

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

FORM 8-K

Current Report

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): March 13, 2024

OPTICAL CABLE CORPORATION

(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction of
incorporation or organization)

000-27022
(Commission
File Number)

54-1237042
(I.R.S. Employer
Identification Number)

5290 Concourse Drive
Roanoke, VA
(Address of principal executive offices)

24019
(Zip Code)

(540) 265-0690
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of Each Class
Common Stock, no par value

Trading Symbol
OCC

Name of exchange on which registered
Nasdaq Global Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12B-2 of the Securities Exchange Act of 1934.

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.

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Item 2.02 Results of Operations and Financial Condition

On March 13, 2024, Optical Cable Corporation issued a press release announcing its first quarter of fiscal year 2024 financial results. Also on March 13, 2024, Optical Cable Corporation held an earnings call. The press release is attached hereto as Exhibit 99.1 and the transcript for the earnings call is attached as Exhibit 99.2.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

The following are filed as Exhibits to this Report.

Exhibit No.	Description of Exhibit
99.1	Press Release dated March 13, 2024 (FILED HEREWITH)
99.2	Transcript of earnings call on March 13, 2024 (FILED HEREWITH)
104	Cover page Interactive Data File (embedded within the inline XBRL document)

SIGNATURES

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

OPTICAL CABLE CORPORATION

By: /s/ Tracy G. Smith
Name: Tracy G. Smith
Title: Senior Vice President and Chief Financial Officer

Dated: March 14, 2024

**OPTICAL CABLE CORPORATION**

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FOR IMMEDIATE RELEASE

**OPTICAL CABLE CORPORATION REPORTS
FIRST QUARTER OF FISCAL YEAR 2024 FINANCIAL RESULTS**

Roanoke, Va., March 13, 2024 — Optical Cable Corporation (Nasdaq GM: OCC) (“OCC®” or the “Company”) today announced financial results for its first quarter ended January 31, 2024.

First Quarter 2024 Financial Results

Consolidated net sales for the first quarter of fiscal year 2024 were \$14.9 million, a decrease of 18.8% compared to net sales of \$18.3 million for the same period in the prior year, with sales decreases experienced primarily in the Company’s enterprise and wireless carrier markets. The Company believes this is consistent with current macroeconomic pressures and challenges experienced by the industry generally, and in certain of the Company’s target markets.

Additionally, the Company’s net sales during the comparable first quarter of fiscal year 2023 positively benefited from a higher-than-typical sales order backlog/forward load of more than \$12.0 million at the beginning of fiscal year 2023, while sales order backlog/forward load at the beginning of fiscal year 2024 had returned to more normal levels. At the end of the first quarter of fiscal year 2024, sales order backlog/forward load remained at a more typical level of approximately \$5.0 million.

Gross profit was \$3.7 million in the first quarter of fiscal year 2024, a decrease of 43.1% compared to gross profit of \$6.5 million for the same period in fiscal year 2023. Gross profit margin, or gross profit as a percentage of net sales, was 25.0% in the first quarter of fiscal year 2024 compared to 35.7% in the first quarter of fiscal year 2023.

Gross profit margin for the first quarter of fiscal year 2024 was impacted by lower volumes, as fixed charges were spread over lower sales, as well as reduced plant efficiency, as fewer sales and lower backlog impacted the flow of products through the Company's manufacturing facilities—the impact of operating leverage. Additionally, the Company's gross profit margin percentages are heavily dependent upon product mix on a quarterly basis and may vary based on changes in product mix.

SG&A expenses were \$5.1 million in the first quarter of fiscal year 2024, compared to \$5.5 million for the first quarter of fiscal year 2023. SG&A expenses as a percentage of net sales were 34.3% in the first quarter of fiscal 2024, compared to 29.8% in the prior year period. The decrease in SG&A expenses during the first quarter of fiscal year 2024 compared to the same period last year was primarily the result of decreases in employee and contracted sales personnel-related costs and shipping costs.

For the first quarter of fiscal year 2024, OCC recorded a net loss of \$1.4 million, or \$0.18 per basic and diluted share, compared to net income of \$810,000, or \$0.10 per basic and diluted share, for the first quarter of fiscal year 2023.

Management's Comments

Neil Wilkin, President and Chief Executive Officer of OCC, said, "OCC has maintained a strong market position in our targeted markets during the first quarter even as the industry continued to be impacted by various macroeconomic pressures. While certain of our markets continue to show signs of softness, including our enterprise and wireless carrier markets, we believe that there are positive indicators in certain of our other markets and that we are positively positioned relative to our competitors. Overall, we expect market opportunities to improve during fiscal year 2024 relative to the beginning of the year."

"We remain focused on executing our growth strategies and we stand ready to make appropriate adjustments to ensure we capture opportunities in the current market environment. That said, we have not implemented personnel reductions like others in our industry have done. Our planned restraint in this regard is consistent with our view of expected opportunities, as well as considering the time it takes to train new personnel in certain areas of our production operations," Mr. Wilkin said.

"Looking ahead, we are confident that by delivering for our customers and end users and through our continued efforts to work efficiently, we will generate value for our shareholders," Mr. Wilkin concluded.

Conference Call Information

As previously announced, OCC will host a conference call today, March 13, 2024, at 11:00 a.m. Eastern Time. Individuals wishing to participate in the conference call should call (800) 343-4136 in the U.S. or (203) 518-9814 internationally, Conference ID: OCCQ124. For interested individuals unable to join the call, a replay will be available through Wednesday, March 20, 2024 by dialing (888) 562-3376 or (402) 220-1185. The call will also be broadcast live over the internet and can be accessed by visiting the investor relations section of the Company's website at www.occfiber.com.

Company Information

Optical Cable Corporation (“OCC®”) is a leading manufacturer of a broad range of fiber optic and copper data communication cabling and connectivity solutions primarily for the enterprise market and various harsh environment and specialty markets (collectively, the non-carrier markets) and also the wireless carrier market, offering integrated suites of high-quality products which operate as a system solution or seamlessly integrate with other components.

OCC® is internationally recognized for pioneering innovative fiber optic and copper communications technologies, including fiber optic cable designs for the most demanding environments and applications, copper connectivity designs to meet the highest data communication industry standards, as well as a broad product offering built on the evolution of these fundamental technologies.

OCC uses its expertise to deliver cabling and connectivity products and integrated solutions that are best suited to the performance requirements of each end-user’s application. And OCC’s solutions offerings cover a broad range of applications—from commercial, enterprise network, datacenter, residential and campus installations to customized products for specialty applications and harsh environments, including military, industrial, mining, petrochemical and broadcast applications, as well as for the wireless carrier market.

Founded in 1983, OCC is headquartered in Roanoke, Virginia with offices, manufacturing and warehouse facilities located in Roanoke, Virginia, near Asheville, North Carolina and near Dallas, Texas. OCC’s facilities are ISO 9001:2015 registered and its Roanoke and Dallas facilities are MIL-STD-790G certified.

Optical Cable Corporation™, OCC®, Procyon®, Superior Modular Products™, SMP Data Communications™, Applied Optical Systems™, and associated logos are trademarks of Optical Cable Corporation.

Further information about OCC® is available at www.occfiber.com.

FORWARD-LOOKING INFORMATION

This news release by Optical Cable Corporation and its subsidiaries (collectively, the “Company” or “OCC”) may contain certain forward-looking information within the meaning of the federal securities laws. The forward-looking information may include, among other information, (i) statements concerning our outlook for the future, (ii) statements of belief, anticipation or expectation, (iii) future plans, strategies or anticipated events, and (iv) similar information and statements concerning matters that are not historical facts. Such forward-looking information is subject to known and unknown variables, uncertainties, contingencies and risks that may cause actual events or results to differ materially from our expectations, and such known and unknown variables, uncertainties, contingencies and risks may also adversely affect Optical Cable Corporation and its subsidiaries, the Company’s future results of operations and future financial condition, and/or the future equity value of the Company. A partial list of such variables, uncertainties, contingencies and risks that could cause or contribute to such differences from our expectations or that could otherwise adversely affect Optical Cable Corporation and its subsidiaries is set forth in Optical Cable Corporation’s quarterly and annual reports filed with the Securities and Exchange Commission (“SEC”) under the heading “Forward-Looking Information.” OCC’s quarterly and annual reports are available to the public on the SEC’s website at www.sec.gov. In providing forward-looking information, the Company expressly disclaims any obligation to update this information, whether as a result of new information, future events or otherwise except as required by applicable laws and regulations.

(Financial Tables Follow)

OPTICAL CABLE CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(thousands, except per share data)
(unaudited)

	Three Months Ended	
	January 31,	
	2024	2023
Net sales	\$ 14,855	\$ 18,284
Cost of goods sold	11,141	11,763
Gross profit	3,714	6,521
SG&A expenses	5,093	5,455
Royalty expense, net	7	7
Amortization of intangible assets	14	13
Income (loss) from operations	(1,400)	1,046
Interest expense, net	(298)	(271)
Other, net	280	67
Other income (expense), net	(18)	(204)
Income (loss) before income taxes	(1,418)	842
Income tax expense	7	32
Net income (loss)	<u>\$ (1,425)</u>	<u>\$ 810</u>
Net income (loss) per share:		
Basic and diluted	<u>\$ (0.18)</u>	<u>\$ 0.10</u>
Weighted average shares outstanding:		
Basic and diluted	<u>7,751</u>	<u>7,893</u>

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OPTICAL CABLE CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEET DATA
(thousands)
(unaudited)

	January 31, 2024	October 31, 2023
Cash	\$ 221	\$ 1,469
Trade accounts receivable, net	7,398	8,728
Inventories	23,023	23,766
Other current assets	1,198	1,075
Total current assets	31,840	35,038
Non-current assets	8,654	8,841
Total assets	\$ 40,494	\$ 43,879
Current liabilities	\$ 6,730	\$ 7,768
Non-current liabilities	10,416	11,389
Total liabilities	17,146	19,157
Total shareholders' equity	23,348	24,722
Total liabilities and shareholders' equity	\$ 40,494	\$ 43,879

###

Corporate Speakers:**Spencer Hoffman** Joele Frank, Wilkinson Brimmer Katcher - IR**Neil Wilkin** Optical Cable Corporation - Chairman of the Board, President & CEO**Tracy Smith** Optical Cable Corporation - SVP & CFO**PRESENTATION****Operator**

Good morning. (Operator Instructions) At this time I would like to welcome you to Optical Cable Corporation's first quarter of fiscal year 2024 earnings conference call. (Operator Instructions)

Mr. Hoffman, you may begin your conference.

Spencer Hoffman Joele Frank, Wilkinson Brimmer Katcher - IR

Thank you. Good morning, and thank you for joining us for Optical Cable Corporation's first quarter of fiscal year 2024 conference call.

By this time, everyone should have a copy of the earnings press release issued earlier today. You can also visit www.occfiber.com for a copy.

On the call with us today are Neil Wilkin, President and Chief Executive Officer of OCC, and Tracy Smith, Senior Vice President and Chief Financial Officer.

Before we begin, I'd like to remind everyone that this call may contain forward-looking statements that involve risks and uncertainties. The actual future results of Optical Cable Corporation may differ materially due to a number of factors and risks including, but not limited to those factors referenced in the forward-looking statements section of this morning's press release.

These cautionary statements apply to the contents of the Internet webcast on www.occfiber.com as well as today's call.

With that, I'll turn the call over to Neil Wilkin. Neil, please begin.

Neil Wilkin Optical Cable Corporation - Chairman of the Board, President & CEO

Thank you, Spencer, and good morning, everyone. I will begin the call today with a few opening remarks. Tracy will then review the first quarter results for the three-month period ended January 31, 2024, in some additional detail. After Tracy's remarks, we will answer as many of your questions as we can.

As is our normal practice, we will only take questions from analysts and institutional investors during the Q&A session. However, we also offer other shareholders the opportunity to submit questions in advance of our earnings call. Instructions regarding such submissions are included in our press release announcing the date and time of our call.

During the first quarter of fiscal year 2024, OCC has maintained a strong market position in our targeted markets, even as the industry continued to be impacted by various macroeconomic pressures and uncertainties.

While certain of our markets continue to show signs of softness, including our enterprise and wireless carrier markets, we believe there are positive indicators in certain of our other markets and that we are positively positioned relative to our competitors.

OCC does benefit from its long-standing market diversification, both geographically and importantly, by target industry and application. Overall, we expect our market opportunities to improve during fiscal year 2024 relative to the beginning of the year. We remain focused on executing our growth strategies, and we stand ready to make appropriate adjustments to ensure we capture opportunities in the current market environment.

That said, we have not implemented personnel reductions like others in our industry have done. Our planned restraint in this regard is consistent with our view of expected opportunities, as well as considering the time it takes to train new personnel in certain areas of our production operations.

This approach does impact short-term results due to our operating leverage, both with respect to cost of goods sold and SG&A expenses relative to sales. Importantly, however, we believe this approach better positions OCC for the longer-term in our targeted markets as they improve.

Looking ahead, we are confident that by delivering for our customers and end users and through our continued efforts to work efficiently, we will generate value for our shareholders.

And with that, I'll turn the call over to Tracy, who will review in additional detail our first quarter of fiscal year 2024 financial results.

Tracy Smith Optical Cable Corporation - SVP & CFO

Thank you, Neil.

Consolidated net sales for the first quarter of fiscal 2024 were \$14.9 million, a decrease of 18.8% compared to net sales of \$18.3 million for the same period last year.

During the first quarter of fiscal 2024, we experienced a decrease in net sales primarily in our enterprise and wireless carrier markets compared to the same period last year.

Our net sales during the comparable first quarter of fiscal year 2023 positively benefited from a higher-than-typical sales order backlog and forward load of more than \$12 million at the beginning of fiscal year 2023, while sales order backlog and forward load at the beginning of fiscal year 2024 had returned to more normal levels. At the end of the first quarter of fiscal year 2024, sales order backlog and forward load remained at a more typical level of approximately \$5 million.

Additionally, net sales for the first quarter of fiscal year 2024 were negatively impacted by various macroeconomic pressures, risks and uncertainties in our industry. While certain of our markets continue to show signs of softness, including our enterprise and wireless carrier markets, we believe there are positive indicators in certain of our other markets. Overall, we expect our net sales to begin to grow compared to what we have seen in the first quarter during fiscal year 2024.

Turning to gross profit. Our gross profit was \$3.7 million in the first quarter of fiscal 2024 compared to gross profit of \$6.5 million for the same period last year. Gross profit margin, or gross profit as a percentage of net sales, was 25% in the first quarter of fiscal 2024 compared to 35.7% in the first quarter of fiscal 2023.

Gross profit margin for the first quarter of fiscal 2024 was negatively impacted by lower volumes as fixed charges were spread over lower sales, as well as reduced plant efficiency, as fewer sales and lower backlog impacted the flow of products through our manufacturing facilities—the impact of operating leverage. Additionally, our gross profit margin percentages are heavily dependent upon product mix on a quarterly basis and may vary based on changes in product mix.

SG&A expenses decreased to \$5.1 million in the first quarter of fiscal year 2024 compared to \$5.5 million for the same period last year. SG&A expenses as a percentage of net sales were 34.3% in the first quarter of fiscal 2024 compared to 29.8% in the first quarter of fiscal 2023, which reflects our operating leverage relative to net sales.

The decrease in SG&A expenses during the first quarter of fiscal year 2024, compared to the same period last year, was primarily the result of decreases in employee and contracted sales personnel-related costs. Included in employee and contracted sales personnel-related costs are employee incentives and commissions, which decreased due to decreased net sales and the financial results during the first quarter of fiscal 2024.

OCC recorded a net loss of \$1.4 million, or \$0.18 per basic and diluted share, for the first quarter of fiscal 2024 compared to net income of \$810,000, or \$0.10 per basic and diluted share, for the first quarter of fiscal 2023.

With that, I'll turn the call back over to you, Neil.

Neil Wilkin Optical Cable Corporation - Chairman of the Board, President & CEO

Thank you, Tracy.

And now, if any analysts or institutional investors have questions, we are happy to answer them. Angela, if you could please indicate the instructions for our participants to call in any questions they have, I would appreciate it. Again, we are only taking live questions from analysts and institutional investors.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) It appears there are no questions at this time.

I will now turn the program back over to Neil Wilkin for any additional remarks.

Neil Wilkin Optical Cable Corporation - Chairman of the Board, President & CEO

Thank you, Angela. Spencer, were there any questions that were submitted by individual investors in connection with today's earnings release?

Spencer Hoffman Joele Frank, Wilkinson Brimmer Katcher - IR

Neil, we do not have any earnings-related questions submitted in advance of the call by a non-institutional shareholder.

So I'll turn it back over to you.

Neil Wilkin Optical Cable Corporation - Chairman of the Board, President & CEO

Okay. Great. Well, I'd like to thank everyone for listening to our first quarter of fiscal year 2024 conference call. As always, we appreciate your time and your investment in Optical Cable Corporation. Thank you.

Operator

This does conclude today's program. Thank you for your participation.

You may disconnect at any time.