

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

Form 10-K

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

For the fiscal year ended **October 31, 2024**

Commission File Number **0-27022**

OPTICAL CABLE CORPORATION

(Exact name of the registrant as specified in its charter)

Virginia
(State or other jurisdiction of
incorporation or organization)

54-1237042
(I.R.S. Employer
Identification No.)

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

24019
(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
Common Stock, no par value

Trading Symbol
OCC

Name of exchange on which registered
Nasdaq Global Market

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

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

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934. Yes No

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

[Table of Contents](#)

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. Yes No

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes No

The aggregate market value of the registrant's Common Stock, no par value, held by non-affiliates of the registrant (without admitting any person whose shares are not included in determining such value is an affiliate) as of April 30, 2024, the last business day of the Company's most recent second quarter was \$ 16,927,599 based upon the closing price of these shares as reported by the Nasdaq Global Market on April 30, 2024.

As of December 12, 2024, the Company had outstanding 8,220,344 common shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's Annual Report filed as Exhibit 13.1 to this report on Form 10-K are incorporated by reference in Part II of this Form 10-K Report: "Corporate Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Consolidated Financial Statements," "Notes to Consolidated Financial Statements," and "Report of Independent Registered Public Accounting Firm." In addition, portions of the Company's Proxy Statement for the 2025 Annual Meeting of Shareholders are incorporated by reference in Part III of this Form 10-K Report: "Election of Directors," "Beneficial Ownership of Securities", "Compensation of Executive Officers," "Compensation of Directors," "Delinquent Section 16(a) Reports" (if applicable), "Code of Ethics," "Executive Compensation," "Equity Compensation Plan Information," "Certain Relationships and Related Transactions," "Independent Registered Public Accounting Firm," and "Audit Committee Pre-approval of Audit and Permissible Non-audit Services of Independent Registered Public Accounting Firm."

[Table of Contents](#)

OPTICAL CABLE CORPORATION
FORM 10-K
TABLE OF CONTENTS

[PART I](#)

Item 1.	Business.	3
Item 1A.	Risk Factors.	8
Item 1B.	Unresolved Staff Comments.	8
Item 1C.	Cybersecurity.	8
Item 2.	Properties.	9
Item 3.	Legal Proceedings.	10
Item 4.	Mine Safety Disclosures.	10

[PART II](#)

Item 5.	Market for Registrant's Common Equity and Related Stockholder Matters.	10
Item 6.	Reserved.	10
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations.	10
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk.	10
Item 8.	Financial Statements and Supplementary Data.	10
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.	10
Item 9A.	Controls and Procedures.	11
Item 9B.	Other Information.	13

[PART III](#)

Item 10.	Directors, Executive Officers and Corporate Governance.	13
Item 11.	Executive Compensation.	13
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.	13
Item 13.	Certain Relationships and Related Transactions, and Director Independence.	13
Item 14.	Principal Accountant Fees and Services.	13

[PART IV](#)

Item 15.	Exhibits and Financial Statement Schedules.	14
----------	---	----

[SIGNATURES](#)

PART I

Item 1. BUSINESS

Overview

Optical Cable Corporation was incorporated in the Commonwealth of Virginia in 1983. We are headquartered at 5290 Concourse Drive, Roanoke, Virginia 24019 and our telephone number is (540) 265-0690. Optical Cable Corporation, together with our wholly owned subsidiaries, Applied Optical Systems, Inc. ("AOS") and Centric Solutions LLC ("Centric Solutions"), has offices, manufacturing and warehouse facilities located in Roanoke, Virginia, near Asheville, North Carolina and near Dallas, Texas.

Optical Cable Corporation and its subsidiaries (collectively, the "Company" 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.

OCC's product offerings include designs for uses ranging from enterprise networks, data centers, 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, and for the wireless carrier market.

OCC 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.

The OCC team seeks to provide top-tier integrated 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® 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.

OCC primarily manufactures its fiber optic cables at its ISO 9001:2015 registered facility located in Roanoke, Virginia, primarily manufactures its enterprise connectivity products at its ISO 9001:2015 registered facility located near Asheville, North Carolina, and primarily manufactures its harsh environment and specialty connectivity products at its ISO 9001:2015 registered and MIL-STD-790G certified facility located near Dallas, Texas.

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.

OCC markets and sells our harsh environment and specialty connectivity product offering through AOS under the names Optical Cable Corporation and OCC® by the efforts of our integrated OCC sales team.

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.

[Table of Contents](#)

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.

Products

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 (the non-carrier markets), offering an integrated suite of high quality, warranted products which operate as a system solution or seamlessly integrate with other components. OCC also manufactures and sells products in the wireless carrier market. OCC's product offerings include designs for uses ranging from enterprise networks, data centers, residential, campus and Passive Optical LAN ("POL"), stadium and other sporting event installations to customized products for harsh environments and specialty applications, including military, industrial, mining, petrochemical, renewable energy, distributed sensing, and broadcast applications.

OCC 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, fiber optic and copper patch panels, face plates, multimedia boxes, fiber optic reels and accessories and other cable and connectivity management accessories. Our products are designed to meet the most demanding needs of end-users, delivering a high degree of reliability and outstanding performance characteristics. During the past five years, OCC has been granted 16 patents for innovative designs of fiber optic and copper connectivity and fiber optic cable.

Our fiber optic and copper cabling and connectivity products and solutions (predominantly passive, rather than active systems) are used for transmission of data, video and voice communications primarily over short- to moderate-distances.

We are widely recognized for our leadership, contributions and support to various industry standards, including the Insulated Cable Engineers Association ("ICEA") with respect to North American fiber optic cable standards, and to the Telecommunications Industry Association ("TIA").

Fiber Optic Cable Products

We design, manufacture, market and sell a broad array of top-tier fiber optic and hybrid cables that provide high bandwidth transmission of data, video and voice communications primarily over short- to moderate-distances.

OCC is internationally recognized for pioneering the design and production of fiber optic cables for the most demanding military field applications, as well as fiber optic cables suitable for both indoor and outdoor use, and for creating a broad product offering built on the evolution of these fundamental technologies.

Our product line is diverse and versatile, in keeping with evolving application needs of customers within our markets. Our tight-buffered fiber optic cables address a wide range of needs, primarily for the enterprise market and various harsh environment and specialty markets (the non-carrier markets), ranging from enterprise networks, data centers, residential, campus and Passive Optical LAN (POL) installations, as well as the needs for the harsh environment and specialty markets including military, industrial, mining, petrochemical, renewable energy, distributed sensing, and broadcast applications. OCC also manufactures and sells fiber optic cable and hybrid cable (fiber and copper) products in the wireless carrier market. Our patented tight-buffered fiber unit cables have both high fiber-count and rugged performance in a compact and lightweight design. We believe that we offer one of the most comprehensive tight-buffered fiber optic cable product offerings for our markets.

We produce fiber optic cables for specialized installations, including various hybrid cables (fiber and copper), and cables with specialty fibers. We offer certain of our tight-buffered fiber optic cables pre-installed in conduit ("FIC"), for installation time reduction. We can armor fiber optic cables for additional protection in certain installations, providing both steel tape and interlocking armor options. We offer cables suitable for underground or overhead installations. For overhead installations, we offer several self-supporting fiber optic cables including both Figure-8 and round messenger construction. We have fiber optic cables available in various flammability ratings. We offer cables combining different types of optical fiber and/or copper wires, with copper wires being used as power feeds. Our hybrid cables include a line of security cables which combine copper power feeds with optical fiber in the cables making them particularly well suited for surveillance cameras and other specialty applications. We also design and manufacture specialty fiber optic cables for use in such applications as: Fiber-to-the-Antenna ("FTTA") for cell tower build-outs, military ground tactical, industrial (including tray cables), mining, deployable broadcast, oil and gas, festoon, pierside, and numerous other applications. Our product offerings also include fiber optic cables complying with or certified to various standards for specialty applications, such as: U.S. Department of Defense; Det Norske Veritas (DNV) type approval certificate for marine shipboard and offshore platform applications; U.S. Mine Safety and Health Administration (MSHA) approval for use in mines; and American Bureau of Shipping (ABS) type approved cables. We also offer our customers a variety of customized constructions to meet their specific communication needs.

[Table of Contents](#)

Copper Datacom Cable Products

We market and sell a wide range of high quality copper datacom cables, including unshielded twisted pair (UTP) and shielded twisted pair (F/UTP) constructions, in Category 5e, Category 6 and Category 6A performance ratings, in riser and plenum configurations, and in various colors. The addition of copper datacom cables enables OCC to offer our customers an end-to-end solution for copper network installations.

Enterprise Connectivity Products (Fiber Optic and Copper)

We design, manufacture, market and sell top-tier fiber optic and copper connectivity components for use in a broad range of enterprise, residential, military, harsh environment, and other specialty applications. We are internationally recognized for our role in establishing copper connectivity data communication standards and for our innovative technologies.

The following summarizes the major types of fiber optic and copper enterprise connectivity products and their attributes; however, we produce many other types of connectivity products as well:

Fiber Optic Connectivity Products. Our fiber optic connectivity products provide customers a comprehensive line of fiber optic system solutions for equipment rooms, telecommunications closets, industrial installations, data centers and workstations, including unique infrastructure and cabling solutions for Passive Optical LAN (POL) installations. Our product offering includes fiber optic wall mount, cabinet mount and rack mount enclosures, NEMA enclosures, pre-terminated fiber optic enclosures, fiber optic connectors, splice trays, fiber optic jumpers, plug and play cassette modules, pre-terminated fiber optic cable assemblies, adapters, and accessories.

Copper Connectivity Products. OCC's copper enterprise connectivity products offer customers a comprehensive line of copper system solutions and a line of component compliant products necessary for high speed data and voice applications in equipment rooms, telecommunications closets, data centers and workstations. Our product offering includes: category compliant patch panels, jacks (standard keystone or proprietary bezel configuration), plugs, patch cords, faceplates, surface mounted boxes, distribution and multimedia boxes, copper rack mount and wall mount enclosures, cable assemblies, cable organizers, and other wiring products. OCC provides products compliant with Category 5e, Category 6 and Category 6A standards in both shielded and unshielded offerings. OCC also manufactures industry recognized Category 8 test qualification fixtures, and offers Category 8 plugs based on OCC's patented technologies. OCC pioneered the required technology for high performance RJ45 connectivity applications to Ethernet, holding multiple patents for electrical performance and usability features.

Cabinets, Racks and Enclosures. We offer a wide array of high-performance network, data storage and telecommunications management systems for enterprise and residential use. Our product line includes wall mount enclosures, horizontal and vertical cable management systems and open frame relay racks. These products meet the demands of various network segments. Our products serve the equipment, cross-connect and termination needs for copper and fiber optic multimedia applications as well as wall mount and space saving UL listed ceiling mount enclosures for Passive LANs.

Residential Products. Our product offering includes datacom wiring products comprised of various enclosures, modules and modular outlets designed for single dwelling and multiple dwelling residential use.

Harsh Environment and Specialty Connectivity Products

In addition to our fiber optic and copper enterprise connectivity products described above, we design, manufacture, market and sell specialty fiber optic connectors and connectivity components, fiber optic cable assemblies, certain ruggedized copper datacom connectors, and related deployable systems and solutions for military, harsh environment and other specialty applications.

Table of Contents

We manufacture a full range of tactical fiber optic connectors that conform to U.S. Department of Defense standards, such as MIL-PRF-29504, MIL-DTL-83522, MIL-DTL-83526, NAVSEA 7379171, and NAVSEA 7379172. In addition to military specified products, we also design and manufacture commercial grade versions of cylindrical connector products including EZ-MATE™, MHC®-T2, MHC®-T3 and F-LINK™. Many of our products utilize a hermaphroditic design that allows for concatenation of assemblies without regard to connector gender. This design allows for quick and easy deployment and retrieval.

We designed and developed a complete family of lightweight reels, lightweight reel stands and accessories enabling us to offer comprehensive deployable interconnect solutions. Our patented lightweight reels and lightweight reel stands are approved for use by the United States military.

We design and manufacture cylindrical connector products for fixed fiber optic or applications requiring optical fiber and copper connections in the same connector. Our product offering also includes ruggedized RJ45 connectors.

We manufacture a wide variety of simplex, duplex and multi-channel fiber optic assemblies for uses as varied as mining, oil & gas, petrochemical, renewable energy, broadcast, industrial, military and other specialty applications.

Distribution Methods of Products and Services

Our products are sold to major distributors, regional distributors, various specialty and smaller distributors, original equipment manufacturers, value-added resellers, and, in certain cases, end-users. Generally, our products are purchased from our customers by contractors, system integrators and end-users.

Competitive Business Conditions, Positions in the Industry and Methods of Competition

The fiber optic and copper data communications cables and connectivity enterprise markets and other short- to moderate-distance markets are highly competitive. Our fiber optic cable product lines compete with products of large fiber optic cable manufacturers such as Corning Incorporated, Berk-Tek Cable (part of Leviton Manufacturing Co., Inc.), CommScope Holding Company, Inc., OFS Fitel, LLC (part of the Furukawa Electric Company), AFL (a subsidiary of Fujikura Ltd.), Proterial Cable (formerly Hitachi Cable America Inc.), Superior Essex (part of LS Cable & System), Belden Inc., Prysmian Group (including General Cable), and others, some of which manufacture optical fiber. Our copper cable product lines compete with products of large copper cable manufacturers such as Prysmian Group (including General Cable), Berk-Tek Cable (part of Leviton Manufacturing Co., Inc.), CommScope Holding Company, Inc., Proterial Cable, Superior Essex (part of LS Cable & System), Belden Inc., and others. Our fiber optic and copper connectivity product lines compete with products of large fiber optic and copper connectivity manufacturers such as CommScope Holding Company, Inc., Corning Incorporated, Leviton Manufacturing Co., Inc., Legrand S.A. (including Ortronics), Panduit Corp. and others. Our harsh environment and specialty connectivity product lines compete with products of Amphenol Corporation (including AFSI), Aptiv PLC (formerly Delphi Connection Systems), and others.

Some of our competitors are more established, benefit from greater market recognition and have much greater financial, research and development, production and marketing resources than we do. Competition could increase if new companies enter the market or if existing competitors expand their product lines.

Compliance with Government Laws and Regulations

We are not aware of any material violations at our facilities of any local, state or federal government laws and regulations. We have not incurred any material expenditures related to compliance with government laws and regulations during our 2024 fiscal year, other than those in the ordinary course of business. We believe that we have materially complied with all applicable government laws and regulations.

Customers and End-Users

We have a global customer base, selling into approximately 50 countries in fiscal year 2024.

Table of Contents

Our products are sold to major distributors, regional distributors, various specialty and smaller distributors, original equipment manufacturers, value-added resellers, and, in certain cases, end-users. Generally, our products are purchased from our customers by contractors, system integrators and end-users.

The following is a partial list of representative types of end-users of our fiber optic and copper connectivity and cable products:

- Commercial Institutions. Businesses located in offices, retail space, hospitals and other medical facilities, to name a few, are installing or improving networks to distribute increasing volumes of data at increased speeds. These businesses often use high performance local area networks ("LANs") or data centers.
- Government Agencies. Government agencies including offices, complexes, campuses, and other types of government facilities. Like commercial institutions, these agencies routinely are installing or improving high performance LANs or data centers. Security also may be desired, making our cabling and connectivity solutions a logical choice.
- Industrial and Manufacturing Facilities. Industrial and manufacturing facilities and complexes often have a more severe environment (including heavy electrical equipment) than other types of businesses. Our fiber optic cable and connectivity products in these environments offer ruggedness, immunity to electrical noise, high information carrying capacity and greater distance capability. Such facilities also have need for our copper cabling and connectivity products. Our products are installed at automotive assembly plants, steel plants, chemical and drug facilities, petrochemical facilities and petroleum refineries, mines, renewable energy complexes, and many other environments.
- Cable Assembly Houses. Cable assembly houses typically manufacture cable assemblies, which are short lengths of cable pre-terminated with connectors. Supporting virtually all segments of the market, these manufacturers use cables and connectivity products. Products sold to customers in this market sometimes may be privately labeled.
- Military. Our core fiber optic cable technologies enable us to develop and efficiently produce fiber optic cables for military tactical applications that survive extreme mechanical and environmental conditions. We are a qualified supplier of ground tactical fiber optic cable for the United States Department of Defense ("U.S. DoD"). We also supply the U.S. DoD with tactical fiber optic cable assemblies, which we sell as fiber optic cables connectorized with qualified military connectors, which can include assemblies on military reels and reel stands ready for deployment.
- Educational Institutions. Colleges, universities, high schools and grade schools are installing and improving data communication networks for higher data transmission speeds and volumes. Installations include buildings, campuses, and other facilities.
- Wireless Carriers. We design and manufacture various specialty fiber optic and hybrid (fiber and copper) cables for FTTH applications such as cell phone tower build-outs and upgrades.
- Original Equipment Manufacturers. We private label a number of our products for certain customers and other major manufacturers.

Our extensive technology base and versatile manufacturing processes enable us to respond to diverse customer needs.

Employees and Human Capital Resources

As of October 31, 2024, we employed a total of 339 persons (excluding independent sales representatives and firms). Our employees are all located in the United States and are not represented by unions. We have experienced no work stoppages and we continue to take steps we believe appropriate to ensure our employee relations are good.

We continue to monitor our demand for skilled and unskilled labor and provide training and competitive compensation packages in an effort to attract and retain skilled employees. We believe our employees are key to achieving our business goals and growth strategy. Our human capital measures and objectives focus on safety of our employees, employee benefits and employee development and training. All of our employees are at-will employees, which means that each employee can terminate his or her relationship with us and we can terminate our relationship with him or her at any time.

[Table of Contents](#)

We have periodically experienced, and may experience in the future, difficulty in identifying and hiring skilled labor for certain positions, particularly in manufacturing, as a result of macroeconomic labor trends, as well as other related factors. These trends and factors can decrease the pool of available qualified talent for certain functions. As a result, we have made and continue to make diligent efforts to recruit and retain qualified talent. While we believe our compensation and benefits offerings position us for success in meeting our personnel needs, we continue to be mindful of and responsive to changing labor market dynamics, and we are committed to being competitive in recruiting and retaining the best qualified talent possible.

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 variability of net sales due to other factors, such as: wireless carrier market order volume, the timing of larger projects, the timing of orders from larger customers, other economic factors impacting our industry or impacting the industries of our customers and end-users, and various 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 net sales variability, due to such other factors, can also, and often does, substantially impact our net sales patterns during the year. During our last two fiscal years, approximately 46% and 53% of our total net sales occurred during the second half of fiscal years 2024 and 2023, respectively, and approximately 54% and 47% of our total net sales occurred during the first half of fiscal years 2024 and 2023, respectively.

Item 1A. RISK FACTORS

Item 1A. Risk Factors is not a required disclosure for a "smaller reporting company" as defined in Rule 12b-2 promulgated under the Securities Exchange Act of 1934, as amended.

Certain risk factors that may adversely affect the Company, the Company's future results of operations and future financial condition, and future market valuation of the Company are mentioned under "Forward-Looking Information" included in Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's Annual Report for the fiscal year ended October 31, 2024 (filed as Exhibit 13.1 to this report on Form 10-K), and in our Quarterly Reports on Form 10-Q.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 1C. CYBERSECURITY

The Company is subject to attempted cyberattacks and other cybersecurity risks. Our business relies on various information technology and application systems that may be impacted by a malicious cyberattack. Such cyber incidents may cause lost revenues or increased expenses stemming from inability to use certain systems for a period of time, loss of financial assets, fines related to breach of personally identifiable information or other protected information, reputational damage and remediation and litigation costs as well as increased cybersecurity protection costs.

We regularly evaluate cybersecurity risks from computer viruses and more sophisticated and targeted cyber-related attacks such as ransomware, as well as cybersecurity failures resulting from human error and technological errors. Such risks are monitored and reviewed by management on a periodic basis as deemed appropriate.

We have developed and continue to invest in a variety of solutions and controls for real-time threat prevention, detection and instantaneous, automated reaction to such cyberattacks. Our overall strategy in combatting known cybersecurity risks includes:

- The use of antivirus software, virtual private networks, email security, as well as other software to prevent and detect intrusions such as identity attacks.
- Engagement of a provider for real-time threat detection, alerting and immediate, automated remediation service for the entire organization.

[Table of Contents](#)

- The use of multi-factor authentication for all remote users when they connect to the corporate network and the corporate email platform.
- The deployment of updates and patches as they are available for all installed versions of enterprise software to reduce the exposure to vulnerabilities.
- The review of the security procedures and controls used by third parties that may host or otherwise have access to the Company's data.
- If necessary, the use of third-party security experts if and when an incident is detected.

Regardless of the controls we have in place, cybersecurity risks continue to become more complex and pervasive, and our internal controls cannot provide absolute assurance that we will be able to protect ourselves from significant cyberattack incidents. Additionally, by outsourcing certain administrative functions to third parties, we may be exposed to risk of data security breaches against those third parties.

We are not aware of any existing cybersecurity threats that would materially affect, or that are reasonably likely to materially affect, our business strategy, results of operations, liquidity or financial conditions. Furthermore, we are not aware of having experienced any significant cybersecurity incidents during fiscal year 2024.

Board Oversight

Management periodically updates the Board of Directors regarding efforts to minimize cybersecurity risks.

Item 2. PROPERTIES

We own our facility located in Roanoke County, Virginia, and the land on which our Roanoke facility is located. Our Roanoke facility primarily houses our corporate headquarters, our administrative offices, our fiber optic cable manufacturing operations, our fiber optic cable product development function and our fiber optic cable warehouse. Our Roanoke facility is situated on approximately 23 acres of land (of which approximately 11 acres is currently unused) located near the Roanoke-Blacksburg Regional Airport in Roanoke, Virginia, interstate I-81, and major trucking company facilities. Our Roanoke facility building is approximately 146,000 square feet.

We own our facility near Asheville, North Carolina (in Swannanoa, North Carolina) and the land on which our Asheville facility is located. Our Asheville facility primarily houses administrative offices, our enterprise connectivity manufacturing operations, our enterprise connectivity product development function and our enterprise connectivity warehouse. Our Asheville facility is situated on approximately 13 acres of land located east of Asheville, North Carolina. The Asheville facility includes two buildings totaling approximately 64,000 square feet. Our office building at the Asheville facility sustained water damage from a burst water pipe at the end of December 2022, and is not currently being used. The office building is separate from our manufacturing building, which houses our manufacturing operations and certain offices at the same location. There was no significant impact to our operations as a result of this event.

We lease our facility near Dallas, Texas (in Plano, Texas). Our Dallas facility primarily houses administrative offices, our harsh environment and specialty connectivity manufacturing operations, our harsh environment and specialty connectivity product development function, our harsh environment and specialty connectivity warehouse, and our Centric Solutions' business. Our Dallas facility is located in an industrial complex of suites. The space leased is approximately 34,000 square feet.

We lease a warehouse facility in Roanoke, Virginia. The space leased is approximately 36,000 square feet and is used primarily to store raw materials and other items related to our fiber optic cable operations.

We believe that we operated at approximately 40% to 50% of our production equipment capacity on average at our collective manufacturing facilities during fiscal year 2024. This determination is based on a capacity calculation that assumes we would be fully staffed to run production at all of our locations twenty-four hours per day, seven days a week, all year. Since various production equipment is specialized and our product mix varies, individual manufacturing equipment may operate at higher or lower production capacity during any given period of time. Additionally, we can experience capacity constraints based on the types of products that are being manufactured at any given time and related inherent limitations in the manufacturing process as well as the time it takes to hire and train new employees.

[Table of Contents](#)

Additional personnel would need to be hired and trained, additional warehousing space may be needed, and, depending on product mix, certain additional production equipment may need to be acquired, to fully utilize our available production equipment capacity at all of our facilities. We can provide no assurance as to the time required to complete the process of hiring and training personnel or to acquire and install certain additional production equipment or our ability to secure additional warehousing space, necessary to fully utilize our available production capacity.

Item 3. LEGAL PROCEEDINGS

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.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The information pertaining to shareholders beneficially owning more than five percent of the Company's common stock and the security ownership of management, which is set forth under the caption "Beneficial Ownership of Securities" in the Proxy Statement for the 2025 Annual Meeting of Shareholders of the Company, is incorporated herein by reference.

The Company had 8,220,344 shares of common stock issued and outstanding at October 31, 2024. Employees of the Company and members of the Board of Directors owned at least 36.9% of the shares issued and outstanding at October 31, 2024, including shares still subject to potential forfeiture based on vesting requirements.

The information contained under the caption "Corporate Information" of our Annual Report for the fiscal year ended October 31, 2024, filed as Exhibit 13.1 to this report on Form 10-K, is incorporated herein by reference.

Item 6. RESERVED

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information contained under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report for the fiscal year ended October 31, 2024, filed as Exhibit 13.1 to this report on Form 10-K, is incorporated herein by reference.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company did not engage in transactions in derivative financial instruments or derivative commodity instruments. As of October 31, 2024, the Company's financial instruments were not exposed to significant market risk due to interest rate risk, foreign currency exchange risk, commodity price risk or equity price risk.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information contained under the captions "Consolidated Financial Statements," "Notes to Consolidated Financial Statements," and "Report of Independent Registered Public Accounting Firm" of our Annual Report for the fiscal year ended October 31, 2024, filed as Exhibit 13.1 to this report on Form 10-K, is incorporated herein by reference.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The Company changed its principal accountants for its fiscal year ended October 31, 2024 from Brown, Edwards & Company, L.L.P. to Crowe LLP. We did not have any disagreements with our current accountants on any accounting matter or financial disclosure made during our fiscal year ended October 31, 2024. There were no disagreements with our former accountants for the year ended October 31, 2023 or any of the previous fiscal years. The change in the Company's principal accountants was approved by the Company's Audit Committee of the Board of Directors.

Table of Contents

Item 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures.

Disclosure controls are procedures that are designed with the objective of ensuring that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized, and reported within the time period specified in the rules and forms of the Securities and Exchange Commission (the "SEC"). Disclosure controls are also designed with the objective of ensuring that such information is accumulated and communicated to management, including the chief executive officer and the chief financial officer, as appropriate to allow timely decisions regarding required disclosure. Disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Therefore, it is not expected that disclosure controls and procedures will prevent all errors or even all instances of fraud.

The Company maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under 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 SEC, and that such information is accumulated and communicated to management to allow for timely decisions regarding required disclosure.

In designing and evaluating disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, will be detected. These inherent limitations include the realities that judgments in decision making can be faulty and that breakdowns can occur because of simple error or mistake. The design of any system of controls is based, in part, upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

As of October 31, 2024, the Company completed an evaluation, under the supervision and with the participation of management, including the chief executive officer and the chief financial officer (principal accounting officer and principal financial officer), of the effectiveness of the design and operation of our disclosure controls and procedures.

Management's Annual Report on Internal Control Over Financial Reporting.

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) or 15d-15(f) under the Exchange Act). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles and includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of our management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of the inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Accordingly, even effective internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation. Further, the evaluation of the effectiveness of internal control over financial reporting was made as of a specific date, and continued effectiveness in future periods is subject to the risks that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies and procedures may decline. Management conducted an evaluation of the design and effectiveness of the Company's system of internal control over financial reporting as of October 31, 2024, based on the framework set forth in "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

Table of Contents

In connection with the restatement of the Company's financial statements included in its Annual Report filed with this Form 10-K, management, including the chief executive officer and chief financial officer, have evaluated the effectiveness of internal control over financial reporting and concluded that the Company did not maintain effective internal control over financial reporting as of October 31, 2024 because of a material weakness in the Company's internal control over financial reporting described herein related to the classification of outstanding balances on its Revolver. Notwithstanding the material weakness described herein, management has concluded that the restated and revised audited financial statements included in the Annual Report filed with this report on Form 10-K are fairly stated in all material respects in accordance with U.S. GAAP for each of the periods presented herein.

In connection with the restatement described in Note 20 – Restatement of Previously Issued Financial Statements to the accompanying financial statements included in the Annual Report filed with this report on Form 10-K, management identified a material weakness in internal control over financial reporting related to the classification of an asset or a liability as either long-term or current. This material weakness resulted in a misclassification of the Company's Revolver balance as a noncurrent liability instead of a current liability as of October 31, 2023 and for the following interim periods within fiscal year 2024 and 2023: January 31, 2024 and 2023, April 30, 2024 and 2023, and July 31, 2024 and 2023.

To respond to this material weakness, we plan to devote significant effort and resources to the remediation and improvement of internal control over financial reporting as it relates to the classification of assets and liabilities as either long-term or current. While the Company has processes to identify and appropriately apply applicable accounting requirements, we plan to improve these processes with respect to balance sheet classification issues. Our plans at this time include developing a checklist to document our review of asset and liability classification as either long-term or current as of the end of each reporting period, with additional focus on the review and interpretation of relevant literature for any significant new agreements or transactions that may impact such classifications during a reporting period, and documenting the performance of both internal and external consultations, if any, related to such matters. The elements of the remediation plan can only be accomplished over time, and there is no assurance that these initiatives will ultimately have the intended effects.

Restatement of Previously Issued Financial Statements

On December 20, 2024, the Company revised its prior position on the classification of the outstanding balance under our Revolver as a noncurrent liability and concluded that the previously issued financial statements for the year ended October 31, 2023 and for the quarters ended January 31, 2024 and 2023, April 30, 2024 and 2023, and July 31, 2024 and 2023 (the "restated periods") should not be relied on because of a misclassification of balances outstanding on our Revolver as a noncurrent liability instead of a current liability. The Company has restated the classification of the outstanding balance under our Revolver from a noncurrent liability to a current liability in the financial statements for the restated periods in the Company's Annual Report for fiscal year 2024 included with this report on Form 10-K (the "Restatement"). On December 23, 2024, the Company also filed with the SEC a current report on Form 8-K regarding the Restatement. The non-cash, balance sheet only adjustments to the financial statements do not impact the amounts previously reported as total assets, total liabilities or total shareholders' equity. Further, the adjustments do not impact previously reported consolidated statements of operations, consolidated statements of shareholders' equity or consolidated statements of cash flows. There also was no impact on any covenants with lenders as a result of the adjustments, as the Company's borrowing arrangements do not include financial covenants that would be impacted by the classification of the Revolver balance.

Changes in Internal Control Over Financial Reporting.

There were no changes in the Company's internal controls over financial reporting during the fourth quarter of the fiscal year covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. In light of the restatement of our financial statements included in the Annual Report filed with this report on Form 10-K, we plan to improve these processes with respect to balance sheet classification issues. Our plans at this time include developing a checklist to document our review of asset and liability classification as either long-term or current as of the end of each reporting period, with additional focus on the review and interpretation of relevant literature for any significant new agreements or transactions that may impact such classifications during a reporting period, and documenting the performance of both internal and external consultations, if any, related to such matters. The elements of our remediation plan can only be accomplished over time, and there is no assurance that these initiatives will ultimately have the intended effects.

Item 9B. OTHER INFORMATION

None.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

For information with respect to the Directors of the registrant, see "Election of Directors," and "Executive Officers" in the Proxy Statement for the 2025 Annual Meeting of Shareholders of the Company, which information is incorporated herein by reference.

For information with respect to the executive officers of the registrant, see "Executive Officers" in the Proxy Statement for the 2025 Annual Meeting of Shareholders of the Company, which information is incorporated herein by reference.

The information with respect to compliance with Section 16(a) of the Securities Exchange Act of 1934, which is set forth under the caption "Delinquent Section 16(a) Reports" (if applicable) in the Proxy Statement for the 2025 Annual Meeting of Shareholders of the Company, is incorporated herein by reference.

The information concerning the Company's code of ethics that applies to the Company's principal executive officer and the Company's senior financial officers required by this Item is incorporated herein by reference to the Proxy Statement for the 2025 Annual Meeting of Shareholders of the Company under the heading "Code of Ethics."

Item 11. EXECUTIVE COMPENSATION

The information set forth under the captions "Executive Compensation," and "Director Compensation" in the Proxy Statement for the 2025 Annual Meeting of Shareholders of the Company is incorporated herein by reference.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information concerning stock ownership by directors, executive officers and shareholders beneficially owning more than five percent of the Company's common stock, which is set forth under the caption "Beneficial Ownership of Securities" in the Proxy Statement for the 2025 Annual Meeting of Shareholders of the Company, is incorporated herein by reference.

The information concerning securities authorized for issuance under equity compensation plans required by this Item is incorporated herein by reference to the Proxy Statement for the 2025 Annual Meeting of Shareholders of the Company under the heading "Equity Compensation Plan Information."

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information with respect to certain transactions with management of the Company, which is set forth under the caption "Certain Relationships and Related Transactions" in the Proxy Statement for the 2025 Annual Meeting of Shareholders of the Company, is incorporated herein by reference.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information with respect to certain principal accountant fees and services, which is set forth under the caption "Independent Registered Public Accounting Firm" in the Proxy Statement for the 2025 Annual Meeting of Shareholders of the Company, is incorporated herein by reference.

The information concerning pre-approval policies for audit and non-audit services required by this Item is incorporated herein by reference to the Proxy Statement for the 2025 Annual Meeting of Shareholders of the Company under the heading "Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm."

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) List of documents filed as part of this report:

1. Financial statements: The Company's consolidated financial statements and related notes thereto are hereby incorporated by reference to pages 20 to 46 of the Company's Annual Report filed as Exhibit 13.1 to this Form 10-K.
2. Financial statement schedules: All schedules are omitted, as the required information is inapplicable or the information is presented in the consolidated financial statements or related notes thereto.
3. Exhibits to this Form 10-K pursuant to Item 601 of Regulation S-K are as follows:

<u>Exhibit No.</u>	<u>Description</u>
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 (incorporated herein by reference to Exhibit 3.4 to the Company's Quarterly Report on Form 10-Q for the first quarter ended January 31, 2023).
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 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).
4.6	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).

Table of Contents

4.7 [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 \(incorporated herein by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K/A filed May 3, 2016\).](#)

4.8 [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 \(incorporated herein by reference to Exhibit 4.20 to the Company's Quarterly Report on Form 10-Q for the second quarter ended April 30, 2018\).](#)

4.9 [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 \(incorporated herein by reference to Exhibit 4.21 to the Company's Quarterly Report on Form 10-Q for the second quarter ended April 30, 2018\).](#)

4.10 [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 \(now doing business as SLR Business Credit\) \(incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed July 30, 2020\).](#)

4.11 [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 \(now doing business as SLR Business Credit\) \(incorporated herein by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed July 30, 2020\).](#)

4.12 [Payoff Letter from Pinnacle Bank to North Mill Capital LLC \(now doing business as SLR Business Credit\) and Optical Cable Corporation \(incorporated herein by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed July 30, 2020\).](#)

4.13 [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 \(incorporated herein by reference to Exhibit 4.1 to the Company's Form 8-A12G filed with the Commission on November 5, 2021\).](#)

4.14 [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 \(incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed July 7, 2022\).](#)

4.15 [Omnibus Amendment of Loan Documents dated October 31, 2023 by and between Optical Cable Corporation and Northeast Bank \(incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed November 3, 2023\).](#)

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 \(incorporated herein by reference to Exhibit 10.16 of the Company's Quarterly Report on Form 10-Q for the period ended January 31, 2013 filed March 15, 2013\).](#)

Table of Contents

- 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 \(incorporated herein by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed April 15, 2011\).](#)
- 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 \(incorporated by reference to Exhibit 10.15 of the Company's Annual Report on Form 10-K for the period ended October 31, 2021 filed December 20, 2021\).](#)
- 10.10* [First Amendment to the Optical Cable Corporation 2017 Stock Incentive Plan effective March 29, 2022 \(incorporated herein by reference to Exhibit 10.16 of the Company's Quarterly Report on Form 10-Q for the period ended July 31, 2022 filed September 12, 2022\).](#)
- 10.11* [Form of vesting award agreement for non-employee Board members under the Optical Cable Corporation 2017 Stock Incentive Plan, as amended \(incorporated herein by reference to Exhibit 10.11 of the Company's Quarterly Report on Form 10-Q for the period ended July 31, 2024 filed September 11, 2024\).](#)
- 10.12* [Form of operational performance \(Company financial performance measure\) vesting award agreement under the Optical Cable Corporation 2017 Stock Incentive Plan, as amended \(incorporated herein by reference to Exhibit 10.12 of the Company's Quarterly Report on Form 10-Q for the period ended July 31, 2024 filed September 11, 2024\).](#)
- 13.1 [Annual Report. FILED HEREWITH.](#)
- 21.1 [List of Subsidiaries. FILED HEREWITH.](#)
- 23.1 [Consent of Independent Registered Public Accounting Firm. FILED HEREWITH.](#)
- 23.2 [Consent of Brown, Edwards and Company, L.L.P. FILED HEREWITH.](#)
- 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.](#)

Table of Contents

97 [Optical Cable Corporation Compensation Recovery Policy, effective November 30, 2023 incorporated herein by reference to Exhibit 97 of the Company's Annual Report on Form 10-K for the period ended October 31, 2023 filed December 20, 2023.](#)

101 The following materials from the Company's Annual Report on Form 10-K for the year ended October 31, 2024, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of October 31, 2024 and 2023, (ii) Consolidated Statements of Operations for the years ended October 31, 2024 and 2023, (iii) Consolidated Statements of Shareholders' Equity for the years ended October 31, 2024 and 2023, (iv) Consolidated Statements of Cash Flows for the years ended October 31, 2024 and 2023, and (v) Notes to Consolidated Financial Statements. FILED HEREWITH.

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

OPTICAL CABLE CORPORATION

Date: December 23, 2024

By: /S/ NEIL D. WILKIN, JR.
Neil D. Wilkin, Jr.
Chairman of the Board of Directors,
President and Chief Executive Officer

Date: December 23, 2024

By: /S/ TRACY G. SMITH
Tracy G. Smith
Senior Vice President and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated as of December 23, 2024.

Date: December 23, 2024

/S/ NEIL D. WILKIN, JR.
Neil D. Wilkin, Jr.
Chairman of the Board of Directors,
President and Chief Executive Officer

Date: December 23, 2024

/S/ RANDALL H. FRAZIER
Randall H. Frazier
Director

Date: December 23, 2024

/S/ JOHN M. HOLLAND
John M. Holland
Director

Date: December 23, 2024

/S/ JOHN A. NYGREN
John A. Nygren
Director

Date: December 23, 2024

/S/ CRAIG H. WEBER
Craig H. Weber
Director

AOCC[®]
ANNUAL
REPORT
2024





CONNECTIONS YOU CAN COUNT ON®

THE OCC STORY: UNRIVALED INTEGRATED COMMUNICATION SOLUTIONS.®

If you only know OCC for our specialty fiber optic cables, you don't know the whole story. OCC's current product offering of cables, as well as fiber and copper connectivity, is cutting edge and ranks among the industry's most comprehensive suite to meet the full host of customer needs. We do things our competitors are unwilling or unable to do. And, we are faster! With our robust quick ship program, we are there to solve your problems swiftly.

As an industry leader, OCC delivers innovative solutions and products designed to be better than the most challenging situations and tougher than the harshest environments. Our customers count on us to ensure the highest transmission performance and for products tested beyond industry standards. That's why top corporations, universities, hospitals, broadcasters, data centers, industrial facilities, wireless carriers, and military operations worldwide choose OCC.



OPTICAL CABLE CORPORATION

Annual Report

2024

TABLE OF CONTENTS

- [3 Letter from the CEO](#)
- [6 Management's Discussion and Analysis of Financial Condition and Results of Operations](#)
- [20 Consolidated Financial Statements](#)
- [24 Notes to Consolidated Financial Statements](#)
- [43 Reports of Independent Registered Public Accounting Firms \(PCAOB ID No. 173 \)](#)
- [46 Corporate Information](#)

[Table of Contents](#)

Page intentionally left blank.

Letter from the CEO

Dear Shareholders of Optical Cable Corporation (OCC®):

Challenges Encountered and Challenges Overcome

When I wrote to you one year ago, OCC's net sales were challenged by industry-wide macroeconomic pressures which began toward the end of fiscal year 2023 and became more persistent during fiscal year 2024—impacting many of our targeted markets, particularly our enterprise markets and certain of our specialty markets, including the wireless carrier market.

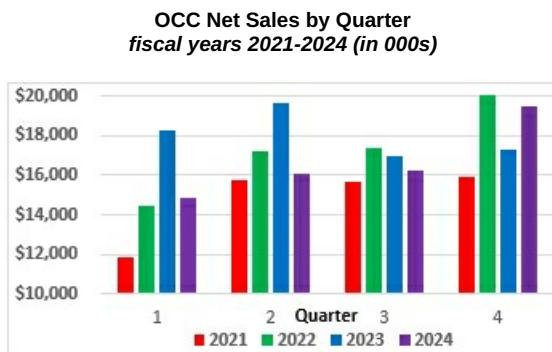
I am pleased to share that, as we end fiscal 2024 and look ahead to 2025 and beyond, the sun is starting to peek through. While OCC net sales for fiscal year 2024 decreased 7.6% to \$66.7 million, compared to 2023, **weakness across our industry has begun to subside**. Thanks to strong execution of our growth strategies and our deeply entrenched market position, OCC has experienced a relatively low decline in revenues during this period compared to some of our peers.

Importantly, at the same time, we believe we have also been able to position OCC to capitalize on the opportunities ahead —ready and able to hit the ground running. Preparation poised to meet opportunity.

Returning to Growth

OCC achieved growth by all measures during the fourth quarter of fiscal year 2024 —net sales, gross profit and gross profit margin (gross profit as a percentage of net sales), as well as income from operations, and earnings per share all increased when compared to the fourth quarter of fiscal year 2023.

We increased net sales 12.4% during the fourth quarter of fiscal year 2024, compared to the same period in fiscal 2023, and sequentially increased net sales 20.1%, compared to the third quarter of fiscal 2024. Additionally, during fiscal year 2024, we grew net sales on a sequential basis since the first quarter of fiscal 2024.



OCC's increase in net sales and positive earnings during the fourth quarter of fiscal 2024 demonstrate the disproportionately **positive impact of OCC's significant operating leverage on profitability** as production volumes increase. As OCC's net sales grow, our gross profit, gross profit margin and profitability also tend to increase at faster rates than net sales.

Optical Cable Corporation (OCC)

Well-Positioned to Benefit from Strong Operating Leverage

Operating Leverage—Manufacturing

During fiscal year 2024, gross profit was \$18.2 million, a decrease of 18.3% compared to fiscal 2023, while net sales decreased 7.6% in fiscal 2024 compared to fiscal 2023.

During the fourth quarter of fiscal year 2024, OCC achieved a 33.5% gross profit margin and a disproportionate increase of 68.6% in gross profit as net sales increased 12.4% in both cases compared to the same period in fiscal year 2023.

OCC Manufacturing Operating Leverage by Quarter
Gross Profit Margin % and Net Sales dollars (fiscal years 2023-2024)



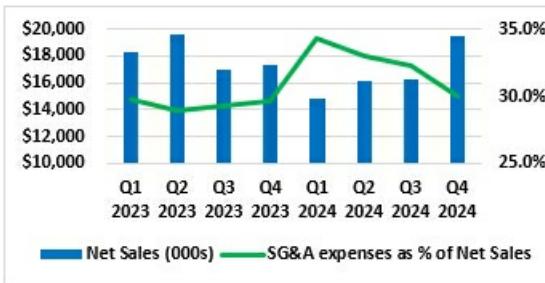
While gross profit and gross profit margins are also impacted by product mix, as OCC's net sales and production volumes increase, substantial fixed manufacturing costs are spread over higher sales volumes, and, importantly, manufacturing efficiencies also tend to increase—particularly for fiber optic production.

A key differentiator between OCC and our peers was our decision to forego implementing reductions in production personnel during the periods of lower production volumes. In taking this disciplined approach, we considered our expectations of our future growth opportunities along with the time and resources necessary to train new personnel to the level we, and our customers, expect. In staying loyal to our principles and our people in the leaner periods, OCC is ideally positioned to hit the ground running and capture the opportunities ahead. This bore true in the fourth quarter of 2024 when we **benefited from this disciplined and forward-thinking approach— something from which we expect to continue benefitting from in fiscal year 2025 and beyond.**

Operating Leverage—Selling, General & Administrative Expenses

SG&A expenses increased 1.3% to \$21.5 million during fiscal 2024, compared to \$21.2 million during fiscal 2023. SG&A expenses as a percentage of net sales were 32.2% in fiscal 2024, and 29.4% in fiscal 2023.

OCC SG&A Operating Leverage by Quarter
SG&A Expenses as % of Net Sales dollars (fiscal years 2023-2024)



[Table of Contents](#)

OCC incurs significant SG&A expenses to maintain and build our competitive strengths, capabilities, and presence in our targeted markets. We also incur significant public company costs included in SG&A. Many of these expenses are relatively fixed costs rather than varying with net sales—with OCC benefiting from our SG&A expense operating leverage as net sales increase.

We diligently continue to focus on operating as efficiently as possible and controlling expenses, including SG&A expenses, while recognizing the impact of SG&A expense operating leverage on our results.

Looking Forward to Fiscal Year 2025

Looking ahead to fiscal year 2025, we see indications of growing strength in our targeted markets and among our customer base. We also see potential opportunities to expand our product offerings.

Moving forward, we are focused on driving growth, operating efficiently, and identifying and capturing additional opportunities to ensure we are executing for our customers and end-users.

As we drive net sales, we are confident our significant operating leverage—with respect to manufacturing and SG&A costs—enables us to generate increased profitability and long-term value for our shareholders.

OCC's core strengths and capabilities enable us to offer top-tier products and application solutions and to compete successfully against much larger competitors. OCC is committed to leveraging our core strengths and capabilities, which include:

- **Enviable market positions, brand recognition, and industry relationships** including with loyal customers, decision makers and end-users across a broad range of targeted markets.
- **Extensive industry experience and expertise** with OCC's engineering, sales and business development teams well-respected for their product and application experience and expertise that enables OCC to create its portfolio of innovative, high-performance products and associated intellectual property.
- **Significant available production capacity at our facilities** supported by knowledgeable and experienced manufacturing, quality and engineering teams.
- **A wide range of fiber optic and copper cabling and connectivity products and solutions** that enable OCC to deliver products and solutions that meet the unique needs of our customers and end-users, and are well suited for the applications in our various targeted markets.
- **Broad and diverse geographic footprint** with OCC selling into approximately 50 countries every year.

I am proud of the OCC team's accomplishment this past year and grateful for their hard work—particularly given the macroeconomic weakness impacting our industry.

We remain committed to identifying growth opportunities and executing our strategies and initiatives to grow and create long-term value for our shareholders.

Thank you for your continued support.

Sincerely,

Neil D. Wilkin, Jr.
Chairman of the Board, President and Chief Executive Officer
December 23, 2024

Optical Cable Corporation (OCC)

Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Information

This report 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 and/or availability 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 or disputes, and potential litigation, claims, and other actions or disputes against us or with 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, commercial/enterprise, military, industrial, broadcast, mining, petrochemical, renewable energy 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 sectors, 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 affecting fixed-costs coverage and production efficiencies which may impact gross profits and gross profit margins; 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) market variations in existing product inventory levels available, generally or in certain markets, impacting sales orders for products, (iii) timing of large sales orders, and (iv) 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 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, including any applicable international privacy laws, 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, if any, 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 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.

Table of Contents

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 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.

Optical Cable Corporation (OCC)

[Table of Contents](#)

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, 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 Fiscal Year 2024 and for Fourth Quarter of Fiscal Year 2024

- Consolidated net sales for fiscal year 2024 decreased 7.6% to \$66.7 million, compared to consolidated net sales of \$72.2 million for fiscal year 2023.
- During the fourth quarter of fiscal year 2024, net sales increased 12.4% to \$19.5 million, compared to \$17.3 million for the same period in fiscal year 2023. Net sales sequentially increased 20.1% during the fourth quarter, compared to \$16.2 million during the third quarter of fiscal year 2024.
- Gross profit was \$18.2 million for fiscal year 2024, compared to \$22.3 million for fiscal year 2023, a decrease of 18.3%.

[Table of Contents](#)

- During the fourth quarter of fiscal year 2024, gross profit increased 68.6% to \$6.5 million, compared to \$3.9 million for the same period in fiscal year 2023. Gross profit sequentially increased 66.6% during the fourth quarter, compared to \$3.9 million during the third quarter of fiscal year 2024.
- Gross profit margin (gross profit as a percentage of net sales) decreased to 27.3% during fiscal year 2024, compared to 30.9% for fiscal year 2023.
- During the fourth quarter of fiscal year 2024, gross profit margin increased to 33.5%, compared to 22.4% in the same period of fiscal year 2023. Gross profit margin also sequentially increased during the fourth quarter of fiscal year 2024, compared to 24.2% during the third quarter of fiscal year 2024.
- SG&A expenses increased 1.3% to \$21.5 million during fiscal year 2024, compared to \$21.2 million during fiscal year 2023. SG&A expenses as a percentage of net sales were 32.2% during fiscal year 2024 compared to 29.4% during fiscal year 2023.
- During the fourth quarter of fiscal year 2024, SG&A expenses increased 13.7% to \$5.9 million, compared to \$5.1 million during the same period in fiscal year 2023. SG&A expenses as a percentage of net sales were 30.0% during the fourth quarter of 2024, compared to 29.7% during the same period of fiscal year 2023.
- Net loss was \$4.2 million, or \$0.54 per share, during fiscal year 2024, compared to net income of \$2.1 million, or \$0.26 per share, during fiscal year 2023.
- Net income was \$373,000, or \$0.05 per share, during the fourth quarter of fiscal year 2024, compared to a net loss of \$1.3 million, or \$0.17 per share during the same period of fiscal year 2023.

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 and other manufacturing efficiencies are more easily achieved. 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.

[Table of Contents](#)

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

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 consolidated statements of operations for the fiscal years indicated:

	Fiscal Years Ended October 31,		Percent Change
	2024	2023	
Net sales	\$ 66,700,000	\$ 72,200,000	(7.6)%
Gross profit	18,200,000	22,300,000	(18.3)
SG&A expenses	21,500,000	21,200,000	1.3
Income (loss) from operations	(3,400,000)	993,000	(440.0)
Net income (loss)	(4,200,000)	2,100,000	(303.7)

The following table is a summary of the unaudited quarterly results of operations for the periods indicated:

	Three Months Ended October 31,		Percent Change
	2024	2023	
Net sales	\$ 19,500,000	\$ 17,300,000	12.4%
Gross profit	6,500,000	3,900,000	68.6
SG&A expenses	5,900,000	5,100,000	13.7
Income (loss) from operations	662,000	(1,300,000)	151.3
Net income (loss)	373,000	(1,300,000)	129.5

Net Sales

Consolidated net sales for fiscal year 2024 were \$66.7 million, a decrease of 7.6% compared to net sales of \$72.2 million for fiscal year 2023. We experienced a decrease in net sales in both our enterprise and specialty markets, including the wireless carrier market, in fiscal year 2024, compared to last year. We believe this is consistent with weakness being experienced in our industry generally and in certain of our target markets, which we began to experience during second half of fiscal year 2023.

During the fourth quarter of fiscal year 2024, net sales increased 12.4% to \$19.5 million, compared to \$17.3 million for the same period in fiscal year 2023. Net sales sequentially increased 20.1% during the fourth quarter of fiscal year 2024, compared to \$16.2 million during the third quarter of fiscal year 2024.

Net sales for fiscal year 2024 were negatively impacted by various macroeconomic pressures, risks and uncertainties in our industry—which we believe is consistent with weakness being experienced in our industry generally. While certain of our markets continue to show signs of softness, we believe there are positive indicators in certain of our markets. Our quarterly net sales sequentially increased during the second, third and fourth quarters of fiscal year 2024, with the most significant growth occurring in our fourth quarter. We believe opportunities to improve net sales will continue into fiscal year 2025.

Table of Contents

Fiscal year 2023 was positively impacted by our higher-than-typical sales order backlog/forward load of more than \$12.0 million that existed at the end of fiscal year 2022, while our sales order backlog/forward load at the end of fiscal year 2023 had returned to more normal levels at approximately \$5.4 million. At the end of fiscal year 2024, our sales order backlog/forward load was \$5.7 million.

Net sales to customers outside of the United States were approximately 21% and 18% of total net sales for fiscal years 2024 and 2023, respectively. Net sales to customers outside of the United States increased 9.2% and net sales to customers in the United States decreased 11.4% in fiscal year 2024, compared to last year.

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 variability of net sales due to other factors, such as: wireless carrier market order volume, the timing of larger projects, the 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 net sales variability due to such other factors can also, and often does, substantially impact our net sales patterns during the year. During our last two fiscal years, approximately 46% and 53% of our total net sales occurred during the first half of fiscal years 2024 and 2023, respectively, and approximately 54% and 47% of our total net sales occurred during the second half of fiscal years 2024 and 2023, respectively.

Gross Profit

Gross profit was \$18.2 million in fiscal year 2024, compared to gross profit of \$22.3 million in fiscal year 2023, a decrease of 18.3%. Gross profit margin, or gross profit as a percentage of net sales, was 27.3% in fiscal year 2024 compared to 30.9% in fiscal year 2023.

During the fourth quarter of fiscal year 2024, gross profit increased 68.6% to \$6.5 million, compared to \$3.9 million for the same period in fiscal year 2023, as a result of production efficiencies created by increased volumes and the resulting positive impact of OCC's operating leverage. Gross profit margin increased to 33.5% in the fourth quarter of fiscal year 2024, compared to 22.4% in the same period of fiscal year 2023.

During the fourth quarter of fiscal year 2024, gross profit sequentially increased 66.6%, compared to \$3.9 million during the third quarter of fiscal year 2024. Gross profit margin sequentially increased to 33.5% in the fourth quarter of fiscal year 2024, compared to 24.2% during the third quarter of fiscal year 2024.

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

While production volume decreased during fiscal year 2024 compared to last year, we have not implemented reductions in production personnel like some others in our industry have done. We benefited from our planned restraint in this regard during the fourth quarter of fiscal year 2024 as net sales increased. Our approach is also consistent with our view of expected opportunities as we prepare for fiscal year 2025, as well as considering the time it takes to train new production personnel in certain areas of our production operations.

Table of Contents

Selling, General and Administrative Expenses

SG&A expenses increased 1.3% to \$21.5 million during fiscal year 2024, compared to \$21.2 million for fiscal year 2023. SG&A expenses as a percentage of net sales were 32.2% in fiscal year 2024, compared to 29.4% in fiscal year 2023.

The increase in SG&A expenses during fiscal year 2024 compared to last year was primarily the result of increases in employee and contracted sales personnel-related costs totaling \$280,000. Included in employee and contracted sales personnel-related costs are compensation costs and sales incentives. Compensation costs increased \$628,000 due to new hires, net of terminations, and certain rate increases. This increase was partially offset by decreases in sales incentives totaling \$348,000 resulting from decreases in sales.

During the fourth quarter of fiscal year 2024, SG&A expenses increased 13.7% to \$5.9 million, compared to \$5.1 million during the same period in fiscal year 2023, primarily as a result of employee and contracted sales personnel-rated costs. SG&A expenses as a percentage of net sales were 30.0% during the fourth quarter of 2024, compared to 29.7% during the same period of fiscal year 2023. SG&A expenses sequentially increased 11.7% during the fourth quarter, compared to \$5.2 million during the third quarter of fiscal year 2024.

Royalty Income (Expense), Net

We recognized royalty expense, net of royalty income, totaling \$26,000 during fiscal year 2024 and 2023. Royalty income and/or expense may fluctuate based on sales of licensed products and estimates of amounts for non-licensed product sales, if any.

Amortization of Intangible Assets

We recognized \$54,000 of amortization expense, associated with intangible assets, during fiscal year 2024 and 2023.

Income (Loss) from Operations

Our loss from operations was \$3.4 million in fiscal year 2024, compared to income from operations of \$993,000 for fiscal year 2023. The change was primarily the result of the \$4.1 million decrease in gross profit.

Other Income (Expense), Net

We recognized other expense, net in fiscal year 2024 of \$813,000, compared to other income, net of \$1.2 million in fiscal year 2023. Other expense, net for fiscal year 2024 is comprised of interest expense and other miscellaneous items, partially offset by gain on insurance proceeds totaling \$304,000. Other income, net for fiscal year 2023 is comprised primarily of the gain on insurance proceeds received for damage to property and equipment totaling \$2.2 million, partially offset by interest expense and other miscellaneous items. The change in other expense, net during fiscal year 2024 compared to last year was primarily due to a decrease of \$1.9 million in gain on insurance proceeds received in fiscal year 2024 for damage to property and equipment.

During fiscal years 2024 and 2023, we received insurance proceeds in connection with our office building and its contents at our Asheville facilities sustaining water damage from a burst pipe in a sprinkler system at the end of December 2022. In connection with this event, we recognized a gain on insurance proceeds received for damage to property and equipment totaling \$304,000 and \$2.2 million, respectively, during fiscal years 2024 and 2023.

Income (Loss) Before Income Taxes

We reported a loss before income taxes of \$4.2 million for fiscal year 2024 compared to income before income taxes of \$2.2 million for fiscal year 2023. The change was primarily due to the decrease in gross profit of \$4.1 million and the decrease in gain on insurance proceeds, net of \$1.9 million.

Table of Contents

Income Tax Expense (Benefit)

Income tax expense totaled \$21,000 for fiscal year 2024 compared to \$146,000 for fiscal year 2023. Our effective tax rate for fiscal year 2024 was less than negative one percent, compared to 6.6% for fiscal year 2023.

Fluctuations in our effective tax rates are primarily due to permanent differences in U.S. generally accepted accounting principles ("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, 2024, the valuation allowance against our total gross deferred tax assets totaled \$4.9 million.

See also "Critical Accounting Policies and Estimates" herein and Note 12 to the Consolidated Financial Statements.

Net Income (Loss)

Net loss for fiscal year 2024 was \$4.2 million, or \$0.54 per share, compared to net income of \$2.1 million, or \$0.26 per share, for fiscal year 2023. This change was primarily due to the decrease in income before income taxes of \$6.4 million, which includes the \$1.9 million decrease in gain on insurance proceeds, net.

Financial Condition

Total assets decreased \$3.5 million, or 8.0%, to \$40.4 million at October 31, 2024, from \$43.9 million at October 31, 2023. This decrease was primarily due to a \$5.0 million decrease in inventories and a \$1.2 million decrease in cash, partially offset by a \$2.2 million increase in trade accounts receivable, net and a \$1.2 million increase in other assets, net resulting primarily from an increase in the right-of-use asset related to the extension of the operating lease agreement for the manufacturing and warehouse facility in Plano, Texas. Cash decreased primarily as a result of timing of our advances and the repayment on our Revolver. Inventories decreased largely as the result of the timing of certain raw material purchases as well as lower replenishment rates due to lower sales and the timing of sales of stock inventory. The increase in trade accounts receivable, net, resulted from the increase in net sales in the fourth quarter of fiscal year 2024 when compared to the fourth quarter of fiscal year 2023.

Total liabilities increased \$359,000, or 1.9%, to \$19.5 million at October 31, 2024, from \$19.2 million at October 31, 2023. The increase in total liabilities was primarily due to a \$1.4 million increase in other noncurrent liabilities resulting from an increase in the operating lease liability related to the extension of the operating lease agreement for the manufacturing and warehouse facility in Plano, Texas, partially offset by a decrease in accounts payable and accrued expenses, including accrued compensation and payroll taxes, totaling \$947,000, primarily resulting from the timing of certain vendor and payroll related payments.

Table of Contents

Total shareholders' equity at October 31, 2024 decreased \$3.9 million, or 15.7%, during fiscal year 2024. The decrease resulted from a net loss of \$4.2 million, partially offset by share-based compensation, net of \$330,000.

Liquidity and Capital Resources

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

As of October 31, 2024 and 2023, we had an outstanding loan balance under our Revolver totaling \$8.3 million. As of October 31, 2024 and 2023, we had other outstanding bank loan balances, excluding our Revolver, totaling \$2.6 million and \$2.7 million, respectively.

Our cash totaled \$244,000 and \$1.5 million as of October 31, 2024 and 2023, respectively. The decrease in cash for the year ended October 31, 2024 primarily resulted from net cash used in operating activities of \$857,000, net capital expenditures of \$370,000 and cash used in financing activities of \$300,000, partially offset by insurance proceeds, net totaling \$304,000.

On October 31, 2024, we had working capital of \$15.5 million, compared to \$18.9 million as of October 31, 2023. The ratio of current assets to current liabilities as of October 31, 2024 was 2.0 to 1 compared to 2.2 to 1 as of October 31, 2023. The decrease in working capital and in the current ratio resulted primarily from the decrease in cash of \$1.2 million and the decrease in inventories of \$5.0 million, partially offset by the increase in trade accounts receivable, net of \$2.2 million and the decrease in accounts payable and accrued expenses, including accrued compensation and payroll taxes, totaling \$947,000.

Net Cash

Net cash used in operating activities was \$857,000 in fiscal year 2024 compared to \$396,000 in fiscal year 2023. Net cash used in operating activities during fiscal year 2024 primarily resulted from the cash flow impact of increases in trade accounts receivable, net totaling \$2.2 million and decreases in the cash impact of accounts payable and accrued expenses, including accrued compensation and payroll taxes, totaling \$1.1 million, partially offset by decreases in inventories totaling \$5.0 million and certain adjustments to reconcile a net loss of \$4.2 million to net cash used in operating activities including depreciation and amortization of \$866,000, share-based compensation expense of \$443,000, and the gain on insurance proceeds, net totaling \$304,000.

Net cash used in operating activities during fiscal year 2023 primarily resulted from an increase in inventories totaling \$4.3 million and adjustments to reconcile net income of \$2.1 million to net cash used in operating activities for the gain on insurance proceeds totaling \$2.2 million, partially offset by the cash flow impact of decreases in trade accounts receivable, net totaling \$2.2 million and certain other adjustments to reconcile net income of \$2.1 million to net cash used in operating activities including depreciation and amortization of \$946,000 and share-based compensation expense of \$611,000.

Net cash used in investing activities totaled \$67,000 in fiscal year 2024 compared to net cash provided by investing activities totaling \$1.4 million in fiscal year 2023.

Net cash used in investing activities during fiscal year 2024 resulted primarily from purchases of property and equipment and deposits for the purchase of property and equipment totaling \$370,000, partially offset by net insurance proceeds of \$304,000. Net cash provided by investing activities during fiscal year 2023 resulted primarily from insurance proceeds received for damage to property and equipment, net totaling \$1.9 million, partially offset by purchases of property and equipment and deposits for the purchase of property and equipment totaling \$521,000.

Table of Contents

Net cash used in financing activities totaled \$300,000 in fiscal year 2024 compared to net cash provided by financing activities totaling \$220,000 in fiscal year 2023.

Net cash used in financing activities in fiscal year 2024 resulted primarily from payroll taxes withheld and remitted on share-based payments totaling \$113,000, debt financing costs totaling \$100,000 and principal payments on long-term debt totaling \$47,000. Net cash provided by financing activities in fiscal year 2023 resulted primarily from net proceeds on our revolving line of credit totaling \$2.3 million, partially offset by principal payments on debt totaling \$1.9 million.

Credit Facilities

We have credit facilities consisting of a real estate term loan, as amended and restated (the "Virginia Real Estate Loan") and a Revolving Credit Master Promissory Note and related Loan and Security Agreement (collectively, the "Revolver").

The Virginia Real Estate Loan is with Northeast Bank and is payable in monthly installments of principal and interest. Principal is calculated using the unpaid balance of the loan and a two hundred forty (240) month amortization schedule. Interest is computed on the aggregate principal balance outstanding at a rate equal to the Prime Rate, adjusted monthly on the fifth day of each calendar month in accordance with changes to the Prime Rate, provided, however, that the interest rate is never less than 8.5% per annum on the basis of a 360-day year times the actual number of days elapsed. The Prime Rate was 8.0% per annum at October 31, 2024 and 8.5% at October 31, 2023. The maturity date of the Virginia Real Estate Loan is May 5, 2026.

On October 31, 2023, OCC and Northeast Bank entered into an Omnibus Amendment of Loan Documents (the "Amendment") to modify certain loan documents currently in effect between the parties related to the Virginia Real Estate Loan and a supplemental real estate term loan (the "North Carolina Real Estate Loan"). The primary purpose of the Amendment was to: (i) pay off the North Carolina Real Estate Loan; (ii) pay down the balance on the Virginia Real Estate Loan; (iii) extend the maturity date of the Virginia Real Estate Loan through May 5, 2026, with principal payments being made on a 20-year amortization schedule; (iv) release the collateral of the North Carolina Real Estate Loan; and (v) effective October 5, 2023, modify the interest rate of the Virginia Real Estate Loan to a variable rate equal to the Prime Rate, provided that the interest rate shall never be less than 8.5% per annum.

The Virginia Real Estate Loan is secured by a first lien deed of trust on the land and buildings at the Company's headquarters and manufacturing facilities located in Roanoke, Virginia.

We had an outstanding balance on our Virginia Real Estate Loan of \$2.6 million and \$2.7 million as of October 31, 2024 and 2023, respectively.

On June 27, 2024, we entered into a Modification Agreement with North Mill Capital LLC (now doing business as SLR Business Credit, "SLR") to modify the existing Loan and Security Agreement ("Loan Agreement") dated July 24, 2020. In addition to certain other modifications to the Loan Agreement as set forth in the Modification Agreement, the Modification Agreement provides a two-year extension of the initial term of the Loan Agreement to July 24, 2027 and increases eligible inventory maximum from \$5,000,000 to \$7,000,000.

The Revolver with 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) \$7.0 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"). As a result, the Revolver accrued interest at a 9.5% rate at October 31, 2024 and 10.0% at October 31, 2023. In the event of a default, interest may become 6.0% above the Applicable Rate. The loan may be extended in one year periods subject to the agreement of SLR.

Optical Cable Corporation (OCC)

Table of Contents

Our Revolver requires a lockbox arrangement, which provides for all cash receipts to be swept daily to reduce the balance outstanding. This arrangement, combined with the existence of a "subjective acceleration clause" (as defined by U.S. GAAP) in the Revolver, requires the balance on the Revolver to be classified as a current liability. The "subjective acceleration clause" allows SLR to declare an event of default if there is a material adverse change in our business or financial condition. Upon the occurrence of an event of default, SLR may, among other things, declare all obligations payable in full. We believe that no such material adverse change has occurred. In addition, at October 31, 2024 and through the date of this report, SLR has not informed us that any such event of default has occurred. On June 27, 2024, the Revolver was extended through July 24, 2027 and we believe that we will continue to be able to borrow on the Revolver to fund our operations over the remaining term.

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 October 31, 2024, we had \$8.3 million of outstanding borrowings on our Revolver and \$3.2 million in available credit. As of October 31, 2023, we had \$8.3 million of outstanding borrowings on our Revolver and \$2.6 million in available credit.

Capital Expenditures

We did not have any material commitments for capital expenditures as of October 31, 2024. We expected capital expenditures in fiscal year 2024 would not exceed \$1.0 million. We incurred capital expenditures totaling \$370,000 for items including new manufacturing equipment, improvements to existing manufacturing equipment, new information technology equipment and software, upgrades to existing information technology equipment and software, and other capitalizable expenditures for property, plant and equipment for fiscal year 2024.

During our 2025 fiscal year budgeting process, we included an estimate for capital expenditures of \$1.0 million for the year. Any capital expenditures will be funded out of our working capital, cash provided by operations or borrowings under our Revolver, as appropriate. This amount includes estimates for capital expenditures for similar types of items as those purchased in fiscal year 2024. 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. Historically, we have spent less than our budgeted capital expenditures in most fiscal years.

Future Cash Flow Considerations

We believe that our cash flow from operations, our cash on hand and our existing Revolver 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.

Critical Accounting Policies and Estimates

Our discussion and analysis of financial condition and results of operations is based on the consolidated financial statements and accompanying notes which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these 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 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 provides a summary of our significant accounting policies. The following are areas requiring significant judgments and estimates due to uncertainties as of the reporting date: revenue recognition, trade accounts receivable and the allowance for credit losses, inventories, deferred tax assets (and valuation allowances thereon), long-lived assets and commitments and contingencies.

Table of Contents

Application of the critical accounting policies discussed in the section that follows requires management's significant judgments, often as a result of the need to make estimates of matters that are inherently uncertain. If actual results were to differ materially from the estimates made, the reported results could be materially affected. We are not currently aware of any reasonably likely events or circumstances that would result in materially different results.

Revenue Recognition

Management views revenue recognition as a critical accounting estimate since we must estimate an allowance for sales returns for the reporting period. This allowance reduces net sales for the period and is based on our analysis and judgment of historical trends, identified returns and the potential for additional returns.

Trade Accounts Receivable and the Allowance for Credit Losses

Management views trade accounts receivable net of the related allowance for credit losses as a critical accounting estimate since the allowance for credit losses is based on judgments and estimates concerning the likelihood that individual customers will pay the amounts included as receivable from them. In determining the amount of allowance for credit losses to be recorded for individual customers, we assess the net amount expected to be collected from each customer. In addition, we establish an allowance for all other receivables for which no specific allowances are deemed necessary. This portion of the allowance for credit losses is based on a percentage of total trade accounts receivable with different percentages used based on different age categories of receivables. The percentages used are based on our expectations of net amounts expected to be collected.

Inventories

Management views the determination of the net realizable value of inventories as a critical accounting estimate since it is based on judgments and estimates regarding the salability of individual items in inventory and an estimate of the ultimate selling prices for those items. Individual inventory items are reviewed and adjustments are made based on the age of the inventory and our judgment as to the salability of that inventory in order for our inventories to be valued at the lower of cost and net realizable value.

Deferred Tax Assets

Management views the valuation of deferred tax assets as a critical accounting estimate since we must assess whether it is "more likely than not" that we will realize the benefits of our gross deferred tax assets and determine an appropriate valuation allowance if we conclude such an allowance is appropriate. This determination requires that we consider all available evidence, both positive and negative, in making this assessment. The weight given to the positive and negative evidence is commensurate with the extent to which the evidence may be objectively verified.

Generally, a cumulative loss in recent years is a significant piece of negative evidence that is quite difficult to overcome under U.S. GAAP. Since the amount of our loss before income taxes in fiscal year 2015 exceeded our income before taxes during the previous two fiscal years, we believed that U.S. GAAP required us to treat as significant negative evidence that it was "more likely than not" that we would be unable to realize the future benefits of our deferred tax assets in the coming years—significant negative evidence that was quite difficult to overcome under U.S. GAAP and which we were not able to overcome with sufficient objectively verifiable positive evidence.

Table of Contents

While we believe that ultimately we will utilize the benefit of our net deferred tax assets in the future (prior to any expiration of the usability of such deferred tax assets for income tax purposes), we concluded as a result of our cumulative loss position and insufficient objectively verifiable positive evidence, it was appropriate under U.S. GAAP for us to establish a full valuation allowance against net deferred tax assets as of October 31, 2015. The valuation allowance against our net deferred tax assets does not in any way impact our ability to use future tax deductions such as our net operating loss carryforwards; rather, the valuation allowance indicates, according to the provisions of Accounting Standards Codification 740, *Income Taxes*, it is "more likely than not" that our deferred tax assets will not be realized.

The valuation allowance that was established will be maintained until there is sufficient positive evidence to conclude that it is "more likely than not" that our net deferred tax assets will be realized. Our income tax expense for future periods will be reduced to the extent of corresponding decreases in our valuation allowance. There can be no assurance regarding any future realization of the benefit by us of all or part of our net deferred tax assets.

Long-lived Assets

Management views the determination of the carrying value of long-lived assets as a critical accounting estimate since we must determine an estimated economic useful life in order to properly amortize or depreciate our long-lived assets and because we must consider if the value of any of our long-lived assets have been impaired, requiring adjustment to the carrying value.

Economic useful life is the duration of time the asset is expected to be productively employed by us, which may be less than its physical life. Management's assumptions on wear and tear, obsolescence, technological advances and other factors affect the determination of estimated economic useful life. The estimated economic useful life of an asset is monitored to determine if it continues to be appropriate in light of changes in business circumstances. For example, technological advances or excessive wear and tear may result in a shorter estimated useful life than originally anticipated. In such a case, we would depreciate the remaining net book value of an asset over the new estimated remaining life, thereby increasing depreciation expense per year on a prospective basis. We must also consider similar issues when determining whether or not an asset has been impaired to the extent that we must recognize a loss on such impairment.

The Company amortizes intangible assets over their respective finite lives up to their estimated residual values.

Commitments and Contingencies

Management views accounting for contingencies as a critical accounting estimate since loss contingencies arising from product warranties and defects, claims, assessments, litigation, fines and penalties and other sources require judgment as to any probable liabilities incurred. For example, accrued product warranty costs recorded by us are based primarily on historical experience of actual warranty claims and costs as well as current information with respect to warranty claims and costs. Actual results could differ from the expected results determined based on such estimates of loss contingencies.

Quantitative and Qualitative Disclosures About Market Risk

We do not engage in transactions in derivative financial instruments or derivative commodity instruments. As of October 31, 2024 our financial instruments were not exposed to significant market risk due to interest rate risk, foreign currency exchange risk, commodity price risk or equity price risk.

New Accounting Standards

In November 2023, the FASB issued Accounting Standards Update 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. ASU 2023-07 requires enhanced disclosures about significant segment expenses and enhanced disclosures in interim periods. The guidance in ASU 2023-07 will be applied retrospectively and is effective for annual reporting periods in fiscal years beginning after December 15, 2023 and interim reporting periods in fiscal years beginning after December 31, 2024, with early adoption permitted. We are currently evaluating the impact ASU 2023-07 will have on our financial statement disclosures.

Table of Contents

In December 2023, the FASB issued Accounting Standards Update 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("ASU 2023-09"). The objective of ASU 2023-09 is to enhance disclosures related to income taxes, including specific thresholds for inclusion within the tabular disclosure of income tax rate reconciliation and specified information about income taxes paid. ASU 2023-09 is effective for public companies starting in annual periods beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact ASU 2023-09 will have on our financial statement disclosures.

There are no other 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.

Disagreements with Accountants

We did not have any disagreements with our accountants on any accounting matter or financial disclosure made during our fiscal year ended October 31, 2024.

Optical Cable Corporation (OCC)

Consolidated Balance Sheets

October 31, 2024 and 2023

	October 31,	
	2024	Restated 2023
Assets		
Current assets:		
Cash	\$ 244,247	\$ 1,468,709
Trade accounts receivable, net of allowance for credit losses of \$ 92,125 in 2024 and \$ 71,189 in 2023	10,946,215	8,727,810
Income taxes refundable - current	5,000	81,844
Other receivables	60,521	397,758
Inventories	18,725,317	23,766,326
Prepaid expenses and other assets	618,940	595,469
Total current assets	30,600,240	35,037,916
Property and equipment, net	6,881,357	7,139,616
Intangible assets, net	513,956	566,197
Other assets, net	2,362,458	1,135,172
Total assets	<u>\$ 40,358,011</u>	<u>\$ 43,878,901</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Current installments of long-term debt	\$ 57,184	\$ 52,624
Note payable, revolver - current	8,321,782	8,324,397
Accounts payable and accrued expenses	5,178,792	5,843,044
Accrued compensation and payroll taxes	1,567,232	1,849,780
Income taxes payable	18,522	22,754
Total current liabilities	15,143,512	16,092,599
Long-term debt, excluding current installments	2,570,791	2,622,620
Other noncurrent liabilities	1,801,792	441,838
Total liabilities	19,516,095	19,157,057
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 8,220,344 shares in 2024 and 7,893,681 shares in 2023	15,464,416	15,134,133
Retained earnings	5,377,500	9,587,711
Total shareholders' equity	20,841,916	24,721,844
Commitments and contingencies		
Total liabilities and shareholders' equity	<u>\$ 40,358,011</u>	<u>\$ 43,878,901</u>

See accompanying notes to consolidated financial statements.

Optical Cable Corporation (OCC)

Consolidated Statements of Operations

Years ended October 31, 2024 and 2023

	Years Ended October 31,	
	2024	2023
Net sales	\$ 66,674,099	\$ 72,173,752
Cost of goods sold	48,469,327	49,879,676
Gross profit	18,204,772	22,294,076
Selling, general and administrative expenses	21,500,547	21,220,741
Royalty expense, net	26,450	26,315
Amortization of intangible assets	54,062	53,941
Income (loss) from operations	(3,376,287)	993,079
Other income (expense), net:		
Interest expense	(1,166,630)	(1,152,554)
Gain on insurance proceeds, net	304,307	2,199,463
Other, net	49,101	172,234
Other income (expense), net	(813,222)	1,219,143
Income (loss) before income taxes	(4,189,509)	2,212,222
Income tax expense	20,702	145,724
Net income (loss)	\$ (4,210,211)	\$ 2,066,498
Net income (loss) per share - basic and diluted	\$ (0.54)	\$ 0.26

See accompanying notes to consolidated financial statements.

Optical Cable Corporation (OCC)

Consolidated Statements of Shareholders' Equity

Years ended October 31, 2024 and 2023

	Common Stock		Retained Earnings	Total Shareholders' Equity
	Shares	Amount		
Balances at October 31, 2022	7,893,194	\$ 14,638,505	\$ 7,521,213	\$ 22,159,718
Share-based compensation, net	487	495,628	—	495,628
Net income	—	—	2,066,498	2,066,498
Balances at October 31, 2023	7,893,681	\$ 15,134,133	\$ 9,587,711	\$ 24,721,844
Share-based compensation, net	326,663	330,283	—	330,283
Net loss	—	—	(4,210,211)	(4,210,211)
Balances at October 31, 2024	8,220,344	\$ 15,464,416	\$ 5,377,500	\$ 20,841,916

See accompanying notes to consolidated financial statements.

Optical Cable Corporation (OCC)

Consolidated Statements of Cash Flows

Years Ended October 31, 2024 and 2023

	Years ended October 31,	
	2024	2023
Cash flows from operating activities:		
Net income (loss)	\$ (4,210,211)	\$ 2,066,498
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	865,851	946,457
Bad debt expense	20,936	1,546
Share-based compensation expense	443,234	611,480
Gain on insurance proceeds, net	(304,307)	(2,199,463)
Loss on disposal of property and equipment	3,444	8,335
(Increase) decrease in:		
Trade accounts receivable	(2,239,341)	2,234,397
Other receivables	337,237	(107,845)
Income taxes refundable	76,844	(81,844)
Inventories	5,041,009	(4,327,560)
Prepaid expenses and other assets	(23,471)	(55,244)
Other assets	411,807	92,036
Increase (decrease) in:		
Accounts payable and accrued expenses	(829,091)	479,372
Accrued compensation and payroll taxes	(282,548)	77,229
Income taxes payable	(4,232)	4,656
Other noncurrent liabilities	(164,185)	(145,726)
Net cash used in operating activities	<u>(857,024)</u>	<u>(395,676)</u>
Cash flows from investing activities:		
Purchase of and deposits for the purchase of property and equipment	(369,630)	(520,847)
Insurance proceeds received	304,307	1,946,992
Investment in intangible assets	(1,821)	(1,996)
Proceeds from sale of property and equipment	—	4,500
Net cash provided by (used in) investing activities	<u>(67,144)</u>	<u>1,428,649</u>
Cash flows from financing activities:		
Payroll taxes withheld and remitted on share-based payments	(112,951)	(115,852)
Proceeds from note payable, revolver	65,369,765	79,258,692
Payments on note payable, revolver	(65,372,379)	(76,933,958)
Principal payments on long-term debt	(47,270)	(1,853,358)
Payments for financing costs	(100,000)	(100,000)
Principal payments on financing lease	(37,459)	(35,724)
Net cash provided by (used in) financing activities	<u>(300,294)</u>	<u>219,800</u>
Net increase (decrease) in cash	(1,224,462)	1,252,773
Cash at beginning of year	1,468,709	215,936
Cash at end of year	<u>\$ 244,247</u>	<u>\$ 1,468,709</u>
Supplemental disclosure of cash flow information:		
Cash payments for interest	\$ 1,069,019	\$ 1,028,762
Income taxes paid, net of refunds	\$ (53,426)	\$ 221,993
Noncash investing and financing activities:		
Capital expenditures accrued in accounts payable at year end	<u>\$ 14,982</u>	<u>\$ 22,081</u>

See accompanying notes to consolidated financial statements.

Optical Cable Corporation (OCC)

Notes to Consolidated Financial Statements

Years ended October 31, 2024 and 2023

(1) Description of Business and Summary of Significant Accounting Policies

(a) Description of Business

Optical Cable Corporation and its subsidiaries (collectively, the "Company" 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. The Company's 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, and for the wireless carrier market.

Founded in 1983, OCC is headquartered in Roanoke, Virginia with offices, manufacturing and warehouse facilities located in Roanoke, Virginia; near Asheville, North Carolina; and near Dallas, Texas.

The Company's cabling and connectivity products are used for high bandwidth transmission of data, video and audio communications. The Company's product offering includes products well-suited for use in various other short- to moderate-distance applications as well. The Company's products are sold worldwide. Also see note 10.

(b) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Optical Cable Corporation and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

(c) Cash and Cash Equivalents

All of the Company's bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC). As of October 31, 2024, the Company did not have bank deposits in excess of the insured limit. As of October 31, 2023, the Company had bank deposits in excess of the insured limit totaling \$ 1.2 million.

For purposes of the consolidated statements of cash flows, the Company considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. As of October 31, 2024 and 2023, the Company had no cash equivalents.

(d) Trade Accounts Receivable and Allowance for Credit Losses

Trade accounts receivable are recorded at the invoiced amount and do not typically bear interest. The allowance for credit losses is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company reviews outstanding trade accounts receivable at the end of each quarter and records expected credit losses as deemed appropriate for (i) certain individual customers and (ii) for all other trade accounts receivable in total. In determining the amount of allowance for credit losses to be recorded for individual customers, the Company assesses the net amount expected to be collected from each customer. In addition, the Company establishes an allowance for all other receivables for which no specific allowances are deemed necessary. This portion of the allowance for credit losses is based on a percentage of total trade accounts receivable with different percentages used based on different age categories of receivables. The percentages used are based on the Company's expectations of net amounts expected to be collected. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company does not have any off-balance-sheet credit exposure related to its customers.

Table of Contents

(e) Inventories

Inventories are stated at the lower of cost and net realizable value. The determination of cost includes raw materials, direct labor and manufacturing overhead. The cost of optical fibers, included in raw materials, is determined using specific identification for optical fibers. The cost of other raw materials and production supplies is generally determined using the first-in, first-out basis. The cost of work in process and finished goods inventories is determined either as average cost or standard cost, depending upon the product type. A standard cost system is used to estimate the actual costs of inventory for certain product types. Actual costs and production cost levels may vary from the standards established and such variances, if material, are charged to cost of goods sold or capitalized to inventory. Also see note 3.

(f) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are provided for using both straight-line and declining balance methods over the estimated useful lives of the assets. Estimated useful lives are thirty to thirty-nine years for buildings and three to fifteen years for building improvements, machinery and equipment and furniture and fixtures. Also see note 4.

(g) Patents and Trademarks

The Company records legal fees associated with patent and trademark applications as intangible assets. Such intangible assets are not amortized until such time that the patent and/or trademark is granted. The Company estimates the useful life of patents and trademarks based on the period over which the intangible asset is expected to contribute directly or indirectly to future cash flows. If patents and/or trademarks are not granted, the capitalized legal fees are expensed during the period in which such notification is received. If the Company decides to abandon a patent or trademark application, the capitalized legal fees are expensed during the period in which the Company's decision is made.

(h) Revenue Recognition

The Company recognizes revenue 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. 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. Also see note 11.

The Company recognizes royalty income (if any), net of related expenses, on an accrual basis and estimates royalty income earned based on historical experience.

(i) Shipping and Handling Costs

Shipping and handling costs include the costs incurred to physically move finished goods from the Company's warehouse to the customers' designated location. All shipping and handling activities related to contracts with customers as a cost to fulfill its promise to transfer control of the related product are classified as sales revenue. Shipping and handling costs of approximately \$ 1.9 million and \$ 2.1 million are included in selling, general and administrative expenses for the fiscal years ended October 31, 2024 and 2023, respectively.

Optical Cable Corporation (OCC)

(j) Research and Development

Research and development costs are expensed as incurred. Research and development costs totaled approximately \$ 999,000 and \$ 983,000 for the fiscal years ended October 31, 2024 and 2023, respectively, and are included in selling, general and administrative expenses in the consolidated statements of operations.

(k) Advertising

Advertising costs are expensed as incurred. Advertising costs totaled approximately \$ 164,000 and \$ 191,000 for the fiscal years ended October 31, 2024 and 2023, respectively, and are included in selling, general and administrative expenses in the consolidated statements of operations.

(l) Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss, capital loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company records interest and penalties related to unrecognized tax benefits as a component of income tax expense. Also see note 12.

(m) Long-Lived Assets

Long-lived assets, such as property and equipment and intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. When applicable, assets to be disposed of are reported separately in the consolidated balance sheet at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated.

(n) Stock Incentive Plans and Other Share-Based Compensation

The Company recognizes the cost of employee services received in exchange for awards of equity instruments based upon the grant-date fair value of those awards. Also see note 9.

(o) 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. In the case of basic net income per share, the calculation includes common shares outstanding issued as share-based compensation and still subject to vesting requirements. In the case of basic net loss per share, the calculation excludes common shares outstanding issued as share-based compensation and still subject to vesting requirements, as these shares are considered dilutive.

Table of Contents

Diluted net income (loss) per share also is calculated by dividing net income (loss) available to common shareholders by the weighted-average number of common shares outstanding for the period, and 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 diluted net income (loss) per share calculation: (i) includes common shares outstanding issued as share-based compensation and still subject to vesting requirements in the calculation of diluted net income per share and (ii) excludes common shares outstanding issued as share-based compensation and still subject to vesting requirements in calculation of diluted net loss per share. Also see note 14.

(p) Commitments and Contingencies

Liabilities for loss contingencies arising from product warranties and defects, claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

(q) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) Allowance for Credit Losses for Trade Accounts Receivable

A summary of changes in the allowance for credit losses for trade accounts receivable for the years ended October 31, 2024 and 2023 follows:

	Years ended October 31,	
	2024	2023
Balance at beginning of year	\$ 71,189	\$ 69,643
Bad debt expense	20,936	1,546
Balance at end of year	\$ 92,125	\$ 71,189

(3) Inventories

Inventories as of October 31, 2024 and 2023 consist of the following:

	October 31,	
	2024	2023
Finished goods	\$ 5,098,148	\$ 5,937,682
Work in process	3,724,999	4,372,913
Raw materials	9,562,563	13,130,478
Production supplies	339,607	325,253
Total	\$ 18,725,317	\$ 23,766,326

Optical Cable Corporation (OCC)

(4) Property and Equipment, Net

Property and equipment, net as of October 31, 2024 and 2023 consists of the following:

	October 31,	
	2024	2023
Land and land improvements	\$ 3,148,834	\$ 3,148,834
Buildings and improvements	8,305,039	8,305,039
Machinery and equipment	26,032,752	26,185,346
Furniture and fixtures	902,012	902,012
Construction in progress	162,288	199,772
Total property and equipment, at cost	38,550,925	38,741,003
Less accumulated amortization and depreciation	(31,669,568)	(31,601,387)
Property and equipment, net	<u><u>\$ 6,881,357</u></u>	<u><u>\$ 7,139,616</u></u>

(5) Intangible Assets

Aggregate amortization expense for amortizing intangible assets was \$ 54,062 and \$ 53,941 for the years ended October 31, 2024 and 2023, respectively. Amortization of intangible assets is calculated using a straight-line method over the estimated useful lives of the intangible assets. Amortization expense is estimated to be approximately \$ 54,000 for each of the next five years. The gross carrying amounts and accumulated amortization of intangible assets subject to amortization as of October 31, 2024 was \$ 879,963 and \$ 367,989 , respectively. The gross carrying amounts and accumulated amortization of intangible assets subject to amortization as of October 31, 2023 was \$ 868,564 and \$ 313,927 , respectively.

(6) Product Warranties

The Company generally warrants its products against certain manufacturing and other defects in material and workmanship. These product warranties are provided for specific periods of time and are applicable assuming the product has not been subjected to misuse, improper installation, negligent handling or shipping damage. As of October 31, 2024 and 2023, the Company's accrual for estimated product warranty claims totaled \$ 65,000 and \$ 80,000 , respectively, and is included in accounts payable and accrued expenses. Warranty claims expense includes the costs to investigate claims and potential claims, and the costs to replace and/or repair product pursuant to claims, which can include claims not deemed valid by the Company. The accrued product warranty costs are based primarily on historical experience of actual warranty claims and costs as well as current information with respect to potential warranty claims and costs. Warranty claims expense for the years ended October 31, 2024 and 2023 totaled \$ 61,465 and \$ 89,548 , respectively.

The following table summarizes the changes in the Company's accrual for product warranties during the fiscal years ended October 31, 2024 and 2023:

	Years ended October 31,	
	2024	2023
Balance at beginning of year	\$ 80,000	\$ 75,000
Liabilities accrued for warranties issued during the year	83,000	114,577
Warranty claims paid during the period	(76,465)	(84,548)
Changes in liability for pre-existing warranties during the year	(21,535)	(25,029)
Balance at end of year	<u><u>\$ 65,000</u></u>	<u><u>\$ 80,000</u></u>

(7) 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") and a Revolving Credit Master Promissory Note and related Loan and Security Agreement (collectively, the "Revolver").

The Virginia Real Estate Loan is with Northeast Bank and is payable in monthly installments of principal and interest. Principal is calculated using the unpaid balance of the loan and a two hundred forty (240) month amortization schedule. Interest is computed on the aggregate principal balance outstanding at a rate equal to the Prime Rate, adjusted monthly on the fifth day of each calendar month in accordance with changes to the Prime Rate, provided, however, that the interest rate is never less than 8.5 % per annum on the basis of a 360-day year times the actual number of days elapsed. The Prime Rate was 8.0 % per annum at October 31, 2024 and 8.5 % at October 31, 2023. The maturity date of the Virginia Real Estate Loan is May 5, 2026.

On October 31, 2023, OCC and Northeast Bank entered into an Omnibus Amendment of Loan Documents (the "Amendment") to modify certain loan documents currently in effect between the parties related to the Virginia Real Estate Loan and a supplemental real estate term loan (the "North Carolina Real Estate Loan"). The primary purpose of the Amendment was to: (i) pay off the North Carolina Real Estate Loan; (ii) pay down the balance on the Virginia Real Estate Loan; (iii) extend the maturity date of the Virginia Real Estate Loan through May 5, 2026; (iv) release the collateral of the North Carolina Real Estate Loan; and (v) effective October 5, 2023, modify the interest rate of the Virginia Real Estate Loan to a variable rate equal to the Prime Rate, provided that the interest rate shall never be less than 8.5 % per annum.

The Loan is secured by a first lien deed of trust on the land and buildings at the Company's headquarters and manufacturing facilities located in Roanoke, Virginia.

The Company had an outstanding balance on its Virginia Real Estate Loan of \$ 2.6 million as of October 31, 2024 and \$ 2.7 million as of October 31, 2023.

On June 27, 2024, OCC entered into a Modification Agreement with North Mill Capital LLC (now doing business as SLR Business Credit, "SLR") to modify the existing Loan and Security Agreement ("Loan Agreement") dated July 24, 2020. In addition to certain other modifications to the Loan Agreement as set forth in the Modification Agreement, the Modification Agreement provides a two-year extension of the initial term of the Loan Agreement to July 24, 2027, and increases the eligible inventory maximum from \$ 5,000,000 to \$ 7,000,000 .

The Revolver with 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) \$ 7,000,000 , 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"). As a result, the Revolver accrued interest at 9.5 % at October 31, 2024 and 10.0 % at October 31, 2023. In the event of a default, interest may become 6.0 % above the Applicable Rate. The loan may be extended in one year periods subject to the agreement of SLR.

The Company's Revolver requires a lockbox arrangement, which provides for all cash receipts to be swept daily to reduce the balance outstanding. This arrangement, combined with the existence of a "subjective acceleration clause" (as defined by U.S. generally accepted accounting principles) in the Revolver, requires the balance on the Revolver to be classified as a current liability. The "subjective acceleration clause" allows SLR to declare an event of default if there is a material adverse change in the Company's business or financial condition. Upon the occurrence of an event of default, SLR may, among other things, declare all obligations payable in full. Management believes that no such material adverse change has occurred. In addition, at October 31, 2024 and through the date of this report, SLR has not informed the Company that any such event of default has occurred. On June 27, 2024, the Revolver was extended through July 24, 2027 and Management believes that the Company will continue to be able to borrow on the Revolver to fund its operations over the remaining term.

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.

[Table of Contents](#)

As of October 31, 2024, the Company had \$ 8.3 million of outstanding borrowings on its Revolver and \$ 3.2 million in available credit. As of October 31, 2023, the Company had \$ 8.3 million of outstanding borrowings on its Revolver and \$ 2.6 million in available credit.

The aggregate maturities of long-term debt for each of the three years subsequent to October 31, 2024 are \$ 57,184 in fiscal year 2025, \$ 2,570,791 in fiscal year 2026 and \$ 8,321,782 in fiscal year 2027.

(8) 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). During fiscal year 2024, the lease term was extended for an additional five years. The new expiration date is November 30, 2029.

The Company has an operating lease for approximately 36,000 square feet of warehouse space in Roanoke, Virginia. The lease term expires 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, title of the printers transfers to the Company and 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 lease. The Company exercises judgment to determine the term of those leases when such options are present and includes 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 \$ 1,872,206 and \$ 596,578 were included in other assets at October 31, 2024 and 2023, respectively. Operating lease liabilities of \$ 376,965 and \$ 1,525,423 were included in accounts payable and accrued expenses, and other noncurrent liabilities, respectively, at October 31, 2024. Operating lease liabilities of \$ 414,159 and \$ 227,925 were included in accounts payable and accrued expenses, and other noncurrent liabilities, respectively, at October 31, 2023. Operating lease expense for the fiscal years ended October 31, 2024 and 2023 was \$ 451,197 and \$ 430,765 , respectively.

The weighted average remaining lease term for the operating leases is 56.1 months and the weighted average discount rate is 9.45 % as of October 31, 2024.

[Table of Contents](#)

For the fiscal years ended October 31, 2024 and 2023, cash paid for operating lease liabilities totaled \$ 448,298 and \$ 439,016 , respectively. For the fiscal year ended October 31, 2024, right-of-use assets obtained in exchanged for new operating lease liabilities totaled \$ 1,661,150 . For the fiscal year ended October 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 .

Finance lease right-of-use assets of \$ 111,844 and \$ 141,342 were included in other assets at October 31, 2024 and 2023, respectively. Finance lease liabilities of \$ 39,277 and \$ 54,174 , respectively, were included in accounts payable and accrued expenses and other noncurrent liabilities at October 31, 2024. Finance lease liabilities of \$ 37,459 and \$ 93,451 were included in accounts payable and accrued expenses, and other noncurrent liabilities, respectively, at October 31, 2023. Interest expense related to the finance lease totaled \$ 5,410 and \$ 7,144 for the fiscal years ended October 31, 2024 and 2023. Amortization expense related to the finance lease totaled \$ 29,497 for the fiscal years ended October 31, 2024 and 2023.

The remaining lease term for the finance lease is 22 months and the discount rate is 4.75 % as of October 31, 2024.

For the fiscal year ended October 31, 2024, cash paid for the finance lease liability totaled \$ 5,410 and \$ 37,459 for interest and principal, respectively. For the fiscal year ended October 31, 2023, cash paid for the finance lease liability totaled \$ 7,144 and \$ 35,724 for interest and principal, respectively.

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

Fiscal Year	Operating leases	Finance lease
2025	540,618	42,868
2026	473,736	55,714
2027	426,496	-
2028	443,557	-
2029	461,297	-
Thereafter	38,565	-
Total undiscounted lease payments	2,384,269	98,582
Present value discount	(481,882)	(5,131)
Total lease liability	\$ 1,902,387	\$ 93,451

(9) Employee Benefits

Health Insurance Coverage

The Company contracts for health insurance coverage for employees and their dependents through third-party administrators. During the years ended October 31, 2024 and 2023, total expense of \$ 3,608,222 and \$ 3,448,622 , respectively, was recognized under the Company's insured health care program.

401(k) Plan

The Company maintains a 401(k) retirement savings plan for the benefit of its eligible employees. Substantially all of the Company's employees who meet certain service and age requirements are eligible to participate in the plan. The Company's plan document provides that the Company's matching contributions are discretionary. The Company expensed matching contributions to the plan of \$ 54,494 and \$ 52,816 for the years ended October 31, 2024 and 2023, respectively.

[Table of Contents](#)

Stock Incentives for Key Employees and Non-Employee Directors

Optical Cable Corporation uses stock incentives to increase the personal financial interest that key employees and non-employee Directors have in the future success of the Company, thereby aligning their interests with those of other shareholders and strengthening their desire to remain with the Company.

As of October 31, 2024, there were approximately 29,000 remaining shares available for grant under the Optical Cable Corporation Stock Incentive Plan, as amended ("2017 Plan").

Share-based compensation expense for employees, a consultant and non-employee members of the Company's Board of Directors recognized in the consolidated statements of operations for the years ended October 31, 2024 and 2023 was \$ 443,234 and \$ 611,480 , respectively.

The Company has granted, and anticipates granting, from time to time, restricted stock awards to employees, subject to approval by the Compensation Committee of the Board of Directors. The restricted stock awards granted under the 2017 Plan vest over time if certain operational performance-based criteria are met. Failure to meet the criteria required for vesting will result in a portion or all of the shares being forfeited.

During the fiscal year ended October 31, 2024, restricted stock awards for employees under the 2017 Plan totaling 329,850 shares were approved by the Compensation Committee of the Board of Directors of the Company. All of the restricted shares granted are operational performance-based shares vesting over approximately five years beginning on January 31, 2026 based on the achievement of certain quantitative operational performance goals. The Company uses gross profit growth as its performance-based measure for restricted stock awards granted to employees.

During the fiscal year ended October 31, 2024 and 2023, stock awards to non-employee Directors under the 2017 Plan totaling 39,960 shares and 28,560 shares, respectively, were approved by the Board of Directors of the Company. The shares are part of the non-employee Directors' annual compensation for service on the Board of Directors. The shares granted to non-employee Directors under the 2017 Plan are subject to a one-year vesting period.

The Company recognizes expense each quarter on service-based shares based on the number of shares expected to vest multiplied by the closing price of the Company's shares of common stock on the date of grant. The Company recognizes expense each quarter on operational performance-based shares of employees using an estimate of the shares expected to vest multiplied by the closing price of the Company's shares of common stock on the date of grant.

[Table of Contents](#)

A summary of the status of the Company's nonvested shares granted to employees, a consultant and non-employee Directors under the 2017 Plan as of October 31, 2024, and changes during the year ended October 31, 2024, is as follows:

Nonvested shares	Shares	Weighted-average grant date fair value
Balance at October 31, 2023	291,154	\$ 3.49
Granted	369,810	2.67
Vested	(177,149)	3.53
Forfeited	(842)	3.48
Balance at October 31, 2024	482,973	\$ 2.85

As of October 31, 2024, the estimated amount of compensation cost related to nonvested equity-based compensation awards that the Company will recognize over a 4.4 year weighted-average period is approximately \$ 1.1 million. Such nonvested equity-based compensation awards are in the form of (i) operational performance-based shares and (ii) operational performance-based shares which have been converted to service-based shares after performance-based criteria have been met.

(10) Business and Credit Concentrations, Major Customers and Geographic Information

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 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 October 31, 2024 and 2023 have been adequately provided for in the consolidated financial statements.

For the year ended October 31, 2024, 16.4 %, or approximately \$ 10.9 million of consolidated net sales were attributable to one distributor customer. No other customer accounted for more than 10% of consolidated net sales for the year ended October 31, 2024. As of October 31, 2024, the same customer had an outstanding balance payable to the Company totaling 9.8 % of total consolidated shareholders' equity. One other customer had an outstanding balance payable to the Company totaling 7.7 % of total consolidated shareholders' equity. No other customer had an outstanding balance payable to the Company in excess of 5% of total consolidated shareholders' equity.

For the year ended October 31, 2023, 16.3 %, or approximately \$ 11.8 million of consolidated net sales were attributable to one distributor customer. No other customer accounted for more than 10% of consolidated net sales for the year ended October 31, 2023. As of October 31, 2023, the same customer had an outstanding balance payable to the Company totaling 6.3 % of total consolidated shareholders' equity. No other customer had an outstanding balance payable to the Company in excess of 5% of total consolidated shareholders' equity.

For the years ended October 31, 2024 and 2023, approximately 79 % and 82 %, respectively, of net sales were from customers in the United States, while approximately 21 % and 18 %, respectively, were from customers outside of the United States.

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, any 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 \$ 70,263 and \$ 110,336 as of October 31, 2024 and 2023, respectively.

[Table of Contents](#)

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 \$ 232,692 and \$ 252,264 as of October 31, 2024 and 2023, respectively.

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 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 fiscal years ended October 31, 2024 and 2023:

	Years ended October 31,	
	2024	2023
United States	\$ 52,352,338	\$ 59,062,858
Outside the United States	14,321,761	13,110,894
Total net sales	\$ 66,674,099	\$ 72,173,752

No individual country outside of the United States accounted for more than 10% of total net sales in fiscal years 2024 or 2023.

(12) Income Taxes

Income tax expense (benefit) for the years ended October 31, 2024 and 2023 consists of:

Fiscal year ended October 31, 2024	Current	Deferred	Total
U.S. Federal	\$ 830	\$ —	\$ 830
State	<u>19,872</u>	<u>—</u>	<u>19,872</u>
Totals	<u>\$ 20,702</u>	<u>\$ —</u>	<u>\$ 20,702</u>

Fiscal year ended October 31, 2023	Current	Deferred	Total
U.S. Federal	\$ 105,756	\$ —	\$ 105,756
State	<u>39,968</u>	<u>—</u>	<u>39,968</u>
Totals	<u>\$ 145,724</u>	<u>\$ —</u>	<u>\$ 145,724</u>

Reported income tax expense for the years ended October 31, 2024 and 2023 differs from the "expected" tax expense (benefit), computed by applying the U.S. Federal statutory income tax rate of 21 % in fiscal years 2024 and 2023 to income before income taxes as follows:

	Years ended October 31,	
	2024	2023
"Expected" income taxes (benefit)	\$ (879,797)	\$ 464,567
Increase (reduction) in income tax expense (benefit) resulting from:		
State income taxes, net of federal benefit	(68,711)	25,751
Provision to return reconciliation adjustment	1,755	81,100
Excess tax benefits related to share-based compensation	32,023	(11,875)
Non-deductible life insurance premiums	5,527	5,527
Other differences, net	19,215	11,918
Change in valuation allowance	<u>910,690</u>	<u>(431,264)</u>
Reported income tax expense	<u>\$ 20,702</u>	<u>\$ 145,724</u>

Optical Cable Corporation (OCC)

[Table of Contents](#)

The tax effects of temporary differences that give rise to significant portions of the Company's deferred tax assets and deferred tax liabilities as of October 31, 2024 and 2023 are presented below:

	October 31,	
	2024	2023
Deferred tax assets:		
Accounts receivable, due to allowances for credit losses and sales returns	\$ 38,782	\$ 35,563
Inventories, due to allowance for damaged and slow-moving inventories and additional costs inventoried for tax purposes pursuant to the Tax Reform Act of 1986	1,223,072	1,099,469
Liabilities recorded for accrued expenses, deductible for tax purposes when paid	38,204	67,842
Share-based compensation expense	74,422	116,939
Section 163(j) interest	248,890	3,450
Research and experimental expenditures, due to capitalization for tax purposes	152,950	85,419
Net operating loss carryforwards	3,025,852	2,494,887
Plant and equipment, due to differences in depreciation and capital gain recognition	54,413	43,229
Other	9,025	8,122
Total gross deferred tax assets	4,865,610	3,954,920
Valuation allowance	(4,865,610)	(3,954,920)
Net deferred tax assets	\$ —	\$ —

As a result of a past acquisition, the Company recorded certain deferred tax assets totaling \$ 1,517,605 (after purchase accounting adjustments), related to gross net operating loss ("NOL") carryforwards of \$ 4,455,525 , estimated to be available after considering Internal Revenue Code Section 382 limitations. As of October 31, 2024, \$ 672,000 of these gross NOL carryforwards remain unused and may be used to reduce future taxable income. These remaining gross NOL carryforwards begin to expire in fiscal year ending October 31, 2028.

Additionally, the Company has federal and state gross NOL carryforwards of \$ 13,028,615 and \$ 2,578,417 , respectively. Federal NOL carryforwards originate with certain fiscal years from 2019 through 2024 and do not expire. State NOL carryforwards originate with certain fiscal years from 2015 through 2024 and will not begin to expire until fiscal year 2030.

For the fiscal years ended October 31, 2024 and 2023, the Company considered all positive and negative evidence available to assess whether it is "more likely than not" that some portion or all of the deferred tax assets will not be realized. For each year, the Company concluded that in accordance with the provisions of Accounting Standards Codification 740, *Income Taxes*, the negative evidence outweighed the objectively verifiable positive evidence. As a result, the Company established a valuation allowance of \$ 4,865,610 and \$ 3,954,920 , respectively, against net deferred tax assets existing as of October 31, 2024 and 2023.

The Company estimates a liability for uncertain tax positions taken or expected to be taken in a tax return. The liability for uncertain tax positions is included in other noncurrent liabilities on the accompanying consolidated balance sheets.

A reconciliation of the unrecognized tax benefits for fiscal years 2024 and 2023 follows:

	October 31,	
	2024	2023
Unrecognized tax benefits balance at beginning of year	\$ 28,194	\$ 28,488
Gross decreases for tax positions of prior years	(1,768)	(1,330)
Gross increases for current year tax positions	1,551	1,036
Unrecognized tax benefits balance at end of year	<u>\$ 27,977</u>	<u>\$ 28,194</u>

During fiscal year 2024, the Company increased accrued interest and penalties by \$ 1,746 and \$ 204 , respectively, related to unrecognized tax benefits. During fiscal year 2023, the Company increased accrued interest by \$ 1,546 and decreased accrued penalties by \$ 332 related to unrecognized tax benefits. As of October 31, 2024 and 2023, the Company had approximately \$ 19,218 and \$ 17,268 , respectively, of accrued interest and penalties related to uncertain tax positions. The total amount of unrecognized tax benefits that would affect the Company's effective tax rate if recognized is \$ 19,535 and \$ 20,073 as of October 31, 2024 and 2023, respectively. The Company does not expect its unrecognized tax benefits to change significantly in the next 12 months.

The Company files income tax returns in the U.S. federal jurisdiction and in various state jurisdictions. The statute of limitations remains open for U.S. and certain state income tax examinations for years ended October 31, 2021 through October 31, 2023.

(13) Fair Value Measurements

The carrying amounts reported in the consolidated balance sheets for cash, trade accounts receivable, income taxes refundable – current, other receivables, current installments of long-term debt, accounts payable and accrued expenses, accrued compensation and payroll taxes, and income taxes payable 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 because the interest rates vary with the market. 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.

The Company uses a fair value hierarchy that prioritizes the inputs for valuation methods used to measure fair value. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The Company utilizes the best available information in measuring fair value.

(14) Net Income (Loss) Per Share

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

	Years ended October 31,	
	2024	2023
Net income (loss) (numerator)	\$ (4,210,211)	\$ 2,066,498
Shares (denominator)	7,749,182	7,880,429
Basic and diluted net income (loss) per share	<u><u>\$ (0.54)</u></u>	<u><u>\$ 0.26</u></u>

Nonvested shares which have been issued and are outstanding as of October 31, 2024 totaling 208,001 were not included in the computation of basic and diluted net loss per share for the year ended October 31, 2024 (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).

(15) Shareholders' Equity*Stockholder Protection Rights Agreement*

On October 28, 2011, the Board of Directors of the Company adopted a Stockholder Protection Rights Agreement (the "Rights Agreement") and declared a dividend of one preferred share purchase right for each outstanding share of common stock. These purchase rights and the related Rights Agreement were set to expire on November 2, 2021. On November 2, 2021, the Board of Directors of the Company amended and restated the Rights Agreement (the "Amended Rights Agreement") to amend and restate the Rights Agreement to continue the dividend of one preferred share purchase right (a "Right") for each outstanding share of Common Stock, no par value, of the Company ("Common Shares"), held of record at the close of business on November 2, 2021, or issued thereafter. Except to extend the Amended Rights Agreement to November 2, 2031, no other material changes were made to the Rights Agreement by the Amended Rights Agreement.

Under the terms of the Amended Rights Agreement, if a person or group who is deemed an Acquiring Person as defined in the Amended Rights Agreement acquires 15 % (or other applicable percentage, as provided in the Amended Rights Agreement) or more of the outstanding common stock, each Right will entitle its holder (other than such person or members of such group) to purchase, at the Right's then current exercise price, a number of shares of common stock having a market value of twice such price. In addition, if the Company is acquired in a merger or other business transaction after a person or group who is deemed an Acquiring Person has acquired such percentage of the outstanding common stock, each Right will entitle its holder (other than such person or members of such group) to purchase, at the Right's then current exercise price, a number of the acquiring company's common shares having a market value of twice such price.

[Table of Contents](#)

Upon the occurrence of certain events, each Right will entitle its holder to purchase from the Company one one-thousandth of a Series A Participating Preferred Share ("Preferred Share"), no par value, at an exercise price of \$ 25 , subject to adjustment. Each Preferred Share will entitle its holder to 1,000 votes and will have an aggregate dividend rate of 1,000 times the amount, if any, paid to holders of common stock. The Rights will expire on November 2, 2031, unless the Rights are earlier redeemed or exchanged by the Company for \$ 0.0001 per Right. The adoption of the Rights Agreement and the Amended Rights Agreement has no impact on the financial position or results of operations of the Company.

The Company has reserved 100,000 shares of its authorized preferred stock for issuance upon exercise of the Rights.

(16) Gain on Insurance Proceeds

During fiscal year 2024 and 2023, the Company received insurance proceeds in connection with the office building and its contents at the Company's Asheville facilities sustaining water damage from a burst pipe at the end of December 2022. The office building damaged is separate from the Company's manufacturing building, which houses its manufacturing operations and certain offices at the same location. There was no significant impact to the Company's operations as a result of this event.

Insurance proceeds in excess of expenses incurred through October 31, 2024 and 2023, a net total of \$ 304,307 and \$ 2,199,463 , respectively, is included in other income (expense), net as a gain on insurance proceeds on the Company's condensed consolidated statement of operations.

(17) 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.

(18) New Accounting Standards Not Yet Adopted

In November 2023, the FASB issued Accounting Standards Update 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. ASU 2023-07 requires enhanced disclosures about significant segment expenses and enhanced disclosures in interim periods. The guidance in ASU 2023-07 will be applied retrospectively and is effective for annual reporting periods in fiscal years beginning after December 15, 2023 and interim reporting periods in fiscal years beginning after December 31, 2024, with early adoption permitted. The Company is currently evaluating the impact ASU 2023-07 will have on its financial statement disclosures.

In December 2023, the FASB issued Accounting Standards Update 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("ASU 2023-09"). The objective of ASU 2023-09 is to enhance disclosures related to income taxes, including specific thresholds for inclusion within the tabular disclosure of income tax rate reconciliation and specified information about income taxes paid. ASU 2023-09 is effective for public companies starting in annual periods beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact ASU 2023-09 will have on its financial statement disclosures.

There are no other 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.

(19) Quarterly Results of Operations (Unaudited)

The following is a summary of the unaudited quarterly results of operations for the years ended October 31, 2024 and 2023:

Fiscal year ended October 31, 2024	Quarter ended			
	January 31	April 30	July 31	October 31
Net sales	\$ 14,854,765	\$ 16,112,098	\$ 16,221,671	\$ 19,485,565
Gross profit	3,713,522	4,038,636	3,920,224	6,532,390
Selling, general & administrative expenses	5,093,105	5,319,580	5,237,646	5,850,216
Income (loss) from operations	(1,399,685)	(1,301,137)	(1,337,553)	662,088
Income (loss) before income taxes	(1,418,195)	(1,594,119)	(1,550,370)	373,175
Net income (loss)	(1,425,274)	(1,601,346)	(1,557,053)	373,462
Basic and diluted net income (loss) per share	\$ (0.18)	\$ (0.21)	\$ (0.20)	\$ 0.05

Fiscal year ended October 31, 2023	Quarter ended			
	January 31	April 30	July 31	October 31
Net sales	\$ 18,283,675	\$ 19,619,536	\$ 16,941,378	\$ 17,329,163
Gross profit	6,521,209	6,782,706	5,116,030	3,874,131
Selling, general & administrative expenses	5,455,466	5,662,339	4,957,518	5,145,418
Income (loss) from operations	1,045,936	1,100,106	138,425	(1,291,388)
Income (loss) before income taxes	842,448	2,498,020	99,883	(1,228,129)
Net income (loss)	809,984	2,423,087	100,803	(1,267,376)
Basic and diluted net income (loss) per share	\$ 0.10	\$ 0.31	\$ 0.01	\$ (0.17)

(20) Restatement of Previously Issued Financial Statements

In connection with the preparation of the Company's 2024 financial statements, it was determined that the balance on the Revolver was incorrectly classified as a noncurrent liability in the 2023 consolidated balance sheet. U.S. Generally Accepted Accounting Principles ("U.S. GAAP") requires that a borrower's balance outstanding on a revolving line of credit be reflected as a current liability when the loan agreement includes provisions for both (i) a required lock box arrangement with a lender in which the borrower does not have the ability to avoid using working capital to repay the amounts outstanding, whether or not the borrower has the ability to re-borrow funds based on its regular borrowing base calculation in the ordinary course of business, and (ii) a "subjective acceleration clause", which permits the lender to accelerate the loan upon the occurrence of a material adverse change.

The Company's management has further concluded that the classification as a current liability is required in accordance with U.S. GAAP even if (i) it is deemed that the "subjective acceleration clause" is not probable to be utilized by the lender within twelve months from the date of the balance sheet and (ii) the maturity date of the loan extends more than twelve months from the date of the balance sheet.

The Company's Revolving Credit Master Promissory Note and Related Loan and Security Agreement (the "Revolver") includes provisions for both: (i) a required lock box arrangement as described above for the collection of accounts receivables and other receipts by the Company and (ii) a "material adverse change" provision, similar to clauses included customarily in loan agreements. The Company's Revolver matures July 24, 2027.

[Table of Contents](#)

Impact of Restatement

The following table is a summary of the effect of this restatement for the periods presented:

Fiscal year 2024

	July 31, 2024 (Unaudited)		
	As previously reported	Adjustment	As restated
Note payable, revolver - current	\$ —	\$ 7,280,673	\$ 7,280,673
Total current liabilities	6,976,106	7,280,673	14,256,779
Note payable, revolver - noncurrent	7,280,673	(7,280,673)	—

	April 30, 2024 (Unaudited)		
	As previously reported	Adjustment	As restated
Note payable, revolver - current	\$ —	\$ 8,046,853	\$ 8,046,853
Total current liabilities	7,134,468	8,046,853	15,181,321
Note payable, revolver - noncurrent	8,046,853	(8,046,853)	—

	January 31, 2024 (Unaudited)		
	As previously reported	Adjustment	As restated
Note payable, revolver - current	\$ —	\$ 7,459,960	\$ 7,459,960
Total current liabilities	6,729,425	7,459,960	14,189,385
Note payable, revolver - noncurrent	7,459,960	(7,459,960)	—

Fiscal year 2023

	October 31, 2023		
	As previously reported	Adjustment	As restated
Note payable, revolver - current	\$ —	\$ 8,324,397	\$ 8,324,397
Total current liabilities	7,768,202	8,324,397	16,092,599
Note payable, revolver - noncurrent	8,324,397	(8,324,397)	—

	July 31, 2023 (Unaudited)		
	As previously reported	Adjustment	As restated
Note payable, revolver - current	\$ —	\$ 7,314,692	\$ 7,314,692
Total current liabilities	11,816,049	7,314,692	19,130,741
Note payable, revolver - noncurrent	7,314,692	(7,314,692)	—

	April 30, 2023 (Unaudited)		
	As previously reported	Adjustment	As restated
Note payable, revolver - current	\$ —	\$ 8,006,810	\$ 8,006,810
Total current liabilities	7,664,309	8,006,810	15,671,119
Note payable, revolver - noncurrent	8,006,810	(8,006,810)	—

	January 31, 2023 (Unaudited)		
	As previously reported	Adjustment	As restated
Note payable, revolver - current	\$ —	\$ 6,823,065	\$ 6,823,065
Total current liabilities	7,713,849	6,823,065	14,536,914
Note payable, revolver - noncurrent	6,823,065	(6,823,065)	—

[Table of Contents](#)

The Company's prior classification of the Revolver balance as noncurrent did not have any effect on the Company's previously reported total assets, total liabilities or total shareholders' equity.

Further, the prior classification did not have any effect on the Company's previously reported consolidated statements of operations, consolidated statements of shareholders' equity or consolidated statements of cash flows.

There also was no impact on any covenants with lenders for the periods, as the Company's borrowing arrangements do not include financial covenants that would be impacted by the classification of the Revolver.

It should also be noted that while U.S. GAAP requires current classification of the Revolver balance outstanding for the Restatement, the lender has not used the subjective acceleration clause at any time during the Company's arrangement with the lender, including up to the date of this filing, which is more than twelve months after the filing of the fiscal year 2023 Annual Report on Form 10-K.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Shareholders and the Board of Directors of Optical Cable Corporation
Roanoke, Virginia

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Optical Cable Corporation (the "Company") as of October 31, 2024, the related consolidated statements of operations, stockholders' equity, and cash flows for the year ended October 31, 2024, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of October 31, 2024, and the results of its operations and its cash flows for year ended October 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ Crowe LLP

We have served as the Company's auditor since 2024.

Oak Brook, Illinois
December 23, 2024

Optical Cable Corporation (OCC)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Optical Cable Corporation
Roanoke, Virginia

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Optical Cable Corporation and Subsidiaries (the "Company") as of October 31, 2023, and the related consolidated statement of operations, shareholders' equity, and cash flows for the year ended October 31, 2023, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of October 31, 2023, and the results of its operations and its cash flows for the year ended October 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Restatement

As discussed in Note 20 to the consolidated financial statements, the accompanying consolidated financial statements as of and for the year ended October 31, 2023 have been restated to correct a misstatement.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

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

Optical Cable Corporation (OCC)

Valuation of Inventory

Description of the Matter

Inventories are recorded at the lower of cost and net realizable value. Cost of raw materials is established using specific identification or a first in, first out basis, while the cost of work in process and finished goods is established using average cost or standard costs, depending upon the product type. Management routinely evaluates expected sales prices and demand in relation to the carrying value of inventory, which takes into consideration the salability of individual items in inventory and an estimate of the selling prices for those items. Individual inventory items are reviewed and adjustments are made based on the age of the inventory and management judgment as to the salability of that inventory in order for inventories to be appropriately valued.

Given the estimates involved in applying costs to inventory on either a standard or average cost basis, as well as the inherent uncertainty in both the future salability and selling prices of inventory items, auditing the reasonableness of management's estimates and assumptions required a high degree of auditor judgment and effort.

How We Addressed the Matter in our Audit

Our audit procedures included:

- Obtaining an understanding of the Company's procedures for allocating manufacturing costs to inventories.
- Obtaining an understanding of the Company's procedures and assumptions surrounding the inventory reserve, and assessing the reasonability of those assumptions.
- Testing the mathematical accuracy of management's calculations.
- Testing, on a sample basis, the assignment of costs to inventory items.
- Evaluating whether inventories were stated at the lower of cost and net realizable value at the reporting date, as appropriate, by comparing recent sales prices of inventory to carrying cost, by evaluating the aging and/or movement of inventory, or a combination of such tests.
- Performing corroborative inquiries with personnel responsible for product manufacturing and sales to evaluate the reasonableness of current inventory manufacturing, sales, and movement.

/s/ Brown, Edwards & Company, L.L.P.

We served as the Company's auditor from 2016 to 2023.

Roanoke, Virginia

December 20, 2023, except for the effects of the restatement discussed in Note 20, as to which the date is December 23, 2024.

Optical Cable Corporation (OCC)

Corporate Information

Corporate Headquarters

Optical Cable Corporation (OCC)
5290 Concourse Drive
Roanoke, VA 24019

Primary Legal Counsel

Woods Rogers Vandeventer Black PLC
10 South Jefferson Street
Suite 1400
Roanoke, VA 24011

Independent Registered Public Accounting Firm

Crowe LLP
1 Mid America Plaza, Suite #600
Oak Brook, IL 60181

Transfer Agent

Equiniti Trust Company, LLC
48 Wall Street, Floor 23
New York, NY 10005

Form 10-K Report

Shareholders may obtain a copy of Optical Cable Corporation's Form 10-K, including exhibits, as filed with the Securities and Exchange Commission from the SEC website at <http://www.sec.gov>. Our SEC filings are also available to the public on our website at <http://www.occfiber.com/investor-relations/> under the tab "SEC Filings".

Annual Meeting

The 2025 annual meeting of shareholders will be held at 10:00 a.m. on Tuesday, March 25, 2025 at the Green Ridge Recreation Center, 7415 Wood Haven Road, Roanoke, Virginia or another location stated in OCC's filed Proxy Statement for the 2025 Annual Meeting of Shareholders.

Optical Cable Corporation (OCC)

Corporate Information

(Continued)

Common Stock and Dividend Data

Our common stock is traded on the Nasdaq Global Market under the symbol OCC. According to the records of our transfer agent, the Company had 234 shareholders of record as of December 12, 2024. Additionally, the Company estimates that it has more than 2,000 beneficial owners. On December 12, 2024, our common stock closed at a price of \$2.17 per share.

Employees of the Company and members of the Board of Directors owned at least 36.9% of the shares outstanding as of October 31, 2024, including shares still subject to potential forfeiture based on vesting requirements.

The following table sets forth for the fiscal periods indicated the high and low bid prices of our common stock, as reported on the Nasdaq Global Market, during the two most recent fiscal years:

Fiscal year ended October 31, 2024	Range of Bid Prices	
	High	Low
Fourth Quarter	\$ 2.93	\$ 2.29
Third Quarter	\$ 3.08	\$ 2.61
Second Quarter	\$ 3.53	\$ 2.52
First Quarter	\$ 3.00	\$ 2.48

Fiscal year ended October 31, 2023	Range of Bid Prices	
	High	Low
Fourth Quarter	\$ 4.01	\$ 2.26
Third Quarter	\$ 4.65	\$ 3.36
Second Quarter	\$ 4.74	\$ 3.88
First Quarter	\$ 4.85	\$ 3.38

Dividend Declaration

We did not pay or declare any cash dividends on our common stock in fiscal year 2024 and do not expect to pay any cash dividends in the foreseeable future.

Optical Cable Corporation (OCC)

Corporate Information

(Continued)

Executive Officers of Optical Cable Corporation

Neil D. Wilkin, Jr.	Chairman of the Board, President and Chief Executive Officer
Tracy G. Smith	Senior Vice President, Chief Financial Officer and Corporate Secretary

Board of Directors of Optical Cable Corporation

Neil D. Wilkin, Jr., Chairman	Chairman of the Board, President and Chief Executive Officer Optical Cable Corporation
Randall H. Frazier	President and Founder R. Frazier, Incorporated
John M. Holland	President and Founder Holland Technical Services
John A. Nygren	Retired, former President ChemTreat, Inc.
Craig H. Weber	Retired, former Chief Executive Officer Home Care Delivered, Inc.

Optical Cable Corporation (OCC)



VISIT US AT [OCCFIBER.COM](#)

OCC ROANOKE, VA

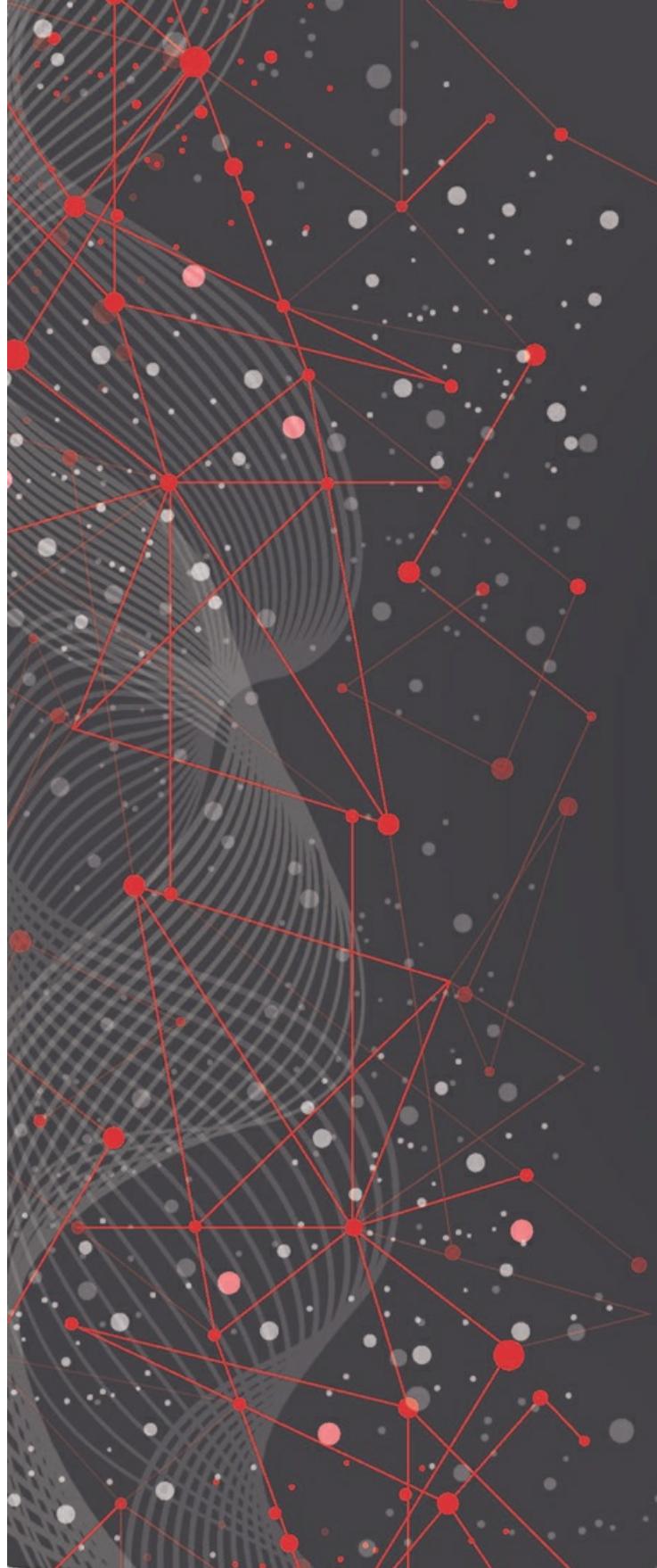
Corporate Headquarters and Fiber Optic Cable
Manufacturing Facility
5290 Concourse Drive
Roanoke, VA 24019 USA
540-265-0690 or 800-622-7711

OCC DALLAS, TX

Harsh Environment and Specialty Connectivity
Manufacturing Facility
1700 Capital Avenue, Suite 150
Plano, TX 75074 USA
972-509-1500 or 877-509-1500

OCC ASHEVILLE, NC

Enterprise Connectivity
Manufacturing Facility
33 Superior Way
Swannanoa, NC 28778 USA
828-298-2260 or 800-622-7711



**UNRIValed.
INTEGRATED
COMMUNICATIONS
SOLUTIONS.®**



CORPORATE HEADQUARTERS

5290 Concourse Drive
Roanoke, VA 24019 | USA
Phone +1-540-265-0690 | 800-622-7711
Fax: +1-540-265-0724

LIST OF SUBSIDIARIES

Applied Optical Systems, Inc., incorporated in the State of Delaware.

Centric Solutions LLC, organized in the State of Delaware.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements Nos. 333-09433, 333-115575, 333-128163, 333-174917, 333-189277, 333-203129, 333-216987 and 333-265551 on Form S-8 and Registration Statements No. 333-103108 on Form S-3 of Optical Cable Corporation of our report dated December 23, 2024 relating to the consolidated financial statements appearing in this Annual Report on Form 10-K as of and for the year ended October 31, 2024.

/s/ Crowe LLP

Oak Brook, Illinois
December 23, 2024

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in this Annual Report on Form 10-K of Optical Cable Corporation for the year ended October 31, 2024 of our report dated December 20, 2023 (December 23, 2024 as to the effects of the restatement discussed in Note 20) included in Registration Statement Nos. 333-09433, 333-115575, 333-128163, 333-174917, 333-189277, 333-203129, 333-216987, and 333-265551 on Forms S-8 and Registration Statement No. 333-103108 on Form S-3 of Optical Cable Corporation, with respect to the consolidated balance sheets of Optical Cable Corporation and subsidiaries as of October 31, 2023, and the related consolidated statements of operations, shareholders' equity, and cash flows for the year ended October 31, 2023.

/s/ Brown, Edwards & Company, L.L.P.

Roanoke, Virginia
December 23, 2024

CERTIFICATION

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

1. I have reviewed this report on Form 10-K 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 control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's 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: December 23, 2024

/s/ Neil D. Wilkin, Jr.

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

CERTIFICATION

I, Tracy G. Smith, certify that:

1. I have reviewed this report on Form 10-K 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 control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's 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: December 23, 2024

/s/ Tracy G. Smith

Tracy G. Smith
Senior Vice President and Chief Financial Officer
Optical Cable Corporation

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 Annual Report of Optical Cable Corporation (the "Company") on Form 10-K for the year ended October 31, 2024 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 represents, in all material respects, the financial condition and results of operations of the Company as of October 31, 2024, and for the period then ended.

/s/ Neil D. Wilkin, Jr.

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

December 23, 2024

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 Annual Report of Optical Cable Corporation (the "Company") on Form 10-K for the year ended October 31, 2024 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 represents, in all material respects, the financial condition and results of operations of the Company as of October 31, 2024, and for the period then ended.

/s/ Tracy G. Smith

Tracy G. Smith
Senior Vice President and
Chief Financial Officer

December 23, 2024