



Clearfield Earnings Presentation: Fiscal Q4 & 2023 Earnings Call

November 9, 2023

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, expected customer ordering patterns, anticipated shipping on backlog and future lead times, future availability of components and materials from the Company’s supply chain, future availability of labor impacting our customers’ network builds, the impact of the 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: 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; 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; 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, 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; if we are unable to integrate acquired businesses, our financial results could be materially and adversely affected; 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; 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; 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; 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, 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.

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CLEARFIELD

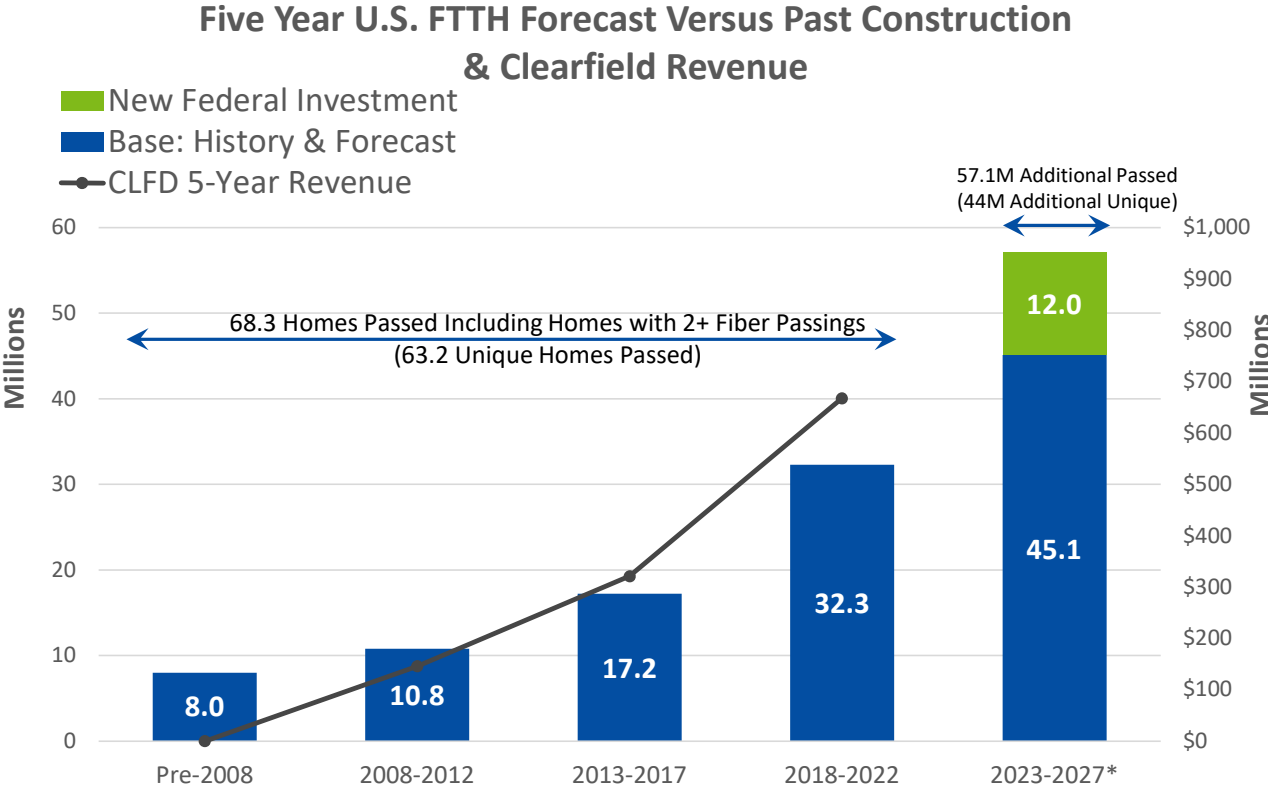
Enabling the lifestyle
better broadband provides



Fourth Quarter Fiscal 2023 Highlights

- ✓ Total net sales of \$49.7 million, including a \$10.6 million contribution from Nestor Cables, and EPS of \$0.17.
- ✓ Increased share buyback authorization from \$22 million to \$40 million, leaving approximately \$33 million available for repurchases.
- ✓ Announced two new products- a six-inch version of the CraftSmart FiberFirst Pedestal and the FieldSmart FiberFlex 1700 active cabinet.
- ✓ Expect all product offerings to be BABA compliant by the end of calendar 2024.
- ✓ Expect to see increased demand and recognize initial revenue from BEAD-related programs in the second half of calendar 2024, with a more meaningful revenue contribution in fiscal 2025.
- ✓ Expect BEAD to expand TAM as fiber connections between homes will be longer in the underserved and unserved rural environments that BEAD targets.

Market Update



12M

Additional Homes Passed with Federal Funding

57.1M

Homes Passed Forecast over the next 5 years

Source: RVA, Clearfield



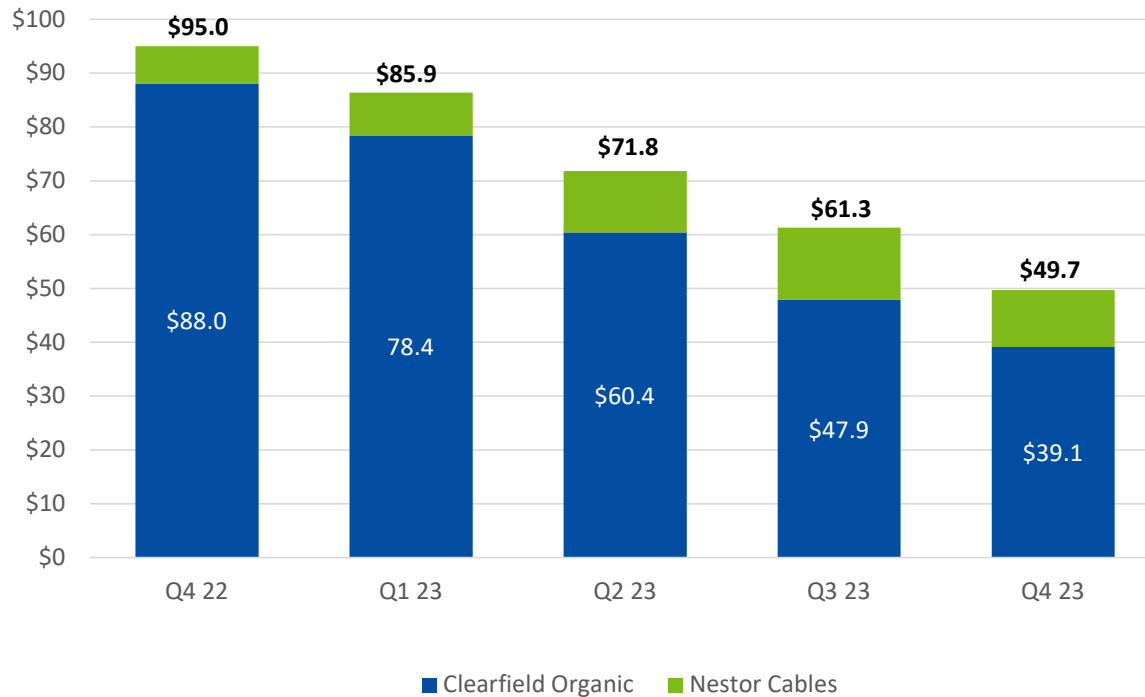


Financial Performance



FINANCIAL PERFORMANCE

Quarterly Revenue



\$49.7M

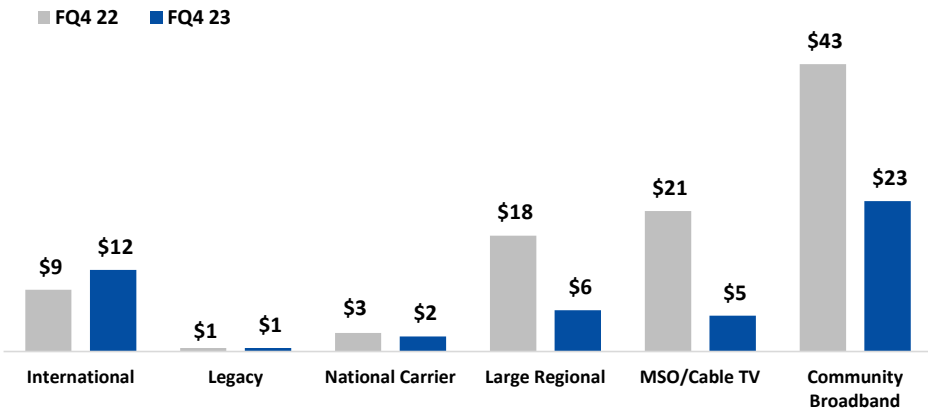
Q4 2023 Revenue

21%

Nestor Cables Contribution

Q4 FY23 Net Sales Comparison by Market

Quarterly Net Sales



All dollar figures in millions

1) Based on net sales of \$49.7 million for Clearfield (including an \$10.6M contribution from Nestor Cables within our international market) and Point of Sales (POS) reporting from distributors who resell our product line into these markets.



Q4 FY23 Net Sales Composition Ended 9/30/23¹

Community Broadband

(Tier 2&3, utilities, municipalities, and alternative carriers)

International

(Europe, Canada, Mexico, and Caribbean Markets)

Legacy

(Legacy contract manufacturing and misc. sales)

National Carrier

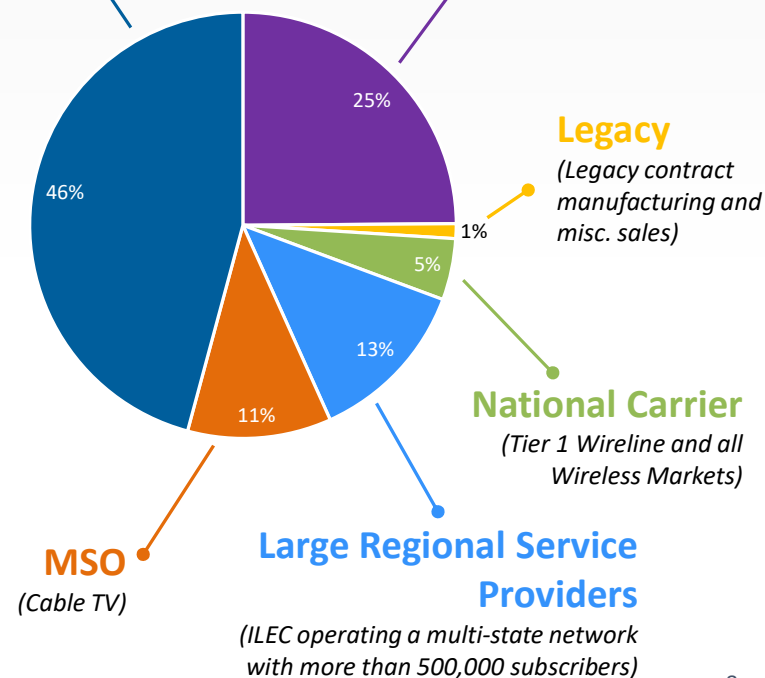
(Tier 1 Wireline and all Wireless Markets)

Large Regional Service Providers

(ILEC operating a multi-state network with more than 500,000 subscribers)

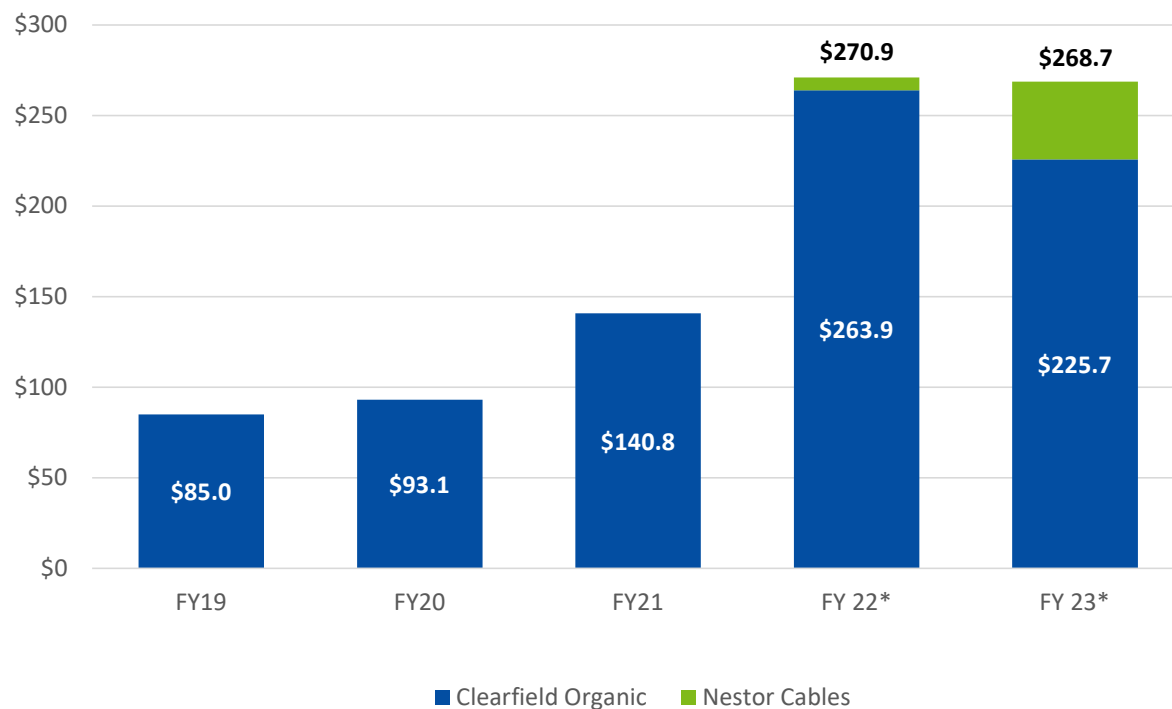
MSO

(Cable TV)



FINANCIAL PERFORMANCE

Annual Revenue



\$268.7M

FY 2023 Consolidated Revenue

0.8%

Decrease in Revenue
Compared to Prior Year

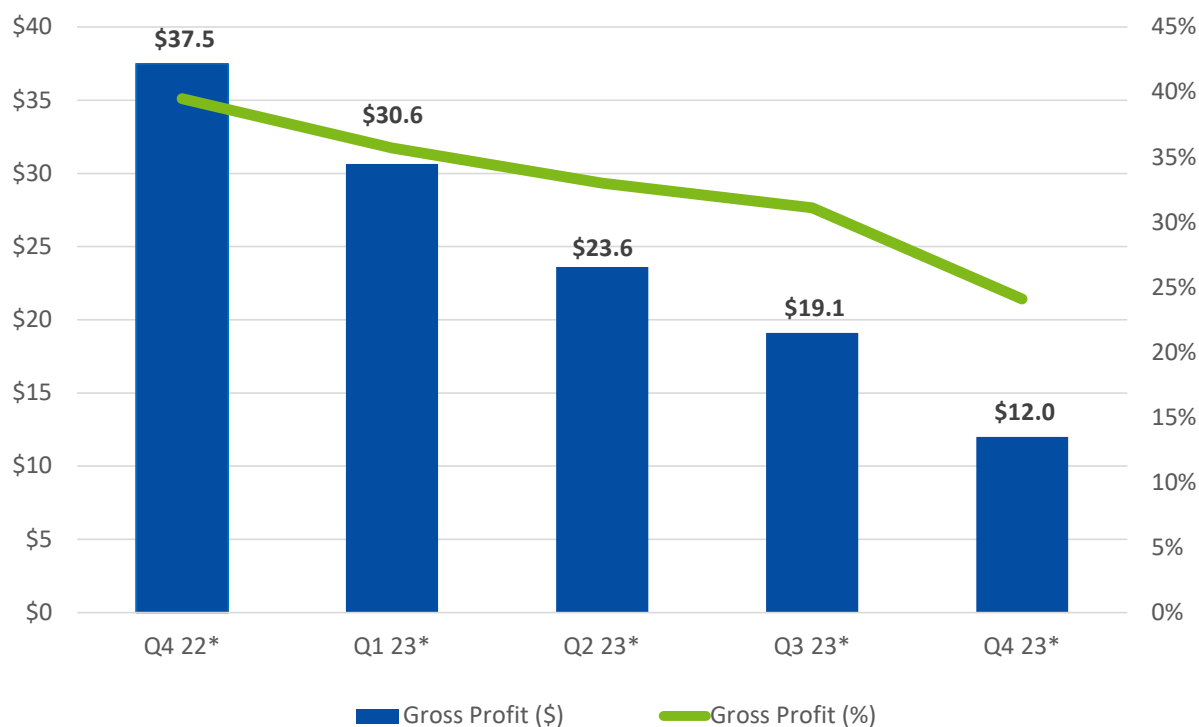


All dollar figures in millions

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

FINANCIAL PERFORMANCE

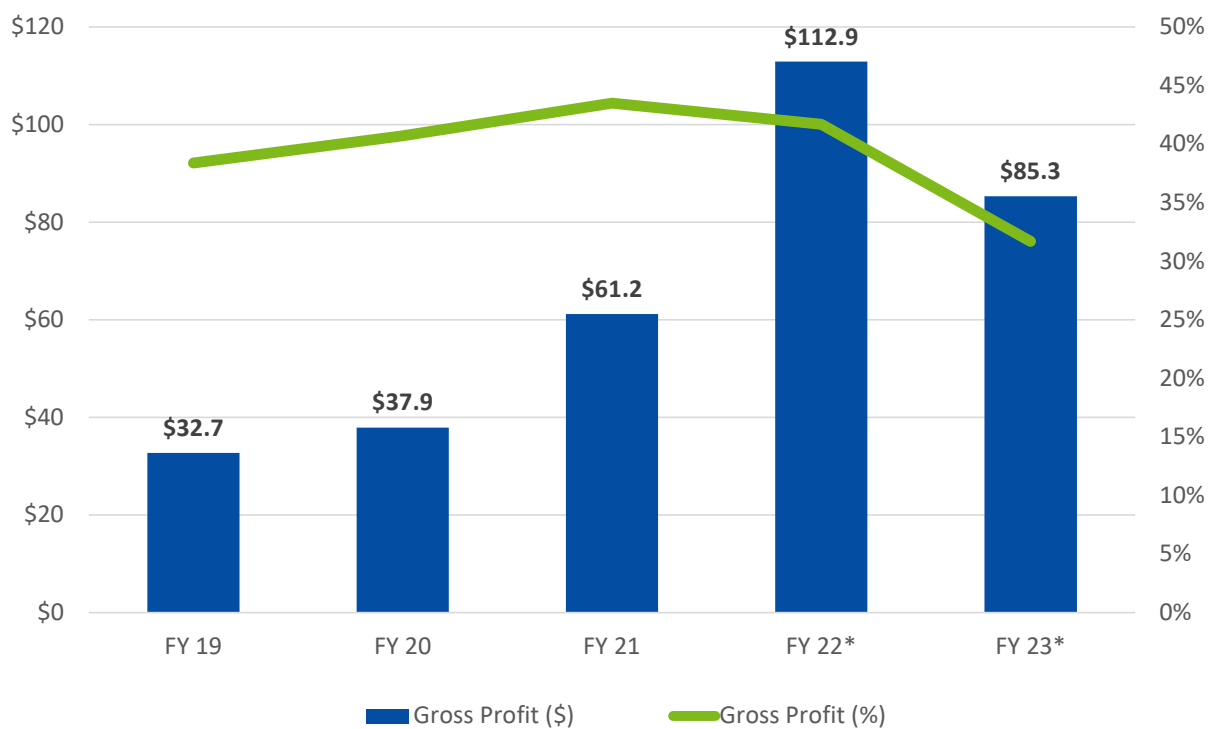
Quarterly Gross Profit and Margin



Gross profit levels have declined due to unused capacity at our manufacturing facilities and Nestor Cables representing a higher percentage of revenue.

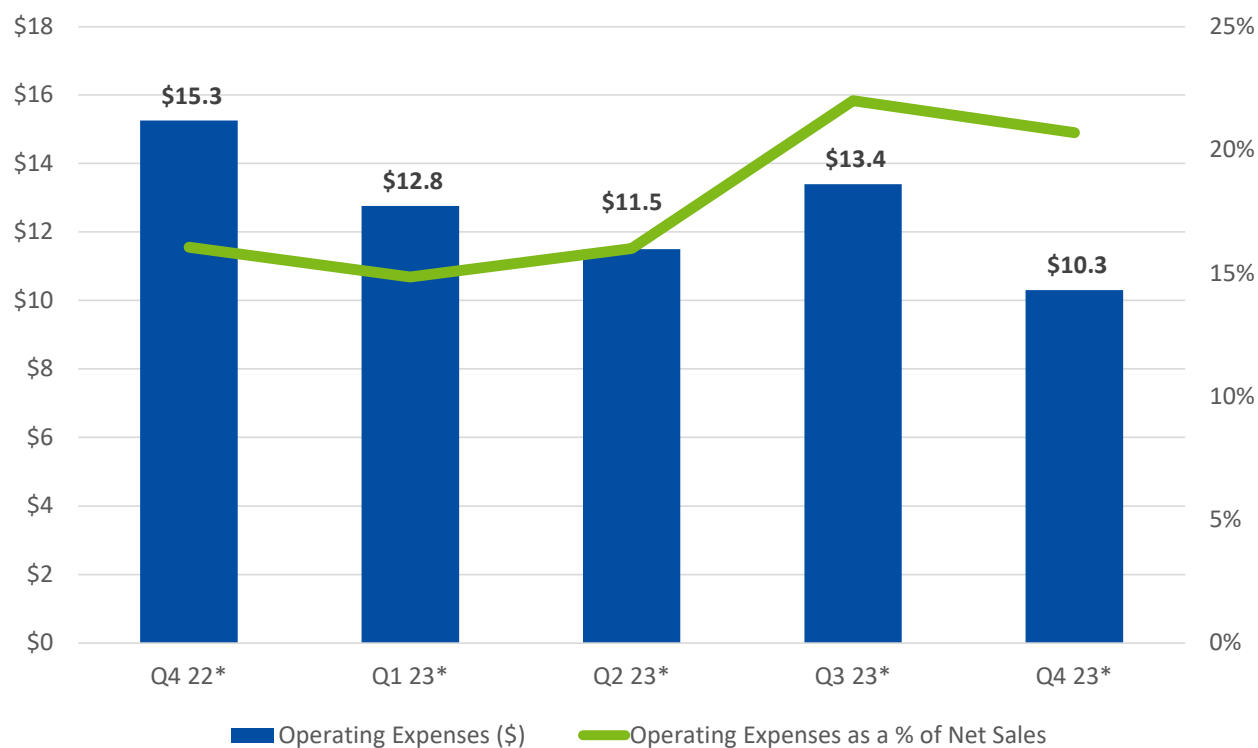
FINANCIAL PERFORMANCE

Annual Gross Profit and Margin



FINANCIAL PERFORMANCE

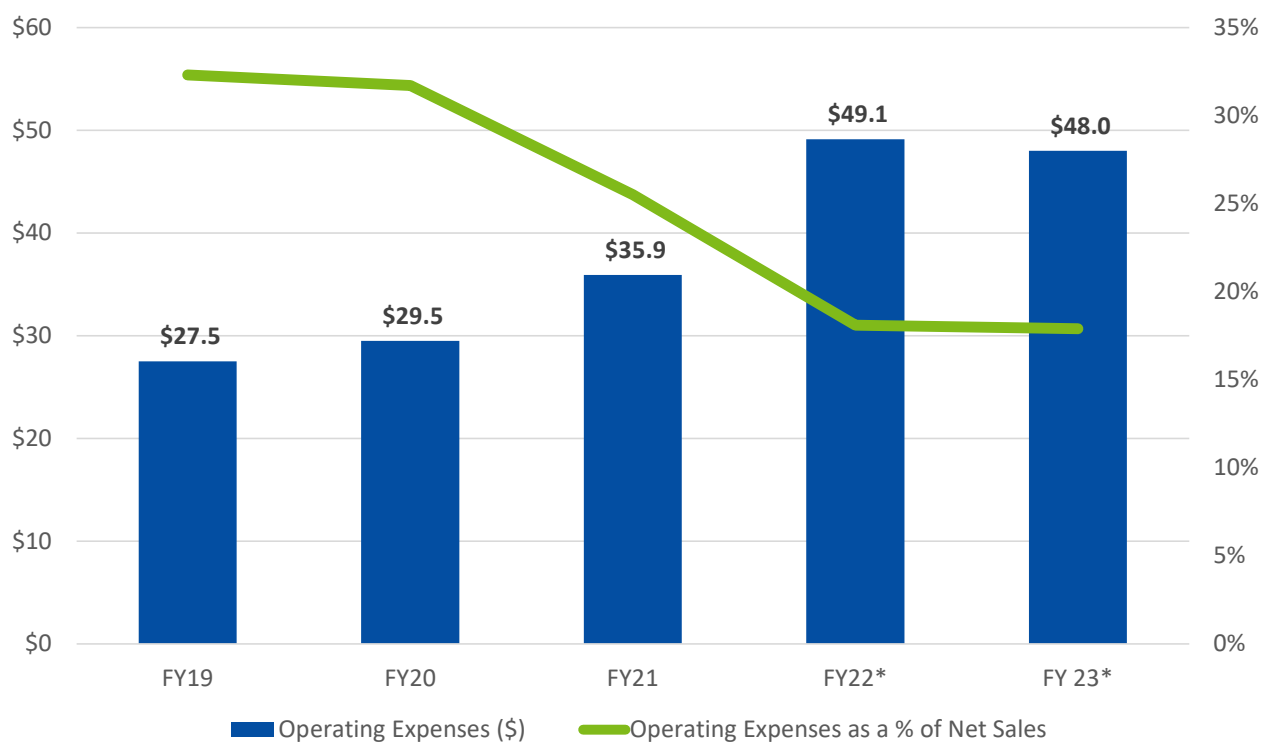
Quarterly Operating Expenses



33%
Decrease in Operating
Expenses Compared to
Prior Year

FINANCIAL PERFORMANCE

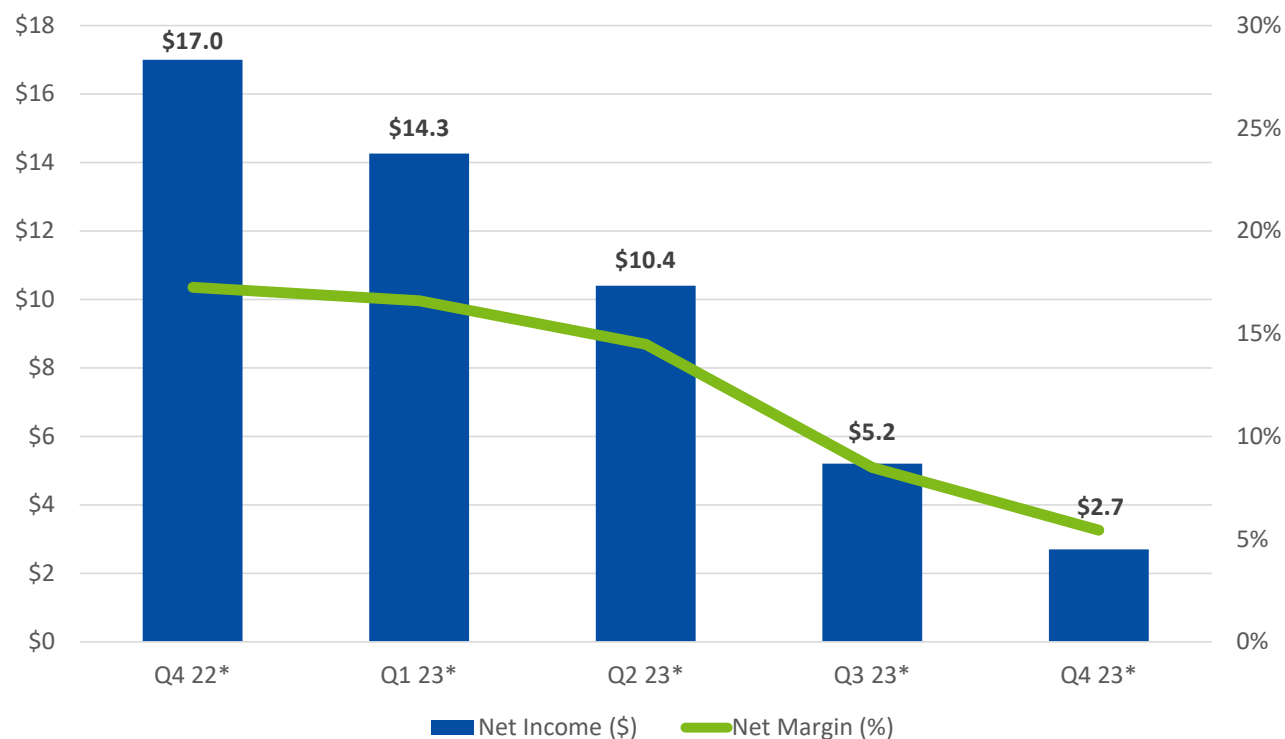
Annual Operating Expense



2%
Decrease in Operating
Expenses Compared to
Prior Year

FINANCIAL PERFORMANCE

Quarterly Net Income



\$2.7M

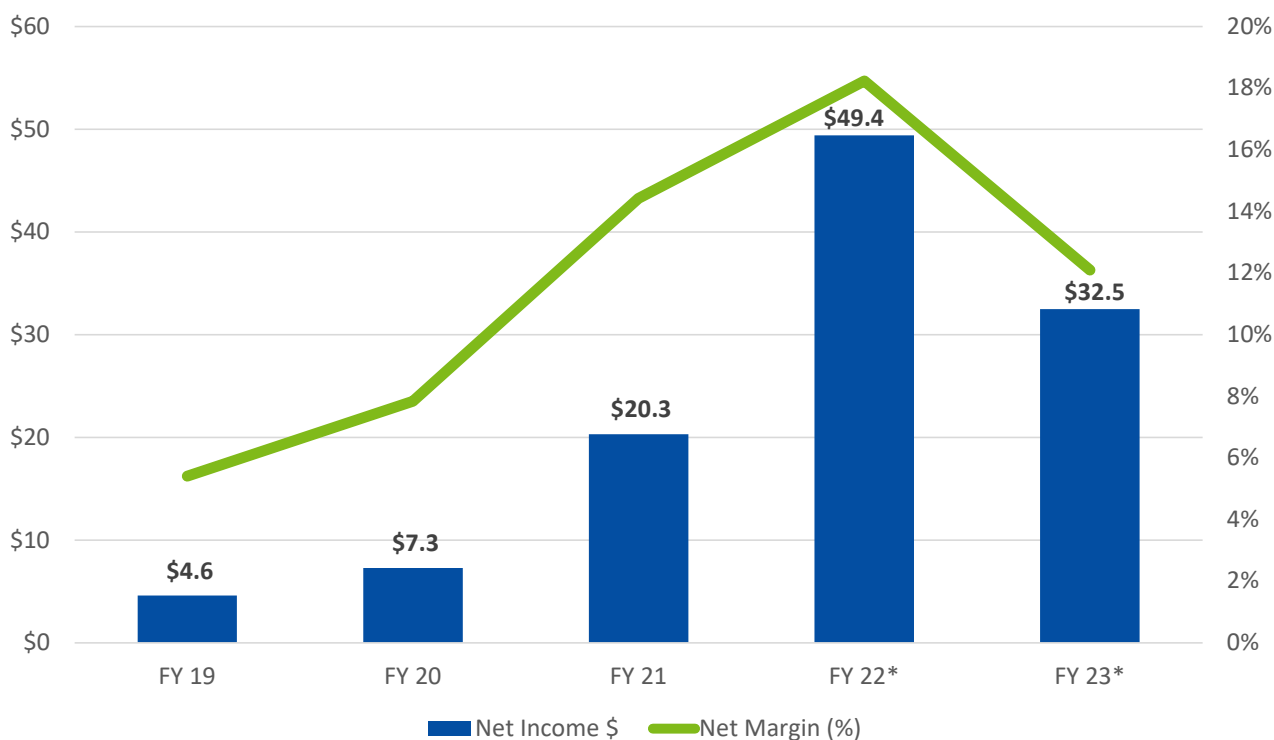
Q4 2023 Net Income

5.4%

Q4 2023 Percent of Net Sales

FINANCIAL PERFORMANCE

Annual Net Income



\$32.5M

FY 2023 Net Income

12.1%

FY 2023 Percent of Net Sales

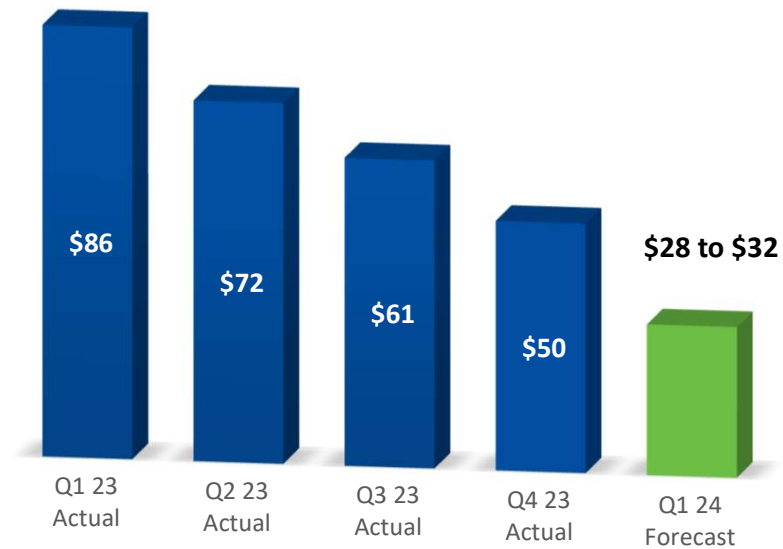
FINANCIAL PERFORMANCE

Balance Sheet

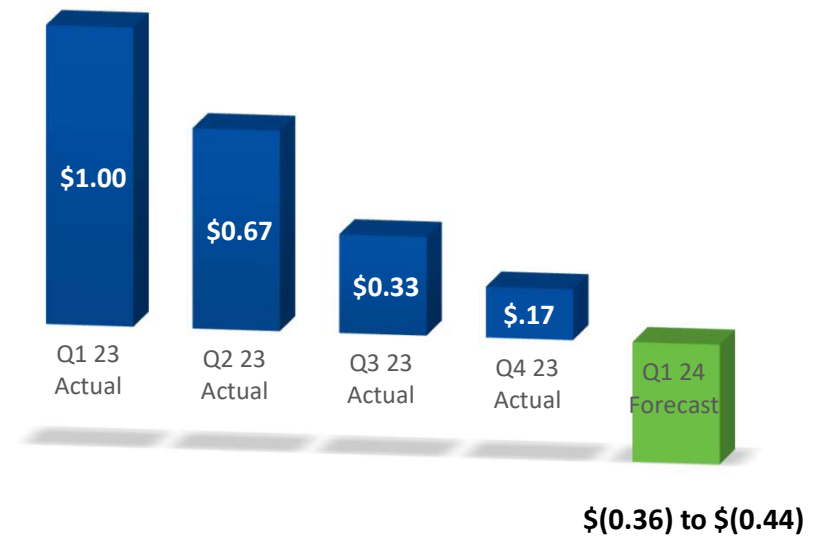
- ✓ *\$174 million of cash, short-term and long-term investments*
- ✓ *\$2 million of debt*
- ✓ *Raised \$130 million in net proceeds in December 2022 secondary offering for working capital and general corporate purposes*
- ✓ *Enables the Company to weather the dynamics that are affecting the market*
- ✓ *Ensures that Clearfield is well positioned to effectively compete for larger customer opportunities and pursue strategic opportunities to enhance market positioning and product portfolio*

Financial Outlook

Quarterly Net Sales
(\$ in millions)

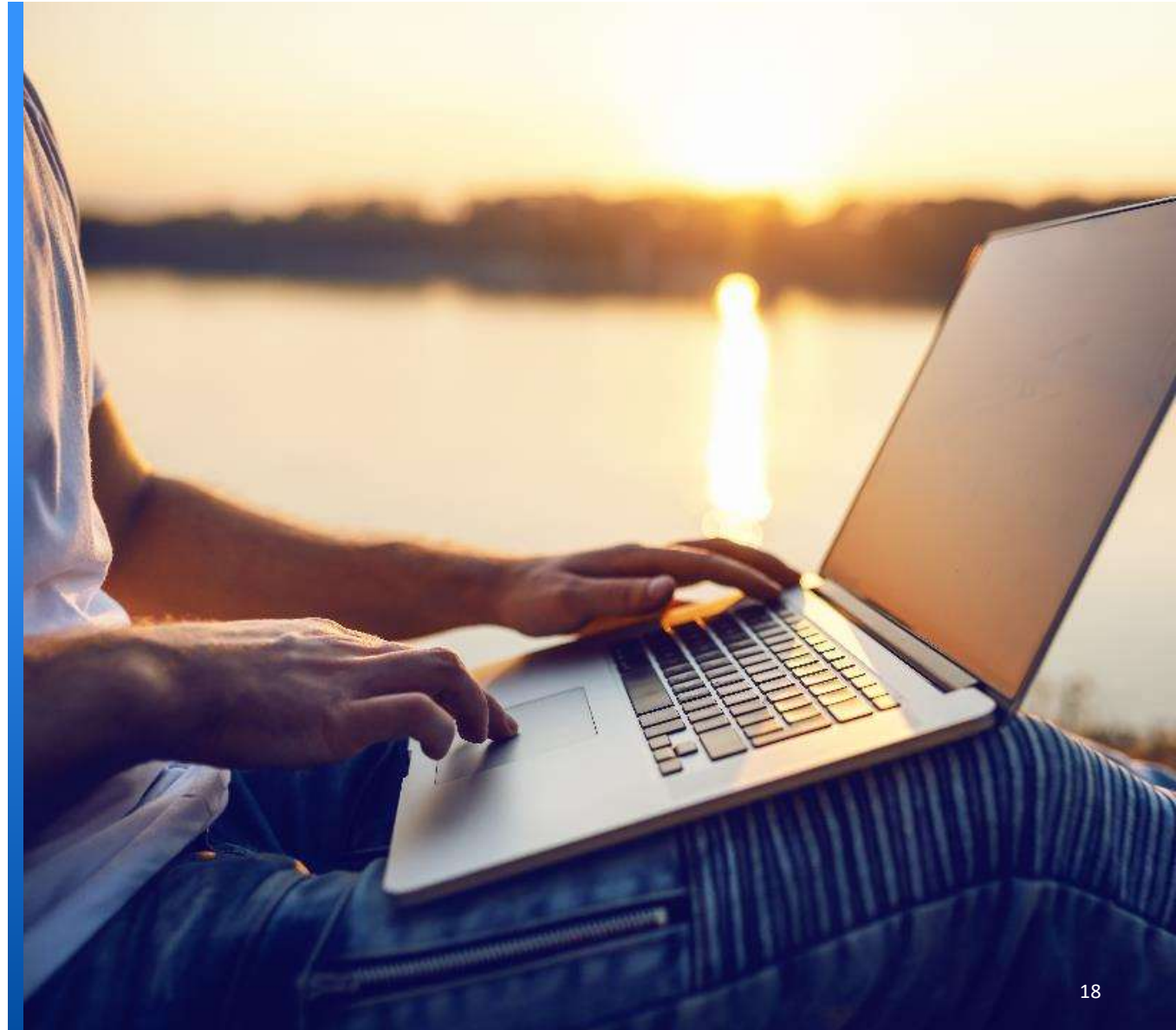


Net Income (Loss) Per Share
(\$)





Business Update





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

✓ *Recruiting in New Markets*

- *Adding expertise in Europe to leverage Nestor platform to cross sell connectivity products into Europe*

✓ *Investing in New Markets*

- *Expanding Estonia facility for microduct and connectivity manufacturing*

✓ *Modernizing ERP and Internal Software Systems*

- *Enables better order management and fulfillment to reduce lead times*

Q&A



Cheri Beranek
PRESIDENT & CEO



Dan Herzog
CHIEF FINANCIAL OFFICER



Kevin Morgan
CHIEF MARKETING OFFICER

Appendix

Clearfield, Inc.

Revenue by Market

Trailing 8 Quarters Through 9/30/23 (FY 23 Q4)

(000's)

	Q4 23	Q3 23	Q2 23	Q1 23	Q4 22	Q3 22	Q2 22	Q1 22
Market/Account	9/30/2023	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022	3/31/2022	12/31/2021
International	\$12,358	\$14,186	\$13,137	\$10,204	\$9,345	\$2,515	\$1,462	\$1,994
Legacy	565	707	592	751	557	624	721	725
National Carrier	2,315	1,986	2,101	2,552	2,826	3,454	2,501	1,991
Large Regional	6,265	15,747	12,665	14,755	17,542	16,740	15,689	16,799
MSO/Cable TV	5,423	9,392	10,043	20,811	21,268	10,369	7,234	9,050
Community Broadband	22,760	19,265	33,270	36,870	43,491	37,549	25,889	20,549
Total	\$49,685	\$61,284	\$71,809	\$85,942	\$95,029	\$71,250	\$53,495	\$51,109

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