



# Clearfield Investor Presentation

February 2024

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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 Presentation 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, expected customer ordering patterns, 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 Broadband Equity Access and Deployment Program (BEAD), 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: 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; 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; adverse global economic conditions and geopolitical issues could have a negative effect on our business, and results of operations and financial condition; 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, 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; our business is dependent on interdependent management information systems; natural disasters, extreme weather conditions or other catastrophic events could negatively affect our business, financial condition, and operating results; pandemics and other health crises, including COVID-19, could have a material adverse effect on our business, financial condition, and operating results; 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; expectations relating to environmental, social and governance matters may increase our cost of doing business and expose us to reputational harm and potential liability; 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, 2023 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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## 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*

# Clearfield at a Glance

## Company Overview and Key Investment Highlights

Leading provider of fiber protection, fiber management and fiber delivery solutions that enable rapid and cost-effective broadband deployment

✓ **Multi-billion Broadband Fiber Market with Strong Long-Term Fundamentals**

✓ **Market Leadership Position in Underserved Rural Broadband**

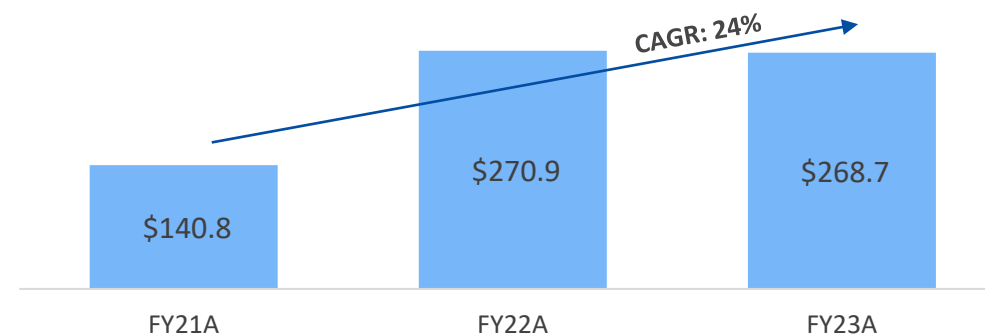
✓ **Differentiated, Scalable Platform For End-to-End Fiber Management & Delivery**

✓ **Strong History of Accelerating Growth and Profitability**

✓ **Seasoned Management Team With Deep Cable and Telecom Expertise**

## Strong History of Growth and Profitability

### Annual Revenue (\$M)



**31.7%**  
Gross Margin  
(2023A)

**13.9%**  
Operating Margin  
(2023A)

**12.1%**  
Net Margin  
(2023A)

**Strategically Grown the Organization While Delivering Consistent Profitability Since Inception**

Select Customers:  
(1,200+ customer base)

Allo  
FIBER  
LUMEN®

BLUE RIDGE  
MIDCO

Cable One  
verizon✓

FRONTIER  
windstream.

# 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 in Fiscal Year 2022 Highlights Investment to Integrate and Optimize Solutions and Mitigate Supply Chain Risk*



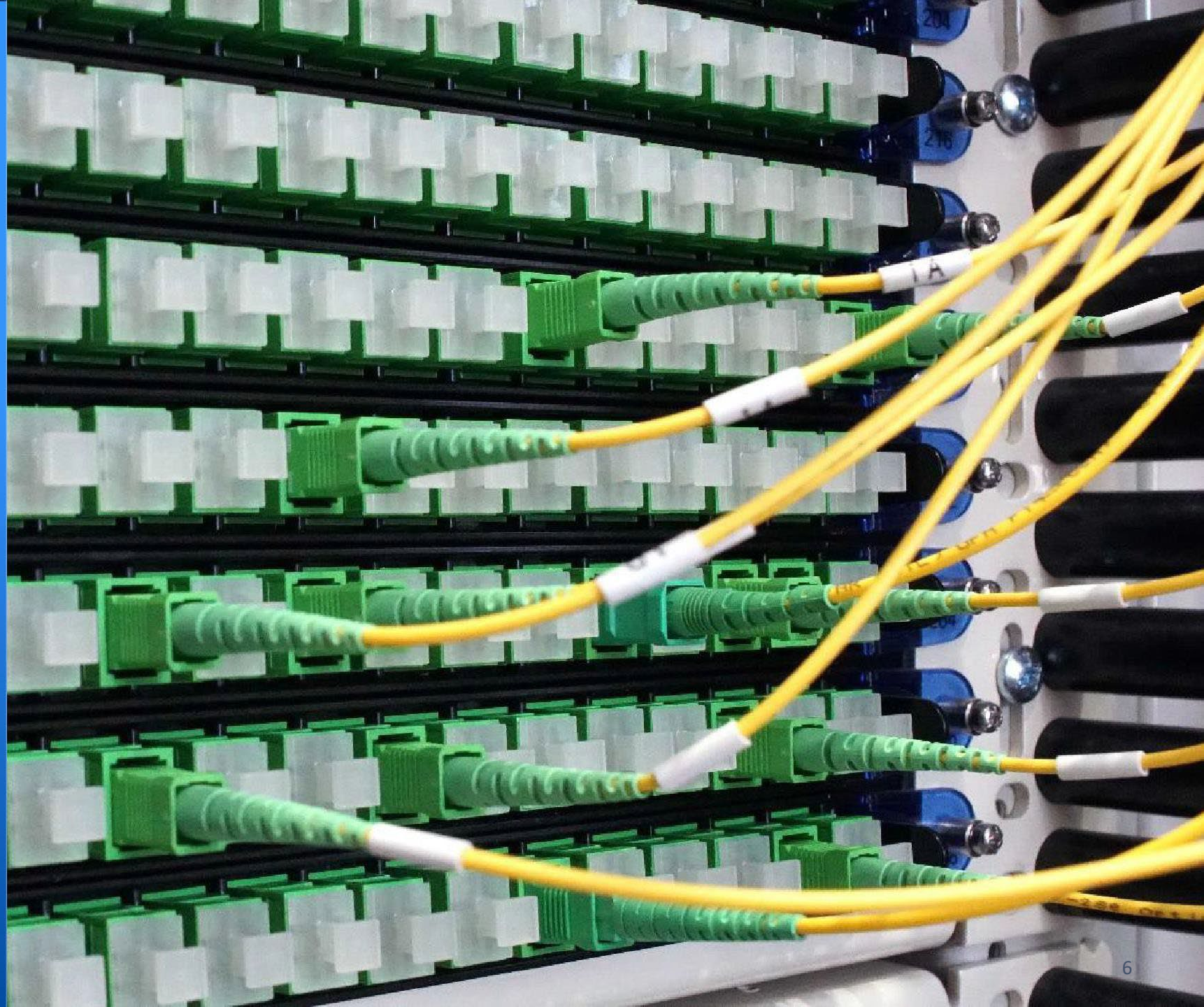
Providing Optimized Price Performance and Deep Technical Expertise





CLEARFIELD

# Market Overview



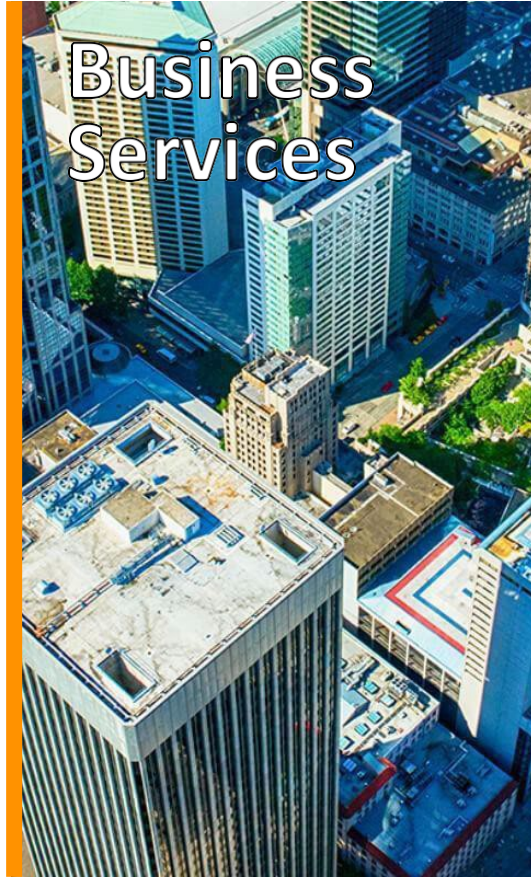


# Our Target Markets

FTTH



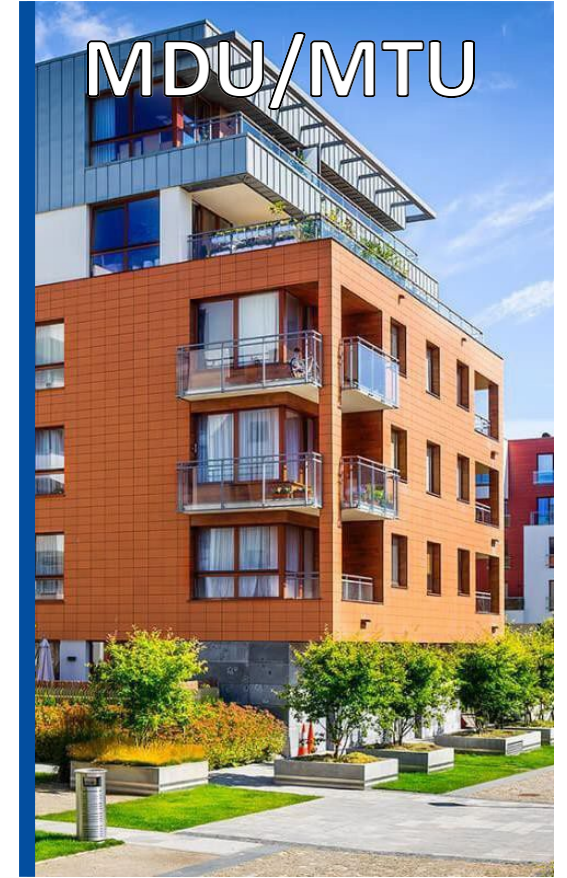
Business Services



Wireless



MDU/MTU





# 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

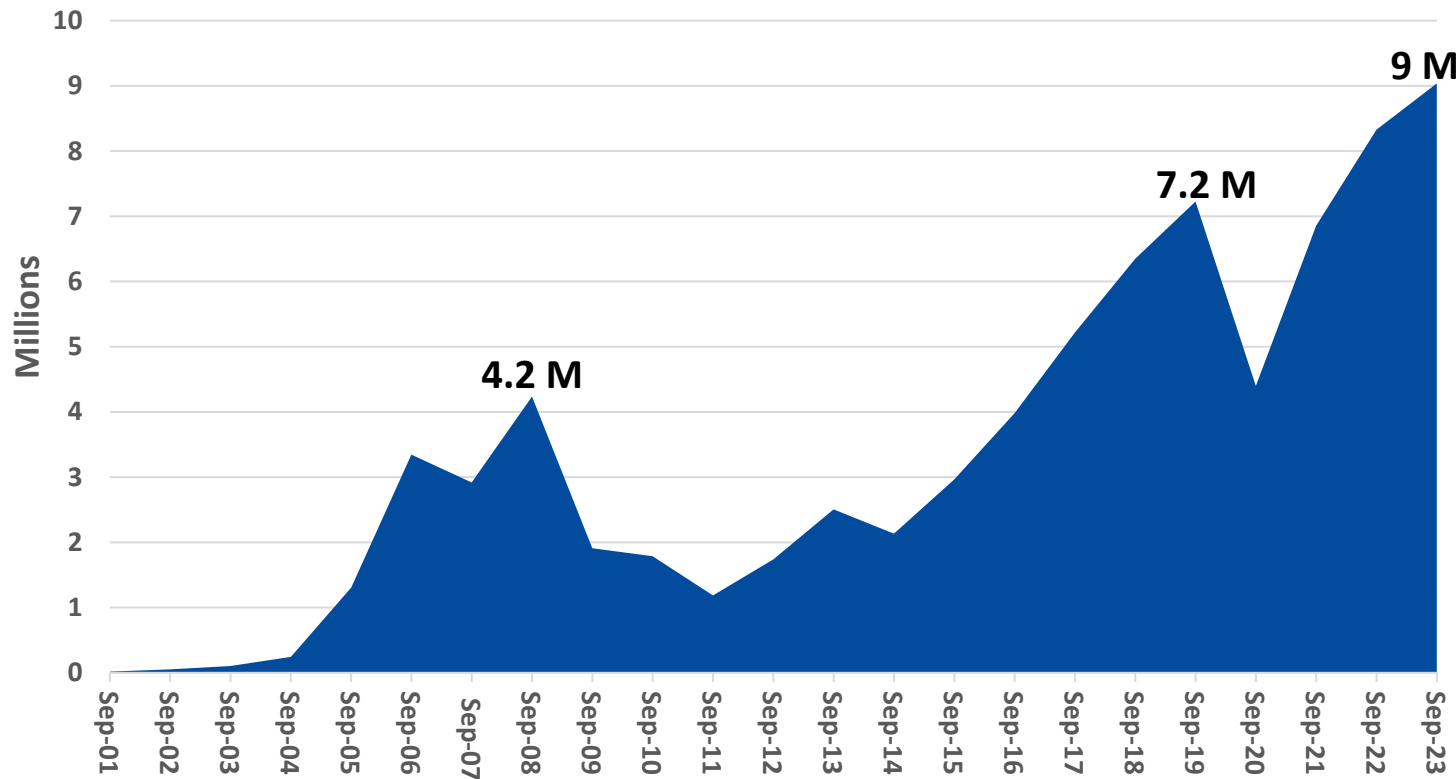
<https://www.fiercetelecom.com/telecom/biden-targets-universal-broadband-access-2t-plan>





# 2023 Sets A New Record For The Highest Annual FTTH Growth

Annual Homes-Marketed (All Years Ending Q3)  
RVA 2023 Provider Study



**9M**

Homes Newly Passed by  
Network Operators in 2023

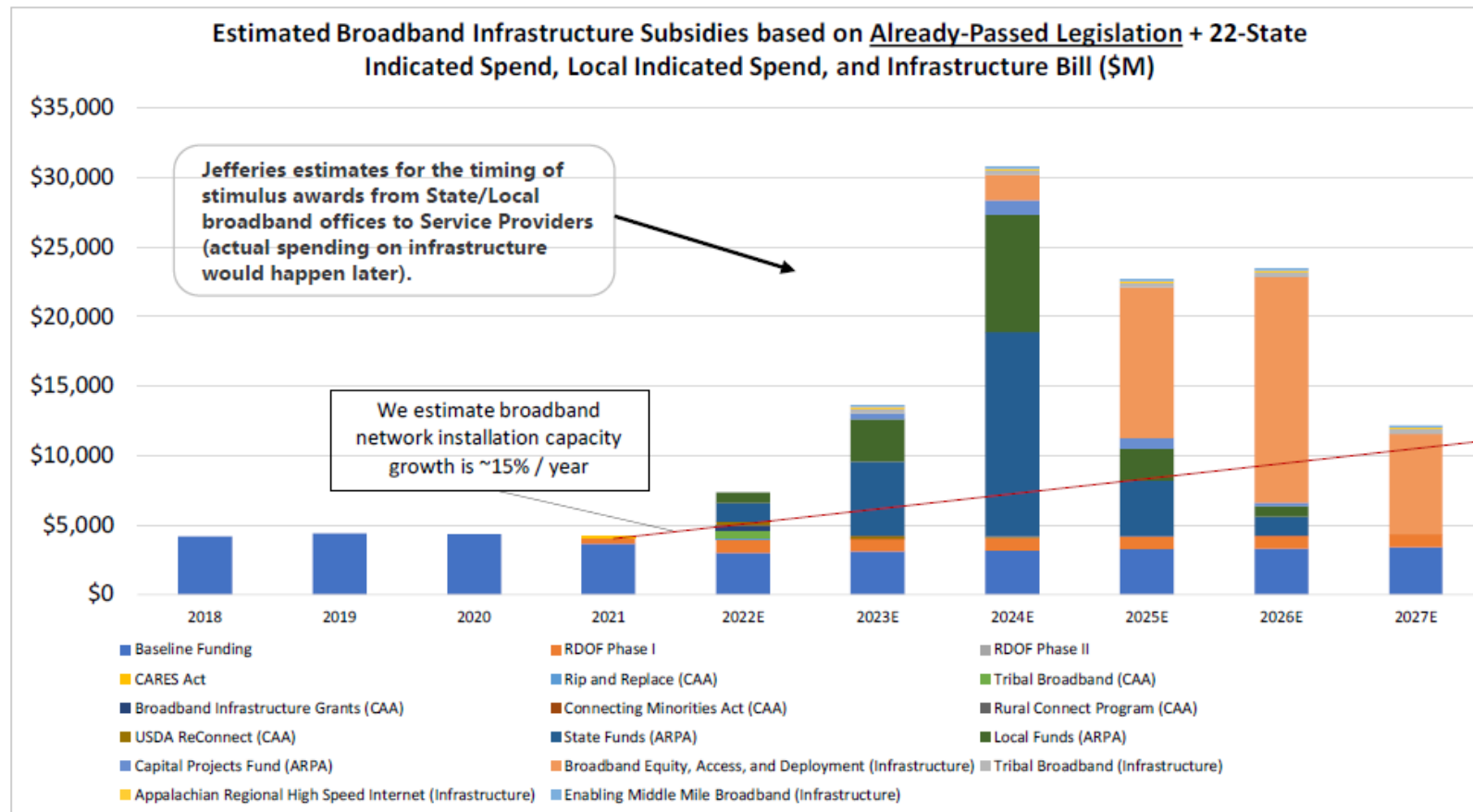
**3M**

Homes Now Have Access  
to More Than One Fiber  
Service Provider

Source: RVA

## MARKET UPDATE

# BEAD Funding Timeline



## Expected Timing of BEAD Money to Market

2024

- After approval of initial proposals, NTIA awards 20% of funds to States
- State challenge process (60 days before award to sub-grantees)
- State grant processes
- Final proposals due to NTIA within 12 months of initial proposal approval

2025-26

- NTIA reviews and approves final proposals, awards remaining 80% of funding to States
- State grant processes (one or more additional rounds)

2027-30

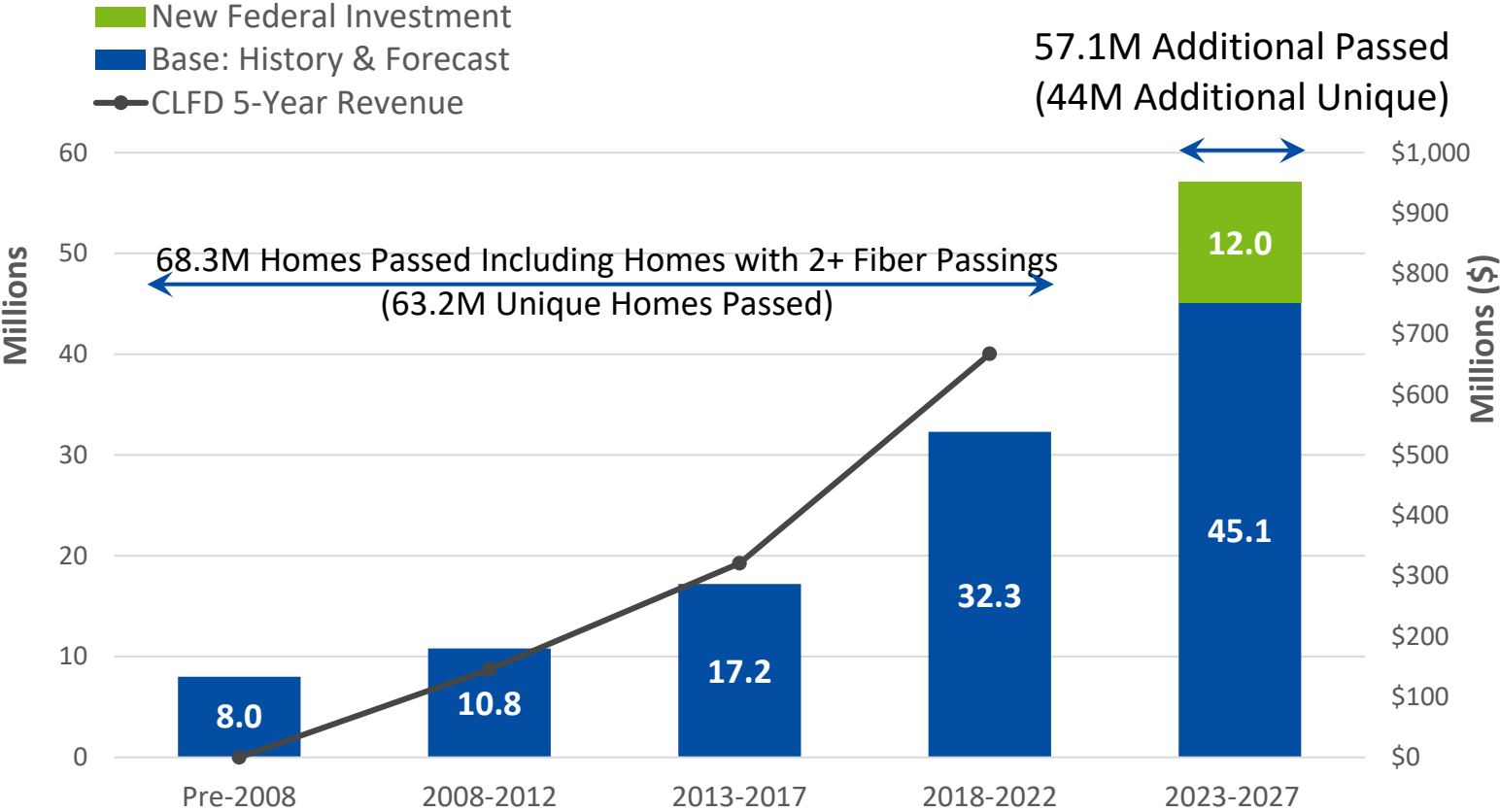
- Deployments must be completed within 4 years of award

Source: RVA, Jeffries, Clearfield



MARKET UPDATE

# Five Year U.S. FTTH Forecast Versus Past Construction & Clearfield Revenue



12M

Additional Homes Passed with Federal Funding

57.1M

Homes Passed Forecast over the next 5 years

Source: RVA, Clearfield

# Current Product Suite Well Positioned For 5G

- ✓ Community broadband is the backbone for 5G, leveraging One-Fiber to be used for multiple deployments
- ✓ Current product suite is well positioned for 5G's big spend cycle
- ✓ Existing products can be used in wireless network for 5G implementation, bringing fiber management expertise to 5G
- ✓ 5G market is estimated to have 20+ years' sustainable opportunity
- ✓ Unique point of entry for Clearfield, with next three years as pivotal to gain 5G foothold
- ✓ Cumulative 5G cycle spend coincides with Clearfield's Now of Age Plan, removing obstacles for the integration of wireline and wireless networks

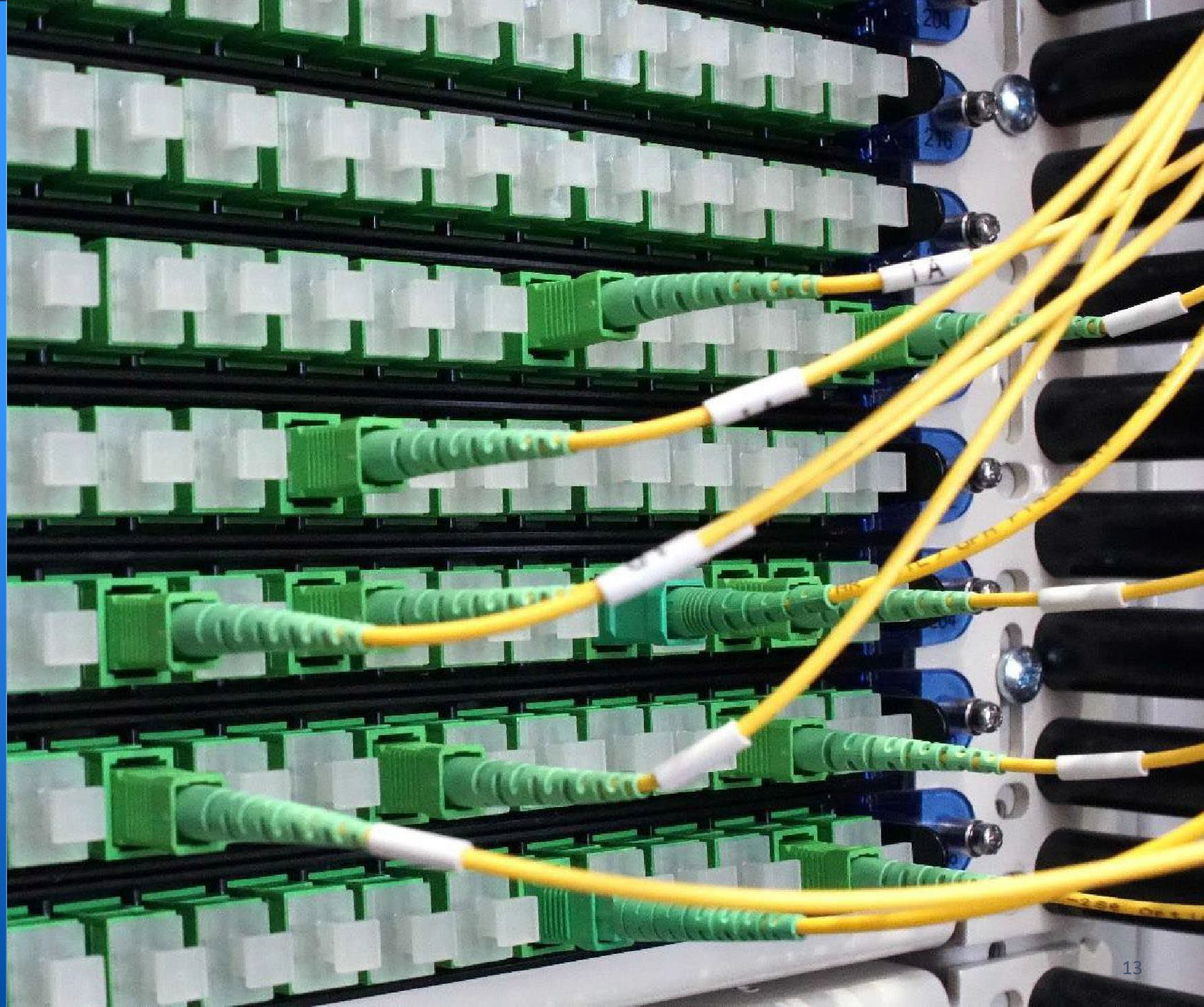










CLEARFIELD

# Product and Technology



# Our Scalable, Uniform & Cost-Effective Product Platform

Fiber Management			Fiber Protection & Delivery
FieldSmart Passive Architecture	FieldSmart Active Architecture	Clearview	FieldShield & YOURx
 <p>Passive panels, frames, cabinets, wall boxes, and pedestals for the inside plant, outside plant and access network</p>	 <p>Powered cabinets for the outside plant and access network</p>	 <p>Patented cassettes that connect multiple fiber optic cables</p>	 <p>Fiber pathway and protection system consisting of microducts, cables, drop cables, connectors and terminals</p>

## Value Propositions

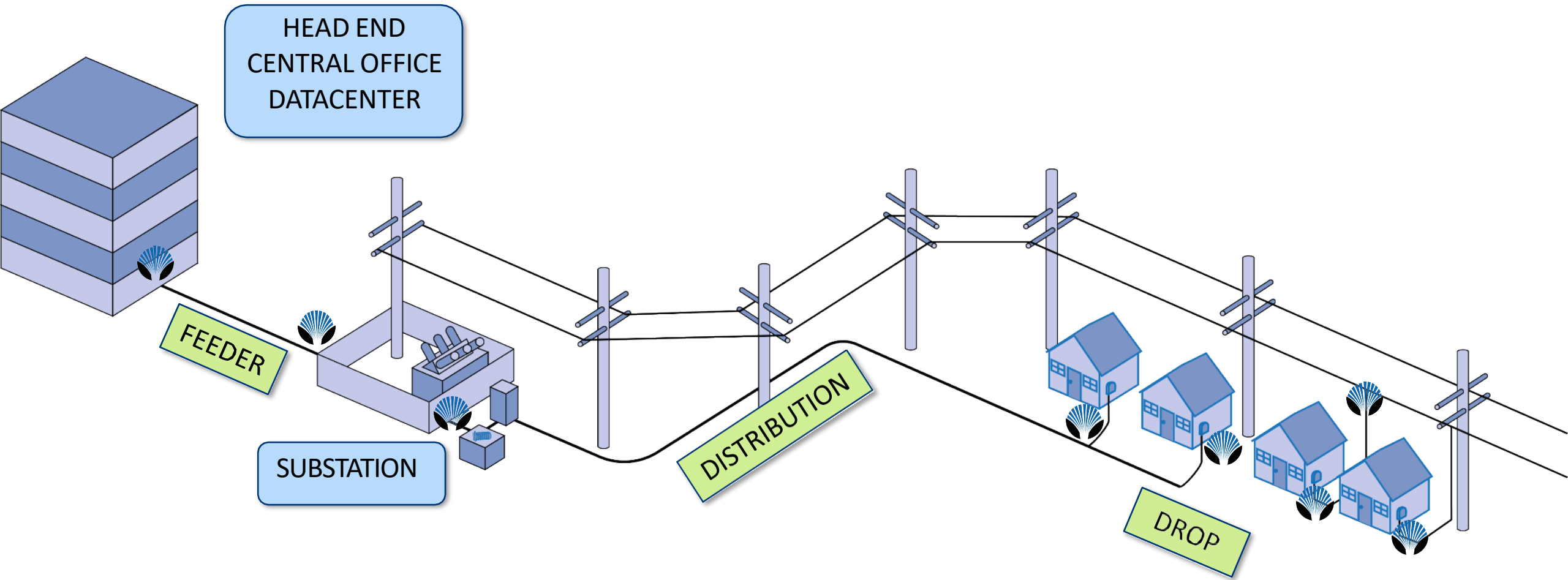
✓ Craft-friendly – requires less skilled labor and overall labor time

✓ Designed to reduce permitting and right-of-way

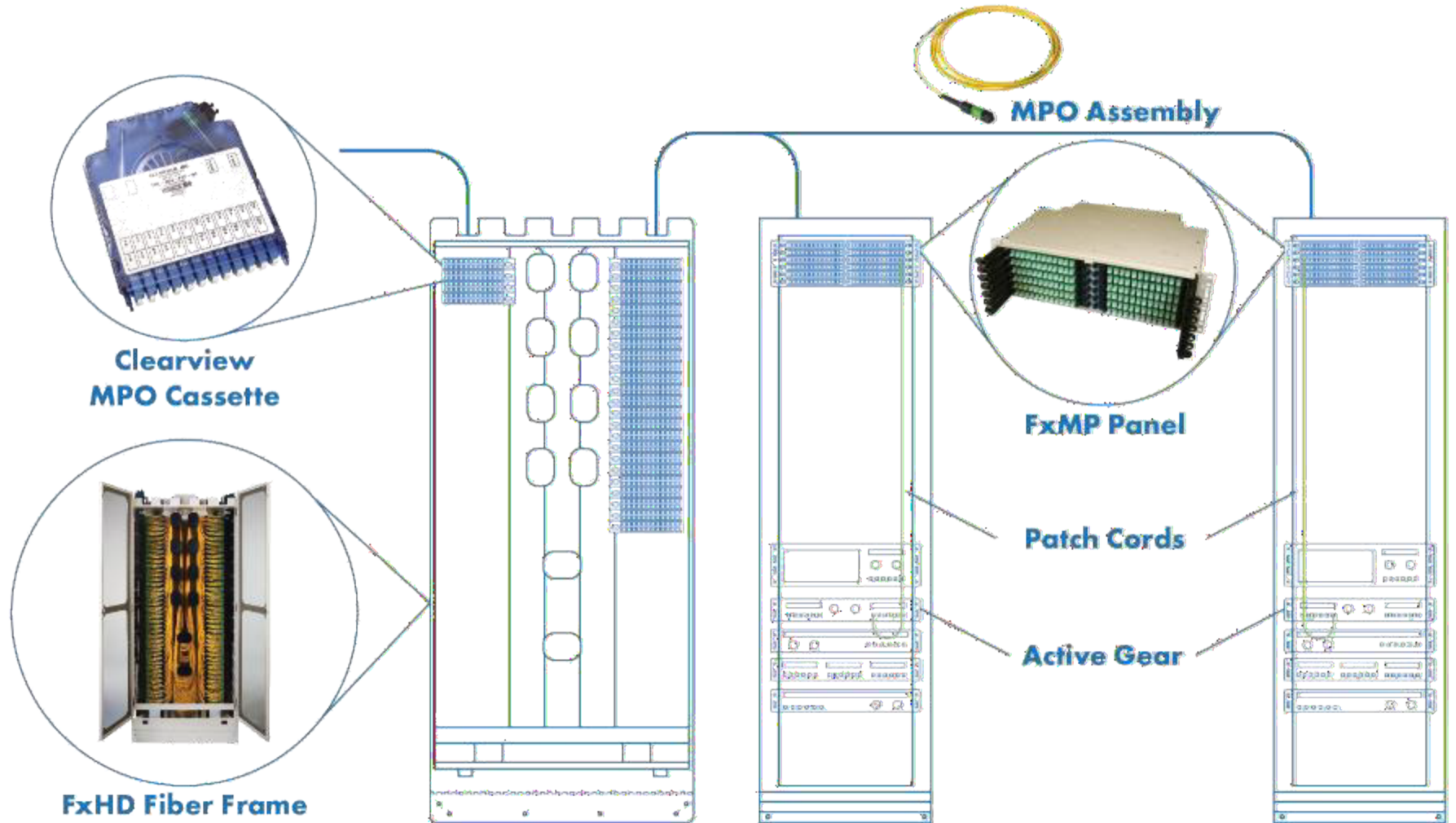
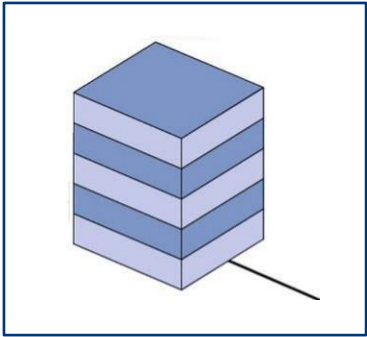
✓ Faster turn-up time for quicker revenue per subscriber



# Clearfield Offers End-to-End Fiber Delivery

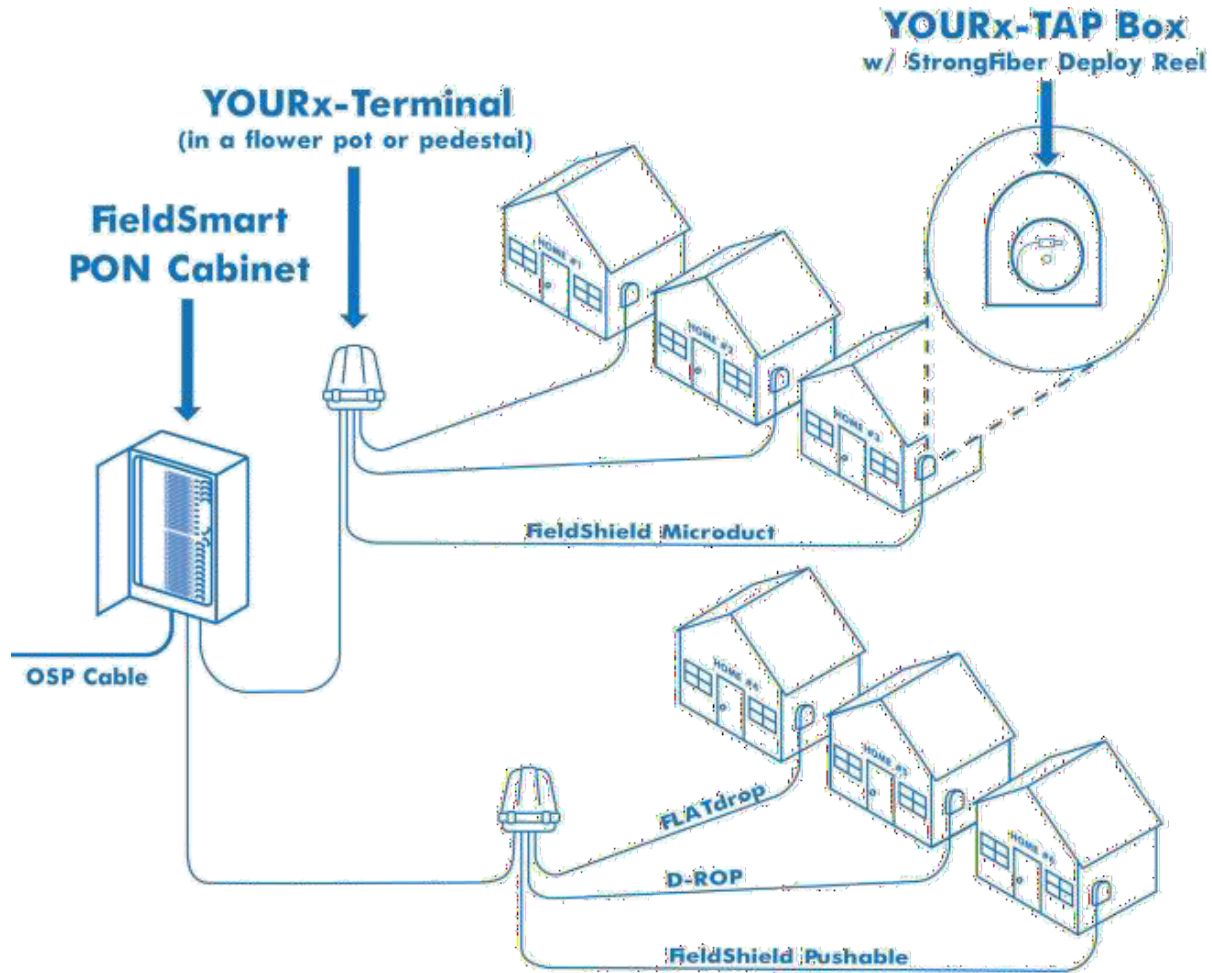
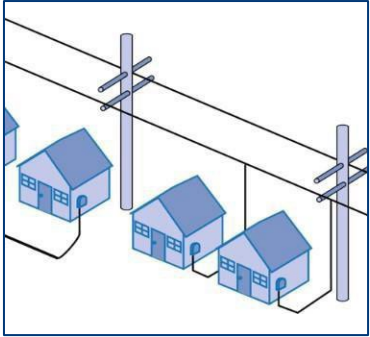


# Head End / Central Office / Data Center





# Fiber-to-the-Home (FTTH)



# Modular and Scalable Products

*FieldSmart FiberFlex*



*CraftSmart  
FiberFirst Pedestal*



*CraftSmart Fiber  
Protection Vault*



*SeeChange™*



*Clearview® Cassette*







**Leverage** decade-long excellence in Community Broadband  
**Execute** excellence in everything we do  
**Accelerate** infrastructure investment  
**Position** innovation at the forefront of value proposition

- ✓ *Investing in New Markets*
  - *Adding expertise in Europe to leverage Nestor platform to cross sell connectivity products into Europe*
- ✓ *Operational Cost Reduction Initiatives*
  - *Hired a senior-level operations executive to lead our North American manufacturing and procurement programs to drive cost reductions, align capacity to near-term demand, and to convert inventory to cash*

# Executive Management Team



**Cheri Beranek**

*President & Chief Executive Officer*

- Co-founded Clearfield in 2008
- One of twelve CEOs to receive the Ernst & Young 2023 Entrepreneur Of The Year National Award
- Previously President of APA Cables & Networks (Clearfield's predecessor organization)
- Over 20 years of experience in executive roles at high-growth tech companies, including Americable, Transition Networks, and Digi International



**Daniel Herzog**

*Chief Financial Officer*

- CFO of Clearfield since 2011
- Previously Chief Financial Officer of Americable (which was acquired by Clearfield's predecessor organization, APA Cables and Networks)
- Held financial leadership roles in both public and private companies, including Schwing America and Computer Designed Systems



**Johnny Hill**

*Chief Operating Officer*

- Co-founded Clearfield in 2008
- Previously VP of engineering and product management
- Over 15 years of strategic and hands-on experience in the telecommunications networking industry



**Kevin Morgan**

*Chief Marketing Officer*

- CMO of Clearfield since 2016
- Previously held senior marketing positions at ADTRAN, Inc. and BellSouth (now part of AT&T)
- Held leadership positions with the Fiber Broadband Association (a.k.a, Fiber-to-the-Home (FTTH) Council Americas), including as a regular Board Member since 2011 and Chairman of the Board in 2015, 2019 and 2022



**Allen Griser**

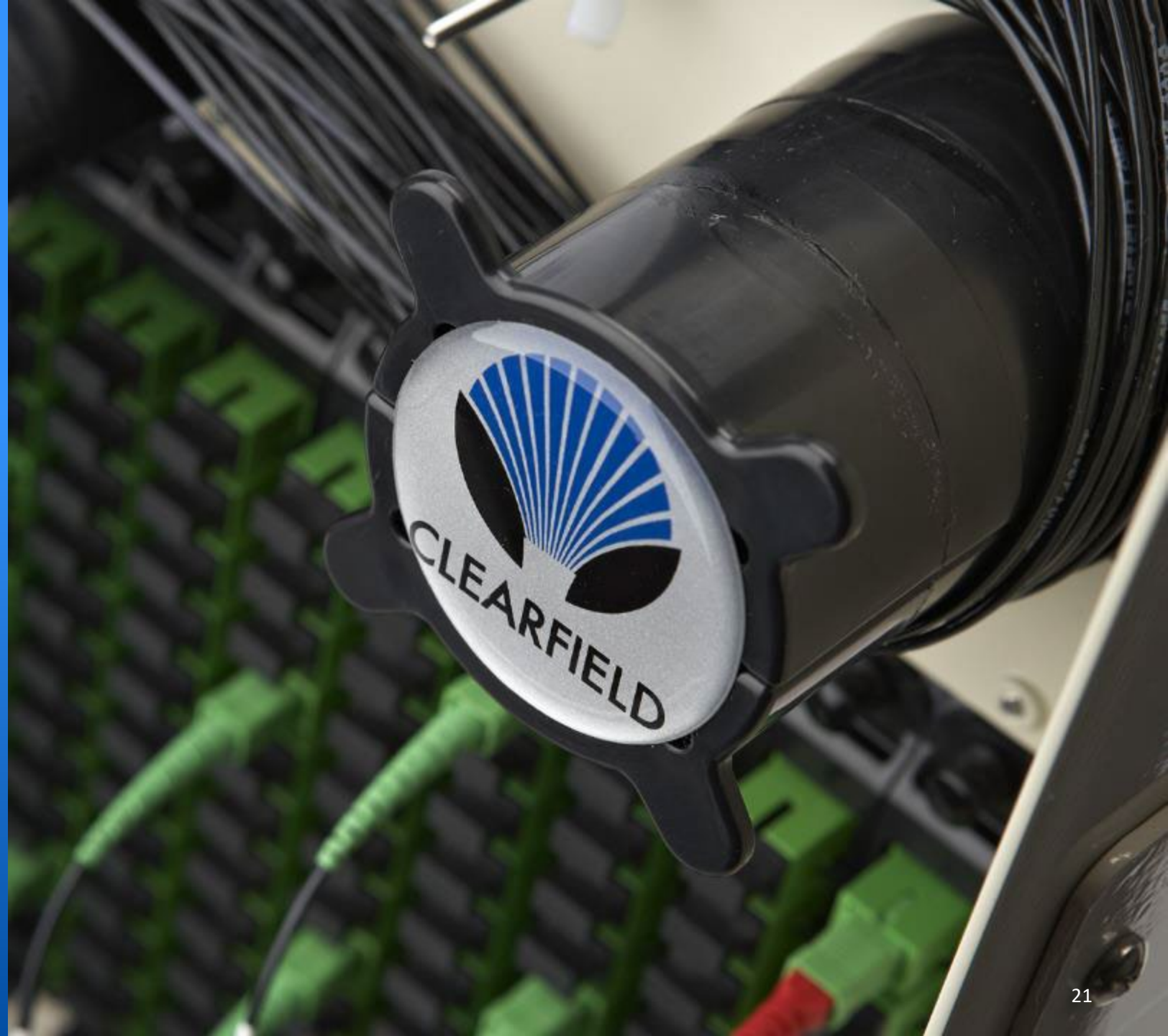
*Chief Commercial Officer*

- Joined Clearfield in June 2019
- 30+ years of experience in the communications industry with extensive experience in sales, marketing, quality, and operations



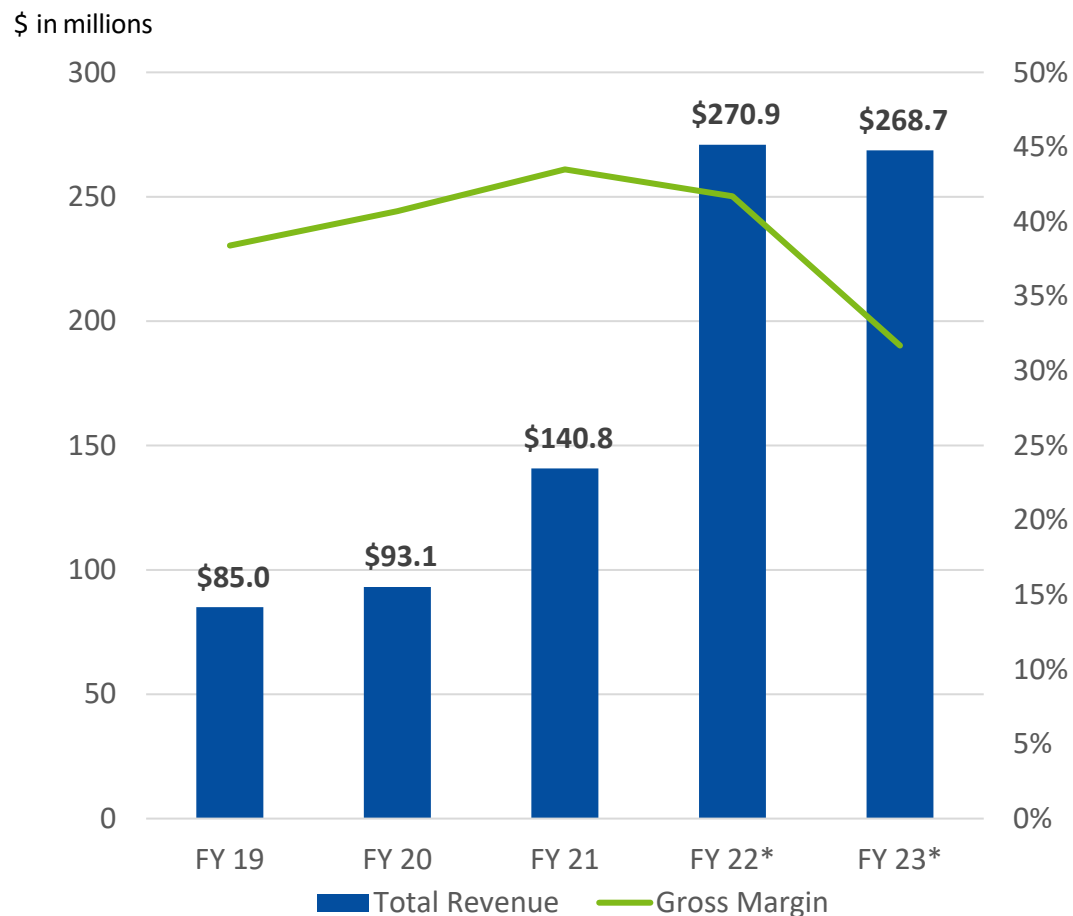
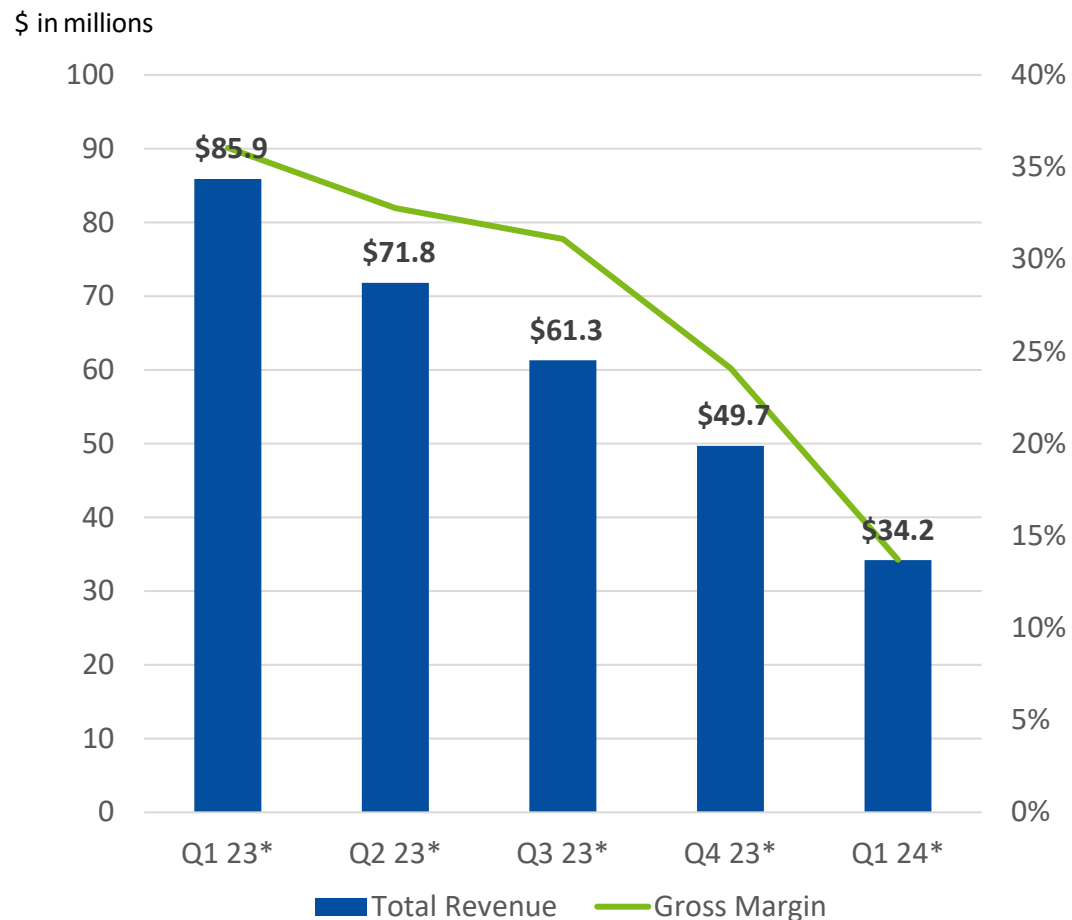


# Financial Performance



## FINANCIAL PERFORMANCE

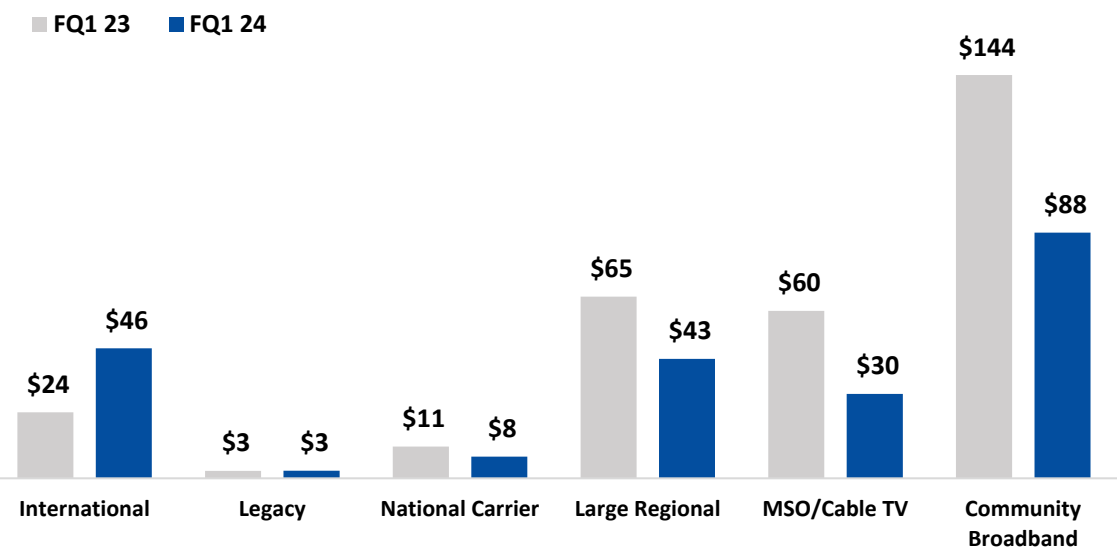
# Revenue and Gross Profit Trends





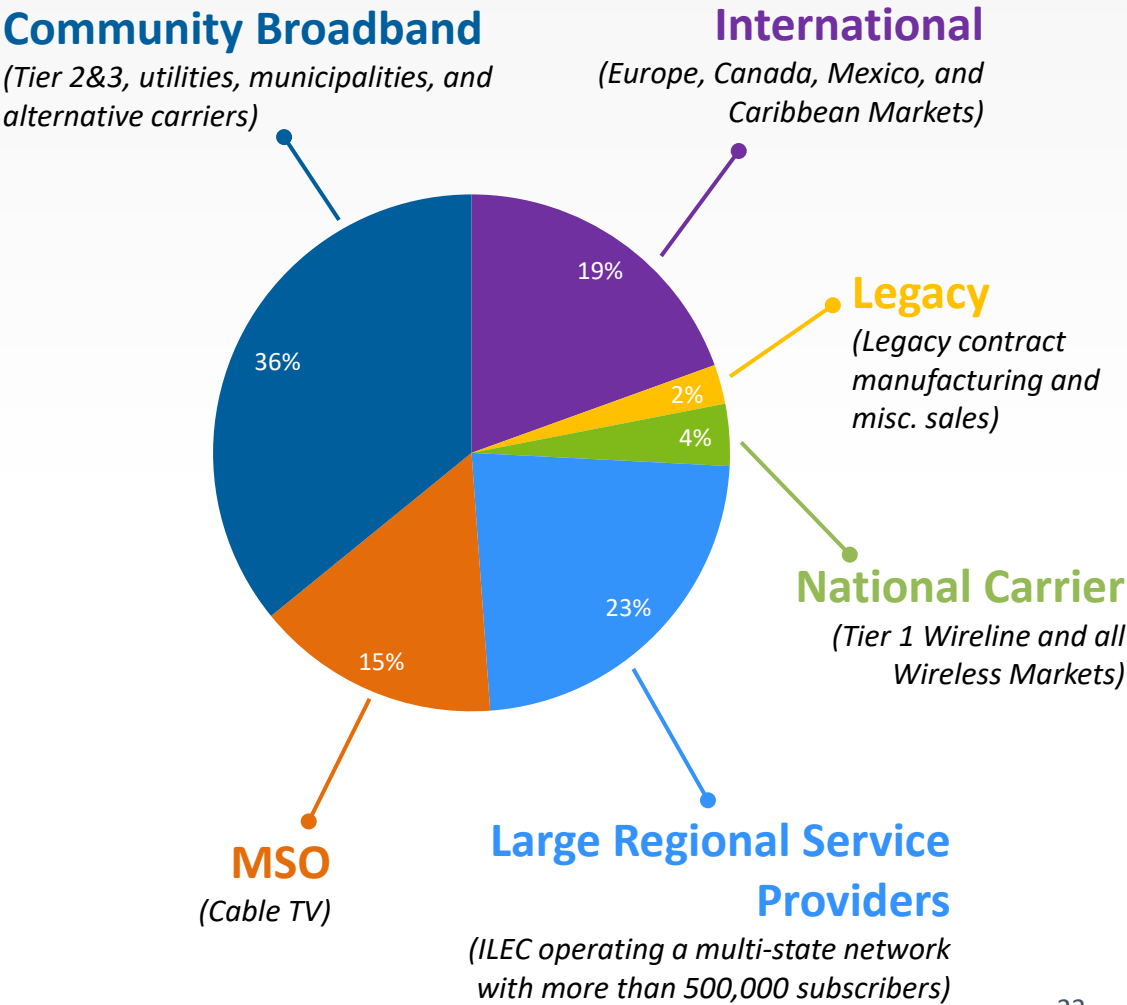
# Q1 FY24 Net Sales Comparison by Market

TTM Net Sales



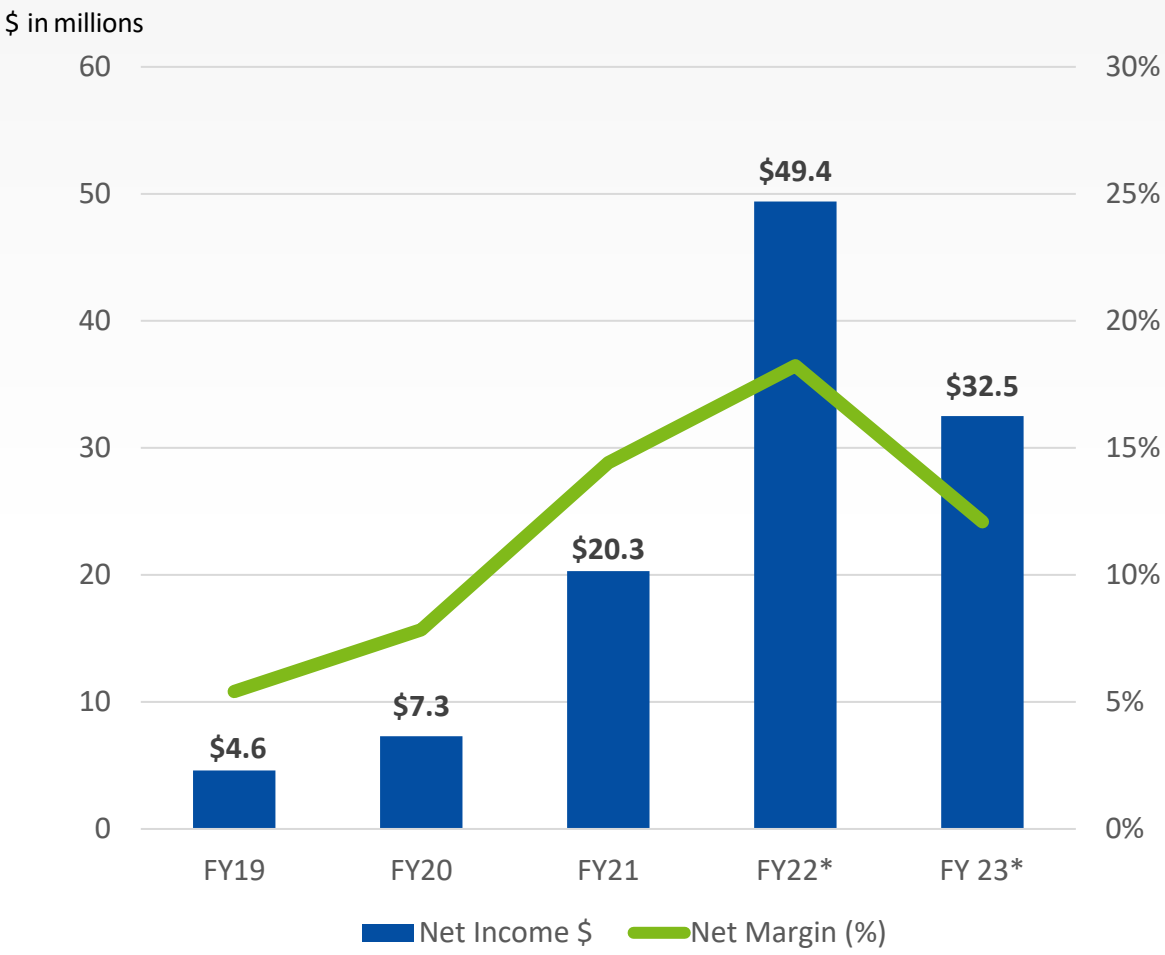
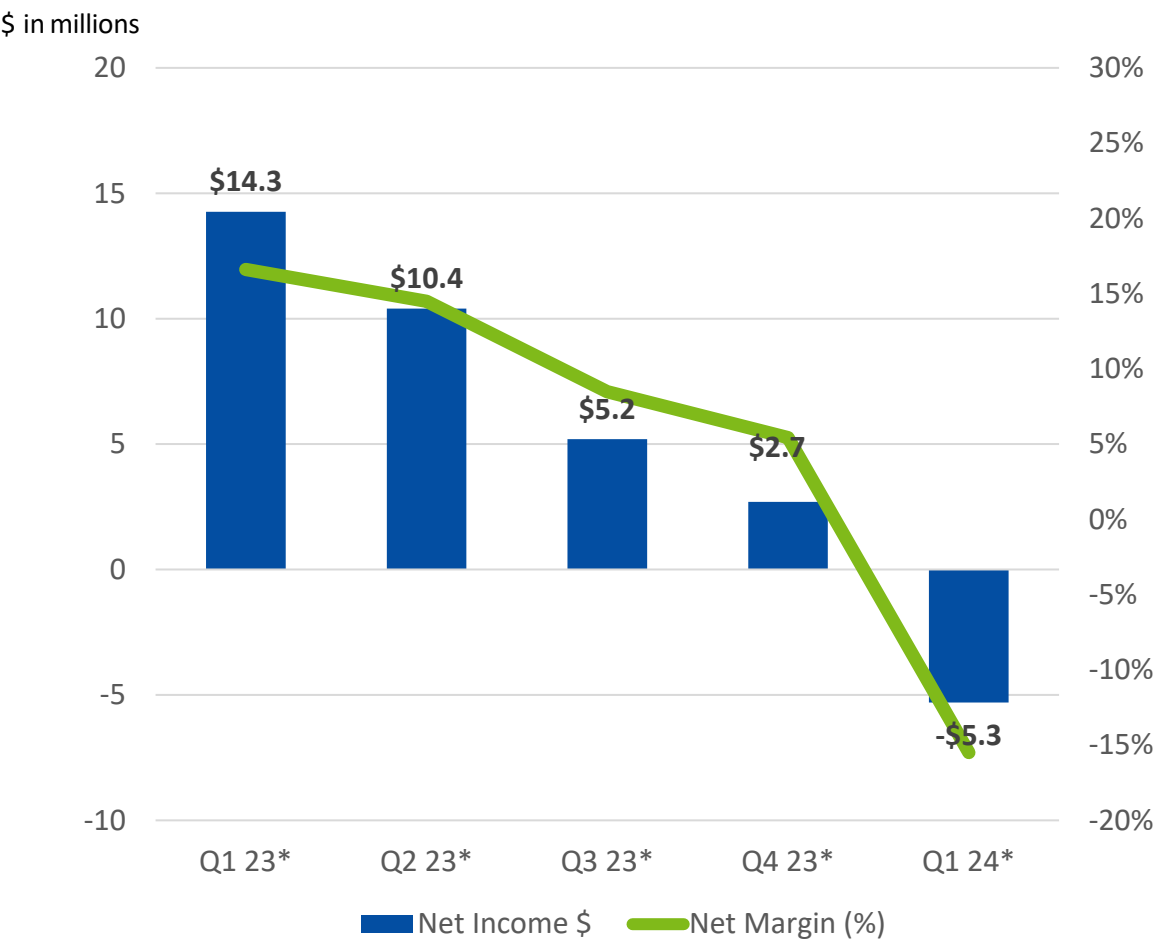
All dollar figures in millions  
1) Based on net sales of \$34.2 million for Clearfield and Point of Sales (POS) reporting from distributors who resell our product line into these markets.

# Q1 FY24 Net Sales Composition Ended 12/31/23<sup>1</sup>



# FINANCIAL PERFORMANCE

## Net Income

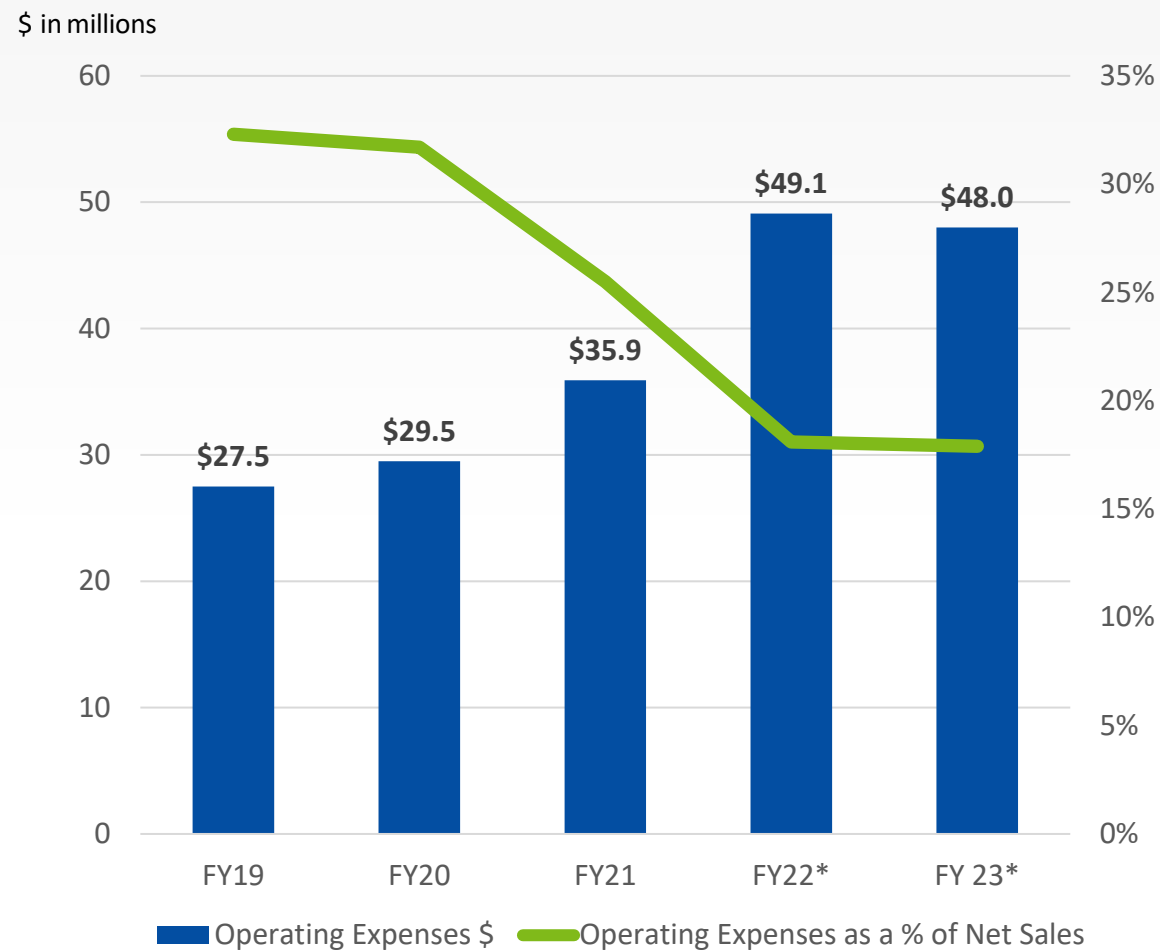
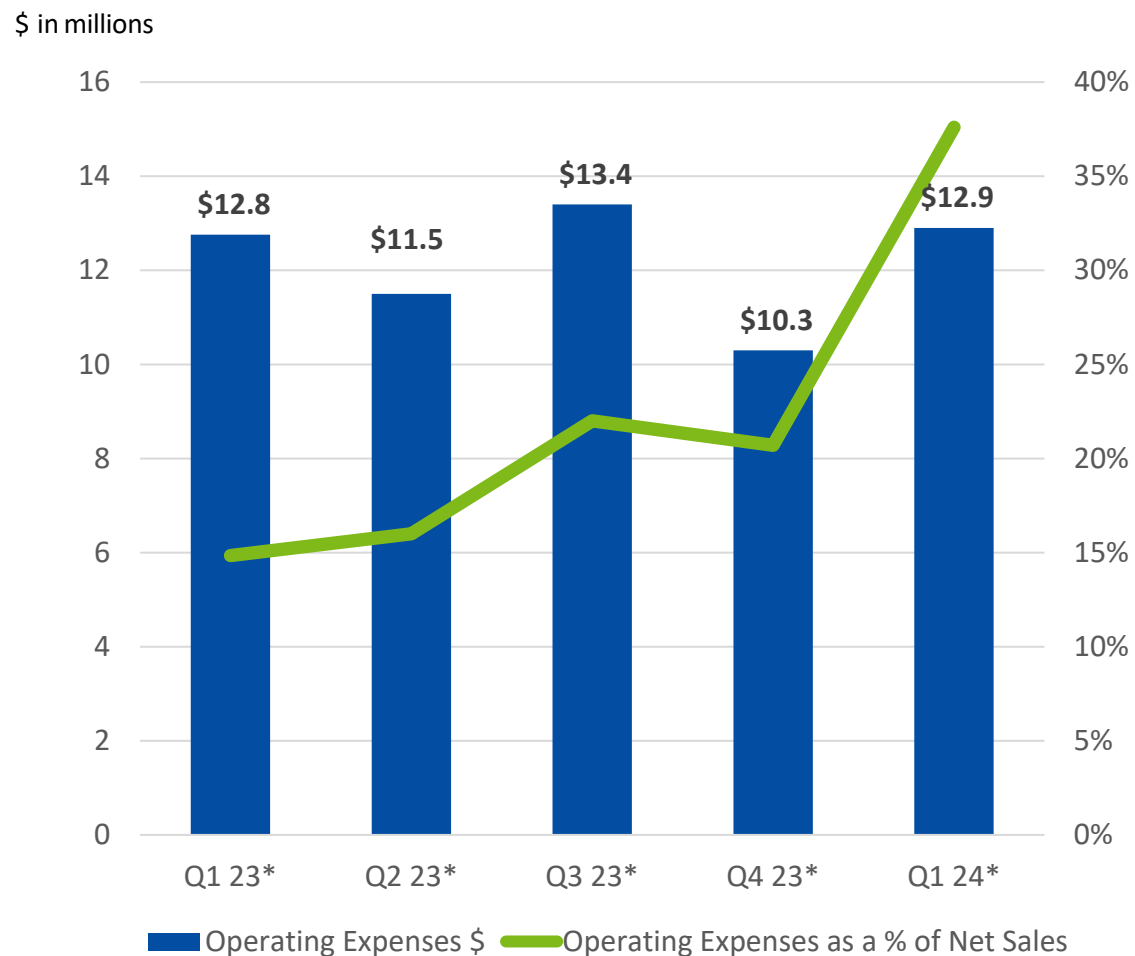


*\*Includes contribution from subsidiary Nestor Cables, which was acquired on July 26, 2022*



# FINANCIAL PERFORMANCE

## Operating Expenses



## FINANCIAL PERFORMANCE

# Balance Sheet

- ✓ *\$169 million of cash, short-term and long-term investments. This reflects a reduction of \$5 million from September 30, 2023. \$12 million was used for the repurchase of shares in the quarter.*
- ✓ *\$2 million of debt.*
- ✓ *Enables the Company to weather the dynamics that are affecting the market.*
- ✓ *Ensures that Clearfield is well positioned to effectively compete for larger customer opportunities and pursue strategic opportunities to enhance market positioning and product portfolio.*

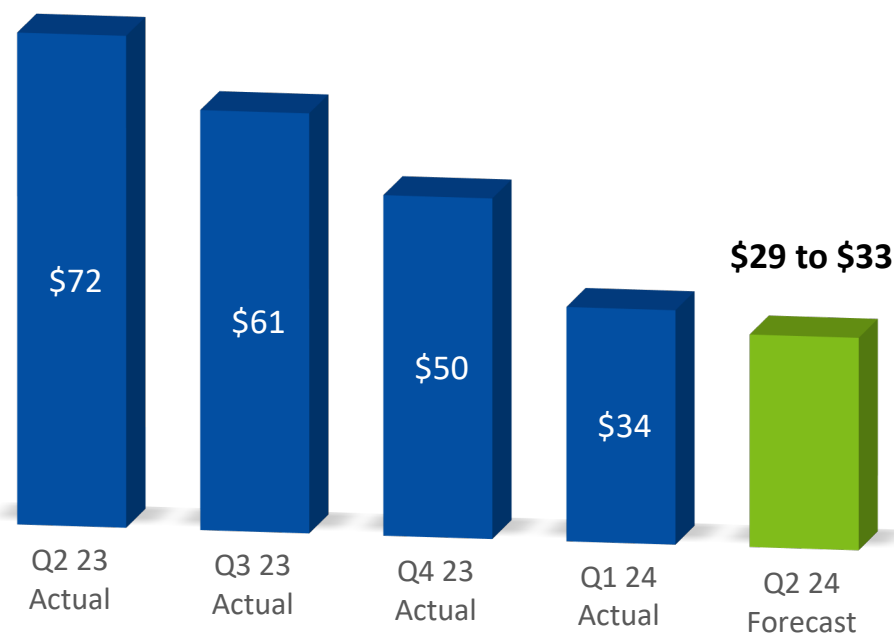


# First Quarter Fiscal 2024 Highlights and Outlook

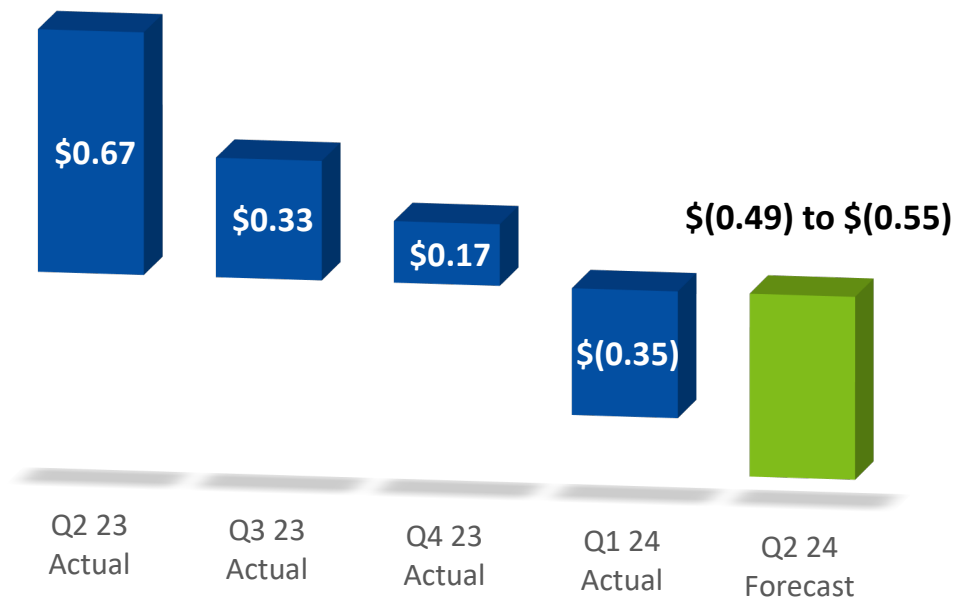
- ✓ Total net sales of \$34.2 million and a loss per share of \$0.35.
- ✓ Repurchased approximately \$12 million in shares under Share Repurchase Program at average price of \$27.69, leaving \$21 million available for future repurchases.
- ✓ Announced a new product - a modular vault which reduces the significant cost of shipping and storage by 67%.
- ✓ Expect all product offerings to be BABA compliant by the end of calendar 2024.
- ✓ Expect to see increased demand and recognize initial revenue from BEAD-related programs in the second half of calendar 2024, with a more meaningful revenue contribution in fiscal 2025.
- ✓ Most recent data shows that non-government funded deployments continue to grow, and that approximately 35% of homes connected in 2023 were served with at least two fibers.

# Financial Outlook

Quarterly Net Sales  
(\$ in millions)



Net Income (Loss) Per Share  
(\$)



# Investment Highlights

## **Multi-billion Broadband Fiber Market with Strong Near-Term Tailwinds**

- ✓
  - o US subsidies totaling \$100B to accelerate expansion of high-speed broadband access in Tier 2 & 3 markets <sup>1</sup>
  - o Multiple incremental market expansion growth vectors in the Tier 1 US market, international markets, and 5G opportunities

## **Market Leadership Position in Underserved Rural Broadband**

- ✓
  - o Significant market share built upon differentiated platform delivering cost-effective, rapid fiber deployment
  - o Strategic focus on underserved Tier 2 & 3 US market with minimal competition

## **Differentiated, Scalable Platform For End-to-End Fiber Management& Delivery**

- ✓
  - o Unique, uniform platform with modular architecture reduces customers' labor and time needs for deployment, with service providers able to connect twice as many homes in a day using CLFD's solutions

## **Strong History of Accelerating Growth and Profitability**

- ✓
  - o Strategically grown the organization while delivering consistent profitability since inception

## **Seasoned Management Team With Deep Cable and Telecom Expertise**

- ✓
  - o Average tenure of ~25 years in the telecommunications industry



# Contact Us

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