortization expense will be between $20.0 and $22.0 million and $11.0 and $12.0 million, respectively.

The following table sets forth our capitalization at June 30:

	2020	2019
Long-term debt	$ 199,150	$ 197,610
Less cash and cash equivalents	118,809	93,145
Net debt	80,341	104,465
Stockholders' equity	461,632	464,313
Total capitalization	$ 541,973	$ 568,778

Stockholders' equity decreased year over year by $2.7 million, primarily as a result of $21.2 million of cash returned to shareholders in the form of dividends and stock repurchases offset by current year net income of $20.2 million. The Company's net debt to capital percentage changed to 14.8% as of June 30, 2020 from 18.4% in the prior year.

Contractual obligations of the Company as of June 30,2020 are as follows (in thousands):

	Payments Due by Period				
Contractual Obligations	**Total**	**Less than 1 Year**	**1-3 Years**	**3-5 Years**	**More than 5 Years**
Long-term debt obligations	$ 200,000	$ -	$ -	$ 200,000	$ -
Operating lease obligations	44,696	9,520	13,369	9,002	12,805
Estimated interest payments (1)	25,994	6,001	11,526	8,467	-
Post-retirement benefit payments (2)	46,362	9,969	17,967	15,510	2,916
Total	$ 317,052	$ 25,490	$ 42,862	$ 232,979	$ 15,721

(1) Estimated interest payments are based upon effective interest rates as of June 30, 2020, and exclude any interest rate swaps which are assets to us. See Item 7A for further discussions surrounding interest rate exposure on our variable rate borrowings.

(2) Post-retirement benefits and pension plan contribution payments represents' future pension payments to comply with local funding requirements. Our policy is to fund domestic pension liabilities in accordance with the minimum and maximum limits imposed by the Employee Retirement Income Security Act of 1974 ("ERISA"), federal income tax laws and the funding requirements of the Pension Protection Act of 2006.

At June 30, 2020, we had $8.6 million of non-current liabilities for uncertain tax positions. We are not able to provide a reasonable estimate of the timing of future payments related to these obligations.

Off Balance Sheet Items

At June 30, 2020, and 2019, the Company had standby letters of credit outstanding, primarily for insurance and trade financing purposes, of $7.3 million and

$7.6 million, respectively.

We had no other material off balance sheet items at June 30, 2020.

Other Matters

Inflation – Certain of our expenses, such as wages and benefits, occupancy costs and equipment repair and replacement, are subject to normal inflationary pressures. Inflation for medical costs can impact both our employee benefit costs as well as our reserves for workers' compensation claims. We monitor the inflationary rate and make adjustments to reserves whenever it is deemed necessary. Our ability to control worker compensation insurance medical cost inflation is dependent upon our ability to manage claims and purchase insurance coverage to limit the maximum exposure for us. Each of our segments is subject to the effects of changing raw material costs caused by the underlying commodity price movements. In general, we do not enter into purchase contracts that extend beyond one operating cycle. While Standex considers our relationship with our suppliers to be good, there can be no assurances that we will not experience any supply shortage.

Foreign Currency Translation – Our primary functional currencies used by our non-U.S. subsidiaries are the Euro, British Pound Sterling (Pound), Japanese (Yen), and Chinese (Yuan).

Defined Benefit Pension Plans – We record expenses related to these plans based upon various actuarial assumptions such as discount rates and assumed rates of returns. The Company's pension plan is frozen for substantially all eligible U.S. employees and participants in the plan ceased accruing future benefits.

Environmental Matters – To the best of our knowledge, we believe that we are presently in substantial compliance with all existing applicable environmental laws and regulations and do not anticipate any instances of non-compliance that will have a material effect on our future capital expenditures, earnings or competitive position.

Seasonality – We are a diversified business with generally low levels of seasonality.

Employee Relations – The Company has labor agreements with several union locals in the United States and several European employees belong to European trade unions.

Critical Accounting Policies

The Consolidated Financial Statements include accounts of the Company and all of our subsidiaries. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions in certain circumstances that affect amounts reported in the accompanying Consolidated Financial Statements. Although, we believe that materially different amounts would not be reported due to the accounting policies described below, the application of these accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. We have listed a number of accounting policies which we believe to be the most critical.

Revenue Recognition – Effective July 1, 2018, the Company adopted accounting standard ASU No. 2014-09, "Revenue from Contracts with Customers" (ASC 606) using the modified retrospective method to contracts that were not completed as of June 30, 2018. We recognized the cumulative effect of initially applying the new revenue standard as an adjustment to the opening balance of retained earnings, whereby the cumulative impact of all prior periods is recorded in retained earnings or other impacted balance sheet line items upon adoption. The comparative information has not been adjusted and continues to be reported under ASC 605. The impact on the Company's consolidated income statements, balance sheets, equity or cash flows as of the adoption date as a result of applying ASC 606 have been reflected within those respective financial statements. The Company's accounting policy has been updated to align with ASC 606.

The adoption of ASC 606 represents a change in accounting principle that provides enhanced revenue recognition disclosures. Revenue is recognized when the control of the promised goods or services are transferred to our customers, in an amount that reflects the consideration that we expect to receive in exchange for those goods or services. The Company recognizes all revenues on a gross basis based on consideration of the criteria set forth in ASC Topic 606-10-55, Principal versus Agent Considerations.

Most of the Company's contracts have a single performance obligation which represents, the product or service being sold to the customer. Some contracts include multiple performance obligations such as a product and the related installation and/or extended warranty. Additionally, most of the Company's contracts offer assurance type warranties in connection with the sale of a product to customers. Assurance type warranties provide a customer with assurance that the product complies with agreed-upon specifications. Assurance type warranties do not represent a separate performance obligation.

In general, the Company recognizes revenue at the point in time control transfers to their customer based on predetermined shipping terms. Revenue recognized under long-term contracts within the Engineering Technologies and Engraving groups for highly customized customer products that have no alternative use and in which the contract specifies the Company has a right to payment for its costs, plus a reasonable margin are recognized over time. For products recognized over time, the transfer of control is measured pro rata, based upon current estimates of costs to complete such contracts. Losses on contracts are fully recognized in the period in which the losses become determinable. Revisions in profit estimates are reflected on a cumulative basis in the period in which the basis for such revision becomes known.

Collectability of Accounts Receivable – Accounts Receivable are reduced by an allowance for amounts that may become uncollectible in the future. Our estimate for the allowance for doubtful accounts related to trade receivables includes evaluation of specific accounts where we have information that the customer may have an inability to meet its financial obligation together with a general provision for unknown but existing doubtful accounts.

Realizability of Inventories – Inventories are valued at the lower of cost or market. The Company regularly reviews inventory values on hand using specific aging categories and records a write down for obsolete and excess inventory based on historical usage and estimated future usage. As actual future demand or market conditions may vary from those projected by management, adjustments to inventory valuations may be required.

Realization of Goodwill – Goodwill and certain indefinite-lived intangible assets are not amortized, but instead are tested for impairment at least annually and more frequently whenever events or changes in circumstances indicate that the fair value of the asset may be less than its carrying amount of the asset. The Company's annual test for impairment is performed using a May 31st measurement date. We have identified our reporting units for impairment testing as our seven operating segments, which are aggregated into our five reporting segments as disclosed in Note 17 – Industry Segment Information.

As quoted market prices are not available for the Company's reporting units, the fair value of the reporting units is determined using a discounted cash flow model (income approach). This method uses various assumptions that are specific to each individual reporting unit in order to determine the fair value. In addition, the Company compares the estimated aggregate fair value of its reporting units to its overall market capitalization.

Our annual impairment testing at each reporting unit relied on assumptions surrounding general market conditions, short-term growth rates, a terminal growth rate of 2.5%, and detailed management forecasts of future cash flows prepared by the relevant reporting unit. Fair values were determined primarily by discounting estimated future cash flows at a weighted average cost of capital of 9.12%. During our annual impairment testing, we evaluated the sensitivity of our most critical assumption, the discount rate, and determined that a 150-basis point change in the discount rate selected would not have impacted the test results. Additionally, the Company could reduce the terminal growth rate from its current 2.5% to 1.0% and the fair value of all reporting units would still exceed their carrying value.

While we believe that our estimates of future cash flows are reasonable, changes in assumptions could significantly affect our valuations and result in impairments in the future. The most significant assumption involved in the Company's determination of fair value is the cash flow projections of each reporting unit.

As a result of our annual assessment in the fourth quarter of fiscal year 2020, the Company determined that the fair value of the seven reporting units substantially exceeded their respective carrying values. Therefore, no impairment charges were recorded in connection with our annual assessment during the fourth quarter of fiscal year 2020.

In connection with the planned divestiture of the Refrigerated Solutions Group, we performed an interim assessment of our goodwill balances and compared the fair value of each reporting unit, Master-Bilt and NorLake, to its carrying value in the third quarter of fiscal year 2020. This resulted in an asset impairment charge of $7.7 million in discontinued operations, which represented the full amount of goodwill associated with both reporting units. In addition, due to the impact that the COVID-19 pandemic has on our projected operating results, cash flow, and market capitalization, we completed an interim goodwill impairment assessment for our remaining reporting units. As a result of our assessment in the third quarter, the Company determined that the fair value of its reporting units, with the exception of RSG, substantially exceeded their respective carrying values. Therefore, no additional impairment charges were recorded in connection with our third quarter 2020 assessment.

Cost of Employee Benefit Plans – We provide a range of benefits to certain retirees, including pensions and some postretirement benefits. We record expenses relating to these plans based upon various actuarial assumptions such as discount rates, assumed rates of return, compensation increases and turnover rates. The expected return on plan assets assumption of 7.0% in the U.S. is based on our expectation of the long-term average rate of return on assets in the pension funds and is reflective of the current and projected asset mix of the funds and considers the historical returns earned on the funds. We have analyzed the rates of return on assets used and determined that these rates are reasonable based on the plans' historical performance relative to the overall markets as well as our current expectations for long-term rates of returns for our pension assets. The U.S. discount rate of 2.9% reflects the current rate at which pension liabilities could be effectively settled at the end of the year. The discount rate is determined by matching our expected benefit payments from a stream of AA- or higher bonds available in the marketplace, adjusted to eliminate the effects of call provisions. We review our actuarial assumptions, including discount rate and expected long-term rate of return on plan assets, on at least an annual basis and make modifications to the assumptions based on current rates and trends when appropriate. Based on information provided by our actuaries and other relevant sources, we believe that our assumptions are reasonable.

The cost of employee benefit plans includes the selection of assumptions noted above. A twenty-five-basis point change in the U.S. expected return on plan assets assumptions, holding our discount rate and other assumptions constant, would increase or decrease pension expense by approximately $0.5 million per year. A twenty-five-basis point change in our discount rate, holding all other assumptions constant, would have no impact on 2020 pension expense as changes to amortization of net losses would be offset by changes to interest cost. In future years, the impact of discount rate changes could yield different sensitivities. See the Notes to the Consolidated Financial Statements for further information regarding pension plans.

Business Combinations - The accounting for business combinations requires estimates and judgments as to expectations for future cash flows of the acquired business and the allocation of those cash flows to identifiable intangible assets in determining the estimated fair values for assets acquired and liabilities assumed. The fair values assigned to tangible and intangible assets acquired and liabilities assumed, are based on management's estimates and assumptions, as well as other information compiled by management, including valuations that utilize customary valuation procedures and techniques. If the actual results differ from the estimates and judgments used in these fair values, the amounts recorded in the consolidated financial statements could result in a possible impairment of the intangible assets and goodwill, or require acceleration of the amortization expense of finite-lived intangible assets.

Allocations of the purchase price for acquisitions are based on estimates of the fair value of the net assets acquired and are subject to adjustment upon finalization of the purchase price allocation. During this measurement period, the Company will adjust assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date that, if known, would have resulted in the recognition of those assets and liabilities as of that date. All changes that do not qualify as measurement period adjustments are included in current period earnings.

Leases - Effective July 1, 2019, we adopted ASU 2016-02, Leases (Topic 842), using the modified retrospective approach and utilizing the effective date as its date of initial application. As a result, prior periods are presented in accordance with the previous guidance in ASC 840, Leases ("ASC 840"). We have elected to apply the 'package of practical expedients' which allow us to not reassess i) whether existing or expired arrangements contain a lease, ii) the lease classification of existing or expired leases, or iii) whether previous initial direct costs would qualify for capitalization under the new lease standard.

At the inception of an arrangement, we determined whether the arrangement is or contains a lease based on the unique facts and circumstances present in the arrangement. Leases with a term greater than one year are recognized on the balance sheet as right-of-use assets and short-term and long-term lease liabilities, as applicable. We do not have material financing leases.

Operating lease liabilities and their corresponding right-of-use assets are initially recorded based on the present value of lease payments over the expected remaining lease term. The interest rate implicit in lease contracts is typically not readily determinable. As a result, we utilize our incremental borrowing rate to discount lease payments, which reflects the fixed rate at which we could borrow on a collateralized basis the amount of the lease payments in the same currency, for a similar term, in a similar economic environment. To estimate our incremental borrowing rate, a credit rating applicable to the Company is estimated using a synthetic credit rating analysis since we do not currently have a rating agency-based credit rating

We have elected not to recognize leases with an original term of one year or less on the balance sheet. We typically only include an initial lease term in our assessment of a lease arrangement. Options to renew a lease are not included in the Company's assessment unless there is reasonable certainty that the Company will renew.

Recently Issued Accounting Pronouncements

See "Item 8. Financial Statements and Supplementary Data, Note 1. Summary of Accounting Policies" for information regarding the effect of recently issued accounting pronouncements on our consolidated statements of operations, comprehensive income, stockholders' equity, cash flows, and notes for the year ended June 30, 2020.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Risk Management

We are exposed to market risks from changes in interest rates, commodity prices and changes in foreign currency exchange. To reduce these risks, we selectively use, from time to time, financial instruments and other proactive management techniques. We have internal policies and procedures that place financial instruments under the direction of the Treasurer and restrict all derivative transactions to those intended for hedging purposes only. The use of financial instruments for trading purposes (except for certain investments in connection with the non-qualified defined contribution plan) or speculation is strictly prohibited. The Company has no majority-owned subsidiaries that are excluded from the consolidated financial statements. Further, we have no interests in or relationships with any special purpose entities.

Exchange Risk

We are exposed to both transactional risk and translation risk associated with exchange rates. The transactional risk is mitigated, in large part, by natural hedges developed with locally denominated debt service on intercompany accounts. We also mitigate certain of our foreign currency exchange rate risks by entering into forward foreign currency contracts from time to time. The contracts are used as a hedge against anticipated foreign cash flows, such as loan payments, customer remittances, and materials purchases, and are not used for trading or speculative purposes. The fair values of the forward foreign currency exchange contracts are sensitive to changes in foreign currency exchange rates, as an adverse change in foreign currency exchange rates from market rates would decrease the fair value of the contracts. However, any such losses or gains would generally be offset by corresponding gains and losses, respectively, on the related hedged asset or liability. At June 30, 2020 and 2019, the fair value, in the aggregate, of the Company's open foreign exchange contracts was a liability of $2.5 million and $3.1 million respectively.

Our primary translation risk is with the Euro, British Pound Sterling, Peso, Japanese Yen and Chinese Yuan. A hypothetical 10% appreciation or depreciation of the value of any these foreign currencies to the U.S. Dollar at June 30, 2020, would not result in a material change in our operations, financial position, or cash flows. We hedge our most significant foreign currency translation risks primarily through cross currency swaps and other instruments, as appropriate.

Interest Rate

The Company's effective interest rate on borrowings was 2.59% and 3.88% at June 30, 2020 and 2019, respectively. Our interest rate exposure is limited primarily to interest rate changes on our variable rate borrowings, and is mitigated by our use of interest rate swap agreements to modify our exposure to interest rate movements. At June 30, 2020, we have $200.0 million of active floating to fixed rate swaps with terms ranging from two to five years. These swaps convert our interest payments from LIBOR to a weighted average rate of 1.27%. At June 30, 2020 and 2019, the fair value, in the aggregate, of the Company's interest rate swaps were liabilities of $6.7 million and $1.4 million respectively. A 25-basis point increase in interest rates would not change our annual interest expense as all of our outstanding debt is currently converted to fixed rate debts by means of interest rate swaps.

Concentration of Credit Risk

We have a diversified customer base. As such, the risk associated with concentration of credit risk is inherently minimized. As of June 30, 2020, no one customer accounted for more than 5% of our consolidated outstanding receivables or of our sales.

Commodity Prices

The Company is exposed to fluctuating market prices for all commodities used in its manufacturing processes. Each of our segments is subject to the effects of changing raw material costs caused by the underlying commodity price movements. In general, we do not enter into purchase contracts that extend beyond one operating cycle. While Standex considers our relationship with our suppliers to be good, there can be no assurances that we will not experience any supply shortage.

The Engineering Technologies, Specialty Solutions, and Electronics segments are all sensitive to price increases for steel products, other metal commodities and petroleum based products. In the past year, we have experienced price fluctuations for a number of materials including rhodium, steel, and other metal commodities. These materials are some of the key elements in the products manufactured in these segments. Wherever possible, we will implement price increases to offset the impact of changing prices. The ultimate acceptance of these price increases, if implemented, will be impacted by our affected divisions' respective competitors and the timing of their price increases.

Item 8. Financial Statements and Supplementary Data

As of June 30 (in thousands, except share data)	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 118,809	$ 93,145
Accounts receivable, net	98,157	103,374
Inventories	85,031	76,302
Prepaid expenses and other current assets	18,870	21,820
Income taxes receivable	8,194	1,622
Current assets-Discontinued Operations	2,936	37,610
Total current assets	331,997	333,873
Property, plant and equipment, net	132,533	134,239
Intangible assets, net	106,412	118,660
Goodwill	271,221	273,843
Deferred tax asset	17,322	14,140
Operating lease right-of-use asset	44,788	-
Other non-current assets	26,605	25,105
Long-term assets-Discontinued Operations	-	22,029

Total non-current assets	598,881	588,016
Total assets	$ 930,878	$ 921,889
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 54,910	$ 54,201
Accrued liabilities	59,929	50,176
Income taxes payable	7,428	5,735
Current liabilities-Discontinued Operations	610	31,503
Total current liabilities	122,877	141,615
Long-term debt	199,150	197,610
Operating lease long-term liabilities	36,293	-
Accrued pension and other non-current liabilities	110,926	116,128
Non-current liabilities-Discontinued Operations	-	2,223
Total non-current liabilities	346,369	315,961
Commitments and Contingencies (Note 12)		
Stockholders' equity:		
Common stock, par value $1.50 per share - 60,000,000 shares authorized, 27,984,278 issued, 12,235,786 and 12,334,607 shares outstanding in 2020 and 2019	41,976	41,976
Additional paid-in capital	72,752	65,515
Retained earnings	827,656	818,282
Accumulated other comprehensive loss	(147,659)	(137,278)
Treasury shares (15,748,492 shares in 2020 and 15,649,671 shares in 2019)	(333,093)	(324,182)
Total stockholders' equity	461,632	464,313
Total liabilities and stockholders' equity	$ 930,878	$ 921,889

See notes to consolidated financial statements.

Consolidated Statements of Operations

Standex International Corporation and Subsidiaries

For the Years Ended June 30

(in thousands, except per share data)	2020	2019	2018
Net sales	$ 604,535	$ 639,931	$ 595,515
Cost of sales	(389,080)	(405,264)	(369,516)
Gross profit	215,455	234,667	225,999
Selling, general and administrative	148,499	150,327	140,680
Restructuring costs	4,669	1,289	3,428
Acquisition related expenses	1,759	3,075	3,749
Other operating (income) expense, net	-	500	-
Income from operations	60,528	79,476	78,142
Interest expense	7,475	10,760	8,029
Other non-operating (income) expense, net	(1,021)	1,742	1,720
Total	6,454	12,502	9,749
Income from continuing operations before income taxes	54,074	66,974	68,393
Provision for income taxes	(13,060)	(18,688)	(38,026)
Income from continuing operations	41,014	48,286	30,367
Income (loss) from discontinued operations, net of tax	(20,826)	19,628	6,237
Net income	$ 20,188	$ 67,914	$ 36,604
Basic earnings per share:			
Income (loss) from continuing operations	$ 3.33	$ 3.84	$ 2.39
Income (loss) from discontinued operations	(1.69)	1.56	0.49
Total	$ 1.64	$ 5.40	$ 2.88
Diluted earnings per share:			
Income (loss) from continuing operations	$ 3.31	$ 3.83	$ 2.37
Income (loss) from discontinued operations	(1.68)	1.55	0.49
Total	$ 1.63	$ 5.38	$ 2.86

See notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

Standex International Corporation and Subsidiaries

For the Years Ended June 30 (in thousands)	2020	2019	2018
Net income	$ 20,188	$ 67,914	$ 36,604
Other comprehensive income (loss):			
Defined benefit pension plans:			
Actuarial gains (losses) and other changes in unrecognized costs	$ (9,179)	$ (20,382)	$ 6,159
Amortization of unrecognized costs	5,750	4,461	5,485
Derivative instruments:			
Change in unrealized gains and (losses)	(5,247)	(1,576)	2,541
Amortization of unrealized gains and (losses) into interest expense	(856)	1,410	292
Foreign currency translation gains (losses)	(3,388)	(2,645)	94
Other comprehensive income (loss) before tax	$ (12,920)	$ (18,732)	$ 14,571
Income tax (provision) benefit:			
Defined benefit pension plans:			
Actuarial gains (losses) and other changes in unrecognized costs	$ 2,315	$ 4,742	$ (1,436)
Amortization of unrecognized costs	(1,387)	(1,089)	(1,461)
Derivative instruments:			
Change in unrealized gains and (losses)	1,746	(419)	(339)
Amortization of unrealized gains and (losses) into interest expense	(135)	79	(43)
Income tax (provision) benefit to other comprehensive income (loss)	$ 2,539	$ 3,313	$ (3,279)
Other comprehensive income (loss), net of tax	(10,381)	(15,419)	11,292
Comprehensive income	$ 9,807	$ 52,495	$ 47,896

See notes to consolidated financial statements.

Consolidated Statements of Stockholders' Equity

Standex International Corporation and Subsidiaries

For the Years Ended June 30 (in thousands, except as specified)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock Shares	Treasury Stock Amount	Total Stockholders' Equity
Balance, June 30, 2017	$ 41,976	$ 56,783	$ 716,605	$ (115,938)	15,322	$ (290,762)	$ 408,664
Stock issued for employee stock option and purchase plans, including related income tax benefit and other	-	(417)	-	-	(70)	1,334	917
Stock-based compensation	-	4,962	-	-	-	-	4,962
Treasury stock acquired	-	-	-	-	27	(2,652)	(2,652)
Adoption of ASU 2018-02	-	-	17,215	(17,215)	-	-	-
Comprehensive income:	-	-	-	-	-	-	-
Net Income	-	-	36,604	-	-	-	36,604
Foreign currency translation adjustment	-	-	-	94	-	-	94
Pension and OPEB adjustments, net of tax of $2.9 million	-	-	-	8,748	-	-	8,748
Change in fair value of derivatives, net of tax of $0.4 million	-	-	-	2,452	-	-	2,452
Dividends declared ($0.70 per share)	-	-	(8,994)	-	-	-	(8,994)
Balance, June 30, 2018	$ 41,976	$ 61,328	$ 761,430	$ (121,859)	15,279	$ (292,080)	$ 450,795
Stock issued for employee stock option and purchase plans and other	-	(163)	-	-	(67)	1,292	1,129
Stock-based compensation	-	4,350	-	-	-	-	4,350
Treasury stock acquired	-	-	-	-	438	(33,394)	(33,394)
Adoption of ASC 606	-	-	(1,107)	-	-	-	(1,107)
Comprehensive income:	-	-	-	-	-	-	-
Net Income	-	-	67,914	-	-	-	67,914
Foreign currency translation adjustment	-	-	-	(2,645)	-	-	(2,645)
Pension and OPEB adjustments, net of tax of $3.7 million	-	-	-	(12,268)	-	-	(12,268)
Change in fair value of derivatives, net of tax of $0.7 million	-	-	-	(506)	-	-	(506)
Dividends declared ($0.78 per share)	-	-	(9,955)	-	-	-	(9,955)
Balance, June 30, 2019	$ 41,976	$ 65,515	$ 818,282	$ (137,278)	15,650	$ (324,182)	$ 464,313
Stock issued for employee stock option and purchase plans and other	-	211	-	-	(74)	1,526	1,737
Stock-based compensation	-	7,026	-	-	-	-	7,026
Treasury stock acquired	-	-	-	-	172	(10,437)	(10,437)

Adoption of ASC 606	-	-	(55)	-	-	-	(55)
Comprehensive income:	-	-		-	-	-	-
Net Income	-	-	20,188	-	-	-	20,188
Foreign currency translation adjustment	-	-	-	(3,388)	-	-	(3,388)
Pension and OPEB adjustments, net of tax of $0.9 million	-	-	-	(2,500)	-	-	(2,500)
Change in fair value of derivatives, net of tax of $1.6 million	-	-	-	(4,493)	-	-	(4,493)
Dividends declared ($0.86 per share)	-	-	(10,759)	-	-	-	(10,759)
Balance, June 30, 2020	$ 41,976	$ 72,752	$ 827,656	$ (147,659)	15,748	$ (333,093)	$ 461,632

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

For the Years Ended June 30 (in thousands)	2020	2019	2018
Cash Flows from Operating Activities			
Net income	$ 20,188	$ 67,914	$ 36,604
Income (loss) from discontinued operations	(20,826)	19,628	6,237
Income (loss) from continuing operations	41,014	48,286	30,367
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	32,294	29,288	25,035
Stock-based compensation	7,026	4,350	4,962
Non-cash portion of restructuring charge	386	(329)	(1,264)
(Gain) loss on disposal of real estate and equipment	-	-	(655)
Deferred Income Taxes	5,635	(3,509)	7,391
Life Insurance Benefit	(1,302)	-	-
Increase/(decrease) in cash from changes in assets and liabilities, net of effects from discontinued operations and business acquisitions:			
Accounts receivables, net	2,325	7,181	(7,352)
Inventories	(9,050)	7,203	(10,016)
Contributions to defined benefit plans	(4,040)	(1,359)	(6,966)
Prepaid expenses and other	(10,960)	(14,271)	752
Accounts payable	174	(2,074)	(4,874)
Accrued payroll, employee benefits and other liabilities	2,342	6,105	13,872
Income taxes payable	(11,167)	(7,942)	735
Net cash provided by operating activities from continuing operations	54,677	72,929	51,987
Net cash used for operating activities from discontinued operations	(7,435)	417	12,938
Net cash provided by operating activities	47,242	73,346	64,925
Cash Flows from Investing Activities			
Expenditures for capital assets	(21,521)	(32,507)	(23,567)
Expenditures for acquisitions, net of cash acquired	(622)	(127,924)	(10,397)
Expenditures for executive life insurance policies	(281)	(377)	(310)
Proceeds from sale of real estate and equipment	180	3,164	2,852
Other investing activity	1,624	-	2,130
Net cash (used for) investing activities from continuing operations	(20,620)	(157,644)	(29,292)
Net cash provided by investing activities from discontinued operations	20,003	107,973	(2,973)
Net cash provided by (used for) investing activities	(617)	(49,671)	(32,265)
Cash Flows from Financing Activities			
Proceeds from borrowings	106,500	241,950	163,500
Payments of debt	(105,300)	(237,150)	(164,788)
Contingent consideration payment	(872)	(910)	-
Stock issued under employee stock option and purchase plans	1,738	1,129	915
Purchase of treasury stock	(10,437)	(33,394)	(2,652)
Cash dividends paid	(10,606)	(9,826)	(8,888)
Net cash provided by (used for) financing activities	(18,977)	(38,201)	(11,913)
Effect of exchange rate changes on cash	(1,984)	(1,931)	289
Net change in cash and cash equivalents	25,664	(16,457)	21,036
Cash and cash equivalents at beginning of year	93,145	109,602	88,566
Cash and cash equivalents at end of year	$ 118,809	$ 93,145	$ 109,602
Supplemental Disclosure of Cash Flow Information:			
Cash paid during the year for:			
Interest	$ 6,324	$ 9,471	$ 6,178
Income taxes, net of refunds	$ 18,737	$ 23,969	$ 22,145

See notes to consolidated financial statements.

1. SUMMARY OF ACCOUNTING POLICIES

Basis of Presentation and Consolidation

Standex International Corporation ("Standex" or the "Company") is a diversified manufacturing company with operations in the United States, Europe, Asia, Africa, and Latin America. The accompanying consolidated financial statements include the accounts of Standex International Corporation and its subsidiaries and are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). All intercompany accounts and transactions have been eliminated in consolidation.

The Company considers events or transactions that occur after the balance sheet date, but before the financial statements are issued to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. We evaluated subsequent events through the date and time our consolidated financial statements were issued.

Accounting Estimates

The preparation of consolidated financial statements in conformity with GAAP requires the use of estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of the financial statements and for the period then ended. Estimates are based on historical experience, actuarial estimates, current conditions and various other assumptions that are believed to be reasonable under the circumstances. These estimates form the basis for making judgments about the carrying values of assets and liabilities when they are not readily apparent from other sources. These estimates assist in the identification and assessment of the accounting treatment necessary with respect to commitments and contingencies. Actual results may differ from these estimates under different assumptions or conditions. The estimates and assumptions used in the preparation of the consolidated financial statements have considered the implications on the Company as a result of the onset of the COVID-19 pandemic and its related economic impacts. As a result of the COVID 19 pandemic, there is heightened volatility and uncertainty in customer demand and the worldwide economy. However, the magnitude of such impact on the Company's business and its duration is uncertain. The Company is not aware of any specific event or circumstance that would require an update to its estimates or adjustments to the carrying value of its assets and liabilities as of June 30, 2020 and the issuance date of this Annual Report on Form 10-K

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments purchased with a maturity of three months or less. These investments are carried at cost, which approximates fair value. At June 30, 2020 and 2019 the Company's cash was comprised solely of cash on deposit.

Trading Securities

The Company purchases investments for its non-qualified defined contribution plan for employees who exceed certain thresholds under our traditional 401(k) plan. These investments are classified as trading and reported at fair value. The investments generally consisting of mutual funds, are included in other non-current assets and amounted to $2.1 million at June 30, 2020 and $2.4 million at June 30, 2019. Gains and losses on these investments are recorded as other non-operating income (expense), net in the Consolidated Statements of Operations.

Accounts Receivable Allowances

The Company has provided an allowance for doubtful accounts reserve which represents the best estimate of probable loss inherent in the Company's account receivables portfolio. This estimate is derived from the Company's knowledge of its end markets, customer base, products, and historical experience.

The changes in the allowances for uncollectible accounts during 2020, 2019, and 2018 were as follows (in thousands):

	2020	2019	2018
Balance at beginning of year	$ 1,250	$ 1,590	$ 1,131
Acquisitions and other	192	66	(193)
Provision charged to expense	824	(48)	671
Write-offs, net of recoveries	(153)	(358)	(19)
Balance at end of year	$ 2,113	$ 1,250	$ 1,590

Inventories

Inventories are stated at the lower of (first-in, first-out) cost or market. Inventory quantities on hand are reviewed regularly, and write downs are made for obsolete, slow moving, and non-saleable inventory, based primarily on management's forecast of customer demand for those products in inventory.

Long-Lived Assets

Long-lived assets that are used in operations, excluding goodwill and identifiable intangible assets, are tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Recognition and measurement of a potential impairment loss is performed on assets grouped with other assets and liabilities at the lowest level where identifiable cash flows are largely independent of the cash flows of other assets and liabilities. An impairment loss is the amount by which the carrying amount of a long-lived asset (asset group) exceeds its estimated fair value. Fair value is determined based on discounted cash flows or appraised values, depending upon the nature of the assets.

Property, Plant and Equipment

Property, plant and equipment are reported at cost less accumulated depreciation. Depreciation is recorded on assets over their estimated useful lives, generally using the straight-line method. Lives for property, plant and equipment are as follows:

Buildings (years)	40 to 50
Leasehold improvements	Lesser of useful life or term, unless renewals are deemed to be reasonably assured
Machinery and equipment (years)	8 to 15
Furniture and Fixtures (years)	3 to 10
Computer hardware and software (years)	3 to 7

Routine maintenance costs are expensed as incurred. Major improvements, including those made to leased facilities, are capitalized.

Goodwill and Identifiable Intangible Assets

All business combinations are accounted for using the acquisition method. Goodwill and identifiable intangible assets with indefinite lives, are not amortized, but are reviewed annually for impairment or more frequently if impairment indicators arise. Identifiable intangible assets that are not deemed to have indefinite lives are amortized over the following useful lives:

Customer relationships (years)	5 to 15
Patents (years)	12
Non-compete agreements (years)	5
Other (years)	10
Developed technology (years)	10 to 20
Trade names	Indefinite life

See discussion of the Company's assessment of impairment in Note 6 – Goodwill and Note 7 – Intangible Assets.

Fair Value of Financial Instruments

The financial instruments, shown below, are presented at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. When observable prices or inputs are not available, valuation models may be applied.

Assets and liabilities recorded at fair value in the consolidated balance sheet are categorized based upon the level of judgment associated with the inputs used to measure their fair values. Hierarchical levels directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities and the methodologies used in valuation are as follows:

Level 1 – Quoted prices in active markets for identical assets and liabilities. The Company's deferred compensation plan assets consist of shares in various mutual funds (for the deferred compensation plan, investments are participant-directed) which invest in a broad portfolio of debt and equity securities. These assets are valued based on publicly quoted market prices for the funds' shares as of the balance sheet dates. For pension assets (see Note 16 – Employee Benefit Plans), securities are valued based on quoted market prices for securities held directly by the trust.

Level 2 – Inputs, other than quoted prices in an active market, that are observable either directly or indirectly through correlation with market data. For foreign exchange forward contracts and interest rate swaps, the Company values the instruments based on the market price of instruments with similar terms, which are based on spot and forward rates as of the balance sheet dates. For pension assets held in commingled funds (see Note 16 – Employee Benefit Plans), the Company values investments based on the net asset value of the funds, which are derived from the quoted market prices of the underlying fund holdings. The Company has considered the creditworthiness of counterparties in valuing all assets and liabilities.

Level 3 – Unobservable inputs based upon the Company's best estimate of what market participants would use in pricing the asset or liability.

The Company did not have any transfers of assets and liabilities among levels of the fair value measurement hierarchy during the years ended June 30, 2020 or 2019.

Cash and cash equivalents, accounts receivable, accounts payable and debt are carried at cost, which approximates fair value.

The fair values of our financial instruments at June 30, 2020 and 2019 were (in thousands):

	2020			
	Total	**Level 1**	**Level 2**	**Level 3**
Financial Assets				
Marketable securities - deferred compensation plan	$ 2,065	$ 2,065	$ -	$ -
Interest rate swaps	-	-	-	-
Financial Liabilities				
Foreign exchange contracts	$ 2,477	$ -	$ 2,477	$ -
Interest rate swaps	6,667	-	6,667	-
Contingent acquisition payments (a)	1,343	-	-	1,343

	2019			
	Total	**Level 1**	**Level 2**	**Level 3**
Financial Assets				
Marketable securities - deferred compensation plan	$ 2,354	$ 2,354	$ -	$ -
Interest rate swaps	52	-	52	-
Financial Liabilities				
Foreign exchange contracts	$ 3,052	$ -	$ 3,052	$ -
Interest rate swaps	1,432	-	1,432	-
Contingent acquisition payments(a)	6,418	-	-	6,418

(a) The fair value of our contingent consideration arrangement is determined based on our evaluation as to the probability and amount of any deferred compensation that has been earned to date.

The Company's financial liabilities based upon Level 3 inputs include contingent consideration arrangements relating to its acquisition of Horizon Scientific, Piazza Rosa and GS Engineering. The Company is contractually obligated to pay contingent consideration payments to the Sellers of these businesses based on the achievement of certain criteria.

Contingent consideration payable to the Horizon seller is based on continued employment of the seller on the second and third anniversary of the closing date of the acquisition. The Company is contractually obligated to pay contingent consideration payments in connection with the Horizon Scientific acquisition based on the criteria of continued employment of the seller on the second and third anniversary of the closing date of the acquisition. The seller of Horizon remained employed on the second and third anniversaries of the closing date and payments were made to the seller in the second quarters of fiscal year 2019 and 2020. This obligation is considered settled as of June 30, 2020.

The Company is contractually obligated to pay contingent consideration payments in connection with the Piazza Rosa acquisition based on the achievement of certain revenue targets during each of the first three years following acquisition. Contingent acquisition payments are payable in euros and can be paid in periods through fiscal year 2021. Piazza Rosa exceeded the defined revenue targets during the first and second years and payments were made to the Piazza Rosa sellers during the first quarter of fiscal year 2019 and the second quarter of fiscal year 2020. As of June 30, 2020, the Company could be required to pay up to $0.8 million for contingent consideration arrangements if the revenue targets are met.

The Company is also obligated to pay contingent consideration to the sellers of GS Engineering in the event that certain revenue and gross margin targets are achieved during the five years following acquisition. The targets set in the GS stock purchase agreement were not met for the first year, which concluded in the fourth quarter of fiscal year 2020. As of June 30, 2020, the Company could be required to pay up to $12.8 million for contingent consideration arrangements if the revenue and gross margin targets are met in fiscal years 2021 through 2024.

The Company has determined the fair value of the liabilities for the contingent consideration based on a probability-weighted discounted cash flow analysis. This fair value measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement within the fair value hierarchy. The fair value of the contingent consideration liability associated with future payments was based on several factors, the most significant of which are continued employment of the seller and the risk-adjusted discount rate for the fair value measurement. As of June 30, 2020, the range of outcomes nor the assumptions used to develop the estimates had changed.

Concentration of Credit Risk

The Company is subject to credit risk through trade receivables. Concentration of risk with respect to trade receivables is minimized because of the diversification of our operations, as well as our large customer base and our geographical dispersion. No individual customer accounts for more than 5% of revenues or accounts receivable in the periods presented.

Revenue Recognition

In general, the Company recognizes revenue at the point in time control transfers to their customer based on predetermined shipping terms. Revenue recognized under long-term contracts within the Engineering Technologies group for highly customized customer products that have no alternative use and in which the contract specifies the Company has a right to payment for its costs, plus a reasonable margin are recognized over time. For products recognized over time, the transfer of control is measured pro rata, based upon current estimates of costs to complete such contracts. Losses on contracts are fully recognized in the period in which the losses become determinable. Revisions in profit estimates are reflected on a cumulative basis in the period in which the basis for such revision becomes known.

Cost of Goods Sold and Selling, General and Administrative Expenses

The Company includes expenses in either cost of goods sold or selling, general and administrative categories based upon the natural classification of the expenses. Cost of goods sold includes expenses associated with the acquisition, inspection, manufacturing and receiving of materials for use in the manufacturing process. These costs include inbound freight charges, purchasing and receiving costs, inspection costs, internal transfer costs as well as depreciation, amortization, wages, benefits and other costs that are incurred directly or indirectly to support the manufacturing process. Selling, general and administrative includes expenses associated with the distribution of our products, sales effort, administration costs and other costs that are not incurred to support the manufacturing process. The Company records distribution costs associated with the sale of inventory as a component of selling, general and administrative expenses in the Consolidated Statements of Operations. These expenses include warehousing costs, outbound freight charges and costs associated with salaried distribution personnel. Our gross profit margins may not be comparable to those of other entities due to different classifications of costs and expenses.

Our total advertising expenses, which are classified under selling, general, and administrative expenses are primarily related to trade shows, and totaled $1.3 million, $2.5 million, and $2.4 million for the years ended June 30, 2020, 2019, and 2018, respectively.

Research and Development

Research and development expenditures are expensed as incurred. Total research and development costs, which are classified under selling, general, and administrative expenses, were $6.9 million, $6.3 million, and $3.9 million for the years ended June 30, 2020, 2019, and 2018, respectively.

Warranties

The expected cost associated with warranty obligations on our products is recorded when the revenue is recognized. The Company's estimate of warranty cost is based on contract terms and historical warranty loss experience that is periodically adjusted for recent actual experience. Since warranty estimates are forecasts based on the best available information, claims costs may differ from amounts provided. Adjustments to initial obligations for warranties are made as changes in the obligations become reasonably estimable.

The changes in continuing operations warranty reserve, which are recorded as accrued liabilities, during 2020, 2019, and 2018 were as follows (in thousands):

	2020	2019	2018
Balance at beginning of year	$ 1,911	$ 1,849	$ 1,580
Acquisitions and other charges	(86)	(85)	(138)
Warranty expense	1,783	2,346	1,826
Warranty claims	(1,827)	(2,199)	(1,419)
Balance at end of year	$ 1,781	$ 1,911	$ 1,849

The decrease in warranty expense during 2020 compared to 2019 is primarily due to better warranty claim experience in the Specialty Solutions Group.

Stock-Based Compensation Plans

Restricted stock awards, including performance based awards, generally vest over a three-year period. Compensation expense associated with these awards is recorded based on their grant-date fair value and is generally recognized on a straight-line basis over the vesting period. Compensation cost for an award with a performance condition is based on the probable outcome of that performance condition. The stated vesting period is considered non-substantive for retirement eligible participants. Accordingly, the Company recognizes any remaining unrecognized compensation expense upon participant reaching retirement eligibility.

Foreign Currency Translation

The functional currency of our non-U.S. operations is the local currency. Assets and liabilities of non-U.S. operations are translated into U.S. Dollars on a monthly basis using period-end exchange rates. Revenues and expenses of these operations are translated using monthly average exchange rates. The resulting translation adjustment is reported as a component of comprehensive income (loss) in the consolidated statements of stockholders' equity and comprehensive income. Gains and losses from foreign currency transactions are included in results of operations and were not material for any period presented.

Derivative Instruments and Hedging Activities

The Company recognizes all derivatives on its balance sheet at fair value.

Forward foreign currency exchange contracts are periodically used to limit the impact of currency fluctuations on certain anticipated foreign cash flows, such as foreign purchases of materials and loan payments from subsidiaries. The Company enters into such contracts for hedging purposes only. The Company has designated certain of these currency contracts as hedges, and changes in the fair value of these contracts are recognized in other comprehensive income until the hedged items are recognized in earnings. Hedge ineffectiveness, if any, associated with these contracts will be reported in net income.

The Company also uses interest rate swaps to manage exposure to interest rates on the Company's variable rate indebtedness. The Company values the swaps based on contract prices in the derivatives market for similar instruments. The Company has designated its interest rate swap agreements, including any that may be forward-dated, as cash flow hedges, and changes in the fair value of the swaps are recognized in other comprehensive income until the hedged items are recognized in earnings. Hedge ineffectiveness, if any, associated with the swaps will be reported by the Company in interest expense.

The Company does not hold or issue derivative instruments for trading purposes.

Income Taxes

On December 22, 2017, the Tax Cuts and Jobs Act (the "Act" or "TCJA") was passed which, among other things, reduces the federal corporate tax rate to 21.0% effective for taxable years starting on or after January 1, 2018. For the years ended June 30, 2020 and 2019, the Company recorded federal taxes using a federal rate of 21.0%.

The provision for fiscal year ending June 30, 2020 and 2019 was impacted by several law changes implemented by the Act such as the interest deduction limitation and Global Intangible Low Taxed Income (GILTI). As allowed under US GAAP, the Company has elected to treat any taxes due on future U.S. inclusions in taxable income under the GILTI provision as a current-period expense when incurred. The Company will continue to monitor guidance regarding these changes and their impact on the financial statements in later periods.

The Company's income tax provision from continuing operations for the fiscal year ended June 30, 2020 was $13.1 million, or an effective rate of 24.3% compared to $18.7 million, or an effective rate of 27.9% for the year ended June 30, 2019, and $38.0 million, or an effective rate of 55.5% for the year ended June 30, 2018. Changes in the effective tax rates from period to period may be significant as they depend on many factors including, but not limited to, the amount of the Company's income or loss, the mix of income earned in the US versus outside the US, the effective tax rate in each of the countries in which we earn income, and any one-time tax issues which occur during the period.

The Company's income tax provision from continuing operations for the fiscal year ended June 30, 2020 was impacted by the following items: (i) a tax benefit of $1.2 million related to the Federal R&D credit, (ii) a tax provision of $1.4 million due to the mix of income in various jurisdictions, (iii) a tax benefit of $0.7 million related to the release of uncertain tax provision reserves,, and (iv) a tax provision of $0.8 million related to GILTI.

The Company's income tax provision from continuing operations for the fiscal year ended June 30, 2019 was impacted by the following items: (i) a tax benefit related to the impact of the Sec. 965 toll tax of $0.8 million, (ii) a tax provision of $0.3 million related to the elimination of the performance based compensation exception for executive compensation under Sec. 162(m) of the Internal Revenue Code, and (iii) a tax provision related to expected foreign withholding taxes on cash repatriation of $2.1 million.

The Company's income tax provision from continuing operations for the fiscal year ended June 30, 2018 was impacted by the following items: (i) a tax provision related to the impact of the Sec. 965 toll tax of $11.7 million, (ii) a tax provision related to a revaluation of deferred taxes due to the federal rate reduction of $1.3 million, and (iii) a tax provision related to expected foreign withholding taxes on cash repatriation of $7.8 million.

Earnings Per Share

(share amounts in thousands)	**2020**	**2019**	**2018**
Basic – Average Shares Outstanding	12,324	12,574	12,698
Effect of Dilutive Securities – Stock Options and Restricted Stock Awards	63	59	90
Diluted – Average Shares Outstanding	12,387	12,633	12,788

Both basic and diluted income is the same for computing earnings per share. There were 32,000 outstanding instruments that had an anti-dilutive effect at June 30, 2020. There were no outstanding instruments that had an anti-dilutive effect at June 30, 2019 and 2018.

Recently Issued Accounting Pronouncements

In March 2020, the FASB issued ASU 2020-04, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The ASU provides optional expedients and exceptions for applying generally accepted accounting principles to contract modifications and hedging relationships, subject to meeting certain criteria, that reference LIBOR or another reference rate expected to be discontinued. ASU 2020-04 is effective for all entities as of March 12, 2020 through December 31, 2022. The Company is currently assessing the potential impact of the adoption of ASU 2020-04 on our consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13*, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which modifies the measurement approach for credit losses on financial assets measured on an amortized cost basis from an "incurred loss" method to "an expected loss" method. In November 2019, the FASB issued ASU 2019-11, Codification Improvements to Topic 326, Financial Instruments – Credit Losses. ASU 2019-11 is an accounting pronouncement that amends ASU 2016-10. This amendment provides clarity and improves the codification to ASU 2016-03. The pronouncements are concurrently effective for fiscal years beginning after December 15, 2019 and interim periods therein. The Company is currently assessing the potential impact of the adoption of ASU 2016-13 and ASU 2019-11 on its consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, *Simplifying the Test for Goodwill Impairment*, which simplifies the accounting for goodwill impairments by eliminating step two from the goodwill impairment test. Instead, if the carrying amount of a reporting unit exceeds its fair value, an impairment loss shall be recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit. ASU 2017-04 also clarifies the requirements for excluding and allocating foreign currency translation adjustments to reporting units related to an entity's testing of reporting units for goodwill impairment. It further clarifies that an entity should consider income tax effects from any tax-deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment loss, if applicable. ASU 2017-04 is effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. The Company adopted ASU 2017-04 in fiscal year 2020.

In August 2018, the FASB issued ASU No. 2018-14, *Compensation - Retirement Benefits - Defined Benefit Plans - General (Subtopic 715-20)*. The amendments in ASU-14 remove, modify and add various disclosure requirements around the topic in order to clarify and improve the cost-benefit nature of disclosures. This ASU is effective for annual reporting periods, and interim periods with those reporting periods, beginning after December 15, 2020 with early adoption permitted. The amendments must be applied on a retrospective basis for all periods presented. The company is currently evaluating the impacts the adoption of this ASU will have on its Consolidated Financial Statements.

2. ACQUISITIONS

The Company's recent acquisitions are strategically significant to the future growth prospects of the Company. At the time of the acquisition and June 30, 2020, the Company evaluated the significance of each acquisition on a standalone basis and in aggregate, considering both qualitative and quantitative factors.

Subsequent to the end of the fiscal year, during July of 2020, the Company acquired Renco Electronics, a designer and manufacturer of customized standard magnetics components and products including transformers, inductors, chokes and coils for power and RF applications. Renco's results will be reported within the Electronics segment beginning in fiscal year 2021.

GS Engineering

During the fourth quarter of fiscal year 2019, the Company acquired Ohio-based Genius Solutions Engineering Company (d/b/a GS Engineering). The privately held company is a provider of specialized "soft surface" skin texturized tooling. GS Engineering primarily serves the automotive end market and its' operating results are included in the Company's Engraving segment.

The Company paid $30.5 million in cash for all of the issued and outstanding equity interests of GS Engineering. The purchase price was allocated to the net tangible and identifiable intangible assets acquired and liabilities assumed based on the fair values on the closing date. Goodwill from the transaction is attributable to the combined organization utilizing the GS technology across its global production footprint to enable customers worldwide to benefit from a combined offering for harmonized designs across a variety of surfaces and materials.

Intangible assets of $9.1 million are recorded, consisting of $5.6 million for developed technology to be amortized over a period of 15 years, $0.9 million for indefinite lived trademarks, and $2.6 million of customer relationships to be amortized over 12 years. The goodwill of $15.5 million created by the transaction is deductible for income tax purposes.

The components of the fair value of the GS Engineering acquisition, including the final allocation of the purchase price at June 30, 2020, are as follows (in thousands):

	Preliminary Allocation June 30, 2019	Adjustments	Final Allocation
Fair value of business combination:			
Cash payments	$ 30,002	780	$ 30,782
Less, cash acquired	(622)	(158)	(780)
Fair value of contingent consideration	500	-	500
Total	$ 29,880	$ 622	$ 30,502
Identifiable assets acquired and liabilities assumed:			
Other acquired assets	$ 2,197	$ (679)	$ 1,518
Inventories	228	168	396
Customer Backlog	180	(180)	-
Property, plant, and equipment	1,391	3,179	4,570
Identifiable intangible assets	8,910	200	9,110
Goodwill	17,976	(2,518)	15,458
Liabilities assumed	(1,002)	452	(550)
Total	$ 29,880	$ 622	$ 30,502

Agile Magnetics

On the last business day of the first quarter of fiscal year 2019, the Company acquired Regional Mfg. Specialists, Inc. (now named Agile Magnetics). The New Hampshire based, privately held company is a provider of high-reliability magnetics to customers in the semiconductor, military, aerospace, healthcare, and general industrial industries. The Company has included the results of Agile in its Electronics segment in the consolidated financial statements.

The Company paid $39.2 million in cash for all of the issued and outstanding equity interests of Agile. The purchase price was allocated to the net tangible and identifiable intangible assets acquired and liabilities assumed based on the fair values on the closing date. Goodwill recorded from this transaction is attributable to expanded capabilities of the combined organization which will allow for improved responsiveness to customer demands via a larger pool of engineering resources and local manufacturing.

Intangible assets of $17.4 million are recorded, consisting of $13.5 million of customer relationships to be amortized over a period of 13 years, $3.8 million for indefinite lived trademarks, and $0.1 million for a non-compete arrangement to be amortized over 5 years. The goodwill of $16.4 million recorded in connection with the transaction is deductible for income tax purposes.

The components of the fair value of the Agile acquisition, including the final allocation of the purchase price are as follows (in thousands):

	Preliminary Allocation September 30, 2019	Adjustments	Final Allocation
Fair value of business combination:			
Cash payments	$ 39,194	$ -	$ 39,194
Less, cash acquired	(1)	-	(1)
Total	$ 39,193	$ -	$ 39,193

	Preliminary Allocation September 30, 2019	Adjustments	Final Allocation
Identifiable assets acquired and liabilities assumed:			
Other acquired assets	$ 1,928	$ (35)	$ 1,893
Inventories	2,506	268	$ 2,774
Customer Backlog	-	200	$ 200
Property, plant, & equipment	1,318	(348)	$ 970
Identifiable intangible assets	13,718	3,632	$ 17,350
Goodwill	20,142	(3,708)	$ 16,434
Liabilities assumed	(419)	(9)	$ (428)
Total	$ 39,193	$ -	$ 39,193

Tenibac-Graphion Inc.

During August of fiscal year 2019, the Company acquired Tenibac-Graphion Inc. ("Tenibac"). The Michigan based privately held company is a provider of chemical and laser texturing services for the automotive, medical, packaging, and consumer products markets. The Company has included the results of Tenibac in its Engraving segment in the condensed consolidated financial statements.

The Company paid $57.3 million in cash for all of the issued and outstanding equity interests of Tenibac. The purchase price was allocated to the net tangible and identifiable intangible assets acquired and liabilities assumed based on their fair values on the closing date. Goodwill recorded from this transaction is attributable to the complimentary services that the combined business can now offer to customers, through increased responsiveness to customer demands, and providing innovative approaches to solving customer needs by offering a full line of mold and tool services to customers.

Intangible assets of $16.9 million are recorded, consisting of $11.3 million of customer relationships to be amortized over a period of 15 years, $4.2 million for indefinite lived trademarks, and $1.4 million of other intangibles assets to be amortized over 5 years. The Company's assigned fair values are final as of June 30, 2019. The goodwill of $34.4 million created by the transaction is deductible for income tax purposes.

The components of the fair value of the Tenibac acquisition, including the final allocation of the purchase price are as follows (in thousands):

	Preliminary Allocation September 30, 2019	Adjustments	Final Allocation
Fair value of business combination:			
Cash payments	$ 57,284	$ -	$ 57,284
Less cash acquired	(558)	-	(558)
Total	$ 56,726	$ -	$ 56,726

	Preliminary Allocation September 30, 2019	Adjustments	Final Allocation
Identifiable assets acquired and liabilities assumed:			
Other acquired assets	$ 5,023	$ (1,253)	$ 3,770
Inventories	324	-	324
Customer backlog	1,000	(800)	200
Property, plant, & equipment	2,490	(19)	2,471
Identifiable intangible assets	15,960	900	16,860
Goodwill	32,949	1,411	34,360
Liabilities assumed	(1,020)	(239)	(1,259)
Total	$ 56,726	$ -	$ 56,726

Piazza Rosa Group

During the first quarter of fiscal year 2018, the Company acquired the Piazza Rosa Group. The Italy-based privately held company is a leading provider of mold and tool treatment and finishing services for the automotive and consumer products markets. We have included the results of the Piazza Rosa Group in our Engraving segment.

The Company paid $10.1 million in cash for all of the issued and outstanding equity interests of the Piazza Rosa Group and also paid $2.8 million subsequent to closing in order to satisfy assumed debt of the entity at the time of acquisition. The Company has estimated that total cash consideration will be adjusted by $2.6 million based upon achievement of certain revenue metrics over the three years following acquisition. The Company made the first payment of $0.9 million during the first quarter of 2019 based on achievement of the revenue metrics during the first year.

The purchase price was allocated to the net tangible and identifiable intangible assets acquired and liabilities assumed based on their fair values on the closing date. Goodwill recorded from this transaction is attributable to potential revenue increases from the combined competencies with Standex Engraving's worldwide presence and Piazza Rosa Group's texturizing capabilities. The combined companies create a global tool finishing service leader and open additional opportunities in the broader surface engineering market.

Intangible assets of $4.1 million were preliminarily recorded, consisting of $2.3 million of customer relationships to be amortized over a period of eight years, $1.6 million for trademarks, and $0.2 million of other intangibles assets. The Company finalized its purchase accounting for this acquisition in the first quarter of fiscal year 2019 and reduced the identifiable intangible asset estimate by $0.6 million at that time. The goodwill of $7.1 million created by the transaction is not deductible for income tax purposes.

The components of the fair value of the Piazza Rosa Group acquisition, including the final allocation of the purchase price are as follows (in thousands):

	Preliminary Allocation September 30, 2018	Adjustments	Final Allocation
Fair value of business combination:			
Total cash consideration	$ 10,056	$ -	$ 10,056
Fair value of contingent consideration	-	2,617	2,617
Total	$ 10,056	$ 2,617	$ 12,673

	Preliminary Allocation September 30, 2018	Adjustments	Final Allocation
Identifiable assets acquired and liabilities assumed:			
Other acquired assets	$ 2,678	$ 1,664	$ 4,342
Inventories	637	(2)	635
Property, plant, and equipment	5,005	558	5,563
Identifiable intangible assets	4,087	(615)	3,472
Goodwill	6,218	858	7,076
Liabilities assumed	(7,387)	-	(7,387)
Deferred taxes	(1,182)	154	(1,028)
Total	$ 10,056	$ 2,617	$ 12,673

Acquisition-Related Costs

Acquisition-related costs include costs related to acquired businesses and other pending acquisitions. These costs consist of (i) deferred compensation and (ii) acquisition-related professional service fees and expenses, including financial advisory, legal, accounting, and other outside services incurred in connection with acquisition activities, and regulatory matters related to acquired entities. These costs do not include purchase accounting expenses, which we define as acquired backlog and the step-up of inventory to fair value, or the amortization of the acquired intangible assets.

Deferred compensation costs relate to payments due to the Horizon Scientific seller of $2.8 million on the second anniversary and $5.6 million on the third anniversary of the closing date of the purchase. For the fiscal years ended June 30, 2020 and 2019, we recorded deferred compensation costs of $1.2 million and $2.8 million, respectively, related to estimated deferred compensation earned by the Horizon Scientific seller to date. The payments were contingent on the seller remaining an employee of the Company, with limited exceptions, at each anniversary date. The final payment due to the seller was made during the second quarter of fiscal year 2020, and this liability is now considered settled.

Acquisition related costs consist of miscellaneous professional service fees and expenses for our recent acquisitions.

The components of acquisition-related costs are as follows (in thousands):

	June 30, 2020	June 30, 2019
Deferred compensation arrangements	$ 1,170	$ 2,810
Acquisition-related costs	589	265
Total	$ 1,759	$ 3,075

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

Effective July 1, 2018, the Company adopted the new accounting standard, ASU No. 2014-09, "Revenue from Contracts with Customers" (ASC 606) using the modified retrospective method to contracts that were not completed as of June 30, 2018. We recognized the cumulative effect of initially applying the new revenue standard as an adjustment to the opening balance of retained earnings, whereby the cumulative impact of all prior periods is recorded in retained earnings or other impacted balance sheet line items upon adoption. The comparative information has not been adjusted and continues to be reported under ASC 605. The impact on the Company's consolidated income statements, balance sheets, equity or cash flows as of the adoption date as a result of applying ASC 606 have been reflected within those respective financial statements.

Disaggregation of Revenue from Contracts with Customers

Financial information for fiscal year 2017 has not been restated and continued to be reported under the guidance in effect prior to the adoption of ASC 606.

The following table presents revenue disaggregated by product line and segment (in thousands):

	Year Ended		
Revenue by Product Line	June 30, 2020	June 30, 2019	June 30, 2018
Electronics	185,294	204,073	196,291
Engraving Services	132,586	139,769	123,822
Engraving Products	11,150	9,924	12,453
Total Engraving	143,736	149,693	136,275
Scientific	57,523	57,621	52,086
Engineering Technologies	104,047	105,270	90,781
Hydraulics Cylinders and System	51,722	53,943	48,169
Merchandising & Display	31,488	34,532	34,932
Pumps	30,725	34,799	36,981
Total Specialty Solutions	113,935	123,274	120,082
Total Revenue by Product Line	$ 604,535	$ 639,931	$ 595,515

The following table presents revenue from continuing operations disaggregated by geography based on company's locations (in thousands):

	Year Ended		
Net sales	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**
United States	$ 364,188	$ 370,235	$ 321,284
Asia Pacific	98,665	108,667	108,569
EMEA (1)	128,037	144,636	149,249
Other Americas	13,645	16,393	16,413
Total	$ 604,535	$ 639,931	$ 595,515

(1) EMEA consists primarily of Europe, Middle East and S. Africa.

The following table presents revenue from continuing operations disaggregated by timing of recognition (in thousands):

	Year Ended	
Timing of Revenue Recognition	**June 30, 2020**	**June 30, 2019**
Products and services transferred at a point in time	$ 569,426	$ 607,980
Products transferred over time	35,109	31,951
Net Sales	$ 604,535	$ 639,931

Contract Balances

Contract assets represent sales recognized in excess of billings related to work completed but not yet shipped for which revenue is recognized over time. Contract assets are recorded as accounts receivable.

Contract liabilities are customer deposits for which revenue has not been recognized. Current contract liabilities are recorded as accrued expenses.

The following table provides information about contract assets and liability balances as of June 30, 2020 and 2019 (in thousands):

	Balance at Beginning of Period	Additions	Deductions	Balance at End of Period
Year ended June 30, 2020				
Contract assets:				
Prepaid and other current assets	8,418	41,462	40,740	9,140
Contract liabilities:				
Customer deposits	1,358	11,939	10,999	2,298

	Balance at Beginning of	Balance at

	Period	Additions	Deductions	End of Period
Year ended June 30, 2019				
Contract assets:				
Prepaid and other current assets	5,904	24,380	21,866	8,418
Contract liabilities:				
Customer deposits	2,552	6,336	7,530	1,358

During the years ended June 30, 2020 and 2019, we recognized the following revenue as a result of changes in the contract liability balances (in thousands):

Revenue recognized in the period from:	Year ended June 30, 2020
Amounts included in the contract liability balance at the beginning of the period	$ 1,358

Revenue recognized in the period from:	Year ended June 30, 2019
Amounts included in the contract liability balance at the beginning of the period	$ 2,552

The timing of revenue recognition, invoicing and cash collections results in billed receivables, contract assets and contract liabilities on the consolidated balance sheets.

When consideration is received from a customer prior to transferring goods or services to the customer under the terms of a contract, a contract liability is recorded. Contract liabilities are recognized as revenue after control of the goods and services are transferred to the customer and all revenue recognition criteria have been met.

4. INVENTORIES

Inventories are comprised of (in thousands):

June 30	2020	2019
Raw materials	$ 37,257	$ 34,902
Work in process	25,527	26,213
Finished goods	22,247	15,187
Total	$ 85,031	$ 76,302

Distribution costs associated with the sale of inventory are recorded as a component of selling, general and administrative expenses and were $9.0 million, $9.7 million, and $8.7 million in 2020, 2019 and 2018, respectively.

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following (in thousands):

June 30	2020	2019
Land, buildings and leasehold improvements	$ 69,869	$ 67,296
Machinery, equipment and other	203,258	200,017
Total	273,127	267,313
Less accumulated depreciation	(140,594)	(133,074)
Property, plant and equipment - net	$ 132,533	$ 134,239

Depreciation expense for the years ended June 30, 2020, 2019, and 2018 totaled $19.2 million, $17.5 million, and $15.9 million, respectively.

6. GOODWILL

Goodwill and certain indefinite-lived intangible assets are not amortized, but instead are tested for impairment at least annually and more frequently whenever events or changes in circumstances indicate that the fair value of the asset may be less than its carrying amount. The Company's annual test for impairment is performed using a May 31st measurement date.

The Company has identified its reporting units for impairment testing as its seven operating segments, which are aggregated into five reporting segments as disclosed in Note 17 – Industry Segment Information.

As quoted market prices are not available for the Company's reporting units, the fair value of the reporting units is determined using a discounted cash flow model (income approach). This method uses various assumptions that are specific to each individual reporting unit in order to determine the fair value. In addition, the Company compares the estimated aggregate fair value of its reporting units to its overall market capitalization.

While the Company believes that estimates of future cash flows are reasonable, changes in assumptions could significantly affect valuations and result in impairments in the future. The most significant assumption involved in the Company's determination of fair value is the cash flow projections of each reporting unit. If the estimates of future cash flows for each reporting unit may be insufficient to support the carrying value of the reporting units, the Company will reassess its conclusions related to fair value and the recoverability of goodwill.

In connection with the planned divestiture of the Refrigerated Solutions Group, the Company compared the fair value of each reporting unit, Master-Bilt and NorLake, to its carrying value as of March 31, 2020. This resulted in an asset impairment charge in the third quarter of fiscal year 2020 of $7.7 million in discontinued operations, which represented the full amount of goodwill associated with both reporting units. In addition, due to the impact that the COVID-19 pandemic had on projected operating results, cash flow, and market capitalization, the Company completed an interim goodwill impairment assessment for its remaining reporting units in the third quarter of fiscal year 2020. As a result of the assessment in the third quarter, the Company determined that the fair value of its reporting units, with the exception of RSG, substantially exceeded their respective carrying values. Therefore, no additional impairment charges were recorded in connection with the third quarter 2020 assessment.

The Company completed its annual impairment testing as of May 31, 2020, and determined that the fair value of each of its reporting units substantially exceeded each unit's respective carrying value, therefore, no impairment charges were recorded in connection with the testing and assessment during the fourth quarter of 2020. The Company completed its annual impairment testing as of May 31, 2019, and determined that the fair value of each reporting unit substantially exceeded each unit's respective carrying value, therefore, no impairment charges were recorded in connection with the testing and assessment during 2019.

Changes to goodwill associated with continuing operations during the years ended June 30, 2020 and 2019 are as follows (in thousands):

	2020	2019
Balance at beginning of year	$ 273,843	$ 204,091
Acquisitions	(1,699)	68,392
Foreign currency translation	(923)	1,360
Balance at end of year	$ 271,221	$ 273,843

7. INTANGIBLE ASSETS

Intangible assets consist of the following (in thousands):

	Customer Relationships	Tradenames (Indefinite-lived)	Developed Technology	Other	Total
June 30, 2020					
Cost	$ 74,104	$ 19,916	$ 55,164	$ 3,980	$ 153,164
Accumulated amortization	(31,003)	-	(13,006)	(2,743)	(46,752)
Balance, June 30, 2020	$ 43,101	$ 19,916	$ 42,158	$ 1,237	$ 106,412
June 30, 2019					
Cost	$ 75,018	$ 19,977	$ 55,164	$ 5,492	$ 155,651
Accumulated amortization	(24,476)	-	(8,765)	(3,750)	(36,991)
Balance, June 30, 2019	$ 50,542	$ 19,977	$ 46,399	$ 1,742	$ 118,660

Amortization expense from continuing operations for the years ended June 30, 2020, 2019, and 2018, totaled $11.6 million, $10.5 million, and $8.1 million, respectively. At June 30, 2020, aggregate amortization expense is estimated to be $11.0 million in fiscal 2021, $10.4 million in fiscal 2022, $9.6 million in fiscal 2023, $8.7 million in fiscal 2024, $8.2 million in fiscal 2025, and $38.6 million thereafter.

8. DEBT

Long-term debt is comprised of the following at June 30 (in thousands):

	2020	2019
Bank credit agreements	$ 200,000	$ 198,800
Other	-	-
Total funded debt	200,000	198,800
Issuance Cost	(850)	(1,190)
Total long-term debt	$ 199,150	$ 197,610

Long-term debt is due as follows (in thousands):

2021	$ -
2022	-
2023	-
2024 (matures December 2023)	200,000
2025	-
Thereafter	-
Funded Debt	200,000
Issuance costs	(850)
Debt, net issuance cost	$ 199,150

Bank Credit Agreements

During the second quarter of fiscal year 2019, the Company entered into an Amended and Restated Credit Agreement ("Credit Facility", or "facility"). This five-year Credit Facility expires in December 2023 and has a borrowing limit of $500 million, which can be increased by an amount of up to $250 million, in accordance with specified conditions contained in the agreement. The facility also includes a $10 million sublimit for swing line loans and a $35 million sublimit for letters of credit. The facility amends and restates a previously existing $400 million revolving credit agreement, which was scheduled to expire in December 2019.

Under the terms of the Credit Agreement, we pay a variable rate of interest and a commitment fee on borrowed amounts as well as a commitment fee on unused amounts under the facility. The amount of the commitment fee depends upon both the undrawn amount remaining available under the facility and the Company's funded debt to EBITDA (as defined in the agreement) ratio at the last day of each quarter. As our funded debt to EBITDA ratio increases, the commitment fee increases.

Funds borrowed under the facility may be used for the repayment of debt, working capital, capital expenditures, acquisitions (so long as certain conditions, including a specified funded debt to EBITDA leverage ratio is maintained), and other general corporate purposes. As of June 30, 2020, the Company had the ability to borrow $203.6 million under the facility based on our current EBITDA. The facility contains customary representations, warranties and restrictive covenants, as well as specific financial covenants which the Company was compliant with as of June 30, 2020. The Company's current financial covenants under the facility are as follows:

Interest Coverage Ratio - The Company is required to maintain a ratio of Earnings Before Interest and Taxes, as Adjusted ("Adjusted EBIT per the Credit Agreement"), to interest expense for the trailing twelve months of at least 2.75:1. Adjusted EBIT per the Credit Agreement specifically excludes extraordinary and certain other defined items such as cash restructuring and acquisition-related charges up to the lower of $20 million or 10% of EBITDA, an increase from the prior agreement's $7.5 million cap on restructuring expenses. The new facility continues to allow unlimited non-cash charges including purchase accounting and goodwill adjustments. At June 30, 2020, the Company's Interest Coverage Ratio was 9.09:1.

Leverage Ratio - The Company's ratio of funded debt to trailing twelve month Adjusted EBITDA per the credit agreement, calculated as Adjusted EBIT per the Credit Agreement plus depreciation and amortization, may not exceed 3.5:1. Under certain circumstances in connection with a Material Acquisitions (as defined in the Facility), the Facility allows for the leverage ratio to go as high as 4.0:1 for a four-fiscal quarter period. At June 30, 2020 the Company's Leverage Ratio was 1.47:1.

As of June 30, 2020, we had borrowings under our facility of $200.0 million and the effective rate of interest for outstanding borrowings under the facility was 2.59%. During the fourth quarter of fiscal 2020, we collected $10.6 million in connection with the sale of our Refrigerated Solutions and substantially all of these proceeds were used to repay borrowings under our facility. Our primary cash requirements in addition to day-to-day operating needs include interest payments, capital expenditures, and dividends. Our primary sources of cash for these requirements are cash flows from continuing operations and borrowings under the facility.

In order to manage our interest rate exposure, we are party to $200.0 million of active floating to fixed rate swaps. These swaps convert our interest payments from LIBOR to a weighted average rate of 1.27%.

Other Long-Term Borrowings

At June 30, 2020 and 2019, the Company had standby letter of credit sub-facility outstanding, primarily for insurance and trade financing purposes of $7.3 million and $7.6 million, respectively.

9. ACCRUED LIABILITIES

Accrued expenses from continuing operations recorded in our Consolidated Balance Sheets at June 30, 2020 and 2019 consist of the following (in thousands):

	2020	2019
Payroll and employee benefits	$ 24,084	$ 24,925
Workers' compensation	2,743	2,858
Warranty	1,781	1,664
Fair value of derivatives	9,144	4,484
Other	22,177	16,245
Total	$ 59,929	$ 50,176

10. DERIVATIVE FINANCIAL INSTRUMENTS

Interest Rate Swaps

The Company's effective swap agreements convert the base borrowing rate on $200 million of debt due under our revolving credit agreement from a variable rate equal to LIBOR to a weighted average fixed rate of 1.27% at June 30, 2020.

The fair value of the swaps recognized in accrued liabilities and in other comprehensive income (loss) at June 30, 2020 and 2019 is as follows (in thousands):

Effective Date	Notional Amount	Fixed Interest Rate	Maturity	Fair Value at June 30, 2020	Fair Value at June 30, 2019
December 19, 2015	10,000	2.01%	December 19, 2019	$ -	$ 3
May 24, 2017	25,000	1.88%	April 24, 2022	(815)	(190)
May 24, 2017	25,000	1.67%	May 24, 2020	-	49
August 6, 2018	25,000	2.83%	August 6, 2023	(2,167)	(1,242)
March 23, 2020	100,000	0.91%	March 23, 2025	(2,485)	-
April 24, 2020	25,000	0.88%	April 24, 2025	(585)	-
May 24, 2020	25,000	0.91%	March 24, 2025	(615)	-
				$ (6,667)	$ (1,380)

The Company reported no losses for the years ended June 30, 2020, 2019, and 2018, as a result of hedge ineffectiveness. Future changes in these swap arrangements, including termination of the agreements, may result in a reclassification of any gain or loss reported in accumulated other comprehensive income (loss) into earnings as an adjustment to interest expense. Accumulated other comprehensive income (loss) related to these instruments is being amortized into interest expense concurrent with the hedged exposure.

Foreign Exchange Contracts

Forward foreign currency exchange contracts are used to limit the impact of currency fluctuations on certain anticipated foreign cash flows, such as foreign purchases of materials and loan payments between subsidiaries. The Company enters into such contracts for hedging purposes only. The Company has designated certain of these currency contracts as hedges, and changes in the fair value of these contracts are recognized in other comprehensive income until the hedged items are recognized in earnings. Hedge ineffectiveness, if any, associated with these contracts will be reported in net income. At June 30, 2020 and 2019, the Company had outstanding forward contracts related to hedges of intercompany loans with net losses of $2.5 million and $3.1 million, respectively, which approximate the unrealized gains or losses on the related loans. The contracts have maturity dates ranging from 2021 to 2024, which correspond to the related intercompany loans. The notional amounts of these instruments, by currency in thousands, are as follows:

Currency	2020	2019
USD	287	55,015
Euro	5,750	5,750
SGD	64,696	-
Canadian	20,600	20,600

The table below presents the fair value of derivative financial instruments as well as their classification on the balance sheet at June 30, (in thousands):

	Asset Derivatives			
	2020		2019	
Derivative designated as hedging instruments	**Balance Sheet Line Item**	**Fair Value**	**Balance Sheet Line Item**	**Fair Value**
Interest rate swaps	Other Assets	$ -	Other Assets	$ 52

	Liability Derivatives					
	2020			2019		
Derivative designated as hedging instruments	Balance Sheet Line Item		Fair Value	Balance Sheet Line Item		Fair Value
Interest rate swaps	Accrued Liabilities	$	6,667	Accrued Liabilities	$	1,432
Foreign exchange contracts	Accrued Liabilities		2,477	Accrued Liabilities		3,052
		$	9,144		$	4,484

The table below presents the amount of gain (loss) recognized in comprehensive income on our derivative financial instruments (effective portion) designated as hedging instruments and their classification within comprehensive income for the periods ended (in thousands):

		2020		2019		2018
Interest rate swaps	$	(7,098)	$	1,703	$	1,367
Foreign exchange contracts		1,851		(3,279)		1,174
	$	(5,247)	$	(1,576)	$	2,541

The table below presents the amount reclassified from accumulated other comprehensive income (loss) to net income for the periods ended (in thousands):

Details about Accumulated Other Comprehensive Income (Loss) Components		2020		2019		2018	Affected line item in the Statements of Operations
Interest rate swaps	$	547	$	(321)	$	171	Interest expense
Foreign exchange contracts		(1,403)		1,730		121	Other non-operating income
Net investment hedge		-		(285)		-	Other non-operating income
	$	(856)	$	1,124	$	292	

11. INCOME TAXES

On December 22, 2017, the Tax Cuts and Jobs Act (the "Act" or "TCJA") was passed which, among other things, reduces the federal corporate tax rate to 21.0% effective for taxable years starting on or after January 1, 2018. For the years ended June 30, 2020 and 2019, the Company recorded federal taxes using a federal rate of 21.0%.

The provision for fiscal year ending June 30, 2020 and 2019 was impacted by several law changes implemented by the Act such as the interest deduction limitation and Global Intangible Low Taxed Income (GILTI). As allowed under US GAAP, the Company has elected to treat any taxes due on future U.S. inclusions in taxable income under the GILTI provision as a current-period expense when incurred. The Company will continue to monitor guidance regarding these changes for how it will impact the financial statements in later periods.

US tax law allows a one-hundred percent dividend received deduction for foreign dividends and the Company has begun to bring back cash from foreign subsidiaries. However, the permanent reinvestment assertion must still be assessed and made regarding potential liabilities for foreign withholding taxes. As of June 30, 2020, we maintained the assessment that previously undistributed earnings of certain foreign subsidiaries no longer meet the requirements for indefinite reinvestment under applicable accounting guidance. Therefore, we recognized deferred tax liabilities of approximately $1.2 million that relate to withholding taxes on the current earnings of various foreign subsidiaries. It is expected deferred tax liabilities will continue to be recorded on current earnings in future periods from these subsidiaries. The Company maintains the permanent reinvestment assertion on earnings in certain foreign jurisdictions. It is not practicable to estimate the amount of tax that might be payable on the remaining undistributed earnings.

The components of income from continuing operations before income taxes are as follows (in thousands):

		2020		2019		2018
U.S. Operations	$	11,890	$	6,794	$	(1,334)
Non-U.S. Operations		42,184		60,180		69,727
Total	$	54,074	$	66,974	$	68,393

The Company utilizes the asset and liability method of accounting for income taxes. Deferred income taxes are determined based on the estimated future tax effects of differences between the financial and tax bases of assets and liabilities given the provisions of the enacted tax laws. The components of the provision for income taxes on continuing operations (in thousands) were as shown below:

		2020		2019		2018
Current:						
Federal	$	(870)	$	648	$	8,710
State		70		190		251
Non-U.S.		13,963		21,288		21,674
Total Current	$	13,163	$	22,126	$	30,635
Deferred:						
Federal	$	2,743	$	277	$	2,012
State		885		207		1,091
Non-U.S.		(3,731)		(3,922)		4,288
Total Deferred		(103)		(3,438)		7,391
Total	$	13,060	$	18,688	$	38,026

A reconciliation from the U.S. Federal income tax rate on continuing operations to the total tax provision is as follows:

	2020	2019	2018
Provision at statutory tax rate	21.0%	21.0%	28.0%

State taxes	1.1%	0.5%	1.5%
Impact of foreign operations	0.7%	4.9%	(1.1%)
Federal tax credits	(3.5%)	(1.5%)	(1.4%)
Tax Reform	0.0%	(1.2%)	18.8%
Cash repatriation	2.2%	3.2%	10.7%
SubF/GILTI	1.4%	0.4%	0.0%
Uncertain Tax Positions	(1.3%)	0.0%	0.0%
Other	2.7%	0.6%	(1.0%)
Effective income tax provision	24.3%	27.9%	55.5%

Changes in the effective tax rates from period to period may be significant as they depend on many factors including, but not limited to, size of the Company's income or loss and any one-time activities occurring during the period.

The Company's income tax provision from continuing operations for the fiscal year ended June 30, 2020 was impacted by the following items: (i) a tax benefit of $1.2 million related to the Federal R&D credit, (ii) a tax provision of $1.4 million due to the mix of income in various jurisdictions, (iii) a tax benefit of $0.7 million related to the release of uncertain tax provision reserves,, and (iv) a tax provision of $0.8 million related to GILTI.

The Company's income tax provision from continuing operations for the fiscal year ended June 30, 2019 was impacted by the following items: (i) a tax benefit related to the impact of the Sec. 965 toll tax of $0.8 million, (ii) a tax provision of $0.3 million related to the elimination of the performance based compensation exception for executive compensation under Sec. 162(m) of the Internal Revenue Code, and (iii) a tax provision related to expected foreign withholding taxes on cash repatriation of $2.1 million.

The Company's income tax provision from continuing operations for the fiscal year ended June 30, 2018 was impacted by the following items: (i) a tax provision related to the impact of the Sec. 965 toll tax of $11.7 million, (ii) a tax provision related to a revaluation of deferred taxes due to the federal rate reduction of $1.3 million, and (iii) a tax provision related to expected foreign withholding taxes on cash repatriation of $7.8 million.

Significant components of the Company's deferred income taxes are as follows (in thousands):

		2020		2019
Deferred tax liabilities:				
Depreciation and amortization	$	(34,422)	$	(35,420)
Withholding Taxes		(4,295)		(5,606)
ROU Asset		(11,384)		-
Total deferred tax liability	$	(50,101)	$	(41,026)
Deferred tax assets:				
Accrued compensation	$	2,410	$	2,280
Accrued expenses and reserves		4,117		3,967
Pension		19,847		18,228
Inventory		588		927
Lease Liability		11,446		-
Other		127		355
Net operating loss and credit carry forwards		22,676		17,939
Total deferred tax asset	$	61,211	$	43,696
Less: Valuation allowance		(15,172)		(11,355)
Net deferred tax asset (liability)	$	(4,062)	$	(8,685)

The Company estimates the degree to which deferred tax assets, including net operating loss and credit carry forwards will result in a benefit based on expected profitability by tax jurisdiction and provides a valuation allowance for tax assets and loss carry forwards that it believes will more likely than not go unrealized. The valuation allowance at June 30, 2020 applies to state and foreign loss carry forwards, which management has concluded that it is more likely than not that these tax benefits will not be realized. The increase (decrease) in the valuation allowance from the prior year was due to the current year activity in those same state and foreign loss jurisdictions.

In addition, the sale of the RSG Group in the fiscal year generated a capital loss for tax purposes. As of June 30, 2020, the Company expects that it is more likely than not that this loss will not be realizable in future years. As such, the valuation allowance increased by $1.8 million.

As of June 30, 2020, the Company had gross state net operating loss ("NOL") and credit carry forwards of approximately $79.5 million and $3.4 million, respectively, which may be available to offset future state income tax liabilities and expire at various dates from 2020 through 2039. In addition, the Company had foreign NOL carry forwards of approximately $4.4 million, $3.5 million of which carry forward indefinitely and $0.9 million that carry forward for 10 years.

Under ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting*, all excess tax benefits and tax deficiencies are recognized as income tax expense or benefit in the income statement. Accordingly, we recorded a discrete income tax provision in the consolidated statements of income of $0.2 million during the fiscal year ended June 30, 2020, for the shortfall of tax benefits related to equity compensation.

The total provision (benefit) for income taxes included in the consolidated financial statements was as follows (in thousands):

		2020		2019		2018
Continuing operations	$	13,060	$	18,688	$	38,026
Discontinued operations		(2,613)		(2,453)		2,578
Total Provision	$	10,447	$	16,235	$	40,604

The tax benefit for discontinued operations relates mostly to the write-off of deferred tax liabilities from the sale of the RSG Group, and the sale of the assets of Master-Bilt.

The changes in the amount of gross unrecognized tax benefits during 2020, 2019 and 2018 were as follows (in thousands):

	2020	2019	2018
Beginning Balance	$ 11,251	$ 3,003	$ 2,991
Additions based on tax positions related to the current year	4	4	12
Additions for tax positions of prior years	-	8,281	-
Reductions for tax positions of prior years	(1,641)	(37)	-
Settlements	(328)	-	-
Ending Balance	$ 9,286	$ 11,251	$ 3,003

The Company decreased its uncertain tax position in the third quarter due to an IRS settlement related to the deduction for charitable contributions.

If the unrecognized tax benefits in the table above were recognized in a future period, $8.4 million of the unrecognized tax benefit would impact the Company's effective tax rate.

Within the next twelve months, the statute of limitations will close in various U.S., state and non-U.S. jurisdictions. As a result, it is reasonably expected that net unrecognized tax benefits from these various jurisdictions would be recognized within the next twelve months. The recognition of these tax benefits is not expected to have a material impact to the Company's financial statements. The Company does not reasonably expect any other significant changes in the next twelve months. The following tax years, in the major tax jurisdictions noted, are open for assessment or refund:

Country	Years Ending June 30,
United States	2017 to 2020
Canada	2016 to 2020
Germany	2017 to 2020
Ireland	2020
Portugal	2019 to 2020
United Kingdom	2016 to 2020

The Company's policy is to include interest expense and penalties related to unrecognized tax benefits within the provision for income taxes on the consolidated statements of operations. At June 30, 2020 and June 30, 2019, the company had $0.1 million and $0.1 million for accrued interest expense on unrecognized tax benefits.

12. COMMITMENTS AND CONTINGENCIES

From time to time, the Company is subject to various claims and legal proceedings, including claims related to environmental remediation, either asserted or unasserted, that arise in the ordinary course of business. While the outcome of these proceedings and claims cannot be predicted with certainty, the Company's management does not believe that the outcome of any of the currently existing legal matters will have a material impact on the Company's consolidated financial position, results of operations or cash flow. The Company accrues for losses related to a claim or litigation when the Company's management considers a potential loss probable and can reasonably estimate such potential loss.

13. STOCK-BASED COMPENSATION AND PURCHASE PLANS

Stock-Based Compensation Plans

Under incentive compensation plans, the Company is authorized to make grants of stock options, restricted stock and performance share units to provide equity incentive compensation to key employees and directors. The stock award program offers employees and directors the opportunity to earn shares of our stock over time, rather than options that give the employees and directors the right to purchase stock at a set price. The Company has stock plans for directors, officers and certain key employees.

Total compensation cost recognized in income for equity based compensation awards was $7.0 million, $4.4 million, and $5.0 million for the years ended June 30, 2020, 2019, and 2018, respectively, primarily within Selling, General, and Administrative Expenses. The total income tax benefit recognized in the consolidated statement of operations for equity-based compensation plans was $1.9 million, $1.1 million, and $1.2 million for the years ended June 30, 2020, 2019 and 2018, respectively.

There were 365,330 shares of common stock reserved for issuance under various compensation plans at June 30, 2020.

Restricted Stock Awards

The Company may award shares of restricted stock to eligible employees and non-employee directors of the Company at no cost, giving them, in most instances, all of the rights of stockholders, except that they may not sell, assign, pledge or otherwise encumber such shares and rights during the restriction period. Such shares and rights are subject to forfeiture if certain employment conditions are not met. During the restriction period, recipients of the shares are entitled to dividend equivalents on such shares, providing that such shares are not forfeited. Dividends are accumulated and paid out at the end of the restriction period. During 2020, 2019, and 2018, the Company granted 75,505, 70,085, and 51,792 shares respectively of restricted stock to eligible participants. Restrictions on the stock awards generally lapse between fiscal 2021 and fiscal 2023. For the years ended June 30, 2020, 2019, and 2018, $4.2 million, $3.7 million, and $3.7 million, respectively, was recognized as compensation expense related to restricted stock awards. Substantially all awards are expected to vest.

A summary of restricted stock awards activity during the year ended June 30, 2020 is as follows:

	Restricted Stock Awards	
	Number of Shares	Aggregate Intrinsic Value
Outstanding, June 30, 2019	128,042	$ 9,365,632

Granted	75,505		
Exercised / vested	(32,953)	$	(528,957)
Canceled	(24,579)		
Outstanding, June 30, 2020	146,015	$	8,403,221

Restricted stock awards granted during 2020, 2019 and 2018 had a weighted average grant date fair value of $71.38, $102.74, and $93.73, respectively. The grant date fair value of restricted stock awards is determined based on the closing price of the Company's common stock on the date of grant. The total intrinsic value of awards exercised during the years ended June 30, 2020, 2019, and 2018 was ($0.5) million, $0.9 million, and $0.8 million, respectively.

As of June 30, 2020, there was $5.2 million of unrecognized compensation costs related to awards expected to be recognized over a weighted-average period of 1.48 years.

Executive Compensation Program

The Company operates a compensation program for key employees. The plan contains both an annual component as well as a long-term component. Under the annual component, participants may elect to defer up to 50% of their annual incentive compensation in restricted stock which is purchased at a discount to the market. Additionally, non-employee directors of the Company may defer a portion of their director's fees in restricted stock units which is purchased at a discount to the market. During the restriction period, recipients of the shares are entitled to dividend equivalents on such units, providing that such shares are not forfeited.

Dividend equivalents are accumulated and paid out at the end of the restriction period. The restrictions on the units expire after three years. At June 30, 2020 and 2019, respectively, 32,387 and 34,950 shares of restricted stock units are outstanding and subject to restrictions that lapse between fiscal 2021 and fiscal 2023. The compensation expense associated with this incentive program is charged to income over the restriction period. The Company recorded compensation expense related to this program of $0.3 million, $0.3 million, and $0.3 million for the years ended June 30, 2020, 2019 and 2018, respectively.

As of June 30, 2020, there was $0.4 million of unrecognized compensation costs related to awards expected to be recognized over a weighted-average period of 1.3 years.

The fair value of the awards under the annual component of this incentive program is measured using the Black-Scholes option-pricing model. Key assumptions used to apply this pricing model are as follows:

	2020	2019	2018
Risk-free interest rates	1.42%	2.63%	1.55%
Expected life of option grants (in years)	3	3	3
Expected volatility of underlying stock	32.0%	25.1%	25.6%
Expected quarterly dividends (per share)	$ 0.20	$ 0.18	$ 0.16

Under the long-term component, grants of performance share units ("PSUs") are made annually to key employees and the share units are earned based on the achievement of certain overall corporate financial performance targets over the performance period. At the end of the performance period, the number of shares of common stock issued will be determined by adjusting upward or downward from the target in a range between 50% and 200%. No shares will be issued if the minimum performance threshold is not achieved. The final performance percentage, on which the payout will be based considering the performance metrics established for the performance period, will be certified by the Compensation Committee of the Board of Directors.

A participant's right to any shares that are earned will cliff vest in three years. An executive whose employment terminates prior to the vesting of any award for a reason other than death, disability, retirement, or following a change in control, will forfeit the shares represented by that award. In certain circumstances, such as death, disability, or retirement, PSUs are paid on a pro-rata basis. In the event of a change in control, vesting of the awards granted is accelerated.

A summary of the awards activity under the executive compensation program during the year ended June 30, 2020 is as follows:

	Annual Component			Performance Stock Units	
	Number of Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value	Number of Shares	Aggregate Intrinsic Value
Non-vested, June 30, 2019	34,950	$ 69.07	$ (496,674)	69,052	$ 6,529,012
Granted	14,883	51.56		42,976	
Vested	(17,108)	62.86	$ 7,471	(12,225)	$ 1,025,922
Forfeited	(338)	66.10		(20,491)	
Non-vested, June 30, 2020	32,387	$ 64.33	$ (685,647)	79,312	$ 6,731,430

Restricted stock awards granted under the annual component of this program in fiscal 2020, 2019, and 2018 had a grant date fair value of $74.37, $110.22, and $96.56, respectively. The PSUs granted in fiscal 2020, 2019 and 2018 had a grant date fair value of $70.37, $106.65, and $91.75, respectively. The total intrinsic value of awards vested under the executive compensation program during the years ended June 30, 2020, 2019, and 2018 was ($1.0) million, $0.9 million, and $1.6 million respectively.

The Company recognized compensation expense related to the PSUs of $2.9 million, $0.3 million, and $0.9 million for the years ended June 30, 2020, 2019 and 2018 respectively based on the probability of the performance targets being met. The total unrecognized compensation costs related to non-vested performance share units was $2.9 million at June 30, 2020, which is expected to be recognized over a weighted average period of 1.3 years.

Employee Stock Purchase Plan

The Company has an Employee Stock Purchase Plan that allows employees to purchase shares of common stock of the Company at a discount from the market each quarter. The ESPP plan, which was effective as of July 1, 2005, provided employees the option to purchase Standex stock at a discount of 5%. The Plan was modified, effective as of April 1, 2017, to increase the stock purchase discount to 15% and is considered a compensatory Plan. Under this amendment, shares of Company stock may be purchased by employees quarterly at 85% of the fair market value on the last day of each quarter. The 15% discount is recorded as a component of SG&A in the Company's Consolidated Statements of Operations. Shares of stock reserved for the plan were 62,484 at June 30, 2020. Shares purchased under this plan aggregated to 11,132 in fiscal year 2020, 7,698 in 2019, and 5,622 in 2018, at an average price of $52.57, $65.63, and $86.01, respectively.

14. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The components of the Company's accumulated other comprehensive income (loss) at June 30, 2020 and 2019 are as follows (in thousands):

	2020	2019
Foreign currency translation adjustment	$ (31,046)	$ (27,658)
Unrealized pension losses, net of tax	(109,880)	(107,380)
Unrealized losses on derivative instruments, net of tax	(6,733)	(2,240)
Total	$ (147,659)	$ (137,278)

15. RESTRUCTURING

The Company has undertaken a number of initiatives that have resulted in severance, restructuring, and related charges. A summary of charges by initiative is as follows (in thousands):

Year Ended June 30,	Involuntary Employee Severance and Benefit Costs	Other	Total
2020 Restructuring Initiatives	$ 4,004	$ 606	$ 4,610
Prior Year Initiatives	-	59	59
Total expense	$ 4,004	$ 665	$ 4,669
2019 Restructuring Initiatives	$ 953	$ 15	$ 968
Prior Year Initiatives	210	111	321
Total expense	$ 1,163	$ 126	$ 1,289
2018 Restructuring Initiatives	$ 1,706	$ 621	$ 2,327
Prior Year Initiatives	224	877	1,101
Total expense	$ 1,930	$ 1,498	$ 3,428

2020 Restructuring Initiatives

The Company continues to focus our efforts to reduce cost and improve productivity across our businesses, particularly through headcount reductions, facility closures, and consolidations. Restructuring expenses primarily related to headcount reductions and facility rationalization within our Specialty Solutions and Engraving segment. Thus far, during fiscal year 2020*,* we have also incurred restructuring expenses related to third party assistance with analysis and implementation of these activities.

	Involuntary Employee Severance and Benefit Costs	Other	Total
Restructuring liabilities at June 30, 2019	$ -	$ -	$ -
Additions and adjustments	4,004	606	4,610
Payments	(3,484)	(588)	(4,072)
Restructuring liabilities at June 30, 2020	$ 520	$ 18	$ 538

Prior Year Restructuring Initiatives

The Company continues to focus our efforts to reduce cost and improve productivity across our businesses, particularly through headcount reductions, facility closures, and consolidations. During fiscal year 2019 and 2018, the Company also incurred restructuring expenses related to third party assistance with analysis and implementation of these activities.

The Company expects to incur additional restructuring costs of approximately $2.6 million in fiscal year 2021 as the Company continues to focus its efforts to reduce cost and improve productivity across its businesses, particularly through headcount reductions, facility closures, and consolidations.

Activity in the reserves related to 2019 restructuring initiatives is as follows (in thousands):

	Involuntary Employee Severance and Benefit Costs	Other	Total
Restructuring liabilities at June 30, 2019	$ 147	$ 5	$ 152
Additions and adjustments	-	59	59
Payments	(147)	(64)	(211)
Restructuring liabilities at June 30, 2020	$ -	$ -	$ -

Activity in the reserves related to 2018 restructuring initiatives is as follows (in thousands):

	Involuntary Employee Severance and Benefit Costs	Other	Total
Restructuring liabilities at June 30, 2018	$ 168	$ 334	$ 502
Additions and adjustments	211	110	321
Payments	(379)	(444)	(823)
Restructuring liabilities at June 30, 2019	$ -	$ -	$ -

The Company's total restructuring expenses by segment are as follows (in thousands):

Year Ended June 30,	Involuntary Employee Severance and Benefit Costs	Other	Total
Fiscal Year 2020			
Electronics	$ 355	$ 97	$ 452
Engraving	1512	499	2,011
Engineering Technologies	296	0	296
Specialty Solutions	1,326	69	1,395
Corporate and Other	515	-	515
Total expense	$ 4,004	$ 665	$ 4,669
Fiscal Year 2019			
Electronics	$ 327	$ 27	$ 354
Engraving	662	0	662
Engineering Technologies	17	99	116
Specialty Solutions	21	-	21
Corporate and Other	136	-	136
Total expense	$ 1,163	$ 126	$ 1,289
Fiscal Year 2018			
Electronics	$ 215	$ 84	$ 299
Engraving	1199	488	1,687
Engineering Technologies	224	874	1,098
Specialty Solutions	-	-	-
Corporate and Other	292	52	344
Total expense	$ 1,930	$ 1,498	$ 3,428

16. EMPLOYEE BENEFIT PLANS

Retirement Plans

The Company has defined benefit pension plans covering certain current and former employees both inside and outside of the U.S. The Company's pension plan for U.S. employees is frozen for substantially all employees and participants in the plan have ceased accruing future benefits.

Net periodic benefit cost for U.S. and non-U.S. plans included the following components (in thousands):

	U.S. Plans Year Ended June 30,			Foreign Plans Year Ended June 30,		
	2020	2019	2018	2020	2019	2018
Service Cost	$ 3	$ 3	$ 3	$ 236	$ 189	$ 187
Interest Cost	9,083	10,342	10,079	846	1,013	1,050
Expected return on plan assets	(13,150)	(13,541)	(13,484)	(868)	(908)	(947)
Recognized net actuarial loss	5,101	4,121	4,579	651	340	941
Amortization of prior service cost (benefit)	-	-	-	(5)	(3)	(37)
Net periodic benefit cost (benefit)	$ 1,037	$ 925	$ 1,177	$ 860	$ 631	$ 1,194

The following table sets forth the funded status and amounts recognized as of June 30, 2020 and 2019 for our U.S. and foreign defined benefit pension plans (in thousands):

	U.S. Plans Year Ended June 30,		Foreign Plans Year Ended June 30,	
	2020	2019	2020	2019
Change in benefit obligation				
Benefit obligation at beginning of year	$ 253,540	$ 243,096	$ 43,983	$ 41,194
Service cost	3	3	236	189
Interest cost	9,083	10,342	846	1,013
Actuarial loss (gain)	18,121	16,268	2,604	4,580
Benefits paid	(16,128)	(16,169)	(1,537)	(1,545)
Foreign currency exchange rate & other changes	-	-	(942)	(1,448)
Projected benefit obligation at end of year	$ 264,619	$ 253,540	$ 45,190	$ 43,983
Change in plan assets				
Fair value of plan assets at beginning of year	$ 186,205	$ 190,960	$ 39,665	$ 38,117

Actual return on plan assets		21,447		11,190		4,037		3,464
Employer contribution		3,301		244		739		1,115
Benefits paid		(16,129)		(16,189)		(1,537)		(1,545)
Foreign currency exchange rate		-		-		(931)		(1,486)
Fair value of plan assets at end of year	$	194,824	$	186,205	$	41,973	$	39,665
Funded Status	$	(69,795)	$	(67,335)	$	(3,217)	$	(4,318)
Amounts recognized in the consolidated balance sheets consist of:								
Prepaid Benefit Cost	$	-	$	-	$	4,663	$	3,919
Current liabilities		(208)		(211)		(295)		(213)
Non-current liabilities		(69,587)		(67,124)		(7,585)		(8,024)
Net amount recognized	$	(69,795)	$	(67,335)	$	(3,217)	$	(4,318)
Unrecognized net actuarial loss	$	140,501	$	135,779	$	5,075	$	6,405
Unrecognized prior service cost		-		-		(57)		(42)
Accumulated other comprehensive income, pre-tax	$	140,501	$	135,779	$	5,018	$	6,363

The accumulated benefit obligation for all defined benefit pension plans was $309.7 million and $297.4 million at June 30, 2020 and 2019, respectively.

The estimated actuarial net loss for the defined benefit pension plans that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year is $6.1 million.

Plan Assets and Assumptions

The fair values of the Company's pension plan assets at June 30, 2020 and 2019 by asset category, as classified in the three levels of inputs described in Note 1 under the caption *Fair Value of Financial Instruments*, are as follows (in thousands):

	June 30, 2020							
		Total		Level 1		Level 2		Level 3
Cash and cash equivalents	$	3,113	$	1,684	$	1,429	$	-
Common and preferred stocks		85,641		1,857		83,784		-
Corporate bonds and other fixed income securities		126,703		1,620		125,083		-
Other		21,478		-		21,478		-
	$	236,935	$	5,161	$	231,774		-

	June 30, 2019						
		Total		Level 1		Level 2	Level 3
Cash and cash equivalents	$	7,696	$	439	$	7,257	-
Common and preferred stocks		86,415		1,866		84,549	-
U.S. Government securities		9,161		-		9,161	-
Corporate bonds and other fixed income securities		97,627		7,163		90,464	-
Other		24,971		-		24,971	-
	$	225,870	$	9,468	$	216,402	-

Asset allocation at June 30, 2020 and 2019 and target asset allocations for 2020 are as follows:

	U.S. Plans Year Ended June 30,		Foreign Plans Year Ended June 30,	
Asset Category	**2020**	**2019**	**2020**	**2019**
Equity securities	41%	31%	5%	20%
Debt securities	38%	35%	64%	41%
Global balanced securities	11%	24%	29%	37%
Other	10%	10%	2%	2%
Total	100%	100%	100%	100%

	2020	
Asset Category – Target	**U.S.**	**U.K.**
Equity securities	40%	0%
Debt and market neutral securities	38%	70%
Global balanced securities	12%	29%
Other	10%	1%
Total	100%	100%

Our investment policy for the U.S. pension plans targets a range of exposure to the various asset classes. Standex rebalances the portfolio periodically when the allocation is not within the desired range of exposure. The plan seeks to provide returns in excess of the various benchmarks. The benchmarks include the following indices: S&P 500; Citigroup PMI EPAC; Citigroup World Government Bond and Barclays Aggregate Bond. A third-party investment consultant tracks the plan's portfolio relative to the benchmarks and provides quarterly investment reviews which consist of a performance and risk assessment on all investment managers and on the portfolio.

Certain managers within the plan use, or have authorization to use, derivative financial instruments for hedging purposes, the creation of market exposures and management of country and asset allocation exposure. Currency speculation derivatives are strictly prohibited.

Year Ended June 30	2020	2019	2018
Plan assumptions - obligations			
Discount rate	0.99 - 2.90%	0.24 - 3.70%	0.38 - 4.40%
Rate of compensation increase	2.90%	3.20%	3.60%
Plan assumption - cost			
Discount rate	0.31 - 3.70%	0.38 - 4.40%	0.43 - 4.00%
Expected return on assets	2.30 - 7.00%	2.45 - 7.00%	2.55 - 7.00%
Rate of compensation increase	3.20%	3.60%	3.70%

Included in the above are the following assumptions relating to the obligations for defined benefit pension plans in the United States at June 30, 2020; a discount rate of 2.90% and expected return on assets of 7.0%. The U.S. defined benefit pension plans represent the majority of our pension obligations. The expected return on plan assets assumption is based on our expectation of the long-term average rate of return on assets in the pension funds and is reflective of the current and projected asset mix of the funds. The discount rate reflects the current rate at which pension liabilities could be effectively settled at the end of the year. The discount rate is determined by matching our expected benefit payments from a stream of AA- or higher bonds available in the marketplace, adjusted to eliminate the effects of call provisions.

Expected benefit payments for all plans during the next five years are as follows: 2021, $17.7 million; 2022, $17.6 million; 2023, $17.6 million; 2024, $17.5 million; 2025, $17.5 million and five years thereafter, $85.6 million. The Company expects to make $9.9 million of contributions to its pension plans in 2021 including contributions originally scheduled to be made in fiscal year 2020 but deferred under provisions on the U.S. CARES Act.

The Company operates defined benefit plans in Germany and Japan which are unfunded.

Multi-Employer Pension Plans

We contribute to two multiemployer defined benefit plans under the terms of collective bargaining agreements that cover our union-represented employees. These plans generally provide for retirement, death and/or termination benefits for eligible employees within the applicable collective bargaining units, based on specific eligibility/participation requirements, vesting periods and benefit formulas. The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the multiemployer plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If we choose to stop participating in some of our multiemployer plans, we may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability. However, cessation of participation in a multiemployer plan and subsequent payment of any withdrawal liability is subject to the collective bargaining process.

The following table outlines the Company’s participation in multiemployer pension plans for the periods ended June 30, 2020, 2019, and 2018, and sets forth the yearly contributions into each plan. The “EIN/Pension Plan Number” column provides the Employer Identification Number (“EIN”) and the three-digit plan number. The most recent Pension Protection Act zone status available in 2020 and 2019 relates to the plans’ two most recent fiscal year-ends. The zone status is based on information that we received from the plans’ administrators and is certified by each plan’s actuary. Among other factors, plans certified in the red zone are generally less than 65% funded, plans certified in the orange zone are both less than 80% funded and have an accumulated funding deficiency or are expected to have a deficiency in any of the next six plan years, plans certified in the yellow zone are less than 80% funded, and plans certified in the green zone are at least 80% funded. The “FIP/RP Status Pending/Implemented” column indicates whether a financial improvement plan (“FIP”) for yellow/orange zone plans, or a rehabilitation plan (“RP”) for red zone plans, is either pending or has been implemented. For all plans, the Company’s contributions do not exceed 5% of the total contributions to the plan in the most recent year.

		Pension Protection Act Zone Status			**Contributions**				**Expiration Date of Collective**
Pension Fund	**EIN/Plan Number**	**2020**	**2019**	**FIP/RP Status**	**2020**	**2019**	**2018**	**Surcharge Imposed?**	**Bargaining Agreement**
New England Teamsters and Trucking Industry Pension Fund	04-6372430-001	Red	Red	Yes/ Implemented	$531	$461	482	No	Apr-21
IAM National Pension Fund, National Pension Plan	51-6031295-002	Red	Green	Yes/Implemented	595	644	638	No	May 2021- Oct. 2022
					$1,126	$1,105	1,120		

Retirement Savings Plans

The Company has two primary employee savings plans, one for salaried employees and one for hourly employees. Substantially all of our full-time domestic employees are covered by these savings plans. Under the provisions of the plans, employees may contribute a portion of their compensation within certain limitations. The Company, at the discretion of the Board of Directors, may make contributions on behalf of our employees under the plans. Company contributions were $3.7 million, $4.0 million, and $3.7 million for the years ended June 30, 2020, 2019, and 2018, respectively. At June 30, 2020, the salaried plan holds approximately 55,000 shares of Company common stock, representing approximately 3.0% of the holdings of the plan.

17. INDUSTRY SEGMENT INFORMATION

During the third quarter of 2020, the Company announced the divestiture of its Refrigerated Solutions Group (an accumulation of the Master-Bilt and NorLake operating segments) consistent with its strategy to focus financial assets and managerial resources on higher growth and operating margin businesses. The divestiture of the Refrigerated Solutions Group was completed and consideration was exchanged in April of fiscal year 2020. Subsequent to the disposition of the Refrigeration Solutions Group, the Company reviewed the quantitative and qualitative characteristics of its remaining businesses and determined that it has seven operating segments that aggregate to five reportable segments. The reportable segments are organized around the types of products sold:

- Electronics – manufacturing and selling of electronic components for applications throughout the end-user market spectrum;
- Engraving – provides mold texturizing, slush molding tools, project management and design services, roll engraving, hygiene product tooling, low observation vents for stealth aircraft, and process machinery for a number of industries;
- Scientific – specialty temperature-controlled equipment for the medical, scientific, pharmaceutical, biotech and industrial markets;
- Engineering Technologies – provides net and near net formed single-source customized solutions in the manufacture of engineered components for the aviation, aerospace, defense, energy, industrial, medical, marine, oil and gas, and manned and unmanned space markets.
- Specialty Solutions – an aggregation of three operating segments that manufacture and sell refrigerated, heated and dry merchandizing display cases, custom fluid pump solutions, and single and double acting telescopic and piston rod hydraulic cylinders.

All periods presented have been revised accordingly to reflect the new reportable segments.

Net sales include only transactions with unaffiliated customers and include no significant intersegment or export sales. Operating income by segment and geographic area excludes general corporate and interest expenses. Assets of the Corporate segment consist primarily of cash, office equipment, and other non-current assets.

Given the nature of our corporate expenses, management concluded that it would not presently be appropriate to allocate the expenses associated with corporate activities to our operating segments. These corporate expenses include the costs for the corporate headquarters, salaries and wages for the personnel in corporate, professional fees related to corporate matters and compliance efforts, stock-based compensation and post-retirement benefits related to our corporate executives, officers and directors, and other compliance related costs. The Company has a process to allocate and recharge certain direct costs to the operating segments when such direct costs are administered and paid at corporate. Such direct expenses that are recharged on an intercompany basis each month include such costs as insurance, workers' compensation programs, audit fees and pension expense. The accounting policies applied by the reportable segments are the same as those described in the Summary of Accounting Policies footnote to the consolidated financial statements. There are no differences in accounting policies which would be necessary for an understanding of the reported segment information.

Industry Segments (in thousands)	Net Sales			Depreciation and Amortization		
	2020	2019	2018	2020	2019	2018
Electronics	$ 185,294	$ 204,073	$ 196,291	$ 12,339	$ 11,751	$ 10,564
Engraving	143,736	149,693	136,275	10,595	8,232	5,483
Scientific	57,523	57,621	52,086	1,594	1,590	1,258
Engineering Technologies	104,047	105,270	90,781	6,000	5,963	6,006
Specialty Solutions	113,935	123,274	120,082	1,446	1,350	1,356
Corporate and Other	-	-	-	320	402	400
Total	$ 604,535	$ 639,931	$ 595,515	$ 32,294	$ 29,288	$ 25,067

	Income (Loss) From Operations			Capital Expenditures (1)		
	2020	2019	2018	2020	2019	2018
Electronics	$ 29,749	$ 41,227	$ 45,501	$ 5,334	$ 12,646	$ 8,487
Engraving	20,493	23,996	29,618	10,618	13,868	9,339
Scientific	13,740	13,676	11,436	360	77	313
Engineering Technologies	14,027	11,169	6,506	1,170	3,857	3,581
Specialty Solutions	18,546	19,000	18,688	1,154	2,108	1,918
Restructuring charge	(4,669)	(1,289)	(3,428)	-	-	-
Acquisition-related costs	(1,759)	(3,075)	(3,749)	-	-	-
Other operating income (expense), net	-	(500)	-	-	-	-
Corporate	(29,599)	(24,728)	(26,430)	668	57	258
Total	$ 60,528	$ 79,476	$ 78,142	$ 19,304	$ 32,613	$ 23,896
Interest expense	(7,475)	(10,760)	(8,029)			
Other, net	1,021	(1,742)	(1,720)			
Income from continuing operations before income taxes	$ 54,074	$ 66,974	$ 68,393			

(1) Includes capital expenditures in accounts payable of $3.2 million, $0.9 million, and $0.4 million at June 30, 2020, 2019, and 2018 respectively.

	Goodwill		Identifiable Assets	
	2020	2019	2020	2019
Electronics	$ 131,582	$ 131,317	$ 324,725	$ 332,326
Engraving	76,742	79,392	257,104	233,569
Scientific	15,454	15,454	90,595	63,657
Engineering Technologies	43,685	43,890	147,797	149,628
Specialty Solutions	3,305	3,305	52,528	64,492
Corporate & Other	453	485	55,193	18,578
Discontinued Operations	-	-	2,936	59,639
Total	$ 271,221	$ 273,843	$ 930,878	$ 921,889

Net sales (2)	2020	2019	2018
United States	$ 364,188	$ 370,235	$ 321,284
Asia Pacific	98,665	108,667	108,569
EMEA (3)	128,037	144,636	149,249
Other Americas	13,645	16,393	16,413
Total	$ 604,535	$ 639,931	$ 595,515

(2) Net sales were identified based on geographic location where our products and services were initiated.
(3) EMEA consists primarily of Europe, Middle East and S. Africa.

Long-lived assets	2020	2019	2018
United States	$ 69,548	$ 67,337	$ 63,677
Asia Pacific	32,057	35,033	30,911
EMEA (4)	26,057	27,160	25,709
Other Americas	4,871	4,709	3,064
Total	$ 132,533	$ 134,239	$ 123,361

(4) EMEA consists primarily of Europe, Middle East and S. Africa.

18. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The unaudited quarterly results of operations for the years ended June 30, 2020 and 2019 are as follows (in thousands, except for per share data):

	2020			
	First	Second	Third	Fourth
Net sales	$ 196,444	$ 190,585	$ 187,039	$ 142,308
Gross profit	68,283	66,453	58,108	46,550
Net income	12,439	12,237	(6,323)	1,835
EARNINGS PER SHARE (1)				
Basic	$ 1.01	$ 0.99	$ (0.51)	$ 0.15
Diluted	$ 1.00	$ 0.99	$ (0.51)	$ 0.15

	2019			
	First	Second	Third	Fourth
Net sales	$ 217,528	$ 219,498	$ 216,773	$ 209,199
Gross profit	77,050	75,569	68,199	70,081
Net income	15,857	13,398	26,269	12,390
EARNINGS PER SHARE (1)				
Basic	$ 1.25	$ 1.06	$ 2.09	$ 1.00
Diluted	$ 1.24	$ 1.05	$ 2.09	$ 0.99

(1) Basic and diluted earnings per share are computed independently for each reporting period. Accordingly, the sum of the quarterly earnings per share amounts may not agree to the year-to-date amounts.

19. DISCONTINUED OPERATIONS

In pursuing our business strategy, the Company continues to divest certain businesses and record activities of these businesses as discontinued operations.

During the third quarter of fiscal 2020, in order to focus its financial assets and managerial resources on its remaining portfolio of businesses, the Company entered into a definitive agreement to sell the Refrigerated Solutions Group, consisting of the Master-Bilt and NorLake operating segments, to Ten Oaks Group for a cash purchase price of $10.6 million, subject to post-closing adjustments and various transaction fees. The Refrigerated Solutions Group was a part of the Company's Food Service Equipment segment, and manufactured refrigerated cabinets and walk-ins for customers food service and retail end markets.

The transaction closed on April 16, 2020 and resulted in a pre-tax loss of $20.0 million less related transaction expenses of $1.9 million. The Company reported a tax benefit related to the loss on sale of $2.6 million.

During the first quarter of 2019, in order to focus its financial assets and managerial resources on its remaining portfolio of businesses, the Company decided to divest its Cooking Solutions Group, which consisted of three operating segments and a minority interest investment. In connection with the divestiture, during the second quarter of 2019, the Company sold its minority interest investment to the majority shareholders. During the third quarter of fiscal 2019, the Company entered into a definitive agreement to sell the three operating segments to the Middleby Corporation for a cash purchase price of $105 million, subject to post-closing adjustments and various transaction fees. The transaction closed on March 31, 2019 and resulted in a pre-tax gain of $20.5 million less related transaction expenses of $4.4 million. The Company reported a tax benefit related to the sale due to the write-off of deferred tax liabilities related to the Cooking Solutions Group. A cash payment of $106.9 million was received on April 1, 2019. The proceeds received were subsequently used to pay down borrowings on our revolving credit facility.

Results of the Refrigerated Solutions Group in current and prior periods and results of the Cooking Solutions Group in prior periods have been classified as discontinued operations in the Condensed Consolidated Financial Statements and excluded from the results of continuing operations. Activity related to the Refrigerated Solutions Group, the Cooking Solutions Group and other discontinued operations for the years ended June 30, 2020, 2019, and 2018 is as follows (in thousands):

	Year Ended June 30,		
	2020	2019	2018
Net Sales	$ 111,841	$ 223,067	$ 272,867
Gain (Loss) on Sale of Business	$ (19,996)	$ 20,539	$ -
Transaction Fees	(1,933)	(4,397)	-
Income (loss) from Discontinued Operations	$ (23,553)	$ 17,541	$ 8,006
Non-operating Income (Expense)	-	(366)	809
Profit (loss) Before Taxes	$ (23,439)	$ 17,175	$ 8,815
Benefit (Provision) for Taxes	2,613	2,453	(2,578)

Net income (loss) from Discontinued Operations	$ (20,826)	$ 19,628	$ 6,237

Assets and liabilities related to our discontinued operations appear in the condensed consolidated balance sheets are as follows (in thousands):

	June 30, 2020	June 30, 2019
Accounts receivable	$ 2,936	$ 16,215
Inventories	-	12,343
Prepaid Expenses	-	9,052
Due from Buyer	-	-
Total current assets	2,936	37,610
Property, plant, equipment, net	-	13,785
Intangible assets, net	-	-
Goodwill	-	7,660
Other non-current assets	-	584
Total non-current assets	-	22,029
Total Assets	2,936	59,639
Accounts Payable	-	18,402
Accrued Liabilities	610	13,101
Income Tax Payable	0	-
Total current liabilities	610	31,503
Non-current Liabilities	-	2,223
Total Liabilities	610	33,726
Net Assets	$ 2,326	$ 25,913

20. LEASES

Effective July 1, 2019, the Company adopted ASU 2016-02, *Leases (Topic 842),* using the modified retrospective approach and utilizing the effective date as its date of initial application. As a result, prior periods are presented in accordance with the previous guidance in ASC 840, Leases ("ASC 840"). The Company has elected to apply the 'package of practical expedients' which allow it to not reassess i) whether existing or expired arrangements contain a lease, ii) the lease classification of existing or expired leases, or iii) whether previous initial direct costs would qualify for capitalization under the new lease standard.

At the inception of an arrangement, the Company determines whether the arrangement is or contains a lease based on the unique facts and circumstances present in the arrangement. Leases with a term greater than one year are recognized on the balance sheet as right-of-use assets and short-term and long-term lease liabilities, as applicable. The Company does not have material financing leases.

Operating lease liabilities and their corresponding right-of-use assets are initially recorded based on the present value of lease payments over the expected remaining lease term. The interest rate implicit in lease contracts is typically not readily determinable. As a result, the Company utilizes its incremental borrowing rate to discount lease payments, which reflects the fixed rate at which the Company could borrow on a collateralized basis the amount of the lease payments in the same currency, for a similar term, in a similar economic environment. To estimate its incremental borrowing rate, a credit rating applicable to the Company is estimated using a synthetic credit rating analysis since the Company does not currently have a rating agency-based credit rating

The Company has elected not to recognize leases with an original term of one year or less on the balance sheet. The Company typically only includes an initial lease term in its assessment of a lease arrangement. Options to renew a lease are not included in the Company's assessment unless there is reasonable certainty that the Company will renew.

Amounts (in thousands) recorded in the Company's Condensed Consolidated Balance Sheet and Statement of Operations related to leases are as follows:

	June 30, 2020
Assets	
ROU Assets (other assets)	$ 44,788
Liabilities	
Current (accrued expense)	$ 8,016
Other non-current liability	36,293
Total lease liability	$ 44,309

Lease cost

The components of lease costs for the years ended June 30, 2020 and June 30, 2019 are as follows:

	Year Ended June 30, 2020	Year Ended June 30, 2019
Operating lease cost	$ 11,283	$ -

Maturity of lease liability

The maturity of the Company's lease liabilities included in continuing operations at June 30, 2020 were as follows:

	Operating Leases

2021		9,329
2022		7,729
2023		5,512
2024		4,917
2025		4,085
After 2025		18,256
Less: Interest		(5,519)
Present value of lease Liabilities	$	44,309

The Company will make future payments on a lease that have not yet commenced of $0.3 million. This lease will commence in 2021 and has lease term of 2 years.

The weighted average remaining lease term and discount rates are as follows:

Lease Term and Discount Rate	June 30, 2020
Weighted average remaining lease term (years)	9.55
Weighted average discount rate (percentage)	2.74%

Other Information

Supplemental cash flow information related to leases is as follows:

	Year Ended June 30, 2020		Year Ended June 30, 2019	
Operating cash flows from operating leases	$	10,436	$	-
Total cash paid for amounts included in the measurement of lease liabilities		10,436		-

23. SUBSEQUENT EVENTS

On July 15, 2020 the Company acquired privately-held, Florida-based Renco Electronics for approximately $28.0 million in cash with an additional three-year earnout payment based upon achieving certain financial targets. The transaction is being financed from Standex's existing cash balance.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Standex International Corporation

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of Standex International Corporation (a Delaware corporation) and subsidiaries (the "Company") as of June 30, 2020 and 2019, the related consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows for each of the three years in the period ended June 30, 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2020, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of June 30, 2020, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated August 25, 2020 expressed an unqualified opinion.

Change in accounting principle

As discussed in Note 20 to the consolidated financial statements, the Company has changed its method of accounting for leases as of July 1, 2019 due to the adoption of Accounting Standards Codification (ASC) Topic 842, *Leases*.

Basis for opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Revenue recognition – Revenue Recognized Over Time

As described in Notes 1 and 3 to the consolidated financial statements, the Company's revenue that is recognized over time was $35.1 million for the year ended June 30, 2020. For these transactions, revenue is recognized over time based on cost incurred to date as a percentage of total estimated cost. We identified revenue recognized over time as a critical audit matter.

The principal considerations for our determination that this matter is a critical audit matter are as follows. Accounting for these transactions requires the Company to monitor customer contracts to determine the expected costs to be incurred to satisfy the related performance obligation. Management's determination of these expected costs involves estimation and subjectivity, which, in turn, involved complexity and auditor subjectivity in evaluating management's estimates and obtaining sufficient appropriate audit evidence related to such estimates.

Our audit procedures related to revenue recognized over time included the following, among others.

- We tested the operating effectiveness of controls relating to management's development and ongoing evaluation of each contract's expected cost.
- For a sample of transactions, we inspected the customer contract and evaluated assumptions used by management in determining the contract's estimated expected cost in order to fulfill the performance obligation under the contract. This included comparing planned costs to actual costs incurred to date based on management's original assumptions and corroborating management's assumptions with company engineers assigned to the contract.
- For a sample of transactions, we evaluated whether the assumptions surrounding the expected costs to be incurred were reasonable by testing management's historical ability to estimate. This included comparing actual costs incurred on completed contracts to management's original assumptions and assumptions throughout the contract's life related to expected costs to be incurred.

Goodwill Impairment Assessment

As described in Notes 1 and 6 to the consolidated financial statements, the Company's consolidated goodwill balance was $271 million at June 30, 2020, which is allocated to the Company's 7 reporting units. Goodwill is tested for impairment at least annually at the reporting unit level. Due to the impact of the COVID-19 pandemic on the Company's projected operating results, cash flow and market capitalization, the Company completed an interim goodwill impairment assessment of its reporting units during the third quarter along with the Company's annual impairment assessment during the fourth quarter. We identified the Company's goodwill impairment assessments of certain reporting units as a critical audit matter.

The principal considerations for our determination that this matter is a critical audit matter are as follows. The determination of the fair value of reporting units requires management to make significant estimates and assumptions related to forecasts of future cash flows and discount rates. This requires management to evaluate historical results and expectations of future operating performance based on relevant information available to them regarding expectations of industry performance, as well as expectations for entity-specific performance. In addition, determining the discount rate requires management to evaluate the appropriate risk premium based on their judgment of industry and entity-specific risks. As disclosed by management, changes in these assumptions could have a significant impact on either the fair value of the reporting units, the amount of any goodwill impairment charge, or both. In turn, auditing management's judgments regarding forecasts of future cash flows and the discount rate to be applied involved a high degree of auditor subjectivity.

Our audit procedures related to the Company's goodwill impairment assessment of certain reporting units included the following, among others.

- We tested the design and operating effectiveness of controls relating to management's goodwill impairment tests, including controls over the determination of key inputs such as the forecasting of future cash flows and determination of the discount rate.
- We compared management's forecasts of future revenue and operating margin to third -party industry projections, historical operating results, and past projections.
- We evaluated management's historical ability to achieve forecasted revenue and operating margins.
- We performed sensitivity analysis on the Company's future revenue and operating margins to evaluate the reasonableness of management's forecasts.
- We utilized a valuation specialist to assist in recalculating the Company's discounted cash flow model and in evaluating the reasonableness of significant assumptions to the model, including the discount rate.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2015.

Boston, Massachusetts

August 25, 2020

Item 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure

Not Applicable

Item 9A. Controls and Procedures

The management of the Company including its Chief Executive Officer, and Chief Financial Officer, have conducted an evaluation of the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15(d)-15(e) under the Securities Exchange Act of 1934, as amended, (the "Exchange Act") as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial

Officer concluded as of June 30, 2020, that the disclosure controls and procedures are effective in ensuring that the information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms and (ii) that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer as appropriate to allow timely decisions regarding required disclosure.

There were no changes in the Company's internal control over financial reporting identified in connection with management's evaluation that occurred during the fourth quarter of our fiscal year (ended June 30, 2020) that has materially affected, or is reasonably likely to materially affect our internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

The management of Standex is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Section 240.13a-15(f) of the Exchange Act). The Company's internal control over financial reporting is designed to provide reasonable assurance as to the reliability of the Company's financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Management, including the Chief Executive Officer and the Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of the end of the fiscal year covered by this report on Form 10-K. In making this assessment, management used the criteria established by the Committee of Sponsoring Organizations of the Treadway Commission in "Internal Control-Integrated Framework (2013)." These criteria are in the areas of control environment, risk assessment, control activities, information and communication and monitoring. Management's assessment included documenting, evaluating and testing the design and operating effectiveness of our internal control over financial reporting.

Based on the Company's processes, as described above, management, including the Chief Executive Officer and the Chief Financial Officer, has concluded that our internal control over financial reporting was effective as of June 30, 2020 to provide reasonable assurance of achieving its objectives. These results were reviewed with the Audit Committee of the Board of Directors. Grant Thornton, LLP, the independent registered public accounting firm that audited our consolidated financial statements included in this Annual Report on Form 10-K, has issued an unqualified attestation report on the Company's internal control over financial reporting, which is included below.

Inherent Limitation on Effectiveness of Controls

No matter how well designed, internal control over financial reporting has inherent limitations. Internal control over financial reporting determined to be effective can provide only reasonable, not absolute, assurance with respect to financial statement preparation and may not prevent or detect all misstatements that might be due to error or fraud. In addition, a design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Standex International Corporation

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting of Standex International Corporation (a Delaware corporation) and subsidiaries (the "Company") as of June 30, 2020, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2020, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Company as of and for the year ended June 30, 2020, and our report dated August 25, 2020 expressed an unqualified opinion on those financial statements.

Basis for opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Internal Control over Financial Reporting ("Management's Report"). Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and limitations of internal control over financial reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ GRANT THORNTON LLP

Boston, Massachusetts

August 25, 2020

Item 9B. Other Information

Compensatory Arrangements of Certain Officers

On August 24, 2020, the Registrant, pursuant to a previous approval from the Compensation Committee of the Board of Directors, amended the employment agreements of certain executive officers including named executive officers Paul C. Burns, Alan J. Glass and Annemarie Bell. The amendments implement the Compensation Committee's decision to align certain benefits payable to each named executive officer in the event of a Change of Control of the Company (as defined in the agreements) with the recommendation from the independent advisors to the Compensation Committee. More specifically, in the event of a qualifying termination due to a Change of Control, each such named executive officer will be entitled to a lump sum payment equal to two times the sum of (i) such officer's then base salary and (ii) the higher of such officer's most recent annual incentive award or target annual incentive award, as well as continuation of health and welfare benefits for a period of two years. All other provisions of the employment agreements remain in full force and effect. The amendments to such employment agreements are attached as Exhibits [ ], [ ] and [ ] hereto.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The Company will file with the Securities and Exchange Commission ("SEC") a definitive Proxy Statement no later than 120 days after the close of the fiscal year ended June 30, 2020 (the "Proxy Statement"). The information required by this item and not provided in Part 1 of this report under Item 1 "Executive Officers of Standex" is incorporated by reference from the Proxy Statement under the captions "Election of Directors," "Stock Ownership in the Company," "Other Information Concerning the Company, Board of Directors and its Committees" and "Section 16(a) Beneficial Ownership Reporting Compliance."

There have been no material changes to the procedures by which security holders may recommend nominees to our Board of Directors. Information regarding the process for identifying and evaluating candidates for director are set forth and incorporated in reference to the information in the Proxy Statement under the caption "Corporate Governance/Nominating Committee Report."

Information regarding the Audit Committee Financial Expert and the identification of the Audit Committee is incorporated by reference to the information in the Proxy Statement under the caption "Other Information Concerning the Company, Board of Directors and its Committee, Audit Committee." The Audit Committee is established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act.

We maintain a corporate governance section on our website, which includes our code of ethics for senior financial management that applies to our chief executive officer, principal financial officer, principal accounting officer, controller or persons performing similar functions. Our corporate governance section also includes our code of business conduct and ethics for all employees. In addition, we will promptly post any amendments to or waivers of the code of ethics for senior financial management on our website. You can find this and other corporate governance information at www.standex.com.

Item 11. Executive Compensation

Information regarding executive compensation is incorporated by reference from the Proxy Statement under the captions and sub-captions: "Executive Compensation," "Compensation Discussion and Analysis," "Compensation Committee Report," "2020 Summary Compensation Table," "Other Information Concerning the Company, Board of Directors and Its Committees," and "Directors Compensation."

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The stock ownership of each person known to Standex to be the beneficial owner of more than 5% of its Common Stock is incorporated by reference in the Proxy Statement under the caption "Stock Ownership of Certain Beneficial Owners." The beneficial ownership of Standex Common Stock of all directors and executive officers of the Company is incorporated by reference in the Proxy Statement under the caption and sub-caption "Stock Ownership in the Company" and "Stock Ownership by Directors, Nominees for Director and Executive Officers," respectively.

The Equity Compensation Plan table below represents information regarding the Company's equity based compensation plan at June 30, 2020.

Plan Category	(A) Number of Securities To Be Issued Upon Exercise Of Outstanding Options, Warrants and Rights	(B) Weighted-Average Exercise Price Of Outstanding Options, Warrants and Rights	(C) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities reflected in Column (A))
2018 Omnibus Equity compensation plan approve by stockholders	134,670	$ 5.67	365,330
Equity compensation plans not approved by stockholders	-	$ -	-
Total	134,670	$ 5.67	365,330

The Company has one equity compensation plan, approved by stockholders, under which equity securities of the Company have been authorized for issuance to employees and non-employee directors. This plan is further described in the "Notes to Consolidated Financial Statements" under the heading "Stock-Based Compensation and Purchase Plans."

Item 13. Certain Relationships and Related Transactions and Director Independence

Information regarding certain relationships and related transactions is incorporated by reference in the Proxy Statement under the caption and sub-caption “Certain Relationships and Related Transactions” And “Stock Ownership by Directors, Nominees for Director and Executive Officers,” respectively.

Information regarding director independence is incorporated by reference in the Proxy Statement under the caption “Election of Directors - Determination of Independence.”

Item 14. Principal Accountant Fees and Services

This Information in addition to information regarding aggregate fees billed for each of the last two fiscal years for professional services rendered by the professional accountant for audit of the Company’s annual financial statements and review of financial statements included in the Company’s Form 10-K as well as others are incorporated by reference in the Proxy Statement under the caption “Independent Auditors’ Fees.”

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) 1. Financial Statements

Financial Statements covered by the Reports of Independent Registered Public Accounting Firm
(A) Consolidated Statements of Operations for the fiscal years ended June 30, 2020, 2019 and 2018
(B) Consolidated Balance Sheets as of June 30, 2020 and 2019
(C) Comprehensive Income for the fiscal years ended June 30, 2020, 2019 and 2018
(D) Consolidated Statements of Stockholders’ Equity for the fiscal years ended June 30, 2020, 2019 and 2018
(E) Consolidated Statements of Cash Flows for the fiscal years ended June 30, 2020, 2019 and 2018
(F) Notes to Consolidated Financial Statements

2. Financial Statements Schedule
The following financial statement schedule is included as required by Item 8 to this report on Form 10-K
Schedule II – Valuation and Qualifying Accounts is included in the Notes to Consolidated Financial Statements
All other schedules are not required and have been omitted

3. Exhibits

Exhibit Number		Exhibit Description	Incorporated by Reference Form	Incorporated by Reference Date	Filed Herewith
3.	(i)	Restated Certificate of Incorporation of Standex, dated October 27, 1998 filed as Exhibit 3(i).	10-Q	12/31/1998	
	(ii)	By-Laws of Standex, as amended, and restated effective January 30, 2015 filed as Item 5.03, Exhibit 3.1	8-K	2/4/2015	
10.	(a)	Employment Agreement dated January, 20, 2014 between the Company and David Dunbar*	10-K	6/30/2016	
	(b)	Employment Agreement dated April 4, 2016 between the Company and Alan J. Glass*	10-K	6/30/2016	
	(c)	First Amendment to Employment Agreement dated April 4, 2016 between the Company and Alan J. Glass*			X
	(d)	Employment Agreement dated August 26, 2019 between the Company and Annemarie Bell*	10-K	6/30/2019	
	(e)	First Amendment to Employment Agreement dated August 26, 2019 between the Company and Annemarie Bell*			X
	(f)	Employment Agreement dated July 27, 2015 between the Company and Paul Burns*	10-K	6/30/2016	
	(g)	First Amendment to Employment Agreement dated July 27, 2015 between the Company and Paul Burns*			X
	(h)	Employment Agreement dated August 2, 2019 between the Company and Ademir Sarcevic*	8-K	8/8/2019	
	(i)	First Amendment to Employment Agreement dated August 2, 2019 between the Company and Ademir Sarcevic*			X
	(j)	Standex International Corporation Amended and And Restated 2008 Long Term Incentive Plan, effective October 28, 2008.*	10-K	6/30/2012	
	(k)	Standex International Corporation Supplemental Retirement Plan adopted April 26, 1995 and Amended on July 26, 1995 filed as Exhibit 10(n).*	10-K	6/30/1995	
	(l)	Form of Indemnification Agreement for directors and executive officers of the Company.*	8-K	5/5/2008	

	(m)	2018 Omnibus Incentive Plan*	8-K	10/29/2018	
	(n)	Standex Deferred Compensation Plan for highly compensated employees filed as Item 5.02.*	8-K	1/31/2008	
	(o)	Code of Ethics for Chief Executive Officer and Senior Financial Officers is incorporated by reference as Exhibit 14.	10-K	6/30/2004	
	(p)	Amended and Restated Credit Agreement Dated December 19, 2014 by and among Standex International Corporation, Citizens Bank, N.A.; Bank of America, N.A.; TD Bank, N.A.; JPMorgan Chase Bank, N.A.; Branch Banking & Trust Company and Santander Bank, N.A. Filed as Item 1.01, Exhibit 10	8-K	12/19/2014	
	(q)	Second Amended and Restated Credit Agreement Dated December 21, 2018 by and among Standex International Corporation, Citizens Bank, N.A.; Bank of America N.A.; TD Bank, N.A., JPMorgan Chase Bank, N.A.; and Branch Banking & Trust Company	8-K	12/21/2018	
	(r)	Standex International Long-Term Incentive Plan Award	10-K	6/30/2019	
14.		Code of Ethics for Chief Executive Officer and Senior Financial Officers is incorporated by reference as Exhibit 14.	10-K	6/30/2004	
21.		Subsidiaries of Standex International Corporation			X
23.1		Consent of Independent Registered Public Accounting Firm Grant Thornton LLP			X
24.		Powers of Attorney of Charles H. Cannon, Thomas E. Chorman, Jeffrey S. Edwards, B. Joanne Edwards, Thomas J. Hansen, Michael A. Hickey and Daniel B. Hogan			X
31.1		Rule 13a-14(a) Certification of President and Chief Executive Officer			X
31.2		Rule 13a-14(a) Certification of Vice President and Chief Financial Officer			X
32.		Section 1350 Certification			X
101		The following materials from this Annual Report on Form 10-K, formatted in Inline Extensible Business Reporting Language (iXBRL): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Comprehensive Income, (iv) Condensed Consolidated Statements of Cash Flows, and (v) Notes to Unaudited Condensed Consolidated Financial Statements			X
104		Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).			X

* Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Standex International Corporation has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, on August 25, 2020.

STANDEX INTERNATIONAL CORPORATION
(Registrant)

/s/ DAVID DUNBAR
David Dunbar
President/Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Standex International Corporation and in the capacities indicated on August 25, 2020:

Signature	Title
/s/ DAVID DUNBAR David Dunbar	President/Chief Executive Officer
/s/ ADEMIR SARCEVIC Ademir Sarcevic	Vice President/Chief Financial Officer
/s/ SEAN VALASHINAS Sean Valashinas	Chief Accounting Officer / Assistant Treasurer

David Dunbar, pursuant to powers of attorney which are being filed with this Annual Report on Form 10-K, has signed below on August 25, 2020 as attorney-in-fact for the following directors of the Registrant:

Charles H. Cannon	Thomas J. Hansen
Thomas E. Chorman	Michael A. Hickey
B. Joanne Edwards	Daniel B. Hogan
Jeffrey S. Edwards	

/s/ DAVID DUNBAR
David Dunbar

Supplemental Information to be furnished with reports filed pursuant to Section 15(d) of the Act by Registrants which have not registered securities pursuant to Section 12 of the Act.

The Company will furnish its 2017 Proxy Statement and proxy materials to security holders subsequent to the filing of the annual report on this Form. Copies of such material shall be furnished to the Commission when they are sent to security holders.

INDEX TO EXHIBITS

21 Subsidiaries of Standex

23 Consent of Independent Registered Public Accounting Firm Grant Thornton LLP

24 Powers of Attorney of Charles H. Cannon, Thomas E. Chorman, B. Joanne Edwards, Jeffrey S. Edwards, Thomas J. Hansen, Michael A. Hickey and Daniel B. Hogan.

31.1 Rule 13a-14(a) Certification of President and Chief Executive Officer

31.2 Rule 13a-14(a) Certification of Vice President and Chief Financial Officer

32 Section 1350 Certification

END OF FORM 10-K

SUPPLEMENTAL INFORMATION FOLLOWS

Board of Directors	**Title**
Charles H. Cannon, Jr., [1, 2, 4]	Retired Chairman and CEO, JBT Corporation
Thomas E. Chorman [1, 2, 3, 4]	CEO, Foam Partners LLC
David Dunbar [4]	President and Chief Executive Officer; Chairman of the Board
Jeffrey S Edwards [2, 3]	Chairman and Chief Executive Officer, Cooper Standard Holdings, Inc.
B. Joanne Edwards [1,3]	Retired Senior Vice President & General Manager, Residential & Wiring Device Business, Eaton Corporation
Thomas J. Hansen [1]	Former Vice Chairman of Illinois Tool Works, Inc.
Michael A. Hickey[2,4]	Executive Vice President and President of the Global Institutional Business, Ecolab Inc.
Daniel B. Hogan, Ph. D. [3]	Executive Director, Passim Folk Music and Cultural Center

1 Member of Audit Committee
2 Member of Compensation Committee
3 Member of Corporate Governance/Nominating Committee
4 Member of Executive Committee

Corporate Officers	
David Dunbar	President and Chief Executive Officer
Ademir Sarcevic	Vice President, Chief Financial Officer
Alan J. Glass	Vice President, Chief Legal Officer and Secretary
Stacey S. Constas	Corporate Governance Officer and Assistant Secretary
Sean Valashinas	Chief Accounting Officer and Assistant Treasurer
Timo Goodloe	Vice President, Global Tax
Annemarie Bell	Vice President, Human Resources
Paul Burns	Vice President of Strategy and Business Development
James Hooven	Vice President, Operations and Global Supply Chain

Shareholder Information

Corporate Headquarters	Standex International Corporation 23 Keewaydin Drive, Suite 300 Salem, NH 03079 (603) 893-9701 Facsimile: (603) 893-7324 www.standex.com
Common Stock	Listed on the New York Stock Exchange (Ticker symbol: SXI)
Transfer Agent and Registrar	Computershare 250 Royall Street Canton, MA 07021 (800) 368-5948 www.Computershare.com
Independent Auditors	Grant Thornton LLP 75 State Street, 13th Floor Boston, MA 02109-1827
Shareholder Services	Stockholders should contact Standex's Transfer Agent (Computershare, 250 Royall Street, Canton, MA 02021) regarding changes in name, address or ownership of stock; lost certificates of dividends; and consolidation of accounts.
Stockholders' Meeting	The Annual Meeting of Stockholders will be held at 9:00 a.m. on Tuesday, October 20, 2020 at Standex International Corporation's Corporate Headquarters, 23 Keewaydin Drive 3rd Floor, Salem, NH 03079