

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): March 9, 2023

Hurco Companies, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Indiana

(State or Other Jurisdiction of Incorporation)

0-9143

(Commission File Number)

35-1150732

(IRS Employer Identification No.)

One Technology Way
Indianapolis, Indiana

(Address of Principal Executive Offices)

46268

(Zip Code)

(317) 293-5309

(Registrant's Telephone Number, Including Area Code)

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 (see General Instruction A.2. below):

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, no par value	HURC	The Nasdaq Stock Market LLC

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.

Item 2.02 Results of Operations and Financial Condition.

On March 10, 2023, Hurco Companies, Inc. (the “Company”) reported its results of operations for the first fiscal quarter ended January 31, 2023. The Company’s earnings release (the “Release”) for that period is attached as Exhibit 99.1 and the information set forth therein is incorporated herein by reference and constitutes a part of this report. The attached Exhibit 99.1 is furnished pursuant to Item 2.02 of Form 8-K.

Item 5.07 Submission of Matters to a Vote of Security Holders.

The Company held its Annual Meeting of Shareholders on March 9, 2023 (the “Annual Meeting”). The shareholders: (1) elected all eight of the Company’s nominees for director to serve until its next Annual Meeting of Shareholders; (2) approved, on an advisory basis, the compensation for the Company’s named executive officers as disclosed in the proxy statement for the Annual Meeting; (3) approved, on an advisory basis, a preference for future say-on-pay votes to be held on an annual basis; and (4) ratified the appointment of RSM US LLP to serve as the Company’s independent registered public accounting firm for the fiscal year ending October 31, 2023. Shares were voted on these proposals as follows:

	<u>Number of Votes FOR</u>	<u>Number of Votes WITHHELD</u>	<u>Broker Non- Votes</u>		
Election of Directors:					
Thomas A. Aaro	2,939,869	2,140,037	653,607		
Michael Doar	4,993,288	86,618	653,607		
Cynthia Dubin	5,023,183	56,723	653,607		
Timothy J. Gardner	5,020,620	59,286	653,607		
Jay C. Longbottom	2,939,094	2,140,812	653,607		
Richard Porter	2,919,349	2,160,557	653,607		
Janaki Sivanesan	4,764,849	315,057	653,607		
Gregory S. Volovic	5,020,237	59,669	653,607		
	<u>For</u>	<u>Against</u>	<u>Abstentions</u>	<u>Broker Non- Votes</u>	
Advisory vote to approve executive compensation:	4,052,666	899,775	127,465	653,607	
	<u>1 Year</u>	<u>2 Years</u>	<u>3 Years</u>	<u>Abstentions</u>	<u>Broker Non- Votes</u>
Advisory vote on frequency of future say-on-pay votes:	4,468,123	8,845	482,600	120,338	653,607
	<u>For</u>	<u>Against</u>	<u>Abstentions</u>	<u>Broker Non- Votes</u>	
Ratification of appointment of public accounting firm:	5,649,468	79,273	4,772	-	

In light of the advisory vote results on the frequency of future say-on-pay votes, and consistent with the recommendation of the Board of Directors (the “Board”) of the Company, the Board has determined that the Company will hold a shareholder advisory vote on executive compensation on an annual basis until the next required vote on the frequency of future say-on-pay votes.

Item 7.01 Regulation FD Disclosure.

The Release issued by the Company on March 10, 2023 also announced payment of a cash dividend of \$0.16 per share of common stock, payable on April 10, 2023, to the shareholders of record as of close of business on March 27, 2023. A copy of the Release is attached as Exhibit 99.1 to this report and is incorporated by reference herein.

Item 9.01 Financial Statements and Exhibits.

Exhibit Index

- | | |
|-------------|--|
| 99.1 | Press Release of Hurco Companies, Inc., dated March 10, 2023 |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |



SIGNATURES

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

Dated: March 10, 2023

HURCO COMPANIES, INC.

By: /s/ Sonja K. McClelland
Sonja K. McClelland, Executive Vice President,
Treasurer and Chief Financial Officer

FOR IMMEDIATE RELEASE
FRIDAY, MARCH 10, 2023

HURCO REPORTS FIRST QUARTER RESULTS FOR FISCAL YEAR 2023 AND ANNOUNCES QUARTELY CASH DIVIDEND

INDIANAPOLIS, INDIANA – March 10, 2023 -- Hurco Companies, Inc. (Nasdaq: HURC) today reported results for the first fiscal quarter ended January 31, 2023. Hurco recorded net income of \$1,330,000, or \$0.20 per diluted share, for the first quarter of fiscal year 2023, compared to net income of \$3,535,000, or \$0.53 per diluted share, for the corresponding period in fiscal year 2022.

Sales and service fees for the first quarter of fiscal year 2023 were \$54,682,000, a decrease of \$12,205,000, or 18%, compared to the corresponding prior year period, and included an unfavorable currency impact of \$3,189,000, or 5%, when translating foreign sales to U.S. dollars for financial reporting purposes.

Greg Volovic, Chief Executive Officer, stated, “Right now the global machine tool market is experiencing some oscillation in demand that seems unpredictable. Volatility in the macroeconomic environment is not unfamiliar territory to us, and we plan to continue our strategy to innovate and invest in new and advanced technologies. We still believe our historical practice of maintaining a strong balance sheet and cash flows will allow us to be opportunistic and prepared for the upside of these market cycles when they come. We also plan to stay the course on a balanced capital allocation strategy that prioritizes liquidity while recognizing the importance of targeting accretive growth and returning shareholder value.”

The following table sets forth net sales and service fees by geographic region for the first fiscal quarter ended January 31, 2023, and 2022 (dollars in thousands):

	Three Months Ended			
	January 31,			
	2023	2022	\$ Change	% Change
Americas	\$ 22,013	\$ 24,009	\$ (1,996)	(8%)
Europe	28,592	34,118	(5,526)	(16%)
Asia Pacific	4,077	8,760	(4,683)	(53%)
Total	\$ 54,682	\$ 66,887	\$ (12,205)	(18%)

Sales in the Americas for the first quarter of fiscal year 2023 decreased by 8%, compared to the corresponding period in fiscal year 2022, primarily due to a decreased volume of shipments of Hurco and Takumi machines.

European sales for the first quarter of fiscal year 2023 decreased by 16%, compared to the corresponding period in fiscal year 2022, and included an unfavorable currency impact of 8%, when translating foreign sales to U.S. dollars for financial reporting purposes. The decrease in European sales for the first quarter of fiscal year 2023 was primarily attributable to a decreased volume of shipments of Hurco and Takumi machines across the European region, partially offset by increased European sales of Milltronics machines and electro-mechanical components and accessories manufactured by our wholly owned subsidiary, LCM Precision Technology S.r.l. (“LCM”).

Asian Pacific sales for the first quarter of fiscal year 2023 decreased by 53%, compared to the corresponding period in fiscal year 2022, and included an unfavorable currency impact of 5%, when translating foreign sales to U.S. dollars for financial reporting purposes. The decrease in Asian Pacific sales primarily resulted from a reduced volume of shipments of Hurco and Takumi machines in China, Southeast Asia, and India. Orders for the first quarter of fiscal year 2023 were \$53,230,000, a decrease of \$17,625,000, or 25%, compared to the corresponding period in fiscal year 2022, and included an unfavorable currency impact of \$3,310,000, or 5%, when translating foreign orders to U.S. dollars.

The following table sets forth new orders booked by geographic region for the first fiscal quarter ended January 31, 2023 and 2022 (dollars in thousands):

	Three Months Ended			
	January 31,			
	2023	2022	\$ Change	% Change
Americas	\$ 19,687	\$ 22,116	\$ (2,429)	(11%)
Europe	29,886	40,665	(10,779)	(27%)
Asia Pacific	3,657	8,074	(4,417)	(55%)
Total	\$ 53,230	\$ 70,855	\$ (17,625)	(25%)

Orders in the Americas for the first quarter of fiscal year 2023 decreased by 11%, compared to the corresponding period in fiscal year 2022, primarily due to decreased customer demand for Hurco and Milltronics machines.

European orders for the first quarter of fiscal year 2023 decreased by 27%, compared to the corresponding prior year period, and included an unfavorable currency impact of 7%, when translating foreign orders to U.S. dollars. The decrease in orders was driven primarily by decreased customer demand for Hurco and Takumi machines in Germany and France, partially offset by increased customer demand for Hurco machines in Italy and the United Kingdom.

Asian Pacific orders for the first quarter of fiscal year 2023 decreased by 55%, compared to the corresponding prior year period, and included an unfavorable currency impact of 4%, when translating foreign orders to U.S. dollars. The decrease in Asian Pacific orders was driven primarily by a decrease in customer demand for Hurco and Takumi machines in China, Southeast Asia, and India.

Gross profit for the first quarter of fiscal year 2023 was \$12,718,000, or 23% of sales, compared to \$16,907,000, or 25% of sales, for the corresponding prior year period. The year-over-year decrease in gross profit as a percentage of sales was primarily due to the lower volume of sales of vertical milling machines across all sales regions, particularly the European sales region where we typically sell more of our higher-performance, higher-priced VMX series machines. Additionally, gross profit was negatively impacted by the allocation of fixed costs on lower sales and production volumes.

Selling, general, and administrative expenses for the first quarter of fiscal year 2023 were \$11,484,000, or 21% of sales, compared to \$11,697,000, or 17% of sales, in the corresponding fiscal year 2022 period, and included a favorable currency impact of \$581,000, when translating foreign expenses to U.S. dollars for financial reporting purposes.

The effective tax rate for the first quarter of fiscal year 2023 was 31%, compared to 32% in the corresponding prior year period. The year-over-year decrease in the effective tax rate was primarily due to changes in geographic mix of income and loss that includes jurisdictions with differing tax rates and a discrete item related to stock compensation.

Cash and cash equivalents totaled \$56,888,000 at January 31, 2023, compared to \$63,922,000 at October 31, 2022. Working capital was \$204,264,000 at January 31, 2023, compared to \$194,733,000 at October 31, 2022. The increase in working capital was primarily driven by increases in inventories, net and prepaid assets and decreases in accrued payroll and employee benefits and accounts payable, partially offset by decreases in cash and cash equivalents and accounts receivable, net.

On January 6, 2023, Hurco announced a share repurchase program in an aggregate amount of up to \$25.0 million. Repurchases under this program may be made in the open market or through privately negotiated transactions from time to time through November 10, 2024, subject to applicable laws, regulations, and contractual provisions. This program may be amended, suspended, or discontinued at any time and does not commit Hurco to repurchase any shares of its common stock.

Hurco's prior \$7.0 million share repurchase program also remains in effect until its scheduled expiration on March 10, 2023. During the first quarter of fiscal 2023, approximately 26,819 shares were repurchased at an aggregate value of approximately \$743,000 under that program, resulting in \$3.4 million remaining available under that program as of January 31, 2023.

Hurco also announced today that its Board of Directors approved the payment of a cash dividend of \$0.16 per share on its issued and outstanding common stock. The dividend will be paid on April 10, 2023, to shareholders of record as of the close of business on March 27, 2023. Future declarations of dividends are subject to approval of the Board of Directors and may be adjusted as business needs or market conditions change.

Hurco Companies, Inc. is an international, industrial technology company that sells its three brands of computer numeric control ("CNC") machine tools to the worldwide metal cutting and metal forming industry. Two of the Company's brands of machine tools, Hurco and Milltronics, are equipped with interactive controls that include software that is proprietary to each respective brand. The Company designs these controls and develops the software. The third brand of CNC machine tools, Takumi, is equipped with industrial controls that are produced by third parties, which allows the customer to decide the type of control added to the Takumi CNC machine tool. The Company also produces high-value machine tool components and accessories and provides automation solutions that can be integrated with any machine tool. The end markets for the Company's products are independent job shops, short-run manufacturing operations within large corporations, and manufacturers with production-oriented operations. The Company's customers manufacture precision parts, tools, dies, and/or molds for industries such as aerospace, defense, medical equipment, energy, transportation, and computer equipment. The Company is based in Indianapolis, Indiana, with manufacturing operations in Taiwan, Italy, the U.S., and China, and sells its products through direct and indirect sales forces throughout the Americas, Europe, and Asia. The Company has sales, application engineering support and service subsidiaries in China, the Czech Republic, England, France, Germany, India, Italy, the Netherlands, Poland, Singapore, the U.S., and Taiwan. Web Site: www.hurco.com

Certain statements in this news release are forward-looking statements that involve known and unknown risks, uncertainties, and other factors that may cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. These factors include, among others, the impact of the COVID-19 pandemic and other public health epidemics and pandemics on the global economy, our business and operations, our employees and the business, operations and economies of our customers and suppliers; the cyclical nature of the machine tool industry; uncertain economic conditions, which may adversely affect overall demand, in the Americas, Europe and Asia Pacific markets; the risks of our international operations; governmental actions, initiatives and regulations, including import and export restrictions, duties and tariffs and changes to tax laws; the effects of changes in currency exchange rates; competition with larger companies that have greater financial resources; the United Kingdom's withdrawal from the European Union (Brexit); our dependence on new product development; the need and/or ability to protect our intellectual property assets; the limited number of our manufacturing and supply chain sources; increases in the prices of raw materials, especially steel and iron products; the effect of the loss of members of senior management and key personnel; our ability to integrate acquisitions; acquisitions that could disrupt our operations and affect operating results; failure to comply with data privacy and security regulations; breaches of our network and system security measures; possible obsolescence of our technology and the need to make technological advances; impairment of our assets; negative or unforeseen tax consequences; uncertainty concerning our ability to use tax loss carryforwards; changes in the SOFR rate; and other risks and uncertainties discussed more fully under the caption "Risk Factors" in our filings with the Securities and Exchange Commission. We expressly disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Contact: Sonja K. McClelland
 Executive Vice President, Secretary, Treasurer, & Chief Financial Officer
 317-293-5309

Hurco Companies, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Three Months Ended	
	January 31,	
	2023	2022
	(unaudited)	
Sales and service fees	\$ 54,682	\$ 66,887
Cost of sales and service	41,964	49,980
Gross profit	12,718	16,907
Selling, general and administrative expenses	11,484	11,697
Operating income	1,234	5,210
Interest expense	16	7
Interest income	52	53
Investment income	29	178
Other income (expense), net	641	(256)
Income before taxes	1,940	5,178
Provision (benefit) for income taxes	610	1,643
Net income	\$ 1,330	\$ 3,535
Income per common share		
Basic	\$ 0.20	\$ 0.53
Diluted	\$ 0.20	\$ 0.53
Weighted average common shares outstanding		
Basic	6,583	6,616
Diluted	6,622	6,642
Dividends per share	\$ 0.15	\$ 0.14

OTHER CONSOLIDATED FINANCIAL DATA

	Three Months Ended	
	January 31,	
	2023	2022
	(unaudited)	
Operating Data:		
Gross margin	23%	25%
SG&A expense as a percentage of sales	21%	17%
Operating income as a percentage of sales	2%	8%
Pre-tax income as a percentage of sales	4%	8%
Effective tax rate	31%	32%
Depreciation and amortization	\$ 1,054	\$ 942
Capital expenditures	\$ 599	\$ 580
Balance Sheet Data:	1/31/2023	10/31/2022
Working capital	\$ 204,264	\$ 194,733
Days sales outstanding	49	38
Inventory turns	1.1	1.2
Capitalization		
Total debt	--	--
Shareholders' equity	232,850	222,644
Total	\$ 232,850	\$ 222,644

Hurco Companies, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)

	January 31, 2023	October 31, 2022
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 56,888	\$ 63,922
Accounts receivable, net	34,844	38,444
Inventories, net	168,608	156,207
Derivative assets	1,077	2,515
Prepaid and other assets	10,162	6,981
Total current assets	271,579	268,069
Property and equipment:		
Land	879	868
Building	7,352	7,352
Machinery and equipment	28,032	26,532
Leasehold improvements	4,697	4,351
Total property and equipment, gross	40,960	39,103
Less accumulated depreciation and amortization	(32,560)	(30,620)
Total property and equipment, net	8,400	8,483
Non-current assets:		
Software development costs, less accumulated amortization	7,310	7,302
Intangible assets, net	1,204	1,246
Operating lease - right of use assets, net	9,361	8,460
Deferred income taxes	3,742	3,442
Investments and other assets, net	9,914	9,235
Total non-current assets	31,531	29,685
Total assets	\$ 311,510	\$ 306,237
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 38,178	\$ 40,707
Customer deposits	5,991	4,839
Derivative liabilities	2,261	3,632
Operating lease liabilities	4,366	3,973
Accrued payroll and employee benefits	7,443	10,751
Accrued income taxes	3,213	2,611
Accrued expenses	4,456	5,397
Accrued warranty expenses	1,407	1,426
Total current liabilities	67,315	73,336
Non-current liabilities:		
Deferred income taxes	81	67
Accrued tax liability	1,281	1,281
Operating lease liabilities	5,347	4,814
Deferred credits and other	4,636	4,095
Total non-current liabilities	11,345	10,257
Shareholders' equity:		
Preferred stock: no par value per share, 1,000,000 shares authorized; no shares issued	-	-
Common stock: no par value, \$.10 stated value per share, 12,500,000 shares authorized; 6,675,917 and 6,645,352 shares issued and 6,587,694 and 6,566,994 shares outstanding, as of January 31, 2023 and October 31, 2022, respectively	659	657
Additional paid-in capital	63,621	63,635
Retained earnings	180,212	179,877
Accumulated other comprehensive loss	(11,642)	(21,525)
Total shareholders' equity	232,850	222,644
Total liabilities and shareholders' equity	\$ 311,510	\$ 306,237