

Letter to Shareholders

 **CLEARFIELD**
Second Quarter of Fiscal 2026



We are pleased to announce financial results for the second quarter of fiscal 2026 that were in line with our guidance, reflecting continued execution against our plan and delivery to our forecast. Net sales from continuing operations were \$34.4 million, which came in toward the high end of our guidance range of \$32 to \$35 million. Our performance was driven by continued strength in our Community Broadband market with year-to-date revenue up 5% over the same period last year. Our net loss per share of \$0.04 was within our guidance range. Our backlog increased 39% sequentially, resulting in a book-to-bill ratio of 1.3 for the quarter, consistent with typical summer seasonality and supportive of our outlook for the second half of the year.

We are focused on consistent execution while investing in Clearfield's next phase of growth. To that end, we are building a significant pipeline of opportunities beyond our traditional broadband customer base. While these adjacent markets have yet to contribute meaningful revenue, we believe they represent a compelling avenue for future expansion and early indications are encouraging.

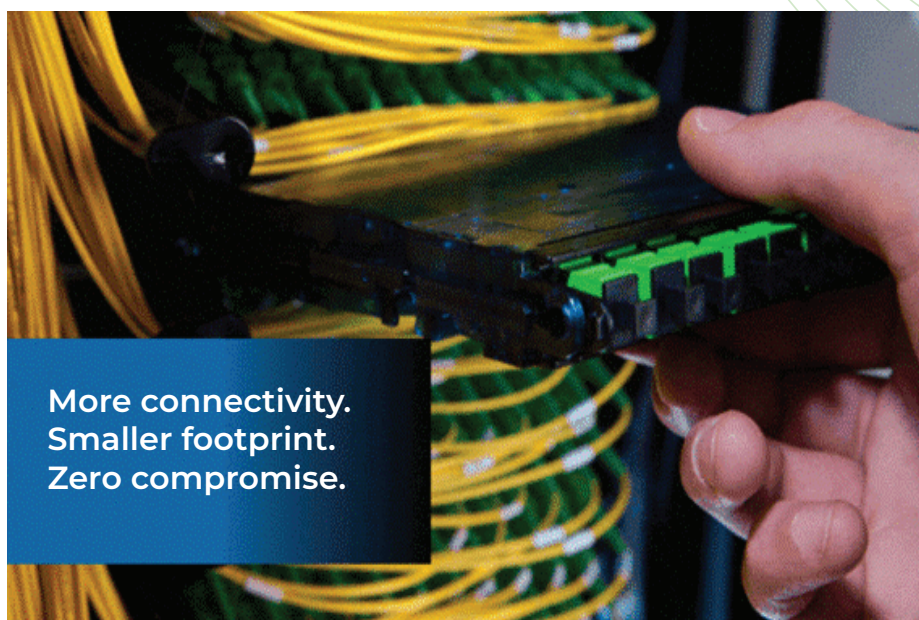
Recently, Clearfield hosted its inaugural Fiber to the Future summit at our headquarters, a program that brought together key thought leaders from across our industry. The event featured demonstrations of our BABA-ready cable extrusion capabilities and optical fiber termination solutions, alongside insights from these thought leaders. Participants, including executives from service providers, our top distributors, industry media, and association leaders, gained a clear view of how Clearfield's innovation and operational excellence position us to meet the growing data infrastructure demands driven by fiber-enabled artificial intelligence.

From an industry perspective, the pace of the BEAD funding process continues to be the primary constraint on our core business. While we are seeing early-stage planning and design activity across our customer base, the timing of funding disbursements remains uncertain, which is delaying order activity. We continue to expect meaningful BEAD-related revenue to materialize in fiscal year 2027 as the program is deployed across the states.

In response to the current environment, we have maintained a proactive approach to ensure we are well positioned as demand materializes. We are deepening engagement with customers as projects progress toward execution and aligning our resources to support anticipated build activity, including compliance with BABA requirements. Our focus remains on understanding where customers are in their planning process and how we best support them as projects take shape. We believe this approach enables us to allocate resources effectively and stay closely aligned with customers as their deployments advance.

Looking ahead, we are increasingly focused on longer-term opportunities tied to distributed compute and edge infrastructure. Industry trends continue to support a shift toward compute closer to the end user, as low-latency AI applications require faster processing capabilities between compute and storage rather than relying solely on centralized data centers. This dynamic will drive the buildout of smaller, distributed edge locations that operate like compact data centers and require high-density fiber connectivity, particularly in markets served by community broadband providers. As a result, there is growing demand for solutions that can be deployed quickly, scaled efficiently, and replicated across numerous sites.

We are actively positioning the Company to participate in this evolution. Our NOVA™ platform, announced last quarter, is designed to address this need by enabling the flexibility and scalability required to support the next generation of edge AI infrastructure. The platform has been well received, and we anticipate shipping product in the second half of this fiscal year. You can also expect a series of new product launches later this year as we bring proven, hardened, reliable and scalable outside plant techniques and strategies into this space.



**More connectivity.
Smaller footprint.
Zero compromise.**

As a reminder, in November 2025 we completed the sale of our Nestor Cables business. As a result, all financial results presented for fiscal year 2025 and all prior periods reflect the Clearfield segment as continuing operations only, with Nestor results reported under discontinued operations in our Statement of Earnings and Statement of Cash Flows and reported as assets and liabilities held for sale in our Balance Sheet. With this transaction behind us, our focus and portfolio are now fully centered on the Clearfield business and the execution of our core strategy.

Fiscal Q2 2026 Financial Summary

Fiscal Q2 2026 Financial Summary

(in millions except per share data and percentages)

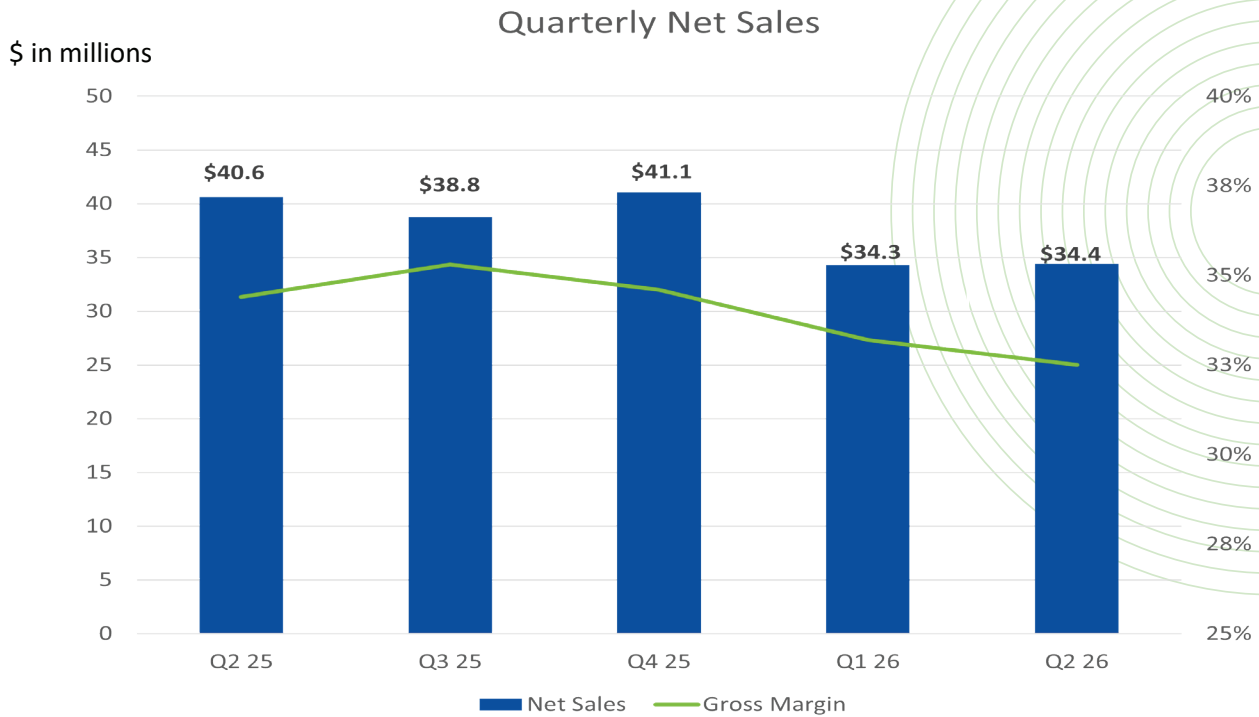
	Q2 2026	vs. Q2 2025	Change	Change (%)
Net Sales from Continuing Operations	\$ 34.4	\$ 40.6	\$ (6.2)	-15%
Gross Profit (\$) from Continuing Operations	\$ 11.2	\$ 14.0	\$ (2.8)	-20%
Gross Profit (%) from Continuing Operations	32.5%	34.4%	-1.9%	-6%
(Loss) Income from Operations from Continuing Operations	\$ (2.1)	\$ 1.7	\$ (3.8)	-223%
Income Tax (Benefit) Expense from Continuing Operations	\$ (0.2)	\$ 0.7	\$ (0.9)	-124%
Net (Loss) Income from Continuing Operations	\$ (0.5)	\$ 2.5	\$ (3.1)	-121%
Net (Loss) Income per Diluted Share from Continuing Operations	\$ (0.04)	\$ 0.18	\$ (0.22)	-122%
Net Loss from Discontinued Operations, net of tax	\$ -	\$ (1.2)	\$ 1.2	100%
Net Loss per Diluted Share from Discontinued Operations	\$ -	\$ (0.09)	\$ 0.09	100%
Consolidated Net (Loss) Income Per Diluted Share	\$ (0.04)	\$ 0.09	\$ (0.13)	-144%

Fiscal Q2 YTD 2026 Financial Summary

Fiscal Q2 YTD 2026 Financial Summary

(in millions except per share data and percentages)

	2026 YTD	vs. 2025 YTD	Change	Change (%)
Net Sales from Continuing Operations	\$ 68.7	\$ 70.3	\$ (1.6)	-2%
Gross Profit (\$) from Continuing Operations	\$ 22.5	\$ 22.6	\$ (0.1)	0%
Gross Profit (%) from Continuing Operations	32.8%	32.2%	0.6%	2%
Loss from Operations from Continuing Operations	\$ (3.9)	\$ (0.4)	\$ (3.5)	971%
Income Tax (Benefit) Expense from Continuing Operations	\$ (0.2)	\$ 0.8	\$ (1.0)	-123%
Net (Loss) Income from Continuing Operations	\$ (0.8)	\$ 2.2	\$ (3.0)	-137%
Net (Loss) Income per Diluted Share from Continuing Operations	\$ (0.06)	\$ 0.16	\$ (0.22)	-138%
Net Loss from Discontinued Operations, net of tax	\$ (0.3)	\$ (2.8)	\$ 2.4	88%
Net Loss per Diluted Share from Discontinued Operations	\$ (0.02)	\$ (0.20)	\$ 0.18	90%
Consolidated Net Loss Per Diluted Share	\$ (0.08)	\$ (0.04)	\$ (0.04)	-100%



Net sales from continuing operations in the second quarter of fiscal 2026 were \$34.4 million, a 15% decrease from \$40.6 million in the prior year’s second quarter. The decline was partially due to a pull-in by a large customer into last year’s second quarter from our fiscal year 2025 third quarter and partially due to the continued pressure on sales from BEAD delays. Revenue was flat sequentially, primarily due to expected seasonality in the winter months.

Our backlog as of March 31, 2026, increased 39% to \$31.6 million from \$22.8 million on December 31, 2025. This increase is consistent with normal seasonality in the business. Our average lead time remains steady at approximately four weeks across most product lines, with continued progress toward our two-week target for certain products.

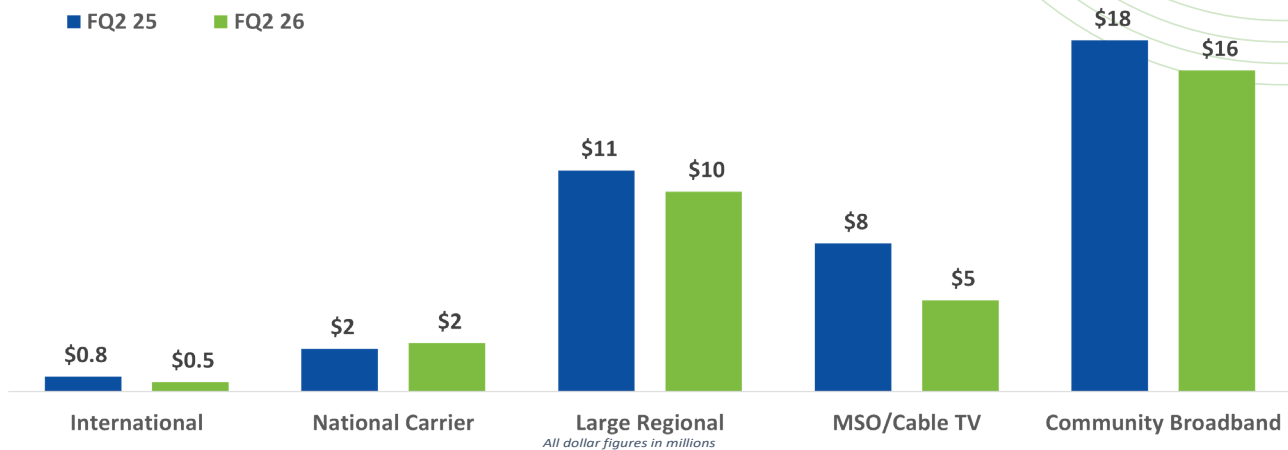
Net Sales Comparison by Key Market

In our primary market, Community Broadband, net sales for the second quarter of fiscal 2026 were \$16.5 million, which comprised 48% of total net sales in the quarter. Net sales in Community Broadband decreased by 9% from the prior year's second quarter and were flat sequentially. Community Broadband continues to be affected by the delays in the BEAD program.

Net sales in the Large Regional Service Provider market were \$10.3 million in the second quarter, which comprised 30% of total net sales in the quarter and decreased by approximately 10% from the prior year's second quarter due to orders being pulled into last year's second quarter, as noted above. Our Large Regional Service Provider business experienced a sequential uptick of 32% from the first quarter of fiscal 2026 as additional Large Regional customers expanded their build programs.

Net sales in the MSO market for the second quarter of fiscal 2026 were \$4.7 million, which comprised 14% of total net sales in the quarter and decreased by approximately 38% from the prior year's second quarter. Our MSO business saw a 25% sequential decline from the first quarter of fiscal 2026, reflecting seasonality and the lumpiness in this business which we have seen in previous quarters. Our pipeline suggests that we would expect a strong second half in this market.

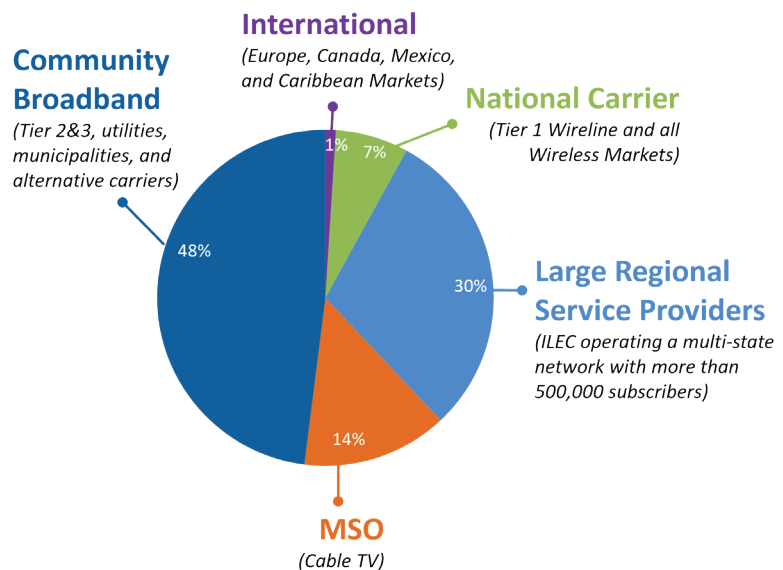
Quarterly Net Sales¹



¹Based on net sales of \$34.4 million for Clearfield and Point of Sales (POS) reporting from distributors who resell our product line into these markets. The Company previously listed Legacy Market in this slide. However, the Company no longer serves this market as it divested itself of its copper product line manufacturing in FY25 Q4 and sales for FY26 Q2 were immaterial.

Q2 FY26 Net Sales Composition Ended 3/31/26¹

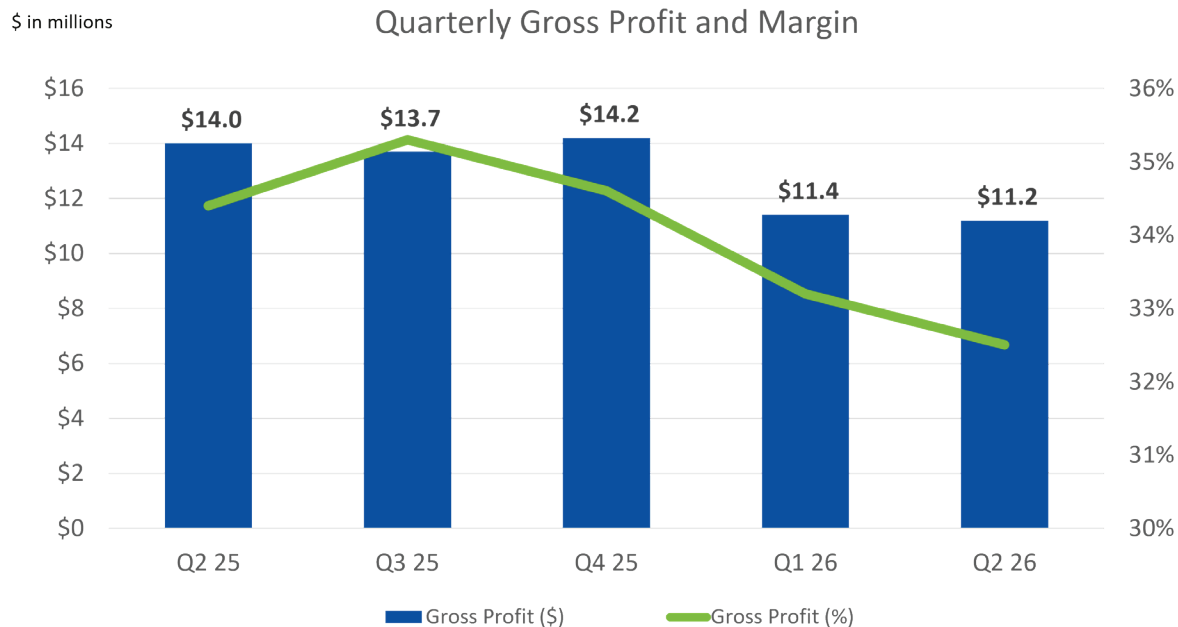
Net sales in the National Carrier market were \$2.5 million in the second quarter of fiscal 2026, which comprised 7% of total net sales in the quarter and increased by approximately 13% from the prior year's second quarter. Our National Carrier business increased 23% sequentially from the first quarter of fiscal 2026, as a result of higher demand for our FieldShield® fiber solutions, which are gaining traction at one provider as new subscribers are turned up on their existing wireline network.



¹Based on net sales of \$34.4 million for Clearfield and Point of Sales (POS) reporting from distributors who resell our product line into these markets.

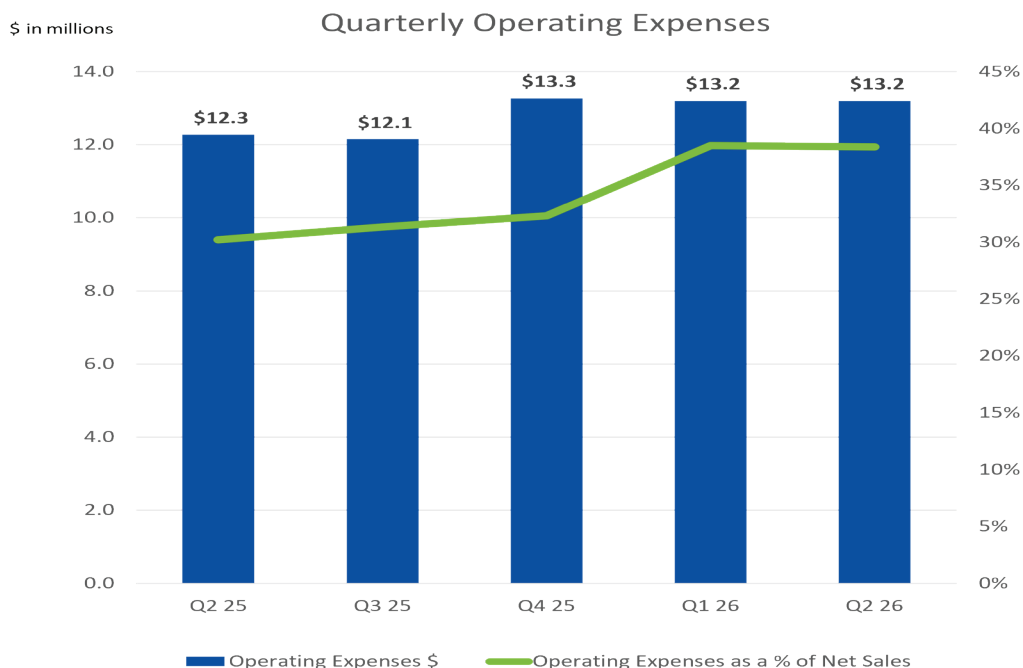
Gross Profit and Profit Margin

Gross profit margin in the second quarter of fiscal 2026 was 32.5%, down from 34.4% in the prior year's second quarter and down slightly from 33.2% in the first quarter of fiscal 2026, mainly due to lower sales volume.



Operating Expenses

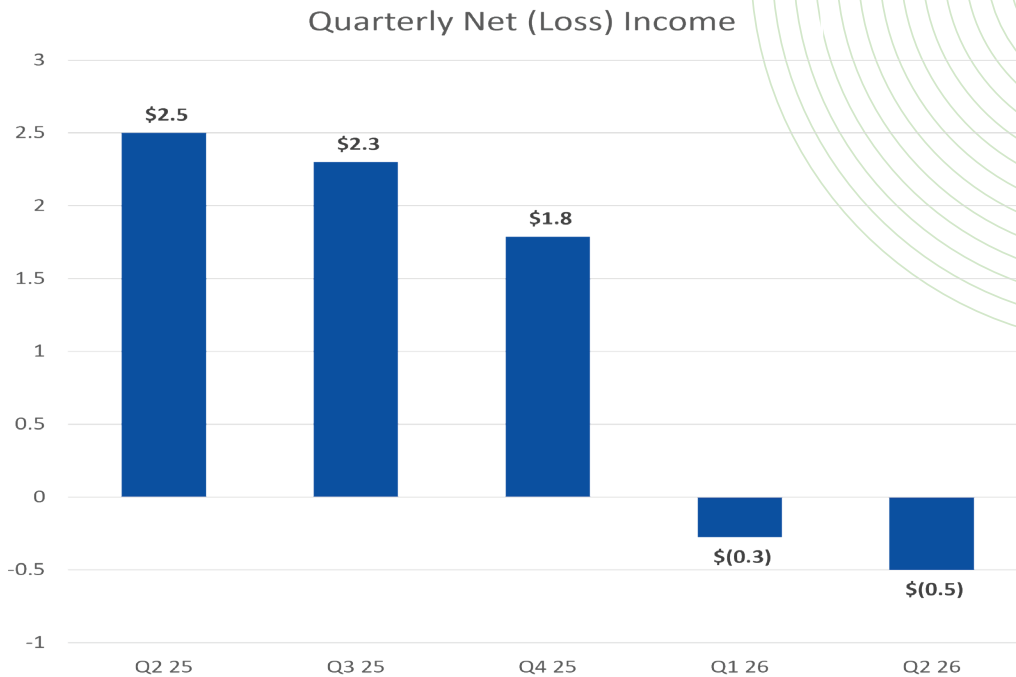
Operating expenses for the second quarter of fiscal 2026 were \$13.2 million in comparison to \$12.3 million in the prior year's second quarter, primarily due to investments to support future planned growth, including in adjacent markets. As a percentage of net sales, operating expenses for the second quarter increased to 38.5% from 30.2% in the prior year's second quarter. We continue to invest for growth beyond broadband markets. We believe this strategy will leverage our core strengths in technology innovation along with our established service provider customer base as those customers build out their networks to support data center and edge computing requirements driven by hyperscaler demand. To position the company for these opportunities, we have strengthened our product marketing, market development, and business development teams with additional expertise.



Net Income (Loss)

Net loss in the second quarter of fiscal 2026 was \$0.5 million, or a net loss of \$0.04 per diluted share, compared to net income of \$2.5 million, or \$0.18 per diluted share, in the prior year's second quarter and consistent with a net loss of \$0.3 million, or \$0.02 per diluted share, in the first quarter of fiscal 2026.

\$ in millions



Balance Sheet and Cash Flow

- The Company's balance sheet remains strong with \$147 million in cash, short-term and long-term investments, and no debt.
- The Company repurchased 237,000 shares for \$7.3 million during the 3-month period ended March 31, 2026. Our share buyback authorization was increased from \$65 million to \$85 million in November 2025. The Company had \$15.9 million available for additional repurchases as of March 31, 2026.
- Backed by our healthy balance sheet and renewed focus on our core North American operations, we believe we are well positioned to pursue larger customer opportunities and strategic initiatives to strengthen our market position and expand our product portfolio.

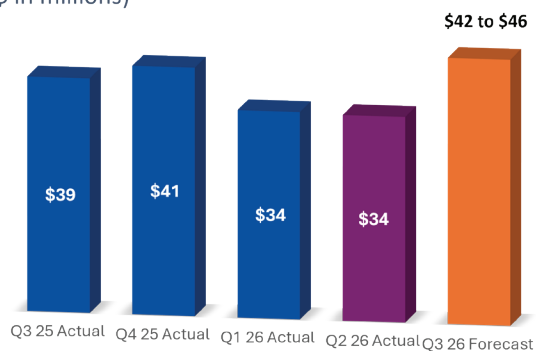
Fiscal 2026 and Q3 2026 Outlook

We are reiterating our outlook for fiscal 2026 of net sales from continuing operations in the range of \$160 million to \$170 million, which represents approximately 10% topline growth at the midpoint, operating expenses as a percentage of revenue to remain consistent with fiscal 2025, and net income per share in the range of \$0.48 to \$0.62.

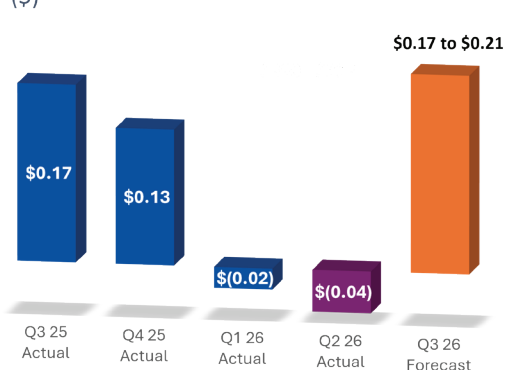
For the third quarter of fiscal 2026, we anticipate net sales from continuing operations in the range of \$42 million to \$46 million, operating expenses to remain relatively consistent with our second quarter and net income per diluted share in the range of \$0.17 to \$0.21.

The net income per share ranges are based on the number of shares outstanding at the end of the second quarter of fiscal 2026 and do not reflect potential additional share repurchases completed in fiscal 2026. Our guidance reflects the potential supply chain constraints of optical fiber mentioned in last quarter's letter to shareholders, as well as our current understanding of the impact of the evolving tariff situation, which could contribute to uncertainty in our business and in the macroeconomic environment.

Quarterly Net Sales
(\$ in millions)



Net Income (Loss) Per Share
(\$)



Annual Net Sales of \$160M to \$170M
Annual Net Income Per Share \$0.48 to \$0.62

All figures are presented on a continuing operations basis, consistent with Clearfield's fiscal year 2025 financial statements. FY26 Q3 and fiscal year 2026 net sales and net income per diluted share guidance issued are effective as of May 6, 2026. The Company's FY 26 Q3 and full fiscal year 2026 guidance reflects our current understanding of the impact of the evolving tariff situation, which could contribute to uncertainty in our business.

Conference Call

Management will hold a conference call today, May 6, 2026, at 5:00 p.m. Eastern Time (4:00 p.m. Central Time) to discuss these results and provide an update on business conditions.

Clearfield's President and Chief Executive Officer, Cheri Beranek, and Chief Financial Officer, Dan Herzog, will host the presentation, followed by a question-and-answer period.

U.S. dial-in: 1-844-826-3033 | International dial-in: 1-412-317-5185 | Conference ID: 10207981

The live webcast of the call can be accessed at the [Clearfield Investor Relations](#) website along with the company's earnings press release and presentation.

A replay of the call will be available after 8:00 p.m. Eastern Time on the same day through May 20, 2026, while an archived version of the webcast will be available on the Investor Relations website for 90 days.

U.S. replay dial-in: 1-844-512-2921 | International replay dial-in: 1-412-317-6671 | Replay ID: 10207981

About Clearfield, Inc.

[Clearfield, Inc.](#) (NASDAQ: CLFD) designs, manufactures, and distributes fiber optic management, protection, and delivery products for communications networks. Our "fiber to anywhere" platform serves the unique requirements of leading incumbent local exchange carriers (traditional carriers), competitive local exchange carriers (alternative carriers), and MSO/cable TV companies, while also catering to the broadband needs of the utility/municipality, enterprise, and data center markets. Headquartered in Minneapolis, MN, Clearfield deploys more than a million fiber ports each year. For more information, visit www.SeeClearfield.com.

Cautionary Statement Regarding Forward-Looking Information

Forward-looking statements contained herein and in any related presentation or in the related Earnings Presentation are made pursuant to the safe harbor provisions of the Private Litigation Reform Act of 1995. Words such as "may," "plan," "expect," "aim," "believe," "project," "target," "anticipate," "intend," "estimate," "will," "should," "could," "outlook," or "continue" or comparable terminology are intended to identify forward-looking statements. Such forward looking statements include, for example, statements about the Company's future revenue and operating performance, the development and marketing of new products, the impact of recent trade policy changes, including new and increased tariffs, retaliatory tariffs, trade disputes, and market and economic reactions to such changes, expected customer ordering patterns and future supply agreements with customers, expectations regarding the impact on our business of M&A activity among our customers, anticipated shipping on backlog and future lead times, future availability of components and materials from the Company's supply chain, compliance with Build America Buy America (BABA) Act requirements, the impact of the Broadband Equity, Access, and Deployment (BEAD) Program, Rural Digital Opportunity Fund (RDOF) or other government programs on the demand for the Company's products or timing of customer orders, the Company's ability to match capacity to meet demand, expansion into new markets and trends in and growth of the FTTx markets, market segments or customer purchases, and other statements that are not historical facts. These statements are based upon the Company's current expectations and judgments about future developments in the Company's business. Certain important factors could have a material impact on the Company's performance, including, without limitation: we depend on the availability of sufficient supply of certain materials and global disruptions in the supply chain for these materials could prevent us from meeting customer demand for our products; we rely on single-source suppliers, which could cause delays, increase costs or prevent us from completing customer orders; changes in trade policy in the U.S. and other countries may adversely affect our business and results of operations; inflationary price pressures and uncertain availability of components, raw materials, labor and logistics used by us and our suppliers could negatively impact our profitability; a significant percentage of our sales in the last three fiscal years have been made to a small number of customers, and the loss of these major customers could adversely affect us; further consolidation among our customers may result in the loss of some customers and may reduce sales during the pendency of business combinations and related integration activities; our business is dependent on interdependent management information systems; we may be subject to risks associated with acquisitions, and the risks could adversely affect future operating results; adverse global economic conditions and geopolitical issues could have a negative effect on our business, and results of operations and financial condition; product defects or the failure of our products to meet specifications could cause us to lose customers and sales or to incur unexpected expenses; we are dependent on key personnel; cyber-security incidents, including ransomware, data breaches or computer viruses, could disrupt our business operations, damage our reputation, result in increased expense, and potentially lead to legal proceedings; natural disasters, extreme weather conditions or other catastrophic events could negatively affect our business, financial condition, and operating results; to compete effectively, we must continually improve existing products and introduce new products that achieve market acceptance; our business is dependent upon capital spending by broadband service providers, and any delay, reduction or cancellation in capital spending by broadband service providers could adversely affect our business; if the telecommunications market does not continue to expand, our business may not grow as fast as we expect, which could adversely impact our business, financial condition and operating results; changes in U.S. government funding programs may cause our customers and prospective customers to delay, reduce, or accelerate purchases, leading to unpredictable and irregular purchase cycles; intense competition in our industry may result in price reductions, lower gross profits and loss of market share; our success depends upon adequate protection of our patent and intellectual property rights; we face risks associated with expanding our sales outside of the United States; our operating results may fluctuate significantly from quarter to quarter, which may make budgeting for expenses difficult and may negatively affect the market price of our common stock; our stock price has been volatile historically and may continue to be volatile - the price of our common stock may fluctuate significantly; anti-takeover provisions in our organizational documents, Minnesota law and other agreements could prevent or delay a change in control of our Company; and other factors set forth in Part I, Item 1A. Risk Factors of Clearfield's Annual Report on Form 10-K for the year ended September 30, 2025 as well as other filings with the Securities and Exchange Commission. The Company undertakes no obligation to update these statements to reflect actual events unless required by law.

Investor Relations Contact:

Greg McNiff | The Blueshirt Group | 773-485-7191

clearfield@blueshirtgroup.com

CLEARFIELD, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	March 31, 2026 (Unaudited)	September 30, 2025
Assets		
Current assets		
Cash and cash equivalents	\$ 9,404	\$ 21,493
Short-term investments	81,665	84,484
Accounts receivables, net	20,865	17,991
Inventories, net	36,920	42,031
Prepaid and other current assets	14,148	11,152
Current assets held for sale	-	21,337
Total current assets	163,002	198,488
Property, plant and equipment, net	9,453	9,682
Long-term investments	56,004	59,822
Goodwill	4,709	4,709
Intangible assets, net	8,398	9,353
Right-of-use lease assets	10,640	8,420
Deferred tax asset	10,852	10,263
Other non-current assets	489	608
Non-current assets held for sale	-	4,828
Total assets	\$ 263,547	\$ 306,173
Liabilities and Shareholders' Equity		
Current liabilities		
Current portion of lease liability	\$ 2,892	\$ 2,823
Accounts payable	3,678	7,028
Accrued compensation	5,015	6,598
Accrued expenses	1,108	2,197
Current liabilities held for sale	-	17,957
Total current liabilities	12,693	36,603
Other liabilities		
Long-term portion of lease liability	8,047	5,934
Non-current liabilities held for sale	-	7,473
Total liabilities	20,740	50,010
Shareholders' equity		
Preferred stock, \$0.01 par value; 500,000 shares; no shares issued or outstanding		
Common stock, authorized 50,000,000, \$0.01 par value; 13,618,216 and 13,839,675 shares issued and outstanding as of March 31, 2026 and September 30, 2025, respectively	136	138
Additional paid-in capital	137,045	147,382
Accumulated other comprehensive (loss) income	(144)	1,731
Retained earnings	105,770	106,912
Total shareholders' equity	242,807	256,163
Total Liabilities and Shareholders' Equity	\$ 263,547	\$ 306,173

CLEARFIELD, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(UNAUDITED)

(IN THOUSANDS, EXCEPT PER SHARE DATA)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2026	2025	2026	2025
Net sales	\$ 34,391	\$ 40,621	\$ 68,732	\$ 70,319
Cost of sales	23,230	26,660	46,183	47,683
Gross profit	11,161	13,961	22,549	22,636
Operating expenses				
Selling, general and administrative	13,230	12,279	26,442	23,000
(Loss) income from continuing operations	(2,069)	1,682	(3,893)	(364)
Net investment income	1,365	1,588	2,911	3,332
(Loss) income from continuing operations before income tax	(704)	3,270	(982)	2,968
Income tax (benefit) expense	(176)	722	(177)	775
(Loss) income from continuing operations, net of tax	(528)	2,548	(805)	2,193
Loss from discontinued operations, net of tax	-	(1,221)	(337)	(2,772)
Net (loss) income	<u>\$ (528)</u>	<u>\$ 1,327</u>	<u>\$ (1,142)</u>	<u>\$ (579)</u>
(Loss) income per share				
Basic				
Continuing operations	\$ (0.04)	\$ 0.18	\$ (0.06)	\$ 0.16
Discontinued operations	-	(0.09)	(0.02)	(0.20)
Basic (loss) income per share	<u>\$ (0.04)</u>	<u>\$ 0.09</u>	<u>\$ (0.08)</u>	<u>\$ (0.04)</u>
Diluted				
Continuing operations	\$ (0.04)	\$ 0.18	\$ (0.06)	\$ 0.16
Discontinued operations	-	(0.09)	(0.02)	(0.20)
Diluted (loss) income per share	<u>\$ (0.04)</u>	<u>\$ 0.09</u>	<u>\$ (0.08)</u>	<u>\$ (0.04)</u>
Weighted average shares outstanding:				
Basic	13,670,470	14,095,341	13,771,086	14,154,830
Diluted	13,670,470	14,095,341	13,771,086	14,154,830

CLEARFIELD, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(IN THOUSANDS)

	Six Months Ended March 31, 2026	Six Months Ended March 31, 2025
Cash flows from operating activities (continuing)		
Net loss	\$ (1,142)	\$ (579)
Loss from discontinued operations, net of tax	337	2,772
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	3,190	3,061
Amortization of premium and discount on investments,	(270)	(1,202)
Deferred taxes	(536)	(188)
Stock-based compensation	2,589	2,221
Changes in operating assets and liabilities, net of acquired amounts:		
Accounts receivable	(2,874)	(4,543)
Inventories, net	5,111	11,980
Other assets	(2,876)	(3,240)
Accounts payable and accrued expenses	(6,041)	2,168
Net cash (used in) provided by operating activities (continuing)	(2,512)	12,450
Cash flows from investing activities (continuing)		
Purchases of property, plant and equipment and	(2,007)	(3,074)
Purchases of investments	(52,009)	(59,234)
Proceeds from maturities of investments	58,660	75,176
Cash paid on disposal of business	(1,012)	-
Net cash provided by investing activities (continuing)	3,632	12,868
Cash flows from financing activities (continuing)		
Proceeds from issuance of common stock under	239	301
Repurchase of shares for payment of withholding taxes	(1,001)	(494)
Withholding related to exercise of stock options	(63)	(12)
Repurchase of common stock	(12,597)	(11,015)
Net cash used in financing activities (continuing)	(13,422)	(11,220)
Cash flows from discontinued operations		
Net cash provided by (used in) operating activities	1,380	(2,252)
Net cash used in investing activities	-	(1,648)
Net cash (used in) provided by financing activities	(1,196)	2,465
Net cash provided by (used in) discontinued operations	184	(1,435)
Effect of exchange rates on cash and cash equivalents	(13)	18
Net (decrease) increase in cash and cash equivalents	(12,131)	12,681
Change in cash held for sale	42	806
Cash and cash equivalents, beginning of period	21,493	14,148
Cash and cash equivalents, end of period	\$ 9,404	\$ 27,635
Supplemental disclosures for cash flow information		
Cash (refunded) paid for income taxes, net	\$ (21)	\$ 403
Right of use assets obtained through lease liabilities	\$ 3,553	\$ -
Non-cash financing activities		
Cashless exercise of stock options	\$ 2,388	\$ 97