

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

FORM 8-K

Current Report

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

Date of Report (Date of earliest event reported): September 12, 2022

OPTICAL CABLE CORPORATION

(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction of
incorporation or organization)

000-27022
(Commission
File Number)

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

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

24019
(Zip Code)

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

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

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

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

Title of Each Class
Common Stock, no par value

Trading Symbol
OCC

Name of exchange on which registered
Nasdaq Global Market

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

Emerging growth company

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

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Exhibits

Item 2.02 Results of Operations and Financial Condition

On September 12, 2022, Optical Cable Corporation issued a press release announcing its third quarter of fiscal year 2022 financial results. Also on September 12, 2022, Optical Cable Corporation held an earnings call. The press release is attached hereto as Exhibit 99.1 and the transcript for the earnings call is attached as Exhibit 99.2.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

The following are filed as Exhibits to this Report.

Exhibit No.	Description of Exhibit
99.1	Press Release dated September 12, 2022 (FILED HEREWITH)
99.2	Transcript of earnings call on September 12, 2022 (FILED HEREWITH)
104	Cover page Interactive Data File (embedded within the inline XBRL document)

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SIGNATURES

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

OPTICAL CABLE CORPORATION

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

Dated: September 13, 2022

**OPTICAL CABLE CORPORATION**

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FOR IMMEDIATE RELEASE

**OPTICAL CABLE CORPORATION REPORTS
 THIRD QUARTER OF 2022 FINANCIAL RESULTS**

*OCC® Achieves Year-over-Year Increases in Net Sales and Gross Profit
 in the Third Quarter and First Nine Months of Fiscal Year 2022*

Roanoke, Va., September 12, 2022 — Optical Cable Corporation (Nasdaq GM: OCC) (“OCC®” or the “Company”) today announced financial results for its third quarter ended July 31, 2022.

Third Quarter 2022 Financial Results

Consolidated net sales for the third quarter of fiscal year 2022 increased 11.2% to \$17.4 million, compared to net sales of \$15.6 million for the same period last year. The Company experienced an increase in net sales in its specialty markets, including the wireless carrier market, in the third quarter of fiscal 2022, compared to the same period last year. The increase was partially offset by a decrease in net sales in the enterprise market.

During the third quarter of fiscal year 2022, the Company continued to see product demand, sales and production volume increase compared to the same period last year. Its sales order backlog/forward load exceeded \$15.0 million at the end of the third quarter of fiscal year 2022—remaining approximately three-to-five times higher than typical levels—as product demand continues to be robust.

Production volumes continued to be tempered during the third quarter of fiscal year 2022 by supply chain and labor constraints, hindering further net sales increases. The Company experienced improvement in production labor recruitment during the third quarter of fiscal year 2022, from which the Company expects to benefit in the future. The training of new production employees impacts production volumes (and labor costs) until those employees are fully trained and operating at capacity.

Gross profit increased 17.6% to \$4.8 million in the third quarter of fiscal year 2022, compared to gross profit of \$4.1 million for the same period last year.

Gross profit margin, or gross profit as a percentage of net sales, was 27.7% in the third quarter of fiscal year 2022 compared to 26.2% in the third quarter of fiscal year 2021.

Gross profit margins during the third quarter of fiscal year 2022 were impacted by increases in production labor and material costs, partially offset by necessary prospective price increases on new sales orders for many of the Company's products.

SG&A expenses increased to \$5.0 million during the third quarter of fiscal year 2022, compared to \$4.5 million for the third quarter of fiscal year 2021. The increase in SG&A expenses was primarily the result of net increases in employee and contracted sales personnel related costs.

For the third quarter of fiscal year 2022, OCC recorded a net loss of \$372,000, or \$0.05 per basic and diluted share, compared to net income of \$5.4 million, or \$0.71 per basic and diluted share, for the third quarter of fiscal year 2021, with gain on the extinguishment of the Company's paycheck protection program loan and employee retention tax credit positively impacting results in the third quarter of fiscal year 2021.

Fiscal Year-to-Date 2022 Financial Results

Consolidated net sales for the first nine months of fiscal year 2022 increased 13.3% to \$49.0 million, compared to net sales of \$43.3 million for the first nine months of fiscal year 2021. The Company achieved increases in net sales in both its enterprise and specialty markets, including the wireless carrier market, in the first nine months of fiscal year 2022, compared to the same period last year.

OCC reported gross profit of \$13.9 million in the first nine months of fiscal year 2022, an increase of 23.8% compared to gross profit of \$11.2 million in the first nine months of fiscal year 2021.

The Company's gross profit margins tend to be higher when it achieves higher net sales levels due to its operating leverage, as certain fixed manufacturing costs are spread over higher sales. This operating leverage positively impacted the gross profit margin during the first nine months of fiscal year 2022, particularly during the first quarter of fiscal year 2022. This positive impact during the first quarter of fiscal year 2022 was partially offset during the second and third quarters by the impact of increasing costs of raw materials, created by rapidly occurring inflation, for sales orders accepted prior to raw material cost increases.

SG&A expenses increased 10.0% to \$14.8 million during the first nine months of fiscal year 2022 from \$13.4 million for the first nine months of fiscal year 2021. The increase in SG&A expenses during the first nine months of fiscal year 2022 compared to the first nine months of fiscal year 2021 was primarily the result of increases in employee and contracted sales personnel related costs.

OCC recorded a net loss of \$1.5 million, or \$0.20 per basic and diluted share, for the first nine months of fiscal year 2022, compared to net income of \$6.6 million, or \$0.88 per basic and diluted share, for the first nine months of fiscal year 2021, with gain on the extinguishment of the Company's paycheck protection program loan and employee retention tax credits positively impacting results during the first nine months of fiscal year 2021.

Management's Comments

Neil Wilkin, President and Chief Executive Officer of OCC, said, “Our third quarter results reflect the OCC team’s success executing in a dynamic market that continues to demonstrate robust demand for our diversified product offering. During the quarter, we made progress in scaling up our production team to increase our production capacity, and these efforts will continue so we can meet expected strong product demand and capture additional growth opportunities. In addition, the OCC team continued to successfully execute strategies designed to mitigate the impact of supply chain constraints and inflationary pressures.”

Mr. Wilkin added, “As a result of our growth strategies, demand for our suite of mission-critical cabling and connectivity products and solutions continues to be strong, and our large sales order backlog bodes well for the remainder of the fiscal year and into next year. We continue to focus on executing our growth strategies, increasing production capacity and operating efficiently as we serve our customers and end-users and drive enhanced value for shareholders.”

Conference Call Information

As previously announced, OCC will host a conference call today, September 12, 2022, at 10:00 a.m. Eastern Time. Individuals wishing to participate in the conference call should call (800) 225-9448 in the U.S. or (203) 518-9856 internationally, Conference ID: OCCQ322. For interested individuals unable to join the call, a replay will be available through Monday, September 19, 2022 by dialing (800) 839-5637 or (402) 220-2562. The call will also be broadcast live over the internet and can be accessed by visiting the investor relations section of the Company’s website at www.occfiber.com.

Company Information

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

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

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

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

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

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

FORWARD-LOOKING INFORMATION

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

(Financial Tables Follow)

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

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2022	2021	2022	2021
Net sales	\$ 17,383	\$ 15,635	\$ 49,024	\$ 43,252
Cost of goods sold	<u>12,575</u>	<u>11,545</u>	<u>35,136</u>	<u>32,033</u>
Gross profit	4,808	4,090	13,888	11,219
SG&A expenses	4,954	4,531	14,771	13,428
Royalty (income) expense, net	6	5	20	(45)
Amortization of intangible assets	<u>14</u>	<u>11</u>	<u>38</u>	<u>34</u>
Loss from operations	(166)	(457)	(941)	(2,198)
Interest expense, net	(198)	(175)	(539)	(530)
Other, net	<u>2</u>	<u>6,009</u>	<u>(39)</u>	<u>9,322</u>
Other income (expense), net	<u>(196)</u>	<u>5,834</u>	<u>(578)</u>	<u>8,792</u>
Income (loss) before income taxes	(362)	5,377	(1,519)	6,594
Income tax expense (benefit)	<u>10</u>	<u>4</u>	<u>17</u>	<u>(22)</u>
Net income (loss)	<u>\$ (372)</u>	<u>\$ 5,373</u>	<u>\$ (1,536)</u>	<u>\$ 6,616</u>
Net income (loss) per share:				
Basic and diluted	<u>\$ (0.05)</u>	<u>\$ 0.71</u>	<u>\$ (0.20)</u>	<u>\$ 0.88</u>
Weighted average shares outstanding:				
Basic and diluted	<u>7,517</u>	<u>7,548</u>	<u>7,525</u>	<u>7,540</u>

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

	July 31, 2022	October 31, 2021
Cash	\$ 192	\$ 132
Trade accounts receivable, net	10,154	8,376
Inventories	18,687	16,304
Other current assets	368	2,754
Total current assets	29,401	27,566
Non-current assets	9,607	10,351
Total assets	<u>\$ 39,008</u>	<u>\$ 37,917</u>
Current liabilities	\$ 7,076	\$ 6,168
Non-current liabilities	11,048	9,543
Total liabilities	18,124	15,711
Total shareholders' equity	20,884	22,206
Total liabilities and shareholders' equity	<u>\$ 39,008</u>	<u>\$ 37,917</u>

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Transcript: OCC – Q3 2022 Earnings Conference Call – 9/12/22 10:00 AM

CORPORATE PARTICIPANTS

Neil D. Wilkin - Optical Cable Corporation - Chairman, President & CEO

Tracy G. Smith - Optical Cable Corporation - Senior VP, CFO & Corporate Secretary

Aaron Palash - Joele Frank, Wilkinson Brimmer Katcher - IR

CONFERENCE CALL PARTICIPANTS

Michael Jones - WCM Global Wealth

PRESENTATION

Operator

(Operator Instructions) Good morning. My name is Katie, and I will be your conference operator today. At this time, I would like to welcome you to the Optical Cable Corporation third quarter 2022 earnings conference call. (Operator Instructions) Mr. Palash, you may begin your conference.

Aaron Palash - Joele Frank, Wilkinson Brimmer Katcher - IR

Terrific. Thank you. Good morning, and thank you all for participating on Optical Cable Corporation's third quarter of fiscal year 2022 conference call. By this time, everyone should have a copy of the earnings press release issued earlier today. You can also visit www.occfiber.com for a copy.

On the call with us today are Neil Wilkin, President and Chief Executive Officer of OCC, and Tracy Smith, Senior Vice President and Chief Financial Officer. Before we begin, I'd like to remind everyone that this call may contain forward-looking statements that involve risks and uncertainties. The actual future results of Optical Cable Corporation may differ materially due to a number of factors and risks including, but not limited to, those factors referenced in the forward-looking statements section of this morning's press release. These cautionary statements apply to the contents of the Internet webcast on www.occfiber.com as well as today's call. With that, I'll turn the call over to Neil Wilkin. Neil, please begin.

Neil D. Wilkin - Optical Cable Corporation - Chairman, President & CEO

Thank you, Aaron, and good morning, everyone. I will begin today's call with a few opening remarks. Tracy will then review the third quarter results for the three-month and nine-month periods ended July 31, 2022 in some additional detail. After Tracy's remarks, we will answer as many of your questions as we can. As is our normal practice, we will only take questions from analysts and institutional investors during the Q&A session. However, we also offer other shareholders the opportunity to submit questions in advance of our earnings call. Instructions regarding such submissions are included in our press release announcing the date and time of our call today.

Before I move into the quarter and our results, I wanted to note that yesterday was, of course, the anniversary of 9/11. At OCC, we are very proud of the work we do to support our armed services and first responders. It is our honor to ensure the uninterrupted supply of our mission-critical products to our country's military, first responders and other essential workers, including healthcare facilities and hospitals. And we thank all of these people for providing their service and for their sacrifice.

With that, our third quarter results reflect the OCC's team's success in executing in a dynamic market. Demand for our suite of mission-critical cabling and connectivity products and solutions continues to be strong. The increase we saw in our net sales during the quarter reflect that robust demand and the successful execution of our growth strategies. This strong demand has created a large sales order backlog/forward load, which exceeded \$15 million at the end of the third quarter, continuing to be at higher than typical levels even as sales have increased.

During the third quarter, we made progress in scaling up our production team to increase our production capacity. Labor constraints have been an ongoing issue this year, and we were pleased with the progress we've made on this front. We focused on getting our new production team members fully up to speed as soon as possible. Given the nature of our products, there is a learning curve as we train our new employees. We also continue to work to expand our team so that we can meet expected strong and growing product demand and capture additional growth opportunities. We expect to benefit from our new employee recruitment going forward.

At the same time, our ability to drive further net sales growth was affected by supply chain constraints and inflationary pressures. During the quarter, we continued to operate efficiently and successfully and execute strategies designed to mitigate the impact of these pressures.

Looking ahead, we believe we have strong momentum. As I mentioned, we ended the quarter with a large sales order backlog which bodes well for the remainder of the fiscal year and into next year. As we head into the fourth quarter, we continue to focus on executing our growth strategies, operating efficiently, and increasing production capacity by managing production labor constraints and supply chain challenges.

We appreciate the opportunity to meet the evolving and unique needs of our customers, installers, specifiers and end users. And we look forward to executing on our plans to drive value for shareholders.

With that, I'll turn the call over to Tracy, who will review in additional detail our third quarter of fiscal year 2022 financial results.

Tracy G. Smith - Optical Cable Corporation - Senior VP, CFO & Corporate Secretary

Thank you, Neil.

Consolidated net sales for the third quarter of fiscal 2022 increased 11.2% to \$17.4 million compared to net sales of \$15.6 million for the same period last year. Consolidated net sales for the first nine months of fiscal 2022 were \$49 million, an increase of 13.3% compared to net sales of \$43.3 million for the same period last year.

We continue to see product demand, sales and production volumes increased compared to the same periods last year. Our sales order backlog/forward load exceeded \$15 million at the end of the third quarter of fiscal 2022, remaining approximately three-to-five times higher than typical levels as product demand continues to be robust.

At the same time, supply chain and labor constraints continued to impact production volumes, sales and costs. We did, however, experience improvement in production labor recruitment during the third quarter of fiscal year 2022, and we believe the Company will benefit in the future as a result. As expected, the training of new production employees impacts production volumes and labor costs until those employees are fully trained and operating at capacity.

Turning to gross profit. Our gross profit increased 17.6% to \$4.8 million in the third quarter of fiscal 2022 compared to gross profit of \$4.1 million in the third quarter of fiscal 2021. Gross profit margin, or gross profit as a percentage of net sales, was 27.7% in the third quarter of fiscal 2022 compared to 26.2% for the same period last year. Gross profit was \$13.9 million in the first nine months of fiscal 2022, an increase of 23.8% compared to \$11.2 million in the first nine months of fiscal 2021. Gross profit margin increased to 28.3% in the first nine months of fiscal 2022 compared to 25.9% in the first nine months of fiscal 2021.

During the third quarter of fiscal 2022, gross profit margins were impacted by increases in production labor and material costs, including the expense of new production employees in training. These increases were partially offset by necessary prospective price increases on new sales orders for many of the company's products.

Additionally, our gross profit margins tend to be higher when the Company achieves higher net sales levels as certain fixed manufacturing costs are spread over higher sales. This operating leverage, which is beneficial at higher sales levels, positively impacted our gross profit margins in the third quarter and first nine months of fiscal year 2022, but was partially offset by the impact of increasing costs of raw materials created by rapidly occurring inflation, for sales orders accepted prior to raw material cost increases.

SG&A expenses increased to \$5 million during the third quarter of fiscal 2022 compared to \$4.5 million for the same period last year. SG&A expenses as a percentage of net sales were 28.5% in the third quarter of fiscal 2022 compared to 29% in the third quarter of fiscal 2021. SG&A expenses increased to \$14.8 million during the first nine months of fiscal 2022 compared to \$13.4 million for the same period last year. SG&A expenses as a percentage of net sales were 30.1% in the first nine months of fiscal 2022 compared to 31% in the first nine months of fiscal 2021. The increase in SG&A expenses during the third quarter and first nine months of fiscal 2022 compared to the same period last year was primarily the result of net increases in employee and contracted sales personnel related costs, as expected as net sales have increased.

OCC recorded a net loss of \$372,000, or \$0.05 per basic and diluted share, for the third quarter of fiscal 2022 compared to net income of \$5.4 million, or \$0.71 per basic and diluted share, for the third quarter of fiscal 2021. OCC recorded a net loss of \$1.5 million, or \$0.20 per basic and diluted share, for the first nine months of fiscal 2022 compared to net income of \$6.6 million, or \$0.88 per basic and diluted share, for the first nine months of fiscal 2021.

During the third quarter of fiscal year 2022, we received the remaining \$2.2 million Employee Retention Tax Credit receivable.

With that, I will turn the call back over to Neil.

Neil D. Wilkin - Optical Cable Corporation - Chairman, President & CEO

Thank you, Tracy. And now if any analysts and institutional investors have any questions, we're happy to answer them. Operator, if you could please indicate the instructions for our participants to call in any questions they may have. Again, we are only taking live questions from analysts and institutional investors.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question will come from Michael Jones with WCM Global Wealth.

Michael Jones - WCM Global Wealth

Hi. Thank you for doing the call and taking my question. I wanted to know a little bit more about the hedging you may have done with regard to copper and if you could break down the elements of copper within your cost of goods sold and how you expect that to affect results going forward and also how it affected results in the last quarter specifically.

Neil D. Wilkin - Optical Cable Corporation - Chairman, President & CEO

So, thank you for your question, Michael. While we sell copper products, copper pricing hasn't significantly impacted our results one way or the other. We're able to, for the category cables that we sell, we're able to price that in a way where the costs essentially match those prices for the products sold. We also include copper in hybrid cable for fiber to the antenna and some other products. But again, copper hasn't been a big factor in impacting our cost of goods sold, or any fluctuations in cost of goods sold.

Michael Jones - WCM Global Wealth

So it's passed through either immediately or as part of the contract you may have with buyers? Or have you just stockpiled enough of it that you could work off a lower cost inventory in order to keep the cost of goods sold in line?

Neil D. Wilkin - Optical Cable Corporation - Chairman, President & CEO

Essentially, it ends up being, for all practical purposes a pass-through without going into the details of how we manage that, but essentially ends up being a pass-through. As copper prices have increased, we've seen some small benefit on certain products, but I wouldn't say that it's material to our results.

Michael Jones - WCM Global Wealth

Ok, thank you.

Operator

It appears we have no further questions at this time. I would now like to turn the program back over to management for any additional or closing remarks.

Neil D. Wilkin - Optical Cable Corporation - Chairman, President & CEO

Thank you. I believe we have some questions from individual shareholders. Aaron, if you don't mind reading those, we're happy to address any of those questions.

Aaron Palash - Joele Frank, Wilkinson Brimmer Katcher - IR

Sure. I do have a couple of questions that were submitted. The first one, does OCC sell products to the broadband fiber to the home market? And will OCC be able to benefit from the billions of dollars the government is spending on rural digital opportunity fund subsidies.

Neil D. Wilkin - Optical Cable Corporation - Chairman, President & CEO

Thanks, Aaron. OCC's -- our primary target markets are not the broadband and fiber-to-the-home market or the long-haul telco market. Products for these markets are primarily outside plant or, as in the industry, they're called OSP cables, that are high fiber count with specifications and production equipment different from the products for the enterprise market and specialty markets that are OCC's focus. We do manufacture products for the fiber to the home -- I mean, excuse me, fiber to the antenna market or the FTTA market. And that's a market which we continue to see strength and growth opportunities.

We also see some manufacturing -- we also manufacture products -- for certain products that benefit from the growth in the broadband or fiber-to-the-home market. And as you'd expect, we would continue to see growth opportunities for those products in the future. And so indirectly, we believe we'll see some benefit from the RDOF subsidies, but it won't be as significant as some of the competitors who focus more extensively on the OSP fiber cables.

Aaron Palash - Joele Frank, Wilkinson Brimmer Katcher - IR

Terrific. Last question, when do you expect the company to become profitable?

Neil D. Wilkin - Optical Cable Corporation - Chairman, President & CEO

Thank you, Aaron. Fiscal year 2022 has really been a transition year for OCC. We, like others, moved from a COVID impacted economy into the economy started to move more toward a normal economy, back to the pre-COVID period. As a result of that, as well as the result of what we've been doing in executing our growth strategies for our products, we've seen strength in our particular markets and we've seen increased demand for our products during this year. We expect that growth to continue into next year. And that will contribute to us returning to profitability as we grow sales.

Transcript: OCC – Q3 2022 Earnings Conference Call – 9/12/22 10:00 AM

At the same time, in 2022, even though sales have been growing, we've seen new challenges with tight labor markets, supply chain constraints and inflation impacting material and labor costs. We have been managing these challenges, particularly the labor and supply chain constraints, specifically. We've also been able to prospectively increase prices for certain products given increased costs. So from our perspective, as labor and supply chain constraints ease, we believe OCC sales will increase to meet the strong demand for our products that we currently see and this is what's going to enable us to return to profitability.

As we've mentioned before, Tracy mentioned, and I mentioned it as well, and previously in our comments, we do have a substantial sales order backlog/forward load, and it exceeded \$15 million as of the end of the quarter. And we believe that bodes well for our ability to further increase sales. We are taking all the actions we believe are necessary to return to profitability as quickly as possible, and we'll continue to do so. Was there anything further, Aaron?

Aaron Palash - Joele Frank, Wilkinson Brimmer Katcher - IR

No. That was the last question.

Neil D. Wilkin - Optical Cable Corporation - Chairman, President & CEO

Okay. Well, with that, I would like to thank everyone for listening to our third quarter of fiscal year 2022 conference call today. As always, we appreciate your time and your interest in Optical Cable Corporation. And again, we'd like to thank the servicemen and women for their service in protecting our liberty and freedom, and thank our first responders for their service and their efforts to keep our communities safe. And with that, thank you.

Operator

Thank you. Ladies and gentlemen, this concludes today's event. You may now disconnect.