

Letter to Shareholders

 **CLEARFIELD**
Third Quarter of Fiscal 2025

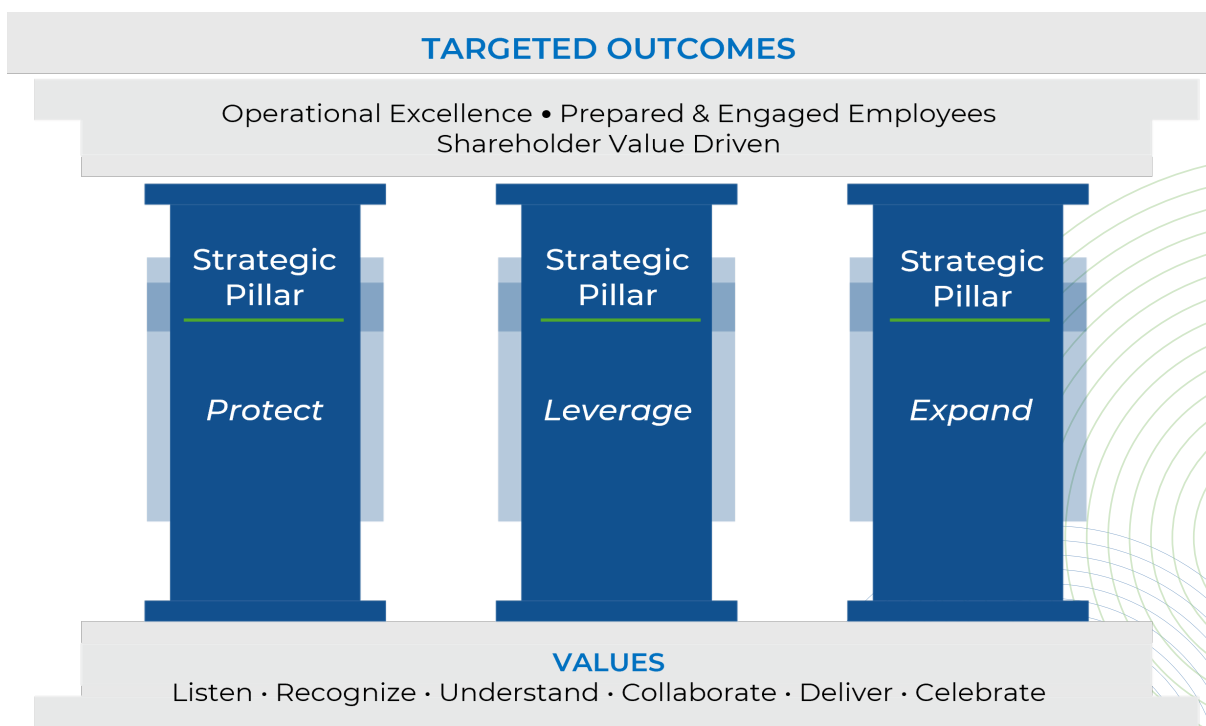


We are pleased to share our results for the third quarter of fiscal 2025 ended June 30, 2025. Third quarter net sales of \$49.9 million were up 2% over the same period in the prior year and toward the top end of our guidance range, with Clearfield segment net sales up 15% year-over-year. For the period, our gross profit margin improved from 21.9% to 30.5%, driven by improvements in overhead absorption and recoveries of previously reserved excess inventory, as well as optimized capacity for current and growing product lines at all of our North American facilities. Our net income per share of \$0.11 was above our guidance range and reflects a significant improvement from the year-ago period. We are especially pleased with the Clearfield segment as we remain focused on executing our strategy of growing faster than the industry and driving market share gains. Despite macro and BEAD-related uncertainty, the Company is poised for continued growth as the industry returns to a normalized cadence.

Broadband and Beyond

Our executive team is focused on fulfilling our mission of delivering exceptional service for the ultimate customer experience. Our customers consistently choose Clearfield due to the craftsmanship and labor savings of our products. This “customer experience” is a key differentiator as the market has navigated through the last few years of volatility.

The industry continues to change rapidly, and Clearfield’s agility sets us apart. Our ability to respond to these changes is key to our success. Yet, while we adapt, we remain committed to the core strategy upon which we are building our Company. I’d like to take a few minutes to go a little deeper into that strategy today and present it as the framework of our “house” - three pillars that are built upon the foundation of our long-term vision of unlocking the potential of fiber to anywhere.



Our first pillar is protecting our core. Clearfield serves the needs of nearly a thousand broadband service providers. These providers can look very different from each other. Whether they are a 100-year-old independent telco, a municipality or competitive start-up, our broadband service team is living alongside our customers, within the communities where fiber is being deployed. As we move forward, we will strive to protect this core and ensure that their product needs for today and tomorrow are met.

For example, consider Hawaiian Telcom. This customer of ours in the Community Broadband market has committed to the state of Hawaii that it will pass every home and business with fiber by the end of 2026. They are taking a unique approach by starting their fiber upgrade with difficult to reach places and then expanding into more dense environments, passing locations first and connecting buildings as they go. On a recent visit with this customer, I was able to see firsthand Clearfield products in central offices and outside plant environments on multiple islands. In each location, I was humbled by the conversations I had with technicians in the field who raved about the time savings and ease of deployment they are experiencing by using Clearfield products. Like Hawaiian Telcom, an important element of this pillar is gaining share with those companies who already use our cabinet lines to pass a home, to also choose our solutions for connecting them. Long-term relationships like this demonstrate not only Clearfield's success, but by protecting the relationship, our potential to grow as well.

Our second pillar is to leverage this market position into further opportunity. Our customers are moving into new applications to leverage their fiber infrastructure and we are committed to growing alongside them. For example, we have a customer which is a significant broadband provider in the Northwest that is currently using our solutions for wireless backhaul. We have another customer in the Midwest that has deployed our products in its data centers, and we are seeing our cabinets extend non-hardened electronics to edge networks. These areas aren't new to Clearfield, but we believe they will be a significantly higher percentage of revenue as our customers adapt their business models.

Our third pillar is to target select adjacent markets that we believe will allow us to expand our customer base and drive further growth. This is a longer-term strategic initiative as Clearfield targets the deployment of fiber by new customer types. The modular nature of our product platforms, driven by the Clearview Cassette, will allow us to take existing products to new customers as well as design exciting new products for applications in emerging markets. An example of this is our recently announced TetherSmart™ Multi-Fiber Terminal (MFT). As the industry's smallest and most flexible terminal, this product will serve not only our existing customer base but is under review by target customers in the wireless provider markets due to its ultimate configurability. This strategy is how we will expand from enabling a lifestyle of better broadband, to our expanded purpose of Enabling Better Broadband and Beyond.

The goal of this three-pillar approach is to drive revenue growth as well as operational excellence, thereby enhancing long-term shareholder value.

Enabling the Lifestyle of

**Better
Broadband...
And Beyond**

Fiscal Q3 2025 Financial Summary

Fiscal Q3 2025 Financial Summary

(in millions except per share data and percentages)

	Q3 2025	vs. Q3 2024	Change	Change (%)
Net Sales	\$ 49.9	\$ 48.8	\$ 1.1	2%
Gross Profit (\$)	\$ 15.2	\$ 10.7	\$ 4.5	42%
Gross Profit (%)	30.5%	21.9%	8.6%	39%
Income (Loss) from Operations	\$ 1.5	\$ (2.3)	\$ 3.8	165%
Income Tax Expense (Benefit)	\$ 1.4	\$ (0.3)	\$ 1.6	595%
Net Income (Loss)	\$ 1.6	\$ (0.4)	\$ 2.1	459%
Net Income (Loss) per Diluted Share	\$ 0.11	\$ (0.04)	\$ 0.15	375%

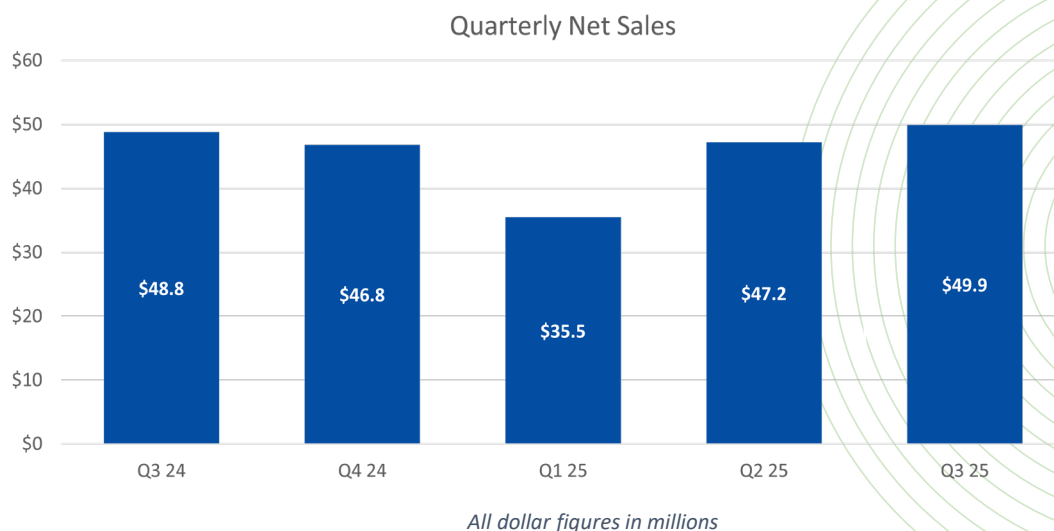
Fiscal Q3 2025 Financial Summary - Con't

Fiscal Q3 YTD 2025 Financial Summary

(in millions except per share data and percentages)

	2025 YTD	vs. 2024 YTD	Change	Change (%)
Net Sales	\$ 132.5	\$ 119.9	\$ 12.6	11%
Gross Profit (\$)	\$ 37.6	\$ 18.2	\$ 19.4	107%
Gross Profit (%)	28.4%	15.2%	13.2%	87%
Loss from Operations	\$ (2.2)	\$ (20.2)	\$ 18.0	89%
Income Tax Expense (Benefit)	\$ 1.4	\$ (3.3)	\$ 4.7	142%
Net Income (Loss)	\$ 1.0	\$ (11.6)	\$ 12.6	109%
Net Income (Loss) per Diluted Share	\$ 0.07	\$ (0.79)	\$ 0.86	109%

Business & Financial Performance



Consolidated net sales in the third quarter of fiscal 2025 were \$49.9 million, a 2% increase from \$48.8 million in the prior year third quarter and toward the top end of our guidance range of \$45 million to \$50 million. Total net sales include \$38.8 million of Clearfield segment net sales, up 15% year-over-year, and \$11.1 million of Nestor segment net sales, down 26% year-over-year. Our year-over-year performance in the third quarter was driven by higher customer demand in our Clearfield segment's Large Regional and MSO end markets, partially offset by lower sales in our Nestor segment. The Clearfield segment did experience a temporary increase in lead times in some of our product lines, driven by component availability and labor skill utilization. Our average lead times are improving and most product lines are now at 4 weeks. We expect lead times on standard configurations to be at two weeks by the end of the fourth quarter.

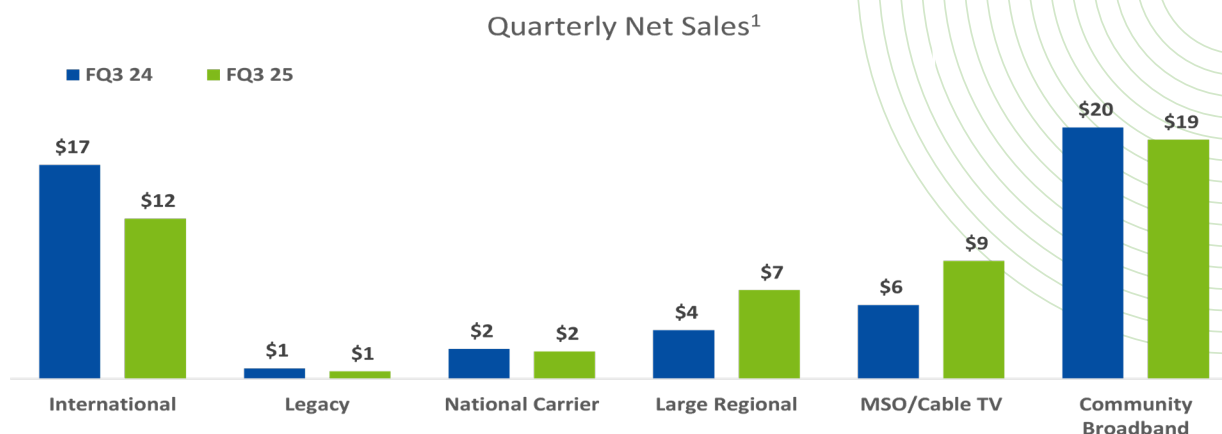
We continue to make progress on improving product costs while also managing the cost structure of our Nestor segment. Despite lower revenue within this segment, driven by a redirected focus among broadband service providers toward operating rather than building out networks in some targeted countries in Europe, we saw a modest year-over-year improvement in gross profit margin in the third quarter.

Our backlog as of June 30, 2025, increased to \$36.1 million from \$34.1 million on March 31, 2025. The increase in the backlog is consistent with the normal seasonality in the business.

Net Sales Comparison by Key Market

In Clearfield's primary market, Community Broadband, we generated net sales of \$18.6 million, which comprised 37% of total net sales in the third quarter of fiscal 2025. Net sales in this market decreased by 5% from the prior year third quarter and increased 4% sequentially.

Net sales in the MSO market were \$9.2 million in the third quarter, which comprised 18% of total net sales in the quarter and increased by approximately 59% from the prior year third quarter. Our MSO business experienced a sequential uptick of 21% from the second quarter, driven by higher volumes from portfolio customers in this market. Portfolio customers are those broadband service provider customers that deploy Clearfield products to both pass as well as connect a home. We expect the inventory that our customers were holding in this market to be mostly consumed by the end of this build season.



All dollar figures in millions

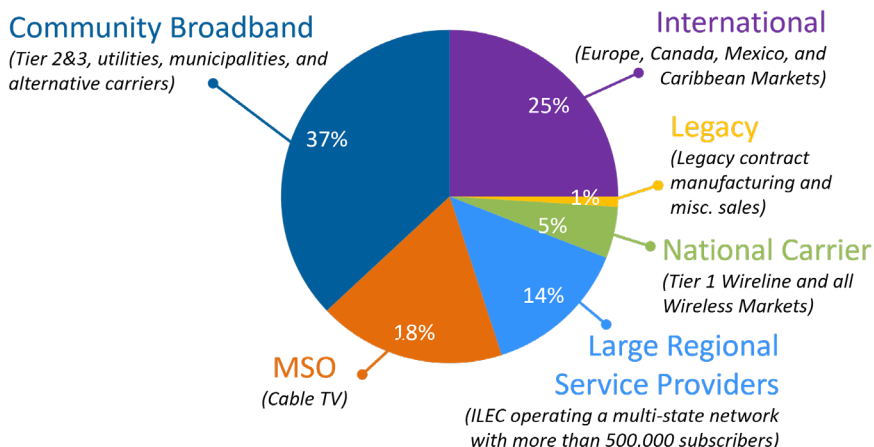
¹Based on net sales of \$49.9 million for Clearfield and Point of Sales (POS) reporting from distributors who resell our product line into these

Net sales in the Large Regional Service Provider market were \$6.9 million in the third quarter, which comprised 14% of total net sales in the quarter and increased by approximately 82% from the prior year third quarter, driven by a large order from a single customer that was delivered as a single shipment for this build season. Our Large Regional Service Provider business experienced a sequential downtick of 39% from the second quarter, which was affected by sales order pull ins, as directed by the customers, which were recorded in our second quarter but previously scheduled for our third quarter. We continue to expect quarter-to-quarter variability in this market due to shifts in product mix and evolving deployment timelines and strategies.

Net sales in the National Carrier market were \$2.1 million in the third quarter, which comprised 5% of total net sales in the quarter and decreased by approximately 9% from the prior year third quarter. Our National Carrier business experienced a sequential downtick of 3% from the second quarter as a result of lumpiness in stocking programs among these customers.

Net sales in the International market, which includes sales in the Nestor segment as well as sales into Canada, Mexico, and other parts of Central America from the Clearfield segment, were \$12.5 million in the third quarter and comprised 25% of total net sales in the quarter. Net sales in this market decreased by approximately 24% due to lower sales in our Nestor segment, which were \$11.1 million in our third quarter of fiscal 2025 versus \$15.1 million in the prior year third quarter. Our International market revenue was up 71% sequentially from the second quarter as a result of normal seasonality in our Nestor segment.

Q3 FY25 Net Sales Composition Ended 6/30/25¹

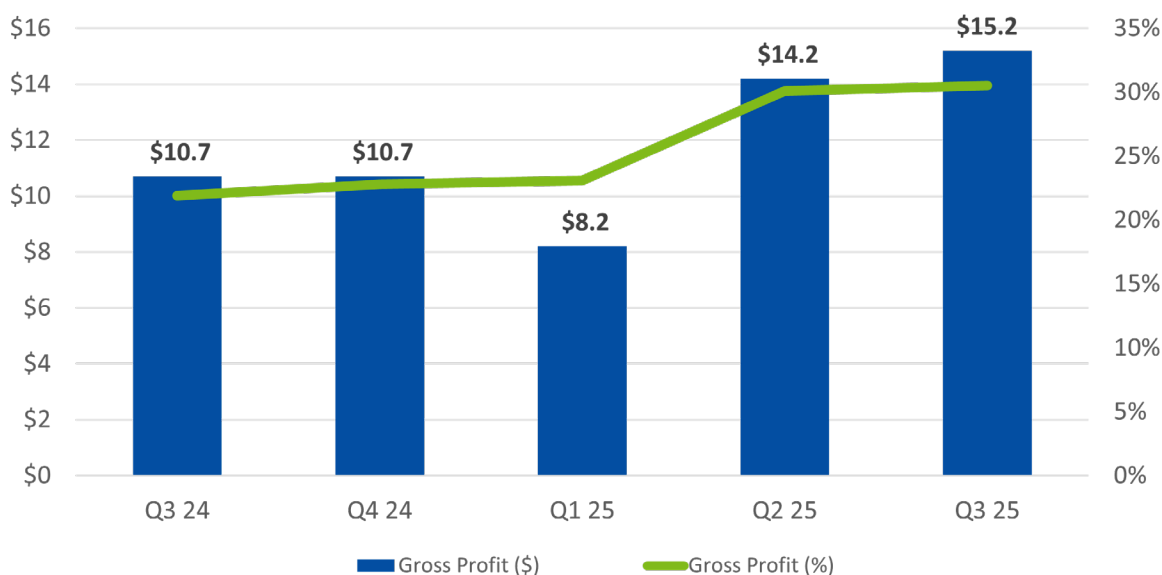


¹Based on net sales of \$49.9 million for Clearfield and Point of Sales (POS) reporting from distributors who resell our product line into these markets.

Gross Profit and Profit Margin

Clearfield's overall gross profit margin in the third quarter was 30.5% of net sales, up from 21.9% of net sales in the prior year's third quarter and up from 30.1% in the second quarter. While gross margins in our Clearfield segment are highly volume-dependent, we were able to deliver meaningful improvements through our targeted programs addressing productivity and general cost reduction initiatives. Gross profit margin was also positively affected as the result of lower non-cash excess inventory charges, which decreased year-over-year by \$2.6 million, reflecting improved inventory utilization and beneficial recoveries of previously reserved excess inventory of \$1.6 million in the third quarter of fiscal 2025.

Quarterly Gross Profit and Margin

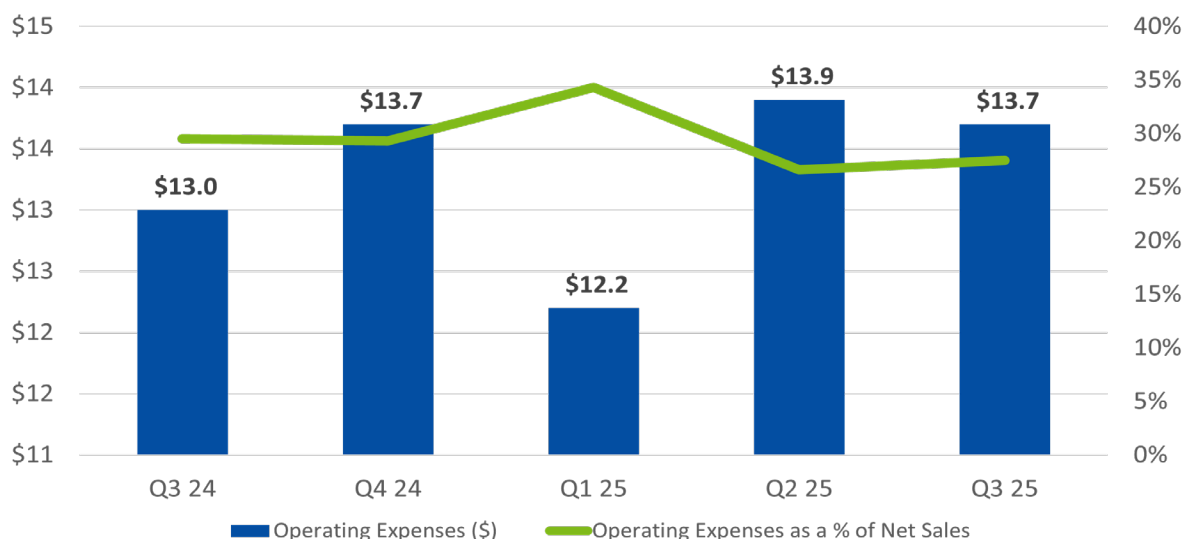


All dollar figures in millions

Operating Expenses

Operating expenses for the third quarter were \$13.7 million in comparison to \$13.0 million in the prior year third quarter, driven by higher depreciation and amortization and increased software maintenance costs. As a percentage of net sales, operating expenses for the third quarter were 27.5%, up from 26.6% in the second quarter and down from 29.5% in the prior year third quarter.

Quarterly Operating Expenses

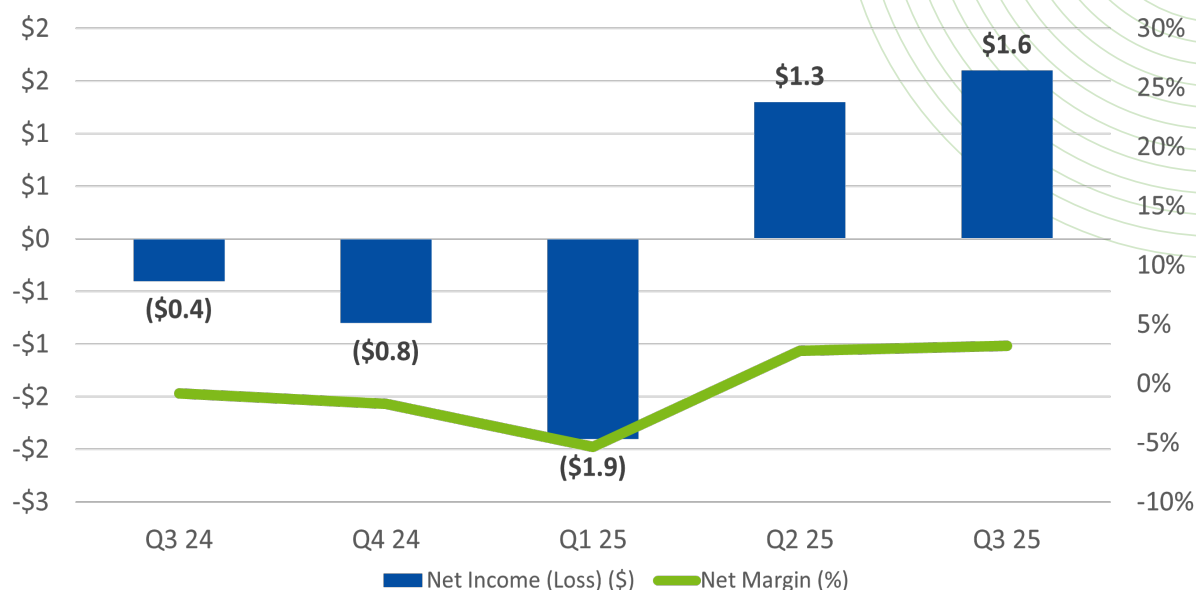


All dollar figures in millions

Net Income (Loss)

Clearfield's net income in the third quarter of fiscal 2025 was \$1.6 million, or \$0.11 per diluted share, an improvement from a net loss of \$(0.4) million, or \$(0.04) per diluted share, in the prior year third quarter and a net income of \$1.3 million, or \$0.09 per diluted share, in the second quarter of fiscal 2025. The significant year-over-year improvement was primarily driven by strong performance in the Clearfield segment, where improved overhead absorption and recoveries of previously reserved excess inventory contributed meaningfully to the bottom line. Net income in the third quarter of fiscal 2025 includes a one-time valuation charge against deferred tax assets of Nestor Cables of \$780,000 which was recorded as a component of income tax expense in the quarter.

Quarterly Net Income (Loss)



All dollar figures in millions

Balance Sheet and Cash Flow

- The Company's balance sheet remains strong with \$157 million of cash, short-term and long-term investments and low levels of debt.
- Clearfield recorded positive cash flow from operations of approximately \$7.8 million in the third quarter and \$18.1 million year to date.
- The Company repurchased approximately \$5.6 million in shares under its share repurchase program in the third quarter, leaving approximately \$8.4 million remaining authorized for repurchase at June 30, 2025.
- Backed by our healthy balance sheet, we continue to believe we are well positioned to pursue larger customer opportunities and strategic initiatives to strengthen our market position and expand our product portfolio. Our strong cash balance also equips us for the anticipated growth in demand ahead.

Operational and Strategic Initiatives

As previously mentioned, a trend we have been tracking for some time is the shift of electronics out of the central office to cabinets closer to the end-user. As we highlighted last quarter, we designed our FiberFlex cabinet line to address this trend. Our FieldSmart® FiberFlex 600 powered cabinet continues to be recognized for its innovative and customer-friendly design.

FieldSmart® FiberFlex 600



Clearly, Artificial Intelligence (AI) represents the next Industrial Revolution. As the demand for greater processing power continues to grow, communication infrastructure providers will be critical in connecting this ecosystem. Specifically, the power requirements for running AI are driving cloud providers to build multiple data centers while the need for low latency performance is pushing computing to the edge of the network. Both of these trends will require significant fiber deployment in the coming years. Going forward, we will discuss the significant investments we are making to ensure our customer base has the equipment and support necessary to meet this growing demand.

Building on FiberFlex's momentum, we are also expanding our reach deeper into the connected home. During the last quarter we announced a new product, our TetherSmart™ MFT, which enables Clearfield to address new applications within and beyond the broadband ecosystem. As the industry's smallest, fully sealed, 10-port access terminal, the TetherSmart MFT is purpose-built for Fiber-to-the-Home, Fiber-to-the-Business, and 5G backhaul applications.

TetherSmart® Multi-Fiber Terminal



*TetherSmart® MFT housed in
Craftsmart Fiberfirst Pedestal*



These product development initiatives reflect our continued focus on innovation that empowers service providers to meet evolving customer needs, whether in rural, urban, or suburban environments. By enabling faster, more flexible, and cost-effective fiber installations, the TetherSmart MFT positions Clearfield to support the next wave of broadband expansion while also opening doors to adjacent market opportunities.

Another key highlight is the growing success of our Home Deployment Kits, which combine the innovation of Clearfield's fiber deploy reels with the ease of packaging all components of a home install in a single SKU, and which are broadly recognized for the labor-saving opportunity they provide. We expect these products to contribute significantly to our future revenue growth.

**Splice-TAP
Kit**



**SCD-TAP
Kit**

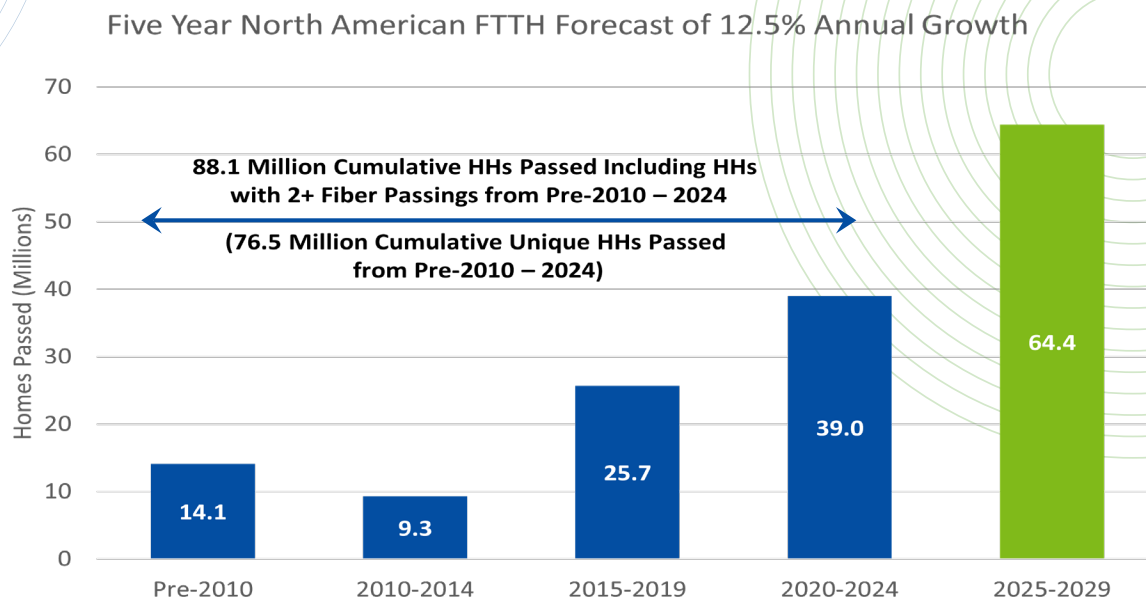


**Mini-TAP
Kit**



Framing Views on the Industry

The fundamentals of the industry remain strong. A leading market research firm projects the fiber industry to grow at a 12% compound annual growth rate over the next five years, with approximately one-third of households (HHs) expected to gain access to multiple fiber providers. Similarly, industry analysts anticipate that the annual number of homes connected will outpace homes passed. We believe Clearfield is well positioned to benefit from these industry trends.



Source: RVA (March 2025), Clearfield

Fiscal 2025 and Q4 2025 Outlook

We are increasing our fiscal 2025 net sales outlook to a range of \$180 million to \$184 million.

We anticipate fourth quarter fiscal 2025 net sales in the range of \$47 to \$51 million. We expect operating expenses to increase slightly from the third quarter.

We expect to generate net income per share in the range of \$0.03 to \$0.11 in the fourth quarter of fiscal 2025. The net income per share range is based on the number of shares outstanding at the end of the third quarter and does not reflect potential share repurchases completed in the fourth quarter. Our guidance reflects 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 2025 Outlook

Annual Net Sales of \$180M to \$184M

Q4 Net Sales of \$47M to \$51M

Q4 Net Income Per Share \$0.03 to \$0.11

Conference Call

Management will hold a conference call today, August 6, 2025, 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: 10201157

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 August 20 2025, 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: 10201157

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.

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 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, 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, future availability of labor impacting our customers' network builds, 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, future goodwill analysis, 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: our business is dependent on interdependent management information systems; 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; natural disasters, extreme weather conditions or other catastrophic events could negatively affect our business, financial condition, and operating results; pandemics and other health crises 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, 2024 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:

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clearfield@blueshirtgroup.com

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

	June 30, 2025 (Unaudited)	September 30, 2024
Assets		
Current Assets		
Cash and cash equivalents	\$ 33,871	\$ 16,167
Short-term investments	83,358	114,825
Accounts receivables, net	26,614	21,309
Inventories, net	53,753	66,766
Other current assets	15,042	10,528
Total current assets	212,638	229,595
Property, plant and equipment, net		
	19,742	23,953
Other Assets		
Long-term investments	40,168	24,505
Goodwill	6,740	6,627
Intangible assets, net	10,666	6,343
Right-of-use lease assets	18,038	15,797
Deferred tax asset	6,029	6,135
Other	689	2,320
Total other assets	82,330	61,727
Total Assets	\$ 314,710	\$ 315,275
Liabilities and Shareholders' Equity		
Current Liabilities		
Current portion of lease liability	\$ 4,108	\$ 3,357
Current maturities of long-term debt	2,358	-
Accounts payable	8,687	6,720
Accrued compensation	8,235	6,977
Accrued expenses	4,695	4,378
Bank overdraft	862	-
Factoring liability	6,943	2,920
Total current liabilities	35,888	24,352
Other Liabilities		
Long-term debt, net of current maturities	-	2,228
Long-term portion of lease liability	14,346	12,771
Deferred tax liability	-	161
Total liabilities	50,234	39,512
Shareholders' Equity		
Preferred stock, \$.01 par value; 500,000 shares; no shares issued or outstanding	-	-
Common stock, authorized 50,000,000, \$.01 par value; 13,805,717 and 14,229,107 shares issued and outstanding as of June 30, 2025 and September 30, 2024, respectively	138	142
Additional paid-in capital	146,627	159,579
Accumulated other comprehensive income	1,721	1,079
Retained earnings	115,990	114,963
Total shareholders' equity	264,476	275,763
Total Liabilities and Shareholders' Equity	\$ 314,710	\$ 315,275

CLEARFIELD, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(UNAUDITED)

(IN THOUSANDS, EXCEPT SHARE DATA)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2025	2024	2025	2024
Net sales	\$ 49,903	\$ 48,793	\$ 132,547	\$ 119,933
Cost of sales	34,669	38,101	94,940	101,712
Gross profit	15,234	10,692	37,607	18,221
Operating expenses				
Selling, general and administrative	13,738	12,998	39,823	38,430
Income (Loss) from operations	1,496	(2,306)	(2,216)	(20,209)
Net investment income	1,588	1,735	4,920	5,653
Interest expense	(106)	(153)	(275)	(381)
Income (Loss) before income taxes	2,978	(724)	2,429	(14,937)
Income tax expense (benefit)	1,372	(277)	1,401	(3,311)
Net income (loss)	<u>\$ 1,606</u>	<u>\$ (447)</u>	<u>\$ 1,028</u>	<u>\$ (11,626)</u>
Net income (loss) per share Basic	<u>\$ 0.11</u>	<u>\$ (0.04)</u>	<u>\$ 0.07</u>	<u>\$ (0.79)</u>
Net income (loss) per share Diluted	<u>\$ 0.11</u>	<u>\$ (0.04)</u>	<u>\$ 0.07</u>	<u>\$ (0.79)</u>
Weighted average shares outstanding:				
Basic	13,833,748	14,249,755	14,047,802	14,699,278
Diluted	13,833,748	14,249,755	14,047,802	14,699,278

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

	Nine Months Ended June 30, 2025	Nine Months Ended June 30, 2024
Cash flows from operating activities		
Net income (loss)	\$ 1,028	\$ (11,626)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	5,766	5,481
Amortization of premium and discount on investments, net	(1,556)	(3,304)
Deferred taxes	(157)	(3,523)
Stock-based compensation	3,745	3,437
Changes in operating assets and liabilities, net of acquired amounts:		
Accounts receivable	(4,944)	946
Inventories, net	13,752	23,440
Other assets	(2,555)	(8,030)
Accounts payable and accrued expenses	3,037	2,310
Net cash provided by operating activities	<u>18,116</u>	<u>9,131</u>
Cash flows from investing activities		
Purchases of property, plant and equipment and intangible assets	(5,221)	(5,608)
Purchases of investments	(78,697)	(124,137)
Proceeds from maturities of investments	95,976	142,067
Net cash provided by investing activities	<u>12,058</u>	<u>12,322</u>
Cash flows from financing activities		
Issuance of long-term debt	-	2,142
Repayment of long-term debt	-	(2,142)
Proceeds from issuance of common stock under employee stock purchase plan	595	586
Repurchase of shares for payment of withholding taxes for vested restricted stock grants	(494)	(240)
Withholding related to exercise of stock options	(133)	(9)
Borrowings and repayments of bank overdrafts, net	793	-
Borrowings and repayments of factoring liability, net	3,544	(667)
Repurchase of common stock	(16,665)	(33,374)
Net cash used in financing activities	<u>(12,360)</u>	<u>(33,704)</u>
Effect of exchange rates on cash	(109)	48
Increase (decrease) in cash and cash equivalents	17,704	(12,203)
Cash and cash equivalents, beginning of period	16,167	37,827
Cash and cash equivalents, end of period	<u>\$ 33,871</u>	<u>\$ 25,624</u>
Supplemental disclosures for cash flow information		
Cash paid for income taxes	<u>\$ 1,237</u>	<u>\$ 165</u>
Cash paid for interest	<u>\$ 193</u>	<u>\$ 302</u>
Right of use assets obtained through lease liabilities	<u>\$ 3,895</u>	<u>\$ 4,614</u>
Non-cash financing activities		
Cashless exercise of stock options	<u>\$ 462</u>	<u>\$ 19</u>