

# Letter to Shareholders



**Cheri Beranek**  
President/CEO



**Dan Herzog**  
CFO

During the quarter, we saw signs of stabilization and an early rebound in Community Broadband demand. To capitalize on this momentum, we introduced our NOVA™ product line, which represents a deliberate extension of our platform into adjacent markets. The NOVA product line positions Clearfield to leverage the demand for higher fiber density driven by low latency applications and AI. As the leading provider of fiber management solutions for the Community Broadband market, Clearfield brings a strategy anchored in a disciplined Three-Pillar framework focused on protecting and strengthening our core business, expanding market share, and selectively extending our technology into adjacent markets. As reflected in our ongoing share repurchase activity, we are confident in our long-term outlook.

We are pleased to share our results for the first quarter of fiscal 2026, ended December 31, 2025.

First, as announced on November 12th, 2025, Clearfield has sold its Nestor Cables business. As a result, all financial results presented for fiscal year 2025 and all prior periods reflect the Clearfield segment as continuing operations only, with Nestor results reported under discontinued operations in our Statement of Earnings and Statement of Cash Flows and reported as assets and liabilities held for sale in our Balance Sheet.

As a result of the sale in November, the assets and liabilities of Nestor were divested and the Company recorded a loss on discontinued operations in the first quarter of fiscal 2026.

First quarter net sales from continuing operations were \$34.3 million, exceeding our guidance range of \$30 to \$33 million for the first quarter of fiscal 2026. Our sales outperformance was driven by seasonal product mix and solid demand across key customer segments. Our net loss per share from continuing operations of \$0.02 was within our guidance range for the first quarter of fiscal 2026.

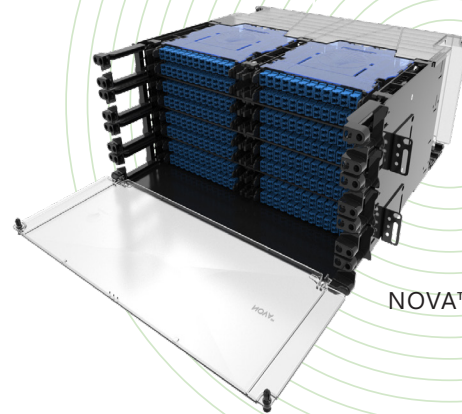
Following the quarter, Clearfield introduced the NOVA™ platform, a modular, high-density fiber system designed to make building and expanding modern networks simpler. The NOVA platform takes the cassette-based, modular design approach that has long defined our success in broadband and extends it into new environments, including AI, data center, and edge-compute networks for which we expect our broadband service provider customers will play a key role in their future build-out.

This product launch represents an important step in the execution of our Better Broadband and Beyond strategy. As networks continue to grow in size and complexity, customers are looking for solutions that reduce installation time and cost, improve day-to-day operations, and scale efficiently as capacity needs increase.

As fiber density increases, particularly in regional data centers, edge facilities, and enterprise environments, operators are placing greater emphasis on systems that are easy to deploy and manage. The NOVA platform addresses these needs through a modular, tool-less platform that allows capacity to be added over time without disrupting active networks. These features reflect the same labor-efficient design principles that have differentiated Clearfield across broadband markets for more than a decade.

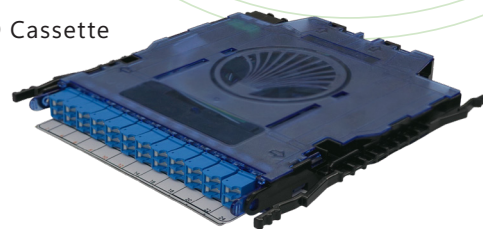
While we expect near-term revenue contribution from the NOVA product line to be modest, the platform is strategically important as we focus on early customer adoption and validation. Over time, we expect the NOVA platform to support new applications and customer opportunities, which we plan to highlight as adoption grows in future quarters.

NOVA™ Server Cabinet



NOVA™ High Density Fiber Panel

NOVA™ HD Cassette



Alongside this product momentum, Clearfield's core broadband markets continue to reflect steady execution. Community Broadband remains a foundational element of our business, supported by long-standing customer relationships and a portfolio-based approach that emphasizes selling multiple Clearfield solutions across customer deployments. Large Regional Service Providers and MSOs continue to be important growth drivers and reflect the flexibility of our platform. In addition, recent approvals of acquisitions of Large Regional customers by Tier 1 providers create an environment that is ripe for continued growth for Clearfield.

As broadband providers look ahead to their next phase of investment, the BEAD program remains a major area of focus across the industry. We are encouraged by the progress that the NTIA has made in advancing the BEAD program and are pleased with the level of planning and network design activity we are seeing from both current and prospective customers. While we continue to expect BEAD-related revenue contribution in fiscal 2026 to be modest, service providers are actively preparing for deployment. Customers are working through planning, network design, and vendor decisions, and Clearfield is staying closely engaged to ensure we are ready when funding is released.

To support this effort, we are taking a structured and proactive approach with expected BEAD recipients, focusing on where customers are in their planning process and how we can best support them as projects take shape. We believe this will allow us to allocate resources thoughtfully and remain aligned with customers as programs move forward. We believe Community Broadband providers are likely to move more quickly than Tier 1 operators once funding approvals occur, which aligns well with Clearfield's focus and customer mix. However, supply chain constraints of U.S. made optical fiber that is required under "BABA" (the Build America, Buy America Act), could restrain near-term deployment. We are working alongside others in the industry to address this issue. Beyond fiscal 2026, we expect BEAD to become a positive contributor, with timing dependent entirely on federal funding releases and supply chain constraints.

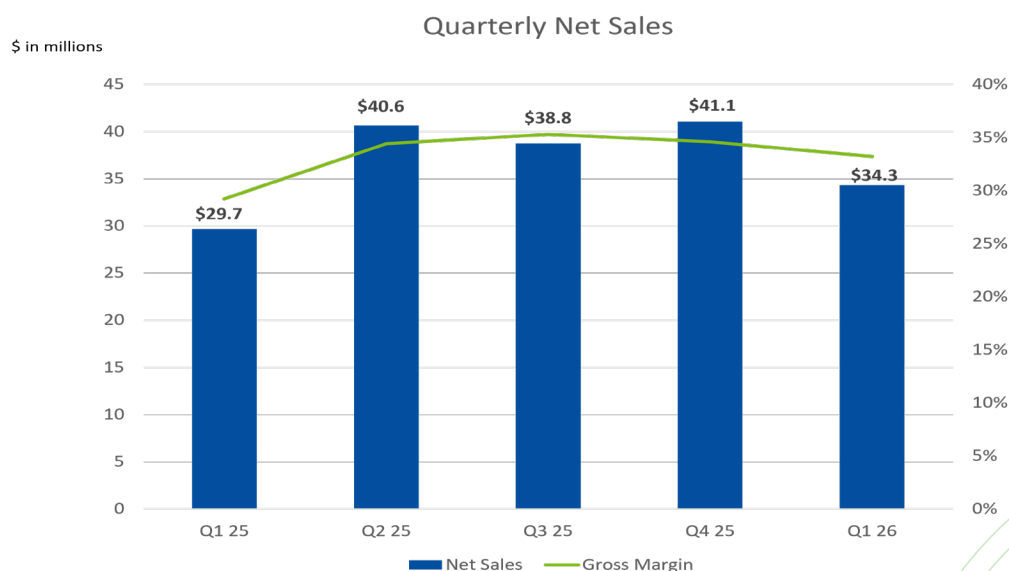
## Fiscal Q1 2026 Financial Summary

### Fiscal Q1 2026 Financial Summary

(in millions except per share data and percentages)

	Q1 2026	vs. Q1 2025	Change
Net Sales from Continuing Operations	\$ 34.3	\$ 29.7	\$ 4.6
Gross Profit (\$) from Continuing Operations	\$ 11.4	\$ 8.7	\$ 2.7
Gross Profit (%) from Continuing Operations	33.2%	29.2%	4.0%
Loss from Operations from Continuing Operations	\$ (1.8)	\$ (2.0)	\$ 0.2
Income Tax (Benefit) Expense from Continuing Operations	\$ (0.0)	\$ 0.1	\$ (0.1)
Net Loss from Continuing Operations	\$ (0.3)	\$ (0.4)	\$ 0.1
Net Loss per Diluted Share from Continuing Operations	\$ (0.02)	\$ (0.02)	\$ -
Net Loss from Discontinued Operations, net of tax	\$ (0.3)	\$ (1.6)	\$ 1.2
Net Loss per Diluted Share from Discontinued Operations	\$ (0.02)	\$ (0.11)	\$ 0.09
Consolidated Net Loss Per Diluted Share	\$ (0.04)	\$ (0.13)	\$ 0.09

## Business & Financial Performance



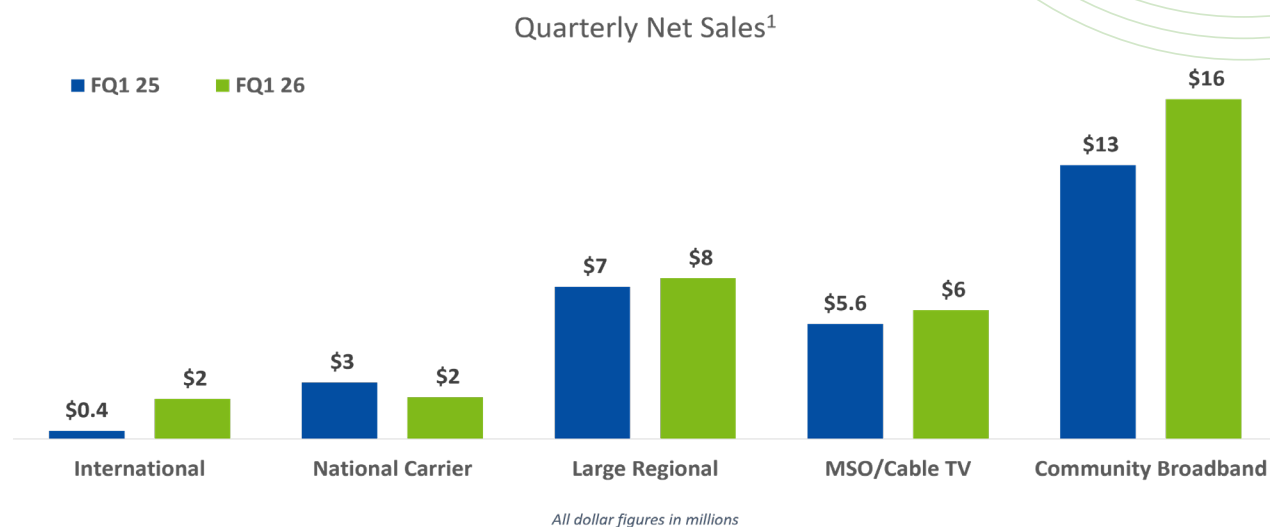
Net sales from continuing operations in the first quarter of fiscal 2026 were \$34.3 million, a 16% increase from \$29.7 million in the prior year's first quarter and down 16% from \$41.1 million sequentially, primarily due to our normal seasonality.

Our backlog as of December 31, 2025, decreased to \$22.8 million from \$24.7 million on September 30, 2025. The decrease in backlog is consistent with normal seasonality in the business. Our backlog decreased by \$1.0 million from \$23.8 million at December 31, 2024, due to the aforementioned seasonality as well as improved lead times.

## Net Sales Comparison by Key Market

In Clearfield's primary market, Community Broadband, net sales for the first quarter of fiscal 2026 were \$16.4 million, which comprised 48% of total net sales in the quarter. Net sales in Community Broadband increased by 24% from the prior year's first quarter and decreased by 3% sequentially. We are encouraged by the increase in net sales from last year as Community Broadband starts to emerge from the negative overhang that has resulted from the years-long delays in the BEAD program.

Net sales in the Large Regional Service Provider market were \$7.8 million in the first quarter, which comprised 23% of total net sales in the quarter and increased by approximately 6% from the prior year's first quarter. Our Large Regional Service Provider business experienced a sequential downtick of 5% from the fourth quarter of fiscal 2025, which was again from normal seasonality but partially offset by the addition of new customers early in their build cycle. As some of our Large Regional Service Provider customers are acquired by Tier 1 providers, our future reporting of revenues by key market may be altered. This change in the market represents a significant opportunity for Clearfield. In addition, several Large Regional Service Providers are just initiating their builds, and we are eager and pleased with the progress that has been made in this market.



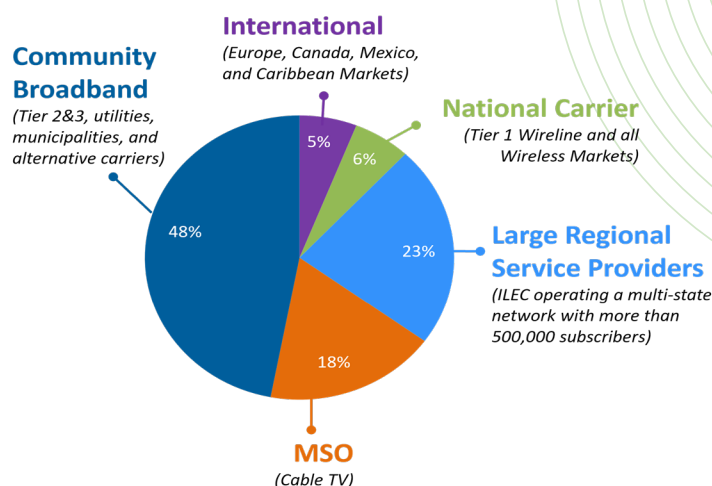
<sup>1</sup>Based on net sales from continuing operations of \$34.3 million for Clearfield and Point of Sales (POS) reporting from distributors who resell our product line into these markets. The Company previously listed Legacy Market in this slide. However, the Company no longer serves this market as it divested itself of its copper product line manufacturing in FY25 Q4 and sales for FY25 Q1 were immaterial.

## Net Sales Comparison by Key Market

Net sales in the MSO market for the first quarter of fiscal 2026 were \$6.2 million, which comprised 18% of total net sales in the quarter and increased by approximately 12% from the prior year's first quarter. Our MSO business saw a 38% sequential decline from the fourth quarter of fiscal 2025, reflecting seasonality and the lumpiness in this business which we have seen in previous quarters.

Net sales in the National Carrier market were \$2.0 million in the first quarter, which comprised 6% of total net sales in the quarter and decreased by approximately 26% from the prior year's first quarter. Our National Carrier business declined 24% sequentially from the fourth quarter of fiscal 2025, as a result of lumpiness in stocking programs among these customers.

Q1 FY26 Net Sales Composition Ended 12/31/25<sup>1</sup>

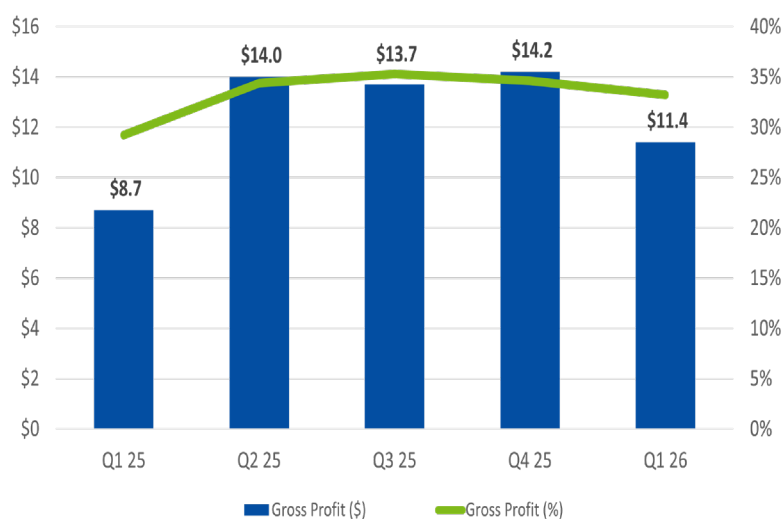


<sup>1</sup>Based on net sales from continuing operations of \$34.3 million for Clearfield and Point of Sales (POS) reporting from distributors who resell our product line into these markets.

## Gross Profit and Profit Margin

Clearfield's gross profit margin from continuing operations in the first quarter of fiscal 2026 was 33.2%, up from 29.2% in the prior year's first quarter and down slightly from 34.6% in the fourth quarter of fiscal 2025. Gross profit margin increased year over year due primarily to improved overhead absorption as well as higher inventory utilization which reflects increased beneficial inventory reserve recoveries during the first quarter of fiscal 2026.

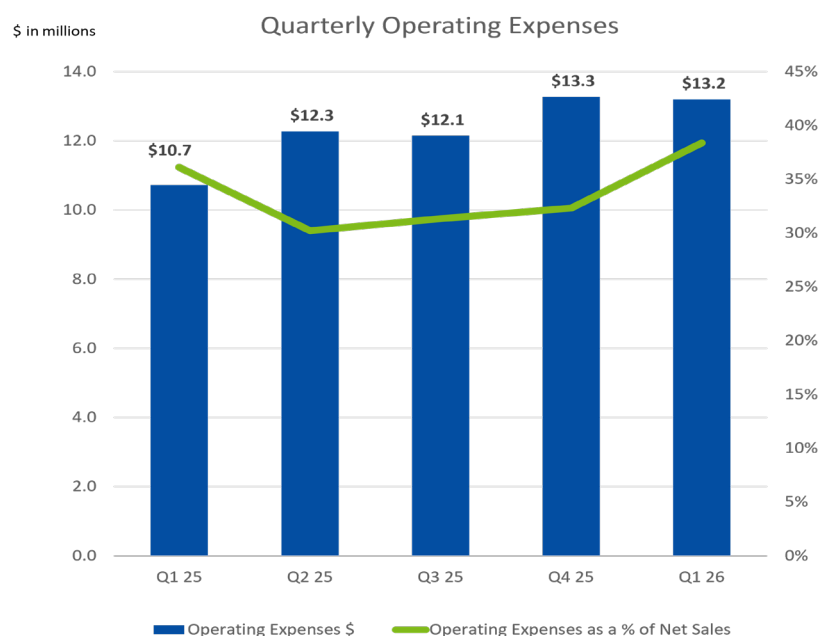
Quarterly Gross Profit and Margin





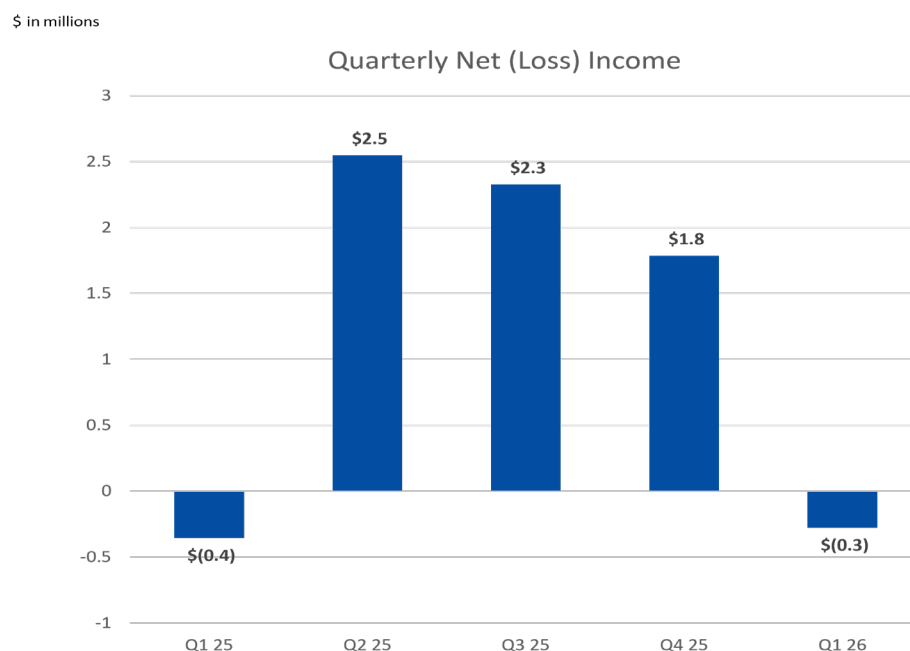
## Operating Expenses

Operating expenses from continuing operations for the first quarter of fiscal 2026 were \$13.2 million in comparison to \$10.7 million in the prior year's first quarter, primarily due to higher personnel costs and related expenses as well as stock-based compensation. As a percentage of net sales, operating expenses from continuing operations for the first quarter increased to 38.5% from 36.1% in the prior year's first quarter. Clearfield continues to invest in its strategy to position the Company for growth in markets beyond broadband. We believe this growth will leverage our core significant advantage of technology innovation and our service provider customer base that will be building out their networks beyond broadband for data center and edge computing requirements in support of hyperscalers building out their AI platforms. We have enhanced our product marketing, market development, and business development teams with new market competencies to capitalize on these opportunities.



## Net Income (Loss)

Net loss from continuing operations in the first quarter of fiscal 2026 was \$277,000, or a net loss of \$0.02 per diluted share, an improvement from a net loss of \$355,000, or a net loss of \$0.02 per diluted share, in the prior year's first quarter and a decrease from net income from continuing operations of \$1.8 million, or \$0.13 per diluted share, in the fourth quarter of fiscal 2025.



## Balance Sheet and Cash Flow

- The Company's balance sheet remains strong with \$157 million in cash, short-term and long-term investments and no debt.
- The company invested \$5.2 million to repurchase 179,000 shares during the 3-month period ended December 31, 2025. Our share buyback authorization was increased from \$65 million to \$85 million in November 2025. The Company had \$23.1 million available for additional repurchases as of December 31, 2025.
- Backed by our healthy balance sheet and renewed focus on our historical North American operations, we continue to believe we are well positioned to pursue larger customer opportunities and strategic initiatives to strengthen our market position and invest in expanding our product portfolio. Our strong cash balance also equips us for our long-term growth strategy and the anticipated growth in demand in the broadband market ahead.

## Fiscal 2026 and Q2 2026 Outlook

We are reiterating our outlook for fiscal 2026 of net sales from continuing operations expected to be in the range of \$160 million to \$170 million, operating expenses as a percentage of revenue expected to remain consistent with fiscal 2025, and net income per share expected to be in the range of \$0.48 to \$0.62.

For the second quarter of fiscal 2026, we anticipate net sales from continuing operations in the range of \$32 million to \$35 million, operating expenses to be up slightly relative to the first quarter, and net loss per diluted share in the range of \$0.02 to \$0.10.

The net income (loss) per share ranges are based on the number of shares outstanding at the end of the first quarter of fiscal 2026 and do not reflect potential additional share repurchases completed in fiscal 2026. Our guidance reflects the potential supply chain constraints of optical fiber, as well as our current understanding of the impact of the evolving tariff situation, which could contribute to uncertainty in our business and in the macroeconomic environment. As we currently understand the tariff environment, we do not believe that the tariffs currently in place will materially affect our operating results.

We look forward to updating you on our progress.

### Fiscal 2026 Outlook

Annual Net Sales of \$160M to \$170M

Annual Net Income Per Share \$0.48 to \$0.62

Q2 Net Sales of \$32M to \$35M

Q2 Net Loss Per Share \$0.02 to \$0.10

## Conference Call

Management will hold a conference call today, February 4, 2026, at 5:00 p.m. Eastern Time (4:00 p.m. Central Time) to discuss these results and provide an update on business conditions.

Clearfield's President and Chief Executive Officer, Cheri Beranek, and Chief Financial Officer, Dan Herzog, will host the presentation, followed by a question-and-answer period.

U.S. dial-in: 1-844-826-3033 | International dial-in: 1-412-317-5185 | Conference ID: 10205826

The live webcast of the call can be accessed at the [Clearfield Investor Relations](#) website along with the company's earnings press release and presentation.

A replay of the call will be available after 8:00 p.m. Eastern Time on the same day through February 18, 2026, while an archived version of the webcast will be available on the Investor Relations website for 90 days.

U.S. replay dial-in: 1-844-512-2921 | International replay dial-in: 1-412-317-6671 | Replay ID: 10205826

About Clearfield, Inc.

[Clearfield, Inc.](#) (NASDAQ: CLFD) designs, manufactures, and distributes fiber optic management, protection, and delivery products for communications networks. Our "fiber to anywhere" platform serves the unique requirements of leading incumbent local exchange carriers (traditional carriers), competitive local exchange carriers (alternative carriers), and MSO/cable TV companies, while also catering to the broadband needs of the utility/municipality, enterprise, and data center markets. Headquartered in Minneapolis, MN, Clearfield deploys more than a million fiber ports each year. For more information, visit [www.SeeClearfield.com](http://www.SeeClearfield.com).

### Cautionary Statement Regarding Forward-Looking Information

*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," "plan," "expect," "aim," "believe," "project," "target," "anticipate," "intend," "estimate," "will," "should," "could," "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, the development and marketing of new products, the impact of recent trade policy changes, including new and increased tariffs, retaliatory tariffs, trade disputes, and market and economic reactions to such changes, expected customer ordering patterns and future supply agreements with customers, expectations regarding the impact on our business of M&A activity among our customers, anticipated shipping on backlog and future lead times, future availability of components and materials from the Company's supply chain, compliance with Build America Buy America (BABA) Act requirements, the impact of the Broadband Equity, Access, and Deployment (BEAD) Program, 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: 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 single-source suppliers, which could cause delays, increase costs or prevent us from completing customer orders; changes in trade policy in the U.S. and other countries may adversely affect our business and results of operations; inflationary price pressures and uncertain availability of components, raw materials, labor and logistics used by us and our suppliers could negatively impact our profitability; 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; our business is dependent on interdependent management information systems; we may be subject to risks associated with acquisitions, and the risks could adversely affect future operating results; adverse global economic conditions and geopolitical issues could have a negative effect on our business, and results of 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; natural disasters, extreme weather conditions or other catastrophic events could negatively affect our business, financial condition, and operating results; to compete effectively, we must continually improve existing products and introduce new products that achieve market acceptance; our business is dependent upon capital spending by broadband service providers, and any delay, reduction or cancellation in capital spending by broadband service providers could adversely affect our business; 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; 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, 2025 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.*

Investor Relations Contact:

Greg McNiff | The Blueshirt Group | 773-485-7191

[clearfield@blueshirtgroup.com](mailto:clearfield@blueshirtgroup.com)



**CLEARFIELD, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	December 31, 2025 (Unaudited)	September 30, 2025
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 13,879	\$ 21,493
Short-term investments	82,556	84,484
Accounts receivables, net	14,971	17,991
Inventories, net	40,201	42,031
Prepaid and other current assets	14,132	11,152
Current assets held for sale	-	21,337
Total current assets	165,739	198,488
Property, plant and equipment, net	9,479	9,682
Long-term investments	60,291	59,822
Goodwill	4,709	4,709
Intangible assets, net	8,929	9,353
Right-of-use lease assets	7,759	8,420
Deferred tax asset	10,610	10,263
Other non-current assets	534	608
Non-current assets held for sale	-	4,828
<b>Total assets</b>	<b>\$ 268,050</b>	<b>\$ 306,173</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities		
Current portion of lease liability	\$ 2,890	\$ 2,823
Accounts payable	3,852	7,028
Accrued compensation	4,197	6,598
Accrued expenses	2,270	2,197
Current liabilities held for sale	-	17,957
Total current liabilities	13,209	36,603
Other liabilities		
Long-term portion of lease liability	5,189	5,934
Non-current liabilities held for sale	-	7,473
Total liabilities	18,398	50,010
Shareholders' equity		
Preferred stock, \$0.01 par value; 500,000 shares; no shares issued or outstanding	-	-
Common stock, authorized 50,000,000, \$0.01 par value; 13,838,883 and 13,839,675 shares issued and outstanding as of December 31, 2025 and September 30, 2025, respectively	138	138
Additional paid-in capital	143,053	147,382
Accumulated other comprehensive income	163	1,731
Retained earnings	106,298	106,912
Total shareholders' equity	249,652	256,163
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 268,050</b>	<b>\$ 306,173</b>

**CLEARFIELD, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS**  
(UNAUDITED)  
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	Three Months Ended December 31, 2025	Three Months Ended December 31, 2024
Net sales	\$ 34,341	\$ 29,698
Cost of sales	22,953	21,023
Gross profit	11,388	8,675
Operating expenses		
Selling, general and administrative	13,212	10,721
Loss from continuing operations	(1,824)	(2,046)
Net investment income	1,546	1,744
Loss from continuing operations before income taxes	(278)	(302)
Income tax (benefit) expense	(1)	53
Loss from continuing operations, net of tax	(277)	(355)
Loss from discontinued operations, net of tax	(337)	(1,551)
Net loss	<u>\$ (614)</u>	<u>\$ (1,906)</u>
Loss per share		
Basic		
Continuing operations	\$ (0.02)	\$ (0.02)
Discontinued operations	(0.02)	(0.11)
Basic loss per share	<u>\$ (0.04)</u>	<u>\$ (0.13)</u>
Diluted		
Continuing operations	\$ (0.02)	\$ (0.02)
Discontinued operations	(0.02)	(0.11)
Diluted loss per share	<u>\$ (0.04)</u>	<u>\$ (0.13)</u>
Weighted average shares outstanding:		
Basic	13,869,510	14,213,025
Diluted	13,869,510	14,213,025

**CLEARFIELD, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(UNAUDITED)  
(IN THOUSANDS)

	Three Months Ended December 31, 2025	Three Months Ended December 31, 2024
<b>Cash flows from operating activities (continuing)</b>		
Net loss	\$ (614)	\$ (1,906)
Loss from discontinued operations, net of tax	337	1,551
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	1,615	1,513
Amortization of premium and discount on investments, net	(117)	(766)
Deferred taxes	(375)	(135)
Stock-based compensation	1,271	1,050
Changes in operating assets and liabilities, net of acquired amounts:		
Accounts receivable	3,020	3,577
Inventories, net	1,830	6,279
Other assets	(2,905)	(903)
Accounts payable and accrued expenses	(5,502)	(2,221)
Net cash (used in) provided by operating activities (continuing)	(1,440)	8,039
<b>Cash flows from investing activities (continuing)</b>		
Purchases of property, plant and equipment and intangible	(988)	(1,751)
Purchases of investments	(19,953)	(39,015)
Proceeds from maturities of investments	21,660	54,476
Cash paid on disposal of business	(1,012)	-
Net cash (used in) provided by investing activities (continuing)	(293)	13,710
<b>Cash flows from financing activities (continuing)</b>		
Proceeds from issuance of common stock under employee stock purchase plan	239	301
Repurchase of shares for payment of withholding taxes for vested restricted stock grants	(997)	(491)
Withholding related to exercise of stock options	(57)	-
Repurchase of common stock	(5,279)	(6,275)
Net cash used in financing activities (continuing)	(6,094)	(6,465)
<b>Cash flows from discontinued operations</b>		
Net cash provided by (used in) operating activities	1,380	(889)
Net cash used in investing activities	-	(318)
Net cash (used in) provided by financing activities	(1,196)	77
Net cash provided by (used in) discontinued operations	184	(1,130)
Effect of exchange rates on cash and cash equivalents	(13)	132
Net (decrease) increase in cash and cash equivalents	(7,656)	14,286
Change in cash held for sale	42	1,065
Cash and cash equivalents, beginning of period	21,493	14,148
Cash and cash equivalents, end of period	\$ 13,879	\$ 29,499
<b>Supplemental disclosures for cash flow information</b>		
Cash paid for income taxes, net	\$ (12)	\$ 405
<b>Non-cash financing activities</b>		
Cashless exercise of stock options	\$ 419	\$ 9