2020
ANNUAL REPORT

KEWAUNEE®

encouraging new discovery...*Worldwide*

Corporate Profile

Kewaunee Scientific Corporation is the recognized Worldwide leader in the design, manufacture, and installation of laboratory, healthcare, and technical furniture products and accessories. Products include steel, wood, and laminate furniture, fume hoods, biological safety cabinets, laminar flow and ductless hoods, adaptable modular and column systems, moveable workstations and carts, epoxy resin worksurfaces and sinks. The Company can assist clients Worldwide with the design and installation of all manufactured products and the related mechanical services.

The Company's corporate headquarters are located in Statesville, North Carolina. Direct sales offices are located in the United States, India, and Singapore. Three manufacturing facilities are located in Statesville serving the Americas and International markets, and one manufacturing facility is located in Bangalore, India serving the local and Asian markets.

Kewaunee Scientific's website is located at http://www.kewaunee.com.

KEWAUNEE
Scientific
Corporation

Dear Stockholder: July 27, 2020

As I reflect on Kewaunee's fiscal year 2020 performance, it would be easy to attribute our poor performance to a number of "factors," waxing about challenges and uncertainties facing our Company, the markets we serve, and the economies in which we operate. While we recognize and acknowledge those challenges and uncertainties, focusing on them alone would be unproductive and inconsistent with the Company we are working to transform Kewaunee into, as we pursue our vision of being "*the global supplier of choice with customers in the laboratory furniture and infrastructure markets*."

The reality is we had a poor year financially. I will provide some context around that performance in the section immediately below, leveraging what has already been communicated in our prior quarterly disclosures. I will then share my thoughts on Kewaunee's strategic direction and my belief that Kewaunee is well positioned to lead the market, delivering sustained profitability and cash flow generation.

Fiscal Year 2020 Review:

Sales during fiscal year 2020 were $147.5M, an increase of 0.7% from sales of $146.6M in the prior year. Domestic sales for the fiscal year were $115.1M, a decrease of 1.3% from sales of $116.6M in the prior year. International sales for the fiscal year were $32.4M, an increase of 8.3% from sales of $30.0M in the prior year. Our order backlog was $100.9M at April 30, 2020, relatively flat compared to $100.8M at April 30, 2019.

The pre-tax loss for the fiscal year was $2.9M, compared to pre-tax earnings of $2.1M for the prior year. Profitability was negatively impacted during the year by a number of circumstances:

- Delivery of several low margin orders the Company aggressively pursued and secured in prior fiscal years. This included a large, one-time order with a strategic customer in the Middle East.
- Costs incurred related to a restructuring, initiated in the Company's second quarter of the fiscal year, which included a reduction in force and the closure of the Company's operations in China.
- Increased operating costs within the Company's Domestic segment due to equipment down-time and operational inefficiencies.
- Increased investment in improving efficiency and lowering operating costs within the Company's Domestic segment, as the Company has established a strategy for a multi-year transformation of the business, which is designed to lead to sustained profitability and growth. This includes investing in a multi-year plan to modernize our manufacturing capabilities and information technology platform. Additionally, this investment incudes adding new, incremental talent to the organization to drive this transformation.
- Increased operating costs in India and the Middle East as investments were made to expand the Company's turn-key capabilities that serve the international markets.
- Finally, profitability was impacted during the year as a result of the coronavirus pandemic, as described in the press release discussing our fourth quarter results.

The net loss for the fiscal year was $4.7M, or $(1.70) per diluted share, as compared to net earnings of $1.5M, or $0.55 per diluted share for the year ended April 30, 2019. In addition to the above factors, the net loss was driven by the following tax-related impacts:

- During the second quarter, the Company made a decision to revoke its indefinite reinvestment accounting election that permitted the deferral of recognition of foreign withholding tax. During the fiscal year, the Company recorded a tax expense of $2.0M to recognize a foreign withholding tax liability on cumulative foreign earnings. Of this amount, $1.2M was remitted to foreign tax authorities with respect to cash repatriated to the U.S. that was subsequently used to extinguish the Company's long-term debt obligations.

- The Company recorded a tax benefit of $0.9M in the fourth quarter, a result of the newly created provision in the Cares Act that allows companies to carry losses back five years, off-setting previously reported income.
- Finally, the Company recorded a non-cash valuation allowance expense of $1.7M against deferred tax assets. This was the result of the estimated ability of the Company to realize future tax benefits being negatively impacted by losses reported during the fiscal year.

From a liquidity perspective, we made two significant decisions during the fiscal year to improve the Company's financial position. On December 16, 2019 we suspended the quarterly dividend, and in the second quarter of fiscal year 2020 we revoked our permanent reinvestment assertion in India to enable the repatriation of foreign earnings to the U.S. These decisions proved to be well timed considering the ongoing uncertainty due to the COVID-19 global pandemic. This resulted in total cash on hand at April 30, 2020 of $5.2M, as compared to $11.1M at April 30, 2019. Short-term debt and interest rate swaps were $4.7M at April 30, 2020, as compared to $9.5M at the end of April 30, 2019, and long-term debt was $0.1M at April 30, 2020 as compared to $1.4M at the end of April 30, 2019. Our debt-to-equity ratio at April 30, 2020 was .36-to-1, as compared to .23-to-1 at April 30, 2019.

Strategic Direction and Outlook:

I discussed with my leadership team a number of times over the past year that there is a difference between a company that is a "market leader" and a company that is actually "leading" the market. In 2015, Kewaunee became the market leader when the incumbent exited the market. While we benefited from increased volumes we did not, at that time, prioritize the need for investment in scalable production capabilities and business processes to sustain the growth we experienced.

Recognizing this, we have committed to transform Kewaunee into the most competitive company in the laboratory furniture and infrastructure space. This transformation consists of multiple investments within our operations to improve productivity and cost. Further, we will be investing in our technology platform to reduce waste, shorten cycle times and enable us to operate our multi-channel business in a more cost effective manner. This journey will take multiple years, and we have been fortunate to add new talent to the Company over the past twelve months to help us accelerate these efforts.

Guiding our actions and investments are four principles:

- We will be easy to do business with,
- We will get closer to our customer(s),
- We will do everything with the highest quality, and
- We will lead and not follow (we are innovators).

These principles will not change year to year, but rather will serve as the guide-rails as we turn Kewaunee into a company that is capable of truly "leading" the market. While we are not yet where we aspire to be, we have made excellent progress over the past year recruiting fresh talent and establishing the business case and timelines to drive such change. Since joining Kewaunee in the fall of 2015, I have not seen the organization move with the pace and conviction that I observe today.

Our priorities are to fund these investments with operating cash flows, and we will allocate capital with the goal of improving our competitiveness in the marketplace, optimizing our debt level, addressing our underfunded pension plan (which was frozen in 2005) and investing in growth opportunities we expect will generate a return in excess of our cost of capital.

In closing, as I reflect on the first half of calendar 2020, it is easy to look at the daily events that are happening in the world and grow discouraged and wish for things to get back to "normal." Unfortunately, I do not believe that the normal we are heading into will resemble the normal from which we came. This will require us to be aware of our new realities and adjust our thinking as we look forward and approach our daily activities. It is helpful for me to approach each day from a place of gratitude and to focus energies on being resilient and flexible. I am grateful that we, as Kewaunee Associates, are blessed to work for a Company that continues to be well positioned to become *the global supplier of choice with customers in the laboratory furniture and infrastructure markets*. We expect that investments will be made in life sciences, health care and other markets served by the Company to not only combat the coronavirus pandemic, but to also provide infrastructure needed to respond to future events not yet imagined – we stand ready to serve our customers as they take on this challenge.

I am thankful that on a daily basis I see Kewaunee Associates living out our Core Values. Our Core Values drive our behaviors and actions day-in and day-out, through good times and through challenging times. We will likely experience both as we navigate through the next twelve to twenty-four months. I encourage our Associates to always act in a manner that is consistent with our Core Values.

Kewaunee's best days are ahead and I thank you, our faithful shareholders, for your belief in Kewaunee and its potential.

Thomas D. Hull, III
President and Chief Executive Officer

See Page 4 of this Annual Report for a discussion of factors that could significantly impact results or achievements expressed or implied by forward-looking statements made in this letter.

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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**

For the fiscal year ended April 30, 2020

or

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

For the transition period from ________ to ________

Commission file number 0-5286

KEWAUNEE SCIENTIFIC CORPORATION
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**38-0715562** (IRS Employer Identification No.)
2700 West Front Street **Statesville, North Carolina** (Address of principal executive offices)	**28677-2927** (Zip Code)

Registrant's telephone number, including area code: (704) 873-7202

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Exchange on which registered
Common Stock $2.50 par value	**KEQU**	**NASDAQ Global Market**

Securities registered pursuant to Section 12(g) of the Act: None

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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: (Check one):

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☒
	Emerging growth company ☐

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

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

The aggregate market value of shares of voting stock held by non-affiliates of the registrant was approximately $40,524,676 based on the last reported sale price of the registrant's Common Stock on October 31, 2019, the last business day of the registrant's most recently completed second fiscal quarter. Only shares beneficially owned by directors of the registrant (excluding shares subject to options) and each person owning more than 10% of the outstanding Common Stock of the registrant were excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes. As of July 21, 2020, the registrant had outstanding 2,758,510 shares of Common Stock.

DOCUMENTS INCORPORATED BY REFERENCE: Those portions of the Company's proxy statement for use in connection with Kewaunee Scientific Corporation's annual meeting of stockholders to be held on August 26, 2020, indicated in this report are incorporated by reference into Part III hereof.

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PART I

Item 1. Business

GENERAL

Kewaunee Scientific Corporation was founded in 1906, incorporated in Michigan in 1941, became publicly-held in 1968, and was reincorporated in Delaware in 1970. Our principal business is the design, manufacture, and installation of laboratory, healthcare, and technical furniture and infrastructure products. Our products include steel, wood, and laminate furniture, fume hoods, biological safety cabinets, laminar flow and ductless hoods, adaptable modular and column systems, moveable workstations and carts, epoxy resin worksurfaces, sinks, and accessories and related design and engineering services.

Our products are sold primarily through purchase orders and contracts submitted by customers through our dealers and commissioned agents and a national distributor, as well as through competitive bids submitted by us and our subsidiaries in Singapore, India and China. Products are sold principally to pharmaceutical, biotechnology, industrial, chemical and commercial research laboratories, educational institutions, healthcare institutions, governmental entities, and manufacturing facilities. We consider the markets in which we compete to be highly competitive, with a significant amount of the business involving competitive public bidding.

It is common in the laboratory and healthcare furniture industries for customer orders to require delivery at extended future dates, as products are frequently to be installed in buildings yet to be constructed. Changes or delays in building construction may cause delays in delivery of the orders and our recognition of the sale. Since prices are normally quoted on a firm basis in the industry, we bear the burden of possible increases in labor and material costs between quotation of an order and delivery of the product. The impact of such possible increases is considered when determining the sales price. The principal raw materials and products manufactured by others and used by us in our products are cold-rolled carbon and stainless steel, hardwood lumber and plywood, paint, chemicals, resins, hardware, plumbing and electrical fittings. Such materials and products are purchased from multiple suppliers and are typically readily available.

Our need for working capital and our credit practices are comparable to those of other companies manufacturing, selling and installing similar products in similar markets. Since our products are used in building construction projects, in many cases payments for our products are received over longer periods of time than payments for many other types of manufactured products, thus requiring increased working capital. In addition, payment terms associated with certain projects provide for a retention amount until final completion of the project, thus also increasing required working capital. On average, payments for our products are received during the quarter following shipment, with the exception of the retention amounts which are collected at the final completion of the project.

We hold various patents and patent rights, but do not consider that our success or growth is dependent upon our patents or patent rights. Our business is not dependent upon licenses, franchises, concessions, trademarks, royalty agreements, or labor contracts.

Our business is not generally cyclical, although domestic sales are sometimes lower during our third quarter because of slower construction activity in certain areas of the country during the winter months. Sales for two of the Company’s domestic dealers and our national stocking distributor represented, in the aggregate, approximately 37% and 34% of the Company’s sales in fiscal years 2020 and 2019, respectively. Loss of all or part of our sales to a large customer would have a material effect on our revenues and profits.

Our order backlog at April 30, 2020 was $100.9 million, as compared to $100.8 million at April 30, 2019. Based on scheduled shipment dates and past experience, we estimate that not less than 90% of our order backlog at April 30, 2020 will be shipped during fiscal year 2021. However, it may reasonably be expected that delays in shipments will occur because of customer rescheduling or delay in completion of projects which involve the installation of our products.

SEGMENT INFORMATION

See Note 10 of the Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for information concerning our Domestic and International business segments.

COMPETITION

We consider the industries in which we participate to be highly competitive and believe that the principal deciding factors are price, product performance, and customer service. A significant portion of our business is based upon competitive public bidding.

RESEARCH AND DEVELOPMENT

The amount spent and expensed by us during the fiscal year ended April 30, 2020 on research and development activities related to new or redesigned products was $1,816,000. The amounts spent for similar purposes in the fiscal year ended April 30, 2019 was $1,550,000.

ENVIRONMENTAL COMPLIANCE

In the last two fiscal years, compliance with federal, state, or local provisions enacted or adopted regulating the discharge of materials into the environment has had no material effect on us. There is no material capital expenditure anticipated for such purposes, and accordingly, such regulation is not expected to have a material effect on our earnings or competitive position.

EMPLOYEES

At April 30, 2020, the Company had the following number of full-time employees:
623 (Domestic); 289 (International).

OTHER INFORMATION

Our Internet address is **www.kewaunee.com**. We make available, free of charge through this website, our annual report to stockholders. Our Form 10-K and 10-Q financial reports may be obtained by stockholders by writing the Secretary of the Company, Kewaunee Scientific Corporation, P.O. Box 1842, Statesville, NC 28687-1842. The public may also obtain information on our reports, proxy, and information statements at the Securities and Exchange Commision (“SEC”) Internet site **www.sec.gov**. The reference to our website does not constitute incorporation by reference of any information contained at that site.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Certain statements included and referenced in this report, including Management’s Discussion and Analysis of Financial Condition and Results of Operations, constitute “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the “Reform Act”). Such forward-looking statements involve known and unknown risks, uncertainties, and other factors that could significantly impact results or achievements expressed or implied by such forward-looking statements. These factors include, but are not limited to, economic, competitive, governmental and technological factors affecting our operations, markets, products, services and prices, as well as prices for certain raw materials and energy. The cautionary statements made by us pursuant to the Reform Act herein and elsewhere should not be construed as exhaustive. We cannot always predict what factors would cause actual results to differ materially from those indicated by the forward-looking statements. In addition, readers are urged to consider statements that include the terms “believes,” “belief,” “expects,” “plans,” “objectives,” “anticipates,” “intends” or the like to be uncertain and forward-looking.

EXECUTIVE OFFICERS OF THE REGISTRANT

Included in Part III, Item 10(b) of this Annual Report on Form 10-K.

Item 1A. Risk Factors

You should carefully consider the following risks before you decide to buy shares of our common stock. If any of the following risks actually occur, our business, results of operations, or financial condition would likely suffer. In such case, the trading price of our common stock would decline, and you may lose all or part of the money you paid to buy our stock.

This and other public reports may contain forward-looking statements based on current expectations, assumptions, estimates and projections about us and our industry. These forward-looking statements involve risks and uncertainties. Our actual results could differ materially from those forward-looking statements as a result of many factors, including those more fully described below and elsewhere in our public reports. We do not undertake to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

Disruptions in the financial markets have historically created, and may continue to create, uncertainty in economic conditions that may adversely affect our customers and our business.

The financial markets in the United States, Europe and Asia have in the past been, and may in the future be, volatile. The tightening of credit in financial markets, worsening of economic conditions, a prolonged global, national or regional economic recession or other similar events could have a material adverse effect on the demand for our products and on our sales, pricing and profitability. We are unable to predict the likely occurrence or duration of these adverse economic conditions and the impact these events may have on our operations and the laboratory furniture industry in general.

If we fail to compete effectively, our revenue and profit margins could decline.

We face a variety of competition in all of the markets in which we participate. Competitive pricing, including price competition or the introduction of new products, could have material adverse effects on our revenues and profit margins.

Our ability to compete effectively depends to a significant extent on the specification or approval of our products by architects, engineers, and customers. If a significant segment of those communities were to decide that the design, materials, manufacturing, testing, or quality control of our products is inferior to that of any of our competitors, our sales and profits would be materially and adversely affected.

If we lose a large customer, our sales and profits would decline.

We have substantial sales to three of our domestic customers. The combined sales to two dealers and our national stocking distributor accounted for approximately 37% of our sales in fiscal year 2020. Loss of all or a part of our sales to a large customer would have a material effect on our revenues and profits until an alternative channel partner could be developed.

An increase in the price of raw materials and energy could negatively affect our sales and profits.

It is common in the laboratory and healthcare furniture industries for customers to require delivery at extended future dates, as products are frequently to be installed in buildings yet to be constructed. Since prices are normally quoted on a firm basis in the industry, we bear the burden of possible increases in labor, material and energy costs between the quotation of an order and the delivery of the products. Our principal raw materials are steel, including stainless steel, wood and epoxy resin. Numerous factors beyond our control, such as general economic conditions, competition, worldwide demand, labor costs, energy costs, and import duties and other trade restrictions, influence prices for our raw materials. We have not always been able, and in the future we might not be able, to increase our product prices in amounts that correspond to increases in costs of raw materials, without materially and adversely affecting our sales and profits. Where we are not able to increase our prices, increases in our raw material costs will adversely affect our profitability.

Our future growth may depend on our ability to penetrate new international markets.

International laws and regulations, construction customs, standards, techniques and methods differ from those in the United States. Significant challenges of conducting business in foreign countries include, among other factors, geopolitical tensions, local acceptance of our products, political instability, currency controls, changes in import and export regulations, changes in tariff and freight rates and fluctuations in foreign exchange rates.

Events outside our control may affect our operating results.

We have little control over the timing of shipping customer orders, as customers' required delivery dates are subject to change by the customer. Construction delays and customer changes to product designs are among the factors that may delay the start of manufacturing and shipments of orders. Shipments that we anticipate in one quarter may occur in another quarter, affecting both quarters' results. Weather conditions, such as unseasonably warm, cold, or wet weather, can also affect and sometimes delay projects. Political and economic events can also affect our revenues. When sales do not meet our expectations, our operating results will be reduced for the relevant quarters.

Our principal markets are in the laboratory building construction industry. This industry is subject to significant volatility due to various factors, none of which is within our control. Declines in construction activity or demand for our products could materially and adversely affect our business and financial condition.

We depend on key management and technical personnel, the loss of whom could harm our business.

We depend on certain key management and technical personnel. The loss of one or more key employees may materially and adversely affect us. Our success also depends on our ability to attract and retain additional highly qualified technical, marketing, and management personnel necessary for the maintenance and expansion of our activities. We might not be able to attract or retain such personnel.

Our stock price is likely to be volatile and could drop.

The trading price of our Common Stock could be subject to wide fluctuations in response to quarter-to-quarter variation in operating results, announcement of technological innovations or new products by us or our competitors, general conditions in the construction and construction materials industries, relatively low trading volume in our common stock and other events or factors. In addition, in recent years, the stock market has experienced extreme price fluctuations. This volatility has had a substantial effect on the market prices of securities issued by many companies for reasons unrelated to the operating performance of those companies. Securities market fluctuations may adversely affect the market price of our common stock.

We are subject to other risks that might also cause our actual results to vary materially from our forecasts, targets, or projections, including:

- Failing to anticipate the need for, appropriately invest in and effectively manage the human, information technology and logistical resources necessary to support our business, including managing the costs associated with such resources;

- Increased costs, and the need to devote additional resources to comply with more stringent SEC reporting requirements if we become an "accelerated filer" under applicable SEC rules;
- Failing to generate sufficient future positive operating cash flows and, if necessary, secure adequate external financing to fund our growth;
- Interruptions in service by common carriers that ship goods within our distribution channels; and
- Increased costs, potential operational shutdowns, supply chain disruptions and other disruptive factors related to the coronavirus pandemic. In addition, the timing of our revenue recognition could be negatively impacted by government shutdowns and site closures.

Cybersecurity incidents could expose us to liability and damage our reputation and our business.

We collect, process, store, and transmit large amounts of data, and it is critical to our business strategy that our facilities and infrastructure remain secure and are perceived by the marketplace to be secure. Our information technology systems are essential to our efforts to manufacture our products, process customer sales transactions, manage inventory levels, conduct business with our suppliers and other business partners, and record, summarize and analyze the results of our operations. These systems contain, among other things, material operational, financial and administrative information related to our business. As with most companies there will always be some risk of physical or electronic break-ins, computer viruses, or similar disruptions.

In addition, we, like all entities, are the target of cybercriminals who attempt to compromise our systems. From time to time, we experience threats and intrusions that may require remediation to protect sensitive information, including our intellectual property and personal information, and our overall business. Any physical or electronic break-in, computer virus, cybersecurity attack or other security breach or compromise of the information handled by us or our service providers may jeopardize the security or integrity of information in our computer systems and networks or those of our customers and cause significant interruptions in our and our customers' operations.

Any systems and processes that we have developed that are designed to protect customer, associate and vendor information, and intellectual property, and to prevent data loss and other security attacks, cannot provide absolute security. In addition, we may not successfully implement remediation plans to address all potential exposures. It is possible that we may have to expend additional financial and other resources to address these problems. Failure to prevent or mitigate data loss or other security incidents could expose us or our customers, associates and vendors to a risk of loss or misuse of such information, cause customers to lose confidence in our data protection measures, damage our reputation, adversely affect our operating results or result in litigation or potential liability for us. While we maintain insurance coverage that may, subject to policy terms and conditions, cover certain aspects of cyber risks, this insurance coverage is subject to a retention amount and may not be applicable to a particular incident or otherwise may be insufficient to cover all our losses beyond any retention. Similarly, we expect to continue to make continued investments in our information technology infrastructure. The implementation of these investments may be more costly or take longer than we anticipate, or could otherwise adversely affect our business operations, which could negatively impact our financial position, results of operations or cash flows.

Internal Controls Over Financial Reporting.

Because of its inherent limitations, internal controls over financial reporting may not prevent or detect material misstatements in the Company's financial statements. 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.

Changes in U.S. trade policy, including the imposition of tariffs and the resulting consequences, may have a material adverse impact on our business and results of operations.

The U.S. government has indicated its intent to adopt a new approach to trade policy and in some cases to renegotiate, or potentially terminate, certain existing bilateral or multi-lateral trade agreements, such as the recent replacement of the North American Free Trade Agreement with a new agreement among the U.S., Canada and Mexico. It has also initiated tariffs on certain foreign goods and has raised the possibility of imposing significant, additional tariff increases or expanding the tariffs to capture other types of goods. In response, certain foreign governments have imposed retaliatory tariffs on goods that their countries import from the U.S. Changes in U.S. trade policy could result in one or more foreign governments adopting responsive trade policies making it more difficult or costly for us to import our products or raw materials from those countries. This, together with tariffs already imposed, or that may be imposed in the future, by the U.S., could require us to increase prices to our customers which may reduce demand, or, if we are unable to increase prices, result in lowering our margin on products sold.

We cannot predict the extent to which the U.S. or other countries will impose quotas, duties, tariffs, taxes or other similar restrictions upon the import or export of our products or raw materials in the future, nor can we predict future trade policy or the terms of any renegotiated trade agreements and their impact on our business. The adoption and expansion of trade restrictions, the occurrence of a trade war, or other governmental action related to tariffs or trade agreements or policies has the potential to adversely impact demand for our products, our costs, our customers, our suppliers, and the U.S. economy, which in turn could have a material adverse effect on our business, financial condition and results of operations.

Coronavirus Pandemic

In December 2019, a novel coronavirus ("COVID-19") emerged and has subsequently spread worldwide. On March 11, 2020, the World Health Organization ("WHO") recognized COVID-19 as a global pandemic, prompting many national, regional, and local governments, including ones in the markets in which the Company operates, to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-ranging quarantines and stay-at-home orders.

The spread of the COVID-19 outbreak has caused severe disruptions in the U.S. and global economy and financial markets and could potentially create widespread business continuity issues of an as yet unknown magnitude and duration.

The outbreak of COVID-19 has severely impacted global economic activity and caused significant volatility and negative pressure in the financial markets. The global impact of the outbreak has been rapidly evolving and many countries, including the United States, have reacted by instituting quarantines, mandating business and school closures and restricting travel. Many experts predict that the outbreak will trigger a period of global economic slowdown or a global recession. During fiscal year 2020, our domestic business and our international subsidiaries in India and Singapore were adversely impacted by mandatory business shutdowns and stay-at-home orders issued by local governing bodies. COVID-19 could continue to have material and adverse effects on our ability to successfully operate due to, among other factors:

- a general decline in business activity, especially as it relates to our customers' expansion or consolidation activities;
- the destabilization of the financial markets, which could negatively impact our customer growth and access to capital, along with our customers' ability to make payments for their purchase orders;
- severe disruptions to and instability in the global financial markets, and deterioration in credit and financing conditions, which could affect our access to capital necessary to fund business operations or current investment and growth strategies;

- the potential negative impact on the health of our personnel, or the personnel of our customers, vendors, and partners, especially if a significant number of them are affected; and
- a material disruption in our supply chain, which has affected and could continue to affect our ability to source products from vendors on a timely basis or on favorable terms. We source certain key supplies used in the manufacture of our products solely from China. If we are unable to procure adequate quantities of these key materials from our suppliers based in China, or are unable to evaluate and develop alternative sources, we may experience delays in production and customer deliveries.

Sales to customers outside the United States or with international operations expose us to risks inherent in international sales.

During fiscal year 2020, 23% of our revenues were derived from sales outside of the United States. A key element of our growth strategy is to expand our worldwide customer base and our international operations. Operating in international markets requires significant resources and management attention and subjects us to regulatory, economic and political risks that are different from those in the United States. We cannot assure you that our expansion efforts into other international markets will be successful. Our experience in the United States and other international markets in which we already have a presence may not be relevant to our ability to expand in other emerging markets. Our international expansion efforts may not be successful in creating further demand for our products outside of the United States or in effectively selling our products in the international markets we enter.

The occurrence of the COVID-19 pandemic may negatively affect our operations depending on the severity and longevity of the pandemic.

If a significant percentage of our workforce or the workforce of our third party business partners is unable to work, including because of illness or travel or government restrictions in connection with the COVID-19 pandemic or any future pandemic or disease outbreak, our operations may be negatively impacted. Our efforts to manage and mitigate these factors may be unsuccessful, and the effectiveness of these efforts depends on factors beyond our control, including the duration and severity of any pandemic or disease outbreak, as well as third party actions taken to contain its spread and mitigate public health effects.

In response to the health and safety risks and challenges presented by the COVID-19 pandemic, the Company has been proactively and regularly implementing measures to protect its employees. These measures include, but are not limited to, the following:

- Abiding by national, state, and local recommendations including requiring the wearing of protective face masks and practicing of social distancing;
- Arranging for regular cleaning services for Company facilities;
- Providing hand sanitizers and other disinfectants at workstations;
- Adopting remote working protocols, systems, and processes for nonessential employees to work from home; and
- Conducting mandatory employee temperature checks, and on some occasions, requiring mandatory testing for employees and self-quarantine protocols pending test results.

These measures have had the effect, and are likely to continue to have the effect, of increasing our operating expenses, and could also have the effect of disrupting our operations and/or making them less efficient, which could have a negative effect on our financial results.

Item 2. Properties

We own and operate three adjacent manufacturing facilities in Statesville, North Carolina. These facilities also house our corporate offices, as well as sales and marketing, administration, engineering and drafting personnel. These facilities together comprise 413,000 square feet and are located on 20 acres of land. In addition, we lease our primary distribution facility and other warehouse facilities totaling 391,000 square feet in Statesville, North Carolina. We lease sales offices in Naperville, Illinois; Branchburg, New Jersey; and Singapore. In Bangalore, India we lease and operate a manufacturing facility comprising 83,000 square feet and a facility comprising 17,000 square feet that houses sales and administrative offices. We believe our facilities are suitable for their respective uses and are adequate for our current needs.

Item 3. Legal Proceedings

From time to time, we are involved in disputes and litigation relating to claims arising out of our operations in the ordinary course of business. Further, we are periodically subject to government audits and inspections. We believe that any such matters presently pending will not, individually or in the aggregate, have a material adverse effect on our results of operations or financial condition.

Item 4. Mine Safety Disclosures

Not Applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is traded on the NASDAQ Global Market, under the symbol KEQU. The following table sets forth the quarterly high and low prices reported on the NASDAQ Global Market for our stock over the last two fiscal years.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2020				
High	**$23.00**	**$18.20**	**$19.57**	**$12.80**
Low	**$16.18**	**$15.06**	**$12.30**	**$ 6.96**
Close	**$18.25**	**$16.09**	**$12.56**	**$10.23**
2019				
High	$38.80	$35.05	$34.84	$32.70
Low	$30.50	$25.97	$22.00	$20.21
Close	$31.60	$29.21	$32.16	$22.63

As of July 6, 2020, we estimate there were approximately 1,345 stockholders of our common shares, of which 128 were stockholders of record. We paid cash dividends per share of $0.38 and $0.74 for fiscal years 2020 and 2019, respectively. On December 16, 2019, the Company announced that the Board of Directors had elected to suspend the Company's dividend.The declaration and payment of any future dividends will be at the discretion of the Board of Directors and will depend upon many factors, including the Company's earnings, capital requirements, investment and growth strategies, financial conditions, the terms of the Company's indebtedness, which currently contains provisions that could limit the payment of dividends in certain circumstances, and other factors that the Board of Directors may deem to be relevant.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

See Item 12 in this Form 10-K for a discussion of securities authorized for issuance under our equity compensation plans.

Item 6. Selected Financial Data

The following tables set forth selected historical consolidated financial and other data for the periods indicated. The consolidated financial data should be read in conjunction with Item 8, Financial Statements and Supplementary Data, and with Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

$ and shares in thousands, except per share amounts	2020	2019
OPERATING STATEMENT DATA:		
Net sales	**$147,540**	$146,550
Cost of products sold	**124,113**	121,231
Gross profit	**23,427**	25,319
Operating expenses	**25,772**	23,207
Operating earnings (loss)	**(2,345)**	2,112
Pension expense	**(454)**	(295)
Other income (expense), net	**426**	684
Interest expense	**(493)**	(367)
Earnings (loss) before income taxes	**(2,866)**	2,134
Income tax expense	**1,758**	446
Net earnings (loss)	**(4,624)**	1,688
Less: net earnings attributable to noncontrolling interest	**63**	159
Net earnings (loss) attributable to Kewaunee Scientific Corporation	**$ (4,687)**	$ 1,529
Weighted average shares outstanding:		
Basic	**2,750**	2,742
Diluted	**2,750**	2,794
PER SHARE DATA:		
Net earnings (loss) attributable to Kewaunee Scientific Corporation stockholders		
Basic	**$ (1.70)**	$ 0.56
Diluted	**$ (1.70)**	$ 0.55
Cash dividends	**$ 0.38**	$ 0.74
Year-end book value	**$ 13.97**	$ 17.15

	As of April 30	
$ in thousands	2020	2019
BALANCE SHEET DATA:		
Current assets	**$ 54,231**	$ 65,357
Current liabilities	**27,060**	32,733
Net working capital	**27,171**	32,624
Net property, plant and equipment	**16,272**	16,462
Total assets	**83,929**	87,223
Total borrowings/long-term debt	**13,913**	10,926
Kewaunee Scientific Corporation stockholders' equity	**$ 38,415**	$ 47,100
OTHER DATA:		
Capital expenditures	**$ 2,465**	$ 4,213
Year-end stockholders of record	**125**	128
Year-end full-time employees (Domestic)	**623**	593
Year-end full-time employees (International)	**289**	263

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

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this document constitute "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). All statements other than statements of historical fact included in this Annual Report, including statements regarding the Company's future financial condition, results of operations, business operations and business prospects, are forward-looking statements. Words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "predict," "believe" and similar words, expressions and variations of these words and expressions are intended to identify forward-looking statements. Such forward-looking statements are subject to known and unknown risks, uncertainties, assumptions, and other important factors that could significantly impact results or achievements expressed or implied by such forward-looking statements. Such factors, risks, uncertainties and assumptions include, but are not limited to, competitive and general economic conditions, both domestically and internationally; changes in customer demands; technological changes in our operations or in our industry; dependence on customers' required delivery schedules; risks related to fluctuations in the Company's operating results from quarter to quarter; risks related to international operations, including foreign currency fluctuations; changes in the legal and regulatory environment; changes in raw materials and commodity costs; the effects of COVID-19; and acts of terrorism, war, governmental action, natural disasters and other Force Majeure events. The cautionary statements made pursuant to the Reform Act herein and elsewhere by us should not be construed as exhaustive. We cannot always predict what factors would cause actual results to differ materially from those indicated by the forward-looking statements. Over time, our actual results, performance, or achievements will likely differ from the anticipated results, performance or achievements that are expressed or implied by our forward-looking statements, and such difference might be significant and harmful to our stockholders' interest. Many important factors that could cause such a difference are described under the caption "Risk Factors," in Item 1A of this Annual Report, which you should review carefully.

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

Kewaunee Scientific Corporation is a recognized leader in the design, manufacture and installation of laboratory, healthcare and technical furniture products. The Company's corporate headquarters are located in Statesville, North Carolina. Direct sales offices are located in the United States, India, and Singapore. Three manufacturing facilities are located in Statesville serving the domestic and international markets, and one manufacturing facility is located in Bangalore, India serving the Indian, Middle East and Asian markets. Kewaunee Scientific Corporation's website is located at **www.kewaunee.com**.

Our products are primarily sold through purchase orders and contracts submitted by customers through our dealers and commissioned agents, a national distributor, and through competitive bids submitted by us and our subsidiaries. Products are sold principally to pharmaceutical, biotechnology, industrial, chemical and commercial research laboratories, educational institutions, healthcare institutions, governmental entities, manufacturing facilities and users of networking furniture. We consider the markets in which we compete to be highly competitive, with a significant amount of the business involving competitive public bidding.

It is common in the laboratory and healthcare furniture industries for customer orders to require delivery at extended future dates, as products are frequently to be installed in buildings yet to be constructed. Changes or delays in building construction may cause delays in delivery of the orders and our recognition of the sale. Since prices are normally quoted on a firm basis in the industry, we bear the burden of possible increases in labor and material costs between quotation of an order and delivery of the product. The impact of such possible increases is considered when determining the sales price. The principal raw materials and products manufactured by others used in our products are cold-rolled carbon and stainless steel, hardwood lumbers and plywood, paint, chemicals, resins, hardware, plumbing and electrical fittings. Such materials and products are purchased from multiple suppliers and are typically readily available.

CRITICAL ACCOUNTING POLICIES

In the ordinary course of business, we have made estimates and assumptions relating to the reporting of results of operations and financial position in the preparation of our consolidated financial statements in conformity with generally accepted accounting principles in the United States of America. Actual results could differ significantly from those estimates. We believe that the following discussion addresses our most critical accounting policies, which are those that are most important to the portrayal of our financial condition and results of operations, and require management's most difficult, subjective and complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

Revenue Recognition

The Company recognizes revenue when control of a good or service promised in a contract (i.e., performance obligation) is transferred to a customer. Control is obtained when a customer has the ability to direct the use of and obtain substantially all of the remaining benefits from that good or service. The majority of the Company's revenues are recognized over time as the customer receives control as the Company performs work under a contract. However, a portion of the Company's revenues are recognized at a point-in-time as control is transferred at a distinct point in time per the terms of a contract.

Allowance for Doubtful Accounts

Evaluation of the allowance for doubtful accounts involves management judgments and estimates. We evaluate the collectability of our trade accounts receivable based on a number of factors. In circumstances where management is aware of a customer's inability to meet its financial obligations to us, or a project dispute makes it unlikely that all of the receivable owed by a customer will be collected, a specific reserve for bad debts is estimated and recorded to reduce the recognized receivable to the estimated amount we believe will ultimately be collected. In addition to specific customer identification of potential bad debts, a general reserve for bad debts is estimated and recorded based on our recent past loss history and an overall assessment of past due trade accounts receivable amounts outstanding.

Inventories

The Company's inventories are valued at the lower of cost or net realizable value using the first-in, first-out ("FIFO") method.

Pension Benefits

We sponsor pension plans covering all employees who met eligibility requirements as of April 30, 2005. These pension plans were amended as of April 30, 2005, no further benefits have been, or will be, earned under the plans subsequent to the amendment date, and no additional participants have been, or will be, added to the plans. Several statistical and other factors, which attempt to anticipate future events, are used in calculating the expense and liability related to the pension plans. These factors include assumptions about the discount rate used to calculate and determine benefit obligations and the expected return on plan assets within certain guidelines. The actuarial assumptions used by us may differ materially from actual results due to changing market and economic conditions, higher or lower withdrawal rates, or longer or shorter life spans of participants. These differences may significantly affect the amount of pension income or expense recorded by us in future periods.

Self-Insurance Reserves

The Company's domestic operations are self-insured for employee health care. The Company has purchased specific stop-loss insurance to limit claims above a certain amount. Estimated medical costs were accrued for claims incurred but not reported using assumptions based upon historical loss experiences. The Company's exposure reflected in the self-insurance reserves varies depending upon market conditions in the insurance industry, availability of cost-effective insurance coverage, and actual claims versus estimated future claims.

RESULTS OF OPERATIONS

Sales for fiscal year 2020 were $147.5 million, an increase of 0.7% from fiscal year 2019 sales of $146.6 million. Domestic sales for fiscal year 2020 were $115.1 million, a decrease of 1.3% compared to fiscal year 2019 sales of $116.6 million. International sales for fiscal year 2020 were $32.4 million, an increase of 8.3% from fiscal year 2019 sales of $30.0 million. The increase in International sales for fiscal year 2020 is the result of continued deliveries of a large order in the Middle East market.

Our order backlog was $100.9 million at April 30, 2020, as compared to $100.8 million at April 30, 2019.

Gross profit represented 15.9% and 17.3% of sales in fiscal years 2020 and 2019, respectively. The decrease in gross profit margin percentage was a result of a number of low margin orders that the Company aggressively pursued and secured over the past year, which included a strategic Middle East order aggressively secured over two years ago at lower than normal margins which was delivered in the current fiscal year. Additionally, profitability was impacted during the year as a result of the coronavirus pandemic.

Operating expenses were $25.8 million and $23.2 million in fiscal years 2020 and 2019, respectively, and 17.5% and 15.8% of sales, respectively. The increase in operating expense dollars in fiscal year 2020 as compared to fiscal year 2019 is related primarily to an increase in personnel expenses of $798,000, incentive and stock compensation of $385,000, restructuring expenses of $312,000, and depreciation expense of $136,000. The increased personnel expenses were driven by investments in talent to accelerate our strategy to modernize our manufacturing capabilities and information technology platform. Also contributing to the increase was an increase of bad debt expense of $299,000 related primarily to the closure of our China subsidiary, other China closure expenses of $48,000, $134,000 of expenses related to our new Indian subsidiary, and increases of $510,000 in other International subsidiary operating expenses, partially offset by decreases in management separation expenses of $388,000 and professional and consulting fees of $308,000. See Note 11 of the Notes to the Consolidated Financial Statements included in Item 8 for additional information concerning the Company's restructuring costs.

Other income (expense) was $426,000 and $684,000 in fiscal years 2020 and 2019, respectively. The decrease in other income (expense) in fiscal year 2020 was primarily due to the decrease in interest income related to the repatriation of foreign cash utilized to reduce debt as discussed in Note 9 of the Notes to the Consolidated Financial Statements included in Item 8.

Interest expense was $493,000 and $367,000 in fiscal years 2020 and 2019, respectively. The increase in interest expense for fiscal year 2020 was primarily due to increases in the levels of bank borrowings.

Income tax expense was $1.8 million and $446,000 in fiscal years 2020 and 2019, respectively, or -61.3% and 20.9% of pretax earnings, respectively. The unfavorable effective rate for fiscal year 2020 compared to the prior fiscal year is primarily due to additional tax expense of $2.0 million as a result of the Company's elimination of its indefinite reinvestment of foreign unremitted earnings and an increase in valuation allowances of $1.7 million, partially offset by the favorable tax benefit of $939,000 for net operating losses to be carried back to prior years with higher enacted tax rates as discussed in Note 5 of the Notes to the Consolidated Financial Statements included in Item 8.

Net earnings attributable to the noncontrolling interest related to our subsidiaries that are not 100% owned by the Company were $63,000 and $159,000 for fiscal years 2020 and 2019, respectively. The changes in the net earnings attributable to the noncontrolling interest for each year were due to changes in the levels of net income of the subsidiaries.

Net loss in fiscal year 2020 was $4,687,000, or $1.70 per diluted share. Net earnings in fiscal year 2019 were $1,529,000, or $0.55 per diluted share. The decrease in earnings was attributable to the factors discussed above.

LIQUIDITY AND CAPITAL RESOURCES

Our principal sources of liquidity have historically been funds generated from operating activities, supplemented as needed by borrowings under our revolving credit facility. Additionally, certain machinery and equipment are financed by non-cancelable operating leases. We believe that these sources of funds will be sufficient to support ongoing business requirements, including capital expenditures, through fiscal year 2021.

At April 30, 2020, we had advances of $4.7 million and standby letters of credit aggregating $512,000 outstanding under our unsecured revolving credit facility. On June 19, 2019 we entered into a Security Agreement pursuant to which we granted a security interest in substantially all of our assets to secure our obligations under the credit facility. See Note 4 of the Notes to Consolidated Financial Statements included in Item 8 of this Annual Report for additional information concerning our credit facility. We did not have any off balance sheet arrangements at April 30, 2020.

The following table summarizes the cash payment obligations for our lease arrangements as of April 30, 2020:

PAYMENTS DUE BY PERIOD
($ in thousands)

Contractual Cash Obligations	Total	1 Year	2-3 Years	4-5 Years	After 5 years
Operating Leases	$10,847	$1,541	$3,022	$2,388	$3,896
Capital Lease Obligations	171	32	64	64	11
Total Contractual Cash Obligations	$11,018	$1,573	$3,086	$2,452	$3,907

Operating activities provided cash of $4,161,000 in fiscal year 2020, primarily from operations, and decreases in inventories of $1,876,000 and receivables of $4,833,000, partially offset by decreases in accounts payable and accrued expenses of $2,016,000. Operating activities provided cash of $2,490,000 in fiscal year 2019, primarily from operating earnings, and an increase in accounts payable and other accrued expenses, partially offset by increases in inventories and deferred revenue.

The Company's financing activities used cash of $7,458,000 during fiscal year 2020 for payments on short-term borrowings of $4,794,000, cash dividends of $1,044,000 paid to stockholders, cash dividends of $324,000 paid to minority interest holders and repayment of long-term debt of $1,282,000. The Company's financing activities provided cash of $2,334,000 during fiscal year 2019 as a result of an increase in short-term borrowings of $5,628,000, which was partially utilized for cash dividends of $2,030,000 paid to stockholders, cash dividends of $51,000 paid to minority interest holders and repayment of long-term debt of $1,177,000. See Note 4 of the Notes to Consolidated Financial Statements included in Item 8 of this Annual Report for additional information concerning our credit facility.

The majority of the April 30, 2020 accounts receivable balances are expected to be collected during the first quarter of fiscal year 2021, with the exception of retention amounts on fixed-price contracts which are collected when the entire construction project is completed and all retention funds are paid by the owner.

As discussed above, no further benefits have been, or will be, earned under our pension plans after April 30, 2005, and no additional participants have been, or will be, added to the plans. There were no contributions to the plans in fiscal year 2020 and we expect to make contributions of $30,000 to the plans in fiscal year 2021. We made contributions of $1,000,000 to the plans in fiscal year 2019.

Capital expenditures were $2.5 million and $4.2 million in fiscal years 2020 and 2019, respectively. Capital expenditures in fiscal year 2020 were funded primarily from operations. During fiscal 2020, the company established a strategy for a multi-year transformation of the business, which is designed to lead to sustained profitability and growth. Fiscal year 2021 capital expenditures are anticipated to be approximately $2.0 million, with the majority of these expenditures related to investing in modernizing our manufacturing capabilities and information technology platform. The fiscal year 2021 expenditures are expected to be funded primarily by operating activities, supplemented as needed by borrowings under our revolving credit facility.

Working capital was $27.2 million at April 30, 2020, down from $32.6 million at April 30, 2019, and the ratio of current assets to current liabilities was 2.0-to-1.0 at April 30, 2020 and April 30, 2019. The decrease in working capital for fiscal year 2020 was primarily due to the decrease in cash and accounts receivable partially offset by a decrease in outstanding debt.

We paid cash dividends of $0.38 per share in fiscal year 2020. We paid cash dividends of $0.74 per share in fiscal year 2019. On December 16, 2019, the Company announced that the Board of Directors had elected to suspend the Company's dividend. The declaration and payment of any future dividends will be at the discretion of the Board of Directors and will depend upon many factors, including the Company's earnings, capital requirements, investment and growth strategies, financial conditions, the terms of the Company's indebtedness, which currently contains provisions that could limit the payment of dividends in certain circumstances, and other factors that the Board of Directors may deem to be relevant.

RECENT ACCOUNTING STANDARDS

New Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2014-09, "Revenue from Contracts with Customers" ("ASU 2014-09"). This update outlined a new comprehensive revenue recognition model that supersedes most prior revenue recognition guidance and required companies to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflected the consideration to which the entity expected to be entitled in exchange for those goods or services. The Company adopted this standard effective May 1, 2018.

In February 2016, the FASB issued ASU 2016-02, "Leases." This guidance establishes a right-of-use ("ROU") model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. This guidance became effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. The Company adopted this standard effective May 1, 2019. The adoption of ASU 2016-02 resulted in the recognition of ROU assets and corresponding lease liabilities on the Company's consolidated financial position. See Note 8 of the Notes to Consolidated Financial Statements included in Item 8 of this Annual Report for additional information.

In June 2016, the FASB issued ASU 2016-13, "Measurement of Credit Losses on Financial Instruments," which replaces the current incurred loss method used for determining credit losses on financial assets, including trade receivables, with an expected credit loss method. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2022. The Company will adopt this standard in fiscal year 2024. The Company does not expect the adoption of this standard to have a significant impact on the Company's consolidated financial position or results of operations.

In January 2017, the FASB issued ASU 2017-04, "Simplifying the Test for Goodwill Impairment," which eliminates the requirement to calculate the implied fair value of goodwill to measure a goodwill impairment charge.

This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2019. The Company will adopt this standard in fiscal year 2021. The Company does not expect the adoption of this standard to have a significant impact on the Company's consolidated financial position or results of operations.

In March 2017, the FASB issued ASU 2017-07, "Compensation—Retirement Benefits—Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost," which requires that the service cost component of net periodic pension cost is presented in the same line as other compensation costs arising from services rendered by the respective employees during the year. The other components of net periodic pension cost are required to be presented in the income statement separately from the service cost component and outside of earnings from operations. This guidance allows for the service cost component to be eligible for capitalization when applicable. This guidance became effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. The Company adopted this standard effective May 1, 2018 using the full retrospective approach.

In February 2018, the FASB issued ASU 2018-2, "Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income." This guidance provides the Company with an option to reclassify stranded tax effects resulting from the Tax Cuts and Jobs Act ("2017 Tax Act") from accumulated other comprehensive income to retained earnings. This guidance became effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018, with early adoption permitted. The Company adopted this standard effective May 1, 2019 and did not elect to reclassify tax effects as a result of tax reform; therefore, the adoption did not have a significant impact on the Company's consolidated financial position or results of operations.

In March 2018, the FASB issued ASU 2018-09, "Compensation—Stock Compensation ("Topic 718"): Improvements to Employee Share-Based Payment Accounting" ("ASU 2018-09"). This ASU makes several modifications to Topic 718 related to the accounting for forfeitures, employer tax withholding on share-based compensation, and the financial statement presentation of excess tax benefits or deficiencies. ASU 2018-09 also clarifies the statement of cash flows presentation for certain components of share-based awards. The standard is effective for interim and annual reporting periods beginning after December 15, 2018, with early adoption permitted. The Company adopted this standard effective May 1, 2019. The adoption of this standard did not have a significant impact on the Company's consolidated financial position or results of operations.

In August 2018, the FASB issued ASU 2018-14, "Compensation -Retirement Benefits -Defined Benefit Plans - General (Subtopic 715-20)—Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans" ("ASU 2018-14"). The amendments in this update remove defined benefit plan disclosures that are no longer considered cost-beneficial, clarify the specific requirements of disclosures, and add disclosure requirements identified as relevant. ASU 2018-14 is effective for fiscal years ending after December 15, 2020. Early adoption is permitted. The Company will adopt this standard in fiscal year 2021. The Company does not expect the adoption of this standard to have a significant impact on the Company's consolidated financial position or results of operations.

In December 2019, the FASB issued ASU No. 2019-12, "Income Taxes ("Topic 740"): Simplifying the Accounting for Income Taxes." This update simplifies the accounting for income taxes through certain targeted improvements to various subtopics within Topic 740. The amendments in this update are effective for fiscal years and interim periods beginning after December 15, 2020. The Company expects to adopt this guidance when effective and is currently evaluating the effect that the updated standard will have on its consolidated financial statements and related disclosures.

OUTLOOK

Financial Outlook

The Company's ability to predict future demand for its products continues to be limited given its role as subcontractor or supplier to dealers for subcontractors. Demand for the Company's products is also dependent upon the number of laboratory construction projects planned and/or current progress in projects already under construction. The Company's earnings are also impacted by fluctuations in prevailing pricing for projects in the laboratory construction marketplace and increased costs of raw materials, including stainless steel, wood, and epoxy resin, and whether the Company is able to increase product prices to customers in amounts that correspond to such increases without materially and adversely affecting sales. Additionally, since prices are normally quoted on a firm basis in the industry, the Company bears the burden of possible increases in labor and material costs between the quotation of an order and delivery of a product. Looking forward, we are optimistic about our opportunities for growth within our existing end-markets and are committed to investing and modernizing our capabilities to succeed.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rates

We are exposed to market risk in the area of interest rates. This exposure is associated with advances outstanding under our bank line of credit and certain lease obligations for production machinery, all of which are priced on a floating rate basis. Advances outstanding under the bank line of credit were $4.7 million at April 30, 2020, bearing interest at floating rates. We believe that our current exposure to interest rate market risk is not material.

Foreign Currency Exchange Rates

Our results of operations could be affected by factors such as changes in foreign currency exchange rates or weak economic conditions in foreign markets. We derive net sales in U.S. dollars and other currencies including Indian rupees, Singapore dollars, and other currencies. For fiscal year 2020, 23% of net sales were derived in currencies other than U.S. dollars. We incur expenses in currencies other than U.S. dollars relating to specific contracts with customers and for our operations outside the U.S.

Over the long term, net sales to international markets may increase as a percentage of total net sales and, consequently, a greater portion of our business could be denominated in foreign currencies. As a result, operating results may become more subject to fluctuations based upon changes in the exchange rates of certain currencies in relation to the U.S. dollar. To the extent we engage in international sales denominated in U.S. dollars, an increase in the value of the U.S. dollar relative to foreign currencies could make our products less competitive in international markets. This effect is also impacted by sources of raw materials from international sources and costs of our sales, service, and manufacturing locations outside the U.S.

We have foreign currency cash accounts to operate our global business. These accounts are impacted by changes in foreign currency rates. Cash balances at April 30, 2020 of $5.2 million were held by our foreign subsidiaries and denominated in currencies other than U.S. dollars.

Item 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Kewaunee Scientific Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Kewaunee Scientific Corporation and subsidiaries (the Company) as of April 30, 2020 and 2019, the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the two years in the period ended April 30, 2020, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at April 30, 2020 and 2019, and the results of its operations and its cash flows for each of the two years in the period ended April 30, 2020, in conformity with U.S. generally accepted accounting principles.

Adoption of ASC 842, Leases

As discussed in Note 8 to the consolidated financial statements, the Company changed its method of accounting for leases in 2020 due to the adoption of ASC 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 Public Company Accounting Oversight Board (United States) (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. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

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.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2016.

Charlotte, North Carolina
July 27, 2020

CONSOLIDATED STATEMENTS OF OPERATIONS

Years Ended April 30 | **Kewaunee Scientific Corporation**

$ and shares in thousands, except per share amounts	**2020**	2019
Net sales	**$147,540**	$146,550
Cost of products sold	**124,113**	121,231
Gross profit	**23,427**	25,319
Operating expenses	**25,772**	23,207
Operating earnings (loss)	**(2,345)**	2,112
Pension expense	**(454)**	(295)
Other income (expense), net	**426**	684
Interest expense	**(493)**	(367)
Earnings (loss) before income taxes	**(2,866)**	2,134
Income tax expense	**1,758**	446
Net earnings (loss)	**(4,624)**	1,688
Less: net earnings attributable to the noncontrolling interest	**63**	159
Net earnings (loss) attributable to Kewaunee Scientific Corporation	**$ (4,687)**	$ 1,529
Net earnings (loss) per share attributable to Kewaunee Scientific Corporation stockholders		
Basic	**$ (1.70)**	$ 0.56
Diluted	**$ (1.70)**	$ 0.55
Weighted average number of common shares outstanding		
Basic	**2,750**	2,742
Diluted	**2,750**	2,794

The accompanying Notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years Ended April 30 | **Kewaunee Scientific Corporation**

$ in thousands	**2020**	2019
Net earnings (loss)	**$(4,624)**	$1,688
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments	**(444)**	(464)
Change in unrecognized actuarial loss on pension obligations	**(2,748)**	(46)
Change in fair value of cash flow hedges	**1**	3
Comprehensive income (loss), net of tax	**(7,815)**	1,181
Less comprehensive income (loss) attributable to the noncontrolling interest	**63**	159
Total comprehensive income (loss) attributable to Kewaunee Scientific Corporation	**$(7,878)**	$1,022

The accompanying Notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Kewaunee Scientific Corporation

$ in thousands, except shares and per share amounts	**Common Stock**	**Additional Paid-in Capital**	**Treasury Stock**	**Retained Earnings As Adjusted**	**Accumulated Other Comprehensive Income (Loss)**	**Total Stockholders' Equity**
Balance at April 30, 2018	6,841	3,006	(53)	43,836	(5,900)	47,730
Net earnings attributable to Kewaunee Scientific Corporation	—	—	—	1,529	—	1,529
Other comprehensive income	—	—	—	—	(507)	(507)
Cash dividends paid, $0.74 per share	—	—	—	(2,030)	—	(2,030)
Stock options exercised, 19,800 shares	27	(27)	—	—	—	—
Stock based compensation	7	154	—	—	—	161
Cumulative adjustment for adoption of ASC 606, net of tax	—	—	—	217	—	217
Balance at April 30, 2019	6,875	3,133	(53)	43,552	(6,407)	47,100
Net earnings attributable to Kewaunee Scientific Corporation	**—**	**—**	**—**	**(4,687)**	**—**	**(4,687)**
Other comprehensive income (expense)	**—**	**—**	**—**	**—**	**(3,191)**	**(3,191)**
Cash dividends paid, $0.38 per share	**—**	**—**	**—**	**(1,044)**	**—**	**(1,044)**
Stock options exercised, 2,300 shares	**1**	**(1)**	**—**	**—**	**—**	**—**
Stock based compensation	**9**	**228**	**—**	**—**	**—**	**237**
Balance at April 30, 2020	**$6,885**	**$3,360**	**$ (53)**	**$37,821**	**$(9,598)**	**$38,415**

The accompanying Notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS

April 30 | **Kewaunee Scientific Corporation**

$ and shares in thousands, except per share amounts	**2020**	2019
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 4,365**	$10,647
Restricted cash	**850**	509
Receivables, less allowance: $606 (2020); $361 (2019)	**28,062**	33,259
Inventories	**15,330**	17,206
Prepaid expenses and other current assets	**5,624**	3,736
Total Current Assets	**54,231**	65,357
Property, Plant and Equipment, Net	**16,272**	16,462
Right of use assets	**9,312**	—
Deferred income taxes	**336**	1,829
Other assets	**3,778**	3,575
Total Assets	**$83,929**	$87,223
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Short-term borrowings and interest rate swaps	**$ 4,719**	$ 9,513
Current portion of long-term debt	**—**	1,167
Current portion of capital lease liability	**19**	17
Current portion of operating lease liabilities	**1,282**	—
Accounts payable	**13,114**	15,190
Employee compensation and amounts withheld	**4,159**	3,737
Deferred revenue	**2,508**	1,599
Other accrued expenses	**1,259**	1,510
Total Current Liabilities	**27,060**	32,733
Long-term debt	**—**	97
Long-term portion of capital lease liability	**113**	132
Long-term portion of operating lease liabilities	**7,780**	—
Accrued pension and deferred compensation costs	**9,303**	5,878
Deferred income taxes	**401**	—
Other non-current liabilities	**569**	680
Total Liabilities	**45,226**	39,520
Commitments and Contingencies (Note 8)		
Stockholders' Equity		
Common stock, $2.50 par value, Authorized—5,000 shares; Issued—2,754 shares (2020); 2,750 shares; (2019); Outstanding—2,751 shares (2020); 2,747 shares (2019);	**6,885**	6,875
Additional paid-in capital	**3,360**	3,133
Retained earnings	**37,821**	43,552
Accumulated other comprehensive loss	**(9,598)**	(6,407)
Common stock in treasury, at cost: 3 shares	**(53)**	(53)
Total Kewaunee Scientific Corporation Stockholders' Equity	**38,415**	47,100
Noncontrolling Interest	**288**	603
Total Stockholders' Equity	**38,703**	47,703
Total Liabilities and Stockholders' Equity	**$83,929**	$87,223

The accompanying Notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended April 30 — **Kewaunee Scientific Corporation**

$ in thousands	**2020**	2019
Cash Flows from Operating Activities		
Net earnings (loss)	**$ (4,624)**	$ 1,688
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation	**2,654**	2,571
Bad debt provision	**364**	65
Stock based compensation expense	**251**	197
Provision for deferred income tax expense	**1,895**	202
Change in assets and liabilities:		
Receivables	**4,833**	(664)
Inventories	**1,876**	456
Accounts payable and other accrued expenses	**(2,016)**	(55)
Deferred revenue	**909**	(285)
Other, net	**(1,981)**	(1,685)
Net cash provided by operating activities	**4,161**	2,490
Cash Flows from Investing Activities		
Capital expenditures	**(2,465)**	(4,213)
Net cash used in investing activities	**(2,465)**	(4,213)
Cash Flows from Financing Activities		
Dividends paid	**(1,044)**	(2,030)
Dividends paid to noncontrolling interest in subsidiaries	**(324)**	(51)
Proceeds from short-term borrowings	**58,721**	62,646
Repayments on short-term borrowings	**(63,515)**	(57,018)
Payments on long-term debt and lease obligations	**(1,282)**	(1,177)
Net proceeds from exercise of stock options (including tax benefit)	**(14)**	(36)
Net cash (used in) provided by financing activities	**(7,458)**	2,334
Effect of exchange rate changes on cash, net	**(179)**	(413)
(Decrease) Increase in Cash, Cash Equivalents and Restricted Cash	**(5,941)**	198
Cash, Cash Equivalents and Restricted Cash at Beginning of Year	**11,156**	10,958
Cash, Cash Equivalents and Restricted Cash at End of Year	**$ 5,215**	$ 11,156
Supplemental Disclosure of Cash Flow Information		
Interest paid	**$ 513**	$ 352
Income taxes paid	**$ 188**	$ 2,460

The accompanying Notes are an integral part of these Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1—Summary of Significant Accounting Policies

Kewaunee Scientific Corporation and subsidiaries (collectively the "Company") design, manufacture, and install laboratory, healthcare, and technical furniture products. The Company's products include steel, wood, and laminate furniture, fume hoods, biological safety cabinets, laminar flow and ductless fume hoods, adaptable modular and column systems, movable workstations and carts, epoxy resin worksurfaces, sinks and accessories and related design services. The Company's sales are made through purchase orders and contracts submitted by customers, dealers and agents, a national stocking distributor, and competitive bids submitted by the Company and its subsidiaries located in Singapore, India, and China. See Note 11 for details on the closure of the Company's China operations in fiscal year 2020. The majority of the Company's products are sold to customers located in North America, primarily within the United States. The Company's laboratory products are used in chemistry, physics, biology and other general science laboratories in the pharmaceutical, biotechnology, industrial, chemical, commercial, educational, government and health care markets. Technical products are used in facilities manufacturing computers and light electronics and by users of computer and networking furniture. Laminate casework is used in educational, healthcare and industrial applications.

Principles of Consolidation The Company's consolidated financial statements include the accounts of Kewaunee Scientific Corporation and its international subsidiaries. A brief description of each subsidiary, along with the amount of the Company's controlling financial interests, as of April 30, 2020 is as follows: (1) Kewaunee Labway Asia Pte. Ltd., a commercial sales organization for the Company's products in Singapore, is 100% owned by the Company; (2) Kewaunee Scientific Corporation Singapore Pte. Ltd., a holding company in Singapore, is 100% owned by the Company; (3) Kewaunee Labway India Pvt. Ltd., a manufacturing, assembly and commercial sales operation for the Company's products in Bangalore, India, is 95% owned by the Company; (4) Koncepo Scientech International Pvt. Ltd., a laboratory design and strategic advisory and construction management services firm, located in Bangalore, India, is 80% owned by the Company; (5) Kewaunee Scientific (Suzhou) Co., Ltd., a commercial sales organization for the Company's products in China, is 100% owned by the Company; (6) Kequip Global Lab Solutions Pvt. Ltd. is 70% owned by Kewaunee Scientific Corporation Singapore Pte. Ltd. All intercompany balances, transactions, and profits have been eliminated. Included in the consolidated financial statements are net assets of $22,775,000 and $17,887,000 at April 30, 2020 and 2019, respectively, of the Company's subsidiaries. Net sales by the Company's subsidiaries in the amounts of $32,437,000 and $29,964,000 were included in the consolidated statements of operations for fiscal years 2020 and 2019, respectively.

Change in Accounting Principle During the second quarter of fiscal year 2019, the Company changed its method of accounting for its Domestic segment's inventory from the last-in, first-out ("LIFO") method to the first-in, first out ("FIFO") method.

Cash and Cash Equivalents Cash and cash equivalents consist of cash on hand and highly liquid investments with original maturities of three months or less. During the years ended April 30, 2020 and 2019, the Company had cash deposits in excess of FDIC insured limits. The Company has not experienced any losses from such deposits.

In accordance with ASU 2016-18, Statement of Cash Flows: Restricted Cash, the Company includes restricted cash along with the cash balance for presentation in the condensed consolidated statements of cash flows. The reconciliation between the condensed consolidated balance sheet and the condensed consolidated statement of cash flows at April 30 is as follows:

$ in thousands	**2020**	2019
Cash and cash equivalents	**$4,365**	$10,647
Restricted cash	**850**	509
Total cash, cash equivalents and restricted cash	**5,215**	11,156

Restricted Cash Restricted cash includes bank deposits of subsidiaries used for performance guarantees against customer orders.

Accounts Receivable and Allowance for Doubtful Accounts Accounts receivable are stated at the amount owed by the customer, net of allowances for estimated doubtful accounts. The Company evaluates the collectability of its trade accounts receivable based on a number of factors. In circumstances where management is aware of a customer's inability to meet its financial obligations to the Company, or a project dispute makes it unlikely that all of the receivable owed by a customer will be collected, a specific reserve for bad debts is estimated and recorded to reduce the recognized receivable to the estimated amount the Company believes will ultimately be collected. In addition to specific customer identification of potential bad debts, a general reserve for bad debts is estimated and recorded based on past loss history and an overall assessment of past due trade accounts receivable amounts outstanding. Accounts are written off when it is clearly established that the receivable is a bad debt. Recoveries of receivables previously written off are recorded when received. The activity in the allowance for doubtful accounts for each of the years ended April 30 was:

$ in thousands	2020	2019
Balance at beginning of year	$ 361	$384
Bad debt provision	364	65
Doubtful accounts written off (net)	(119)	(88)
Balance at end of year	$ 606	$361

Unbilled Receivables Accounts receivable include unbilled receivables that represent amounts earned which have not yet been billed in accordance with contractually stated billing terms. The amount of unbilled receivables at April 30, 2020 and 2019 was $6,131,000 and $4,589,000, respectively.

Inventories During fiscal year 2019, the Company elected to change the method of accounting for the inventory of its Domestic segment from the LIFO method to the FIFO method. Inventories at the Company's international subsidiaries had previously been and continue to be measured on the FIFO method.

Property, Plant and Equipment Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is determined for financial reporting purposes principally on the straight-line method over the estimated useful lives of the individual assets or, for leaseholds, over the terms of the related leases, if shorter. Property, plant and equipment consisted of the following at April 30:

$ in thousands	2020	2019	Useful Life
Land	$ 41	$ 41	N/A
Building and improvements	16,920	16,594	10-40 years
Machinery and equipment	40,898	40,041	5-10 years
Total	57,859	56,676	
Less accumulated depreciation	(41,587)	(40,214)	
Net property, plant and equipment	$ 16,272	$ 16,462	

Management reviews the carrying value of property, plant and equipment for impairment whenever changes in circumstances or events indicate that such carrying value may not be recoverable. If projected undiscounted cash flows are not sufficient to recover the carrying value of the potentially impaired asset, the carrying value is reduced to estimated fair value. There were no impairments in fiscal years 2020 or 2019.

Other Assets Other assets at April 30, 2020 and 2019 included $2,485,000 and $3,057,000, respectively, of assets held in a trust account for non-qualified benefit plans and $87,000 and $76,000, respectively, of cash surrender values of life insurance policies. Life insurance policies are recorded at the amount that could be realized under the insurance contract as of the date of the Company's consolidated balance sheets with the change in cash surrender or contract value being recorded as income or expense during each period.

Use of Estimates The presentation of consolidated financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from these estimates. Significant estimates impacting the accompanying consolidated financial statements include the allowance for uncollectible accounts receivable, inventory valuation, self-insurance reserves, and pension liabilities.

Fair Value of Financial Instruments A financial instrument is defined as cash equivalents, evidence of an ownership interest in an entity, or a contract that creates a contractual obligation or right to deliver or receive cash or another financial instrument from another party. The Company's financial instruments consist primarily of cash and equivalents, mutual funds, cash surrender value of life insurance policies, term loans and short-term borrowings. The carrying value of these assets and liabilities approximate their fair value.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Expanded disclosures about instruments measured at fair value require the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The fair value hierarchy is based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value as follows:

Level 1 Quoted prices in active markets for identical assets or liabilities as of the reporting date.

Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities as of the reporting date.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following tables summarize the Company's fair value hierarchy for its financial assets and liabilities measured at fair value on a recurring and nonrecurring basis as of April 30, 2020 and 2019 (in thousands):

	2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial Assets				
Trading securities held in non-qualified compensation plans [1]	**$2,485**	**$ —**	**$—**	**$2,485**
Cash surrender value of life insurance policies [1]	**—**	**87**	**—**	**87**
Total	**$2,485**	**$ 87**	**$—**	**$2,572**
Financial Liabilities				
Non-qualified compensation plans [2]	**$ —**	**$2,899**	**$—**	**$2,899**
Interest rate swap derivatives	**—**	**—**	**—**	**—**
Total	**$ —**	**$2,899**	**$—**	**$2,899**

	2019			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Trading securities held in non-qualified compensation plans (1)	$3,057	$ —	$—	$3,057
Cash surrender value of life insurance policies (1)	—	76	—	76
Total	$3,057	$ 76	$—	$3,133
Financial Liabilities				
Non-qualified compensation plans (2)	$ —	$3,519	$—	$3,519
Interest rate swap derivatives	—	1	—	1
Total	$ —	$3,520	$—	$3,520

(1) The Company maintains two non-qualified compensation plans which include investment assets in a rabbi trust. These assets consist of marketable securities, which are valued using quoted market prices multiplied by the number of shares owned, and life insurance policies, which are valued at their cash surrender value.
(2) Plan liabilities are equal to the individual participants' account balances and other earned retirement benefits.

Revenue Recognition Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring products. The Company recognizes revenue when control of a good or service promised in a contract (i.e., performance obligation) is transferred to a customer. Control is obtained when a customer has the ability to direct the use of and obtain substantially all of the remaining benefits from that good or service. The majority of the Company's revenues are recognized over time as the customer receives control as the Company performs work under a contract. However, a portion of the Company's revenues are recognized at a point-in-time as control is transferred at a distinct point in time per the terms of a contract. Sales taxes that are collected from customers and remitted to governmental authorities are accounted for on a net basis and therefore are excluded from net sales. Certain customers' cash discounts and volume rebates are offered as sales incentives. The discounts and volume rebates are recorded as a reduction in sales at the time revenue is recognized in an amount estimated based on historical experience and contractual obligations.

Deferred revenue consists of customer deposits and advance billings of the Company's products where sales have not yet been recognized. Accounts receivable includes retainage in the amounts of $1,928,000 and $1,810,000 at April 30, 2020 and 2019, respectively. Shipping and handling costs are included in cost of product sales. Because of the nature and quality of the Company's products, any warranty issues are determined in a relatively short period after the sale and are infrequent in nature, and as such, warranty costs are immaterial to the Company's consolidated financial position and results of operations and are expensed as incurred.

Credit Concentration The Company performs credit evaluations of its customers. Revenues from three of the Company's domestic dealers represented in the aggregate approximately 37% and 34% of the Company's sales in fiscal years 2020 and 2019, respectively. Accounts receivable for two domestic customers represented approximately 27% and 30% of the Company's total accounts receivable as of April 30, 2020 and 2019, respectively.

Insurance The Company maintains a self-insured health-care program. The Company accrues estimated losses for claims incurred but not reported using actuarial models and assumptions based on historical loss experience. The Company has also purchased specific stop-loss insurance to limit claims above a certain amount. The Company adjusts insurance reserves, as needed, in the event that future loss experience differs from historical loss patterns.

Income Taxes In accordance with ASC 740, "Income Taxes," the Company uses the liability method in measuring the provision for income taxes and recognizing deferred tax assets and liabilities on the consolidated balance sheets. ASC 740 clarifies the financial statement recognition threshold and measurement attribute of a tax position taken or expected to be taken in a tax return. Under ASC 740, the Company applies a more-likely-than-not recognition threshold for all tax uncertainties. ASC 740 only allows the recognition of those tax benefits that have a greater than 50% likelihood of being sustained upon examination by the taxing authorities. The Company did not have any significant uncertain tax positions at April 30, 2020 and 2019.

Research and Development Costs Research and development costs are charged to cost of products sold in the periods incurred. Expenditures for research and development costs were $1,816,000 and $1,550,000 for the fiscal years ended April 30, 2020 and 2019, respectively.

Advertising Costs Advertising costs are expensed as incurred, and include trade shows, training materials, sales, samples, and other related expenses and are included in operating expenses. Advertising costs for the years ended April 30, 2020 and 2019 were $332,000 and $268,000, respectively.

Derivative Financial Instruments The Company records derivatives on the consolidated balance sheets at fair value and establishes criteria for designation and effectiveness of hedging relationships. The nature of the Company's business activities involves the management of various financial and market risks, including those related to changes in interest rates. The Company does not enter into derivative instruments for speculative purposes. In May 2013, the Company entered into an interest rate swap agreement whereby the interest rate payable by the Company on $2,600,000 of outstanding long-term debt was effectively converted to a fixed interest rate of 4.37% for the period beginning August 1, 2017 and ending May 1, 2020. In May 2013, the Company entered into an interest rate swap agreement whereby the interest rate payable by the Company on $1,218,000 of outstanding long-term debt was effectively converted to a fixed interest rate of 3.07% for the period beginning November 3, 2014 and ending May 1, 2020. The Company entered into these interest rate swap arrangements to mitigate future interest rate risk associated with its long-term debt and has designated these as cash flow hedges. The Company terminated the interest rate swap arrangements in conjunction with the payoff of the outstanding long-term debt in September 2019. (See Note 4)

Foreign Currency Translation The financial statements of subsidiaries located in India and China, and of Kewaunee Scientific Corporation Singapore Pte. Ltd., are measured using the local currency as the functional currency. The financial position and operating results of Kewaunee Labway Asia Pte. Ltd. are measured using the U.S. dollar as its functional currency. Assets and liabilities of the Company's foreign subsidiaries using local currencies are translated into United States dollars at fiscal year-end exchange rates. Sales, expenses, and cash flows are translated at weighted average exchange rates for each period. Net translation gains or losses are included in other comprehensive income, a separate component of stockholders' equity. Gains and losses from foreign currency transactions of these subsidiaries are included in operating expenses.

Earnings Per Share Basic earnings per share is based on the weighted average number of common shares outstanding during the year. Diluted earnings per share reflects the assumed exercise of outstanding stock options and the conversion of restricted stock units ("RSUs") under the Company's various stock compensation plans, except when RSUs and stock options have an antidilutive effect. There were 121,311 antidilutive RSUs and stock options outstanding at April 30, 2020. There were 31,015 antidilutive RSUs and stock options outstanding at April 30, 2019.

The following is a reconciliation of basic to diluted weighted average common shares outstanding:

Shares in thousands	**2020**	2019
Weighted average common shares outstanding		
Basic	**2,750**	2,742
Dilutive effect of stock options and RSUs	**—**	52
Weighted average common shares outstanding—diluted	**2,750**	2,794

Accounting for Stock Options and Other Equity Awards Compensation costs related to stock options and other stock awards granted by the Company are charged against operating expenses during their vesting period, under ASC 718, “Compensation— Stock Compensation”. The Company granted 39,781 RSUs under the 2017 Omnibus Incentive Plan in fiscal year 2020 and 19,738 RSUs in fiscal 2019. There were no stock options granted during fiscal years 2020 and 2019. (See Note 6)

New Accounting Standards In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update 2014-9, “Revenue from Contracts with Customers” (“ASU 2014-09”). This update outlined a new comprehensive revenue recognition model that supersedes prior revenue recognition guidance and required companies to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflected the consideration to which the entity expected to be entitled in exchange for those goods or services. The Company adopted this standard effective May 1, 2018.

In February 2016, the FASB issued ASU 2016-02, “Leases.” This guidance establishes a right-of-use (“ROU”) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. This guidance became effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. The Company adopted this standard effective May 1, 2019. The adoption of ASU 2016-02 resulted in the recognition of ROU assets and corresponding lease liabilities on the Company’s consolidated financial position. See Note 8 for additional information on the adoption of this standard.

In June 2016, the FASB issued ASU 2016-13, “Measurement of Credit Losses on Financial Instruments,” which replaces the current incurred loss method used for determining credit losses on financial assets, including trade receivables, with an expected credit loss method. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2022. The Company will adopt this standard in fiscal year 2024. The Company does not expect the adoption of this standard to have a significant impact on the Company’s consolidated financial position or results of operations.

In January 2017, the FASB issued ASU 2017-4, “Simplifying the Test for Goodwill Impairment,” which eliminates the requirement to calculate the implied fair value of goodwill to measure a goodwill impairment charge. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2019. The Company will adopt this standard in fiscal year 2021. The Company does not expect the adoption of this standard to have a significant impact on the Company’s consolidated financial position or results of operations.

In March 2017, the FASB issued ASU 2017-7, “Compensation—Retirement Benefits—Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost,” which requires that the service cost component of net periodic pension cost is presented in the same line as other compensation costs arising from services rendered by the respective employees during the year. The other components of net periodic pension cost are required to be presented in the income statement separately from the service cost component and outside of earnings from operations. This guidance allows for the service cost component to be eligible for capitalization when applicable. This guidance became effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. The Company adopted this standard effective May 1, 2018 using the full retrospective approach.

In February 2018, the FASB issued ASU 2018-2, “Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.” This guidance provides the Company with an option to reclassify stranded tax effects resulting from the Tax Cuts and Jobs Act (“2017 Tax Act”) from accumulated other comprehensive income to retained earnings. This guidance became effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018, with early adoption permitted. The Company adopted this standard effective May 1, 2019 and did not elect to reclassify tax effects as a result of tax reform; therefore, the adoption did not have a significant impact on the Company's consolidated financial position or results of operations.

In March 2018, the FASB issued ASU 2018-09, "Compensation—Stock Compensation ("Topic 718"): Improvements to Employee Share-Based Payment Accounting" ("ASU 2018-09"). This ASU makes several modifications to Topic 718 related to the accounting for forfeitures, employer tax withholding on share-based compensation, and the financial statement presentation of excess tax benefits or deficiencies. ASU 2018-09 also clarifies the statement of cash flows presentation for certain components of share-based awards. The standard is effective for interim and annual reporting periods beginning after December 15, 2018, with early adoption permitted. The Company adopted this standard effective May 1, 2019. The adoption of this standard did not have a significant impact on the Company's consolidated financial position or results of operations.

In August 2018, the FASB issued ASU 2018-14, "Compensation -Retirement Benefits -Defined Benefit Plans - General (Subtopic 715-20)—Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans" ("ASU 2018-14"). The amendments in this update remove defined benefit plan disclosures that are no longer considered cost-beneficial, clarify the specific requirements of disclosures, and add disclosure requirements identified as relevant. ASU 2018-14 is effective for fiscal years ending after December 15, 2020. Early adoption is permitted. The Company will adopt this standard in fiscal year 2021. The Company does not expect the adoption of this standard to have a significant impact on the Company's consolidated financial position or results of operations.

In December 2019, the FASB issued ASU No. 2019-12, "Income Taxes ("Topic 740"): Simplifying the Accounting for Income Taxes." This update simplifies the accounting for income taxes through certain targeted improvements to various subtopics within Topic 740. The amendments in this update are effective for fiscal years and interim periods beginning after December 15, 2020. The Company expects to adopt this guidance when effective and is currently evaluating the effect that the updated standard will have on its consolidated financial statements and related disclosures.

Note 2—Revenue Recognition

The Company recognizes revenue when control of a good or service promised in a contract (i.e., performance obligation) is transferred to a customer. Control is obtained when a customer has the ability to direct the use of and obtain substantially all of the remaining benefits from that good or service. The majority of the Company's revenues are recognized over time as the customer receives control as the Company performs work under a contract. However, a portion of the Company's revenues are recognized at a point-in-time as control is transferred at a distinct point in time per the terms of a contract.

Performance Obligations

A performance obligation is a distinct good or service or bundle of goods and services that is distinct or a series of distinct goods or services that are substantially the same and have the same pattern of transfer. The Company identifies performance obligations at the inception of a contract and allocates the transaction price to individual performance obligations to reasonably reflect the Company's performance in transferring control of the promised goods or services to the customer. The Company has elected to treat shipping and handling as a fulfillment activity instead of a separate performance obligation.

The following are the primary performance obligations identified by the Company:

Laboratory Furniture

The Company principally generates revenue from the manufacture of custom laboratory, healthcare, and technical furniture and infrastructure products (herein referred to as "laboratory furniture"). The Company's products include steel, wood, and laminate furniture, fume hoods, biological safety cabinets, laminar flow and ductless hoods, adaptable modular and column systems, moveable workstations and carts, epoxy resin worksurfaces, sinks, and accessories and related design services. Customers can benefit from each piece of laboratory furniture on its own or with resources readily available in the market place such as separately purchased installation services. Each piece of laboratory furniture does not significantly modify or customize other laboratory furniture, and the pieces of laboratory furniture are not highly interdependent or interrelated with each other. The Company can, and frequently does, break portions of contracts into separate "runs" to meet manufacturing and construction schedules. As such, each piece of laboratory furniture is considered a separate and distinct performance obligation. The majority of the Company's products are customized to meet the specific architectural design and performance requirements of laboratory planners and end users. The finished laboratory furniture has no alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. As such, revenue from the sales of customized laboratory furniture is recognized over time once the customization process has begun, using the units-of-production output method to measure progress towards completion. There is not a material amount of work-in-process for which the customization process has begun at the end of a reporting period. The Company believes this output method most reasonably reflects the Company's performance because it directly measures the value of the goods transferred to the customer. For standardized products sold by the Company, revenue is recognized when control transfers, which is typically freight on board ("FOB") shipping point.

Warranties

All orders contain a standard warranty that warrants that the product is free from defects in workmanship and materials under normal use and conditions for a limited period of time. Due to the nature and quality of the Company's products, any warranty issues have historically been determined in a relatively short period after the sale, have been infrequent in nature, and have been immaterial to the Company's financial position and results of operations. The Company's standard warranties are not considered a separate and distinct performance obligation as the Company does not provide a service to customers beyond assurance that the covered product is free of initial defects. Costs of providing these short term assurance warranties are immaterial and, accordingly, are expensed as incurred. Extended separately priced warranties are available which can last up to five years. Extended warranties are considered separate performance obligations as they are individually priced options providing assurances that the products are free of defects.

Installation Services

The Company sometimes performs installation services for customers. The scope of installation services primarily relates to setting up and ensuring the proper functioning of the laboratory furniture. In certain markets, the Company may provide a broader range of installation services involving the design and installation of the laboratory's mechanical services. Installation services can be, and often are, performed by third parties and thus may be distinct from the Company's products. Installation services create or enhance assets that the customer controls as the installation services are provided. As such, revenue from installation services is recognized over time, as the installation services are performed using the cost input method, as there is a direct relationship between the Company's inputs and the transfer of control by means of the performance of installation services to the customer.

Custodial Services

It is common in the laboratory and healthcare furniture industries for customers to request delivery at specific future dates, as products are often to be installed in buildings yet to be constructed. Frequently, customers will request the manufacture of these products prior to the customer's ability or readiness to receive the product due to various reasons such as changes to or delays in the construction of the building. As such, from time to time our customers require us to provide custodial services for their laboratory furniture. Custodial services are frequently provided by third parties and do not significantly alter the other goods or services covered by the contract and as such are considered a separate and distinct performance obligation. Custodial services are simultaneously received and consumed by the customer and as such revenue from custodial services is recognized over time using a straight-line time-based measure of progress towards completion, because the Company's services are provided evenly throughout the performance period.

Payment Terms and Transaction Prices

The Company's contracts with customers are fixed-price and do not contain variable consideration or a general right of return or refund. The Company's contracts with customers contain terms typical for our industry, including withholding a portion of the transaction price until after the goods or services have been transferred to the customer (i.e. "retainage"). The Company does not recognize this as a significant financing component because the primary purpose of retainage is to provide the customer with assurance that the Company will perform its obligations under the contract, rather than to provide financing to the customer.

Allocation of Transaction Price

The Company's contracts with customers may cover multiple goods and services, such as differing types of laboratory furniture and installation services. For these arrangements, each good or service is evaluated to determine whether it represents a distinct performance obligation. The total transaction price is then allocated to the distinct performance obligations based on their relative standalone selling price at the inception of the arrangement. If available, the Company utilizes observable prices for goods or services sold separately to similar customers in similar circumstances to determine its relative standalone selling price. Otherwise, list prices are used if they are determined to be representative of standalone selling prices. If neither of these methods are available at contract inception, such as when the Company does not sell the product or service separately, judgment may be required and the Company determines the standalone selling price using one, or a combination of, the adjusted market assessment or expected cost-plus margin approaches.

Practical Expedients Used

Accounting Standards Codification 606—Revenue from Contracts with Customers ("ASC 606") permits the use of practical expedients under certain conditions. The Company has elected the following practical expedients allowed under ASC 606:

- Under the modified retrospective approach, the Company elected to reassess revenue recognition under ASC 606 for only those contracts open as of the adoption date.
- The portfolio approach was applied in evaluating the accounting for the cost of obtaining a contract.
- Payment terms with the Company's customers which are one year or less are not considered a significant financing component.
- The Company excludes from revenues taxes it collects from customers that are assessed by a government authority. This is primarily relevant to domestic sales but also includes taxes on some international sales which are also excluded from the transaction price.
- The Company's incremental cost to obtain a contract is limited to sales commissions. The Company applies the practical expedient to expense commissions as incurred for contracts having a duration of one year or less. Sales commissions related to contracts with a duration of greater than one year are immaterial to the Company's consolidated financial position and results of operations and are also expensed as incurred.

Disaggregated Revenue

A summary of net sales transferred to customers at a point in time and over time for the twelve months ended April 30 is as follows (in thousands):

	Twelve Months Ended April 30, 2020		
	Domestic	International	Total
Over Time	$109,982	$32,437	$142,419
Point in Time	5,121	—	5,121
Total Revenue	$115,103	$32,437	$147,540

	Twelve months ended April 30, 2019		
	Domestic	International	Total
Over Time	$110,338	$29,964	$140,302
Point in Time	6,248	—	6,248
Total Revenue	$116,586	$29,964	$146,550

Contract Balances

The closing and opening balances of contract assets arising from contracts with customers were $6,131,000 at April 30, 2020 and $4,589,000 at April 30, 2019. The closing and opening balances of contract liabilities arising from contracts with customers were $2,508,000 at April 30, 2020 and $1,599,000 at April 30, 2019. The timing of revenue recognition, billings and cash collections results in accounts receivable, unbilled receivables, and deferred revenue which is disclosed on the consolidated balance sheets and in the notes to the consolidated financial statements. In general, the Company receives payments from customers based on a billing schedule established in its contracts. Unbilled receivables represent amounts earned which have not yet been billed in accordance with contractually stated billing terms. Accounts receivable are recorded when the right to consideration becomes unconditional and the Company has a right to invoice the customer. Deferred revenue relates to payments received in advance of performance under the contract. Deferred revenue is recognized as revenue as (or when) the Company performs under the contract.

During the twelve months ended April 30, 2020, changes in contract assets and liabilities were not materially impacted by any other factors. Approximately 100% of the contract liability balance at April 30, 2020 is expected to be recognized as revenue during fiscal year 2021.

ASC 606 adoption impact

Under ASC 606, sales consisting of customized products sold to customers for which revenue was previously recognized at a point in time now meet the criteria of a performance obligation satisfied over time. These contracts consist of customized laboratory furniture engineered or tailored to meet the customer's requirements. In the event the customer cancels the contract, the Company will have no alternative use for and cannot economically repurpose the laboratory furniture, and the Company has the right to payment for performance completed to date. This change results in accelerated recognition of revenue and increases the balance of contract assets compared to the previous revenue recognition standard.

The Company adopted ASC 606 on May 1, 2018 using the modified retrospective approach and elected to reassess revenue recognition under ASC 606 for only those contracts open as of the adoption date, which resulted in a cumulative effect adjustment to increase retained earnings, net of tax, of $217,000. The Company elected to reflect the aggregate effect of all contract modifications that occurred before the beginning of the earliest period presented in determining the transaction price, identifying the satisfied and unsatisfied performance obligations and allocating the transaction price to the satisfied and unsatisfied performance obligations for the modified contract at transition. The effects of these elections were immaterial.

Note 3—Inventories

Inventories consisted of the following at April 30:

(in thousands)	**2020**	2019
Finished goods	**$ 2,455**	$ 4,139
Work-in-process	**1,921**	2,179
Materials and components	**10,954**	10,888
Total inventories	**$15,330**	$17,206

At April 30, 2020 and 2019, the Company's international subsidiaries' inventories were $2,136,000 and $1,863,000, respectively, measured using the FIFO method at the lower of cost and net realizable value and are included in the above tables.

Note 4—Long-term Debt and Other Credit Arrangements

On May 6, 2013, the Company entered into a credit and security agreement (the "Loan Agreement") consisting of a $20 million revolving credit facility ("Line of Credit") which matured on May 1, 2018 and was extended to March 1, 2021 on March 12, 2018, a term loan in the amount of $3,450,000 which matured on May 1, 2020 ("Term Loan A") and a term loan in the amount of $1,550,000 which matured on May 1, 2020 (Term Loan B and together with Term Loan A, the "Term Loans").

At April 30, 2019, the Company was not in compliance with all of the financial covenants under the revolving credit facility. The Company received a waiver from its lender with respect to this noncompliance pursuant to a waiver letter executed on June 19, 2019 ("the Waiver Letter"). In connection with the Waiver Letter, the Company entered into a Security Agreement pursuant to which the Company granted a security interest in substantially all of its assets to secure its obligations under the Loan Agreement. On July 9, 2019, the Company entered into an amendment to the Loan Agreement and the Line of Credit to effect a change in the financial covenants set forth in the Loan Agreement. This amendment did not change the amount of availability provided by the Company's Line of Credit.

In September 2019, the Company paid off Term Loan A and Term Loan B and terminated the related interest rate swap agreements. On December 13, 2019, the Company entered into an amendment to the Loan Agreement and the Line of Credit to effect a change to an asset based lending arrangement based on eligible accounts receivable and inventory, with the available amount not to exceed $20 million through January 31, 2020, and with such maximum amount reduced to $15 million thereafter. This amendment replaced the prior financial covenants with new financial covenants, including minimum monthly liquidity and EBITDA requirements. Additionally, a requirement for the repatriation of foreign cash and restrictions on the payment of dividends were added.

At April 30, 2020, there were advances of $4.7 million and $512,000 in letters of credit outstanding, leaving $8.7 million available under the Line of Credit. The borrowing rate under the Line of Credit at that date was 4.125%. Monthly interest payments under the Line of Credit were payable at the Daily One Month LIBOR interest rate plus 1.5% to 3.75% based upon the ratio of senior funded debt to EBITDA calculated quarterly. At April 30, 2020, the interest rate margin was 3.75%.

At April 30, 2020, the Company was not in compliance with all of the financial covenants under the revolving credit facility. On July 20, 2020, the Company entered into an amendment to the Loan Agreement and Line of Credit which effected changes in certain financial covenants set forth in the Loan Agreement and included a waiver of the non-compliance described above. This amendment did not change the amount of availability provided by the Company's Line of Credit.

At April 30, 2020, there were bank guarantees issued by foreign banks outstanding to customers in the amount of $1.6 million, $297,000, and $74,000, and with expiration dates in fiscal years 2021, 2022, and 2023, respectively, collateralized by a $6.0 million corporate guarantee and certain assets of the Company's subsidiaries in India.

At April 30, 2019, there were advances of $9.5 million and $5.2 million in letters of credit outstanding under the Line of Credit. The borrowing rate at that date was 4.00%. At April 30, 2019, there were foreign bank guarantees outstanding to customers in the amount of $2.3 million, $49,000, $$75,000 and $60,000 with expiration dates in fiscal years 2020, 2021, 2022 and 2023, respectively, collateralized by a $5.0 million corporate guarantee and certain assets of the Company's subsidiaries in India.

Amounts outstanding under the term loans were as follows as of April 30:

$ in thousands	2020	2019
Term Loan A payable	$—	$ 1,024
Term Loan B payable	—	240
Less: current portion	—	(1,167)
Long-term debt	$—	$ 97

Note 5—Income Taxes

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") was signed into law, which contains several income tax provisions, as well as other measures, aimed at assisting businesses impacted by the economic effects of the COVID-19 pandemic. The CARES Act includes a broad range of tax reform provisions affecting businesses, including permissible net operating losses ("NOLs") carrybacks up to five years, changes in business deductions limitations, and deferral of Social Security withholdings. The Company expects that it will apply the NOL carryback provision of the CARES Act with respect to its estimated NOL for fiscal year 2020 to years that had higher enacted tax rates, resulting in a tax benefit. This resulted in a reclassification of a $2,456,000 NOL deferred income tax asset to refundable income taxes for fiscal year 2020.

Effective August 1, 2019, as previously stated, the Company elected to revoke the indefinite reinvestment of foreign unremitted earnings position set forth by ASC 740-30-25-17 for multiple foreign subsidiaries. The Company recorded a tax withholding expense imposed by the India Income Tax Department of $1,964,000 for the year ended April 30, 2020.

As of April 30, 2019, the Company considers the accounting defined in SEC Staff Accounting Bulletin No. 118 for the impacts of the 2017 Tax Act to be complete. We have recorded adjustments to income tax expense to account for the one-time transition tax on deferred foreign income, change in valuation of deferred tax assets associated with tax law changes, and foreign tax credits related to the transition tax.

In accordance with ASC 740, "Income Taxes", which requires deferred taxes to be re-measured in the year of an income tax rate change, the Company concluded there was no material impact related to this change and did not record a deferred income tax expense for the year ended April 30, 2020.

The Company's accounting policy with respect to the Global Intangible Low-Taxed Income ("GILTI") tax rules is that GILTI will be treated as a periodic charge in the year in which it arises. The Company had no tax expense related to GILTI for the year ended April 30, 2020.

Income tax expense consisted of the following:

$ in thousands	2020	2019
Current tax expense (benefit):		
Federal	**$(2,289)**	$ (571)
State and local	**49**	(75)
Foreign	**1,567**	1,065
Total current tax expense	**(673)**	419
Deferred tax expense (benefit):		
Federal	**1,233**	30
State and local	**438**	59
Foreign	**760**	(62)
Total deferred tax expense (benefit)	**2,431**	27
Net income tax expense	**$ 1,758**	$ 446

The reasons for the differences between the above net income tax expense and the amounts computed by applying the statutory federal income tax rate to earnings before income taxes are as follows:

$ in thousands	2020	2019
Income tax expense (benefit) at statutory rate	**$ (567)**	$ 547
State and local taxes, net of federal income tax benefit	**(115)**	(29)
Tax credits (state, net of federal benefit)	**(477)**	(546)
Effects of differing US and foreign tax rates	**3**	190
Rate reduction impact on deferred tax assets	**(47)**	75
Tax on unrepatriated and repatriated foreign earnings	**1,964**	—
Net operating loss carryback	**(939)**	—
Effects of stock options exercised	**—**	(49)
Effect of prior year true ups	**38**	(105)
Impact of foreign subsidiary income to parent	**(5)**	317
Increase (decrease) in valuation allowance	**1,707**	7
Other items, net	**196**	39
Net income tax expense	**$1,758**	$ 446

Significant items comprising deferred tax assets and liabilities as of April 30 were as follows:

$ in thousands	2020	2019
Deferred tax assets:		
Accrued employee benefit expenses	**$ 402**	$ 466
Allowance for doubtful accounts	**150**	28
Deferred compensation	**890**	922
Tax credits (state, net of federal benefits)	**532**	434
Foreign tax credit carryforwards	**638**	638
Unrecognized actuarial loss, defined benefit plans	**2,616**	1,772
Inventory reserves	**102**	290
Net operating loss carryforwards	**457**	257
Revenue recognition change (See Note 2)	**—**	(31)
LIFO change (See Note 3)	**—**	(156)
Other	**506**	183
Total deferred tax assets	**6,293**	4,803
Deferred tax liabilities:		
Book basis in excess of tax basis of property, plant and equipment	**(1,545)**	(850)
Prepaid pension	**(1,111)**	(1,218)
Other	**(1,090)**	—
Total deferred tax liabilities	**(3,746)**	(2,068)
Less: valuation allowance	**(2,612)**	(906)
Net deferred tax assets (liabilities)	**$ (65)**	$ 1,829
Deferred tax assets classified in the balance sheet:		
Non-current	**(65)**	1,829
Net deferred tax assets (liabilities)	**$ (65)**	$ 1,829

At April 30, 2020, the Company had deferred tax assets related to various federal, state and foreign deferred tax items, net operating loss carryforwards, and tax credit carryforwards in the amount of $6,293,000 The Company is required to evaluate the realization of the deferred tax asset and any requirement for a valuation allowance in accordance with ASC 740-10-30-2(b). The Company evaluates all available evidence, both positive and negative, to determine the amount of any required valuation allowance. A deferred tax asset valuation allowance of $1,707,000 was recorded in the period ended April 30, 2020 based on ASC 740-10-30-18. This guidance provides that the future realization of the tax benefit of an existing deductible temporary difference or carryforward ultimately depends on sufficient taxable income of the appropriate character within the carryback or carryforward period available under the tax law.

At April 30, 2020, the Company had federal research and development tax credit carryforwards in the amount of $694,000 expiring beginning in 2040. The Company expects to carryback $332,000 of research and development tax credit to prior periods reducing the Company's carryforward amount to $362,000. At April 30, 2020, the Company had foreign tax credit carryforwards in the amount of $638,000 that are subject to a full valuation allowance.

At April 30, 2020, the Company had $1,241,000 gross net operating losses in jurisdictions outside of the United States, of which $641,000 is set to expire in years 2021 to 2024. The Company files federal, state and local tax returns with statutes of limitation generally ranging from 3 to 4 years. The Company is generally no longer subject to federal tax examinations for years prior to fiscal year 2016 or state and local tax examinations for years prior to fiscal year 2015. Tax returns filed by the Company's significant foreign subsidiaries are generally subject to statutes of limitations of 3 to 7 years and are generally no longer subject to examination for years prior to fiscal year 2014. The Company has no unrecognized tax benefits.

Note 6—Stock Options and Share-Based Compensation

The Company adopted ASU 2016-9, "Stock Compensation – Improvements to Employee Share-Based Payment Accounting" prospectively effective May 1, 2017. The Company elected prospectively to account for forfeitures as they occur rather than apply an estimated rate to share-based compensation expense.

The Company's stockholders approved the 2017 Omnibus Incentive Plan ("2017 Plan") on August 30, 2017, which enables the Company to grant a broad range of equity, equity-related, and non-equity types of awards, with potential recipients including directors, consultants and employees. This plan replaced the 2010 Stock Option Plan for Directors and the 2008 Key Employee Stock Option Plan. No new awards will be granted under the prior plans and all outstanding options granted under the prior plans will remain subject to the prior plans. At the date of approval of the 2017 Plan there were 280,100 shares available for issuance under the prior plans. These shares and any shares subject to outstanding awards that subsequently cease to be subject to such awards are available under the 2017 Plan. The 2017 Plan did not increase the total number of shares available for issuance under the Company's equity compensation plans. At April 30, 2020 there were 251,288 shares available for future issuance.

Under the 2017 Plan, the Company recorded stock-based compensation expense in accordance with ASC 718 of $152,000 and $34,000 and deferred income tax benefit of $36,000 and $8,000 in fiscal years 2020 and 2019, respectively. The RSUs include both a service and performance component vesting over a 3 year period. The recognized expense is based upon the vesting period for service criteria and estimated attainment of the performance criteria at the end of the 3 year period based on the ratio of cumulative days incurred to total days over the 3 year period. The remaining estimated compensation expense of $406,000 will be recorded over the remaining vesting periods.

The fair value of each RSU granted to employees was estimated on the day of grant based on the weighted average price of the Company's stock reduced by the present value of the expected dividend stream during the vesting period using the risk-free interest rate. The Company issued new shares of common stock to satisfy RSUs that vested during fiscal year 2020. The following table summarizes the RSU activity and weighted averages.

	2020		2019	
	Number of RSUs	**Weighted Average Grant Date Fair Value**	Number of RSUs	Weighted Average Grant Date Fair Value
Outstanding at beginning of year	**23,308**	**$28.66**	23,907	$23.74
Granted	**39,781**	**$15.93**	19,738	$32.58
Vested	**(2,397)**	**$18.94**	(2,390)	$34.16
Forfeited	**(7,842)**	**$21.94**	(17,947)	$27.07
Outstanding at end of year	**52,850**	**$20.08**	23,308	$28.66

The stockholders approved the 2010 Stock Option Plan for Directors ("2010 Plan") in fiscal year 2011 which allowed the Company to grant options on an aggregate of 100,000 shares of the Company's common stock. Under this plan, each eligible director was granted options to purchase 10,000 shares at the fair market value at the date of grant for a term of five years. These stock options were exercisable in four equal installments, one-fourth becoming exercisable on the next August 1 following the date of grant, and one-fourth becoming exercisable on August 1 of each of the next three years. At April 30, 2020, there were no shares available for future grants under the 2010 Plan. At April 30, 2020 there were no stock options outstanding under the 2010 Plan.

The stockholders approved the 2008 Key Employee Stock Option Plan ("2008 Plan") in fiscal year 2009 which allowed the Company to grant options on an aggregate of 300,000 shares of the Company's common stock. On August 26, 2015, the stockholders approved an amendment to this plan to increase the number of shares available under the 2008 Plan by 300,000 shares. Under the plan, options were granted at not less than the fair market value at the date of grant and options are exercisable in such installments, for such terms (up to 10 years), and at such times, as the Board of Directors determined at the time of the grant. At April 30, 2020, there were no shares available for future grants under the 2008 Plan.

The Company recorded stock-based compensation expense in accordance with ASC 718. In order to determine the fair value of stock options on the date of grant, the Company applied the Black-Scholes option pricing model. Inherent in the model are assumptions related to expected stock-price volatility, option life, risk-free interest rate, and dividend yield. The stock options outstanding have the "plain-vanilla" characteristics as defined in SEC Staff Accounting Bulletin No. 107 (SAB 107). The Company utilized the Safe Harbor option "Simplified Method" to determine the expected term of these options in accordance with the guidance of SAB 107 for options outstanding.

The stock-based compensation expense is recorded over the vesting period (4 years) for the options granted, net of tax. Under the 2010 and 2008 Plans, the Company recorded $58,000 and $115,000 of compensation expense and $14,000 and $27,000 of deferred income tax benefit in fiscal years 2020 and 2019, respectively. The remaining compensation expense of $12,000 and deferred income tax benefit of $3,000 will be recorded over the remaining vesting periods.

The Company issued new shares of common stock to satisfy options exercised during fiscal years 2020 and 2019. Stock option activity and weighted average exercise price are summarized as follows:

	2020		2019	
	Number of Shares	**Weighted Average Exercise Price**	Number of Shares	Weighted Average Exercise Price
Outstanding at beginning of year	**104,350**	**$18.28**	137,250	$18.01
Canceled	**(14,050)**	**$17.78**	(13,100)	$21.03
Exercised	**(2,300)**	**$14.98**	(19,800)	$14.54
Outstanding at end of year	**88,000**	**$18.45**	104,350	$18.28
Exercisable at end of year	**83,400**	**$18.16**	84,550	$17.63

The number of options outstanding, exercisable, and their weighted average exercise prices were within the following ranges at April 30, 2020:

	Exercise Price Range	
	$8.59-$11.78	**$15.85-$23.62**
Options outstanding	**6,750**	**81,250**
Weighted average exercise price	**$ 10.80**	**$ 19.08**
Weighted average remaining contractual life	**1.64 years**	**5.18 years**
Aggregate intrinsic value	**$ 2,460**	**$ —**
Options exercisable	**6,750**	**76,650**
Weighted average exercise price	**$ 10.80**	**$ 18.81**
Aggregate intrinsic value	**$ 2,460**	**$ —**

Note 7—Accumulated Other Comprehensive Income (Loss)

The Company's other comprehensive income (loss) consists of unrealized gains and losses on the translation of the assets, liabilities, and equity of its foreign subsidiaries, changes in the fair value of its cash flow hedges, and additional minimum pension liability adjustments, net of income taxes. The before tax income (loss), related income tax effect, and accumulated balances are as follows:

$ in thousands	Cash Flow Hedges	Foreign Currency Translation Adjustment	Minimum Pension Liability Adjustment	Total Accumulated Other Comprehensive Income (Loss)
Balance at April 30, 2018	$ (3)	$(1,427)	$(4,470)	$(5,900)
Effect of changes in tax rates	—	—	(68)	(68)
Foreign currency translation adjustment	—	(464)	—	(464)
Change in fair value of cash flow hedges	4	—	—	4
Change in unrecognized actuarial loss on pension obligations	—	—	36	36
Income tax effect	(1)	—	(14)	(15)
Balance at April 30, 2019	—	(1,891)	(4,516)	(6,407)
Effect of changes in tax rates		**—**	**—**	**—**
Foreign currency translation adjustment	**—**	**(444)**	**—**	**(444)**
Change in fair value of cash flow hedges	**1**	**—**	**—**	**1**
Change in unrecognized actuarial loss on pension obligations	**—**	**—**	**(3,592)**	**(3,592)**
Income tax effect	**(1)**	**1**	**844**	**844**
Balance at April 30, 2020	**$—**	**$(2,334)**	**$(7,264)**	**$(9,598)**

Note 8—Leases, Commitments and Contingencies

On May 1, 2019, the Company adopted Accounting Standards Update ("ASU") No. 2016-02, *Leases,* and all subsequently issued clarifying guidance. Under the new guidance, lessees are required to recognize lease assets and lease liabilities with respect to the rights and obligations created by leased assets previously classified as operating leases. In July 2018, the Financial Accounting Standards Board ("FASB") issued ASU No. 2018-11, which permitted entities to record the impact of adoption using a modified retrospective method with any cumulative effect as an adjustment to retained earnings (accumulated deficit) as opposed to restating comparative periods to reflect the effects of applying the new standard. The Company elected this transition approach; therefore, the Company's prior period reported results are not restated to include the impact of this adoption. In addition, the Company elected the package of three transition practical expedients which alleviate the requirements to reassess embedded leases, lease classification and initial direct costs for leases that commenced prior to the adoption date. The Company has elected to use the short-term lease recognition exemption for all asset classes. This means, for those leases that qualify, the Company will not recognize right-of-use ("ROU") assets or lease liabilities, and this includes not recognizing ROU assets or lease liabilities for existing short-term leases of those assets. The adoption of this standard did not affect the Condensed Consolidated Statements of Operations and therefore, no cumulative effect adjustment was recorded. The adoption of this standard also did not materially affect the Condensed Consolidated Statements of Cash Flows.

The Company has operating type leases for real estate and equipment in both the U.S. and internationally and a financing lease for a truck in the U.S. At April 30, 2020, ROU assets totaled $9,312,000. Included in the ROU assets was a finance lease with a net value of $123,000 with accumulated amortization totaling $36,000. Operating cash paid to settle lease liabilities was $1,526,000 for the twelve months ended April 30, 2020. The Company's leases have remaining lease terms of up to 10 years. In addition, some of the leases may include options to extend the leases for up to 5 years or options to terminate the leases within 1 year. Operating lease expense was $2,441,000 for the twelve months ended April 30, 2020, inclusive of period cost for short-term leases, not included in lease liabilities, of $915,000. Rent expense for these operating leases was $2,225,000 in fiscal year 2019.

At April 30, 2020, the weighted average remaining lease term for the capitalized operating leases was 7.6 years and the weighted average discount rate was 4.1%. For the finance lease, the remaining lease term was 5.4 years and the discount rate was 10.0%. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The Company uses the implicit rate when readily determinable.

Future minimum payments under the non-cancelable lease arrangements for the years ending April 30 are as follows:

	Operating	Financing
2021	$ 1,541	$ 32
2022	1,526	32
2023	1,496	32
2024	1,216	32
2025	1,172	32
Thereafter	3,896	11
Total Minimum Lease Payments	$10,847	$171
Imputed Interest	(1,786)	(39)
Total	$ 9,061	$132

The Company is involved in certain claims and legal proceedings in the normal course of business which management believes will not have a material adverse effect on the Company's consolidated financial condition or results of operations.

Note 9—Retirement Benefits

Defined Benefit Plans

The Company has non-contributory defined benefit pension plans covering some of its domestic employees. These plans were amended as of April 30, 2005, no further benefits have been, or will be, earned under the plans subsequent to the amendment date, and no additional participants will be added to the plans. The defined benefit plan for salaried employees provides pension benefits that are based on each employee's years of service and average annual compensation during the last ten consecutive calendar years of employment as of April 30, 2005. The benefit plan for hourly employees provides benefits at stated amounts based on years of service as of April 30, 2005. The Company uses an April 30 measurement date for its defined benefit plans. The change in projected benefit obligations and the change in fair value of plan assets for the non-contributory defined benefit pension plans for each of the years ended April 30 are summarized as follows:

$ in thousands	2020	2019
Accumulated Benefit Obligation, April 30	**$ 23,720**	$ 21,394
Change in Projected Benefit Obligations		
Projected benefit obligations, beginning of year	**$ 21,394**	$ 21,544
Interest cost	**832**	859
Actuarial loss	**2,769**	412
Actual benefits paid	**(1,275)**	(1,421)
Projected benefit obligations, end of year	**23,720**	21,394
Change in Plan Assets		
Fair value of plan assets, beginning of year	**19,035**	18,540
Actual return on plan assets	**(444)**	916
Employer contributions	**—**	1,000
Actual benefits paid	**(1,275)**	(1,421)
Fair value of plan assets, end of year	**17,316**	19,035
Funded status—under	**$ (6,404)**	$ (2,359)
Amounts Recognized in the Consolidated Balance Sheets consist of:		
Noncurrent liabilities	**$ (6,404)**	$ (2,359)
Amounts Recognized in Accumulated Other Comprehensive Income (Loss) Consist of:		
Net actual loss	**$ 11,133**	$ 7,541
Deferred tax benefit	**(2,616)**	(1,772)
After-tax actuarial loss	**$ 8,517**	$ 5,769
Weighted-Average Assumptions Used to Determine Benefit Obligations at April 30		
Discount rate	**3.10%**	3.90%
Rate of compensation increase	**N/A**	N/A
Mortality table	**Pri-2012**	RP-2014
Projection scale	**MP-2019**	MP-2018
Weighted-Average Assumptions Used to Determine Net Periodic Benefit Cost for Years Ended April 30		
Discount rate	**3.10%**	3.90%
Expected long-term return on plan assets	**7.75%**	7.75%
Rate of compensation increase	**N/A**	N/A

The components of the net periodic pension expense for each of the fiscal years ended April 30 are as follows:

$ in thousands	2020	2019
Interest cost	**$ 832**	$ 859
Expected return on plan assets	**(1,421)**	(1,448)
Recognition of net loss	**1,043**	884
Net periodic pension expense	**$ 454**	$ 295

The estimated net actuarial loss for the defined benefit pension plans that will be amortized from accumulated other comprehensive income into net periodic benefit cost during fiscal year 2021 is $1,680,000.

The Company's funding policy is to contribute to the plans when pension laws and economics either require or encourage funding. The Company expects to make contributions in the amount of $30,000 during fiscal year 2021. There were no contributions made to the plan in fiscal year 2020. The Company made contributions of $1,000,000 in fiscal year 2019.

The following benefit payments are expected to be paid from the benefit plans in the fiscal years ending April 30:

$ in thousands	Amount
2021	$1,506
2022	1,521
2023	1,537
2024	1,575
2025	1,550
2026 & Beyond	7,321

The expected long-term portfolio return is established via a building block approach with proper consideration of diversification and rebalancing. Historical markets are studied and long-term historical relationships between equities and fixed-income securities are preserved consistent with the widely accepted capital market principle that assets with higher volatility generate a greater return over the long term. Current market factors such as inflation and interest rates are evaluated before long-term capital market assumptions are determined. Peer data and historical returns are also reviewed to check for reasonableness and appropriateness.

The Company uses a Yield Curve methodology to determine its GAAP discount rate. Under this approach, future benefit payment cash flows are projected from the pension plan on a projected benefit obligation basis. The payment stream is discounted to a present value using an interest rate applicable to the timing of each respective cash flow. The graph of these time-dependent interest rates is known as a yield curve. The interest rates comprising the Yield Curve are determined through a statistical analysis performed by the IRS and issued each month in the form of a pension discount curve. For this purpose, the universe of possible bonds consists of a set of bonds which are designated as corporate, have high quality ratings (AAA or AA) from nationally recognized statistical rating organizations, and have at least $250 million in par amount outstanding on at least one day during the reporting period. A 1% increase/decrease in the discount rate for fiscal years 2020 and 2019 would decrease/increase pension expense by approximately $236,000 and $234,000, respectively.

The Company uses a total return investment approach, whereby a mix of equities and fixed-income investments are used to attempt to maximize the long-term return on plan assets for a prudent level of risk. Risk tolerance is established through careful consideration of plan liabilities, plan funded status, and corporate financial condition. The investment portfolio contains a diversified blend of equity and fixed-income investments. Furthermore, equity investments are diversified across U.S. and non-U.S. stocks, as well as growth, value, and small and large capitalizations. The target allocations based on the Company's investment policy were 75% in equity securities and 25% in fixed-income securities at April 30, 2020 and April 30, 2019. A 1% increase/decrease in the expected return on assets for fiscal years 2020 and 2019 would decrease/increase pension expense by approximately $183,000 and $187,000, respectively.

Plan assets by asset categories as of April 30 were as follows:

$ in thousands Asset Category	2020 Amount	2020 %	2019 Amount	2019 %
Equity Securities	**$10,797**	**62**	$14,085	74
Fixed Income Securities	**5,377**	**31**	4,754	25
Cash and Cash Equivalents	**1,142**	**7**	196	1
Totals	**$17,316**	**100**	$19,035	100

The following tables present the fair value of the assets in our defined benefit pension plans at April 30:

Asset Category	2020 Level 1	2020 Level 2	2020 Level 3
Large Cap	**$ 5,831**	$—	$—
Small/Mid Cap	**2,121**	—	—
International	**1,850**	—	—
Emerging Markets	**483**	—	—
Fixed Income	**5,377**	—	—
Liquid Alternatives	**512**	—	—
Cash and Cash Equivalents	**1,142**	—	—
Totals	**$17,316**	$—	$—

Asset Category	2019 Level 1	2019 Level 2	2019 Level 3
Large Cap	$ 7,783	$—	$—
Small/Mid Cap	3,160	—	—
International	2,054	—	—
Emerging Markets	580	—	—
Fixed Income	4,754	—	—
Liquid Alternatives	508	—	—
Cash and Cash Equivalents	196	—	—
Totals	$19,035	$—	$—

Level 1 retirement plan assets include United States currency held by a designated trustee and equity funds of common and preferred securities issued by domestic and foreign corporations. These equity funds are traded actively on exchanges and price quotes for these shares are readily available.

Defined Contribution Plan

The Company has a defined contribution plan covering substantially all domestic salaried and hourly employees. The plan provides benefits to all employees who have attained age 21, completed three months of service, and who elect to participate. The plan provides that the Company make matching contributions equal to 100% of the employee's qualifying contribution up to 3% of the employee's compensation, and make matching contributions equal to 50% of the employee's contributions between 3% and 5% of the employee's compensation, resulting in a maximum employer contribution equal to 4% of the employee's compensation. The Company's matching contributions were $974,000 and $953,000 for years ending April 30, 2020 and 2019. Additionally, the plan provides that the Company may elect to make a non-matching contribution for participants employed by the Company on December 31 of each year. The Company included 1% of the participant's qualifying compensation in the annual contributions to the plan in fiscal year 2019 of $338,000. The Company did not elect to make a non-matching contribution in fiscal year 2020.

Note 10—Segment Information

The Company's operations are classified into two business segments: Domestic and International. The Domestic business segment principally designs, manufactures, and installs scientific and technical furniture, including steel and wood laboratory cabinetry, fume hoods, laminate casework, flexible systems, worksurfaces, workstations, workbenches, and computer enclosures. The International business segment, which consists of the foreign subsidiaries identified in Note 1, provides the Company's products and services, including facility design, detailed engineering, construction, and project management from the planning stage through testing and commissioning of laboratories.

Intersegment transactions are recorded at normal profit margins. All intercompany balances and transactions have been eliminated. Certain corporate expenses shown below have not been allocated to the business segments.

The following table shows revenues, earnings, and other financial information by business segment for each of the years ended April 30:

$ in thousands	Domestic	International	Corporate	Total
Fiscal Year 2020				
Revenues from external customers	**$115,103**	**$32,437**	**$ —**	**$147,540**
Intersegment revenues	**3,621**	**2,277**	**(5,898)**	**—**
Depreciation	**2,371**	**283**	**—**	**2,654**
Earnings (loss) before income taxes	**1,176**	**1,924**	**(5,966)**	**(2,866)**
Income tax expense (benefit)	**585**	**2,463**	**(1,290)**	**1,758**
Net earnings attributable to noncontrolling interest	**—**	**63**	**—**	**63**
Net earnings (loss) attributable to Kewaunee Scientific Corporation	**591**	**(602)**	**(4,676)**	**(4,687)**
Segment assets	**61,154**	**22,775**	**—**	**83,929**
Expenditures for segment assets	**2,361**	**104**	**—**	**2,465**
Revenues (excluding intersegment) from customers in foreign countries	**2,009**	**32,437**	**—**	**34,446**
Fiscal Year 2019				
Revenues from external customers	$116,586	$29,964	$ —	$146,550
Intersegment revenues	2,511	3,329	(5,840)	—
Depreciation	2,299	272	—	2,571
Earnings (loss) before income taxes	4,971	3,374	(6,211)	2,134
Income tax expense (benefit)	935	1,003	(1,492)	446
Net earnings attributable to noncontrolling interest	—	159	—	159
Net earnings (loss) attributable to Kewaunee Scientific Corporation	4,036	2,212	(4,719)	1,529
Segment assets	59,840	27,383	—	87,223
Expenditures for segment assets	4,015	198	—	4,213
Revenues (excluding intersegment) from customers in foreign countries	3,618	29,964	—	33,582

Note 11—Restructuring Costs

In December 2019, the Company initiated a restructuring, which included the addition of a new Vice President of Information Technology to lead the transformation and modernization of the Company's information systems, and a reduction in workforce primarily in its domestic operations to reduce operating expenses on an ongoing basis. This restructuring plan, which included the closure of the Company's subsidiary in China, a commercial sales organization for the Company's products in China, was substantially completed as of April 30, 2020. The Company expects the remaining administrative requirements for closure of the China subsidiary to be completed by the end of fiscal year 2021.

In fiscal year 2020, the Company incurred expenses in its domestic operations of $380,000, consisting primarily of severance costs for terminated positions and expenses related to hiring and relocation of the new Vice President of Information Technology. In addition, the Company incurred expenses in its international operations related to the closure of the China subsidiary of $288,000, consisting primarily of bad debt expenses of $240,000. The Company reflected all the expenses as operating expenses in the condensed statement of operations.

Note 12—Consolidated Quarterly Data (Unaudited)

Selected quarterly financial data for fiscal years 2020 and 2019 were as follows:

$ in thousands, except per share amounts	**First Quarter**	**Second Quarter**	**Third Quarter**	**Fourth Quarter**
Fiscal Year 2020				
Net sales	**$39,336**	**$39,722**	**$34,225**	**$34,257**
Gross profit	**6,946**	**6,316**	**5,278**	**4,887**
Net earnings (loss)	**496**	**(2,161)**	**(1,901)**	**(1,058)**
Less: net earnings attributable to the noncontrolling interest	**25**	**17**	**17**	**4**
Net earnings (loss) attributable to Kewaunee Scientific Corporation	**471**	**(2,178)**	**(1,918)**	**(1,062)**
Net earnings (loss) per share attributable to Kewaunee Scientific Corporation				
Basic	**0.17**	**(0.79)**	**(0.70)**	**(0.39)**
Diluted	**0.17**	**(0.79)**	**(0.70)**	**(0.39)**
Cash dividends paid per share	**0.19**	**0.19**	**—**	**—**
Fiscal Year 2019				
Net sales	$42,152	$37,278	$32,372	$34,748
Gross profit	7,583	7,664	5,230	4,842
Net earnings (loss)	1,498	1,372	15	(1,197)
Less: net earnings attributable to the noncontrolling interest	9	40	37	73
Net earnings (loss) attributable to Kewaunee Scientific Corporation	1,489	1,332	(22)	(1,270)
Net earnings (loss) per share attributable to Kewaunee Scientific Corporation				
Basic	0.54	0.49	(0.01)	(0.46)
Diluted	0.53	0.48	(0.01)	(0.46)
Cash dividends paid per share	0.17	0.19	0.19	0.19

The sum of the quarterly net earnings per share amounts does not necessarily equal net earnings per share for the year due to rounding.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements (Form S-8 No. 333-160276, No. 333-176447, No. 333-213413, and No. 333-220389), of our report dated July 27, 2020 with respect to the consolidated financial statements of Kewaunee Scientific Corporation, included in this Annual Report (Form 10-K) for the year ended April 30, 2020.

/s/ ERNST & YOUNG LLP
Charlotte, North Carolina

July 27, 2020

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

None

Item 9A. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are intended to ensure that the information required to be disclosed in our filings under the Securities Exchange Act of 1934 (the "Exchange Act") is properly and timely recorded, processed, summarized, and reported. Our management, including the Chief Executive Officer and Chief Financial Officer, have conducted an evaluation of the effectiveness of disclosure controls and procedures as of April 30, 2020 pursuant to Exchange Act Rule 13a-14. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures are effective; however, due to an administrative error, we were late in filing a Current Report on Form 8-K related to the retirement of one of our "named executive officers" (as defined under applicable SEC regulations). We have since taken appropriate steps to remediate the deficiency in our disclosure procedures and controls. In designing disclosure controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving desired control objectives, and that management necessarily is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. 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 accounting principles generally accepted in the United States. Management conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded the Company maintained effective internal control over financial reporting as of April 30, 2020.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, 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.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit us to provide only management's report in this Annual Report.

Changes in Internal Control Over Financial Reporting

There have been no significant changes in our internal controls over financial reporting that occurred during our fourth fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

(a) The information appearing in the sections entitled "Election of Directors" and "Meetings and Committees of the Board" included in our Proxy Statement for use in connection with our annual meeting of stockholders to be held on August 26, 2020 (the "Proxy Statement") is incorporated herein by reference. The Proxy Statement will be filed with the SEC within 120 days of our most recently completed fiscal year.

(b) The names and ages of our executive officers as of June 30, 2020 and their business experience during the past five years are set forth below:

Executive Officers

Name	Age	Position
Thomas D. Hull III	44	President and Chief Executive Officer
Donald T. Gardner III	41	Vice President, Finance, Chief Financial Officer, Treasurer and Secretary
Ryan S. Noble	42	Vice President, Sales and Marketing—Americas
Elizabeth D. Phillips	43	Vice President, Human Resources
Kurt P. Rindoks	62	Vice President, Global Product Development and Strategic Alliances
Lisa L. Ryan	42	Vice President of Construction Operations
Mandar Ranade	46	Vice President of Information Technology and Engineering
Douglas J. Batdorff	47	Vice President of Manufacturing Operations
Boopathy Sathyamurthy	51	Vice President, Kewaunee Scientific Corporation Singapore Pte. Ltd., Managing Director, International Operations

Thomas D. Hull III joined the Company in November 2015 as Vice President, Finance, Chief Financial Officer, Treasurer and Secretary. Mr. Hull was elected President and Chief Executive Officer and appointed as a member of the Board of Directors in March 2019. Mr. Hull earned a Bachelor of Science degree in Accounting from LaRoche College and an MBA from the University of Pittsburgh, Joseph M. Katz School of Business. He is a certified public accountant and a member of the American Institute of Certified Public Accountants and the Pennsylvania Institute of Certified Public Accountants. Prior to joining the Company, Mr. Hull held several management positions with Ernst & Young, LLP in Pittsburgh, Pennsylvania from 1998 through 2011. From 2011 until joining the Company in 2015, he served as the Vice President of Finance, Accounting, and Information Technology with ATI Specialty Materials in Charlotte, North Carolina.

Donald T. Gardner III joined the Company in April 2019 as Vice President of Finance and Chief Financial Officer and was also elected by the Board of Directors to the positions of Secretary and Treasurer. Mr. Gardner has a Bachelor of Science degree in Accounting from the Indiana University of Pennsylvania and a Master of

Business Administration from the University of Pittsburgh, Joseph M. Katz School of Business. Prior to joining the Company, from 2017 to 2019, he served as Vice President, Financial Planning & Analysis of Victra, a retailer of wireless products and services, and a portfolio company of private equity firm Lone Star Funds. During 2017 he served as the Chief Financial Officer of Component Sourcing International, a provider of global sourcing supply chain solutions, and a portfolio company of Argosy private equity. From February 2016 to June 2017, Mr. Gardner worked for Dollar Express Stores, LLC, an operator of discount retail stores, serving in various financial leadership roles, most recently as Vice President and Treasurer. From 2012 to February 2016, he worked at ATI Specialty Materials, a manufacturer of technically advanced specialty materials and complex components, serving in various financial leadership roles.

Elizabeth D. Phillips joined the Company in August 2006 as Human Resources and Training Manager. She was promoted to Director of Human Resources in June 2007 and was elected Vice President of Human Resources in June 2009. Ms. Phillips has a Bachelor of Science degree in Psychology from Western Carolina University. Prior to joining the Company, she held Human Resources leadership positions at Thomasville Furniture and Hickory Chair and immediately prior to joining Kewaunee was Director of Human Resources for Vanguard Furniture Co., Inc., a manufacturer of household furniture, from April 2004 until August 2006.

Kurt P. Rindoks joined the Company in 1985 as a product engineer. He was promoted to Director of Product Development in 1991 and then named Vice President in 1996. From 1998 to 2001, he served as General Manager of the Company's Resin Materials Division. Since 2004, he has headed the Company's international parts sourcing efforts. In 2020 Mr. Rindoks' responsibilities were expanded to include Global Product Development and Strategic Alliances and he now holds the position of Vice President of Global Product Development and Strategic Alliances. Mr. Rindoks has a Bachelor of Science degree in Mechanical Engineering Technology from Purdue University and a Master of Business Administration from the University of North Carolina at Charlotte. As a member of ASHRAE (American Society for Heating Refrigeration and Air Conditioning Engineers) and SEFA (Scientific Equipment Furniture Association), he played a key role in the writing of national industry standards. Mr. Rindoks was elected as Secretary/Treasurer of the SEFA Board of Directors in January 2017. He is also a contributing author for ASHRAE's Laboratory Design Guide, Second Edition, 2015. Mr. Rindoks has garnered twenty patents and is referenced in 168 United States patents.

Ryan S. Noble joined the Company in July 2018 as Vice President of Sales and Marketing—Americas. He has a Bachelor of Science degree in Human Ecology from the University of Tennessee. Prior to joining the Company, he was Director of Sales at Dodge Data & Analytics, a provider of analytics and software based solutions for the construction industry, from March 2018 to July 2018. From 2014 to 2018, he was a Regional Sales Director at Wausau Window and Wall Systems, a manufacturer of metal and glass solutions for commercial buildings. From 2008 to 2014 he held several sales management positions at AGC Glass Company, a glass and high performance coatings manufacturer for architectural, residential, interior, and industrial applications.

Lisa L. Ryan joined the Company in 2006 as a project manager. She was promoted to Director of Construction and Customer Operations in July 2015. In August of 2018, she was promoted to Vice President of Construction and Customer Operations. In July 2020 her responsibilities were restructured and she now holds the position of Vice President of Construction Operations. She holds a Bachelor of Science degree in Civil Engineering from Manhattan College and has her Masters of Business Administration from Queens University. Prior to joining the Company, Ms. Ryan held multiple project management positions for Turner Construction and Rogers Builders, both of which offer construction services.

Mandar Ranade joined the Company in December 2019 as Vice President of Information Technology. In February 2020, Mr. Ranade's responsibilities were expanded to include Engineering and Standards oversight and he now holds the position of Vice President of Information Technology and Engineering. He has a Master of Business Administration, Finance from the University of Leeds, Leeds, United Kingdom, and a Bachelor of Engineering, Polymers, from University of Pune, Pune, India. He also has certifications as a Project Management

Professional, Certified Scrum Master, ITIL (Foundation) Certification and a Master of Oracle Applications. Prior to joining the Company, Mr. Ranade most recently held the position of Division IT Leader for EnPro Industries-Fairbanks Morse, Wisconsin from 2018 to November 2019. From 2015 to 2018 he held several Director positions, the most recent being Director of Technical Services, with Aurora Health Care, ACL Laboratories, Milwaukee, Wisconsin. Prior to those positions he was Senior Manager of IT with IMS Health, Milwaukee, Wisconsin, from 2010 to 2015, and ThermoFisher Scientific in Two Rivers, Wisconsin, from 2005 to 2010. From 1995 to 2005, he held various IT positions with GE Healthcare, Milwaukee, Wisconsin and Mumbai, India, idm Limited, in Doncaster, UK, and GREAVES Limited, Mumbai, India.

Douglas J. Batdorff joined the Company in June 2020 as Vice President of Manufacturing Operations. He has significant experience in directing and guiding manufacturing operations, focusing on improvement of business performance, maximizing growth and profitability. Mr. Batdorff has a Bachelor of Science Degree in Mechanical Engineering from Michigan State University and a Masters in Manufacturing Operations from Kettering University. Prior to joining the Company, Mr. Batdorff was the Chief Operations Officer for Legacy Cabinets, Inc. in Eastaboga, Alabama from 2018 to 2020. From 2005 to 2018 he held various management positons with Steelcase, the most recent as Director of Manufacturing—US Operations from 2014 to 2018. He was with General Motors, Lansing, Michigan from 1998 to 2004 in many management roles, the most recent being Manufacturing Coordinator—General Assembly—Final Process.

Boopathy Sathyamurthy joined the Company in 2000 as General Manager of India Operations and Kewaunee Labway India Pvt. Ltd. He was subsequently promoted to Managing Director of Kewaunee Labway India Pvt. Ltd. He has served as Managing Director of International Operations, which includes responsibilities for all sales and operations in Asia, as well as sales efforts in the Middle East, since September 2013. Mr. Sathyamurthy was elected Vice President of Kewaunee Scientific Corporation Singapore Pte. Ltd., the holding company for Kewaunee's subsidiaries in India, Singapore, and China, in September 2014. He holds a Bachelor Degree in Mechanical Engineering from University of Madras and a Masters of Business Administration from University of Madras.

Code of Ethics

A copy of our code of ethics that applies to our Chief Executive Officer and Chief Financial Officer, entitled "Ethics Obligations for Chief Executive Officer and Employees with Financial Reporting Responsibilities," is available free of charge through our website at **www.kewaunee.com**.

Audit Committee

The information appearing in the section entitled "Election of Directors – Meetings and Committees of the Board" in our Proxy Statement is incorporated herein by reference.

Item 11. Executive Compensation

The information appearing in the sections entitled "Compensation Discussion and Analysis," "Compensation Tables," "Agreements with Certain Executives," and "Election of Directors – Compensation Committee Interlocks and Insider Participation" in the Proxy Statement is incorporated herein by reference.

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

The information appearing in the sections entitled "Security Ownership of Directors and Executive Officers" and "Security Ownership of Certain Beneficial Owners" in the Proxy Statement is incorporated herein by reference.

The following table sets forth certain information as of April 30, 2020 with respect to compensation plans under which our equity securities are authorized for issuance:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity Compensation Plans approved by Security Holders:			
2008 Key Employee Stock Option Plan	88,000	$18.45	—
2017 Omnibus Incentive Plan	52,850	—	251,288
Equity Compensation Plans not approved by Security Holders:	—	—	—
Total Equity Compensation Plans	140,850		251,288

Refer to Note 6 of the Company's consolidated financial statements included in Item 8 for additional information.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information appearing in the sections entitled "Election of Directors" and "Agreements with Certain Executives" in the Proxy Statement is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The information appearing in the section entitled "Ratification of Appointment of Independent Registered Public Accounting Firm—Audit Fees and Non-Audit Fees" in the Proxy Statement is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

The following documents are filed or incorporated by reference as part of this Annual Report:

(a)(1) Consolidated Financial Statements

(a)(2) Consolidated Financial Statement Schedules

Financial statement schedules have been omitted because the information required has been separately disclosed in the consolidated financial statements or related notes.

(a)(3) Exhibits

Exhibits required by Item 601 of Regulation S-K are listed in the Exhibit Index, which is attached hereto at pages 54 through 58 and which is incorporated herein by reference.

KEWAUNEE SCIENTIFIC CORPORATION

Exhibit Index

			Page Number (or Reference)
3	Articles of incorporation and bylaws		
	3.1	Conformed copy of Restated Certificate of Incorporation (reflecting all amendments to date)	(18)
	3.3	By-Laws (as amended as of April 21, 2020)	(25)
4	Description of Registrant's Securities		
	4.1	Description of Capital Stock	(22)
10	Material Contracts		
	10.1*	Re-Established Retirement Plan for Salaried Employees of Kewaunee Scientific Corporation (as amended and restated effective as of May 1, 2012)	(4)
	10.1A*	First Amendment to the Re-Established Retirement Plan for Salaried Employees of Kewaunee Scientific Corporation	(8)
	10.1B*	Second Amendment to the Re-Established Retirement Plan for Salaried Employees of Kewaunee Scientific Corporation	(13)
	10.1C*	Third Amendment to the Re-Established Retirement Plan for Salaried Employees of Kewaunee Scientific Corporation	(14)
	10.1D*	Fourth Amendment to the Re-Established Retirement Plan for Salaried Employees of Kewaunee Scientific Corporation	(18)
	10.2*	Re-Established Retirement Plan for Hourly Employees of Kewaunee Scientific Corporation (as amended and restated effective as of May 1, 2012)	(4)
	10.2A*	First Amendment to the Re-Established Retirement Plan for Hourly Employees of Kewaunee Scientific Corporation	(8)
	10.2B*	Second Amendment to the Re-Established Retirement Plan for Hourly Employees of Kewaunee Scientific Corporation	(13)
	10.2C*	Third Amendment to the Re-Established Retirement Plan for Hourly Employees of Kewaunee Scientific Corporation	(14)
	10.2D*	Fourth Amendment to the Re-Established Retirement Plan for Hourly Employees of Kewaunee Scientific Corporation	(18)
	10.30*	Kewaunee Scientific Corporation Executive Severance Pay Policy	(2)
	10.34*	401(k) Incentive Savings Plan for Salaried and Hourly Employees of Kewaunee Scientific Corporation (as amended and restated effective June 29, 2015)	(12)
	10.34A*	First Amendment to the 401(k) Incentive Savings Plan for Salaried and Hourly Employees of Kewaunee Scientific Corporation (as amended and restated effective January 1, 2020)	(24)
	10.51*	Amended and Restated 2008 Key Employee Stock Option Plan effective August 26, 2015	(11)
	10.58*	Kewaunee Scientific Corporation 2010 Stock Option Plan for Directors	(3)

		Page Number (or Reference)
10.61	Credit and Security Agreement dated as of May 6, 2013 between Wells Fargo Bank, National Association and Kewaunee Scientific Corporation including the forms of notes executed thereunder	(5)
10.61A	First Amendment to Credit and Security Agreement dated July 9, 2013	(6)
10.61B	Second Amendment to Credit and Security Agreement dated June 10, 2014	(7)
10.61C	Third Amendment to Credit and Security Agreement and First Amendment to Revolving Line of Credit Note dated as of June 3, 2015	(9)
10.61D	Fourth Amendment to Credit and Security Agreement and Second Amendment to Revolving Line of Credit Note dated as of March 12, 2018	(17)
10.61E	Fifth Amendment to Credit and Security Agreement dated as of April 22, 2019	(22)
10.61F	Sixth Amendment to Credit and Security Agreement dated as of May 28, 2019.	(22)
10.61G	Seventh Amendment to Credit and Security Agreement and Third Amendment to Revolving Line of Credit Note dated as of July 9, 2019.	(22)
10.61H	Credit and Security Agreement Default Waiver Letter dated as of June 19, 2019 between Wells Fargo Bank, National Association and Kewaunee Scientific Corporation.	(22)
10.61I	Security Agreement dated as of June 19, 2019 between Wells Fargo Bank, National Association and Kewaunee Scientific Corporation.	(22)
10.61J	Eighth Amendment to Credit and Security Agreement and Fourth Amendment to Revolving Line of Credit Note dated as of December 13, 2019	(23)
10.61K	Ninth Amendment to Credit and Security Agreement, Fifth Amendment to Revolving Line of Credit Note and Waiver	(1)
10.68*	401Plus Executive Deferred Compensation Plan (as amended and restated January 1, 2009)	(10)
10.68A*	Amendment No. One to the Kewaunee Scientific Corporation 401Plus Executive Deferred Compensation Plan	(10)
10.68B*	Amendment No. Two to the Kewaunee Scientific Corporation 401Plus Executive Deferred Compensation Plan	(16)
10.69*	Pension Equalization Plan (as amended and restated January 1, 2009)	(10)
10.69A*	Amendment No. One to the Kewaunee Scientific Corporation Pension Equalization Plan	(10)
10.72*	Kewaunee Scientific Corporation 2017 Omnibus Incentive Plan	(15)
10.73*	Offer Letter to Donald T. Gardner III dated April 2, 2019.	(19)
10.74*	Separation Agreement dated as of March 24, 2019 between Kewaunee Scientific Corporation and David M. Rausch.	(20)
10.75*	Change of Control Employment Agreement dated as of June 18, 2019 between Kewaunee Scientific Corporation and Thomas D. Hull III.	(21)
10.76*	Change of Control Employment Agreement dated as of June 18, 2019 between Kewaunee Scientific Corporation and Donald T. Gardner III.	(21)
10.77*	Change of Control Employment Agreement dated as of June 18, 2019 between Kewaunee Scientific Corporation and Michael D. Rok.	(21)

		Page Number (or Reference)
10.78*	Change of Control Employment Agreement dated as of June 18, 2019 between Kewaunee Scientific Corporation and Kurt P. Rindoks.	(21)
10.79*	Change of Control Employment Agreement dated as of June 18, 2019 between Kewaunee Scientific Corporation and Elizabeth D. Phillips.	(21)
10.80*	Change of Control Employment Agreement dated as of June 18, 2019 between Kewaunee Scientific Corporation and Ryan S. Noble.	(21)
10.81*	Change of Control Employment Agreement dated as of June 18, 2019 between Kewaunee Scientific Corporation and Lisa J. Ryan.	(21)
10.82*	Employment agreement dated October 1, 2017 between Kewaunee Labway India Pvt. Ltd and Bhoopathy Sathyamurthy.	(22)
10.83*	Employment Agreement dated as of October 28, 2019 between Kewaunee Scientific Corporation and Mandar Ranade	(23)
10.84*	Change of Control Employment Agreement dated as of December 2, 2019 between Kewaunee Scientific Corporation and Mandar Ranade	(24)
10.85*	Offer Letter dated as of May 7, 2020 between Kewaunee Scientific Corporation and Douglas J. Batdorff	(1)
10.86*	Change of Control Employment Agreement dated as of June 1, 2020 between Kewaunee Scientific Corporation and Douglas J. Batdorff	(1)
21.1	Subsidiaries of the Company	(1)
23.1	Consent dated July 27, 2020 of Ernst & Young LLP, Independent Registered Public Accounting Firm (incorporated by reference to page 48 of this Report on Form 10-K)	(1)
31.1	Certification of Principal Executive Officer of the Company pursuant to Exchange Act Rule 13a-14(a) or Rule 15d-14(a)	(1)
31.2	Certification of Principal Financial Officer of the Company pursuant to Exchange Act Rule 13a-14(a) or Rule 15d-14(a)	(1)
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	(1)
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	(1)
101.INS	XBRL Instance Document	(1)
101.SCH	XBRL Taxonomy Extension Schema Document	(1)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	(1)
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	(1)
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	(1)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	(1)

* The referenced exhibit is a management contract or compensatory plan or arrangement.

(All other exhibits are either inapplicable or not required.)

Footnotes

(1) Filed with this Form 10-K with the Securities and Exchange Commission.
(2) Filed as an exhibit to the Kewaunee Scientific Corporation Quarterly Report to the Securities and Exchange Commission on Form 10-Q (Commission File No. 0-5286) for the quarterly period ended October 31, 2005 and incorporated herein by reference.
(3) Filed as Appendix A to the Kewaunee Scientific Corporation Proxy Statement for its Annual Meeting of Stockholders on August 25, 2010 (Commission File No. 0-5286) filed on July 23, 2010, and incorporated herein by reference.
(4) Filed as an exhibit to the Kewaunee Scientific Corporation Quarterly Report to the Securities and Exchange Commission on Form 10-Q (Commission File No. 0-5286) for the quarterly period ended October 31, 2012, and incorporated herein by reference.
(5) Filed as an exhibit to the Kewaunee Scientific Corporation Current Report on Form 8-K (Commission File No. 0-5286) filed on May 9, 2013, and incorporated herein by reference.
(6) Filed as an exhibit to the Kewaunee Scientific Corporation Current Report on Form 8-K (Commission File No. 0-5286) filed on July 11, 2013, and incorporated herein by reference.
(7) Filed as an exhibit to the Kewaunee Scientific Corporation Annual Report to the Securities and Exchange Commission on Form 10-K (Commission File No. 0-5286) for the fiscal year ended April 30, 2014, and incorporated herein by reference.
(8) Filed as an exhibit to the Kewaunee Scientific Corporation Current Report on Form 8-K (Commission File No. 0-5286) filed on September 2, 2014, and incorporated herein by reference.
(9) Filed as an exhibit to the Kewaunee Scientific Corporation Current Report on Form 8-K (Commission File No. 0-5286) filed on June 3, 2015, and incorporated herein by reference.
(10) Filed as an exhibit to the Kewaunee Scientific Corporation Annual Report to the Securities and Exchange Commission on Form 10-K (Commission File No. 0-5286) for the fiscal year ended April 30, 2015, and incorporated herein by reference.
(11) Filed as Appendix A to the Kewaunee Scientific Corporation Proxy Statement for its Annual Meeting of Stockholders on August 26, 2015 (Commission File No. 0-5286) filed on July 24, 2015, and incorporated herein by reference.
(12) Filed as an exhibit to the Kewaunee Scientific Corporation Quarterly Report to the Securities and Exchange Commission on Form 10-Q (Commission File No. 0-5286) for the quarterly period ended October 31, 2015, and incorporated herein by reference.
(13) Filed as an exhibit to the Kewaunee Scientific Corporation Annual Report to the Securities and Exchange Commission on Form 10-K (Commission File No. 0-5286) for the fiscal year ended April 30, 2016, and incorporated herein by reference.
(14) Filed as an exhibit to the Kewaunee Scientific Corporation Quarterly Report to the Securities and Exchange Commission on Form 10-Q (Commission File No. 0-5286) for the quarterly period ended January 31, 2017, and incorporated herein by reference.
(15) Filed as Appendix A to the Kewaunee Scientific Corporation Proxy Statement for its Annual Meeting of Stockholders on August 30, 2017 (Commission File No. 0-5286) filed on July 21, 2017, and incorporated herein by reference.
(16) Filed as an exhibit to the Kewaunee Scientific Corporation Quarterly Report to the Securities and Exchange Commission on Form 10-Q (Commission File No. 0-5286) for the quarterly period ended January 31, 2018, and incorporated herein by reference.
(17) Filed as an exhibit to the Kewaunee Scientific Corporation Current Report on Form 8-K (Commission File No. 0-5286) filed on March 16, 2018, and incorporated herein by reference.
(18) Filed as an exhibit to the Kewaunee Scientific Corporation Annual Report to the Securities and Exchange Commission on Form 10-K (Commission File No. 0-5286) for the fiscal year ended April 30, 2018, and incorporated herein by reference.
(19) Filed as an exhibit to the Kewaunee Scientific Corporation Current Report on Form 8-K (Commission File No. 0-5286) filed on April 30, 2019, and incorporated herein by reference.

(20) Filed as an exhibit to the Kewaunee Scientific Corporation Current Report on Form 8-K (Commission File No. 0-5286) filed on June 21, 2019, and incorporated herein by reference.
(21) Filed as an exhibit to the Kewaunee Scientific Corporation Current Report on Form 8-K (Commission File No. 0-5286) filed on June 21, 2019, and incorporated herein by reference.
(22) Filed as an exhibit to the Kewaunee Scientific Corporation Annual Report to the Securities and Exchange Commission on Form 10-K (Commission File No. 0-5286) for the fiscal year ended April 30, 2019, and incorporated herein by reference.
(23) Filed as an exhibit to the Kewaunee Scientific Corporation Quarterly Report to the Securities and Exchange Commission on Form 10-Q (Commission File No. 0-5286) for the quarterly period ended October 31, 2019, and incorporated herein by reference.
(24) Filed as an exhibit to the Kewaunee Scientific Corporation Quarterly Report to the Securities and Exchange Commission on Form 10-Q (Commission File No. 0-5286) for the quarterly period ended January 31, 2020, and incorporated herein by reference.
(25) Filed as an exhibit to the Kewaunee Scientific Corporation Current Report on Form 8-K (Commission File No. 0-5286) filed on April 27, 2020, and incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

KEWAUNEE SCIENTIFIC CORPORATION

By: /s/ Thomas D. Hull III
Thomas D. Hull III
President and Chief Executive Officer

Date: July 27, 2020

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

(i)	Principal Executive Officer /s/ Thomas D. Hull III Thomas D. Hull III President and Chief Executive Officer	
(ii)	Principal Financial and Accounting Officer /s/ Donald T. Gardner III Donald T. Gardner III Vice President, Finance Chief Financial Officer, Treasurer and Secretary	
(iii)	A majority of the Board of Directors:	July 27, 2020

/s/ Keith M. Gehl
Keith M. Gehl

/s/ John D. Russell
John D. Russell

/s/ Margaret B. Pyle
Margaret B. Pyle

/s/ Donald F. Shaw
Donald F. Shaw

/s/ Thomas D. Hull, III
Thomas D. Hull, III

/s/ David S. Rhind
David S. Rhind

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BOARD OF DIRECTORS

Keith M. Gehl
Business Development and Strategy
Gluck & Company, NY
Retired Sr. VP Real Estate & Facilities
Family Dollar Stores, Inc.

Thomas D. Hull III
President,
Chief Executive Officer
Kewaunee Scientific Corporation

Margaret B. Pyle
CEO & Vice Chairman
Chief Legal Counsel
The Pyle Group

David S. Rhind
Chairman of the Board
Kewaunee Scientific Corporation
Attorney-at-Law
Former Deputy General Counsel
Hudson Global, Inc.

John D. Russell
President, CEO
Morton Buildings

Donald F. Shaw
Retired CEO
ISEC, Inc.

KEWAUNEE SCIENTIFIC OFFICERS

Thomas D. Hull III
President
Chief Executive Officer

Donald T. Gardner III
Vice President, Finance
Chief Financial Officer
Treasurer, Secretary

Douglas J. Batdorff
Vice President,
Manufacturing Operations

Ryan S. Noble
Vice President,
Sales & Marketing, Americas

Elizabeth D. Phillips
Vice President, Human Resources

Mandar M. Ranade
Vice President,
Information Technology
& Engineering

Kurt P. Rindoks
Vice President,
Global Product Development
& Strategic Alliances

Lisa L. Ryan
Vice President,
Construction Operations

B. Sathyamurthy
Vice President,
Kewaunee Scientific Corporation
Singapore Pte. Ltd.,
Managing Director
International Operations

CORPORATE HEADQUARTERS
2700 West Front Street
Statesville, NC 28677-2927
P.O. Box 1842, Statesville, NC 28687-1842
Telephone: 704-873-7202
Facsimile: 704-873-1275

INTERNATIONAL HEADQUARTERS
Kewaunee Labway Asia Pte. Ltd.
194 Pandan Loop, #6-22
Pantech Industrial Complex
Singapore 128 383
Telephone: 65-6773-0288
Facsimile: 65-6773-2322

STOCKHOLDER INFORMATION

Financial Information
The Company's Form 10-K financial report, filed annually with the Securities and Exchange Commission, may be obtained by stockholders without charge on the Internet at http://www.kewaunee.com or by writing the Secretary of the Company, Kewaunee Scientific Corporation, P.O. Box 1842, Statesville, NC 28687-1842.

The Company's common stock is listed on the NASDAQ Global Market.

Trading symbol: KEQU

Recent financial information and Company news is available on the Internet at http://www.kewaunee.com.

Notice of Annual Meeting
The Annual Meeting of Stockholders of Kewaunee Scientific Corporation will be held via Virtual Meeting on August 26, 2020, 10:00 a.m. Central Daylight Time. [11:00 a.m. Eastern Daylight Time]

Transfer Agent and Registrar
All stockholder inquiries, including transfer-related matters, should be directed to:
Computershare Investor Services
[correspondence]
P.O. Box 505000, Louisville, KY 40233
[courier service]
462 South 4th Street, Louisville, KY 40202
Telephone: 800-522-6645.
Shareholder website at: www.computershare.com/investor

Independent Registered Public Accounting Firm
Dixon Hughes Goodman LLP
Charlotte, NC

PRODUCT INFORMATION
Kewaunee Scientific Corporation products are available through a network of sales representatives, a national stocking distributor, and international subsidiaries.

For more information on the Company's laboratory and technical products: Telephone: 704-873-7202
On the Internet at http://www.kewaunee.com
E-mail: kscmarketing@kewaunee.com

EMPLOYMENT OPPORTUNITIES
Individuals interested in employment with Kewaunee Scientific Corporation should contact the Vice President of Human Resources, Kewaunee Scientific Corporation, P.O. Box 1842, Statesville, NC 28687-1842. Employment opportunities are also listed on the Internet at http://www.kewaunee.com. Kewaunee Scientific Corporation is an equal opportunity employer.

KEWAUNEE®
Scientific Corporation

P.O. Box 1842 • Statesville, NC 28687-1842
Phone: (704) 873-7202 • Fax: (704) 873-1275
Web Site: www.kewaunee.com