

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

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

Date of Report: April 28, 2023

**VIRCO MFG. CORPORATION**

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of  
incorporation)

001-8777

(Commission File Number)

95-1613718

(IRS Employer Identification No.)

2027 Harpers Way

Torrance

California

(Address of principal executive offices)

90501

(Zip Code)

Registrant's telephone number, including area code: (310) 533-0474

Not Applicable

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which
<u>Common Stock, \$0.01 par value per share</u>	<u>VIRC</u>	<u>The Nasdaq Stock Market LLC</u>

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter). Emerging growth company [ ]

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

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**Item 2.02 Results of Operations and Financial Condition.**

On April 28, 2023, Virco Mfg. Corporation (“Virco”) issued a press release reporting its financial results for the fourth quarter and the fiscal year ended January 31, 2023. A copy of the press release is attached hereto as Exhibit 99.1. The information in this Item 2.02 and the exhibit attached hereto are furnished to, but not filed with, the Securities and Exchange Commission.

**Item 9.01 Financial Statements and Exhibits.**

<u>Exhibit No.</u>	<u>Description</u>
(d) <u>Exhibit 99.1</u>	<u>Press Release dated April 28, 2023</u>

**SIGNATURES**

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

**VIRCO MFG. CORPORATION**  
(Registrant)

Date: April 28, 2023

/s/ Robert A. Virtue

(Signature)

Name: Robert A. Virtue

Title: Chief Executive Officer and Chairman of the Board of Directors

## Virco Reports Full Year Revenue Increased 25% to \$231.1 Million, Delivering Operating Income of \$10.8 Million

- Market for School Furniture Continues Post-Pandemic Recovery
- Full Year Gross Margin Expands to 36.9% vs. 33.0% in prior year
- Gross Profit Improves 40% as Revenue Growth Pushes U.S. Factories and Logistics Solidly Above Break Even
- Positive Momentum Continues into 2023 with Strong Order Flows and Record Backlog

**Torrance, California, April 28, 2023**, (Globe Newswire)—Virco Mfg. Corporation (Nasdaq:VIRC) reported today that net sales for the Company's fiscal year ended January 31, 2023 increased 25.0% to \$231.1 million compared to \$184.8 million in the prior year. The Company's revenue and operating margins have now returned to profitable levels following major market disruptions from the pandemic and related school closures.

Net revenue in the Company's seasonally light fourth quarter declined to \$38.8 million compared to \$40.1 million in the same period last year. The modest decline in revenue was attributable to improved delivery performance in the second and third quarters of the 2023 fiscal year. In the prior year supply chain issues caused delayed deliveries extending into the fourth quarter. Despite the minor decline in revenue, operating margins continued to improve on a year-over-year basis. For the fourth quarter, gross margin was 33.5% up from 26.5% for the same period in the prior year. This improvement was due to three factors: price increases implemented earlier in the year; stabilizing raw material and freight costs; and improved manufacturing efficiencies.

For the fourth quarter SG&A as a percentage of sales increased to 44.9% compared to 38.0% in the prior year. Higher expenses were due primarily to the large number of new business opportunities being developed by the Company's sales and marketing teams in addition to a provision for a bonus payable to all salaried employees based upon the Company's financial results. As of March 31, 2023 many of these opportunities had converted to actual orders, pushing year-to-date "shipments plus backlog" to an all-time high of \$106.9 million, an increase of 25.7% from the year ago period, which was also a record. The operating loss in the seasonally light fourth quarter was \$4.4 million versus \$4.6 million for the same period last year, again reflecting improvements in margin and operating efficiencies that more than offset modest decline in shipments.

As reported above, net sales for the full fiscal year ended January 31, 2023 was \$231.1 million, a 25.0% increase from \$184.8 million in the prior fiscal year. Gross margin for the full year was 36.9% compared to 33.0% last year. SG&A for the full year was 32.2% compared to 33.1% in the prior year. Operating income for the full year was \$10.8 million compared to a loss of \$0.3 million last year. Interest expense was \$2.0 million compared to \$1.2 million in the prior year, due to a combination of higher interest rates and slightly higher seasonal borrowing to support higher revenues.

For the full year, the inherent reliability and responsiveness of the Company's vertically integrated U.S. operations delivered meaningful improvements across all financial measures and added a number of new names to the Company's roster of active customers.

In the prior year, the Company recorded a valuation allowance against deferred tax assets, caused primarily by operating losses incurred in the prior years attributable to COVID and related supply chain challenges. In the current year, a solid return to profitability and a record order backlog at January 31, 2023 allowed the Company to reverse the valuation allowance. This one-time, non-cash, non-operating tax adjustment resulted in an income tax benefit of \$8.5 million compared to prior year income tax expense of \$11.4 million. Management cautions

against misreading this result and views operating results as a more accurate measure of the Company's performance.

Commenting on this year's results, Virco Chairman and CEO Robert Virtue said, "Our domestic factories and integrated support and service teams collaborated to deliver and install a record number of projects, both large and small, during last year's busy summer delivery period. We continue to prepare for an even more successful summer this year. While nothing is guaranteed, I am hopeful that we have returned to a solid level of revenue and margin that will allow continued profitability.

Virco President Doug Virtue had these additional comments, "The pandemic had the unexpected effect of accelerating certain trends in global sourcing, namely the now popular concept of "reshoring," or getting supply and service closer to the customer.

At Virco we're proud to say: 'Bring Jobs Home? We Never Left. '

"The nature of school furniture protected our revenue against overseas competition to a large degree, but nonetheless, Virco suffered sufficient competitive erosion in revenue and margin to put our results on a sawblade for the past decade: some years a profit, other years a loss. Now, with the post-pandemic rationalization of the all-in costs of importing, our U.S.-based operations appear to have returned us to healthy levels of revenue and operating margin. We know that competition is always evolving. But we like our current position and believe that our substantial operating annuity of over two million square feet of U.S. manufacturing and distribution infrastructure—operated by highly skilled and highly engaged U.S. workers—has positioned us for continued success in the future. I look forward to supporting the ongoing recovery of America's public and private schools, which we believe are this country's single most important investment in the future."

### **About Virco Mfg. Corporation**

Founded in 1950, Virco Mfg. Corporation is the largest manufacturer and supplier of moveable educational furniture and equipment for the preschool through 12th grade market in the United States. The Company manufactures a wide assortment of products, including mobile tables, mobile storage equipment, desks, computer furniture, chairs, activity tables, folding chairs and folding tables. Along with serving customers in the education market - which in addition to preschool through 12th grade public and private schools includes: junior and community colleges; four-year colleges and universities; trade, technical and vocational schools - Virco is a furniture and equipment supplier for convention centers and arenas; the hospitality industry with respect to banquet and meeting facilities; government facilities at the federal, state, county and municipal levels; and places of worship. The Company also sells to wholesalers, distributors, traditional retailers and catalog retailers that serve these same markets. With operations entirely based in the United States, Virco designs, manufactures, and ships its furniture and equipment from one facility in Torrance, CA and three facilities in Conway, AR. More information on the Company can be found at [www.virco.com](http://www.virco.com).

#### **Contact:**

Virco Mfg. Corporation  
(310) 533-0474

Robert A. Virtue, Chairman and Chief Executive Officer

Doug Virtue, President

Robert Dose, Chief Financial Officer

### **Non-GAAP Financial Information**

This press release includes a statement of shipments plus unshipped backlog as of March 31, 2023 compared to the same date in the prior fiscal year. Shipments represent the dollar amount of net sales actually shipped during the period presented. Unshipped backlog represents the dollar amount of net sales that we expect to recognize in the future from sales orders that have been received from customers in the ordinary course of business. The

Company considers shipments plus unshipped backlog a relevant and preferred supplemental measure for production and delivery planning. However, such measure has inherent limitations, is not required to be uniformly applied or audited and other companies may use methodologies to calculate similar measures that are not comparable. Readers should be aware of these limitations and should be cautious as to their use of such measure.

### **Statement Concerning Forward-Looking Information**

*This news release contains “forward-looking statements” as defined by the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, statements regarding: our future financial results and growth in our business; business strategies; market demand and product development; estimates of unshipped backlog; order rates and trends in seasonality; product relevance; economic conditions and patterns; the educational furniture industry generally, including the domestic market for classroom furniture; cost control initiatives; absorption rates; and supply chain challenges. Forward-looking statements are based on current expectations and beliefs about future events or circumstances, and you should not place undue reliance on these statements. Such statements involve known and unknown risks, uncertainties, assumptions and other factors, many of which are out of our control and difficult to forecast. These factors may cause actual results to differ materially from those that are anticipated. Such factors include, but are not limited to: uncertainties surrounding the severity, duration and effects of the COVID-19 pandemic; changes in general economic conditions including raw material, energy and freight costs; state and municipal bond funding; state, local, and municipal tax receipts; order rates; the seasonality of our markets; the markets for school and office furniture generally, the specific markets and customers with which we conduct our principal business; the impact of cost-saving initiatives on our business; the competitive landscape, including responses of our competitors and customers to changes in our prices; demographics; and the terms and conditions of available funding sources. See our Annual Report on Form 10-K for the year ended January 31, 2023, our Quarterly Reports on Form 10-Q, and other reports and material that we file with the Securities and Exchange Commission for a further description of these and other risks and uncertainties applicable to our business. We assume no, and hereby disclaim any, obligation to update any of our forward-looking statements. We nonetheless reserve the right to make such updates from time to time by press release, periodic reports, or other methods of public disclosure without the need for specific reference to this press release. No such update shall be deemed to indicate that other statements which are not addressed by such an update remain correct or create an obligation to provide any other updates.*

### **Financial Tables Follow**

**Virco Mfg. Corporation**  
**Consolidated Balance Sheets**

**January 31,**

**2023**

**2022**

(In thousands, except share and par value data)

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Current assets		
Cash	\$ 1,057	\$ 1,359
Trade accounts receivables (net of allowance for doubtful accounts of \$200 at January 31, 2023 and 2022)	18,435	17,769
Other receivables	68	118
Income tax receivable	19	152
Inventories	67,406	47,373
Prepaid expenses and other current assets	2,083	2,076
<b>Total current assets</b>	<u>89,068</u>	<u>68,847</u>
Property, plant, and equipment		
Land	3,731	3,731
Land improvements	686	653
Buildings and building improvements	51,310	51,334
Machinery and equipment	113,662	113,315
Leasehold improvements	983	1,009
<b>Total property, plant, and equipment</b>	<u>170,372</u>	<u>170,042</u>
Less accumulated depreciation and amortization	135,810	134,715
<b>Net property, plant, and equipment</b>	<u>34,562</u>	<u>35,327</u>
Operating lease right-of-use assets	10,120	13,870
Deferred income tax assets, net	7,800	399
Other assets	8,576	8,002
<b>Total assets</b>	<u>\$ 150,126</u>	<u>\$ 126,445</u>

**Virco Mfg. Corporation**  
**Consolidated Balance Sheets**

	<b>January 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(In thousands, except share and par value data)</b>	
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 19,448	19,785
Accrued compensation and employee benefits	9,554	5,596
Current portion of long-term debt	7,360	340
Current portion of operating lease liability	5,082	4,734
Other accrued liabilities	7,081	5,829
<b>Total current liabilities</b>	<b>48,525</b>	<b>36,284</b>
<b>Non-current liabilities</b>		
Accrued self-insurance	1,050	965
Accrued retirement benefits	10,676	15,430
Income tax payable	79	71
Long-term debt, less current portion	14,384	14,173
Operating lease liability, less current portion	6,796	11,437
Other long-term liabilities	555	639
<b>Total non-current liabilities</b>	<b>33,540</b>	<b>42,715</b>
<b>Commitments and contingencies</b>		
<b>Stockholders' equity</b>		
<b>Preferred stock:</b>		
Authorized 3,000,000 shares, \$0.01 par value; none issued or outstanding	—	—
<b>Common stock:</b>		
Authorized 25,000,000 shares, \$0.01 par value; issued and outstanding 16,210,985 shares in 2023 and 16,102,023 shares in 2022	162	161
Additional paid-in capital	120,890	120,492
Accumulated deficit	(50,631)	(67,178)
Accumulated other comprehensive loss	(2,360)	(6,029)
<b>Total stockholders' equity</b>	<b>68,061</b>	<b>47,446</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 150,126</b>	<b>\$ 126,445</b>



**Virco Mfg. Corporation**

**Consolidated Statements of Operations**

**Year ended January 31,**

**2023                      2022**

**(In thousands, except per share data)**

Net sales	\$ 231,064	\$ 184,828
Costs of goods sold	145,723	123,899
Gross profit	<u>85,341</u>	<u>60,929</u>
Selling, general, and administrative expenses	74,503	61,265
Operating income (loss)	<u>10,838</u>	<u>(336)</u>
Pension expense	816	2,197
Interest expense, net	1,979	1,195
Income (loss) before income taxes	<u>8,043</u>	<u>(3,728)</u>
Income tax (benefit) expense	(8,504)	11,408
Net income (loss)	<u>\$ 16,547</u>	<u>\$ (15,136)</u>
Net income (loss) per common share:		
Basic	\$ 1.03	\$ (0.95)
Diluted	\$ 1.02	\$ (0.95)
Weighted average shares outstanding:		
Basic	16,142	15,954
Diluted	16,192	15,954