



Clearfield FieldReport: Fiscal Q4 & 2022 Earnings Call

November 17, 2022

Important Cautions Regarding Forward- Looking Statements

Forward-looking statements contained herein and in any related presentation or in the related Earnings Release are made pursuant to the safe harbor provisions of the Private Litigation Reform Act of 1995. Words such as “may,” “will,” “expect,” “believe,” “anticipate,” “estimate,” “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, anticipated shipping on backlog and future lead times, future availability of components and materials from the Company’s supply chain, future availability of labor impacting our customers’ network builds, the impact of the 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 add capacity to meet expected future demand, 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: adverse global economic conditions and geopolitical issues could have a negative effect on our business, and results of operations and financial condition; our planned growth may strain our business infrastructure, which could adversely affect our operations and financial condition; the acquisition of Nestor Cables and integration activities could adversely affect our operating results; the COVID-19 pandemic has significantly impacted worldwide economic conditions and could have a material adverse effect on our business, financial condition and operating results; we rely on single-source suppliers, which could cause delays, increases in costs or prevent us from completing customer orders; fluctuations in product and labor costs which may not be able to be passed on to customers that could decrease margins; we depend on the availability of sufficient supply of certain materials, such as fiber optic cable and resins for plastics, and global disruptions in the supply chain for these materials could prevent us from meeting customer demand for our products; we rely on our manufacturing operations to produce product to ship to customers and manufacturing constraints and disruptions could result in decreased future revenue; a significant percentage of our sales in the last three fiscal years have been made to a small number of customers; 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; we may be subject to risks associated with acquisitions; 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 on our information technology systems, including ransomware, data breaches or computer viruses, could disrupt our business operations, damage our reputation, and potentially lead to litigation; our business is dependent on interdependent management information systems; to compete effectively, we must continually improve existing products and introduce new products that achieve market acceptance; changes in 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; if the telecommunications market does not expand as we expect, our business may not grow as fast as we expect; we face risks associated with expanding our sales outside of the United States; and other factors set forth in Part I, Item IA. Risk Factors of Clearfield’s Annual Report on Form 10-K for the year ended September 30, 2021 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.



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Introduction & Highlights

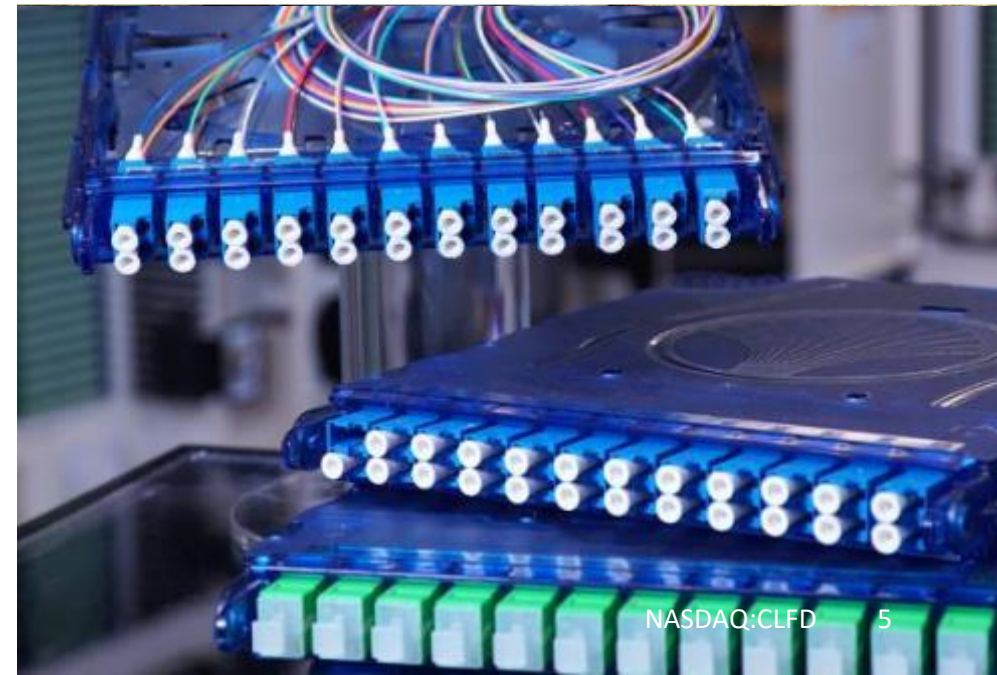


Enabling the Lifestyle Better Broadband Provides



What We Do

Clearfield provides fiber protection, fiber management and fiber delivery solutions that enable *rapid* and *cost-effective* fiber-fed deployment throughout the broadband service provider space.



Nestor Cables Acquisition Overview

Finland-based subsidiary of Clearfield; one of the leading developers and manufacturers of fiber optic cable solutions in Northern Europe

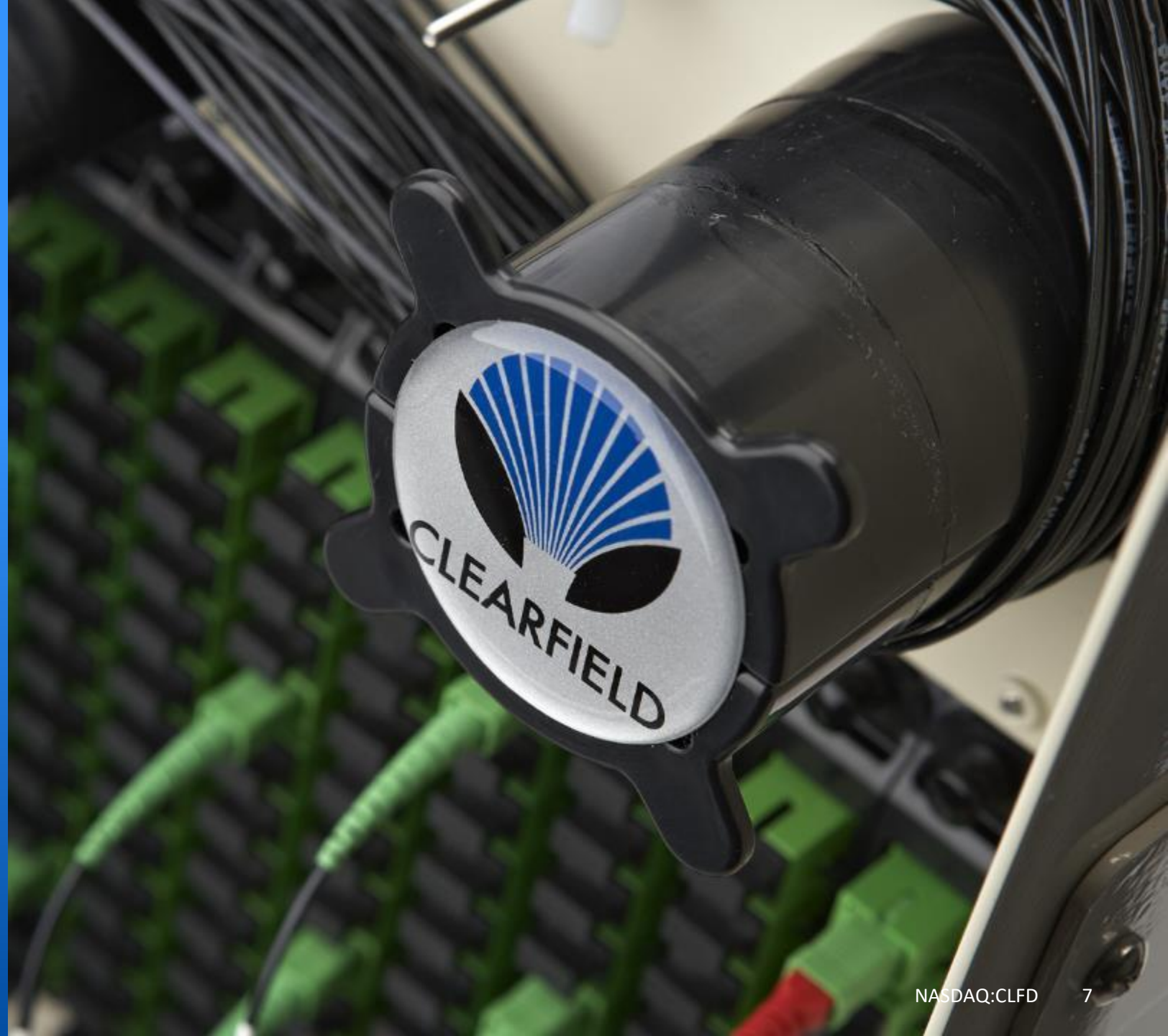
- Vertically integrates the supply of FieldShield fiber optic cables
- Leverages Nestor's deep technical expertise to extend supply of FieldShield fiber into the North American market
- Reduces the cost and complexity of freight by establishing Mexico-based production of fiber cable
- Extends reach of cassette-based fiber management solutions to European market





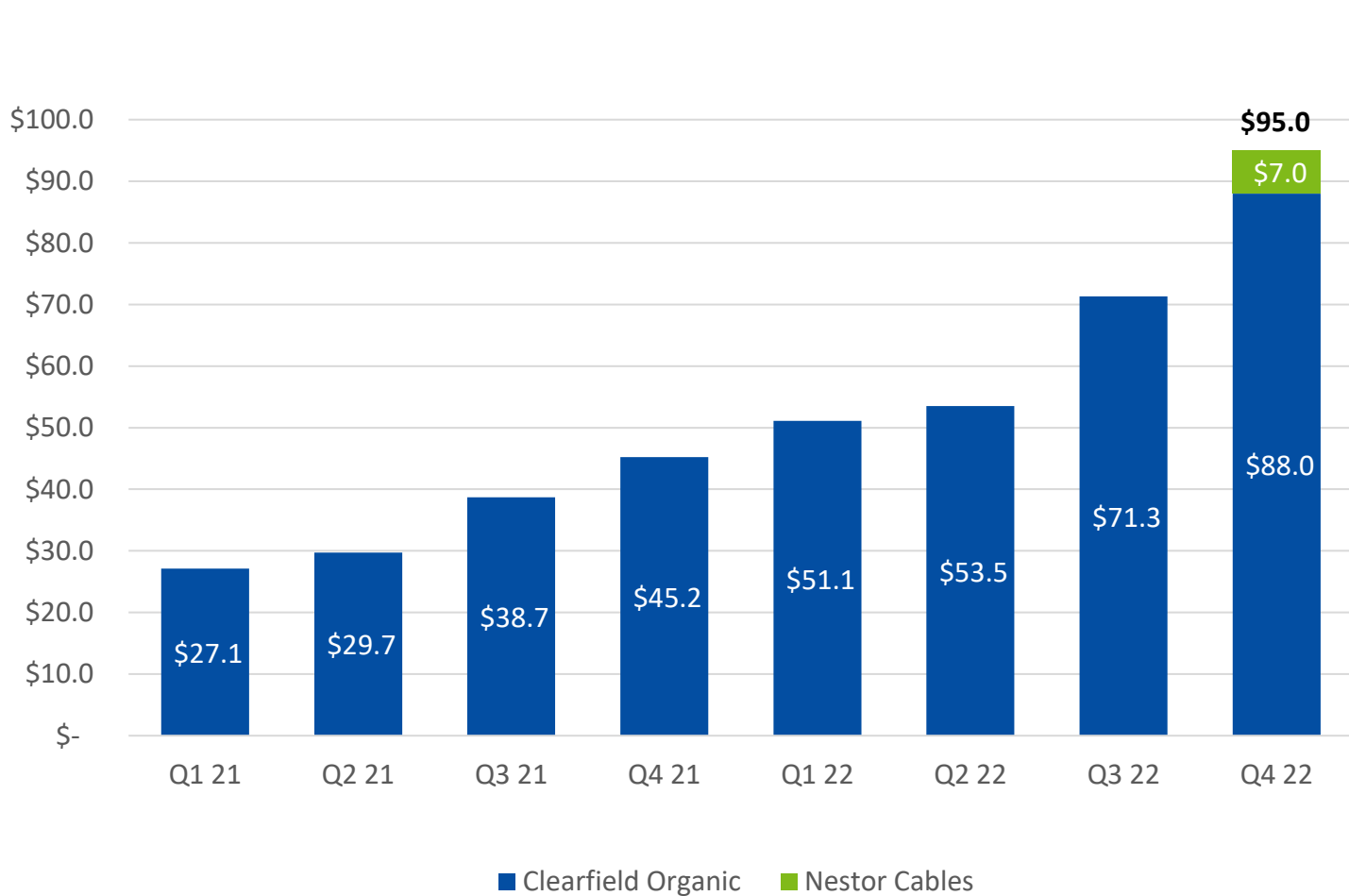
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Financial Performance



FINANCIAL PERFORMANCE

Quarterly Revenue

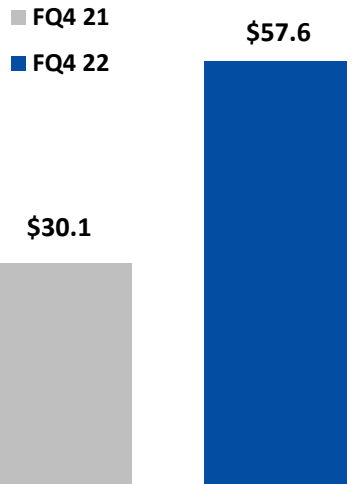


110%*
Q4 2022 Growth Rate

\$95M*
Q4 2022 Revenue

Q4 & FY22 Net Sales Comparison by Market

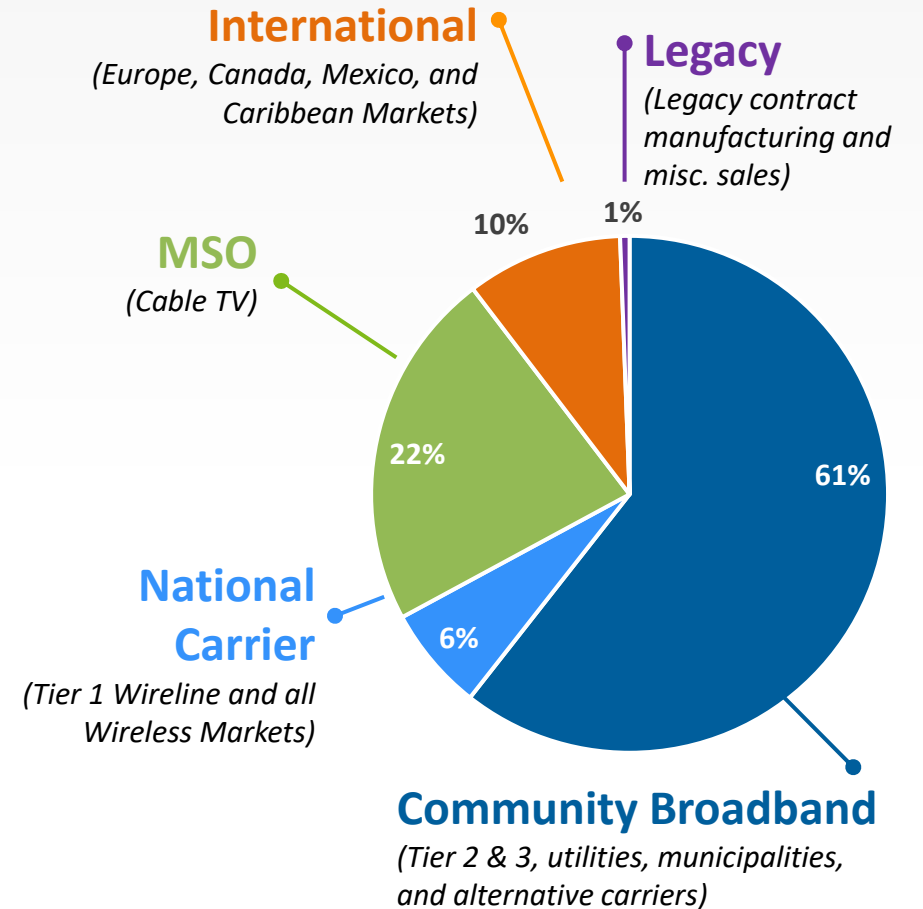
Quarterly Net Sales



FY22 Net Sales



Net Sales Composition FY Ended 9/30/22¹

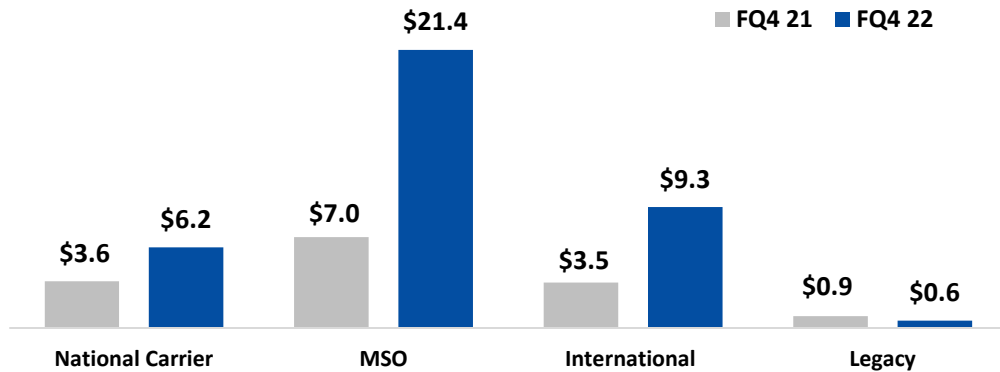


All dollar figures in millions

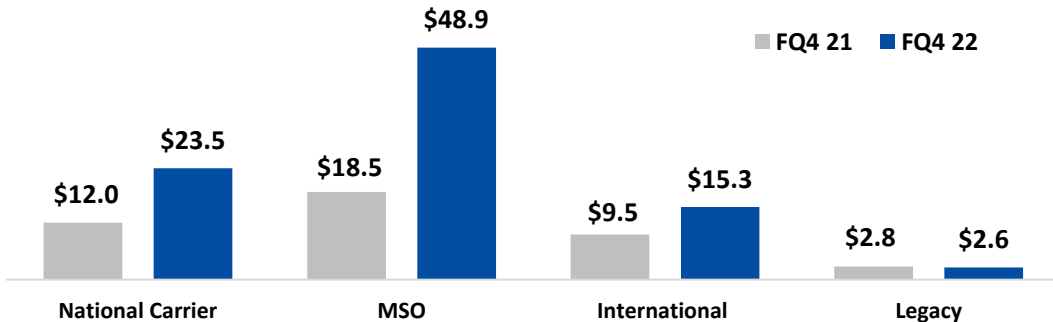
1) Based on net sales of \$270 million for Clearfield (including a \$7M contribution from Nestor Cables within our international market) and Point of Sales (POS) reporting from distributors who resell our product line into these markets.

Q4 & FY22 Net Sales Comparison by Market

Quarterly Net Sales



FY22 Net Sales

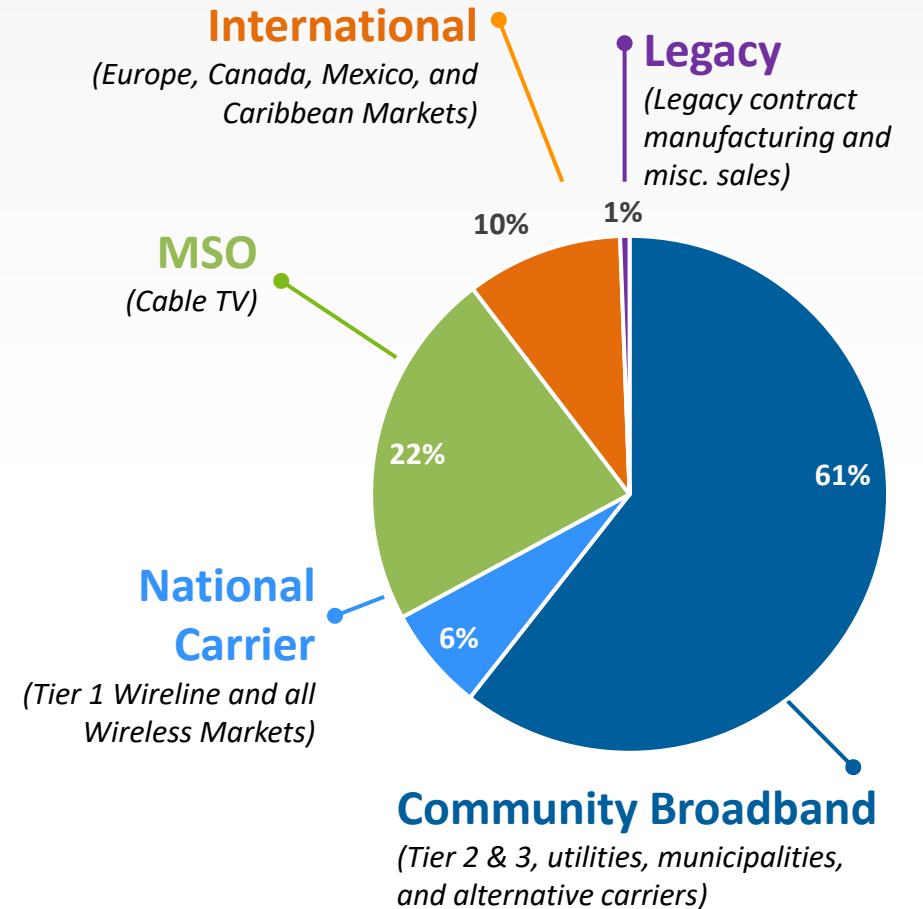


All dollar figures in millions

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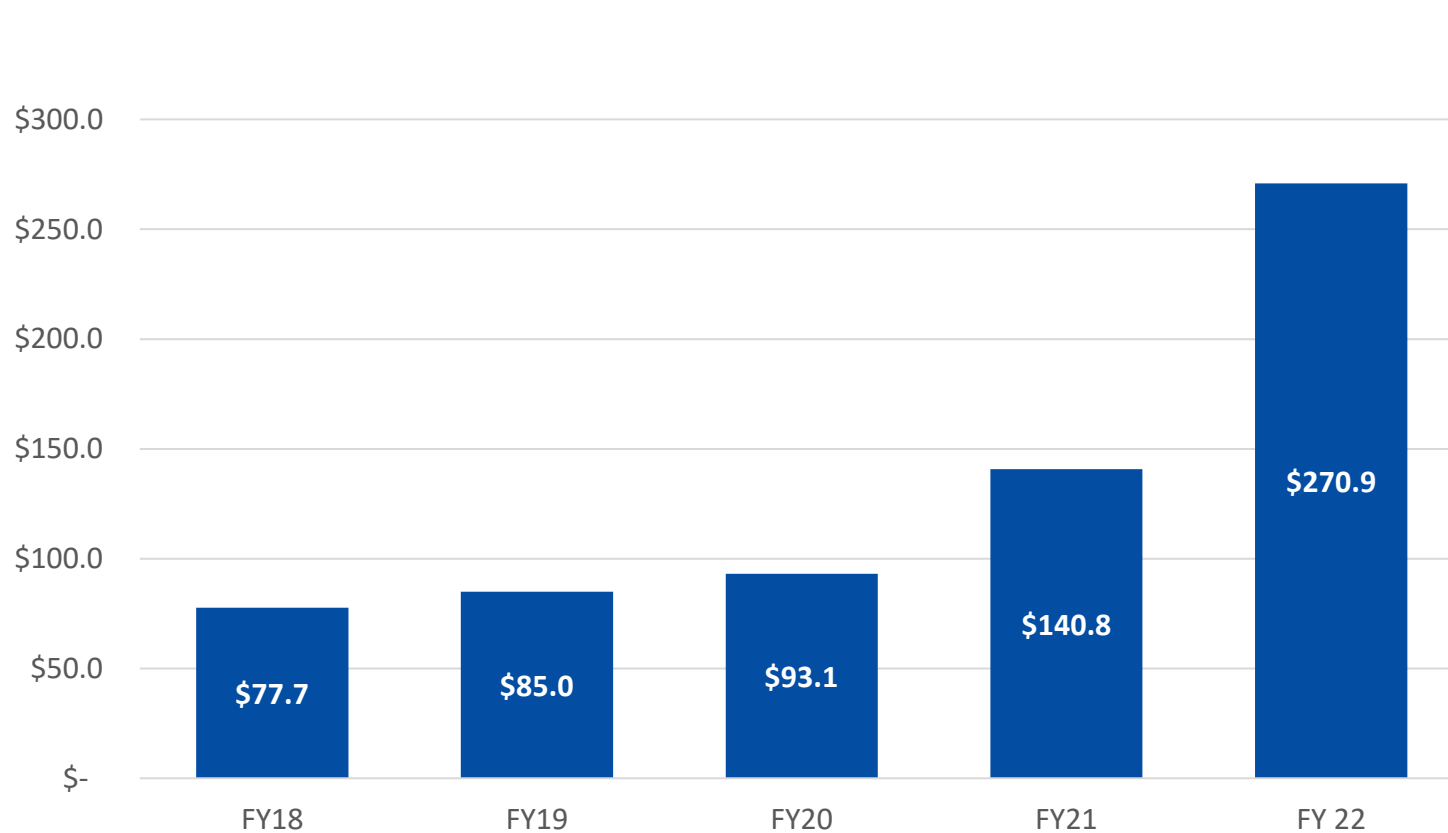


Net Sales Composition FY Ended 9/30/22¹



FINANCIAL PERFORMANCE

Annual Revenue

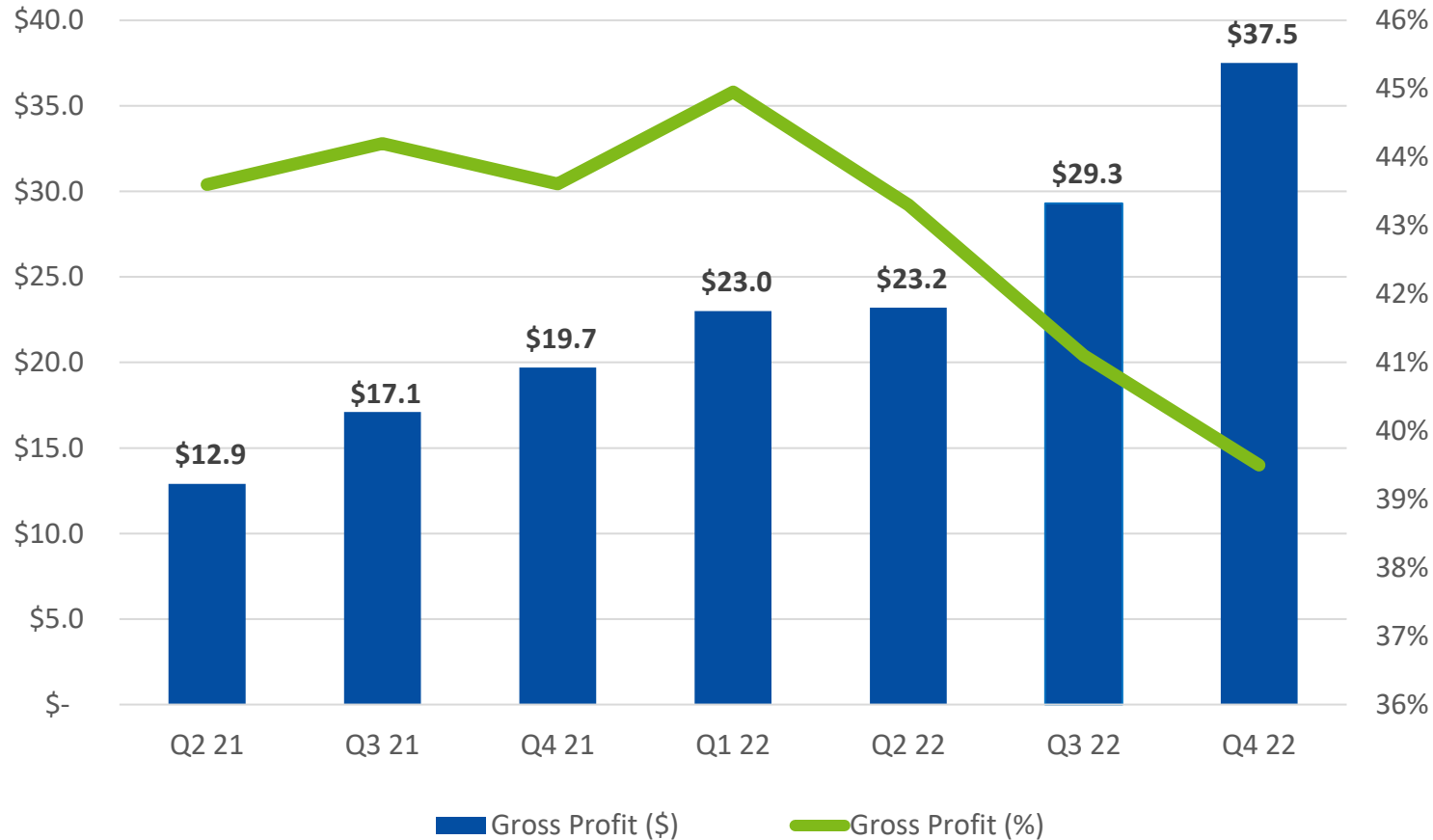


92%
FY 2022 Growth Rate

\$270.9M
FY 2022 Consolidated Revenue

FINANCIAL PERFORMANCE

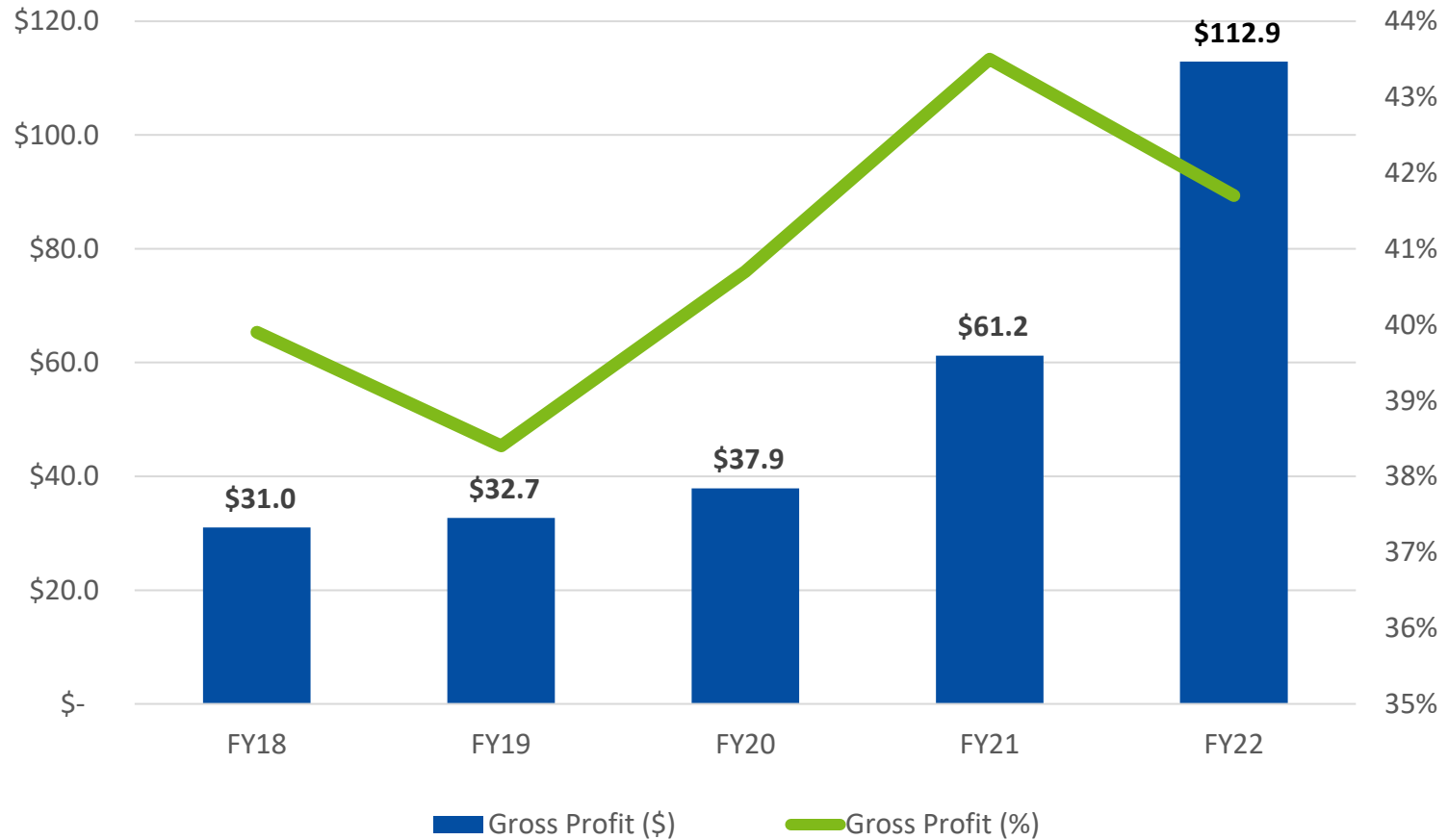
Quarterly Gross Profit



90%
Gross Profit increase YOY

FINANCIAL PERFORMANCE

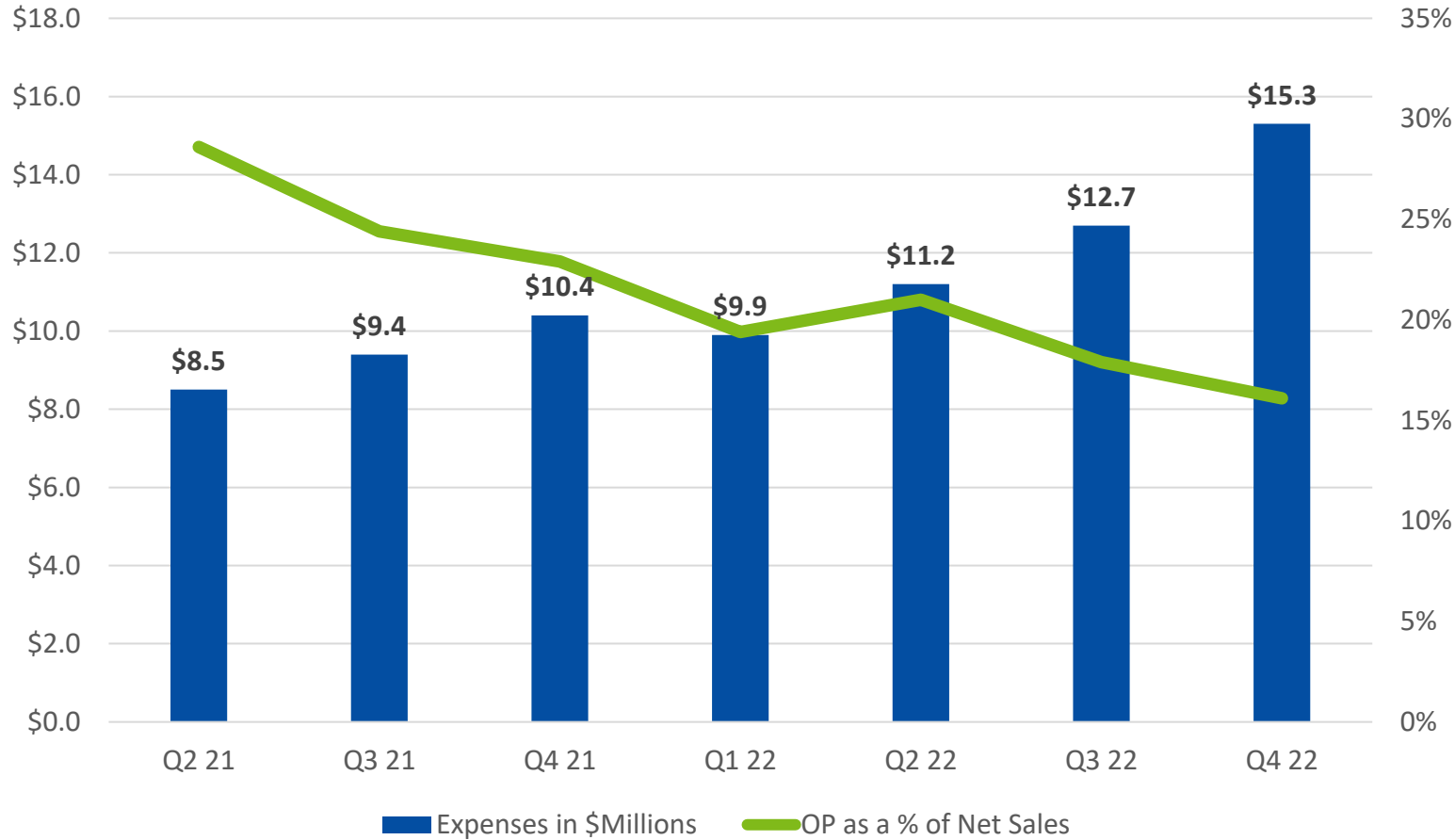
Annual Gross Profit



85%
Gross Profit increase YOY

FINANCIAL PERFORMANCE

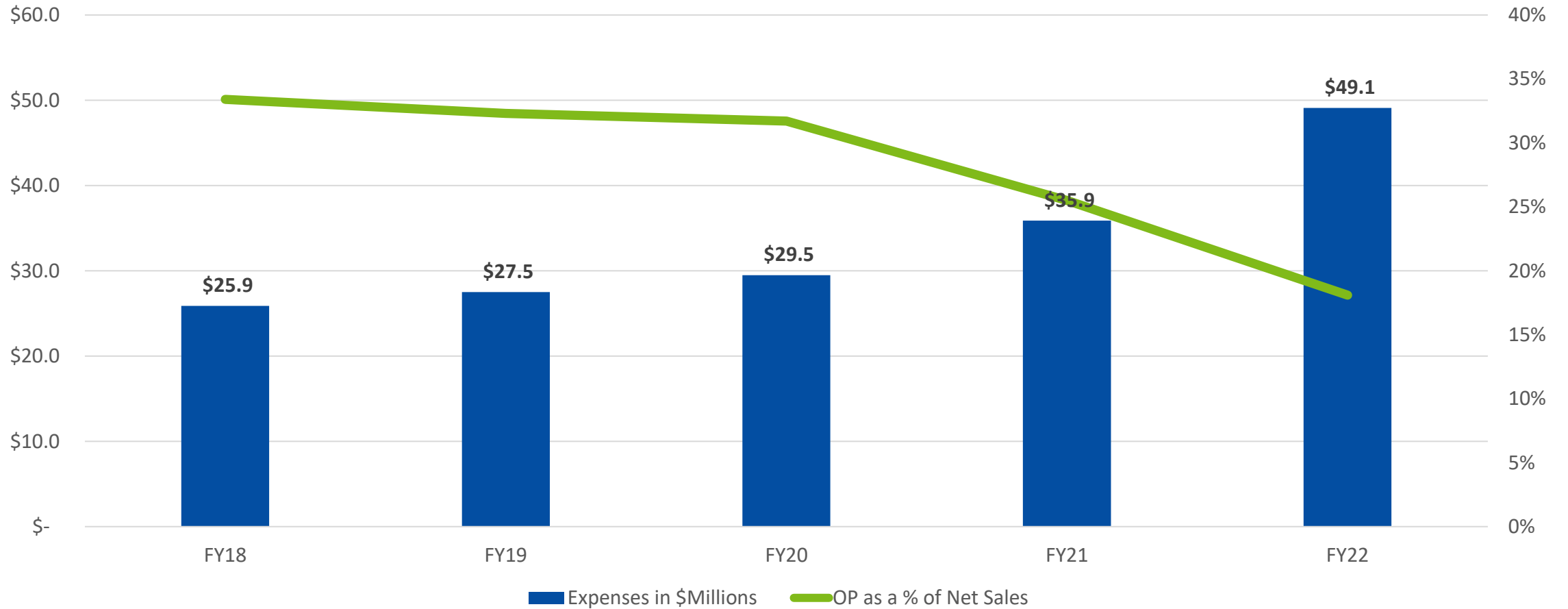
Quarterly Operating Expenses



6.8%
YOY Decrease in
Operating Expense as a
percent of Net Sales

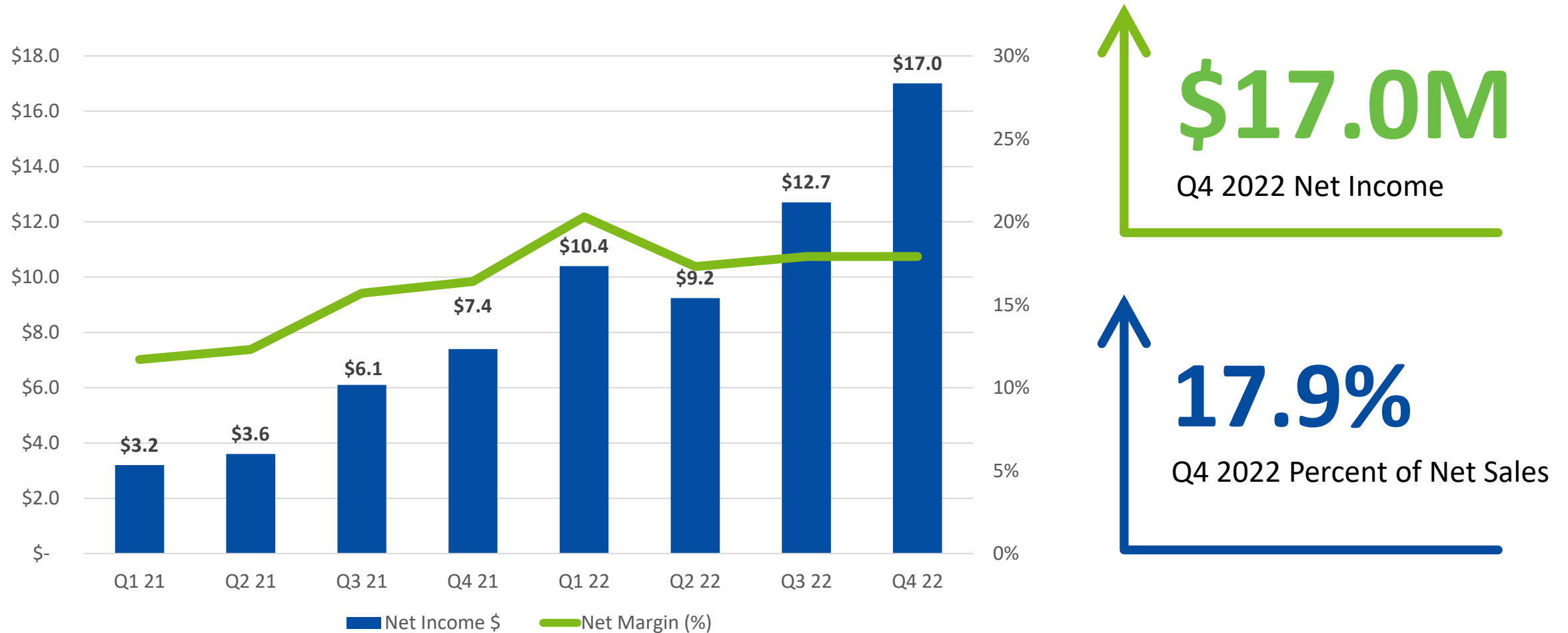
FINANCIAL PERFORMANCE

Annual Operating Expense



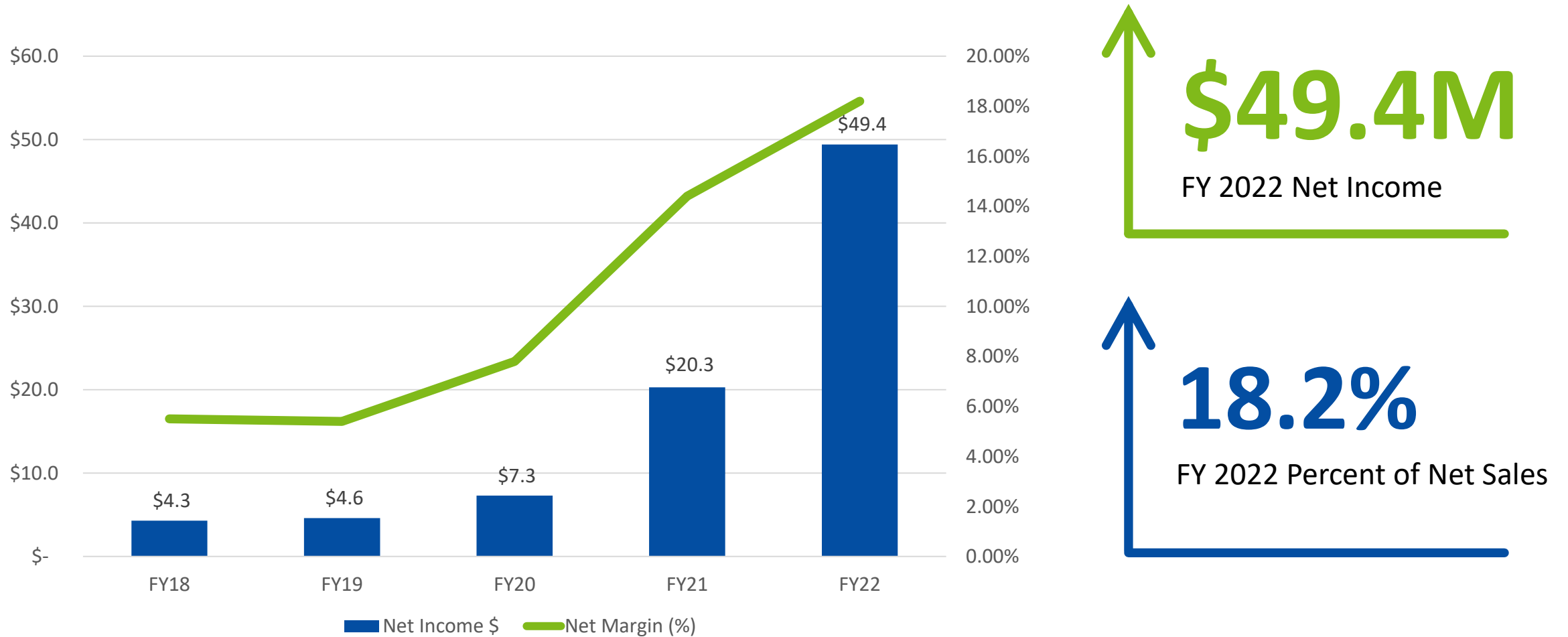
FINANCIAL PERFORMANCE

Quarterly Net Income



FINANCIAL PERFORMANCE

Annual Net Income





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Business Update & Outlook





LEAP

Leverage our decade-long excellence in Community Broadband
Execute capacity growth in advance of market opportunity
Accelerate infrastructure investment
Position innovation at the forefront of our value proposition





Leverage our decade-long
excellence in Community
Broadband





Execute Capacity Growth
in Advance of Market
Opportunity





Accelerate
infrastructure
investment



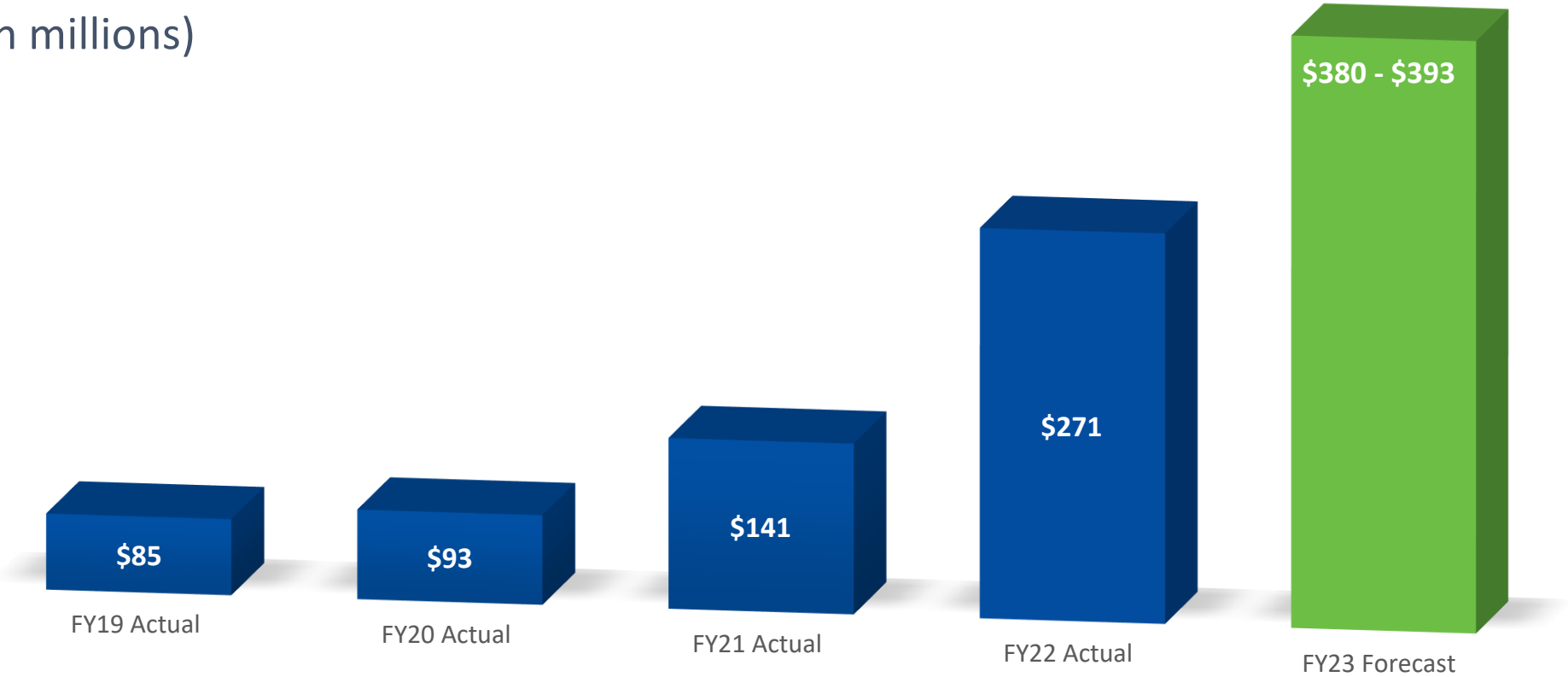


Position innovation at
the forefront of our
value proposition



Financial Outlook

Annual Net Sales
(\$ in millions)



Q&A



Cheri Beranek
PRESIDENT & CEO



Dan Herzog
CHIEF FINANCIAL OFFICER

Contact Us

COMPANY CONTACT:

Cheri Beranek

President & CEO

Clearfield, Inc.

IR@seeclearfield.com

INVESTOR RELATIONS:

Matt Glover and Sophie Pearson

Gateway Investor Relations

(949) 574-3860

CLFD@gatewayir.com