



# Clearfield FieldReport: Fiscal Q1 2023 Earnings Call

February 2, 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: adverse global economic conditions and geopolitical issues could have a negative effect on our business, and results of operations and financial condition; our planned growth may strain our business infrastructure, which could adversely affect our operations and financial condition; the acquisition of Nestor Cables and integration activities could adversely affect our operating results; the COVID-19 pandemic has significantly impacted worldwide economic conditions and could have a material adverse effect on our business, financial condition and operating results; we rely on single-source suppliers, which could cause delays, increases in costs or prevent us from completing customer orders; fluctuations in product and labor costs which may not be able to be passed on to customers that could decrease margins; we depend on the availability of sufficient supply of certain materials, such as fiber optic cable and resins for plastics, and global disruptions in the supply chain for these materials could prevent us from meeting customer demand for our products; we rely on our manufacturing operations to produce product to ship to customers and manufacturing constraints and disruptions could result in decreased future revenue; a significant percentage of our sales in the last three fiscal years have been made to a small number of customers; further consolidation among our customers may result in the loss of some customers and may reduce sales during the pendency of business combinations and related integration activities; we may be subject to risks associated with acquisitions; product defects or the failure of our products to meet specifications could cause us to lose customers and sales or to incur unexpected expenses; we are dependent on key personnel; cyber-security incidents on our information technology systems, including ransomware, data breaches or computer viruses, could disrupt our business operations, damage our reputation, and potentially lead to litigation; our business is dependent on interdependent management information systems; to compete effectively, we must continually improve existing products and introduce new products that achieve market acceptance; changes in government funding programs may cause our customers and prospective customers to delay, reduce, or accelerate purchases, leading to unpredictable and irregular purchase cycles; intense competition in our industry may result in price reductions, lower gross profits and loss of market share; our success depends upon adequate protection of our patent and intellectual property rights; if the telecommunications market does not expand as we expect, our business may not grow as fast as we expect; we face risks associated with expanding our sales outside of the United States; and other factors set forth in Part I, Item IA. 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.



CLEARFIELD

# Introduction & Highlights



## 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*

# Why We Win

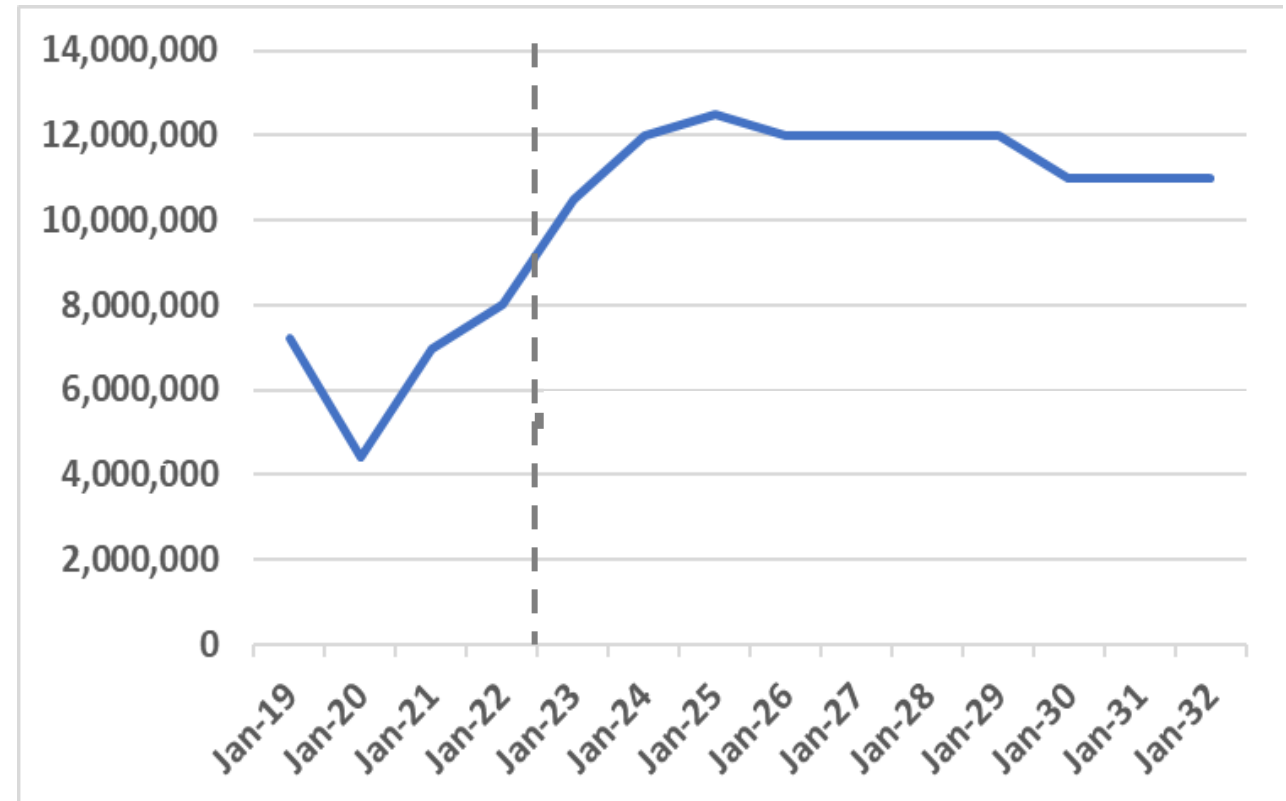
- ✓ *Singularly Focused on Serving the Fiber Market*
- ✓ *Attractive Total Cost of Ownership through Reduced Installation Cost and Maintenance Time*
- ✓ *Our Testing Shows FastPass™ Approach Cuts Install Time Required for Homes Passed by 50%*
- ✓ *Ease, Speed, and Cost of Deployment*
- ✓ *Delivery of a Comprehensive Solution*
- ✓ *Commitment to Quality and Customers*
- ✓ *Recent Acquisition of Nestor Cables Highlights Investment to Integrate and Optimize Solutions and Mitigate Supply Chain Risk*



Providing Optimized Price Performance and Deep Technical Expertise

Fiber deployment is projected to be strong for the next decade

## 11.3M Ten Year Annual Average Run Rate



Assumes 12.3M New Housing Units

Homes with Fiber Availability: 92%

Homes with 2+ Fiber Availability: 34%





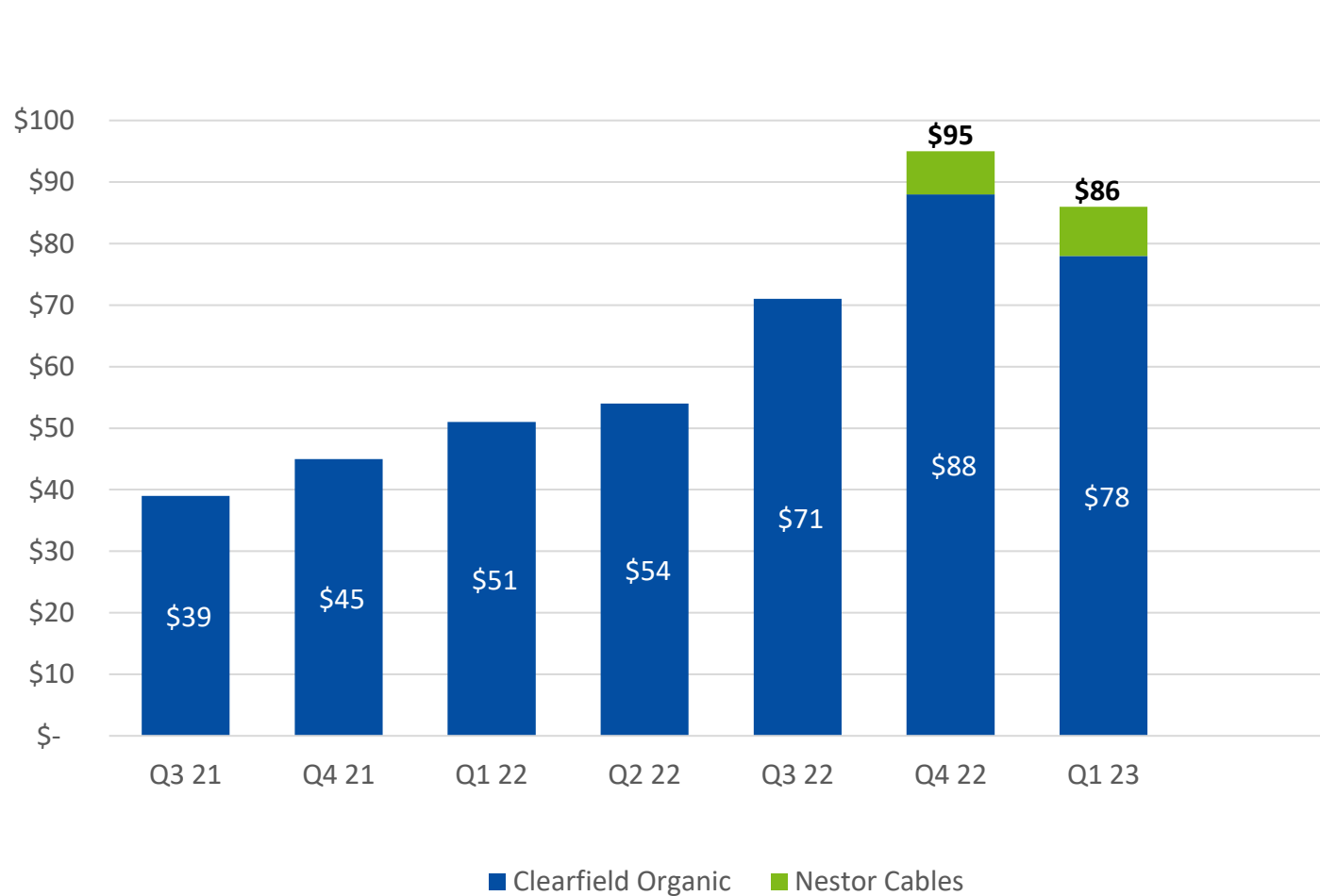
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# Financial Performance



## FINANCIAL PERFORMANCE

# Quarterly Revenue



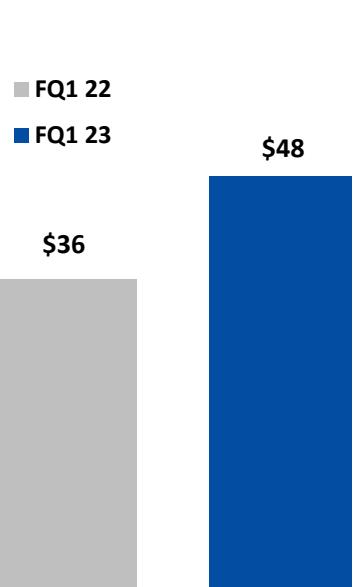
**68%\***  
Q1 2023 Growth Rate

**\$86M\***  
Q1 2023 Revenue

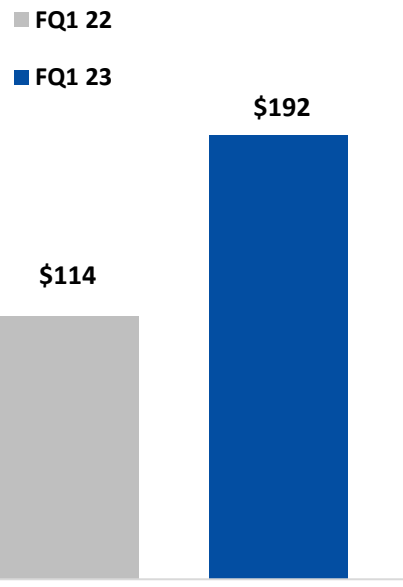


# Q1 FY23 Net Sales Comparison by Market

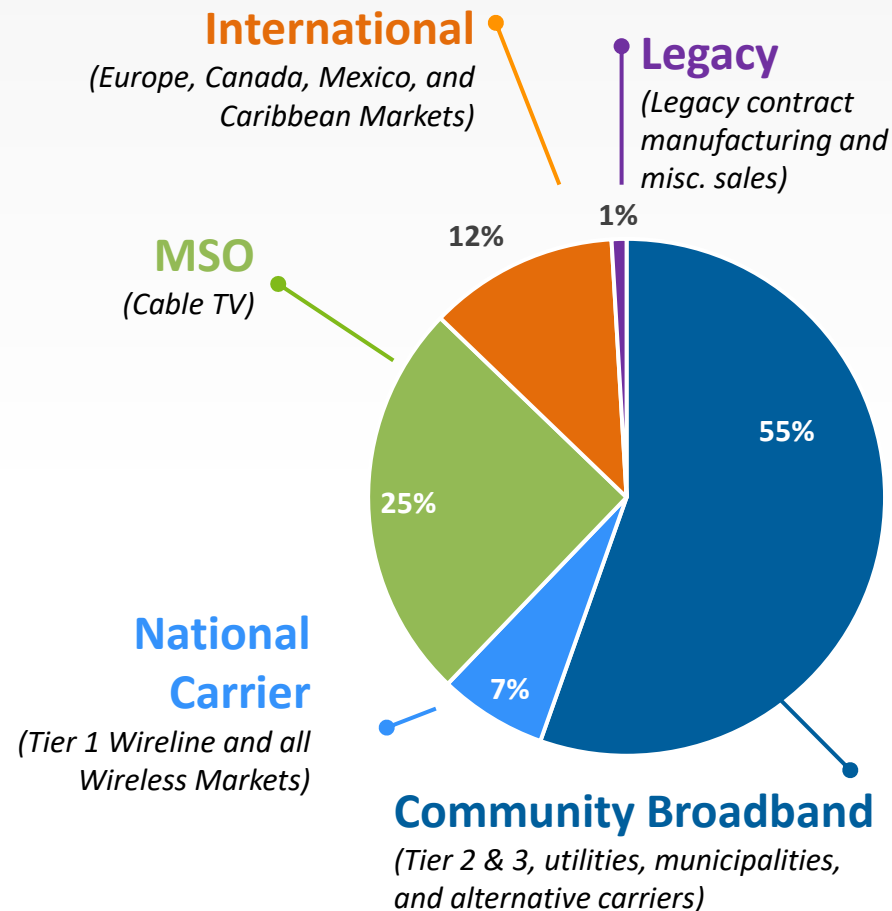
Quarterly Net Sales



TTM Net Sales



# Q1 FY23 Net Sales Composition Ended 12/31/22<sup>1</sup>

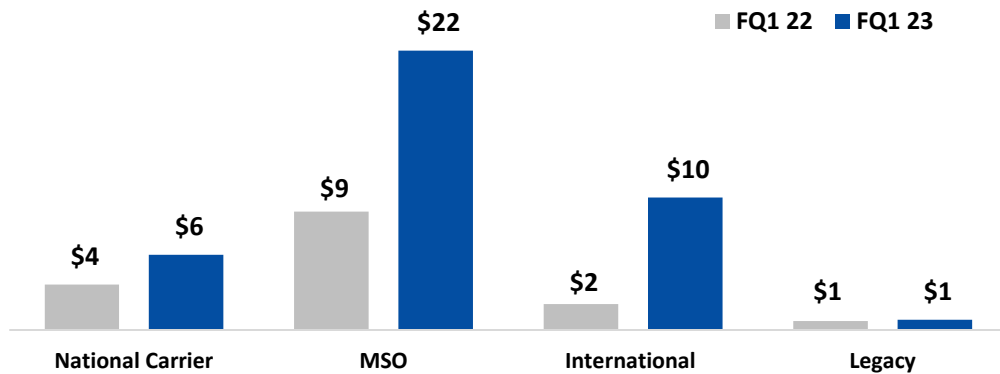


All dollar figures in millions

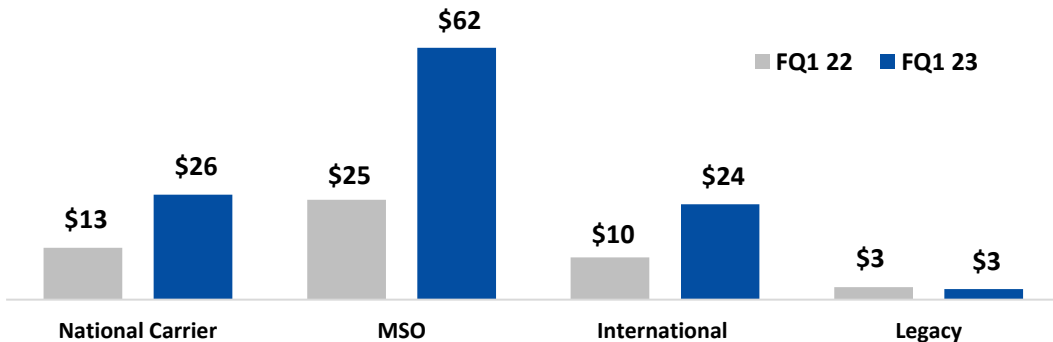
1) Based on net sales of \$86 million for Clearfield (including a \$8M contribution from Nestor Cables within our international market) and Point of Sales (POS) reporting from distributors who resell our product line into these markets.

# Q1 FY23 Net Sales Comparison by Market

## Quarterly Net Sales



## TTM Net Sales

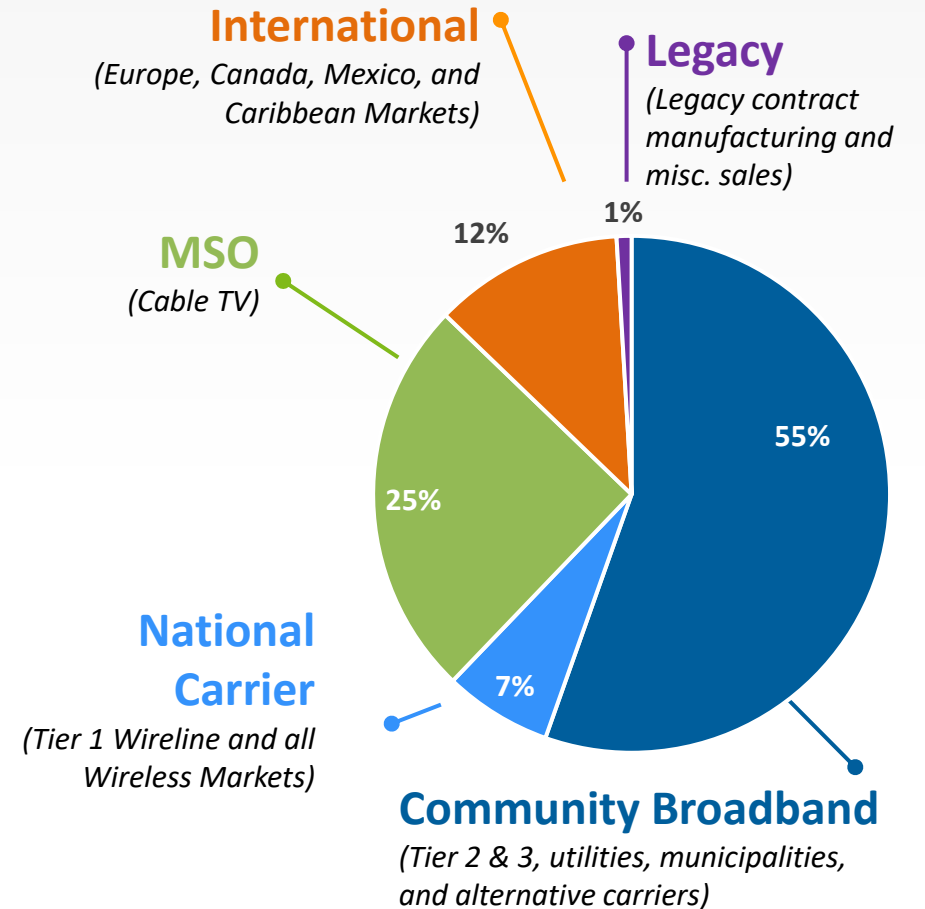


All dollar figures in millions

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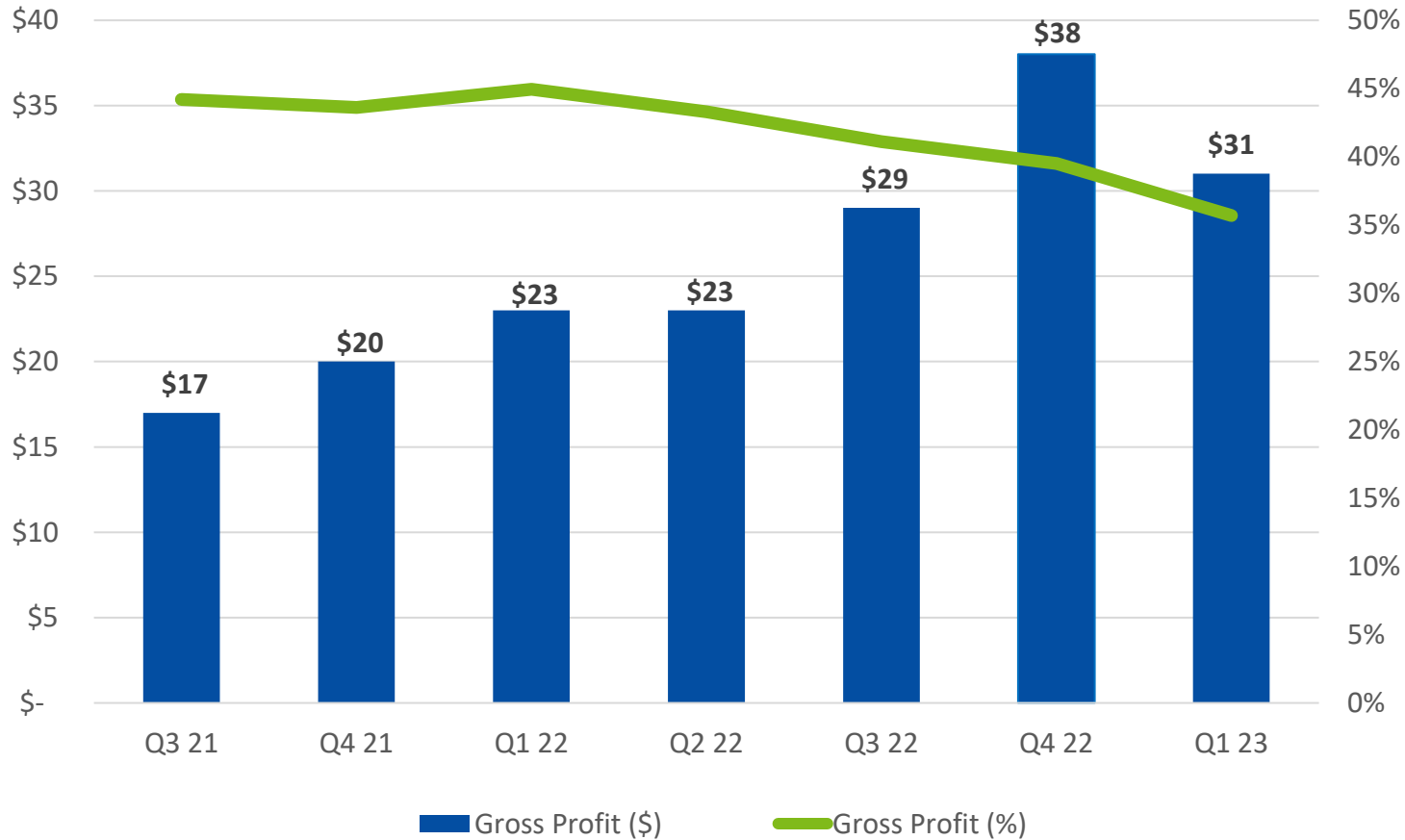


# Q1 FY23 Net Sales Composition Ended 12/31/22<sup>1</sup>



## FINANCIAL PERFORMANCE

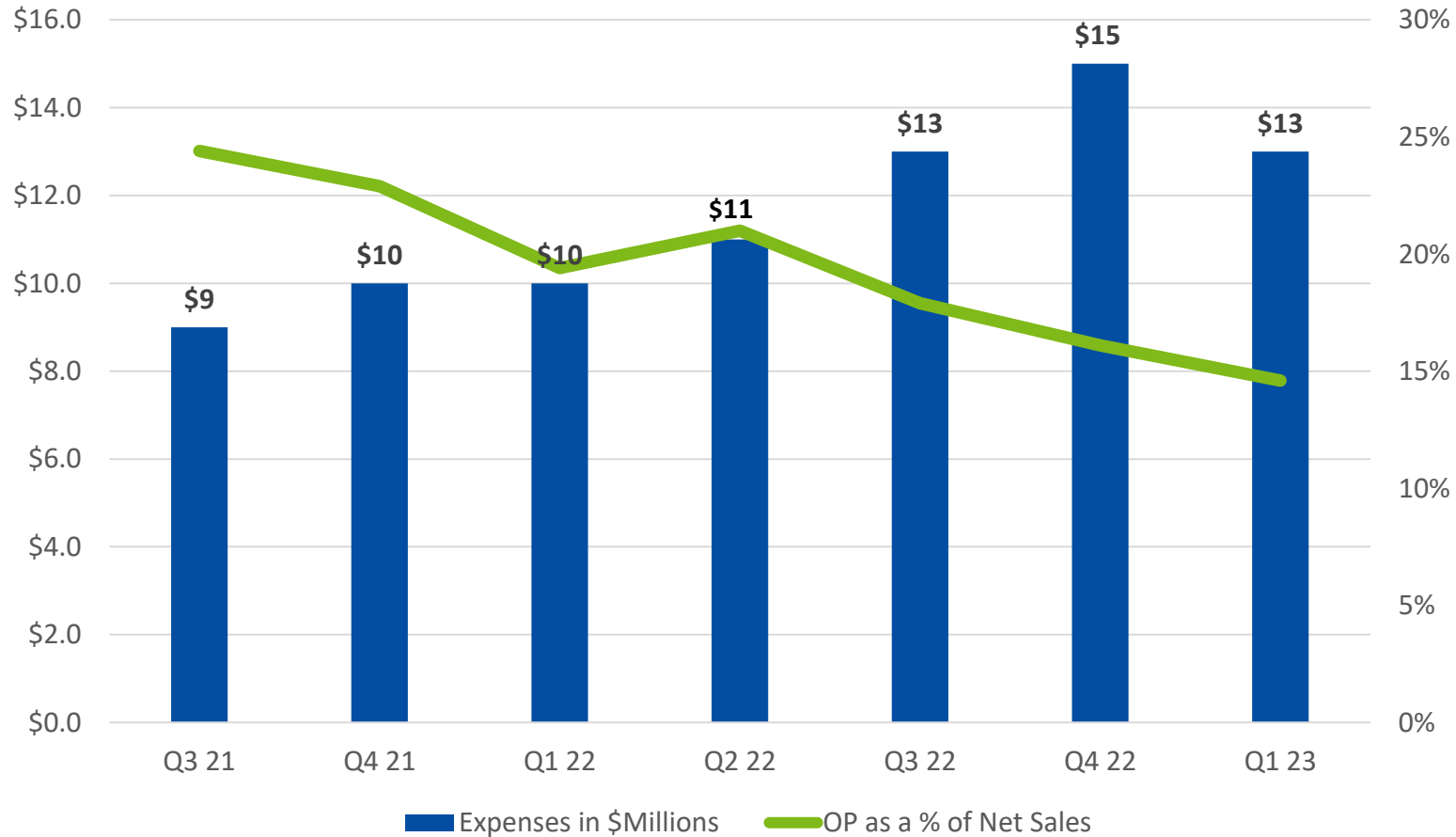
# Quarterly Gross Profit



**33%**  
Gross Profit Increase YOY

## FINANCIAL PERFORMANCE

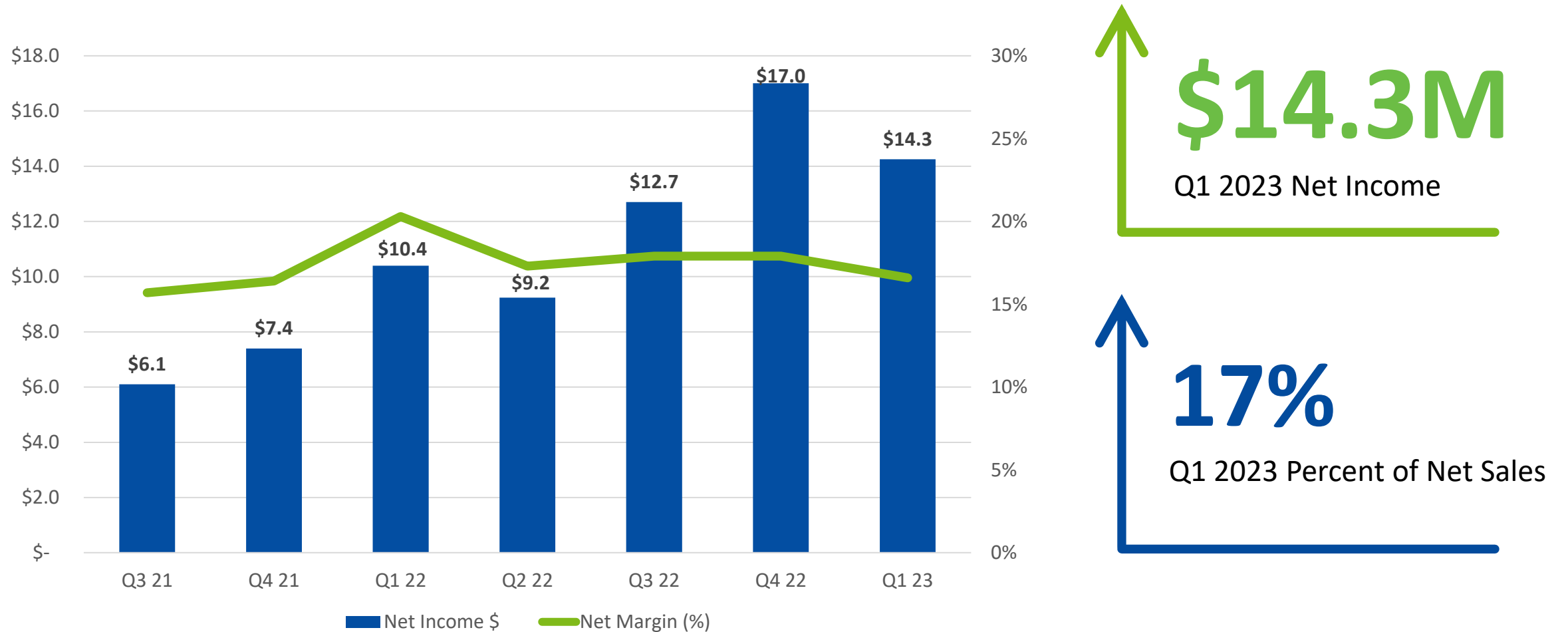
# Quarterly Operating Expenses



**5%**  
YOY Decrease in  
Operating Expense as a  
percent of Net Sales

## FINANCIAL PERFORMANCE

# Quarterly Net Income





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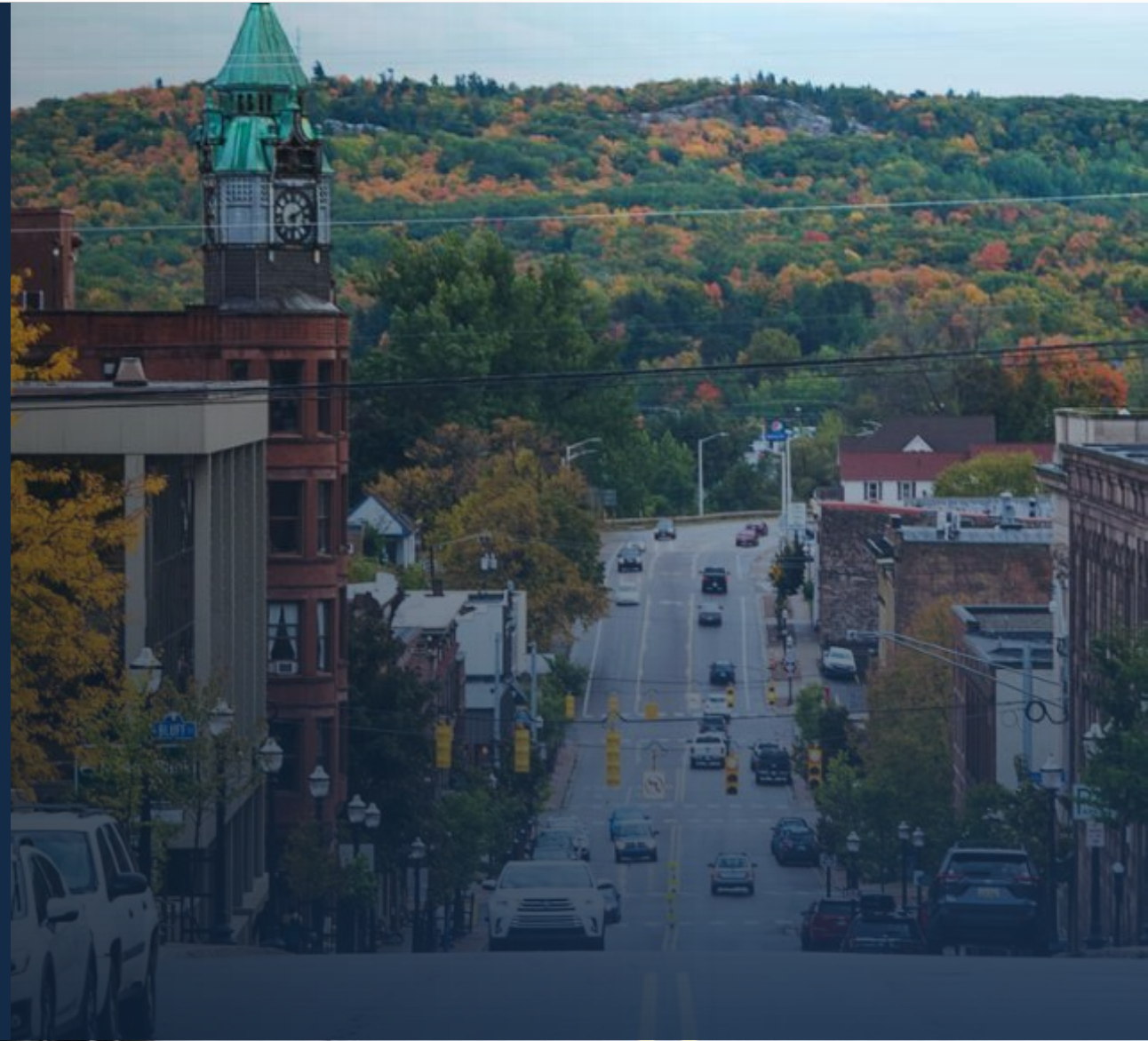
# Business Update & Outlook





# LEAP

**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





Leverage our decade-long  
excellence in Community  
Broadband







Execute capacity growth  
in advance of market  
opportunity





Accelerate  
infrastructure  
investment



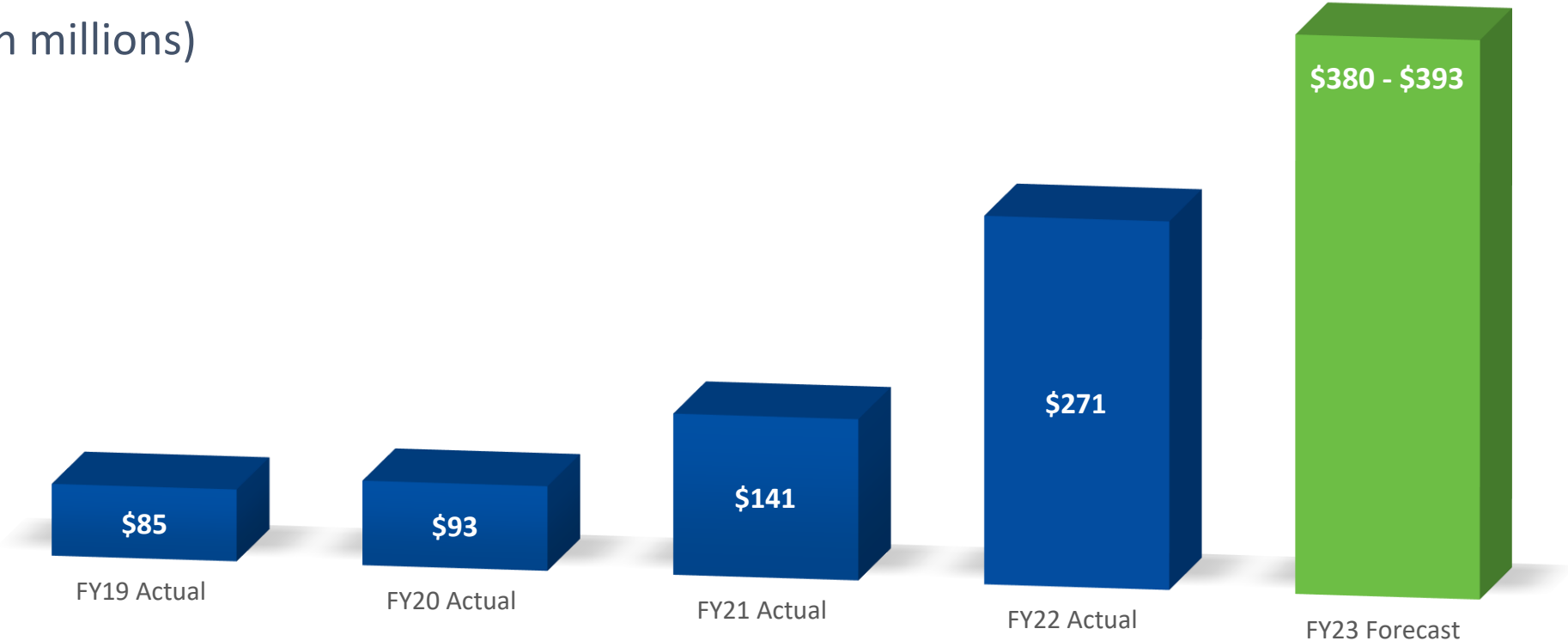


Position innovation at  
the forefront of our  
value proposition



# Financial Outlook

## Annual Net Sales (\$ in millions)



FY 2023 net sales guidance issued and effective as of November 17, 2022; growth rate is based on midpoint of net sales guidance range and includes contribution from subsidiary Nestor Cables

FY 2023 net income guidance issued and effective as of February 2, 2023.

# Q&A



**Cheri Beranek**  
PRESIDENT & CEO



**Dan Herzog**  
CHIEF FINANCIAL OFFICER



**Kevin Morgan**  
CHIEF MARKETING OFFICER

# Contact Us

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