



# Clearfield Earnings Presentation: Fiscal Q3 2023 Earnings Call

August 3, 2023

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# 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.

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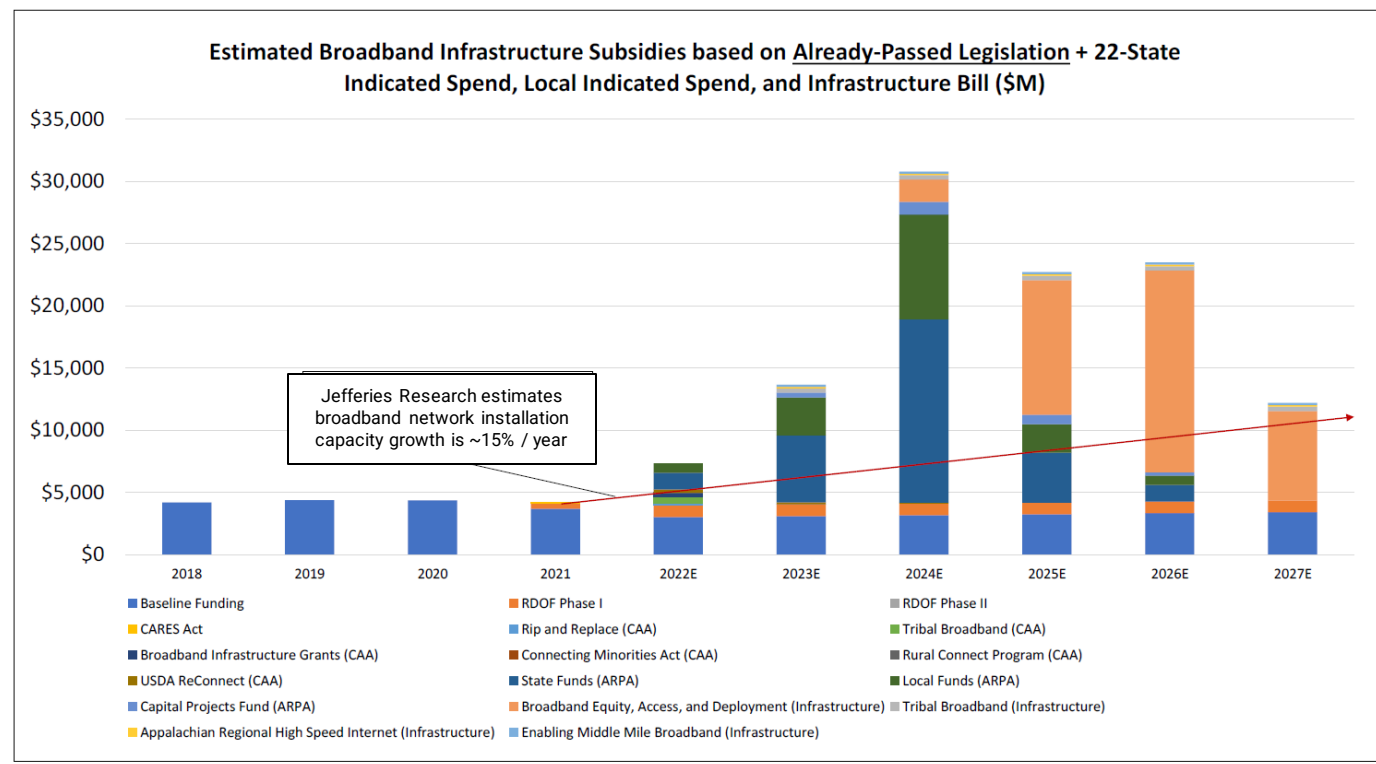




Enabling the lifestyle  
better broadband provides



# Market Update

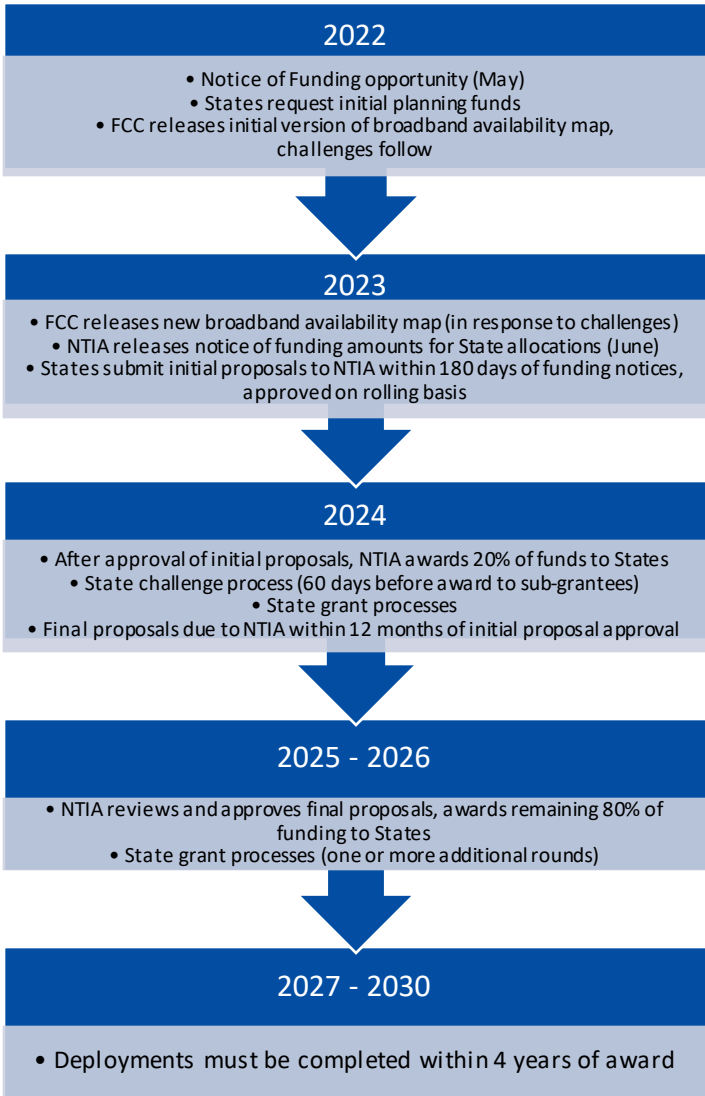


Source: US Congress, State Governments, Benton, JD Supra, Jefferies Research

“The red, upward-sloping line in this chart assumes 15% annual growth in the industry’s ability to grow the Professional Services / Network Installation workforce needed to deploy projects. While it’s certainly possible that the industry could flex up above that 15% assumption, it’s very clear much of the actual project spending – above and beyond that 15% growth line – will shift out to later years. We still believe that broadband equipment growth rates should remain attractive and durable for 4-6 years or more.”

Source: NTIA, Jefferies Research

## Expected BEAD Funding Timeline







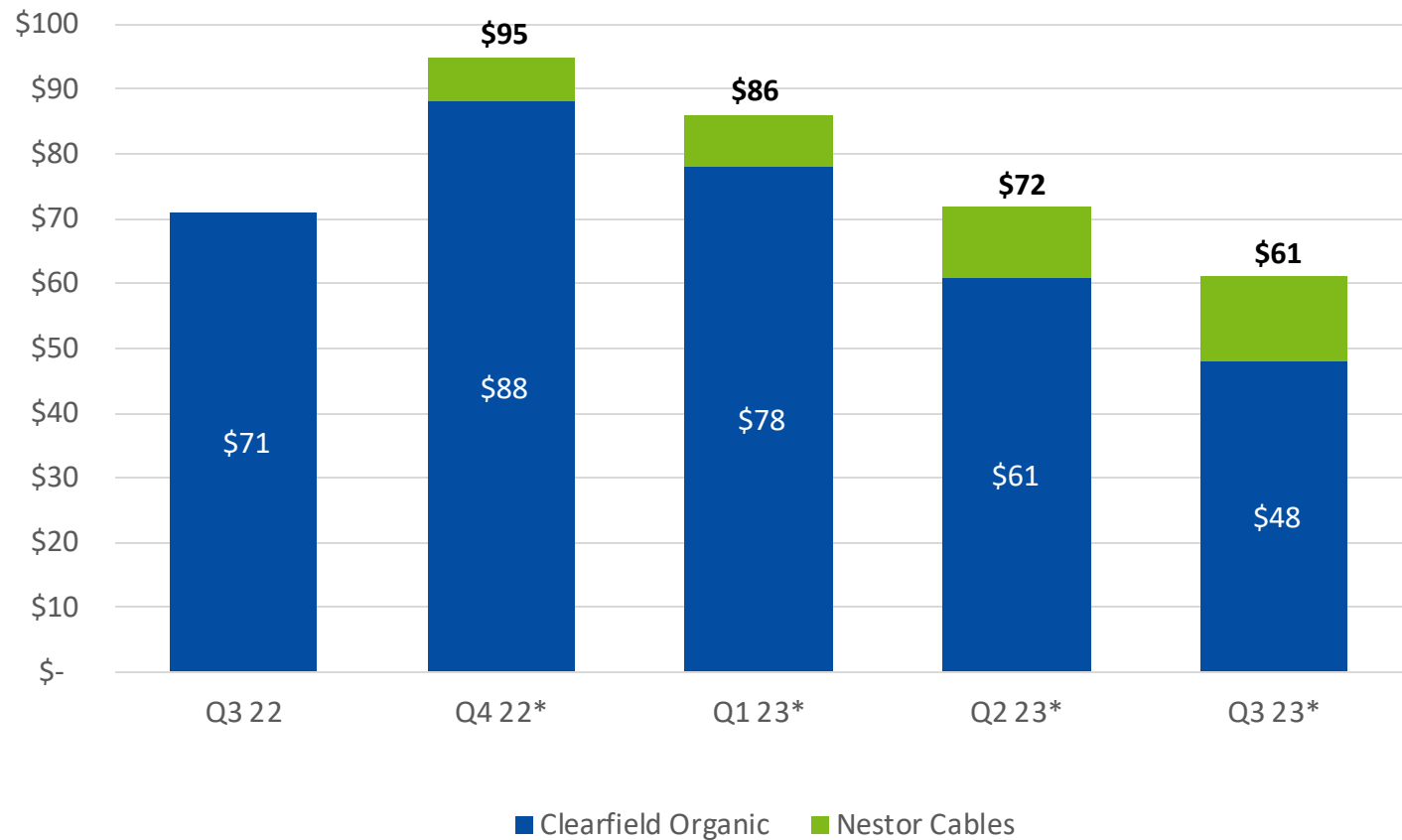
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# Financial Performance



FINANCIAL PERFORMANCE

Quarterly Revenue



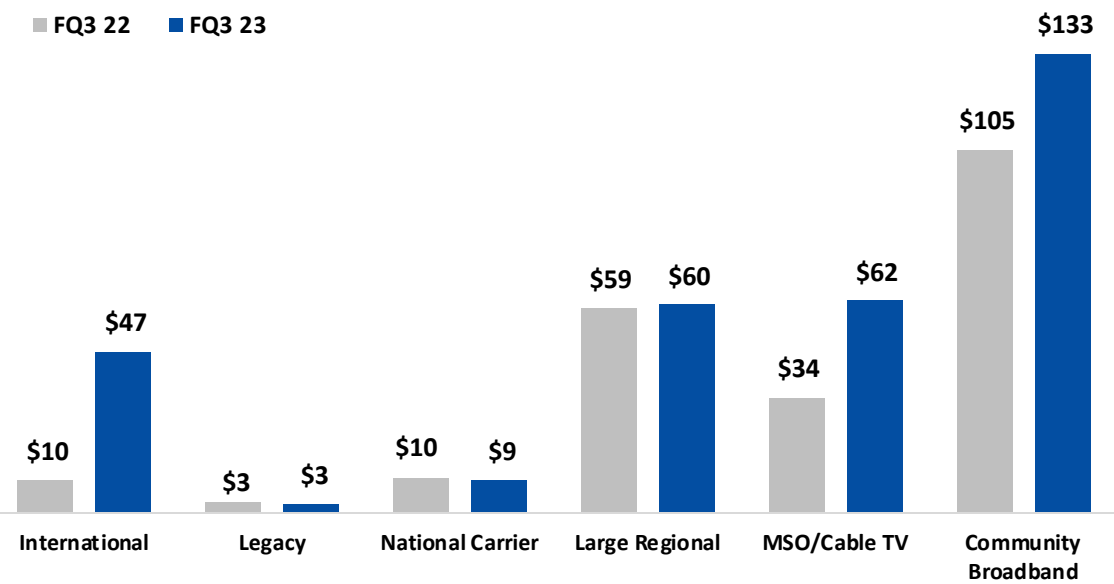
\$61M

Q3 2023 Revenue

18%  
Nestor Cables Contribution  
compared to prior quarter

# Q3 FY23 Net Sales Comparison by Market

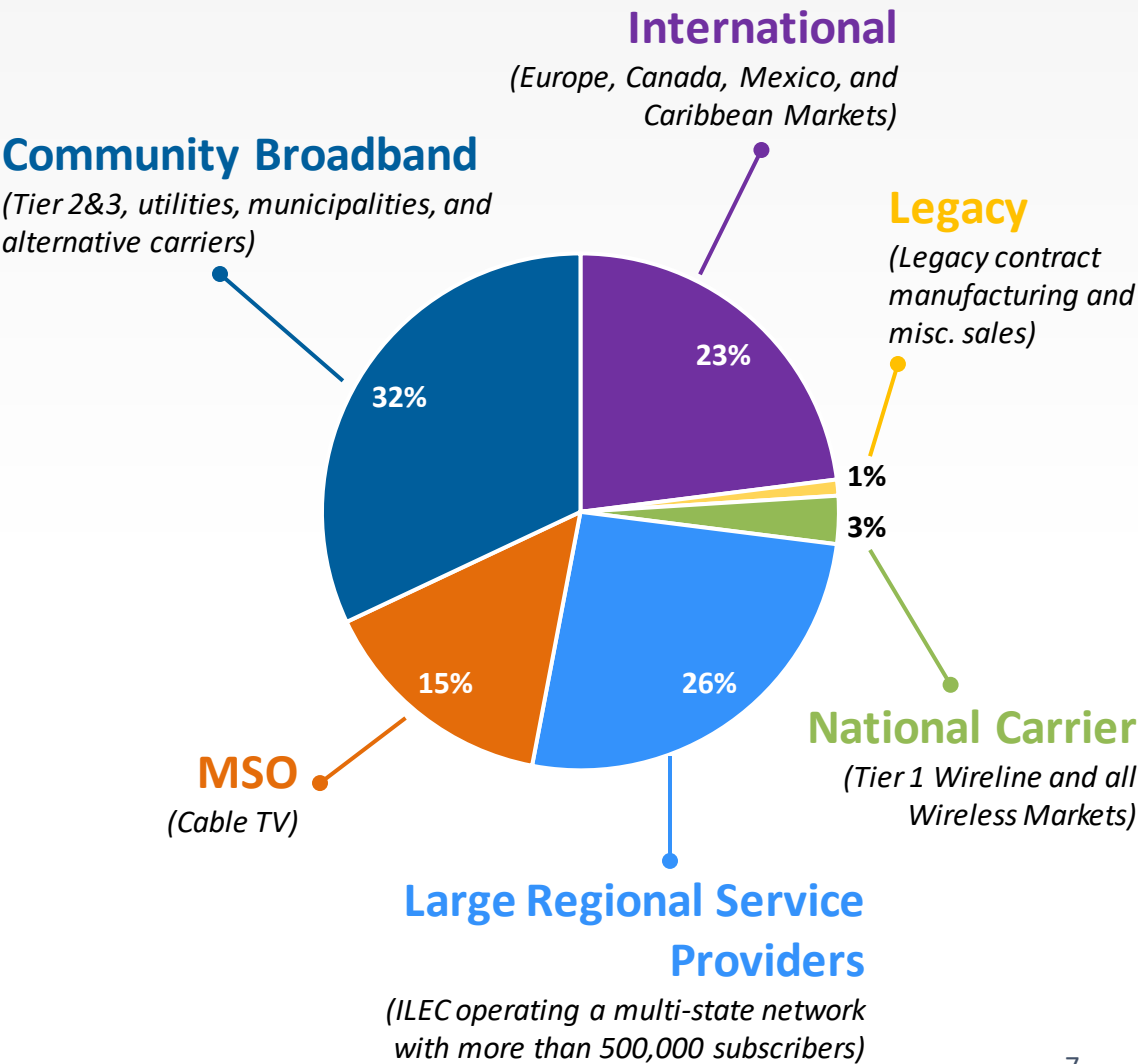
TTM Net Sales



All dollar figures in millions

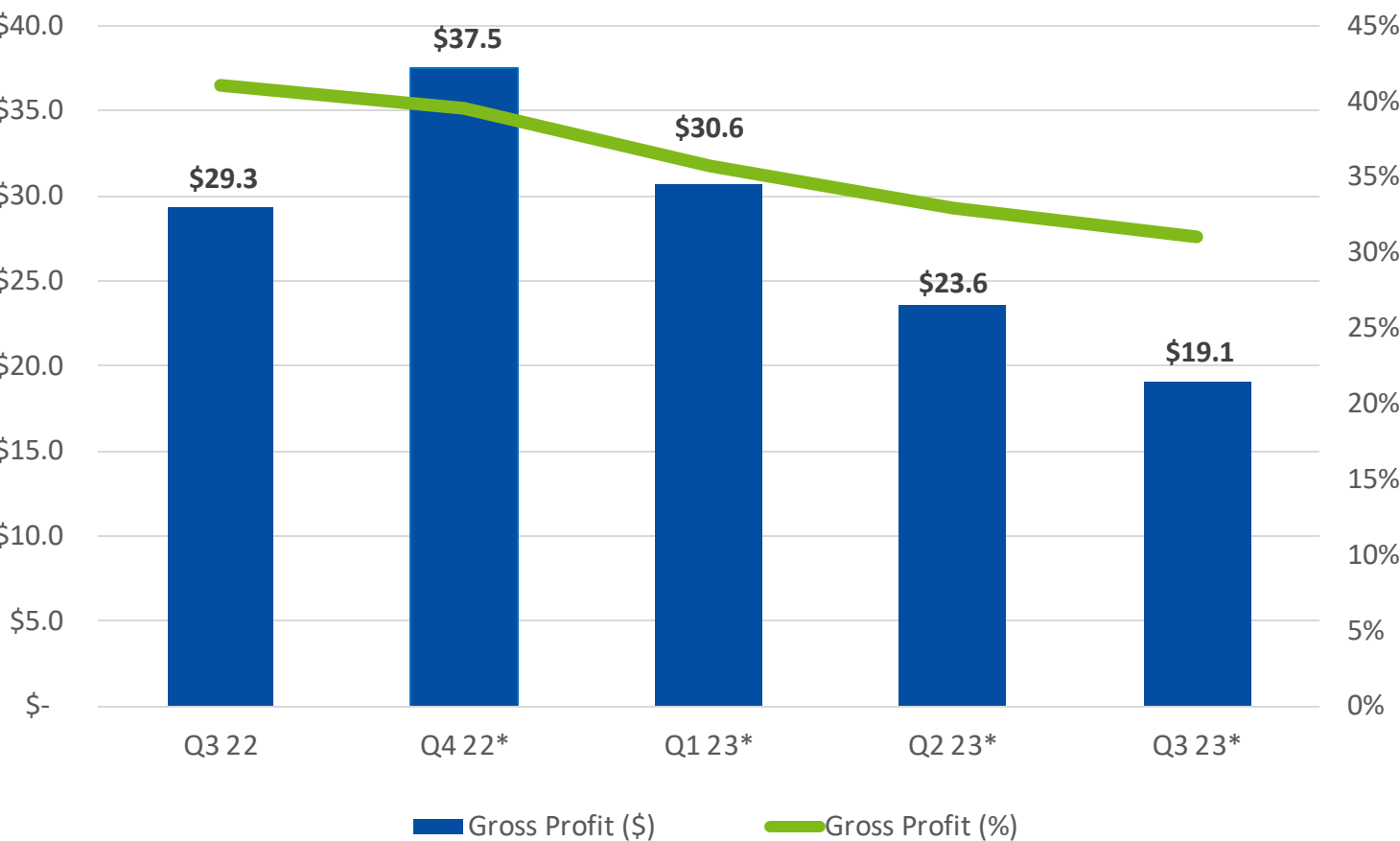
1) Based on net sales of \$72 million for Clearfield (including an \$11M contribution from Nestor Cables within our international market) and Point of Sales (POS) reporting from distributors who resell our product line into these markets.

# Q3 FY23 Net Sales Composition Ended 6/30/23<sup>1</sup>



FINANCIAL PERFORMANCE

# Quarterly Gross Profit and Margin

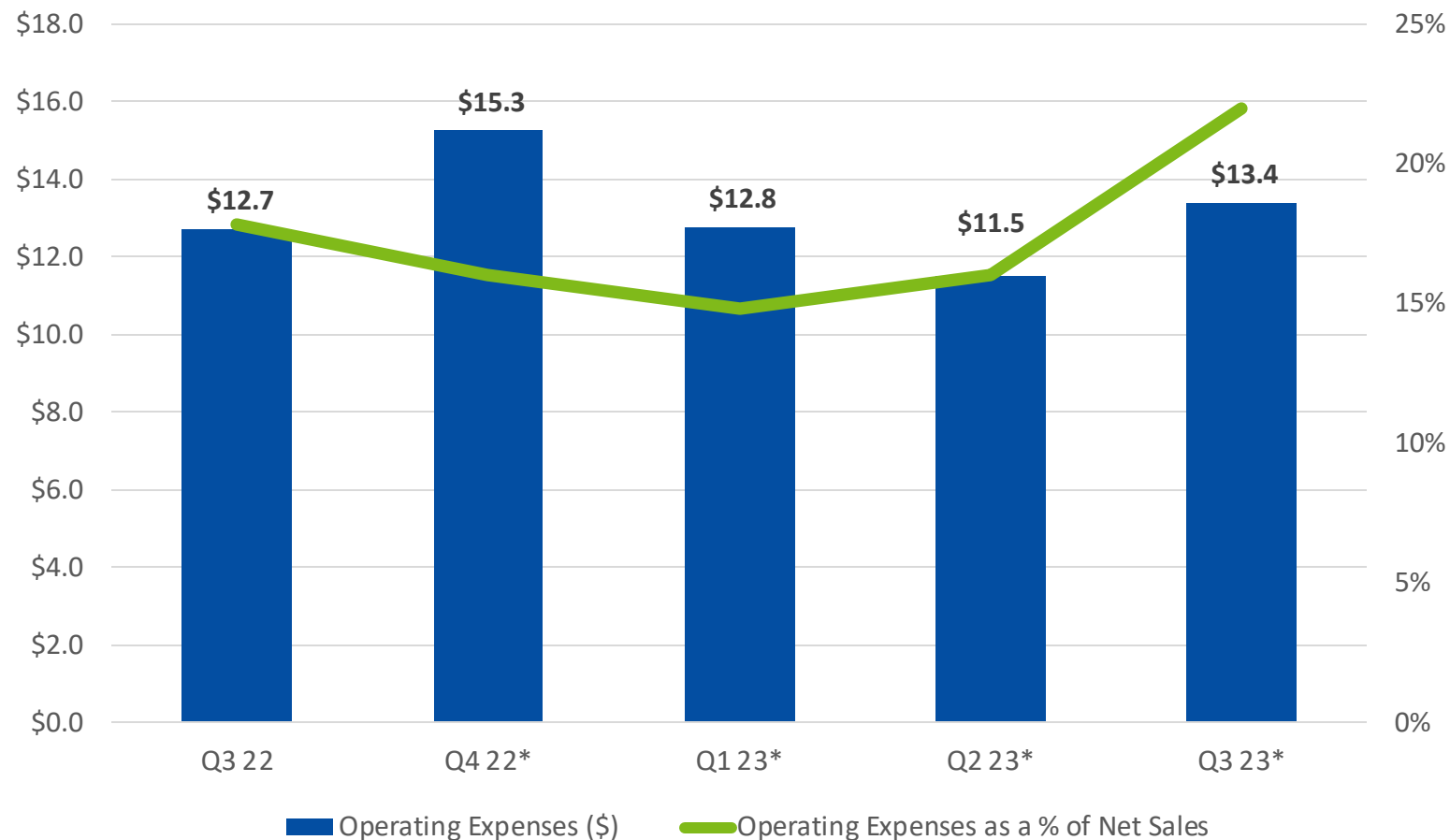


Gross profit levels have declined due to unused capacity at our Mexico facility and Nestor Cables representing a higher percentage of revenue.



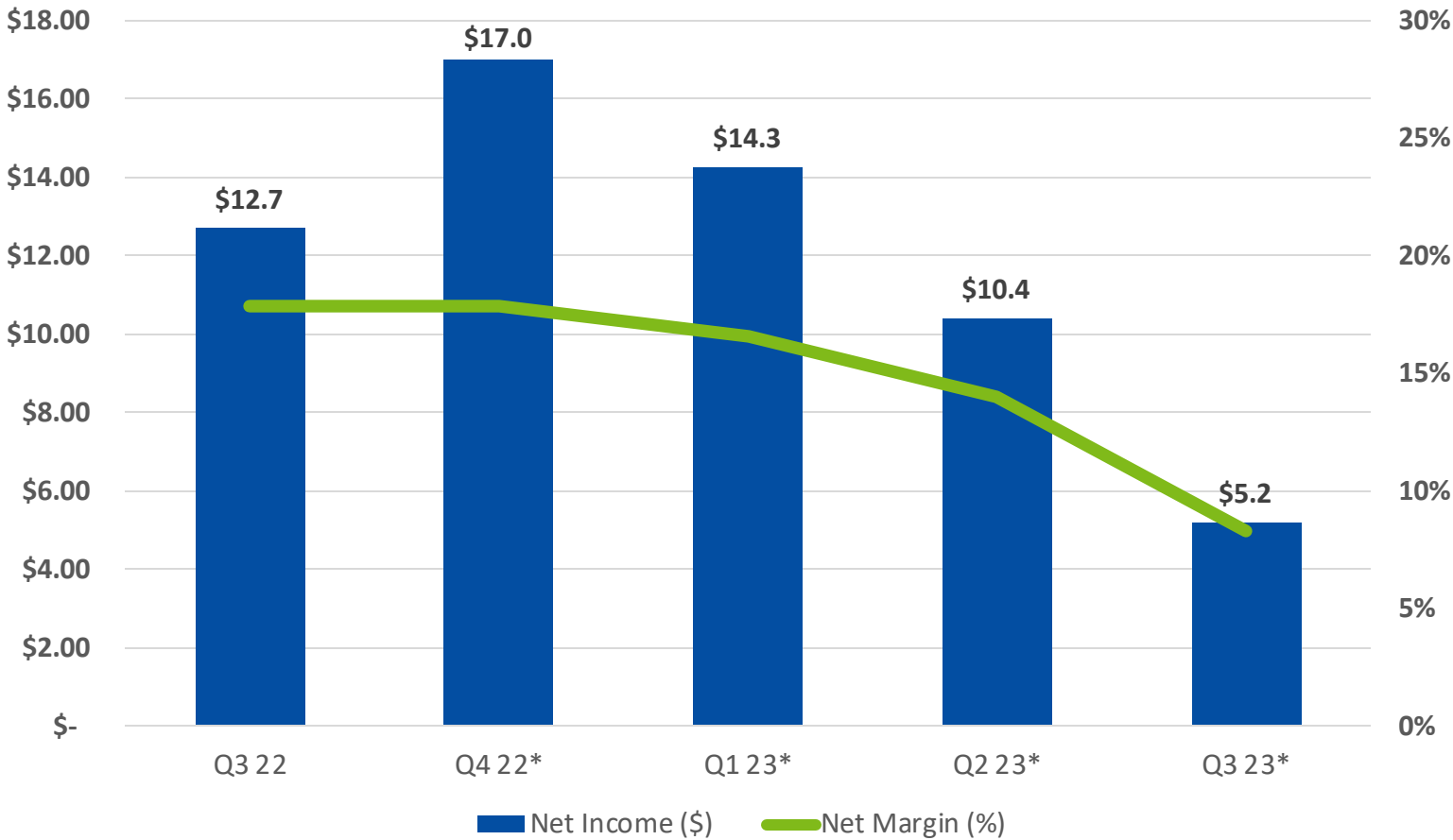
## FINANCIAL PERFORMANCE

# Quarterly Operating Expenses



FINANCIAL PERFORMANCE

Quarterly Net Income



\$5.2M

Q3 2023 Net Income

9%

Q3 2023 Percent of Net Sales

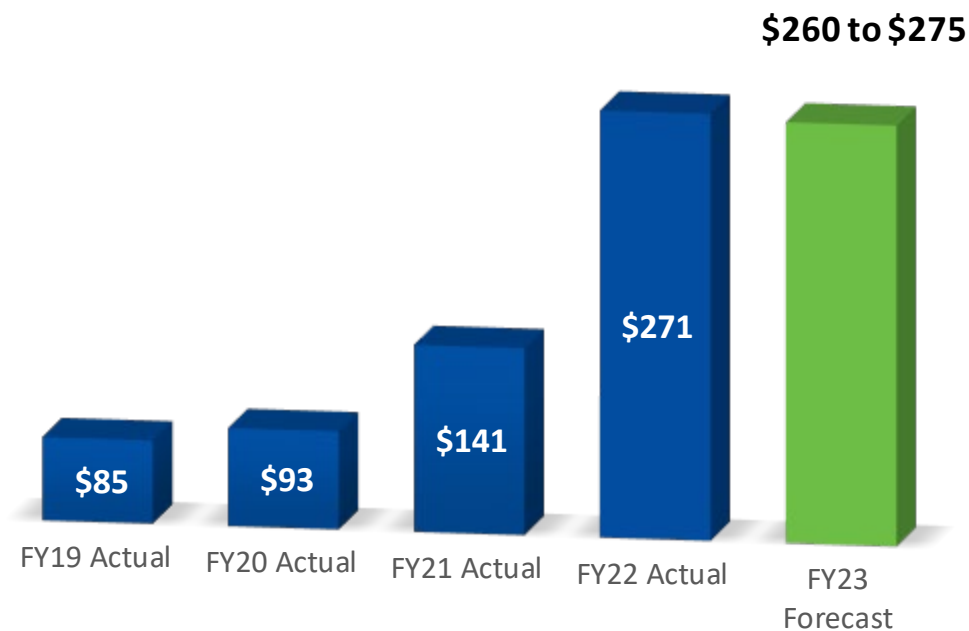
# Balance Sheet

- ✓ *\$169 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*

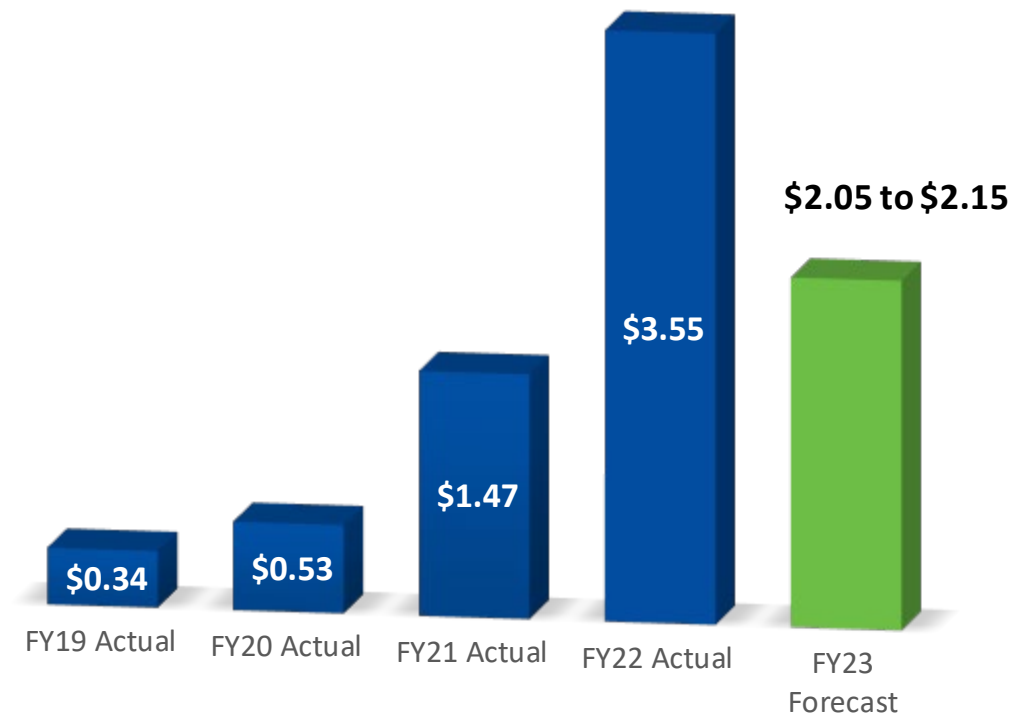


# Financial Outlook

Annual Net Sales  
(\$ in millions)



Net Income Per Share  
(\$)



FY 2023 net sales guidance issued and effective as of August 3, 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 August 3, 2023.



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# Business Update





**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

- ✓ *Continue to Invest in Clearfield College*
  - *Provides online and in-field customer training support to address skilled labor shortage*
- ✓ *Modernizing ERP and Internal Software Systems*
  - *Enables better order management and fulfillment to reduce lead times*
- ✓ *Adding Expertise in New Markets*
  - *Expanding Estonia facility for microduct and connectivity manufacturing*



# Q&A



**Cheri Beranek**  
PRESIDENT & CEO



**Dan Herzog**  
CHIEF FINANCIAL OFFICER



**Kevin Morgan**  
CHIEF MARKETING OFFICER

# Appendix

Clearfield, Inc.

Revenue by Market

Trailing 8 Quarters Through 6/30/23 (FY 23 Q3)

Market/Account	Q3 23 6/30/2023	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
International	\$14,186,467	\$13,136,869	\$10,203,747	\$9,344,673	\$2,515,165	\$1,461,636	\$1,994,096	\$3,542,333
Legacy	706,871	592,268	750,502	556,803	623,621	721,324	725,275	900,524
National Carrier	1,984,772	2,101,414	2,552,023	2,825,726	3,453,964	2,500,839	1,991,359	2,266,808
Large Regional	15,622,998	12,538,475	14,698,809	17,476,833	16,332,225	15,493,948	16,162,639	11,391,719
MSO/Cable TV	9,381,837	10,043,019	20,810,686	21,268,240	10,358,609	7,233,848	9,050,201	6,894,787
Community Broadband	19,401,301	33,396,940	36,926,116	43,556,483	37,966,749	26,083,252	21,185,134	20,239,791
<b>Total</b>	<b>\$61,284,245</b>	<b>\$71,808,985</b>	<b>\$85,941,882</b>	<b>\$95,028,758</b>	<b>\$71,250,335</b>	<b>\$53,494,847</b>	<b>\$51,108,704</b>	<b>\$45,235,962</b>

# Contact Us

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