



Clearfield Earnings Presentation: Fiscal Q2 2023 Earnings Call

May 4, 2023

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: 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; inflationary price pressures and uncertain availability of components, raw materials, labor and logistics used by us and our suppliers could negatively impact our profitability; we rely on single-source suppliers, which could cause delays, increase costs or prevent us from completing customer orders; 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 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, 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; we may be subject to risks associated with acquisitions, and the risks could adversely affect future operating results; we have exposure to movements in foreign currency exchange rates; if we are unable to integrate acquired businesses, our financial results could be materially and adversely affected; 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; 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; 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; 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, 2022 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.

© Copyright 2023 Clearfield, Inc. All Rights Reserved.



CLEARFIELD

Introduction & Highlights



OUR MISSION:

*Enabling the lifestyle
better broadband
provides*

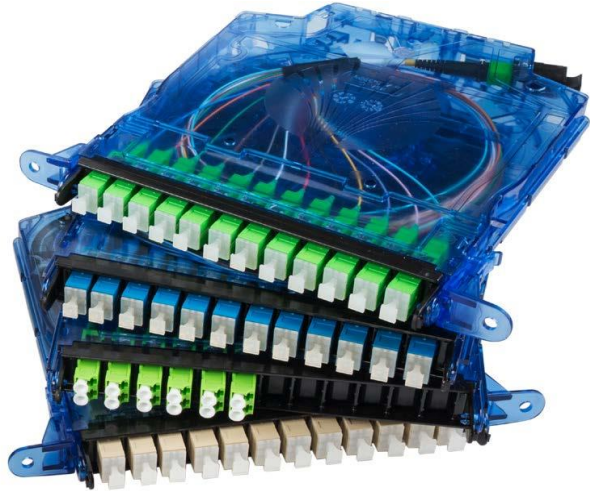


WHAT WE DO:

*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*

Modular and Scalable Products

✓ SeeChange™ and Clearview® Cassette



Why We Win

- ✓ *Singularly Focused on Serving the Fiber Market*
- ✓ *Attractive Total Cost of Ownership through Reduced Installation Cost and Maintenance Time*
- ✓ *Our Testing Shows FastPass™ Approach Cuts Install Time Required for Homes Passed by 50%*
- ✓ *Ease, Speed, and Cost of Deployment*
- ✓ *Delivery of a Comprehensive Solution*
- ✓ *Commitment to Quality and Customers*
- ✓ *Acquisition of Nestor Cables Highlights Investment to Integrate and Optimize Solutions and Mitigate Supply Chain Risk*



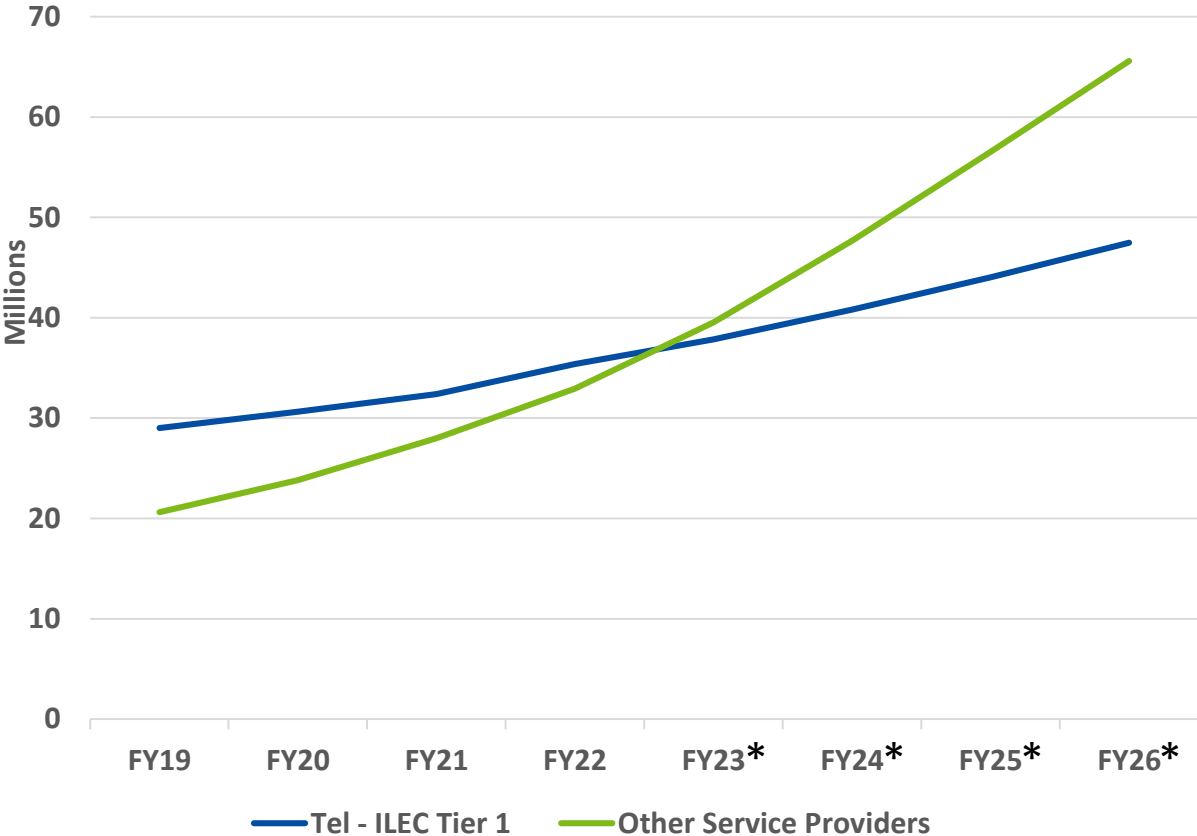
Providing Optimized Price Performance and Deep Technical Expertise

Fiber Deployment shift is occurring in 2023



Source: RVA, February 2023

FTTH Homes Marketed U.S. Cumulative



* Projected



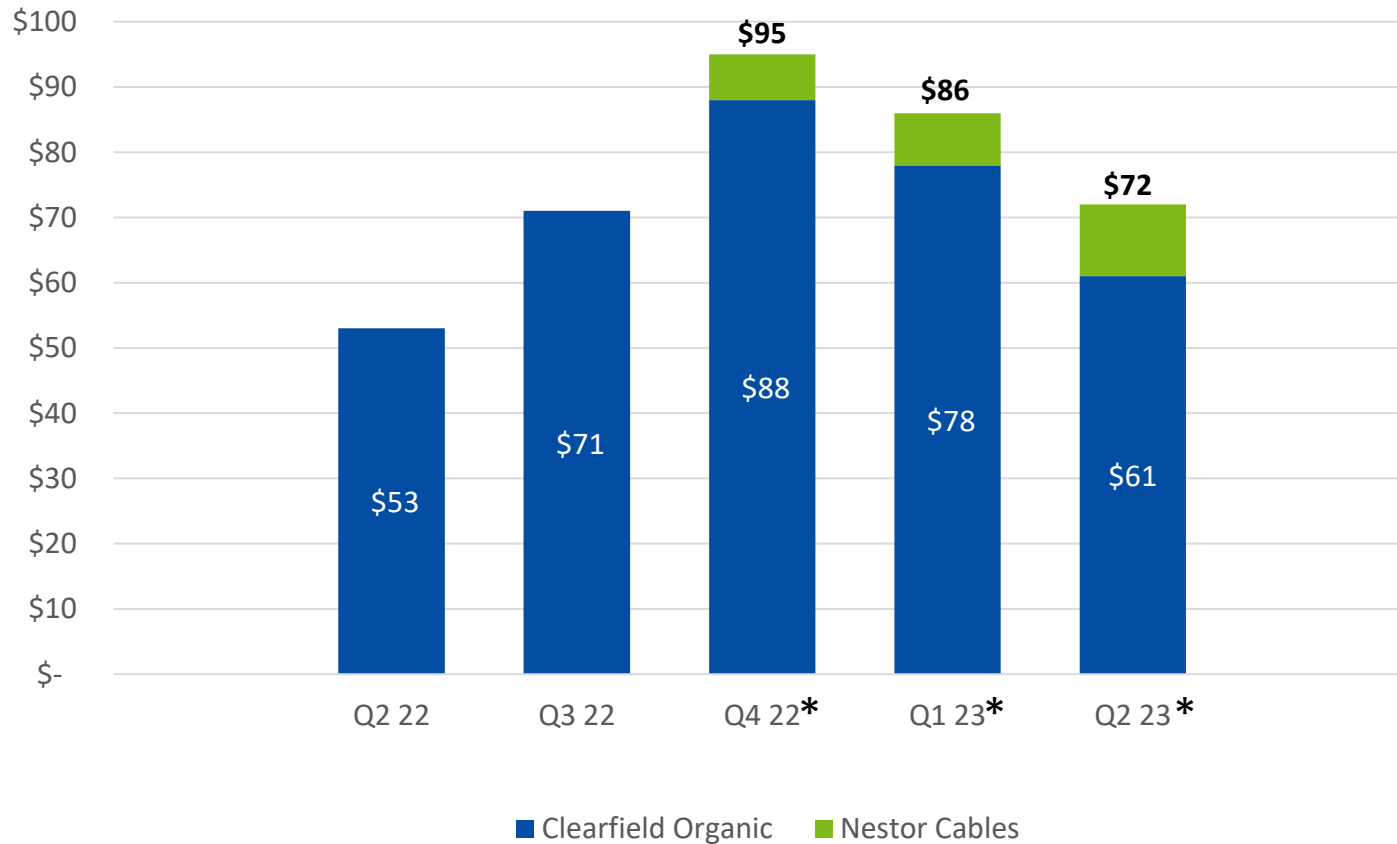
CLEARFIELD

Financial Performance



FINANCIAL PERFORMANCE

Quarterly Revenue

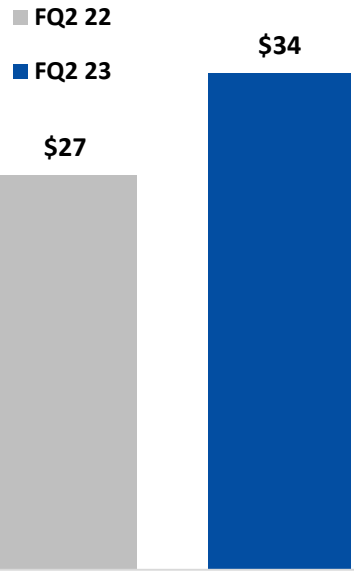


34%
Q2 2023 Growth Rate YOY

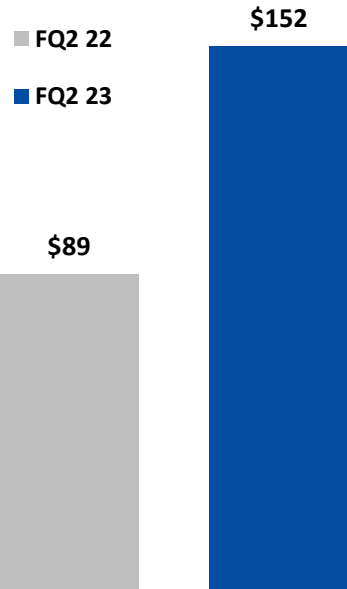
\$72M
Q2 2023 Revenue

Q2 FY23 Net Sales Comparison by Market

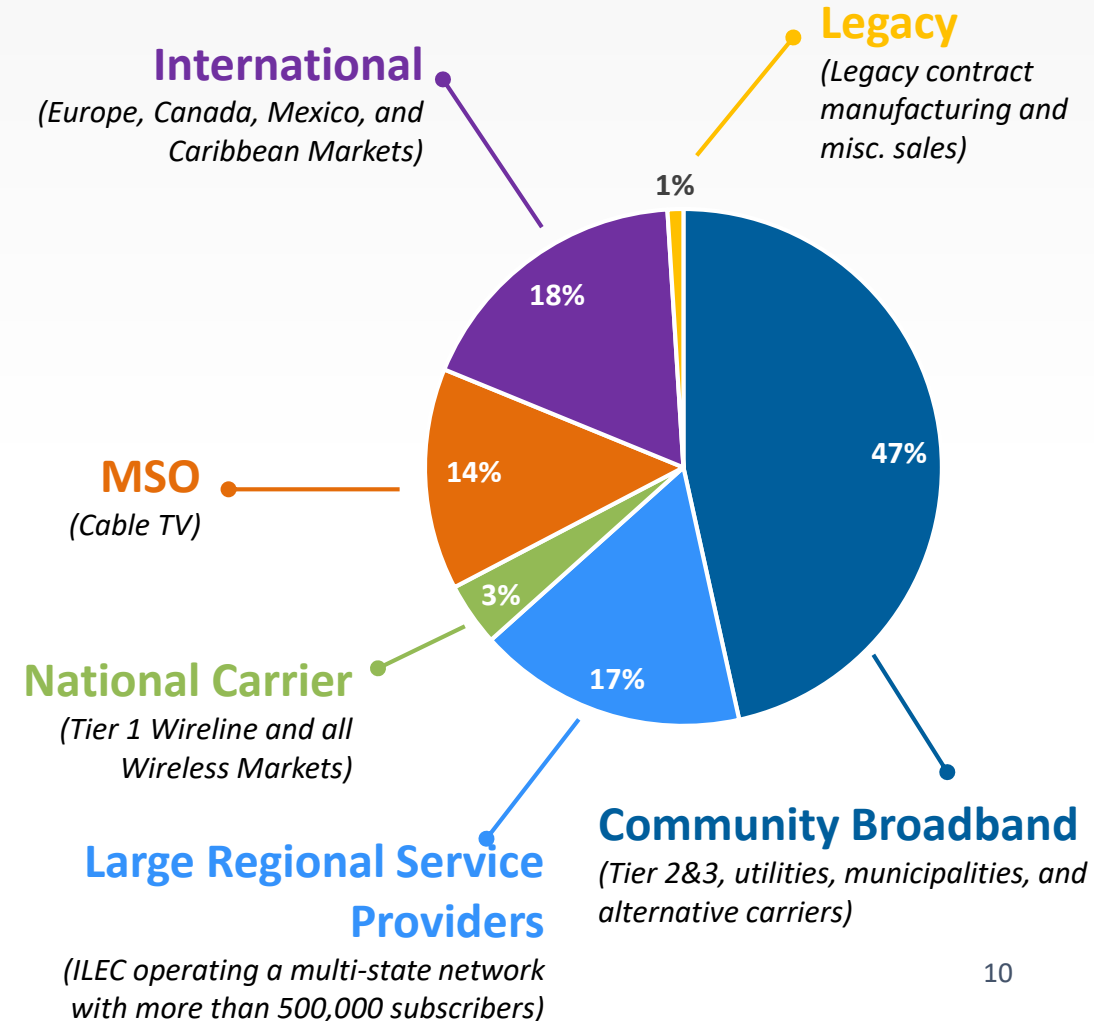
Quarterly Net Sales



TTM Net Sales

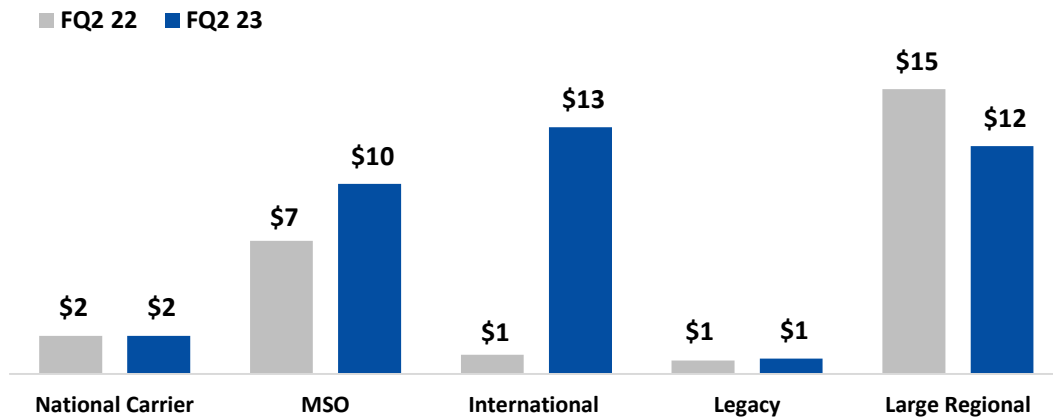


Q2 FY23 Net Sales Composition Ended 3/31/23¹

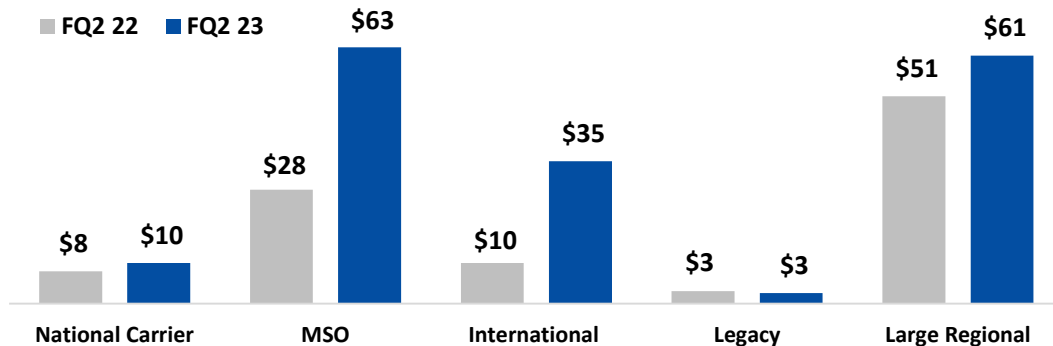


Q2 FY23 Net Sales Comparison by Market

Quarterly Net Sales



TTM Net Sales

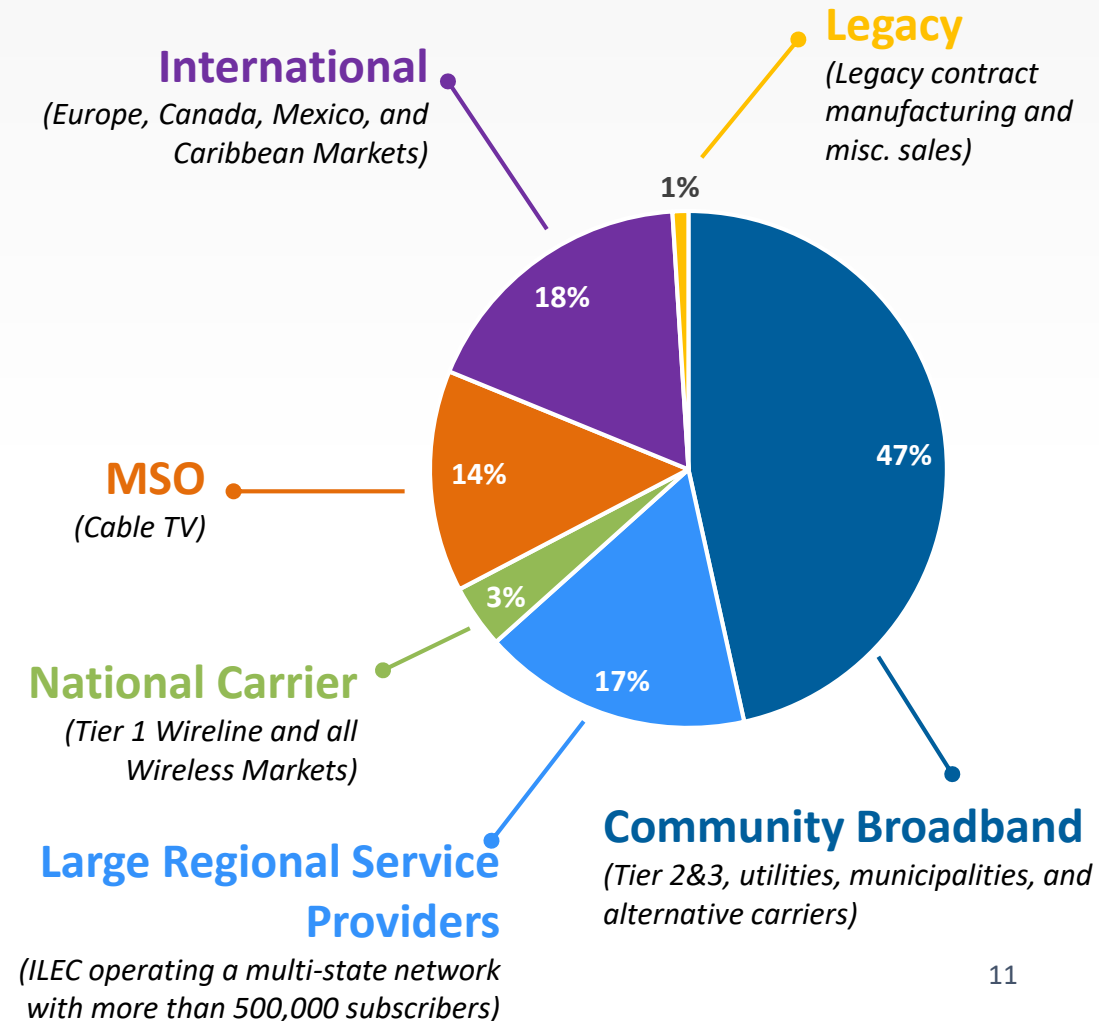


All dollar figures in millions

1) Based on net sales of \$72 million for Clearfield (including an \$11M contribution from Nestor Cables within our international market) and Point of Sales (POS) reporting from distributors who resell our product line into these markets.

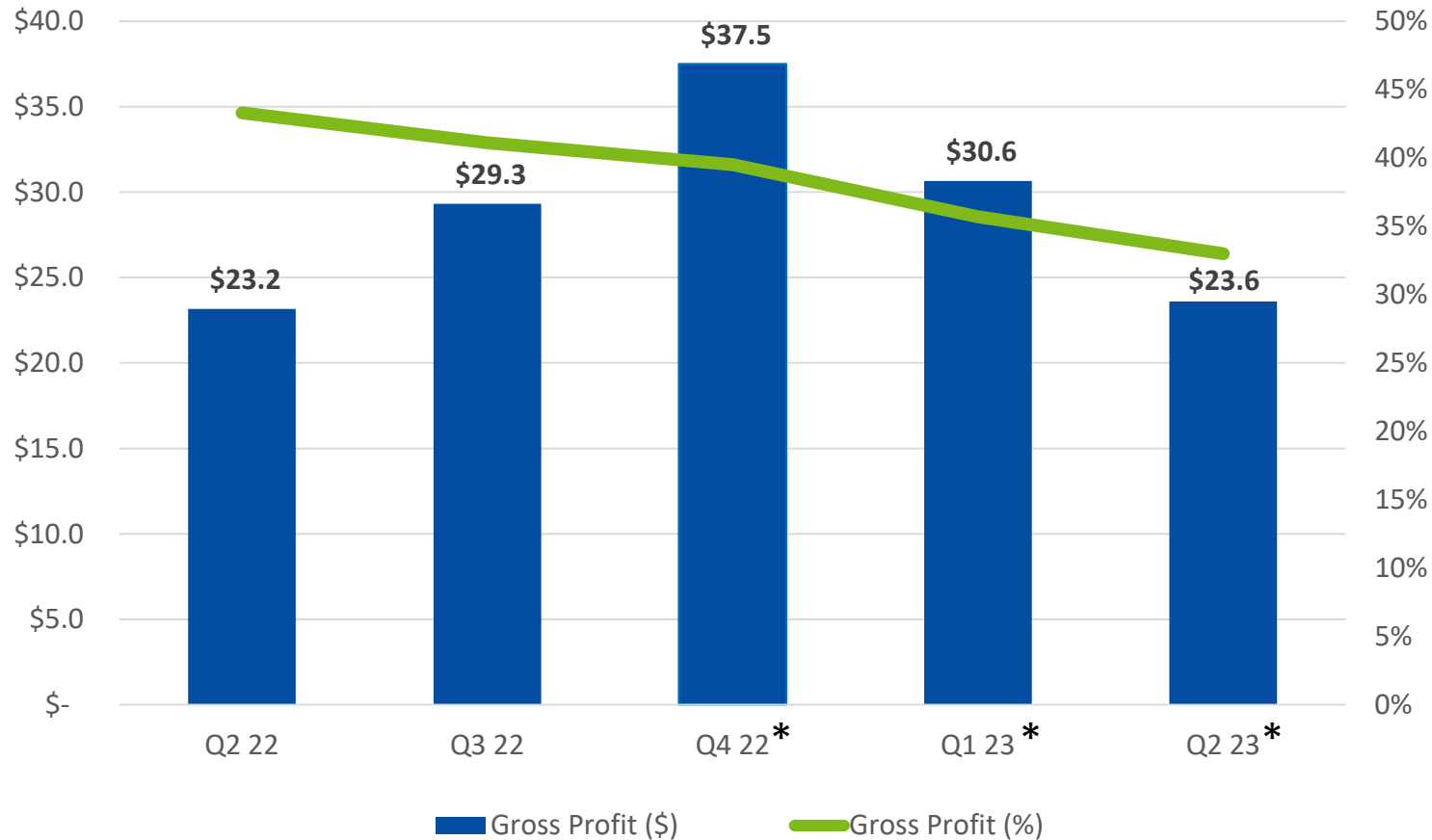


Q2 FY23 Net Sales Composition Ended 3/31/23¹



FINANCIAL PERFORMANCE

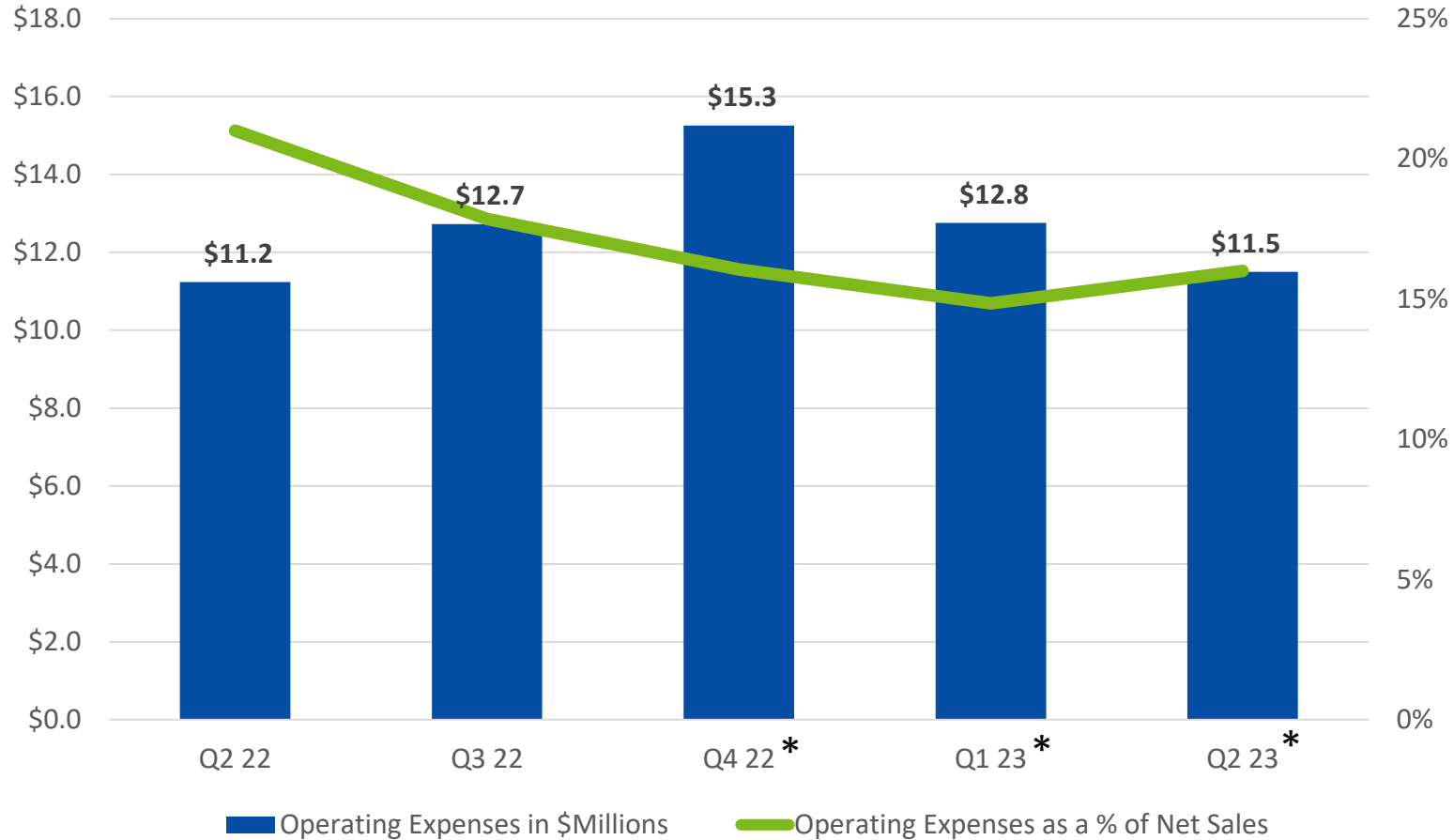
Quarterly Gross Profit and Margin



Gross profit levels have declined due to the unused capacity at our Mexico facility and Nestor Cables as a higher percentage of our business this quarter

FINANCIAL PERFORMANCE

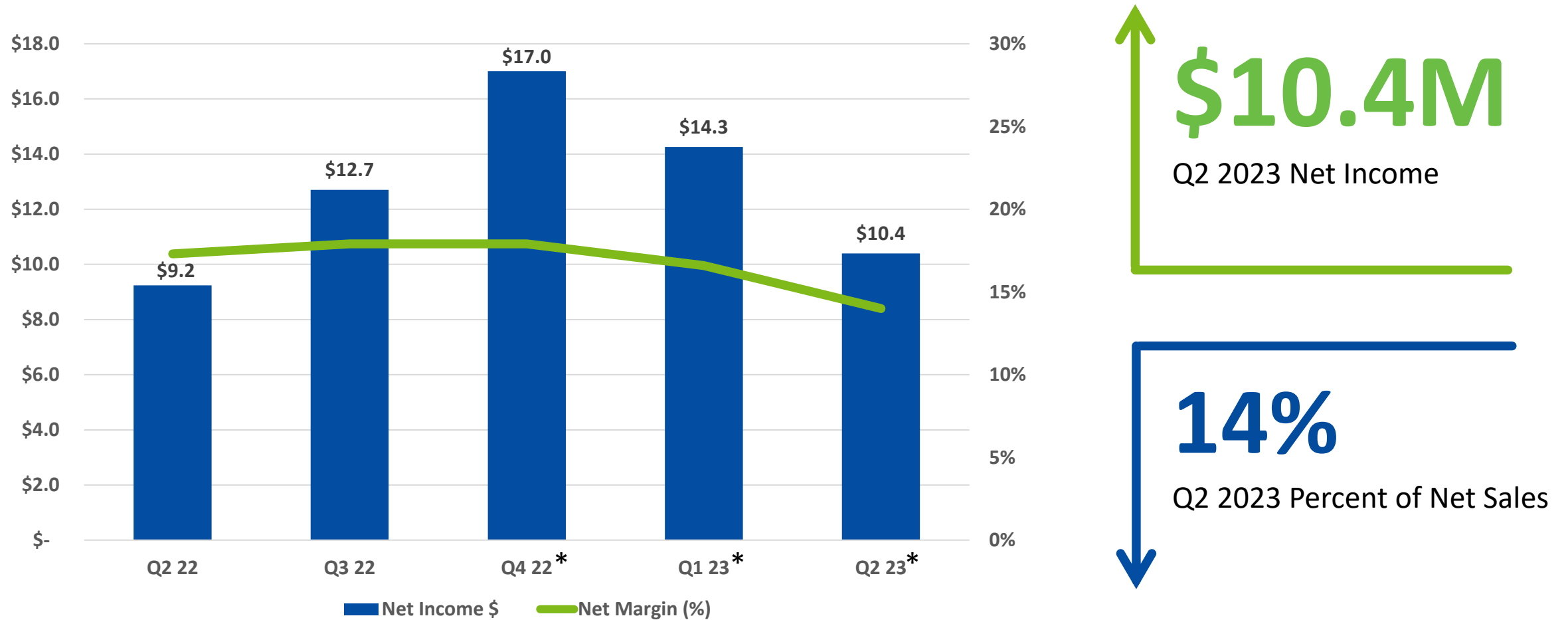
Quarterly Operating Expenses



5 Percentage Points
YOY Decrease in
Operating Expenses as a
percent of Net Sales

FINANCIAL PERFORMANCE

Quarterly Net Income



FINANCIAL PERFORMANCE

Balance Sheet

- ✓ *\$166 million of cash, short-term and long-term investments*
- ✓ *\$2 million of debt*
- ✓ *Raised \$130 million in net proceeds in December 2022 secondary offering for working capital and general corporate purposes*



CLEARFIELD

Business Update & Outlook





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

- ✓ *Launched SeeChange™*
 - *Reduces customer deployment times and labor costs*
- ✓ *Rightsizing capacity*
 - *Optimizes cost structure to navigate current market dynamics*
- ✓ *Strengthening supply chain*
 - *Reduces lead times*
- ✓ *Pursuing cross-selling opportunities with Nestor Cables*
 - *Increases revenue potential domestically and abroad*
- ✓ *Expanding Clearfield College*
 - *Provides online and in-field customer training support*
- ✓ *Increasing cadence of product releases*
 - *Expands value proposition*

Tremendous Market Across Rural Broadband

- \$12.5B+ Estimated US FTTH Market
- ~\$200B Cumulative 5G Cycle Spend by 2035
- ~55M Committed Fiber Homes Passed By 2030
- \$100B Allocated For Broadband Under Biden Infrastructure Package
- \$10B+ Annual Broadband Infrastructure Subsidies Over Next 3 Years
- 100% Target Broadband Coverage By 2030 Under Biden Administration

<https://www.fiercetelecom.com/telecom/biden-targets-universal-broadband-access-2t-plan>



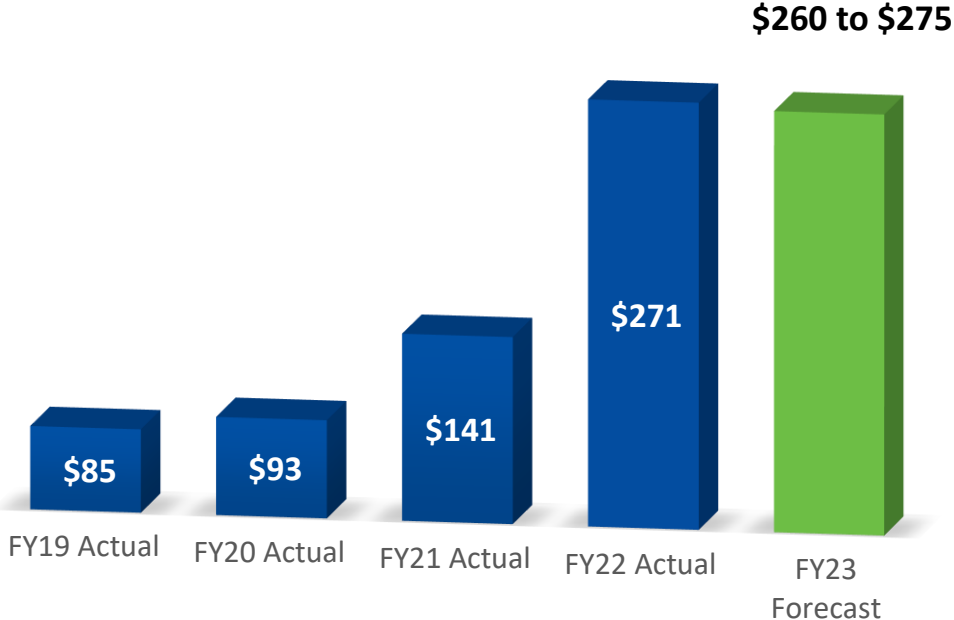
Long-term Catalysts

- ✓ *Government Funding for unserved and underserved communities*
- ✓ *European Expansion*
- ✓ *5G: Wireless and Wireline Integration*
- ✓ *Cloud, Edge and IoT Architecture*

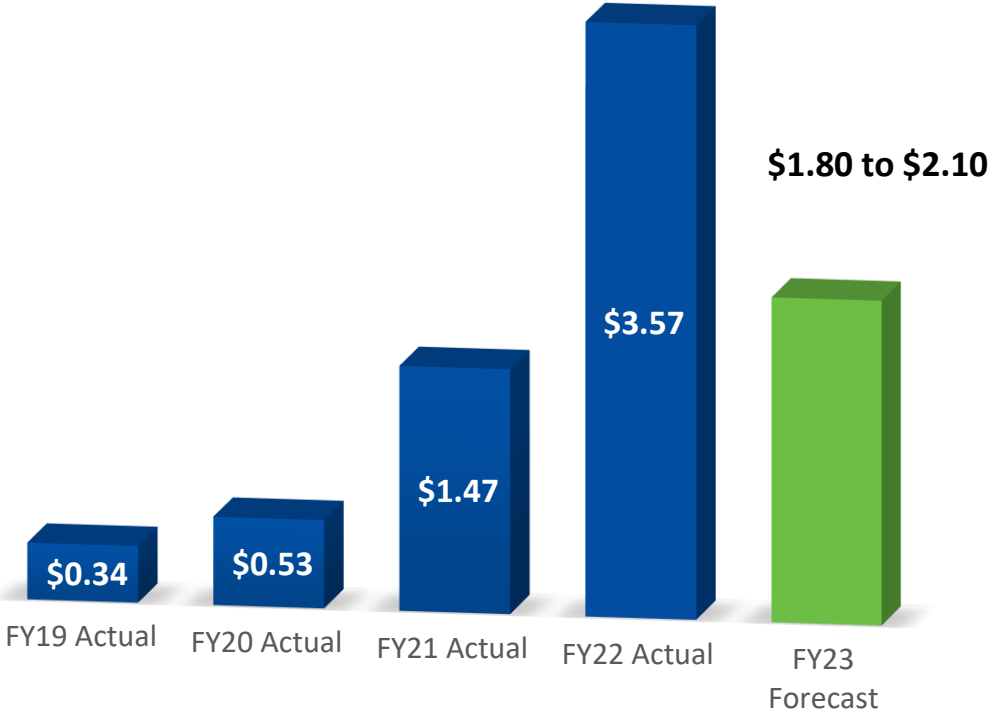


Financial Outlook

Annual Net Sales
(\$ in millions)



Net Income Per Share
(\$)



FY 2023 net sales guidance issued and effective as of May 4, 2023. Growth rate is based on midpoint of net sales guidance range and includes contribution from subsidiary Nestor Cables .

FY 2023 net income per diluted share guidance issued and effective as of May 4, 2023.

Q&A



Cheri Beranek
PRESIDENT & CEO



Dan Herzog
CHIEF FINANCIAL OFFICER



Kevin Morgan
CHIEF MARKETING OFFICER

Appendix

Net Sales by Market

Trailing 8 Quarters Through March 31, 2023

(in thousands)

Market	Q2 23 3/31/2023	Q1 23 12/31/2022	Q4 22 9/30/2022	Q3 22 6/30/2022	Q2 22 3/31/2022	Q1 22 12/31/2021	Q4 21 9/30/2021	Q3 21 6/30/2021
International	\$13,138	\$10,204	\$9,345	\$2,515	\$1,462	\$1,994	\$3,542	\$2,929
Legacy	593	751	557	624	708	725	906	636
National Carrier	1,954	2,305	2,713	3,510	2,326	1,845	2,170	2,076
Large Regional Service Providers	12,498	14,637	17,468	16,323	15,078	16,152	11,387	8,508
MSO (Cable TV)	10,100	20,819	21,316	10,414	7,282	9,048	6,961	4,288
Community Broadband	33,526	37,226	43,630	37,864	26,639	21,343	20,270	20,298
Total	\$71,809	\$85,942	\$95,029	\$71,250	\$53,495	\$51,109	\$45,236	\$38,735

Contact Us

COMPANY CONTACT:

Cheri Beranek

President & CEO

Clearfield, Inc.

IR@seeclearfield.com

INVESTOR RELATIONS:

The Blueshirt Group

Greg McNiff

T: 773-485-7191

clearfield@blueshirtgroup.com