UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

# FORM 10-Q

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

For the quarterly period ended January 31, 2023

**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 0-27022

**OPTICAL CABLE CORPORATION**

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Virginia**<br>(State or other jurisdiction of incorporation or organization) | 54-1237042<br>(I.R.S. Employer Identification No.) |

**5290 Concourse Drive**
**Roanoke, Virginia 24019**
(Address of principal executive offices, including zip code)

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

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

| Title of Each Class | Trading Symbol | Name of exchange on which registered |
|---|---|---|
| Common Stock, no par value | OCC | Nasdaq Global Market |

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 ☐ | Smaller Reporting Company ☒ |
| Emerging Growth Company ☐ | | | |

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

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

As of March 8, 2023, 7,868,568 shares of the registrant's Common Stock, no par value, were outstanding.

**OPTICAL CABLE CORPORATION**

Form 10-Q Index

Three Months Ended January 31, 2023

## PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

**OPTICAL CABLE CORPORATION**
Condensed Consolidated Balance Sheets
(Unaudited)

| | January 31, 2023 | October 31, 2022 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash | $ 186,081 | $ 215,936 |
| Trade accounts receivable, net of allowance for doubtful accounts of $59,856 at January 31, 2023 and $69,643 at October 31, 2022 | 9,910,936 | 10,963,753 |
| Other receivables | 140,945 | 37,442 |
| Inventories | 22,261,385 | 19,438,766 |
| Prepaid expenses and other assets | 609,848 | 540,225 |
| Total current assets | 33,109,195 | 31,196,122 |
| | | |
| Property and equipment, net | 7,302,218 | 7,390,285 |
| Intangible assets, net | 606,716 | 618,142 |
| Other assets, net | 1,483,221 | 1,353,257 |
| Total assets | $ 42,501,350 | $ 40,557,806 |
| **Liabilities and Shareholders' Equity** | | |
| Current liabilities: | | |
| Current installments of long-term debt | $ 341,522 | $ 338,094 |
| Accounts payable and accrued expenses | 5,558,085 | 5,354,150 |
| Accrued compensation and payroll taxes | 1,763,863 | 1,772,551 |
| Income taxes payable | 50,379 | 18,098 |
| Total current liabilities | 7,713,849 | 7,482,893 |
| | | |
| Note payable, revolver - noncurrent | 6,823,065 | 5,999,663 |
| Long-term debt, excluding current installments | 4,104,190 | 4,190,508 |
| Other noncurrent liabilities | 856,222 | 725,024 |
| Total liabilities | 19,497,326 | 18,398,088 |
| Shareholders' equity: | | |
| Preferred stock, no par value, authorized 1,000,000 shares; none issued and outstanding | — | — |
| Common stock, no par value, authorized 50,000,000 shares; issued and outstanding 7,868,568 shares at January 31, 2023 and 7,893,194 shares at October 31, 2022 | 14,672,827 | 14,638,505 |
| Retained earnings | 8,331,197 | 7,521,213 |
| Total shareholders' equity | 23,004,024 | 22,159,718 |
| Commitments and contingencies | | |
| Total liabilities and shareholders' equity | $ 42,501,350 | $ 40,557,806 |

See accompanying condensed notes to condensed consolidated financial statements.

**OPTICAL CABLE CORPORATION**
Condensed Consolidated Statements of Operations
(Unaudited)

| | Three Months Ended January 31, | |
|---|---|---|
| | 2023 | 2022 |
| Net sales | $ 18,283,675 | $ 14,440,295 |
| Cost of goods sold | 11,762,466 | 10,394,443 |
| Gross profit | 6,521,209 | 4,045,852 |
| Selling, general and administrative expenses | 5,455,466 | 4,780,199 |
| Royalty expense, net | 6,586 | 6,958 |
| Amortization of intangible assets | 13,221 | 12,095 |
| Income (loss) from operations | 1,045,936 | (753,400) |
| Other income (expense), net: | | |
| Interest expense, net | (270,623) | (158,260) |
| Other, net | 67,135 | (11,385) |
| Other expense, net | (203,488) | (169,645) |
| Income (loss) before income taxes | 842,448 | (923,045) |
| Income tax expense | 32,464 | 12,748 |
| Net income (loss) | $ 809,984 | $ (935,793) |
| Net income (loss) per share: Basic and diluted | $ 0.10 | $ (0.12) |

See accompanying condensed notes to condensed consolidated financial statements.

**OPTICAL CABLE CORPORATION**
Condensed Consolidated Statements of Shareholders' Equity
(Unaudited)

| | Three Months Ended January 31, 2023 | | | |
|---|---|---|---|---|
| | Common Stock | | Retained | Total Shareholders' |
| | Shares | Amount | Earnings | Equity |
| Balances at October 31, 2022 | 7,893,194 | $ 14,638,505 | $ 7,521,213 | $ 22,159,718 |
| Share-based compensation, net | (24,626) | 34,322 | — | 34,322 |
| Net income | — | — | 809,984 | 809,984 |
| Balances at January 31, 2023 | 7,868,568 | $ 14,672,827 | $ 8,331,197 | $ 23,004,024 |

| | Three Months Ended January 31, 2022 | | | |
|---|---|---|---|---|
| | Common Stock | | Retained | Total Shareholders' |
| | Shares | Amount | Earnings | Equity |
| Balances at October 31, 2021 | 7,897,477 | $ 14,337,649 | $ 7,868,304 | $ 22,205,953 |
| Share-based compensation, net | (47,479) | 19,803 | — | 19,803 |
| Net loss | — | — | (935,793) | (935,793) |
| Balances at January 31, 2022 | 7,849,998 | $ 14,357,452 | $ 6,932,511 | $ 21,289,963 |

See accompanying condensed notes to condensed consolidated financial statements.

**OPTICAL CABLE CORPORATION**
Condensed Consolidated Statements of Cash Flows
(Unaudited)

| | Three Months Ended January 31, 2023 | Three Months Ended January 31, 2022 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net income (loss) | $ 809,984 | $ (935,793) |
| Adjustments to reconcile net income (loss) to net cash used in operating activities: | | |
| Depreciation and amortization | 248,196 | 285,954 |
| Bad debt recovery | (9,787) | (4,328) |
| Share-based compensation expense | 135,041 | 124,439 |
| Loss on sale of property and equipment | 10,065 | 12,008 |
| (Increase) decrease in: | | |
| Trade accounts receivable | 1,062,604 | (11,897) |
| Other receivables | (103,503) | 20,708 |
| Inventories | (2,822,619) | (1,603,095) |
| Prepaid expenses and other assets | (69,623) | 77,448 |
| Other assets | (199,075) | 96,340 |
| Increase (decrease) in: | | |
| Accounts payable and accrued expenses | 119,602 | 457,661 |
| Accrued compensation and payroll taxes | (8,688) | 114,430 |
| Income taxes payable | 32,281 | 12,151 |
| Other noncurrent liabilities | 165,398 | (510,513) |
| Net cash used in operating activities | (630,124) | (1,864,487) |
| Cash flows from investing activities: | | |
| Purchase of and deposits for the purchase of property and equipment | (104,675) | (73,286) |
| Investment in intangible assets | (1,795) | (8,006) |
| Net cash used in investing activities | (106,470) | (81,292) |
| Cash flows from financing activities: | | |
| Proceeds from note payable, revolver | 20,010,064 | 16,492,804 |
| Payments on note payable, revolver | (19,186,661) | (14,428,307) |
| Principal payments on long-term debt | (82,891) | (79,597) |
| Payments for financing costs | (25,000) | (25,000) |
| Principal payments on financing lease | (8,773) | (8,366) |
| Net cash provided by financing activities | 706,739 | 1,951,534 |
| Net increase (decrease) in cash | (29,855) | 5,755 |
| Cash at beginning of period | 215,936 | 132,249 |
| Cash at end of period | $ 186,081 | $ 138,004 |

See accompanying condensed notes to condensed consolidated financial statements.

**OPTICAL CABLE CORPORATION**
Condensed Notes to Condensed Consolidated Financial Statements
Three Months Ended January 31, 2023
(Unaudited)

## (1) General

The accompanying unaudited condensed consolidated financial statements of Optical Cable Corporation and its subsidiaries (collectively, the "Company" or "OCC®") have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information and the instructions to Form 10-Q and Regulation S-X. Accordingly, they do not include all of the information and notes required by U.S. generally accepted accounting principles for complete financial statements. In the opinion of management, all material adjustments considered necessary for a fair presentation have been included. Operating results for the three months ended January 31, 2023 are not necessarily indicative of the results for the fiscal year ending October 31, 2023 because the following items, among other things, may impact those results: changing macroeconomic conditions in various markets, direct and indirect impacts of the COVID-19 pandemic including (but not limited to) supply chain and labor constraints impacting production volumes, increased costs and COVID-19 related government and private industry mandates in the areas of the world in which we operate, changes in market conditions, seasonality, inflation and interest rates, changes in technology, competitive conditions, timing of certain projects and purchases by key customers, significant variations in sales resulting from high volatility and timing of large sales orders among a limited number of customers in certain markets, ability of management to execute its business plans, continued ability to maintain and/or secure future debt and/or equity financing to adequately finance ongoing operations; as well as other variables, uncertainties, contingencies and risks set forth as risks in the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2022 (including those set forth in the "Forward-Looking Information" section), or as otherwise set forth in other filings by the Company as variables, contingencies and/or risks possibly affecting future results. The unaudited condensed consolidated financial statements and condensed notes are presented as permitted by Form 10-Q and do not contain certain information included in the Company's annual consolidated financial statements and notes. For further information, refer to the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2022.

## (2) Stock Incentive Plans and Other Share-Based Compensation

As of January 31, 2023, there were approximately 381,000 remaining shares available for grant under the Optical Cable Corporation Stock Incentive Plan ("2017 Plan").

Share-based compensation expense for employees, a consultant and non-employee Directors recognized in the condensed consolidated statements of operations for the three months ended January 31, 2023 and 2022 was $135,041 and $124,439, respectively. Share-based compensation expense is entirely related to expense recognized in connection with the vesting of restricted stock awards or other stock awards.

*Stock Compensation*

The Company has granted, and anticipates granting from time to time, restricted stock awards subject to approval by the Compensation Committee of the Board of Directors. Since fiscal year 2004, the Company has exclusively used restricted stock awards for all share-based compensation of employees and consultants, and restricted stock awards or stock awards to non-employee members of the Board of Directors.

**OPTICAL CABLE CORPORATION**
Condensed Notes to Condensed Consolidated Financial Statements
Three Months Ended January 31, 2023
(Unaudited)

Restricted stock award activity during the three months ended January 31, 2023 consisted of restricted shares withheld for taxes in connection with the vesting of restricted shares totaling 24,646 shares. OCC restricted stock grants provide the participant with the option to surrender shares to pay for withholding tax obligations resulting from any vesting restricted shares, or to pay cash to the Company or taxing authorities in the amount of the withholding taxes owed on the value of any vesting restricted shares in order to avoid surrendering shares. The Company accrued $100,719 as of January 31, 2023 related to the surrender of shares by participants to pay for withholding taxes on shares that vested on January 31, 2023.

As of January 31, 2023, the estimated amount of compensation cost related to unvested equity-based compensation awards in the form of service-based and operational performance-based shares that the Company will recognize over a 2.5 year weighted-average period is approximately $885,000.

## (3) Allowance for Doubtful Accounts for Trade Accounts Receivable

A summary of changes in the allowance for doubtful accounts for trade accounts receivable for the three months ended January 31, 2023 and 2022 follows:

| | Three Months Ended January 31, 2023 | Three Months Ended January 31, 2022 |
|---|---|---|
| Balance at beginning of period | $ 69,643 | $ 61,527 |
| Bad debt expense | (9,787) | (4,328) |
| Balance at end of period | $ 59,856 | $ 57,199 |

## (4) Inventories

Inventories as of January 31, 2023 and October 31, 2022 consist of the following:

| | January 31, 2023 | October 31, 2022 |
|---|---|---|
| Finished goods | $ 4,614,820 | $ 3,894,102 |
| Work in process | 5,119,033 | 4,054,789 |
| Raw materials | 12,157,110 | 11,093,140 |
| Production supplies | 370,422 | 396,735 |
| Total | $ 22,261,385 | $ 19,438,766 |

## (5) Product Warranties

As of January 31, 2023 and October 31, 2022, the Company’s accrual for estimated product warranty claims totaled $65,000 and $75,000, respectively, and is included in accounts payable and accrued expenses. Warranty claims expense for the three months ended January 31, 2023 and 2022 totaled $16,574 and $7,894, respectively.

The following table summarizes the changes in the Company's accrual for product warranties during the three months ended January 31, 2023 and 2022:

| | Three Months Ended January 31, | |
|---|---|---|
| | **2023** | **2022** |
| Balance at beginning of period | $ 75,000 | $ 75,000 |
| Liabilities accrued for warranties issued during the period | 55,430 | 55,243 |
| Warranty claims and costs paid during the period | (26,574) | (7,894) |
| Changes in liability for pre-existing warranties during the period | (38,856) | (47,349) |
| Balance at end of period | $ 65,000 | $ 75,000 |

## (6) Long-term Debt and Notes Payable

The Company has credit facilities consisting of a real estate term loan, as amended and restated (the "Virginia Real Estate Loan"), a supplemental real estate term loan, as amended and restated (the "North Carolina Real Estate Loan") and a Revolving Credit Master Promissory Note and related agreements (collectively, the "Revolver").

Both the Virginia Real Estate Loan and the North Carolina Real Estate Loan are with Northeast Bank, have a fixed interest rate of 3.95% and are secured by a first lien deed of trust on the Company's real property.

Long-term debt as of January 31, 2023 and October 31, 2022 consists of the following:

| | **January 31, 2023** | **October 31, 2022** |
|---|---|---|
| Virginia Real Estate Loan ($6.5 million original principal) payable in monthly installments of $31,812, including interest (at 3.95%), with final payment of $3,318,029 due May 1, 2024 | $ 3,610,701 | $ 3,669,294 |
| North Carolina Real Estate Loan ($2.24 million original principal) payable in monthly installments of $10,963, including interest (at 3.95%), with final payment of $711,773 due May 1, 2024 | 835,011 | 859,308 |
| Total long-term debt | 4,445,712 | 4,528,602 |
| Less current installments | 341,522 | 338,094 |
| Long-term debt, excluding current installments | $ 4,104,190 | $ 4,190,508 |

The Revolver with North Mill Capital LLC (now doing business as SLR Business Credit, "SLR") provides the Company with one or more advances in an amount up to: (a) 85% of the aggregate outstanding amount of eligible accounts (the "eligible accounts loan value"); plus (b) the lowest of (i) an amount up to 35% of the aggregate value of eligible inventory, (ii) $5,000,000, and (iii) an amount not to exceed 100% of the then outstanding eligible accounts loan value; minus (c) $1,150,000.

The maximum aggregate principal amount subject to the Revolver is $18,000,000. Interest accrues on the daily balance at the per annum rate of 1.5% above the Prime Rate in effect from time to time, but not less than 4.75% (the "Applicable Rate"). In the event of a default, interest may become 6.0% above the Applicable Rate. As of January 31, 2023, the Revolver accrued interest at the prime lending rate plus 1.5% (resulting in a 9.0% rate at January 31, 2023). The termination date of the Revolver is July 24, 2025 and the loan may be extended in one year periods subject to the agreement of SLR.

The Revolver is secured by all of the following assets: properties, rights and interests in property of the Company whether now owned or existing, or hereafter acquired or arising, and wherever located; all accounts, equipment, commercial tort claims, general intangibles, chattel paper, inventory, negotiable collateral, investment property, financial assets, letter-of-credit rights, supporting obligations, deposit accounts, money or assets of the Company, which hereafter come into the possession, custody, or control of SLR; all proceeds and products, whether tangible or intangible, of any of the foregoing, including proceeds of insurance covering any or all of the foregoing; any and all tangible or intangible property resulting from the sale, lease, license or other disposition of any of the foregoing, or any portion thereof or interest therein, and all proceeds thereof; and any other assets of the Company which may be subject to a lien in favor of SLR as security for the obligations under the Loan Agreement.

As of January 31, 2023, the Company had $6.8 million of outstanding borrowings on its Revolver and $4.8 million in available credit. As of October 31, 2022, the Company had $6.0 million of outstanding borrowings on its Revolver and $5.9 million in available credit.

**(7) Leases**

The Company has an operating lease agreement for approximately 34,000 square feet of office, manufacturing and warehouse space in Plano, Texas (near Dallas). The lease term expires on November 30, 2024.

The Company has an operating lease agreement for approximately 36,000 square feet of warehouse space in Roanoke, Virginia. During the first quarter of fiscal year 2023, the lease term was extended for an additional three years. The new expiration date is April 30, 2026.

The Company also leases certain office equipment under operating leases with initial 60 month terms. The lease terms expire in February and April of 2025.

OCC leases printers that are used in the Roanoke, Virginia manufacturing facility. The lease term expires on August 22, 2026. The right-of-use asset is being amortized on a straight line basis over seven years. When the lease term ends, the remaining net book value of the right-of-use asset will be classified as property and equipment.

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

The Company includes contract lease components in its determination of lease payments, while non-lease components of the contracts, such as taxes, insurance, and common area maintenance, are expensed as incurred. At commencement, right-of-use assets and lease liabilities are measured at the present value of future lease payments over the lease term. The Company uses its incremental borrowing rate based on information available at the time of lease commencement to measure the present value of future payments.

Operating lease expense is recognized on a straight-line basis over the lease term. Short term leases with an initial term of 12 months or less are expensed as incurred. The Company's short term leases have month-to-month terms.

Operating lease right-of-use assets of $867,974 and $662,328 were included in other assets at January 31, 2023 and October 31, 2022, respectively. Operating lease liabilities of $387,013 and $541,904 were included in accounts payable and accrued expenses, and other noncurrent liabilities, respectively, at January 31, 2023. Operating lease liabilities of $355,183 and $374,570 were included in accounts payable and accrued expenses, and other noncurrent liabilities, respectively, at October 31, 2022. Operating lease expense recognized during the three months ended January 31, 2023 and 2022 totaled $103,333.

The weighted average remaining lease term was 29 months and the weighted average discount rate was 7.0% as of January 31, 2023.

For the three months ended January 31, 2023 and 2022, cash paid for operating lease liabilities totaled $109,815 and $107,284, respectively. For the three months ended January 31, 2023, right-of-use assets obtained in exchange for new operating lease liabilities totaled $316,028 and there was a reduction in right-of-use assets for modified operating lease liabilities totaling $15,719. For the three months ended January 31, 2022, there were no right-of-use assets obtained in exchange for new operating lease liabilities.

Financing lease right-of-use assets of $163,465 and $170,839 were included in other assets at January 31, 2023 and October 31, 2022, respectively. Financing lease liabilities of $36,150 and $121,711 were included in accounts payable and accrued expenses, and other noncurrent liabilities, respectively, at January 31, 2023. Financing lease liabilities of $35,724 and $130,911 were included in accounts payable and accrued expenses, and other noncurrent liabilities, respectively, at October 31, 2022. Interest expense related to the financing lease totaled $1,944 and $2,350 for the three month periods ended January 31, 2023 and January 31, 2022, respectively. Amortization expense related to the financing lease totaled $7,374 for the three month periods ended January 31, 2023 and January 31, 2022.

The remaining lease term for the financing lease is 43 months and the discount rate is 4.75% as of January 31, 2023.

For the three months ended January 31, 2023, cash paid for the financing lease liability totaled $1,944 for interest and $8,773 for principal. For the three months ended January 31, 2022, cash paid for the financing lease liability totaled $2,350 for interest and $8,366 for principal.

The Company’s future payments due under leases reconciled to the lease liabilities are as follows:

| Fiscal Year | Operating leases | Finance lease |
|---|---|---|
| 2023 **(1)** | $ 329,201 | $ 32,151 |
| 2024 | 448,298 | 42,868 |
| 2025 | 177,997 | 42,868 |
| 2026 | 63,644 | 55,715 |
| Total undiscounted lease payments | 1,019,140 | 173,602 |
| Present value discount | (90,223) | (15,740) |
| Total lease liability | $ 928,917 | $ 157,862 |

**(1) Remaining nine months of fiscal year 2023.**

## (8) Fair Value Measurements

The carrying amounts reported in the condensed consolidated balance sheets as of January 31, 2023 and October 31, 2022 for cash, trade accounts receivable, other receivables, current installments of long-term debt, accounts payable and accrued expenses, and accrued compensation and payroll taxes approximate fair value because of the short maturity of these instruments. The carrying values of the Company’s note payable, revolver – noncurrent, and long-term debt, excluding current installments, approximate fair value based on long-term debt issues available to the Company as of January 31, 2023 and October 31, 2022. Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

## (9) Net Income (Loss) Per Share

Basic net income (loss) per share excludes dilution and is computed by dividing net income (loss) available to common shareholders by the weighted-average number of common shares outstanding for the period. Diluted net income (loss) per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the net income (loss) of the Company.

The following is a reconciliation of the numerators and denominators of the net income (loss) per share computations for the periods presented:

| | Three months ended January 31, | |
|---|---|---|
| | 2023 | 2022 |
| Net income (loss) (numerator) | $ 809,984 | $ (935,793) |
| Shares (denominator) | 7,893,194 | 7,511,190 |
| Basic and diluted net income (loss) per share | $ 0.10 | $ (0.12) |

Weighted average unvested shares for the three months ended January 31, 2022 totaling 363,450, while issued and outstanding, were not included in the computation of basic and diluted net loss per share for the three months ended January 31, 2022 (because to include such shares would have been antidilutive, or in other words, to do so would have reduced the net loss per share for that period).

**(10) Segment Information and Business and Credit Concentrations**

The Company provides credit, in the normal course of business, to various commercial enterprises, governmental entities and not-for-profit organizations. Concentration of credit risk with respect to trade receivables is normally limited due to the Company's large number of customers. The Company also manages exposure to credit risk through credit approvals, credit limits and monitoring procedures. Management believes that credit risks as of January 31, 2023 have been adequately provided for in the condensed consolidated financial statements. The Company includes all entities under common ownership for the purpose of calculating business concentrations.

For the three months ended January 31, 2023 and 2022, 14.8% and 17.2%, respectively, of consolidated net sales were attributable to one national distributor customer.

The Company has a single reportable segment for purposes of segment reporting.

**(11) Revenue Recognition**

Revenues consist of product sales that are recognized at a specific point in time under the core principle of recognizing revenue when control transfers to the customer. The Company considers customer purchase orders, governed by master sales agreements or the Company's standard terms and conditions, to be the contract with the customer. For each contract, the promise to transfer the control of the products, each of which is individually distinct, is considered to be the identified performance obligation. The Company evaluates each customer's credit risk when determining whether to accept a contract.

In determining transaction prices, the Company evaluates whether fixed order prices are subject to adjustment to determine the net consideration to which the Company expects to be entitled. Contracts do not include financing components, as payment terms are generally due 30 to 90 days after shipment. Taxes assessed by governmental authorities and collected from the customer including, but not limited to, sales and use taxes and value-added taxes, are not included in the transaction price and are not included in net sales.

The Company recognizes revenue at the point in time when products are shipped or delivered from its manufacturing facility to its customer, in accordance with the agreed upon shipping terms. Since the Company typically invoices the customer at the same time that performance obligations are satisfied, no contract assets are recognized. The Company's contract liability represents advance consideration received from customers prior to transfer of the product. This liability was $59,313 as of January 31, 2023 and $317,310 as of October 31, 2022.

Sales to certain customers are made pursuant to agreements that provide price adjustments and limited return rights with respect to the Company's products. The Company maintains a reserve for estimated future price adjustment claims, rebates and returns as a refund liability. The Company's refund liability was $257,749 as of January 31, 2023 and $233,494 as of October 31, 2022.

The Company offers standard product warranty coverage which provides assurance that its products will conform to contractually agreed-upon specifications for a limited period from the date of shipment. Separately-priced warranty coverage is not offered. The warranty claim is generally limited to a credit equal to the purchase price or a promise to repair or replace the product for a specified period of time at no additional charge.

The Company accounts for shipping and handling activities related to contracts with customers as a cost to fulfill its promise to transfer control of the related product. Shipping and handling costs are included in selling, general and administrative expenses in the accompanying Condensed Consolidated Statements of Operations.

The Company incurs sales commissions to acquire customer contracts that are directly attributable to the contracts. The commissions are expensed as selling expenses during the period that the related products are transferred to customers.

*Disaggregation of Revenue*

The following table presents net sales attributable to the United States and all other countries in total for the three months ended January 31, 2023 and 2022:

| | Three months ended January 31, | |
|---|---|---|
| | 2023 | 2022 |
| United States | $ 14,578,085 | $ 12,144,379 |
| Outside the United States | 3,705,590 | 2,295,916 |
| Total net sales | $ 18,283,675 | $ 14,440,295 |

## (12) Contingencies

From time to time, the Company is involved in various claims, legal actions and regulatory reviews arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's financial position, results of operations or liquidity.

The Company believes continuing and lingering direct and indirect impacts of the COVID-19 pandemic and certain macroeconomic trends as the COVID-19 pandemic has become more endemic-like in the U.S. have created challenges that have affected production volumes and sales. While improving, the Company has continued to experience certain challenges recruiting additional personnel (particularly, production personnel), as well as certain raw material supply chain challenges, which can impact sales, shipped product volumes, pricing and lead times for certain products. The Company believes it has taken steps to successfully mitigate (to a certain extent) the impacts of these challenges; however, at this time the Company believes these challenges may continue.

The extent to which any direct and indirect impacts of the COVID-19 pandemic and certain related macroeconomic trends may continue to affect the Company in the future will depend on ongoing developments, which are highly uncertain and cannot be reasonably predicted, including, but not limited to, the duration and severity of any future outbreaks; the timing and extent of any imposition or easing of restrictions on businesses and individuals in various markets; any impact on product demand in certain of the Company's markets; the potential for any resurgence of the virus (including its variant strains); any supply chain and labor constraints impacting production volumes and costs directly or indirectly resulting from the pandemic and after effects of the pandemic; as well as a variety of other unknowable factors.

## (13) New Accounting Standards Not Yet Adopted

There are no new accounting standards issued, but not yet adopted by the Company, which are expected to materially impact the Company's financial position, operating results or financial statement disclosures.

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

### Forward-Looking Information

This Form 10-Q 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. Such known and unknown variables, uncertainties, contingencies and risks (collectively, "factors") may also adversely affect Optical Cable Corporation and its subsidiaries (collectively, the "Company" or "OCC®"), the Company's future results of operations and future financial condition, and/or the future equity value of the Company. Factors that could cause or contribute to such differences from our expectations or that could adversely affect the Company include, but are not limited to: the level of sales to key customers, including distributors; timing of certain projects and purchases by key customers; the economic conditions affecting network service providers; corporate and/or government spending on information technology; actions by competitors; fluctuations in the price of raw materials (including optical fiber, copper, gold and other precious metals, plastics and other materials); fluctuations in transportation costs; our dependence on customized equipment for the manufacture of certain of our products in certain production facilities; our ability to protect our proprietary manufacturing technology; market conditions influencing prices or pricing in one or more of the markets in which we participate, including the impact of increased competition; our dependence on a limited number of suppliers for certain product components; the loss of or conflict with one or more key suppliers or customers; an adverse outcome in any litigation, claims and other actions, and potential litigation, claims and other actions against us; an adverse outcome in any regulatory reviews and audits and potential regulatory reviews and audits; adverse changes in state tax laws and/or positions taken by state taxing authorities affecting us; technological changes and introductions of new competing products; changes in end-user preferences for competing technologies relative to our product offering; economic conditions that affect the telecommunications sector, the data communications sector, certain technology sectors and/or certain industry market sectors (for example, mining, oil & gas, military, and wireless carrier industry market sectors); economic conditions that affect U.S.-based manufacturers; economic conditions or changes in relative currency strengths (for example, the strengthening of the U.S. dollar relative to certain foreign currencies) and import and/or export tariffs imposed by the U.S. and other countries that affect certain geographic markets, industry market sector, and/or the economy as a whole; changes in demand for our products from certain competitors for which we provide private label connectivity products; changes in the mix of products sold during any given period (due to, among other things, seasonality or varying strength or weaknesses in particular markets in which we participate) which may impact gross profits and gross profit margins or net sales; variations in orders and production volumes of hybrid cables (fiber and copper) with high copper content, which tend to have lower gross profit margins; significant variations in sales resulting from: (i) high volatility within various geographic markets, within targeted markets and industries, for certain types of products, and/or with certain customers (whether related to the market generally or to specific customers' business in particular), (ii) timing of large sales orders, and (iii) high sales concentration among a limited number of customers in certain markets, particularly the wireless carrier market; terrorist attacks or acts of war, any current or potential future military conflicts, and acts of civil unrest; cold wars and economic sanctions as a result of these activities; changes in the level of spending by the United States government, including, but not limited to military spending; ability to recruit and retain key personnel (including production personnel); poor labor relations; increasing labor costs; delays, extended lead times and/or changes in availability of needed raw materials, equipment and/or supplies; shipping and other logistics challenges; impact of inflation or hyperinflation on costs, including raw materials and labor, and ability to pass along any increased costs to customers; impact of rising interest rates increasing the cost of capital; impact of cybersecurity risks and incidents and the related actual or potential costs and consequences of such risks and incidents, including costs and regulations to limit such risks; the impact of data privacy laws and the General Data Protection Regulation and the related actual or potential costs and consequences; the impact of changes in accounting policies and related costs of compliance, including changes by the Securities and Exchange Commission ("SEC"), the Public Company Accounting Oversight Board ("PCAOB"), the Financial Accounting Standards Board ("FASB"), and/or the International Accounting Standards Board ("IASB"); our ability to continue to successfully comply with, and the cost of compliance with, the provisions of Section 404 of the Sarbanes-Oxley Act of 2002 or any revisions to that act which apply to us; the impact of changes and potential changes in federal laws and regulations adversely affecting our business and/or which result in increases in our direct and indirect costs, including our direct and indirect costs of compliance with such laws and regulations; rising healthcare costs; impact of new or changed government laws and regulations on healthcare costs; the impact of changes in state or federal tax laws and regulations increasing our costs and/or impacting the net return to investors owning our shares; any changes in the status of our compliance with covenants with our lenders; our continued ability to maintain and/or secure future debt financing and/or equity financing to adequately finance our ongoing operations; the impact of future consolidation among competitors and/or among customers adversely affecting our position with our customers and/or our market position; actions by customers adversely affecting us in reaction to the expansion of our product offering in any manner, including, but not limited to, by offering products that compete with our customers, and/or by entering into alliances with, making investments in or with, and/or acquiring parties that compete with and/or have conflicts with our customers; voluntary or involuntary delisting of the Company's common stock from any exchange on which it is traded; the deregistration by the Company from SEC reporting requirements as a result of the small number of holders of the Company's common stock; adverse reactions by customers, vendors or other service providers to unsolicited proposals regarding the ownership or management of the Company; the additional costs of considering, responding to and possibly defending our position on unsolicited proposals regarding the ownership or management of the Company; direct and indirect impacts of weather, natural disasters and/or epidemic, pandemic or endemic diseases (such as COVID-19) in the areas of the world in which we operate, market our products and/or acquire raw materials including impacts on supply chains, labor constraints impacting our production volumes and costs; any present or future government mandates, travel restrictions, shutdowns or other regulations regarding any epidemic, pandemic or endemic diseases; an increase in the number of shares of the Company's common stock issued and outstanding; economic downturns generally and/or in one or more of the markets in which we operate; changes in market demand, exchange rates, productivity, market dynamics, market confidence, macroeconomic and/or other economic conditions in the areas of the world in which we operate and market our products; and our success in managing the risks involved in the foregoing.

We caution readers that the foregoing list of important factors is not exclusive. Furthermore, we incorporate by reference those factors included in current reports on Form 8-K, and/or in our other filings.

Dollar amounts presented in the following discussion have been rounded to the nearest hundred thousand, except in the case of amounts less than one million and except in the case of the table set forth in the "Results of Operations" section, the amounts in which both cases have been rounded to the nearest thousand.

**Overview of COVID-19 Effects**

As the COVID-19 pandemic has become more endemic-like in the U.S., we believe continuing and lingering direct and indirect impacts of the COVID-19 pandemic and certain macroeconomic trends have created certain challenges that have affected production volumes and sales. While improving, we have continued to experience certain challenges recruiting additional personnel (particularly, production personnel), as well as certain raw material supply chain challenges, which can impact sales, shipped product volumes, pricing and lead times for certain products. The Company has taken steps to successfully mitigate (to a certain extent) the impacts of these challenges; however, at this time the Company believes these challenges may continue.

The extent to which any continuing and lingering direct and indirect impacts of the COVID-19 pandemic and certain related macroeconomic trends may continue to affect OCC will depend on ongoing developments, which are subject to uncertainty, including, but not limited to: any supply chain and labor constraints impacting our production volumes and costs; any impact on certain of OCC's markets; any resurgence of the virus (including its variant strains); the degree of immunity provided by any current or future vaccines and boosters; any government mandates, travel restrictions, shutdowns or other regulations related to COVID-19 impacting the markets in which we operate, market our products and/or acquire materials; as well as a variety of other unknowable factors. We cannot fully anticipate or reasonably estimate all the ways in which the current global health crisis and its direct and indirect effects could adversely impact our business in the future.

**Overview of Optical Cable Corporation**

Optical Cable Corporation (or 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. Our product offerings include designs for uses ranging from enterprise network, data center, residential, campus and Passive Optical LAN ("POL") installations to customized products for specialty applications and harsh environments, including military, industrial, mining, petrochemical, renewable energy and broadcast applications, as well as the wireless carrier market. Our products include fiber optic and copper cabling, hybrid cabling (which includes fiber optic and copper elements in a single cable), fiber optic and copper connectors, specialty fiber optic, copper and hybrid connectors, fiber optic and copper patch cords, pre-terminated fiber optic and copper cable assemblies, racks, cabinets, datacom enclosures, patch panels, face plates, multimedia boxes, fiber optic reels and accessories and other cable and connectivity management accessories, and are designed to meet the most demanding needs of end-users, delivering a high degree of reliability and outstanding performance characteristics.

OCC® is internationally recognized for pioneering the design and production of fiber optic cables for the most demanding military field applications, as well as of fiber optic cables suitable for both indoor and outdoor use, and creating a broad product offering built on the evolution of these fundamental technologies. OCC is also internationally recognized for pioneering the development of innovative copper connectivity technology and designs used to meet industry copper connectivity data communications standards.

Founded in 1983, Optical Cable Corporation is headquartered in Roanoke, Virginia with offices, manufacturing and warehouse facilities located in Roanoke, Virginia, near Asheville, North Carolina, and near Dallas, Texas. We primarily manufacture our fiber optic cables at our Roanoke facility which is ISO 9001:2015 registered and MIL-STD-790G certified, primarily manufacture our enterprise connectivity products at our Asheville facility which is ISO 9001:2015 registered, and primarily manufacture our harsh environment and specialty connectivity products at our Dallas facility which is ISO 9001:2015 registered and MIL-STD-790G certified.

OCC designs, develops and manufactures fiber optic and hybrid cables for a broad range of enterprise, harsh environment, wireless carrier and other specialty markets and applications. We refer to these products as our fiber optic cable offering. OCC designs, develops and manufactures fiber and copper connectivity products for the enterprise market, including a broad range of enterprise and residential applications. We refer to these products as our enterprise connectivity product offering. OCC designs, develops and manufactures a broad range of specialty fiber optic connectors and connectivity solutions principally for use in military, harsh environment and other specialty applications. We refer to these products as our harsh environment and specialty connectivity product offering.

We market and sell the products manufactured at our Dallas facility through our wholly owned subsidiary Applied Optical Systems, Inc. (“AOS”) under the names Optical Cable Corporation and OCC® by the efforts of our integrated OCC sales team.

The OCC team seeks to provide top-tier communication solutions by bundling all of our fiber optic and copper data communication product offerings into systems that are best suited for individual data communication needs and application requirements of our customers and the end-users of our systems.

OCC’s wholly owned subsidiary Centric Solutions LLC (“Centric Solutions”) provides cabling and connectivity solutions for the data center market. Centric Solutions’ business is located at OCC’s facility near Dallas, Texas.

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

**Summary of Company Performance for First Quarter of Fiscal Year 2023**

- Consolidated net sales for the first quarter of fiscal year 2023 increased 26.6% to $18.3 million, compared to $14.4 million for the same period last year.

- Gross profit increased 61.2% to $6.5 million in the first quarter of fiscal year 2023, compared to $4.0 million for the first quarter of fiscal year 2022.

- Gross profit margin (gross profit as a percentage of net sales) increased to 35.7% during the first quarter of fiscal year 2023, compared to 28.0% for the first quarter of fiscal year 2022.

- SG&A expenses increased to $5.5 million during the first quarter of fiscal year 2023 compared to $4.8 million during the first quarter of fiscal year 2022. SG&A expenses as a percentage of net sales were 29.8% during the first quarter of fiscal year 2023, compared to 33.1% during the same period in fiscal year 2022.

- Net income was $810,000, or $0.10 per share, during the first quarter of fiscal year 2023, compared to a net loss of $936,000, or $0.12 per share, for the comparable period last year.

**Results of Operations**

We sell our products internationally and domestically to our customers which include major distributors, various regional and smaller distributors, original equipment manufacturers and value-added resellers. All of our sales to customers outside of the United States are denominated in U.S. dollars. We can experience fluctuations in the percentage of net sales to customers outside of the United States and in the United States from period to period based on the timing of large orders, coupled with the impact of increases and decreases in sales to customers in various regions of the world. Sales outside of the U.S. can also be impacted by fluctuations in the exchange rate of the U.S. dollar compared to other currencies.

*Net sales* consist of gross sales of products by the Company and its subsidiaries on a consolidated basis less discounts, refunds and returns. Revenue is recognized at the time product is transferred to the customer (including distributors) at an amount that reflects the consideration expected to be received in exchange for the product. Our customers generally do not have the right of return unless a product is defective or damaged and is within the parameters of the product warranty in effect for the sale.

*Cost of goods sold* consists of the cost of materials, product warranty costs and compensation costs, and overhead and other costs related to our manufacturing operations. The largest percentage of costs included in cost of goods sold is attributable to costs of materials.

Our gross profit margin percentages are heavily dependent upon product mix on a quarterly basis and may vary based on changes in product mix. To the extent not impacted by product mix, gross profit margins tend to be higher when we achieve higher net sales levels, as certain fixed manufacturing costs are spread over higher sales. Hybrid cables (containing fiber and copper) with higher copper content tend to have lower gross profit margins.

*Selling, general and administrative expenses* ("SG&A expenses") consist of the compensation costs for sales and marketing personnel, shipping costs, trade show expenses, customer support expenses, travel expenses, advertising, bad debt expense, the compensation costs for administration and management personnel, legal, accounting, advisory and professional fees, costs incurred to settle litigation or claims and other actions against us, and other costs associated with our operations.

*Royalty income (expense), net* consists of royalty income earned on licenses associated with our patented products, net of royalty and related expenses.

*Amortization of intangible assets* consists of the amortization of the costs, including legal fees, associated with internally developed patents that have been granted. Amortization of intangible assets is calculated using the straight-line method over the estimated useful lives of the intangible assets.

*Other income (expense), net* consists of interest expense and other miscellaneous income and expense items not directly attributable to our operations.

The following table sets forth and highlights fluctuations in selected line items from our condensed consolidated statements of operations for the periods indicated:

| | Three Months Ended January 31, | | Percent |
|---|---|---|---|
| | **2023** | **2022** | **Change** |
| Net sales | $ 18,284,000 | $ 14,440,000 | 26.6% |
| Gross profit | 6,521,000 | 4,046,000 | 61.2 |
| SG&A expenses | 5,455,000 | 4,780,000 | 14.1 |
| Net income (loss) | 810,000 | (936,000) | 186.6 |

**Three Months Ended January 31, 2023 and 2022**

*Net Sales*

Consolidated net sales for the first quarter of fiscal year 2023 increased 26.6% to $18.3 million, compared to net sales of $14.4 million for the same period last year. We experienced an increase in net sales in both our enterprise and specialty markets, including the wireless carrier market, in the first quarter of fiscal year 2023, compared to the same period last year.

Net sales to customers in the United States increased 20.0% and net sales to customers outside of the United States increased 61.4% in the first quarter of fiscal year 2023, compared to the same period last year. We can experience fluctuations in sales from quarter to quarter in the various markets (both industries and geographies) in which we operate for various reasons.

We believe the increase in net sales was positively impacted by increased product demand and increased production throughput during the first quarter of fiscal year 2023, compared to the same period last year, as well as improved product pricing which began to take effect for new orders received during the latter half of fiscal year 2022. Our sales order backlog/forward load exceeded $11.0 million at the end of the first quarter of fiscal year 2023—continuing to be higher than typical levels while down from more than $12.0 million at the end of the fourth quarter of fiscal year 2022. We continued to see some positive indicators in our markets during the first quarter of fiscal year 2023, and at this time we believe we will benefit from this trend during fiscal year 2023; however, such expectations could be negatively impacted by macroeconomic and geopolitical risks, and any further direct and indirect impacts of the COVID-19 pandemic.

*Gross Profit*

Our gross profit was $6.5 million in the first quarter of fiscal year 2023, an increase of 61.2% compared to gross profit of $4.0 million in the first quarter of fiscal year 2022. Gross profit margin, or gross profit as a percentage of net sales, increased to 35.7% in the first quarter of fiscal year 2023 compared to 28.0% in the first quarter of fiscal year 2022.

Our gross profit margins tend to be higher when we achieve higher net sales levels due to our operating leverage as certain fixed manufacturing costs are spread over higher sales. This operating leverage, which is beneficial at higher sales levels, positively impacted our gross profit margin during the first quarter of fiscal year 2023 when compared to the same period last year. Our gross profit margin percentages are also heavily dependent upon product mix on a quarterly basis and may vary based on changes in product mix.

*Selling, General, and Administrative Expenses*

SG&A expenses increased to $5.5 million during the first quarter of fiscal year 2023, compared to $4.8 million for the same period last year. SG&A expenses as a percentage of net sales were 29.8% in the first quarter of fiscal year 2023, compared to 33.1% in the first quarter of fiscal year 2022.

The increase in SG&A expenses during the first quarter of fiscal year 2023 compared to the same period last year was primarily the result of increases in employee and contracted sales personnel related costs totaling $461,000. Included in employee and contracted sales personnel related costs are employee incentives and commissions which increased due to increased net sales and the improved financial results during the first quarter of fiscal year 2023.

Also contributing to the increase in SG&A expenses during the first quarter of fiscal year 2023 were increases in shipping costs totaling $96,000 due to the increase in net sales and the increase in the costs charged by shippers, when compared to the same period last year.

*Royalty Income (Expense), Net*

We recognized royalty expense, net of royalty income, totaling $7,000 during the first quarter of fiscal years 2023 and 2022. Royalty expense and/or income may fluctuate based on sales of related licensed products and estimates of amounts for non-licensed product sales, if any.

*Amortization of Intangible Assets*

We recognized $13,000 of amortization expense, associated with intangible assets, during the first quarter of fiscal year 2023, compared to $12,000 during the first quarter of fiscal year 2022.

*Other Income (Expense), Net*

We recognized other expense, net in the first quarter of fiscal year 2023 of $203,000, compared to $170,000 in the first quarter of fiscal year 2022. Other expense, net is comprised primarily of interest expense together with other miscellaneous items.

*Income (Loss) Before Income Taxes*

We reported income before income taxes of $842,000 for the first quarter of fiscal year 2023, compared to a loss before income taxes of $923,000 for the first quarter of fiscal year 2022. The improvement was primarily due to the increase in gross profit of $2.5 million, partially offset by the increase in SG&A expenses of $675,000.

*Income Tax Expense (Benefit)*

Income tax expense totaled $32,000 in the first quarter of fiscal year 2023, compared to $13,000 in the first quarter of fiscal year 2022. Our effective tax rate was 3.9% for the first quarter of fiscal year 2023 and negative 1.4% for the first quarter of fiscal year 2022.

Fluctuations in our effective tax rates are primarily due to permanent differences in U.S. GAAP and tax accounting for various tax deductions and benefits, but can also be significantly different from the statutory tax rate when income or loss before taxes is at a level such that permanent differences in U.S. GAAP and tax accounting treatment have a disproportional impact on the projected effective tax rate.

We previously established a valuation allowance against all of our net deferred tax assets. As a result of establishing a full valuation allowance against our net deferred tax assets, if we generate sufficient taxable income in subsequent periods to realize a portion or all of our net deferred tax assets, our effective income tax rate could be unusually low due to the tax benefit attributable to the necessary decrease in our valuation allowance. Further, if we generate losses before taxes in subsequent periods, our effective income tax rate could also be unusually low as any increase in our net deferred tax asset from such a net operating loss for tax purposes would be offset by a corresponding increase to our valuation allowance against our net deferred tax assets.

If we generate sufficient income before taxes in subsequent periods such that U.S. GAAP would permit us to conclude that the removal of any valuation allowance against our net deferred tax asset is appropriate, then during the period in which such determination is made, we will recognize the non-cash benefit of such removal of the valuation allowance in income tax expense on our consolidated statement of operations, which will increase net income and will also increase the net deferred tax asset on our consolidated balance sheet. If we do not generate sufficient income before taxes in subsequent periods such that U.S. GAAP would permit us to conclude that the reduction or removal of any valuation allowance against our net deferred tax asset is appropriate, then no such non-cash benefit would be realized. There can be no assurance regarding any future realization of the benefit by us of all or part of our net deferred tax assets. As of October 31, 2022, the valuation allowance against our total gross deferred tax assets totaled $4.4 million.

*Net Income (Loss)*

Net income for the first quarter of fiscal year 2023 was $810,000 compared to a net loss of $936,000 for the first quarter of fiscal year 2022. This improvement was primarily due to the increase in income before income taxes of $1.8 million.

**Financial Condition**

Total assets increased $1.9 million, or 4.8%, to $42.5 million at January 31, 2023, from $40.6 million at October 31, 2022. This increase was primarily due to a $2.8 million increase in inventories, partially offset by a $1.1 million decrease in trade accounts receivable, net. Inventories increased largely as the result of the timing of certain raw material purchases, increases in work in process levels related to pending shipments, and the increase in finished goods inventory resulting from higher replenishment rates of stock inventory. Trade accounts receivable, net decreased due primarily to the decrease in net sales in the first quarter of fiscal year 2023 when compared to the fourth quarter of fiscal year 2022.

Total liabilities increased $1.1 million, or 6.0%, to $19.5 million at January 31, 2023, from $18.4 million at October 31, 2022. The increase in total liabilities was primarily due to net borrowings on our Revolver totaling $823,000 and an increase in accounts payable and accrued expenses totaling $204,000 primarily resulting from the timing of raw material purchases and certain vendor payments.

Total shareholders' equity at January 31, 2023 increased $844,000 in the first quarter of fiscal year 2023. The increase resulted from net income of $810,000 and share-based compensation, net of $34,000.

**Liquidity and Capital Resources**

Our primary capital needs have been to fund working capital requirements through payments on our Revolver. Our primary source of capital for these purposes has been existing cash, cash provided by operations and borrowings under our Revolver (see "Credit Facilities" below).

Our cash totaled $186,000 as of January 31, 2023, a decrease of $30,000 compared to $216,000 as of October 31, 2022. The decrease in cash for the three months ended January 31, 2023 primarily resulted from net cash used in operating activities of $630,000 and capital expenditures totaling $105,000, partially offset by net cash provided by financing activities of $707,000.

On January 31, 2023, we had working capital of $25.4 million compared to $23.7 million on October 31, 2022. The ratio of current assets to current liabilities as of January 31, 2023 was 4.3 to 1.0 compared to 4.2 to 1.0 as of October 31, 2022. The increase in working capital and in the current ratio was primarily due to the increase in inventories of $2.8 million, partially offset by the $1.1 million decrease in trade accounts receivable, net.

As of January 31, 2023 and October 31, 2022, we had outstanding loan balances under our Revolver totaling $6.8 million and $6.0 million, respectively. As of January 31, 2023 and October 31, 2022, we had other outstanding bank loan balances, excluding our Revolver, totaling $4.4 million and $4.5 million, respectively.

*Net Cash*

Net cash used in operating activities was $630,000 in the first quarter of fiscal year 2023, compared to $1.9 million for the first quarter of fiscal year 2022. Net cash used in operating activities during the first quarter of fiscal year 2023 primarily resulted from an increase in inventories totaling $2.8 million, partially offset by certain adjustments to reconcile net income of $810,000 to net cash used in operating activities including depreciation and amortization of $248,000 and share-based compensation expense of $135,000. Additionally, the cash flow impact of decreases in trade accounts receivable, net of $1.1 million and increases in accounts payable and accrued expenses of $120,000 further contributed to offset net cash used in operating activities.

Net cash used in operating activities during the first quarter of fiscal year 2022 primarily resulted from an increase in inventories totaling $1.6 million, partially offset by certain adjustments to reconcile a net loss of $936,000 to net cash used in operating activities including depreciation and amortization of $286,000 and share-based compensation expense of $124,000. Additionally, the cash flow impact of increases in accounts payable and accrued expenses, including accrued compensation and payroll taxes, of $572,000 further contributed to offset net cash used in operating activities.

Net cash used in investing activities totaled $106,000 in the first quarter of fiscal year 2023, compared to $81,000 in the first quarter of fiscal year 2022. Net cash used in investing activities during the first quarter of fiscal years 2023 and 2022 resulted primarily from purchases of property and equipment and deposits for the purchase of property and equipment.

Net cash provided by financing activities totaled $707,000 for the first quarter of fiscal year 2023, compared to $2.0 million in the first quarter of fiscal year 2022. Net cash provided by financing activities in the first quarter of fiscal year 2023 resulted primarily from net proceeds on our revolving line of credit totaling $823,000, partially offset by principal payments on long-term debt totaling $83,000. Net cash provided by financing activities in the first quarter of fiscal year 2022 resulted primarily from net proceeds on our revolving line of credit totaling $2.1 million, partially offset by principal payments on long-term debt totaling $80,000.

*Credit Facilities*

We have credit facilities consisting of a real estate term loan, as amended and restated (the “Virginia Real Estate Loan”), a supplemental real estate term loan, as amended and restated (the “North Carolina Real Estate Loan”) and a Revolving Credit Master Promissory Note and related agreements (collectively, the “Revolver”).

Both the Virginia Real Estate Loan and the North Carolina Real Estate Loan are with Northeast Bank, have a fixed interest rate of 3.95% and are secured by a first lien deed of trust on the Company’s real property.

The Revolver with North Mill Capital LLC (doing business as SLR Business Credit, “SLR”) provides us with one or more advances in an amount up to: (a) 85% of the aggregate outstanding amount of eligible accounts (the “eligible accounts loan value”); plus (b) the lowest of (i) an amount up to 35% of the aggregate value of eligible inventory, (ii) $5.0 million, and (iii) an amount not to exceed 100% of the then outstanding eligible accounts loan value; minus (c) $1.15 million.

The maximum aggregate principal amount subject to the Revolver is $18.0 million. Interest accrues on the daily balance at the per annum rate of 1.5% above the Prime Rate in effect from time to time, but not less than 4.75% (the “Applicable Rate”). In the event of a default, interest may become 6.0% above the Applicable Rate. As of January 31, 2023, the Revolver accrued interest at the prime lending rate plus 1.5% (resulting in a 9.0% rate at January 31, 2023). The termination date of the Revolver is July 24, 2025 and the loan may be extended in one year periods subject to the agreement of SLR.

The Revolver is secured by all of the following assets: properties, rights and interests in property of the Company whether now owned or existing, or hereafter acquired or arising, and wherever located; all accounts, equipment, commercial tort claims, general intangibles, chattel paper, inventory, negotiable collateral, investment property, financial assets, letter-of-credit rights, supporting obligations, deposit accounts, money or assets of the Company, which hereafter come into the possession, custody, or control of SLR; all proceeds and products, whether tangible or intangible, of any of the foregoing, including proceeds of insurance covering any or all of the foregoing; any and all tangible or intangible property resulting from the sale, lease, license or other disposition of any of the foregoing, or any portion thereof or interest therein, and all proceeds thereof; and any other assets of the Company which may be subject to a lien in favor of SLR as security for the obligations under the Loan Agreement.

As of January 31, 2023, we had $6.8 million of outstanding borrowings on our Revolver and $4.8 million in available credit.

*Capital Expenditures*

We did not have any material commitments for capital expenditures as of January 31, 2023. During our 2023 fiscal year budgeting process, we included an estimate for capital expenditures of $1.0 million for the fiscal year. We anticipate these expenditures, to the extent made, will be funded out of our working capital, cash provided by operations or borrowings under our Revolver, as appropriate. Capital expenditures are reviewed and approved based on a variety of factors including, but not limited to, current cash flow considerations, the expected return on investment, project priorities, impact on current or future product offerings, availability of personnel necessary to implement and begin using acquired equipment, and economic conditions in general. Additionally, total capital expenditures exceeding $1.0 million per fiscal year would require approval from our lender.

Corporate acquisitions and other strategic investments, if any, are considered outside of our annual capital expenditure budgeting process.

*Future Cash Flow Considerations*

We believe that our future cash flow from operations, our cash on hand and our existing credit facilities will be adequate to fund our operations for at least the next twelve months.

From time to time, we are involved in various claims, legal actions and regulatory reviews arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on our financial position, results of operations or liquidity.

**Seasonality**

We typically expect net sales to be relatively lower in the first half of each fiscal year and relatively higher in the second half of each fiscal year, and excluding other volatility, we would normally expect 48% of total net sales to occur during the first half of a fiscal year and 52% of total net sales to occur during the second half of a fiscal year. We believe this historical seasonality pattern is generally indicative of an overall trend and reflective of the buying patterns and budgetary cycles of our customers. However, this pattern may be altered during any quarter or year by the quarterly and annual volatility of orders received for the wireless carrier market, the timing of larger projects, timing of orders from larger customers, other economic factors impacting our industry or impacting the industries of our customers and end-users, and macroeconomic conditions. While we believe seasonality may be a factor that impacts our quarterly net sales results, particularly when excluding the volatility of sales in the wireless carrier market, we are not able to reliably predict net sales based on seasonality because these other factors can also, and often do, substantially impact our net sales patterns during the year.

**Critical Accounting Policies and Estimates**

Our discussion and analysis of financial condition and results of operations is based on the condensed consolidated financial statements and accompanying condensed notes that have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) for interim financial information and the instructions to Form 10-Q and Regulation S-X. The preparation of these condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 1 to the consolidated financial statements filed with our Annual Report on Form 10-K for fiscal year 2022 provides a summary of our significant accounting policies. Those significant accounting policies detailed in our fiscal year 2022 Form 10-K did not change during the period from November 1, 2022 through January 31, 2023.

**New Accounting Standards**

There are no new accounting standards issued, but not yet adopted by us, which are expected to be applicable to our financial position, operating results or financial statement disclosures.

**Item 4. Controls and Procedures**

The Company maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) that are designed to be effective in providing reasonable assurance that information required to be disclosed in reports under the Exchange Act are recorded, processed and summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission (the “SEC”), and that such information is accumulated and communicated to management to allow for timely decisions regarding required disclosure.

Our management evaluated, with the participation of our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), the effectiveness of the Company’s disclosure controls and procedures as of January 31, 2023. Based on this evaluation process, the Chief Executive Officer and Chief Financial Officer have concluded that the Company’s disclosure controls and procedures were effective as of January 31, 2023, and that there were no changes in the Company’s internal control over financial reporting that occurred during the last fiscal quarter ended January 31, 2023 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

## PART II. OTHER INFORMATION

### Item 5. Other Information

At the end of December 2022, an office building and its contents at the Company's Asheville facilities sustained water damage resulting from a burst pipe in the sprinkler system, likely due to extreme low temperatures in the area during the days leading up to the event. This office building is separate from the Company's manufacturing building which houses its manufacturing operations and certain offices located at the same location. The Company has insurance coverage for the office building, its contents and certain business expenses to cover the losses incurred. There was no significant impact to the Company's operations, and the overall impact on the Company's financial position, results of operations and cash flows is not expected to be material since the proceeds of the insurance are expected to approximate the expenses incurred to repair or replace the assets damaged or destroyed. During the first quarter of fiscal year 2023, the Company recorded a loss on property and equipment totaling $8,000 and incurred expenses for building stabilization and cleaning, removal of damaged items, and other miscellaneous and related activities totaling $81,000. An offsetting amount of insurance proceeds receivable totaling $76,000, net of applicable deductibles, was recorded as of January 31, 2023.

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## PART II. OTHER INFORMATION

### Item 6. Exhibits

**Exhibit Index**

| Exhibit No. | Description |
|---|---|
| 3.1 | Articles of Amendment filed November 5, 2001 to the Amended and Restated Articles of Incorporation, as amended through November 5, 2001 (incorporated herein by reference to Exhibit 1 to the Company's Form 8-A12G filed with the Commission on November 5, 2001). |
| 3.2 | Articles of Amendment filed July 5, 2002 to the Amended and Restated Articles of Incorporation, as amended through July 5, 2002 (incorporated herein by reference to Appendix A to the Company's definitive proxy statement on Form 14A filed July 5, 2002). |
| 3.3 | Amended and Restated Bylaws of Optical Cable Corporation effective October 15, 2010 (incorporated herein by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the third quarter ended July 31, 2011). |
| 3.4 | Amended and Restated Bylaws of Optical Cable Corporation effective March 9, 2023. FILED HEREWITH. |
| 4.1 | Form of certificate representing Common Stock (incorporated herein by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the third quarter ended July 31, 2004 (file number 0-27022)). |
| 4.2 | Form of certificate representing Common Stock (incorporated herein by reference to Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q for the third quarter ended July 31, 2012). |
| 4.3 | Corrected Credit Line Deed of Trust dated June 4, 2008 between Optical Cable Corporation as Grantor, LeClairRyan as Trustee and Northeast Bank, successor in interest to Pinnacle Bank (successor by merger with Bank of North Carolina, successor by merger with Valley Bank) as Beneficiary (incorporated herein by reference to Exhibit 4.17 of the Company's Annual Report on Form 10-K for the period ended October 31, 2008 filed January 29, 2009). |
| 4.4 | Corrected Deed of Trust, Security Agreement and Fixtures Filing dated May 30, 2008 by and between Superior Modular Products Incorporated as Grantor, LeClairRyan as Trustee and Northeast Bank, successor in interest to Pinnacle Bank (successor by merger with Bank of North Carolina, successor by merger with Valley Bank) as Beneficiary (incorporated herein by reference to Exhibit 4.18 of the Company's Annual Report on Form 10-K for the period ended October 31, 2008 filed January 29, 2009). |
| 4.5 | Term Loan A Note in the amount of $1,816,609 by Optical Cable Corporation dated April 26, 2016, for the benefit of Northeast Bank as of July 15, 2021, as successor in interest to Pinnacle Bank (successor by merger with Bank of North Carolina) (incorporated herein by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K/A filed May 3, 2016). |

**PART II. OTHER INFORMATION**

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| 4.6 | Term Loan B Note in the amount of $5,271,411 by Optical Cable Corporation dated April 26, 2016, for the benefit of Northeast Bank as of July 15, 2021, as successor in interest to Pinnacle Bank (successor by merger with Bank of North Carolina) (incorporated herein by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K/A filed May 3, 2016). |
| 4.7 | Modification of Credit Line Deed of Trust dated April 26, 2016 by and between Optical Cable Corporation (successor by merger to Superior Modular Products Incorporated) as Grantor, Andrew B. Agee (in substitution of LeClairRyan) as Trustee and Northeast Bank, successor in interest to Pinnacle Bank (successor by merger with Bank of North Carolina) as Beneficiary, modifying that certain Corrected Credit Line Deed of Trust dated June 4, 2008 (incorporated herein by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K/A filed May 3, 2016). |
| 4.8 | Modification of Deed of Trust, Security Agreement, and Assignment of Leases and Rents dated April 26, 2016 by and between Optical Cable Corporation (successor by merger to Superior Modular Products Incorporated) as Grantor, Andrew B. Agee (in substitution of LeClairRyan) as Trustee and Northeast Bank, successor in interest to Pinnacle Bank (successor by merger with Bank of North Carolina) as Beneficiary, modifying that certain Corrected Deed of Trust, Security Agreement and Assignment of Leases and Rents dated May 30, 2008 (incorporated herein by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K/A filed May 3, 2016). |
| 4.9 | Second Modification of Credit Line Deed of Trust dated May 2, 2018 by and between Optical Cable Corporation (successor by merger to Superior Modular Products Incorporated) as Grantor, W. Todd Ross (in substitution of LeClairRyan) as Trustee and Northeast Bank, successor in interest to Pinnacle Bank (successor by merger with Bank of North Carolina) as Beneficiary, modifying that certain Modification of Credit Line Deed of Trust dated April 26, 2016, which previously modified that certain Corrected Credit Line Deed of Trust dated June 4, 2008 (incorporated herein by reference to Exhibit 4.20 to the Company's Quarterly Report on Form 10-Q for the second quarter ended April 30, 2018). |
| 4.10 | Second Modification of Deed of Trust, Security Agreement, and Assignment of Leases and Rents dated May 2, 2018 by and between Optical Cable Corporation (successor by merger to Superior Modular Products Incorporated) as Grantor, W. Todd Ross (in substitution of LeClairRyan) as Trustee and Northeast Bank, successor in interest to Pinnacle Bank (successor by merger with Bank of North Carolina) as Beneficiary, modifying that certain Modification of Deed of Trust, Security Agreement, and Assignment of Leases and Rents dated April 26, 2016, which previously modified that certain Corrected Deed of Trust, Security Agreement and Assignment of Leases and Rents dated May 30, 2008 (incorporated herein by reference to Exhibit 4.21 to the Company's Quarterly Report on Form 10-Q for the second quarter ended April 30, 2018). |
| 4.11 | Loan and Security Agreement dated July 24, 2020 by and among Optical Cable Corporation along with its subsidiaries Applied Optical Systems, Inc., and Centric Solutions LLC, and North Mill Capital LLC (now doing business as SLR Business Credit) (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated July 30, 2020). |

**PART II. OTHER INFORMATION**

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| 4.12 | Revolving Credit Master Promissory Note dated July 24, 2020 by Optical Cable Corporation along with its subsidiaries Applied Optical Systems, Inc., and Centric Solutions LLC in favor of North Mill Capital LLC (now doing business as SLR Business Credit) (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K dated July 30, 2020). |
| 4.13 | Payoff Letter from Pinnacle Bank to North Mill Capital LLC (now doing business as SLR Business Credit) and Optical Cable Corporation (incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K dated July 30, 2020). |
| 4.14 | Amended and Restated Stockholder Protection Rights Agreement, dated as of November 2, 2021, between Optical Cable Corporation and American Stock Transfer & Trust Company, LLC, as rights agent (incorporated herein by reference to Exhibit 4.1 to the Company's Form 8-A12G filed with the Commission on November 5, 2021). |
| 4.15 | Modification Agreement dated as of July 5, 2022, by and between North Mill Capital LLC (now doing business as SLR Business Credit) and Optical Cable Corporation along with its subsidiaries Applied Optical Systems, Inc., and Centric Solutions LLC (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated July 7, 2022). |
| 10.1* | Optical Cable Corporation 2017 Stock Incentive Plan (incorporated by reference to Appendix A to the Company's definitive proxy statement on Form 14A filed March 13, 2017). |
| 10.2* | Amended and Restated Employment Agreement by and between Optical Cable Corporation and Neil D. Wilkin, Jr. effective April 11, 2011 (incorporated herein by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed April 15, 2011). |
| 10.3* | Amendment, effective December 18, 2012, to Amended and Restated Employment Agreement by and between Optical Cable Corporation and Neil D. Wilkin, Jr. effective April 11, 2011 (incorporated herein by reference to Exhibit 10.16 of the Company's Quarterly Report on Form 10-Q for the period ended January 31, 2013 filed March 15, 2013). |
| 10.4* | Second Amendment, effective March 14, 2014, to Amended and Restated Employment Agreement by and between Optical Cable Corporation and Neil D. Wilkin, Jr. effective April 11, 2011, as amended December 18, 2012 (incorporated herein by reference to Exhibit 10.19 of the Company's Quarterly Report on Form 10-Q for the period ended January 31, 2014 filed March 17, 2014). |
| 10.5* | Amended and Restated Employment Agreement by and between Optical Cable Corporation and Tracy G. Smith effective April 11, 2011 (incorporated herein by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed April 15, 2011). |

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| 10.6* | Amendment, effective December 18, 2012, to Amended and Restated Employment Agreement by and between Optical Cable Corporation and Tracy G. Smith effective April 11, 2011 (incorporated herein by reference to Exhibit 10.18 of the Company's Quarterly Report on Form 10-Q for the period ended January 31, 2013 filed March 15, 2013). |
| 10.7* | Second Amendment, effective March 14, 2014, to Amended and Restated Employment Agreement by and between Optical Cable Corporation and Tracy G. Smith effective April 11, 2011, as amended December 18, 2012 (incorporated herein by reference to Exhibit 10.22 of the Company's Quarterly Report on Form 10-Q for the period ended January 31, 2014 filed March 17, 2014). |
| 10.8* | Form of vesting award agreement for non-employee Board members under the Optical Cable Corporation 2017 Stock Incentive Plan (incorporated herein by reference to Exhibit 10.21 of the Company's Quarterly Report on Form 10-Q for the period ended April 30, 2017 filed June 13, 2017). |
| 10.9* | Form of operational performance (Company financial performance measure) vesting award agreement under the Optical Cable Corporation 2017 Stock Incentive Plan (incorporated herein by reference to Exhibit 10.15 of the Company's Annual Report on Form 10-K for the period ended October 31, 2021 filed December 20, 2021). |
| 10.10* | First Amendment to the Optical Cable Corporation 2017 Stock Incentive Plan effective March 29, 2022 (incorporated herein by reference to Exhibit 10.16 of the Company's Quarterly Report on Form 10-Q for the period ended July 31, 2022 filed September 12, 2022). |
| 11.1 | Statement regarding computation of per share earnings (incorporated by reference to note 9 of the Condensed Notes to Condensed Consolidated Financial Statements contained herein). |
| 31.1 | Certification of the Company's Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. FILED HEREWITH. |
| 31.2 | Certification of the Company's Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. FILED HEREWITH. |
| 32.1 | Certification of the Company's Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. FURNISHED HEREWITH. |
| 32.2 | Certification of the Company's Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. FURNISHED HEREWITH. |
| 101 | The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended January 31, 2023, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets at January 31, 2023 and October 31, 2022, (ii) Condensed Consolidated Statements of Operations for the three months ended January 31, 2023 and 2022, (iii) Condensed Consolidated Statements of Shareholders' Equity for the three months ended January 31, 2023 and 2022, (iv) Condensed Consolidated Statements of Cash Flows for the three months ended January 31, 2023 and 2022, and (v) Condensed Notes to Condensed Consolidated Financial Statements. FILED HEREWITH. |

**PART II. OTHER INFORMATION**

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| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101). |

* Management contract or compensatory plan or agreement.

## SIGNATURES

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

**OPTICAL CABLE CORPORATION**
(Registrant)

Date: March 14, 2023

/s/ Neil D. Wilkin, Jr.
Neil D. Wilkin, Jr.
Chairman of the Board of Directors,
President and Chief Executive Officer

Date: March 14, 2023

/s/ Tracy G. Smith
Tracy G. Smith
Senior Vice President and Chief Financial Officer

**Exhibit 3.4**

# AMENDED AND RESTATED
# BYLAWS
# OF
# OPTICAL CABLE CORPORATION
**(In effect as of March 9, 2023)**

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### ARTICLE I

### OFFICES



### ARTICLE II

### MEETINGS OF SHAREHOLDERS



### ARTICLE III

### DIRECTORS

**OPTICAL CABLE CORPORATION AMENDED AND RESTATED BYLAWS**

## ARTICLE I

## OFFICES

**1.1 Registered Office**. The registered office of Optical Cable Corporation (the "***Corporation***") shall be in Roanoke, Virginia.

**1.2 Offices**. The Corporation may also have offices at such other places both within and without the Commonwealth of Virginia as the board of directors of the Corporation (the "***Board***") may from time to time determine or the business of the Corporation may require.

## ARTICLE II
## MEETINGS OF SHAREHOLDERS

**2.1 Location, Organization and Order of Business**. All meetings of the shareholders shall be held at such place, if any, either within or without the Commonwealth of Virginia, as shall be designated from time to time by the Board and stated in the notice of the meeting; provided that the Board may, in its sole discretion, determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication as authorized by the Virginia Stock Corporation Act (the "***VSCA***"). The Chairman or, in the Chairman's absence, the President shall serve as chairman at all meetings of the shareholders. In the absence of both of the foregoing officers or if both of them decline to serve, the Board of Directors may appoint any person to act as chairman. The Secretary or, in the Secretary's absence, an Assistant Secretary shall act as secretary at all meetings of the shareholders. In the event that neither the Secretary nor an Assistant Secretary is present, the chairman of the meeting may appoint any person to act as secretary of the meeting. The chairman of the meeting shall have the authority to establish the order of business, to make such rules and regulations, to establish such procedures and to take such steps as the chairman of the meeting may deem necessary or desirable for the proper conduct of each meeting of the shareholders, including, without limitation, the authority to make the agenda, adjourn and/or reconvene meetings, and to establish procedures for (i) dismissing of business not properly presented, (ii) maintaining of order and safety, (iii) placing limitations on the time allotted to questions or comments on the affairs of the Corporation, (iv) placing restrictions on attendance at a meeting by persons or classes of persons who are not shareholders or their proxies, (v) restricting entry to a meeting after the time prescribed for the commencement thereof and (vi) commencing, conducting and closing voting on any matter.

**2.2 Annual Meetings**. Annual meetings of shareholders shall be held on such date and at such time as shall be designated from time to time by the Board and stated in the notice of the meeting, at which they shall elect a Board, and transact such other business as may properly be brought before the meeting.

**2.3 Special Meetings**.

(a) Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the Articles of Incorporation, may only be called by: (i) the President, (ii) the President or Secretary at the request in writing of a majority of the Board, or (iii) by the Secretary at the request in writing of shareholders owning at least 50% in amount of the entire capital stock of the Corporation issued and outstanding and entitled to vote at the meeting. Such request shall be delivered to the Secretary at the Corporation's principal executive offices and signed by each shareholder, or a duly authorized agent of such shareholder, requesting the special meeting and shall set forth: (i) a brief description of each matter of business desired to be brought before the special meeting; (ii) the reasons for conducting such business at the special meeting; (iii) the text of any proposal or business to be considered at the special meeting (including the text of any resolutions proposed to be considered and in the event that such business includes a proposal to amend these Bylaws, the language of the proposed amendment); and (iv) the information required in Section 2.8(b) of these Bylaws, as applicable.

(b) Business transacted at any special meeting of shareholders shall be limited to the purpose or purposes stated in the notice; provided, however, that in the case of a special meeting requested by the shareholders, nothing herein shall prohibit the Board from submitting additional matters to the shareholders at any such special meeting.

(c) A special meeting requested by shareholders shall be held on such date and at such time as may be fixed by the Board; provided, however, that the date of any such special meeting shall be not more than 90 days after the request to call the special meeting is received by the Secretary. Notwithstanding the foregoing, a special meeting requested by shareholders shall not be held if: (i) the Board has called or calls for an annual or special meeting of the shareholders to be held within 90 days after the Secretary receives the request for the special meeting and the Board determines in good faith that the business of such meeting includes (among any other matters properly brought before the meeting) the business specified in the request; (ii) the stated business to be brought before the special meeting is not a proper subject for shareholder action under applicable law; (iii) an identical or substantially similar item (a "***Similar Item***") was presented at any meeting of shareholders held within 120 days prior to the receipt by the Secretary of the request for the special meeting (and, for purposes of this Section 2.3(c)(iii), the election of directors shall be deemed a Similar Item with respect to all items of business involving the election or removal of directors); or (iv) the special meeting request was made in a manner that involved a violation of Regulation 14A under the Securities Exchange Act of 1934, as amended and the rules and regulations promulgated thereunder (the "***Exchange Act***").

(d) A shareholder may revoke a request for a special meeting at any time by written revocation delivered to the Secretary at the Corporation's principal executive offices, and, if following such revocation, there are unrevoked requests from shareholders holding in the aggregate less than the requisite percentage of the entire capital stock of the Corporation entitling the shareholders to request the calling of a special meeting, the Board, in its discretion, may cancel the special meeting.

**2.4 Notice of Meeting**. Whenever shareholders are required or permitted to take any action at a meeting, a timely notice in writing or by electronic transmission, in the manner provided in the VSCA, of the meeting, which shall state the place, if any, date and time of the meeting, the means of remote communications, if any, by which shareholders and proxyholders may be deemed to be present in person and vote at such meeting, the record date for determining the shareholders entitled to vote at the meeting, if such date is different from the record date for determining shareholders entitled to notice of the meeting, and, in the case of a special meeting, the purposes for which the meeting is called, shall be mailed to or transmitted electronically by the Secretary to each shareholder of record entitled to vote thereat as of the record date for determining the shareholders entitled to notice of the meeting. Unless otherwise provided by law, the Articles of Incorporation or these Bylaws, the notice of any meeting shall be given not less than 10 nor more than 60 days before the date of the meeting to each shareholder entitled to vote at such meeting.

**2.5 Shareholders' Records**. The Corporation shall prepare, no later than the $10^{th}$ day before every meeting of shareholders, a complete list of the shareholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address (but not the electronic address or other electronic contact information) of each shareholder and the number of shares registered in the name of each shareholder. Such list shall be open to the examination by any shareholder, for any purpose germane to the meeting for a period of 10 days ending on the day before the meeting date: (i) on a reasonably accessible electronic network; provided that the information required to gain access to such list is provided with the notice of the meeting; or (ii) during ordinary business hours at the Corporation's principal place of business. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to shareholders of the Corporation. Except as provided by applicable law, the stock ledger of the Corporation shall be the only evidence as to those persons who are the shareholders entitled to examine the stock ledger and the list of shareholders or to vote in person or by proxy at any meeting of shareholders.

**2.6 Quorum; Meeting Adjournment; Presence by Remote Means**.

(a) *Quorum.* The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the Articles of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the chair of the meeting or the shareholders entitled to vote thereat, present in person or represented by proxy, shall have power, by the affirmative vote of a majority in voting power thereof, to adjourn the meeting from time to time, in the manner provided in Section 2.6(b) below, until a quorum shall be present or represented. A quorum, once established, shall not be broken by the subsequent withdrawal of enough votes to leave less than a quorum. At any such adjourned meeting at which there is a quorum, any business may be transacted that might have been transacted at the meeting originally called.

(b) *Meeting Adjournment.* The chair of the meeting shall have the power to adjourn the meeting from time to time for any reasonable purpose. Any meeting of the shareholders may be adjourned from time to time to reconvene at the same or some other place, if any, and notice need not be given of any such adjourned meeting if the time, place, if any, thereof and the means of remote communication, if any, are provided in accordance with applicable law. At the adjourned meeting, the Corporation may transact any business that might have been transacted at the original meeting. If the adjournment is for more than 30 days, a notice of the adjourned meeting shall be given to each shareholder of record entitled to vote at the meeting. If after the adjournment a new record date is fixed for shareholders entitled to vote at the adjourned meeting, the Board shall fix a new record date for notice of the adjourned meeting and shall give notice of the adjourned meeting to each shareholder of record entitled to vote at the adjourned meeting as of the record date fixed for notice of the adjourned meeting.

(c) *Presence by Remote Means*. If authorized by the Board in its sole discretion, and subject to such guidelines and procedures as the Board may adopt, shareholders and proxyholders not physically present at a meeting of shareholders may, by means of remote communication:

(i) participate in a meeting of shareholders; and

(ii) be deemed present in person and vote at a meeting of shareholders whether such meeting is to be held at a designated place or solely by means of remote communication; provided that (i) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a shareholder or proxyholder, (ii) the Corporation shall implement reasonable measures to provide such shareholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the shareholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings, and (iii) if any shareholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the Corporation.

**2.7 Organization**. The Chair of the Board shall act as chair of all meetings of the shareholders. The Board may designate any other director or officer of the Corporation to act as chair of any meeting in the absence of the Chair of the Board, and the Board may further provide for determining who shall act as chair of any shareholders meeting in the absence of the Chair of the Board and such designee. The Board may adopt such rules and regulations for the conduct of any meeting of the shareholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board, the chair of the meeting shall have the authority to adopt and enforce such rules and regulations for the conduct of any meeting of shareholders and the safety of those in attendance as, in the judgment of the chair, are necessary, appropriate or convenient for the conduct of the meeting. Rules and regulations for the conduct of meetings of shareholders, whether adopted by the Board or by the chair of the meeting, may include without limitation, establishing: (i) an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to shareholders entitled to vote at the meeting, their duly authorized and constituted proxies and such other persons as the chair of the meeting shall permit; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; (v) limitations on the time allotted for consideration of each agenda item and for questions and comments by participants; and (vi) regulations for the opening and closing of the polls for balloting and matters which are to be voted on by ballot (if any). Subject to any rules and regulations adopted by the Board, the chair of the meeting may convene any meeting of shareholders and, for any reason, from time to time, adjourn and or recess any meeting of shareholders pursuant to Section 2.6(b) of these Bylaws.

**2.8 Notice of Shareholder Business and Nominations**.

(a) *Annual Meetings of Shareholders*.

(1) Nominations for the election of directors and the proposal of other business at an annual meeting may be made only: (i) by or at the direction of the Board or any committee thereof; or (ii) by a shareholder of the Corporation who was a shareholder of record at the time the notice provided for in this Section 2.8 is delivered to the Secretary, who is entitled to vote at the meeting and who complies with this Section 2.8. For the avoidance of doubt, the foregoing clause (ii) shall be the exclusive means for a shareholder to make a director nomination or propose other business at an annual meeting of shareholders (other than a proposal included in the Corporation definitive proxy statement for the applicable shareholders meeting pursuant to and in compliance with Rule 14a-8 under the Securities Exchange Act of 1934 (the "***Exchange Act***")).

(2) For nominations or other business to be properly brought before an annual meeting by a shareholder pursuant to Section 2.8(a)(1)(ii), the shareholder must have given timely and proper notice thereof in writing to the Secretary and any such proposed business other than the nominations of persons for election to the Board must constitute a proper matter for shareholder action. To be timely, a shareholder's notice must be given, either by personal delivery to the Secretary or an Assistant Secretary at the principal office of the Corporation or by registered or certified United States mail, with postage thereon prepaid, addressed to the Secretary at the principal office of the Corporation. Any such notice must be received not less than 120 days nor more than 150 days before the date of the anniversary of the immediately preceding annual meeting of shareholders; provided, however, that if the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the shareholder to be timely must be so delivered, or mailed and received, not later than the 120th day prior to such annual meeting or, if later, the 10th day following the day on which public disclosure of the date of such annual meeting was first made.

(3) In no event shall the public announcement of an adjournment or postponement of an annual meeting commence a new time period (or extend any time period) for the giving of a shareholder's notice as described above. The number of persons a shareholder may nominate for election as a director at the annual meeting (or in the case of a shareholder giving the notice on behalf of a beneficial owner, the number of persons a shareholder may nominate for election as a director at the annual meeting on behalf of such beneficial owner) shall not exceed the number of directors to be elected at such annual meeting.

(4) A shareholder's notice to the Secretary with respect to business proposed to be brought before a meeting shall set forth as to each matter the shareholder proposes to bring before the meeting (i) a brief description of the business desired to be brought before the meeting, including the complete text of any resolutions to be presented at the meeting (including the text of any proposed amendment to these Bylaws in the event that such business includes a proposal to amend these Bylaws), and the reasons for conducting such business at the meeting, (ii) the name and address, as they appear on the Corporation's stock ledger, of such shareholder proposing such business, the name and address of any beneficial owner on whose behalf the proposal is being made and the name and address of any of their respective affiliates or associates or other parties with whom such shareholder or such beneficial owner is acting in concert (each, an "***Associated Person***"), (iii) a representation that such shareholder is a shareholder of record and intends to appear in person or by proxy at such meeting to bring the business before the meeting specified in the notice, (iv) the class and number of shares of stock of the Corporation owned (directly or indirectly) beneficially and of record by the shareholder and any beneficial owner on whose behalf the proposal is being made, and any Associated Person, (v) a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the shareholder's notice by, or on behalf of, such shareholder and such beneficial owner, and any Associated Person, whether or not such instrument or right shall be subject to settlement in an underlying class of stock of the Corporation (collectively, "***Derivative Instruments***"), the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such shareholder or such beneficial owner, or any Associated Person, with respect to shares of stock of the Corporation, or relates to the acquisition or disposition of any shares of stock of the Corporation, (vi) any proxy (other than a revocable proxy given in response to a solicitation statement filed pursuant to, and in accordance with, Section 14(a) of the Exchange Act), voting trust, voting agreement or similar contract, arrangement, agreement or understanding pursuant to which the shareholder and any beneficial owner on whose behalf the proposal is being made, or any Associated Person, has a right to vote or direct the voting of any of the Corporation's securities, (vii) any rights to dividends on the shares of the Corporation owned beneficially by the shareholder and any Associated Person that are separated or separable from the underlying shares of the Corporation, (viii) any proportionate interest in shares of the Corporation or any Derivative Instruments held, directly or indirectly, by a general or limited partnership or limited liability corporation or similar entity in which the shareholder, the beneficial owner or any Associated Person is a general partner or, directly or indirectly, beneficially owns an interest in a general partner, is the manager, managing member or, directly or indirectly, beneficially owns an interest in the manager or managing member of a limited liability corporation or similar entity, (ix) any performance-related fees (other than an asset-based fee) that the shareholder, the beneficial owner or any Associated Person is entitled to based on the increase or decrease in the value of shares of the Corporation or Derivative Instruments, (x) any material interest of the shareholder and any beneficial owner on whose behalf the proposal is being made, and any Associated Person, in such business and (xi) any other information as reasonably requested by the Corporation. The shareholder shall (a) notify the Corporation of any inaccuracy or change (within two business days of becoming aware of such inaccuracy or change) in any information previously provided to the Corporation pursuant to this Section 2.8(a)(3) and (b) promptly update and supplement information previously provided to the Corporation pursuant to this Section 2.8(a)(3), if necessary, so that the information provided or required to be provided shall be true and complete (y) as of the record date for the meeting of shareholders and (z) as of the date that is 10 days prior to the meeting of shareholders or any adjournment or postponement thereof, and such update and supplement shall be delivered to the Secretary at the Corporation's principal executive offices. The immediately foregoing provisions shall not be construed to extend any applicable deadlines hereunder, enable a shareholder to change the business proposed for the meeting after the advance notice deadlines hereunder have expired or limit the Corporation's rights with respect to any inaccuracies or other deficiencies in notices provided by a shareholder. Unless otherwise required by law, if the shareholder (or a qualified representative of the shareholder) does not appear at the meeting of shareholders to present such business, such proposal shall be disregarded and such business shall not be transacted, notwithstanding that the Corporation may have received proxies in respect of such vote.

In addition to the other requirements of this Section 2.8(a)(3) with respect to any business proposed by a shareholder to be made at a meeting, each shareholder, any beneficial owner on whose behalf the proposal is being made and any Associated Person shall also comply with all applicable requirements of the Articles of Incorporation, these Bylaws and state and federal law, including the Exchange Act, with respect to any such proposal or the solicitation of proxies with respect thereto.

Notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at a meeting except in accordance with the procedures set forth in this Section 2.8. The chair of a meeting shall, if the facts warrant, determine that the business was not brought before the meeting in accordance with the procedures prescribed by this Section 2.8. If the chair of the meeting should so determine, he or she shall so declare to the meeting, and the business not properly brought before the meeting shall not be transacted. Notwithstanding the foregoing provisions of this Section 2.8(a)(3), a shareholder seeking to have a proposal included in the Corporation's proxy statement shall, in order to do so, comply with the requirements of Regulation 14A under the Exchange Act (including Rule 14a-8 or its successor provision).

(5) A shareholder's notice to the Secretary with respect to a nomination of one or more persons for election as directors at a meeting by a shareholder of the Corporation (a "***Shareholder Nominee***") shall set forth (a) the name and address, as they appear on the Corporation's stock ledger, of the shareholder giving the notice, the name and address of any beneficial owner on whose behalf the nomination is being made and the name and address of any Associated Person, (b) a representation that such shareholder is a shareholder of record and intends to appear in person or by proxy at such meeting to nominate the person or persons specified in the notice, (c) the class and number of shares of stock of the Corporation owned (directly or indirectly) beneficially and of record by such shareholder and any beneficial owner on whose behalf the notice is given and any Associated Person, (d) a description of any Derivative Instrument that has been entered into as of the date of the shareholder's notice by, or on behalf of, such shareholder and such beneficial owner, and any Associated Person, whether or not such instrument or right shall be subject to settlement in an underlying class of stock of the Corporation, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such shareholder or such beneficial owner, or any Associated Person, with respect to shares of stock of the Corporation, or relates to the acquisition or disposition of any shares of stock of the Corporation, (e) any proxy (other than a revocable proxy given in response to a solicitation statement filed pursuant to, and in accordance with, Section 14(a) of the Exchange Act), voting trust, voting agreement or similar contract, arrangement, agreement or understanding pursuant to which the shareholder and any beneficial owner on whose behalf the nomination is being made, or any Associated Person, has a right to vote or direct the voting of any of the Corporation's securities, (f) any rights to dividends on the shares of the Corporation owned beneficially by the shareholder and any Associated Person that are separated or separable from the underlying shares of the Corporation, (g) any proportionate interest in shares of the Corporation or any Derivative Instruments held, directly or indirectly, by a general or limited partnership or limited liability corporation or similar entity in which the shareholder, the beneficial owner or any Associated Person is a general partner or, directly or indirectly, beneficially owns an interest in a general partner, is the manager, managing member or, directly or indirectly, beneficially owns an interest in the manager or managing member of a limited liability corporation or similar entity, (h) any performance-related fees (other than an asset-based fee) that the shareholder, the beneficial owner or any Associated Person is entitled to based on the increase or decrease in the value of shares of the Corporation or Derivative Instruments, (i) a description of all agreements, arrangements and understandings between such shareholder or such beneficial owner or any Associated Person and each Shareholder Nominee with respect to such Shareholder Nominee's service or duties as a nominee or director of the Corporation, including any direct or indirect confidentiality, compensation, reimbursement or indemnification arrangement in connection with such Shareholder Nominee's service or action as a nominee or director or any commitment or assurance as to how such Shareholder Nominee will act or vote on any matter, (j) the information that would be required to be set forth in a Schedule 13D filed pursuant to Rule 13d-1(a) or an amendment pursuant to Rule 13d-2(a) if such statement were required to be filed under the Exchange Act and the rules and regulations promulgated thereunder by such shareholder and any beneficial owner on whose behalf the notice is given and (k) any other information as reasonably requested by the Corporation. Each such shareholder's notice pursuant to this Section 2.8(a)(4) shall also set forth (i) the name, age, business address and, if known, residence address of each Shareholder Nominee for whom the shareholder is proposing or intends to solicit proxies and of each Shareholder Nominee who would be presented for election at the annual meeting in the event of a need to change the shareholders' original slate, (ii) the principal occupation or employment of each Shareholder Nominee, (iii) the class and number of shares of stock of the Corporation that are owned beneficially and of record by each Shareholder Nominee, (iv) any other information relating to each Shareholder Nominee that is required to be disclosed in solicitations of proxies for election of directors or is otherwise required to be disclosed under the VSCA or applicable listing standards of the primary exchange on which the Corporation's capital stock is listed or by the rules and regulations of the SEC promulgated under the Exchange Act, including any proxy statement filed pursuant thereto (in each case, assuming the election is contested), (v) a representation as to whether the shareholder, the beneficial owner, if any, or any Associated Person intends to solicit proxies in support of director nominees other than a director nominee made by the Board or a committee appointed by the Board (each a "***Board Nominee***") in compliance with the requirements of Rule 14a-19(b) under the Exchange Act, including a statement that the shareholder, the beneficial owner, if any, or any Associated Person intends to solicit the holders of shares representing at least 67% of the voting power of the shares entitled to vote in the election of directors, and (vi) the written consent of such Shareholder Nominee to be named in proxy statements as a nominee and to serve as a director if elected for the full term. The shareholder shall (1) notify the Corporation of any inaccuracy or change (within two business days of becoming aware of such inaccuracy or change) in any information previously provided to the Corporation pursuant to this Section 2.8(a)(4) and (2) promptly update and supplement information previously provided to the Corporation pursuant to this Section 2.8(a)(4), if necessary, so that the information provided or required to be provided shall be true and complete (y) as of the record date for the meeting and (z) as of the date that is 10 days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to the Secretary at the Corporation's principal executive offices.

In addition to the other requirements of this Section 2.8(a)(4) with respect to any nomination proposed by a shareholder to be made at a meeting, each shareholder, any beneficial owner on whose behalf the nomination is being made and any Associated Person shall also comply with all applicable requirements of the Articles of Incorporation, these Bylaws and state and federal law, including the Exchange Act (including Rule 14a-19 thereunder), with respect to any such nomination or the solicitation of proxies with respect thereto. In addition to the other requirements of this Section 2.8(a)(4), unless otherwise required by law, (i) no shareholder, beneficial owner or Associated Person shall solicit proxies in support of any nominees other than Board Nominees unless such shareholder, beneficial owner and Associated Person have complied with Rule 14a-19 under the Exchange Act in connection with the solicitation of such proxies, including the provision to the Corporation of notices required thereunder in a timely manner, and (ii) if such shareholder, beneficial owner or Associated Person (1) provides notice pursuant to Rule 14a-19(b) under the Exchange Act and (2) subsequently fails to comply with any of the requirements of Rule 14a-19 under the Exchange Act, then the Corporation shall disregard any proxies or votes solicited for such shareholder's nominees. Upon request by the Corporation, if any shareholder, beneficial owner or Associated Person provides notice pursuant to Rule 14a-19(b) under the Exchange Act, such shareholder, beneficial owner or Associated Person shall deliver to the Corporation, no later than five business days prior to the applicable meeting, reasonable evidence that such shareholder, beneficial owner or Associated Person has met the requirements of Rule 14a-19 under the Exchange Act.

The immediately foregoing provisions shall not be construed to extend any applicable deadlines hereunder, enable a shareholder to change the person or persons specified in the notice for election as director after the advance notice deadlines hereunder have expired or limit the Corporation's rights with respect to any inaccuracies or other deficiencies in notices provided by a shareholder. The Secretary shall deliver each shareholder's notice under this Section 2.8(a)(4) that has been timely received to the Board or a committee designated by the Board for review.

Unless otherwise required by law, if the shareholder (or a qualified representative of the shareholder) does not appear at the meeting of shareholders to nominate the individual set forth in the shareholder's notice of nomination as a director, such nomination shall be disregarded, notwithstanding that the Corporation may have received proxies in respect of such vote.

In addition to the information required to be provided by shareholders pursuant to this Section 2.8(a)(4), each Shareholder Nominee and each Board Nominee shall provide to the Secretary the following information: (i) a completed copy of the Corporation's form of director's questionnaire and a written consent of the Shareholder Nominee or the Board Nominee to the Corporation following such processes for evaluation of such nominee as the Corporation follows in evaluating any person being considered for nomination to the Board of Directors, as provided by the Secretary; (ii) the Shareholder Nominee's or the Board Nominee's agreement to comply with the Corporation's corporate governance, conflict of interest, confidentiality, share ownership and share trading policies, as provided by the Secretary; (iii) written confirmation that the Shareholder Nominee or the Board Nominee (A) does not have, and will not have or enter into, any agreement, arrangement or understanding as to how he or she will vote on any matter, if elected as a director of the Corporation, and (B) is not a party to, and will not become a party to, any agreement, arrangement or understanding with any person or entity, including any direct or indirect compensation, reimbursement or indemnification arrangement with any person or entity other than the Corporation in connection with such nominee's service or action as a director of the Corporation the terms of which have not been fully disclosed in advance to the Secretary; (iv) written disclosure of any transactions between the shareholder and the Shareholder Nominee within the preceding five years; and (v) any additional information as necessary to permit the Board to determine if each Shareholder Nominee and Board Nominee is independent under applicable listing standards with respect to service on the Board or any committee thereof, under any applicable rules of the SEC, and under any publicly disclosed standards used by the Board of Directors in determining and disclosing the independence and qualifications of the Corporation's directors.

Notwithstanding anything in these Bylaws to the contrary, no nomination for the election of a director shall be considered and voted upon at a meeting except in accordance with the procedures set forth in this Section 2.8. The chair of a meeting shall, if the facts warrant, determine that a nomination for the election of a director was not brought before the meeting in accordance with the procedures prescribed by this Section 2.8. If the chair of the meeting should so determine, he or she shall so declare to the meeting, and the nomination for the election of such director not properly brought before the meeting shall not be considered and voted upon.

(b) *Special Meetings of Shareholders*. Only such business shall be conducted at a special meeting of shareholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board may be made at a special meeting of shareholders at which directors are to be elected pursuant to the Corporation's notice of meeting (1) by or at the direction of the Board or any committee thereof or shareholders pursuant to Section 2.3 of these Bylaws or (2) provided that the Board has, or shareholders pursuant to Section 2.3 of these Bylaws have, determined that directors shall be elected at such meeting, by any shareholder of the Corporation who is entitled to vote at the meeting, who complies with the notice procedures set forth in this Section 2.8(b), as applicable, and who is a shareholder of record at the time such notice is delivered to the Secretary and at the time of the special meeting. Clause (2) of the immediately preceding sentence shall be the exclusive means for a shareholder to make nominations before a special meeting of shareholders. In the event the Corporation calls a special meeting of shareholders for the purpose of electing one or more directors to the Board, any such shareholder entitled to vote in such election of directors may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Corporation's notice of meeting in accordance with this Section 2.8(b) if the shareholder's notice as required by Section 2.8(a)(2) and Section 2.8(a)(4) (as if such special meeting of shareholders was an annual meeting of shareholders) shall be delivered to the Secretary at the principal executive officers of the Corporation not earlier than the close of business on the 120th day prior to such special meeting and not later than the close of business on the later of the 90th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board to be elected at such meeting. In no event shall the adjournment or postponement of a special meeting or the public announcement thereof commence a new time period (or extend any time period) for the giving of a shareholder's notice as described above.

**2.9 Voting Thresholds; Proxies**. Unless otherwise required by law or the Articles of Incorporation, the election of directors shall be decided by a plurality of the votes cast at a meeting of the shareholders, at which a quorum is present, by the holders of stock entitled to vote in the election. Unless otherwise required by law, the Articles of Incorporation, or these Bylaw, any matter, other than the election of directors, brought before any meeting of shareholders, at which a quorum is present, shall be decided by the affirmative vote of the majority of shares present in person or represented by proxy at the meeting and entitled to vote on the matter. Each shareholder entitled to vote at a meeting of shareholders or to consent to corporate action without a meeting may authorize another person or persons to act for such shareholder by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. The authorization of a person to act as proxy may be documented, signed, and delivered in accordance with the VSCA provided that such authorization shall set forth, or be delivered with, information enabling the Corporation to determine the identity of the shareholder granting such authorization. A proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A shareholder may revoke any proxy that is not irrevocable by attending the meeting and voting in person or by delivering to the Secretary a revocation of the proxy or a new proxy bearing a later date. Unless required by statute or determined by the chair of the meeting to be advisable, voting at meetings of shareholders need not be by written ballot.

Any shareholder directly or indirectly soliciting proxies from other shareholders must use a proxy card color other than white, which shall be reserved for the exclusive use by the Board.

**2.10 Number of Votes Per Share**. Unless otherwise provided in the Articles of Incorporation, each shareholder shall at every meeting of the shareholders be entitled to one vote by such shareholder or by proxy for each share of the capital stock having voting power held by such shareholder.

**2.11 Action by Written Consent of Shareholders; Electronic Consent; Notice of Action**.

(a) *Action by Written Consent of Shareholders.* Unless otherwise provided by the Articles of Incorporation, any action required or permitted to be taken at any annual or special meeting of the shareholders may be taken without a meeting, without prior notice and without a vote, if a consent in writing setting forth the action so taken, is signed in a manner permitted by law by the holders of outstanding stock having not less than the number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Written shareholder consents shall bear the date of signature of each shareholder who signs the consent in the manner permitted by law and shall be delivered to the Corporation as provided in Section 2.11(b). No written consent shall be effective to take the action set forth therein unless, within 60 days of the earliest dated consent delivered to the Corporation, written consents signed by a sufficient number of shareholders to take the action set forth therein are delivered to the Corporation.

(b) *Electronic Consent*. An electronic transmission consenting to an action to be taken and transmitted by a shareholder or proxyholder, or a person or persons authorized to act for a shareholder or proxyholder, shall be deemed to be written, signed and dated for the purposes of this section; provided that any such electronic transmission sets forth or is delivered with information from which the Corporation can determine (i) that the electronic transmission was transmitted by the shareholder or proxyholder or by a person or persons authorized to act for the shareholder or proxyholder and (ii) the date on which such shareholder or proxyholder or authorized person or persons transmitted such electronic transmission. The date on which such electronic transmission is transmitted shall be deemed to be the date on which such consent was signed.

(c) *Notice of Action*. Prompt notice of any action taken pursuant to this Section 2.11 shall be provided to the shareholders in accordance with the VSCA.

**2.12 Inspectors.** The Board shall appoint one or more inspectors of election to act at the meeting or any adjournment thereof. In case any person who may be appointed as an inspector fails to appear or act, the vacancy may be filled by appointment made by the chair of the meeting. Each inspector before entering upon the discharge of such duties shall take and sign an oath to faithfully execute the duties of inspector at such meeting with strict impartiality and according to the best of such inspector's ability. The inspector(s) shall (i) ascertain the number of shares outstanding and the voting power of each; (ii) determine the shares represented at a meeting and the validity of proxies and ballots; (iii) count all votes and ballots; (iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors; and (v) certify their determination of the number of shares represented at the meeting, and their count of all votes and ballots. On request of the person presiding at the meeting, the inspector(s) shall report in writing on any challenge, question or matter determined by the inspector(s) and execute a certificate of any fact found by the inspector(s).

## ARTICLE III
## DIRECTORS

**3.1 Authorized Directors**. The number of directors shall be determined from time to time by resolution of the Board, and each director elected shall hold office until his or her successor is elected and qualified or until such director's earlier death, resignation, disqualification or removal. Directors need not be shareholders.

**3.2 Vacancies**. Unless otherwise provided in the Articles of Incorporation, as it may be amended, vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and qualified or until such director's earlier death, resignation, disqualification or removal.

**3.3 Board Authority**. The business of the Corporation shall be managed by or under the direction of the Board.

**3.4 Location of Meetings**. The Board may hold meetings, both regular and special, either within or without the Commonwealth of Virginia.

**3.5 First Meeting**. The first meeting of each newly elected Board shall be held after each annual meeting of shareholders and no notice of such meeting shall be necessary to the newly elected directors in order to legally constitute the meeting.

**3.6 Regular Meetings**. Regular meetings of the Board may be held without notice at such time and at such place as shall from time to time be determined by the Board.

**3.7 Special Meetings**. Special meetings of the Board may be called by the Chair of the Board upon notice to each director; special meetings shall be called by the Chair of the Board or Secretary in like manner and on like notice on the written request of two directors unless the Board consists of only one director, in which case special meetings shall be called by the Chair of the Board or Secretary in like manner and on like notice on the written request of the sole director. Notice of any special meeting shall be given to each director at his or her business or residence in writing, or by facsimile transmission, telephone communication or electronic transmission; provided that, with respect to electronic transmission, the director has consented to receive the form of transmission at the address to which it is directed. If mailed, such notice shall be deemed adequately delivered when deposited in the United States mail so addressed, with postage thereon prepaid, at least five days before such meeting. If by facsimile transmission or other electronic transmission, such notice shall be transmitted at least 24 hours before such meeting. If by telephone, the notice shall be given at least 12 hours prior to the time set for the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board needs be specified in the notice of such meeting, except for amendments to these Bylaws as provided under Section 7.3. A meeting may be held at any time without notice if all the directors are present (except as otherwise provided by law) or if those not present waive notice of the meeting in writing, either before or after such meeting.

**3.8 Quorum**. At all meetings of the Board, a majority of the directors shall constitute a quorum for the transaction of business and any act of a majority of the directors present at any meeting at which there is a quorum shall be an act of the Board, except as may be otherwise specifically provided by statute or by the Articles of Incorporation. If a quorum is not present at any meeting of the Board, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

**3.9 Action Without a Meeting**. Unless otherwise restricted by the Articles of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing, writings, electronic transmission or transmissions are filed with the minutes of proceedings of the Board or committee.

**3.10 Telephonic Meetings**. Unless otherwise restricted by the Articles of Incorporation or these Bylaws, members of the Board or any committee designated by the Board may participate in a meeting of the Board or any committee, by means of conference telephone or other means of communication by which all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at the meeting.

**3.11 Committees**. The Board may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee.

In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or she or they constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member.

Except as otherwise provided by applicable law, any such committee shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers that may require it to the extent so authorized by the Board.

Unless the Board provides otherwise, at all meetings of a committee, a majority of the then authorized members of the committee shall constitute a quorum for the transaction of business, and the vote of a majority of the members of the committee present at any meeting at which there is a quorum shall be the act of the committee. Unless the Board provides otherwise, each committee designated by the Board may make, alter and repeal rules and procedures for the conduct of its business. In the absence of such rules and procedures each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to this Article III.

**3.12 Minutes of Meetings**. Each committee shall keep regular minutes of its meetings and report the same to the Board when required.

**3.13 Compensation of Directors**. Unless otherwise restricted by the Articles of Incorporation or these Bylaws, the Board shall have the authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the Board and may be paid a fixed sum for attendance at each meeting of the Board or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

**3.14 Removal of Directors; Resignations**. The shareholders may remove one or more directors with or without cause. If a director is elected by a voting group, only the shareholders of that voting group may elect to remove such director. Unless the Articles of Incorporation require a greater vote, a director may be removed if the number of votes cast to remove such director constitutes a majority of the votes entitled to be cast at an election of directors of the voting group or voting groups by which such director was elected. A director may be removed by the shareholders only at a meeting called for the purpose of removing such director and the meeting notice must state that the purpose, or one of the purposes of the meeting, is removal of the director.

**3.15 Notice**.

(a) Except as otherwise provided, whenever notice is required to be given to any director by applicable law, the Articles of Incorporation or these Bylaws, such notice shall be deemed given effectively if given in person or by telephone, mail addressed to such director at such director’s address as it appears on the records of the Corporation, facsimile, email, or by other means of electronic transmission, as provided in the VSCA.

(b) Whenever notice to directors is required by applicable law, the Articles of Incorporation, or these Bylaws, a waiver thereof, in writing, signed by, or by electronic transmission by the director entitled to the notice, whether before or after such notice is required, shall be deemed equivalent to notice. Attendance by a director at a meeting shall constitute a waiver of notice of such meeting except when the director attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the ground that the meeting was not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special Board or committee meeting need be specified in any waiver of notice.

## ARTICLE IV
## COMMITTEES OF DIRECTORS

**4.1 Committees.** The Board of Directors may create one or more committees and appoint members of the Board of Directors to serve on them. Unless otherwise provided in these Bylaws, each committee shall have two or more members who serve at the pleasure of the Board of Directors. The creation of a committee and appointment of members to it shall be approved by a majority of all of the directors in office when the action is taken.

**4.2 Authority of Committees.** To the extent specified by the Board of Directors, each committee may exercise the authority of the Board of Directors, except that a committee may not (i) approve or recommend to shareholders action that is required by law to be approved by shareholders, (ii) fill vacancies on the Board of Directors or on any of its committees, (iii) amend the Articles of Incorporation, (iv) adopt, amend, or repeal these Bylaws, (v) approve a plan of merger not requiring shareholder approval, (vi) authorize or approve a distribution, except according to a general formula or method prescribed by the Board of Directors or (vii) authorize or approve the issuance or sale or contract for sale of shares, or determine the designation and relative rights, preferences, and limitations of a class or series of shares; provided, however, that the Board of Directors may authorize a committee, or a senior executive officer of the Corporation, to do so within limits specifically prescribed by the Board of Directors.

**4.3 Audit Committee.** The Board of Directors shall appoint an Audit Committee consisting of not less than three (3) directors whose membership shall meet the NASDAQ listing requirements, as amended from time to time. The responsibilities of the Audit Committee shall be determined by the Board of Directors and may be set forth in a Charter as approved from time to time by the Board of Directors.

**4.4 Compensation Committee.** The Board of Directors shall appoint a Compensation Committee consisting of not less than two (2) directors, whom shall not be officers of the Corporation, and whose membership shall meet the NASDAQ listing requirements, as amended from time to time. The responsibilities of the Compensation Committee shall be determined by the Board of Directors and may be set forth in a Charter as approved from time to time by the Board of Directors.

**4.5 Nominating and Governance Committee.** The Board of Directors shall appoint a Nominating and Governance Committee consisting of not less than two (2) directors, none of whom shall be officers of the Corporation, and whose membership shall meet the NASDAQ listing requirements as amended from time to time. The responsibilities of the Nominating and Governance Committee shall be determined by the Board of Directors and may be set forth in a Charter as approved from time to time by the Board of Directors.

**4.6 Committee Meetings; Miscellaneous.** The provisions of these Bylaws which govern meetings, action without meetings, notice and waiver of notice, and quorum and voting requirements and compensation of the Board of Directors shall apply to committees of directors and their members as well.

## ARTICLE V
## OFFICERS

**5.1 Officers.** The officers of the Corporation shall be a Chairman of the Board of Directors, a President, a Secretary, a Chief Financial Officer or Treasurer, and, in the discretion of the Board of Directors or the Chairman, one or more Vice-Presidents and such other officers as may be deemed necessary or advisable to carry on the business of the Corporation. Any two or more offices may be held by the same person.

**5.2 Election; Term.** The Chairman, the President, the Secretary and the Chief Financial Officer or Treasurer shall be elected by the Board of Directors. The Chairman or the Board of Directors may, from time to time, appoint other officers. Officers elected by the Board of Directors shall hold office, unless sooner removed, until the next annual meeting of the Board of Directors or until their successors are elected. Officers appointed by the Chairman shall hold office, unless sooner removed, until their successors are appointed. The action of the Chairman in appointing officers shall be reported to the next regular meeting of the Board of Directors after it is taken. Any officer may resign at any time upon written notice to the Board of Directors or the officer appointing such officer and such resignation shall be effective when notice is delivered unless the notice specifies a later effective date.

**5.3 Removal of Officers.** The Board of Directors may remove any officer at any time, with or without cause. The Chairman may remove any officer he or she appoints at any time, with or without cause. Such action by the Chairman shall be reported to the next regular meeting of the Board of Directors after it is taken.

**5.4 Duties of the Chairman.** The Chairman shall be the Chief Executive Officer of the Corporation. The Chairman shall have general charge of and be charged with the duty of supervision of the business of the Corporation and shall perform such duties as may, from time to time, be assigned to the Chairman by the Board of Directors.

**5.5 Duties of the President.** The President shall have such powers and perform such duties as generally pertain to that position or as may, from time to time, be assigned to the President by the Chairman or the Board of Directors.

**5.6 Duties of the Secretary.** The Secretary shall have the duty to see that a record of the proceedings of each meeting of the shareholders, the Board of Directors and any committee of the Board of Directors is properly recorded and that notices of all such meetings are duly given in accordance with the provisions of these Bylaws or as required by law; may affix the corporate seal to any document the execution of which is duly authorized, and when so affixed may attest the same; and, in general, shall perform all duties incident to the office of secretary of a corporation and such other duties as, from time to time, may be assigned to the Secretary by the Chairman, the President or the Board of Directors or as may be required by law.

**5.7 Duties of the Chief Financial Officer and/or the Treasurer.** The Corporation may have a Chief Financial Officer and/or a Treasurer, as determined from time to time by the Chairman, the President or the Board of Directors. The Chief Financial Officer or the Treasurer, if there be one, or both, shall be subject to the control of the Board of Directors, the Chairman and the President, have charge of and be responsible for all securities, funds, receipts and disbursements of the Corporation and shall deposit or cause to be deposited, in the name of the Corporation, all monies or valuable effects in such banks, trust companies or other depositories as shall, from time to time, be selected by or under authority granted by the Board of Directors; shall be custodian of the financial records of the Corporation; shall keep or cause to be kept full and accurate records of all receipts and disbursements of the Corporation; and shall have charge of and be responsible for all internal and external financial accounting functions and treasury functions; Directors, whenever requested, an account of the financial condition of the Corporation; and, shall perform such duties as may be assigned to the Chief Financial Officer or the Treasurer, by the Chairman, the President or the Board of Directors.

**5.8 Duties of Other Officers.** The other officers of the Corporation, which may include Vice Presidents, Assistant Vice Presidents, Assistant Treasurers, a Controller or Assistant Controllers, and Assistant Secretaries, shall have such authority and perform such duties as shall be prescribed by the Chairman, the President, the Board of Directors or by other officers authorized by the Board of Directors or these Bylaws to appoint them to their respective offices. To the extent that such duties are not so stated, such officers shall have such authority and perform the duties which generally pertain to their respective offices, subject to the control of the Chairman, the President or the Board of Directors.

**5.9 Voting Securities of Other Corporations.** Unless otherwise provided by the Board of Directors, each of the Chairman, President or the Secretary, in the name and on behalf of the Corporation, may appoint from time to time such officer or any other person (or persons) as proxy, attorney or agent for the Corporation to cast the votes which the Corporation may be entitled to cast as a shareholder, member or otherwise in any other corporation, partnership or other legal entity, domestic or foreign, whose stock, interests or other securities are held by the Corporation, or to consent in writing to any action by such other entity, or to exercise any or all other powers of this Corporation as the holder of the stock, interests or other securities of such other entity. Each of the Chairman, President or the Secretary may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent and may execute or cause to be executed on behalf of the Corporation and under its corporate seal such written proxies, consents, waivers, or other instruments as may be deemed necessary or proper. Each of the Chairman, President or the Secretary may attend any meeting of the holders of stock, interests or other securities of any such other entity and vote or exercise any or all other powers of this Corporation as the holder of the stock, interest or other securities of such other entity.

**5.10 Bonds.** The Board of Directors may require that any or all officers, employees and agents of the Corporation give bond to the Corporation, with sufficient sureties, conditioned upon the faithful performance of the duties of their respective offices or positions.

## ARTICLE VI
## SHARE CERTIFICATES

**6.1 Form.** Shares of the Corporation shall, when fully paid, be evidenced by certificates containing such information as is required by law and approved by the Board of Directors. Certificates shall be signed by the President and the Secretary and may (but need not) be sealed with the seal of the Corporation. The seal of the Corporation and any or all of the signatures on a share certificate may be facsimile. If any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued it may be issued by the Corporation with the same effect as if such individual or entity were such officer, transfer agent or registrar on the date of issue. Notwithstanding the foregoing, the Board of Directors may authorize the issue of shares of the Corporation without certificates. Within a reasonable time after the issue or transfer of share without certificates, the Corporation shall cause to be sent to shareholders holding shares not evidenced by certificates a written statement of the information required on certificates as required by applicable law.

**6.2 Transfer.** The Board of Directors may make rules and regulations concerning the issue, registration and transfer of shares and/or certificates representing shares of the Corporation. Transfers of shares and/or certificates representing shares shall be made upon the books of the Corporation by book entry or by surrender of the certificates representing such shares endorsed or accompanied by written assignments given by the record owners or their attorneys-in-fact.

**6.3 Restrictions on Transfer.** A lawful restriction on the transfer or registration of transfer of shares is valid and enforceable against the holder or a transferee of the holder if the restriction complies with the requirements of law and its existence is noted conspicuously on the front or back of the certificate representing the shares or has been otherwise communicated in accordance with the requirements of law. Unless so noted or communicated, a restriction is not enforceable against a person without knowledge of the restriction.

**6.4 Lost or Destroyed Share Certificates.** The Corporation may issue a new share certificate or a written confirmation of its records with respect to shares in the place of any certificate theretofore issued which is alleged to have been lost or destroyed and may require the owner of such certificate, or his legal representative, to give the Corporation a bond, with or without surety, or such other agreement, undertaking or security as the Board of Directors shall determine is appropriate, to indemnify the Corporation against any claim that may be made against it on account of the alleged loss or destruction or the issuance of any such new certificate or written confirmation.

**6.5 Registered Shareholders.** The Corporation shall be entitled to treat the holder of record of any share or shares of stock as the owner thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person. The Corporation shall not be liable for registering any transfer of shares which are registered in the name of a fiduciary unless done with actual knowledge of facts which would cause the Corporation's action in registering the transfer to amount to bad faith.

## ARTICLE VII
## MISCELLANEOUS PROVISIONS

**7.1 Corporate Seal.** The corporate seal of the Corporation shall be circular and shall have inscribed thereon, within and around the circumference "OPTICAL CABLE CORPORATION". In the center shall be the word "SEAL".

**7.2 Fiscal Year.** The fiscal year of the Corporation shall be determined in the discretion of the Board of Directors, but in the absence of any such determination it shall be the twelve months ending October 31.

**7.3 Amendments.** These Bylaws may be amended or repealed, and new Bylaws may be adopted by the Board of Directors, at any regular or special meeting of the Board of Directors. Bylaws adopted by the Board of Directors may be repealed or changed and new Bylaws may be adopted by the shareholders, and the shareholders may prescribe that any Bylaw adopted by them shall not be altered, amended or repealed by the Board of Directors.

**Exhibit 31.1**

**CERTIFICATION**

I, Neil D. Wilkin, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Optical Cable Corporation;

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

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

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

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

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

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

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

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

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

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

Date: March 14, 2023

/s/ Neil D. Wilkin, Jr.
Neil D. Wilkin, Jr.
Chairman of the Board of Directors, President
and Chief Executive Officer

**Exhibit 31.2**

**CERTIFICATION**

I, Tracy G. Smith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Optical Cable Corporation;

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

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

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

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

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

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

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

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

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

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

Date: March 14, 2023

/s/ Tracy G. Smith
Tracy G. Smith
Senior Vice President and
Chief Financial Officer

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Optical Cable Corporation (the "Company") on Form 10-Q for the quarter ended January 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that: (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of January 31, 2023, and for the period then ended.

Date: March 14, 2023

/s/ Neil D. Wilkin, Jr.

Neil D. Wilkin, Jr.
Chairman of the Board of Directors,
President and Chief Executive Officer

**Exhibit 32.2**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Optical Cable Corporation (the “Company”) on Form 10-Q for the quarter ended January 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that: (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of January 31, 2023, and for the period then ended.

Date: March 14, 2023

/s/ Tracy G. Smith
Tracy G. Smith
Senior Vice President and
Chief Financial Officer