



July 28, 2022

Fiscal Q3 2022 Earnings Call

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, 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 1A. 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.



Introduction & Highlights



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.



OUR MISSION:

*Enabling the
Lifestyle Better
Broadband
Provides*



CLEARFIELD

Strategic Acquisition of Nestor Cables Oy





Nestor Cables Overview

- Founded by cable technology professionals to preserve the Finnish tradition of producing high-quality fiber optic cables
- One of the leading developers and manufacturers of fiber optic cable solutions in Northern Europe
- Longstanding industry reputation for reliable and flexible deliveries, quick reaction times, and operational efficiency
- FY 2021 revenue: EUR €31.7 million (approximately \$33 million) under Finnish Accounting Standards
- Transaction value with fees: \$23 million
- Nestor will operate as a subsidiary of Clearfield

Nestor Products



Fiber optic cables



Microducts and bundles



Connectivity products for fiber optic networks

Strategic Rationale

- Allows Clearfield to vertically integrate the supply of FieldShield fiber optic cables to meet future customer demand
- Enables Clearfield to leverage Nestor's deep technical expertise to extend overall supply of FieldShield fiber into the North American market
- Expected to reduce the cost and complexity of freight by establishing Mexico-based production of fiber cable (est. early 2023)
- Allows Clearfield to bring its cassette-based fiber management solutions to European market





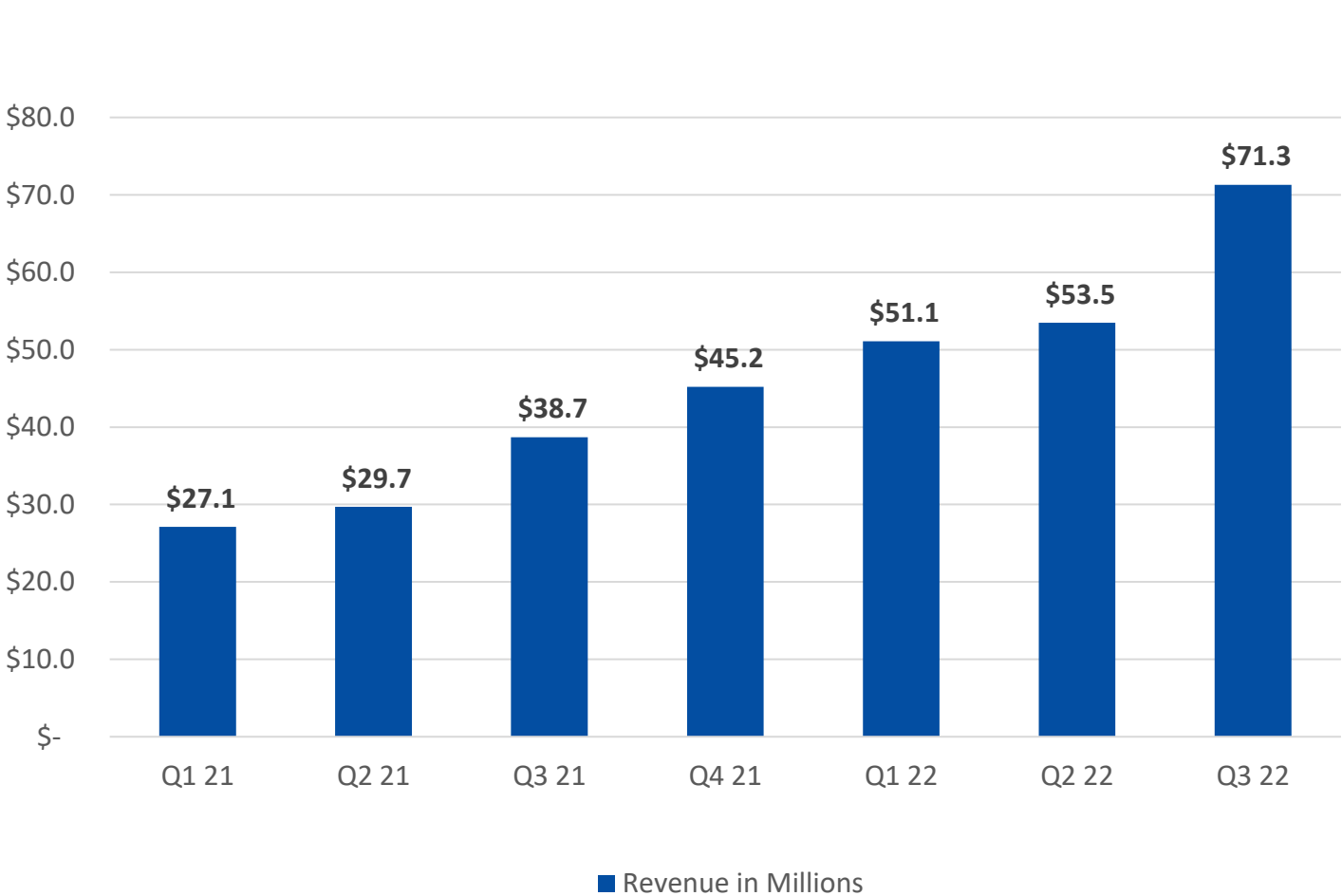
CLEARFIELD

Financial Performance



FINANCIAL PERFORMANCE

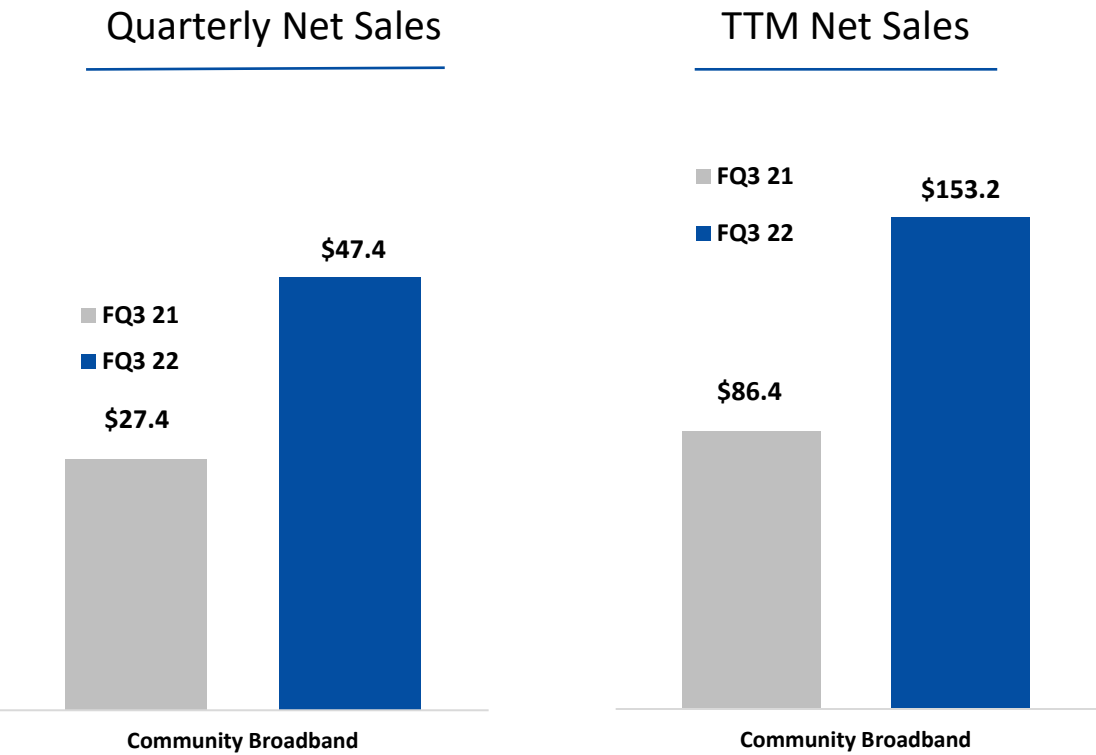
Quarterly Net Sales



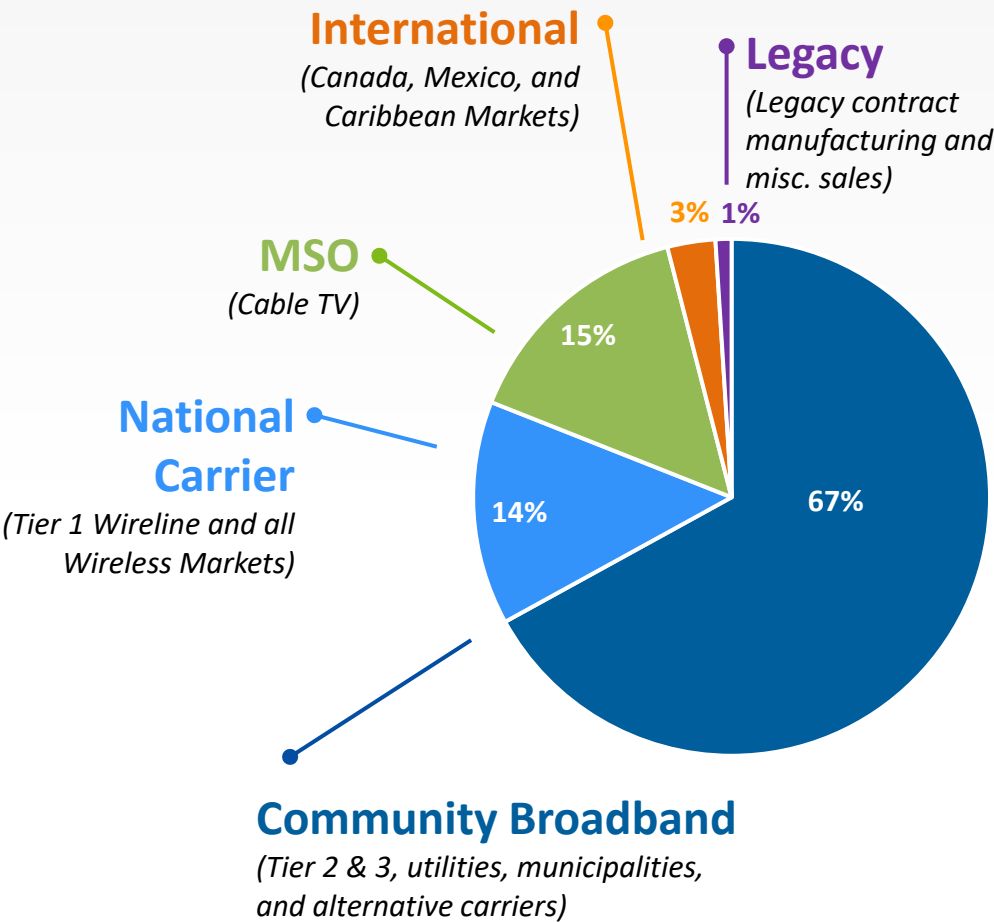
84%
Q3 2022 Growth Rate

\$71.3M
Q3 2022 Net Sales

Q3 FY22 Net Sales Comparison by Market

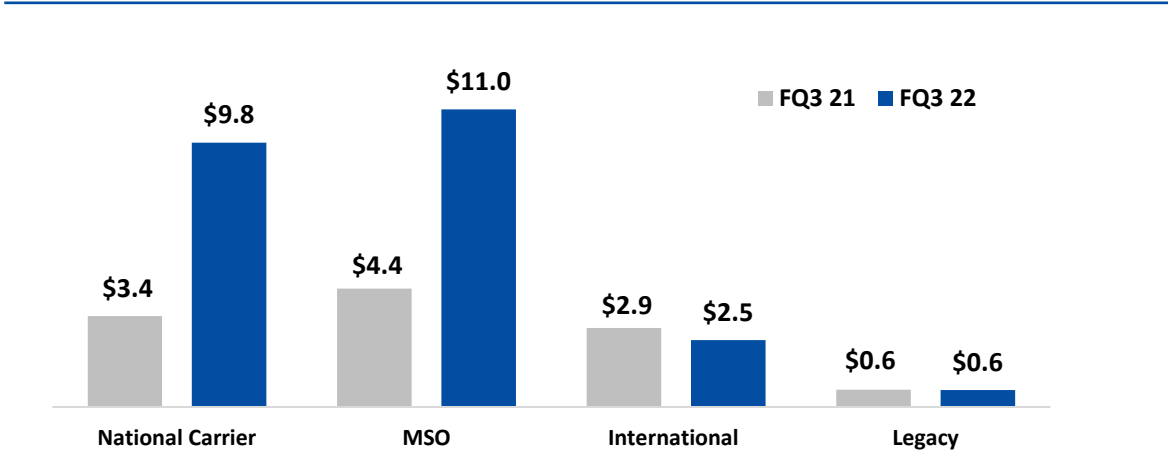


Q3 FY22 Net Sales Composition Ended 6/30/22¹

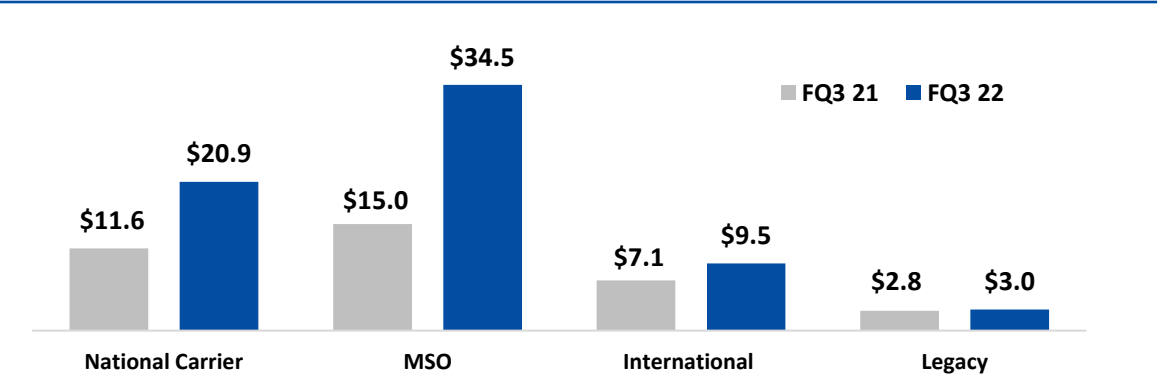


Q3 FY22 Net Sales Comparison by Market

Quarterly Net Sales

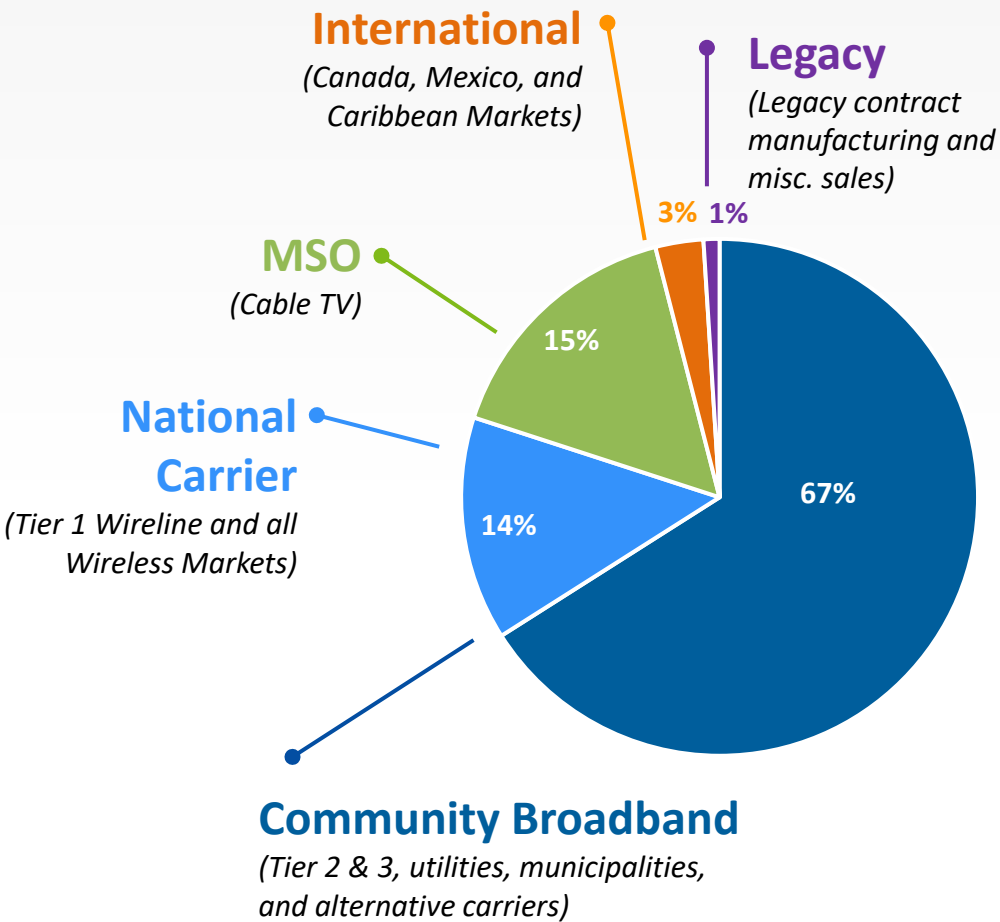


TTM Net Sales



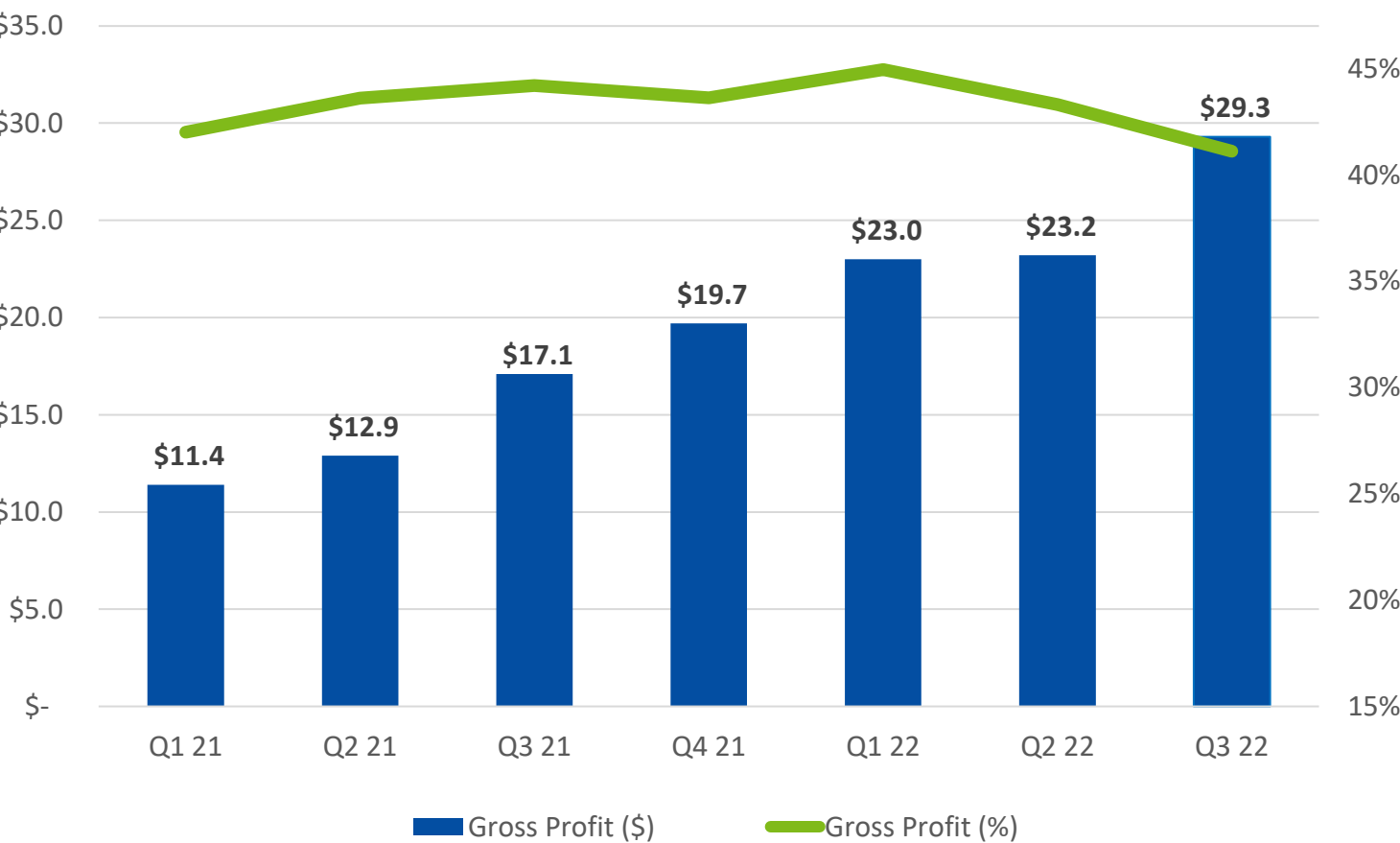
All dollar figures in millions
 1) Based on net sales of \$221.1 million and Point of Sales (POS) reporting from distributors who resell our product line into these markets.

Q3 FY22 Net Sales Composition Ended 6/30/22¹



FINANCIAL PERFORMANCE

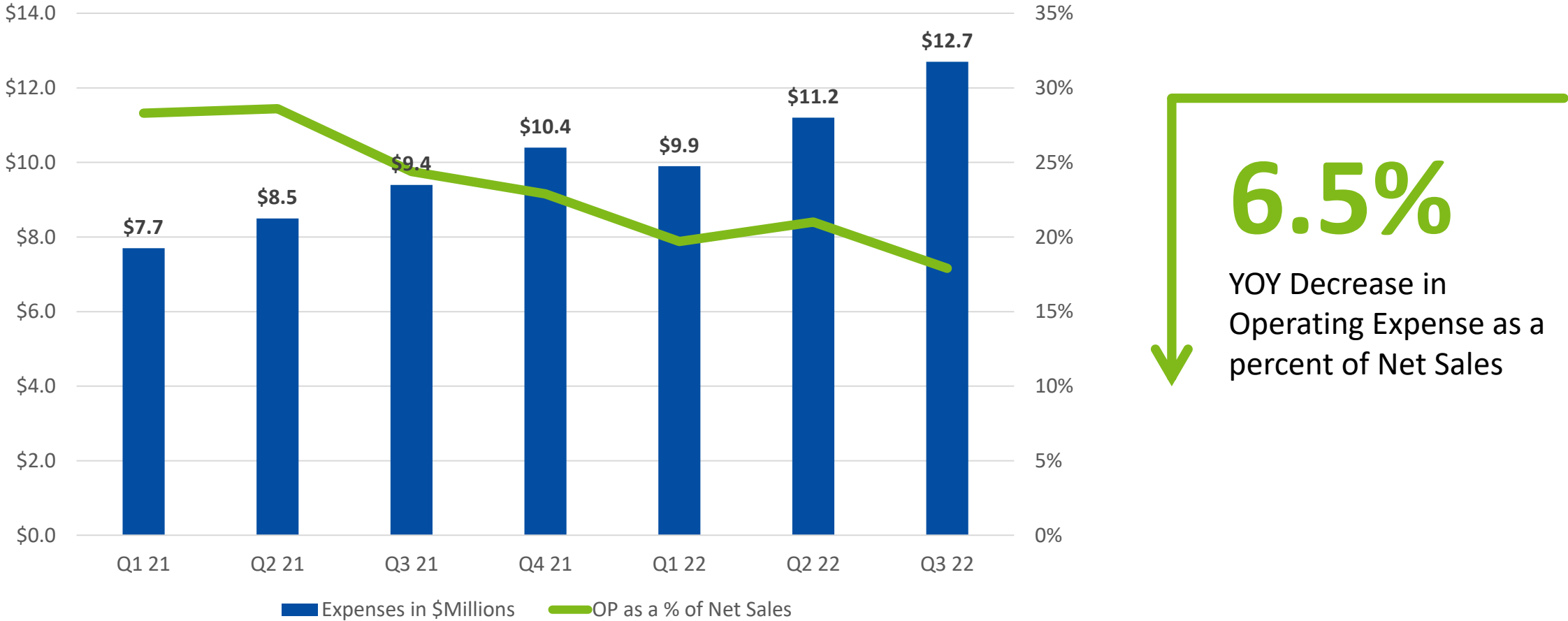
Quarterly Gross Profit



71%
Gross Profit increase YOY

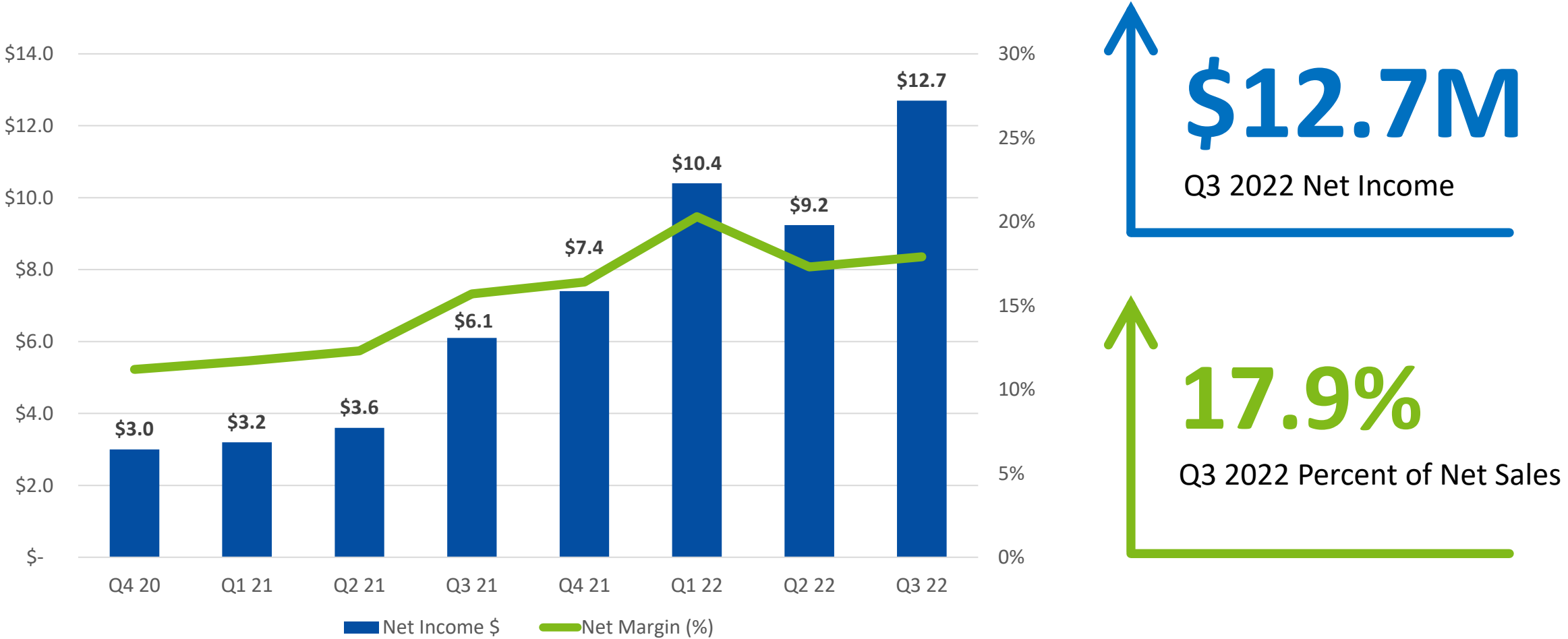
FINANCIAL PERFORMANCE

Quarterly Operating Expenses



FINANCIAL PERFORMANCE

Quarterly Net Income





Business Update & Outlook



Our Value Proposition – Removing Obstacles

1. Craft-friendly – requires less skilled labor and overall labor time
2. Designed to reduce permitting and right-of-way
3. Faster turn-up time for quicker revenue per subscriber



Clearfield “Now of Age” Plan

Accelerating our Operating Cadence

- Active investment in systems and processes to enable our agile work environment
- Speed of delivery in every part of our organization is paramount to our success

Amplifying Bold and Disruptive Growth

- Leveraging Community Broadband for One-Fiber Backhaul
- Removing obstacles for the integration of wireline and wireless networks
- Bringing fiber management expertise to 5G, NG-PON, and edge computing

Augmenting Capacity for Ongoing Growth

- Investing in products, manufacturing and supply chain to increase competitiveness and reduce costs
- Building upon Domestic and Global partnerships for faster product innovation and cost reduction programs

Accelerating our Operating Cadence



Amplifying Bold and Disruptive Growth



Augmenting Capacity for Ongoing Growth

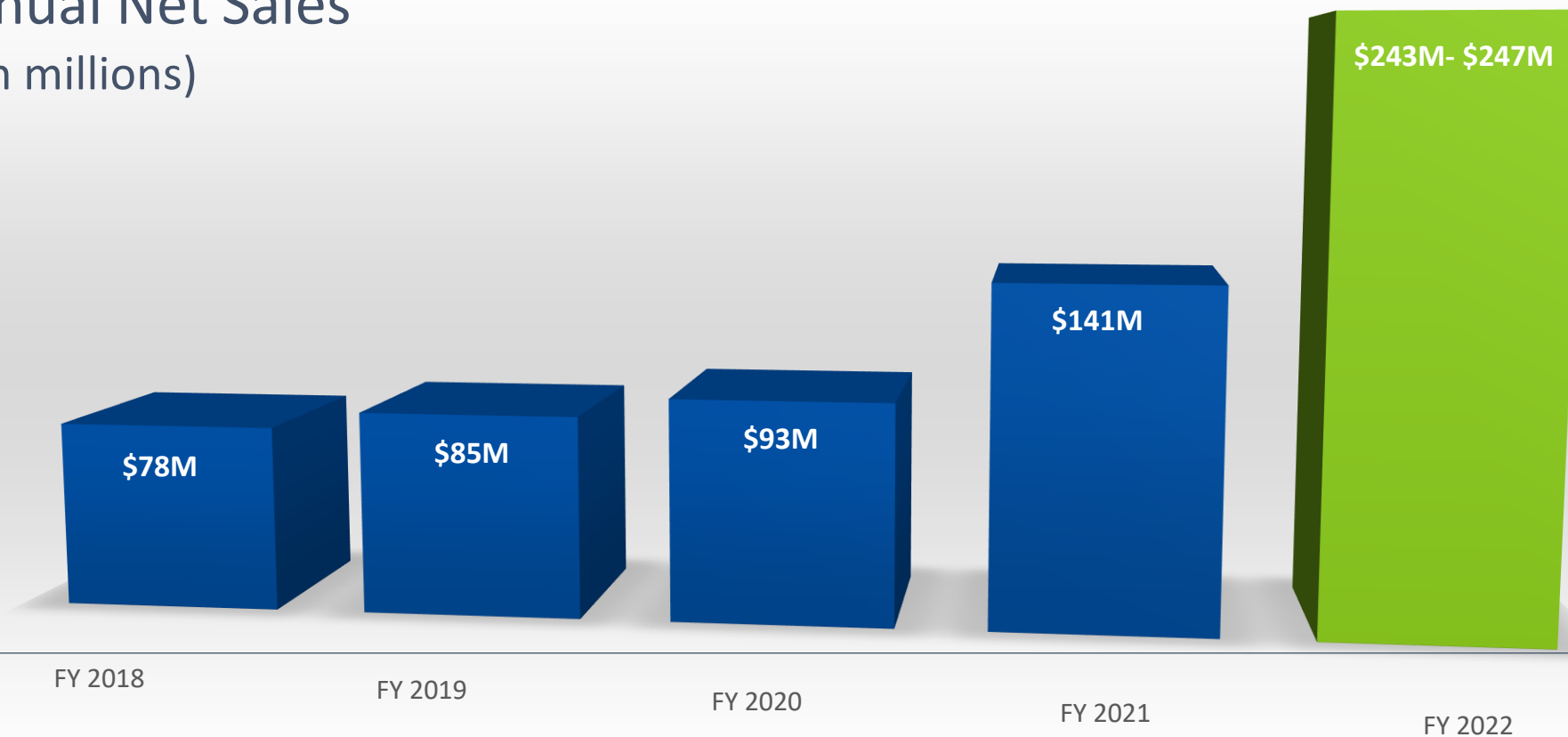


Clearfield Production Facilities



Financial Outlook

Annual Net Sales
(\$ in millions)



Q&A



Cheri Beranek
PRESIDENT & CEO



Dan Herzog
CHIEF FINANCIAL OFFICER

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