

Letter to Shareholders



November 7, 2024



Cheri Beranek
President/CEO



Dan Herzog
CFO

We are pleased to share our results for the fourth quarter and fiscal year ended September 30, 2024. Clearfield reported fiscal fourth quarter net sales of \$46.8 million and net loss per share of (\$0.06), both exceeding the high end of our guidance ranges. Looking back at fiscal 2024 and its challenging industry dynamics, we remain committed to investing in the business and positioning Clearfield to capitalize on the significant opportunities ahead. To that end, we exited fiscal 2024 with stronger customer relationships, launched several new products that reduce deployment time, and optimized our cost and operating structure. Looking ahead, we are excited about the prospect of returning to a more normalized growth trajectory in the coming year, which we'll discuss in detail below.

Fiscal Q4 2024 Financial Summary

Fiscal Q4 2024 Financial Summary

(in millions except per share data and percentages)

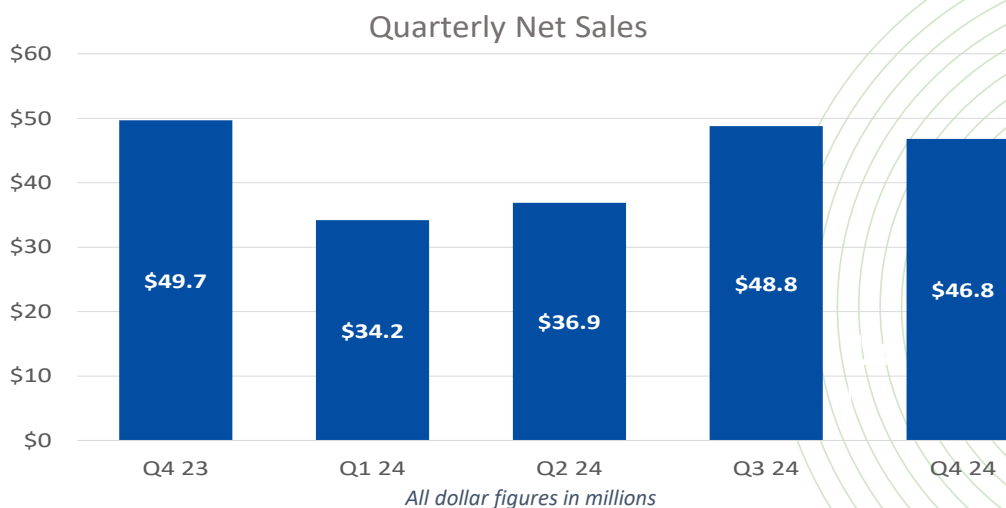
	Q4 2024	vs. Q4 2023	Change	Change (%)
Net Sales	\$ 46.8	\$ 49.7	\$ (2.9)	-6%
Gross Profit (\$)	\$ 10.7	\$ 12.0	\$ (1.3)	-11%
Gross Profit (%)	22.8%	24.1%	-1.3%	-5%
(Loss) Income from Operations	\$ (3.0)	\$ 1.7	\$ (4.7)	-276%
Income Tax (Benefit) Expense	\$ (0.5)	\$ 0.6	\$ (1.1)	-187%
Net (Loss) Income	\$ (0.8)	\$ 2.7	\$ (3.5)	-131%
Net (Loss) Income per Diluted Share	\$ (0.06)	\$ 0.17	\$ (0.23)	-135%

Fiscal 2024 Financial Summary

Fiscal 2024 Financial Summary

(in millions except per share data and percentages)

	2024	vs. 2023	Change	Change (%)
Net Sales	\$ 166.7	\$ 268.7	\$ (102.0)	-38%
Gross Profit (\$)	\$ 28.9	\$ 85.3	\$ (56.4)	-66%
Gross Profit (%)	17.3%	31.7%	-14.4%	-45%
(Loss) Income from Operations	\$ (23.2)	\$ 37.3	\$ (60.5)	-162%
Income Tax (Benefit) Expense	\$ (3.8)	\$ 9.1	\$ (12.9)	-142%
Net (Loss) Income	\$ (12.5)	\$ 32.5	\$ (45.0)	-138%
Net (Loss) Income per Diluted Share	\$ (0.85)	\$ 2.17	\$ (3.02)	-139%



Consolidated net sales in the fourth quarter of fiscal 2024 were \$46.8 million, a 6% decrease from \$49.7 million in the same year-ago period but above our guidance range of \$40 million to \$43 million. This figure includes \$35.7 million of North American net sales and \$11.1 million of International net sales. Net sales exceeded our expectations, driven by higher-than-expected sales from both the MSO and Large Regional service provider markets which have seen inventory levels decrease in some product categories. One Large Regional service provider also pulled in an order that was anticipated to ship in the first quarter of fiscal 2025. The Company recorded positive cash flow from operations of approximately \$12.9 million in the fourth quarter, mainly due to a reduction in net inventory of approximately \$8.5 million in the quarter.

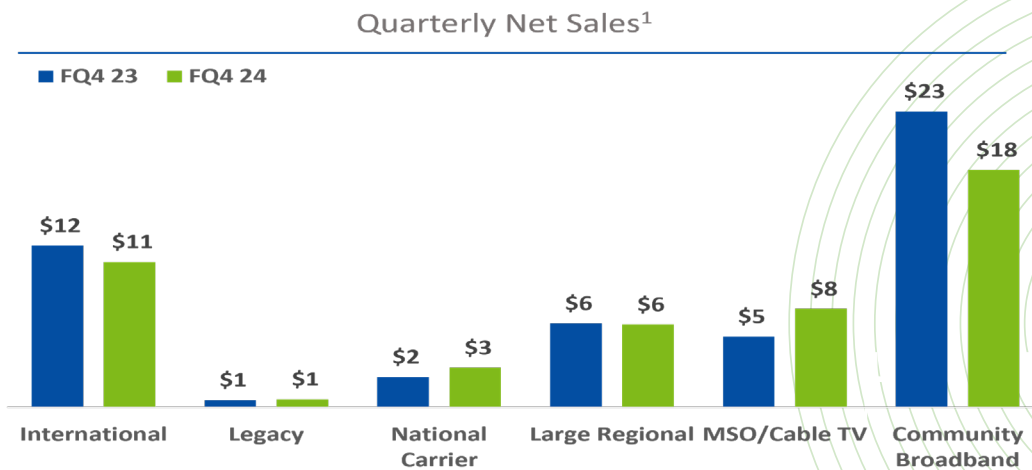
Consolidated net sales for fiscal 2024 were \$166.7 million, a 38% decrease from \$268.7 million in fiscal 2023. The Company recorded positive cash flow from operations of approximately \$22.2 million for the full year. Clearfield allocated \$33.1 million to repurchase 1,164,190 shares of common stock during the year. For both the quarter and the year, revenue from products for homes connected continued to represent a larger portion of overall revenue relative to comparable year-ago periods. We expect this trend to continue in fiscal 2025 as operators prioritize cash flow generation over deployments while awaiting government funding, including Broadband Equity, Access, and Deployment (BEAD) program funding.

We have strategically adjusted capacity at our Minnesota and Mexico facilities to current demand levels while also aligning with anticipated demand in the coming years. We remain committed to driving cost reductions and enhancing margins across the Company. Finally, we've made significant progress in reducing our inventory levels, and we will continue to prioritize this effort to enhance cash flow from operations.

For BEAD-related demand, we've ensured our products meet Build America, Buy America Act (BABA) compliance standards. In October 2024, we achieved BABA self-certification recognition from the NTIA (National Telecommunications and Information Administration), the federal government agency administering BEAD. While our product portfolio has historically focused on passive products, we are pleased with the reception of our active cabinet solutions and anticipate they will be part of the BEAD build.

Our backlog decreased by 23% to \$25.1 million as of September 30, 2024, from \$32.6 million on June 30, 2024. This decline is primarily driven by the onset of winter seasonality, as broadband service providers adjust their purchase orders to align with winter operations and year-end planning. As we have noted previously, we believe our quarterly backlog has become a less reliable indicator of future sales, as most orders are fulfilled within the quarter they are received. Our average lead time remains at four weeks across most product lines.

Net Sales Comparison by Key Market



Net sales in Clearfield’s primary market, Community Broadband, comprised 39% of net sales in the fourth quarter of fiscal 2024. We generated net sales of \$18.1 million in Community Broadband, down 20% from the prior year fourth quarter. Sequentially, Community Broadband experienced a decline of 7%, driven by the onset of winter seasonality and delays in customer spending decisions related to anticipated BEAD funding. We believe that the majority of the excess inventory in this market has now been depleted.

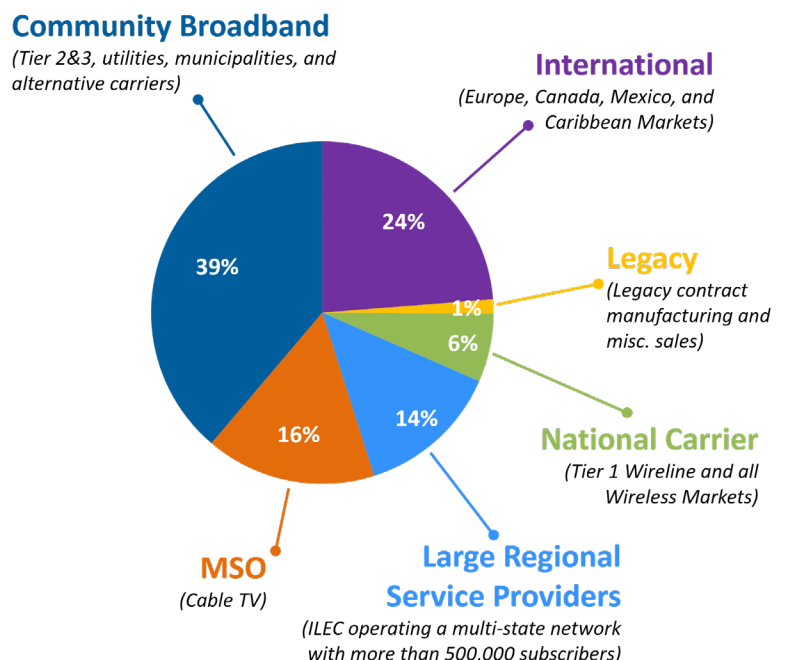
Net sales in the MSO market were \$7.5 million in the fourth quarter, which comprised 16% of net sales in the quarter and increased by approximately 39% from the prior year fourth quarter. Our MSO business experienced a sequential uptick of 31% over the third quarter, driven by pockets of inventory that were depleted earlier than expected at several accounts. However, we have observed that inventory levels at some of our MSO customers remain elevated, but we expect this market to fully normalize in the coming year as we expand the range of products each of our MSO customers utilize in their networks.

Net sales in the Large Regional Service Provider market were \$6.3 million in the fourth quarter of fiscal year 2024, which comprised 14% of net sales in the quarter and decreased by approximately 1% versus the prior year fourth quarter. Our Large Regional Service Provider business experienced a sequential uptick of 67% over the third quarter, driven by reduced inventory levels at our customers and increased demand. However, we continue to expect lumpiness in future quarters due to product mix concentrations and potential shifts in deployment schedules and strategies.

Net sales in the National Carrier market were \$3.0 million in the fourth quarter of fiscal year 2024, which comprised 6% of net sales in the quarter and increased by approximately 31% versus the prior year fourth quarter. Our National Carrier business experienced a sequential uptick of 30% over the third quarter, driven by increased utilization of FieldShield® fiber products to connect homes.

Net sales in the International market were \$11.1 million in the fourth quarter of fiscal year 2024 and comprised 24% of total net sales in the quarter. Net sales in this market decreased by approximately 10% in the fourth quarter of fiscal 2024 versus the prior year fourth quarter. As anticipated, our International market was down 33% sequentially from the third quarter, due to the onset of winter seasonality in Europe.

Q4 FY24 Net Sales Composition Ended 9/30/24¹

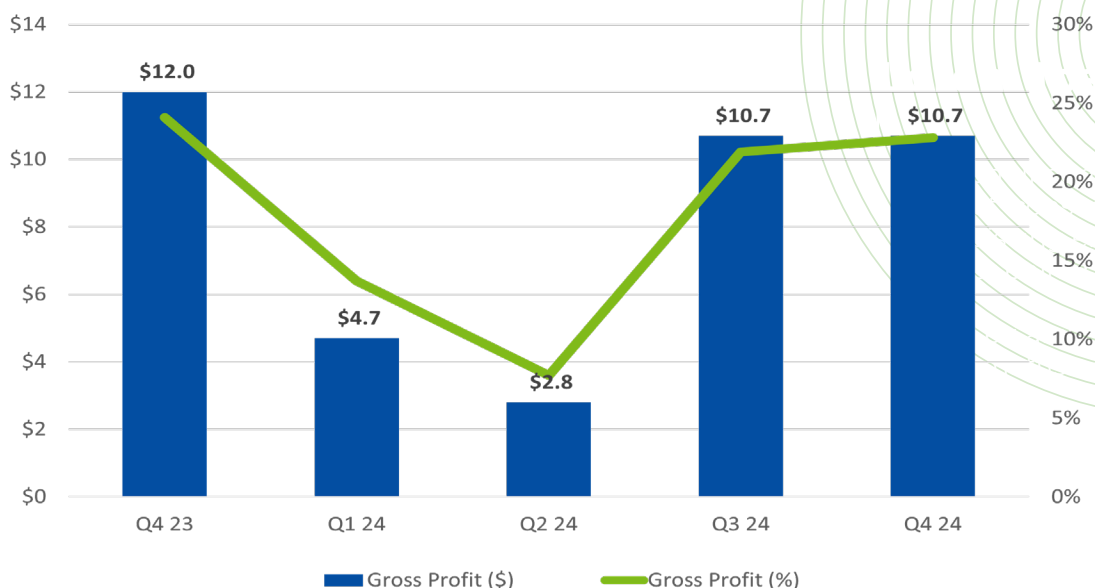


¹Based on net sales of \$46.8 million for Clearfield and Point of Sales (POS) reporting from distributors who resell our product line into these markets.

Gross Profit and Profit Margin

Clearfield's gross profit margin in the fourth quarter of fiscal year 2024 was 22.8% of net sales, down from 24.1% of net sales in the same year-ago quarter and up from 21.9% in the prior quarter. The sequential improvement in gross margin was driven by better production capacity utilization in our manufacturing facilities. Additionally, non-cash excess inventory charges decreased sequentially by \$1.5 million to approximately \$100,000 reflecting more efficient inventory utilization and beneficial recoveries from previously reserved inventory.

Clearfield's gross profit margin for the full year fiscal 2024 declined to 17.3% of net sales from 31.7% of net sales in fiscal 2023.

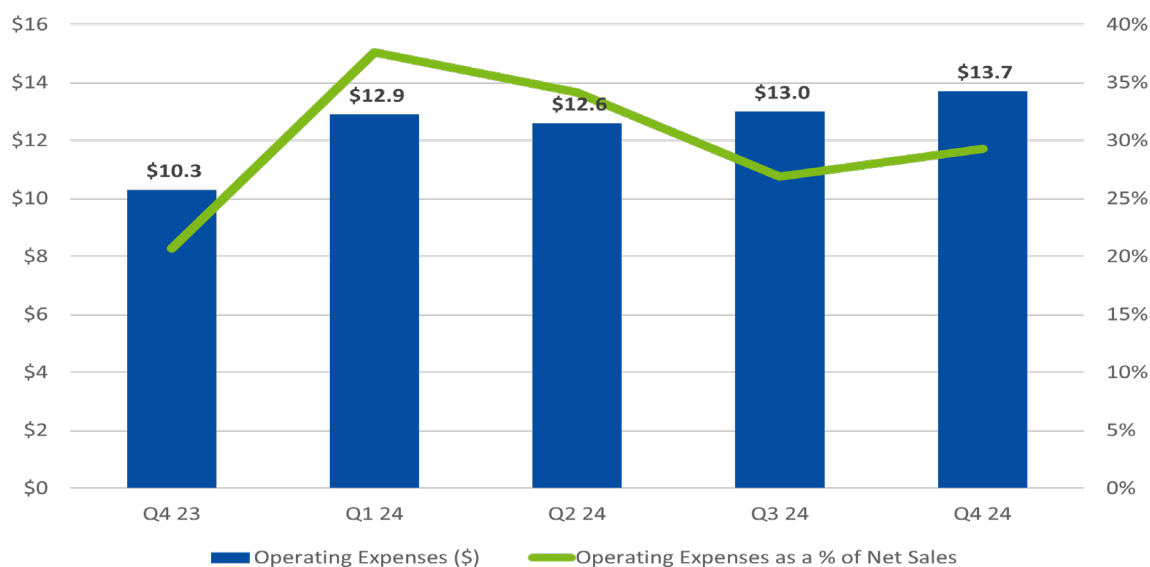


All dollar figures in millions

Operating Expenses

Operating expenses for the fourth quarter were \$13.7 million, up from \$10.3 million in the same year-ago quarter due to higher variable compensation costs and professional fees. We remain committed to strategically investing in the organization, while maintaining a prudent and disciplined approach to our cost structure. As a percentage of net sales, operating expenses for the fourth quarter of fiscal year 2024 were 29.3%, up from 26.6% in the third quarter and up from 20.7% in the same year-ago period.

Operating expenses for the full year fiscal 2024 were \$52.1 million, compared to \$48.0 million in fiscal 2023. As a percentage of net sales, operating expenses for fiscal 2024 were 31.3%, up from 17.9% in fiscal year 2023 due to the change in year-over-year net sales. We continue to take a long-term approach to our sales and marketing investments and believe our operating expenses reflects our strategy.

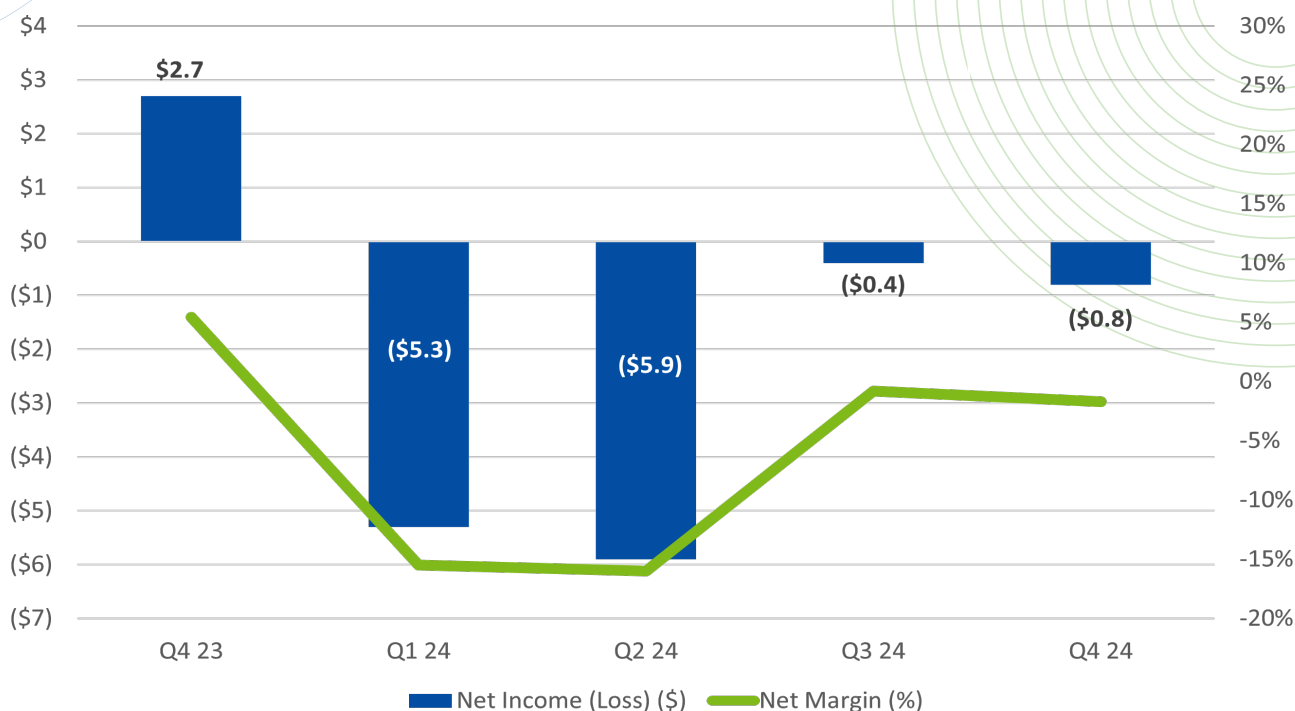


All dollar figures in millions

Net Income (Loss)

Clearfield's net loss in the fourth quarter was \$827,000 or \$(0.06) per diluted share, compared to net income of \$2.7 million, or \$0.17 per diluted share, in the same year-ago period and net loss of \$447,000, or \$(0.04) per diluted share, in the third quarter of fiscal 2024. The sequential increase in net loss was primarily driven by slightly less revenue and higher operating expenses, offset by lower inventory charges as a result of improved inventory utilization.

Net loss for the full year fiscal 2024 was \$(12.5) million, or \$(0.85) per diluted share, compared to net income of \$32.5 million, or \$2.17 per diluted share, in fiscal 2023.



All dollar figures in millions

Balance Sheet and Cash Flow

- Balance sheet remains strong with \$155 million of cash, short-term and long-term investments as of September 30, 2024.
- \$2.2 million of debt as of September 30, 2024, \$3.9 million in capital expenditures, mainly related to software investments and to support its manufacturing operations, and \$9.5 million for the full year.
- Cash, short-term and long-term investments as of September 30, 2024, reflect a net increase of \$7.5 million from June 30, 2024.
- Reported positive cash flow from operations of approximately \$12.9 million in the fourth quarter mainly due to a reduction in net inventory of approximately \$8.5 million in the quarter.
- Our disciplined approach to cash management resulted in a positive cash flow from operations of approximately \$22.2 million for the full year.
- Company allocated \$33.1 million to purchase 1,164,190 shares of common stock during our fiscal year 2024.
- Backed by our healthy balance sheet, 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 to manage and prepare our business ahead of anticipated demand growth.

Operational and Strategic Initiatives

We continue to position the company to capture the significant opportunity ahead as the broadband market focuses on rural deployments and continues the push for homes connected. To that end, over the past year, we have introduced new products aimed at reducing the cost and time of connecting homes, such as the SeeChange® terminal, CraftSmart® FiberFirst™ Pedestal, CraftSmart® Deploy Reel TAP Box and the FiberFlex™ series of active cabinets.



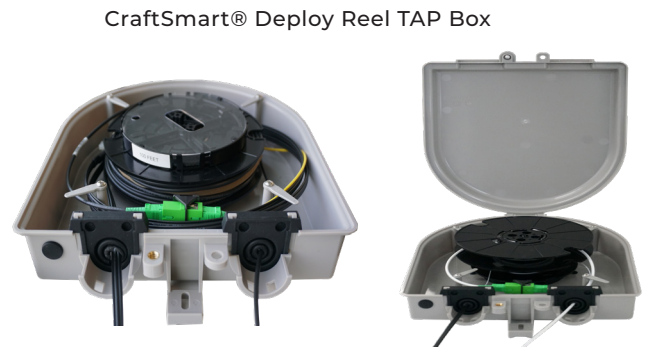
SeeChange® Terminal



CraftSmart® FiberFirst™ Pedestal



FiberFlex™ Series of Active Cabinets



CraftSmart® Deploy Reel TAP Box

We also introduced a 3D interactive fiber installation tool delivered via the BILT® mobile app which simplifies the deployment process. The BILT app provides detailed, step-by-step instructions for installing Clearfield products, enabling technicians to work more efficiently by reducing installation time, minimizing errors, and resolving field issues more effectively. Feedback from our customers has been overwhelmingly positive. Anyone can download the app worldwide from the App Store or Google Play. As a reminder, labor typically accounts for 70% to 80% of total deployment costs. By reducing deployment time, this 3D interactive installation tool serves as another example of Clearfield's unique value proposition in improving service providers' return on investment.

We aim to continue bolstering our position in the rural broadband market in the coming year. We are finalizing the design of a new distributed TAP portfolio that we intend to introduce early in calendar year 2025. This product is designed to round out our offering to support the different splitter topologies deployed in diverse environments. We continue working with our customers to put in place multi-year supply agreements that provide better mutual visibility going forward and ensure we're well-positioned to meet our customers' needs.

We are thrilled that Anis Khemakhem has joined the Company and was recently promoted to Chief Marketing Officer effective January 1, 2025. Anis brings over 25 years of industry experience with a diverse set of leadership skills. He will be responsible for driving the Company's marketing strategy, spearheading efforts to expand into new markets, and identifying new product and business growth initiatives. These efforts are targeted both within and beyond the Company's Community Broadband marketplace and are aimed at the global expansion of our technology footprint. Anis will be replacing Kevin Morgan, who will be retiring from his role as Chief Marketing Officer and will continue to work with us in an advisory capacity and represent Clearfield on the Fiber Broadband Association and at other industry events.

Framing Views on Our Industry and 2025 Outlook

While we continue to expect ordering patterns to be impacted by the inventory overhang, we believe that this excess is primarily located at MSO accounts, while the community broadband market and large regional providers have mostly recovered and returned to a normal ordering cadence. This improved outlook, coupled with the shift to the second phase of the Enhanced Alternative Connect America Cost Model (E-ACAM) program, which focuses on deployment, are expected to serve as the growth catalysts later in fiscal 2025. As a reminder, the E-ACAM program is part of the FCC Universal Service Fund (USF) program and includes over \$18 billion in funding. The program continues the goal of the original ACAM program, which is to improve broadband speeds in rural areas.

We expect BEAD to contribute more meaningfully to revenue starting in fiscal 2026 and for the next several years, as supported by third-party industry forecasts. Specifically, RVA, a leading market research firm, forecasts that an additional 59 million homes will be passed with fiber over the next 5-year period, which equates to a 12.5% compound annual growth rate. Of these 59 million homes, roughly one-third are forecasted to have access to more than one fiber provider. We believe the introduction of a two-fiber competition among providers is a very healthy development and expands our total addressable market. Related to this overall growth, industry analysts, including Dell'Oro Group, anticipate homes connected to outpace homes passed through 2028 while cable will continue to suffer share losses to telco's fiber broadband offering. As we've discussed above, we believe we are well-positioned to capitalize on these trends.

Fiscal 2025 and Q1 2025 Guidance

Pockets of inventory, especially as they relate to passive cabinets that were staged for passing homes, remain at some customer sites. However, Clearfield's successful transition to an end-to-end supplier of products for both passing and connecting homes has positioned the Company for growth consistent with the general industry outlook. As a result, we anticipate revenue for fiscal 2025 to be in the range of \$170 million to \$185 million. We anticipate Clearfield's U.S. revenue growth to be in-line with or above industry forecasts with minimal revenue growth from our International market as we focus on gross profit improvements for that segment. We anticipate this growth to accelerate with the positive impact of BEAD funding in 2026 and beyond as this initiative is focused on the rural markets where Clearfield is strongest.

Although service providers remain bullish on the utilization of fiber in their build plans, we are currently seeing some level of conservatism on capital spending. As a result, we anticipate a somewhat slow start to the year, with first quarter fiscal 2025 net sales in the range of \$33 million to \$38 million. We expect to generate a net loss per share in the range of \$(0.28) to \$(0.35) in the first quarter of fiscal 2025.

Fiscal 2025
Annual Revenue \$170M-\$185M
Q1 Revenue \$33M - \$38M
Q1 Net Loss Per Share \$(0.28) - \$(0.35)

As we look ahead, we are excited about the opportunities driven by both public and private funding for rural broadband expansion. The demand for high-speed fiber has never been stronger, and Clearfield is well-positioned to capture market share thanks to our differentiated product offerings and strong customer relationships.

Conference Call

Management will hold a conference call today, November 7, 2024, at 5:00 p.m. Eastern Time (4:00 p.m. Central Time) to discuss these results and provide an update on business conditions.

U.S. dial-in: 1-833-816-1424 | International dial-in: 1-412-317-0517 | Conference ID: 10192600

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 November 21, 2024, 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: 10192600

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, 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 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.

Investor Relations Contact:

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

clearfield@blueshirtgroup.com

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

	September 30, 2024	September 30, 2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 16,167	\$ 37,827
Short-term investments	114,825	130,286
Accounts receivable, net	21,309	28,392
Inventories, net	66,766	98,055
Other current assets	10,528	1,695
Total current assets	<u>229,595</u>	<u>296,255</u>
Property, plant and equipment, net	23,953	21,527
Other Assets		
Long-term investments	24,505	6,343
Goodwill	6,627	6,528
Intangible assets, net	6,343	6,092
Right of use lease assets	15,797	13,861
Deferred tax asset	6,135	3,039
Other	2,320	1,872
Total other assets	<u>61,727</u>	<u>37,735</u>
Total Assets	<u>\$ 315,275</u>	<u>\$ 355,517</u>
Liabilities and Shareholders' Equity		
Current Liabilities		
Current portion of lease liability	\$ 3,357	\$ 3,737
Current maturities of long-term debt	-	2,112
Accounts payable	6,720	8,891
Accrued compensation	6,977	5,571
Accrued expenses	4,378	2,404
Factoring liability	2,920	6,289
Total current liabilities	<u>24,352</u>	<u>29,004</u>
Other Liabilities		
Long-term debt, net of current maturities	2,228	-
Long-term portion of lease liability	12,771	10,629
Deferred tax liability	161	721
Total Liabilities	<u>39,512</u>	<u>40,354</u>
Shareholders' Equity		
Common stock	140	153
Additional paid-in capital	159,582	188,218
Accumulated other comprehensive income (loss)	1,079	(544)
Retained earnings	114,962	127,336
Total Shareholders' Equity	<u>275,763</u>	<u>315,163</u>
Total Liabilities and Shareholders' Equity	<u>\$ 315,275</u>	<u>\$ 355,517</u>

CLEARFIELD, INC.**CONSOLIDATED STATEMENTS OF OPERATIONS**

(IN THOUSANDS, EXCEPT SHARE DATA)

	(Unaudited)			
	Three Months Ended		Year Ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Net sales	\$ 46,772	\$ 49,685	\$ 166,705	\$ 268,720
Cost of sales	<u>36,104</u>	<u>37,692</u>	<u>137,816</u>	<u>183,441</u>
Gross profit	10,668	11,993	28,889	85,279
Operating expenses				
Selling, general and administrative	<u>13,681</u>	<u>10,277</u>	<u>52,111</u>	<u>47,992</u>
(Loss) Income from operations	<u>(3,013)</u>	<u>1,716</u>	<u>(23,222)</u>	<u>37,287</u>
Net investment income	1,819	1,878	7,472	5,206
Interest expense	<u>(124)</u>	<u>(330)</u>	<u>(506)</u>	<u>(881)</u>
(Loss) Income before income taxes	<u>(1,318)</u>	<u>3,264</u>	<u>(16,256)</u>	<u>41,612</u>
Income tax (benefit) expense	<u>(492)</u>	<u>568</u>	<u>(3,803)</u>	<u>9,079</u>
Net (loss) income	<u>\$ (826)</u>	<u>\$ 2,696</u>	<u>\$ (12,453)</u>	<u>\$ 32,533</u>
Net (loss) income per share:				
Basic	<u>\$ (0.06)</u>	<u>\$ 0.16</u>	<u>\$ (0.85)</u>	<u>\$ 2.17</u>
Diluted	<u>\$ (0.06)</u>	<u>\$ 0.17</u>	<u>\$ (0.85)</u>	<u>\$ 2.17</u>
Weighted average shares outstanding:				
Basic	<u>14,234,506</u>	<u>15,258,782</u>	<u>14,582,450</u>	<u>14,975,972</u>
Diluted	<u>14,234,506</u>	<u>15,258,782</u>	<u>14,582,450</u>	<u>15,012,527</u>

Clearfield, Inc.**Consolidated Statement of Cashflows**

(In Thousands)

	Year Ended September 30, 2024	Year Ended September 30, 2023
Cash flows from operating activities		
Net (loss) income	\$ (12,453)	\$ 32,533
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	7,411	6,054
Amortization of discount on investments	(4,406)	(3,512)
Deferred income taxes	(4,078)	(2,114)
Stock-based compensation expense	4,641	3,578
Changes in operating assets and liabilities		
Accounts receivable	7,799	26,277
Inventories, net	31,990	(15,083)
Other assets	(9,225)	(1,466)
Accounts payable and accrued expenses	544	(27,843)
Net cash provided by operating activities	<u>22,223</u>	<u>18,424</u>
Cash flows from investing activities:		
Purchases of property, plant and equipment and intangible assets	(9,567)	(8,384)
Purchase of investments	(159,393)	(210,923)
Proceeds from sales and maturities of investments	162,064	107,060
Net cash used in investing activities	<u>(6,896)</u>	<u>(112,247)</u>
Cash flows from financing activities:		
Issuance of long-term debt	2,171	-
Repayment of long-term debt	(2,171)	(16,700)
Proceeds from issuance of common stock under employee stock purchase plan	586	611
Repurchase of shares for payment of withholding taxes for vested restricted stock grants	(493)	(1,220)
Tax withholding and proceeds related to exercise of stock options	(9)	(491)
Issuance of stock under equity compensation plans	1	954
Net borrowings and repayments of factoring liability	(3,617)	1,586
Net proceeds from issuance of common stock	-	130,262
Repurchase of common stock	(33,374)	-
Net cash (used in) provided by financing activities	<u>(36,906)</u>	<u>115,002</u>
Effect of exchange rates on cash	(81)	(2)
(Decrease) Increase in cash and cash equivalents	(21,660)	21,177
Cash and cash equivalents, beginning of period	37,827	16,650
Cash and cash equivalents, end of period	<u>\$ 16,167</u>	<u>\$ 37,827</u>
Supplemental disclosures for cash flow information		
Cash paid during the year for income taxes	\$ 159	\$ 12,967
Cash paid for interest	\$ 394	\$ 463
Right of use assets obtained through lease liabilities	\$ 4,731	\$ 3,776
Non-cash financing activities		
Cashless exercise of stock options	<u>\$ 19</u>	<u>\$ 566</u>