



Clearfield Earnings Presentation: Fiscal Q2 2024 Earnings Call

May 2, 2024

Important Cautions Regarding Forward-Looking Statements

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,” “shall,” “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, 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 Broadband Equity Access and Deployment Program (BEAD), 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.

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Enabling the lifestyle
better broadband provides

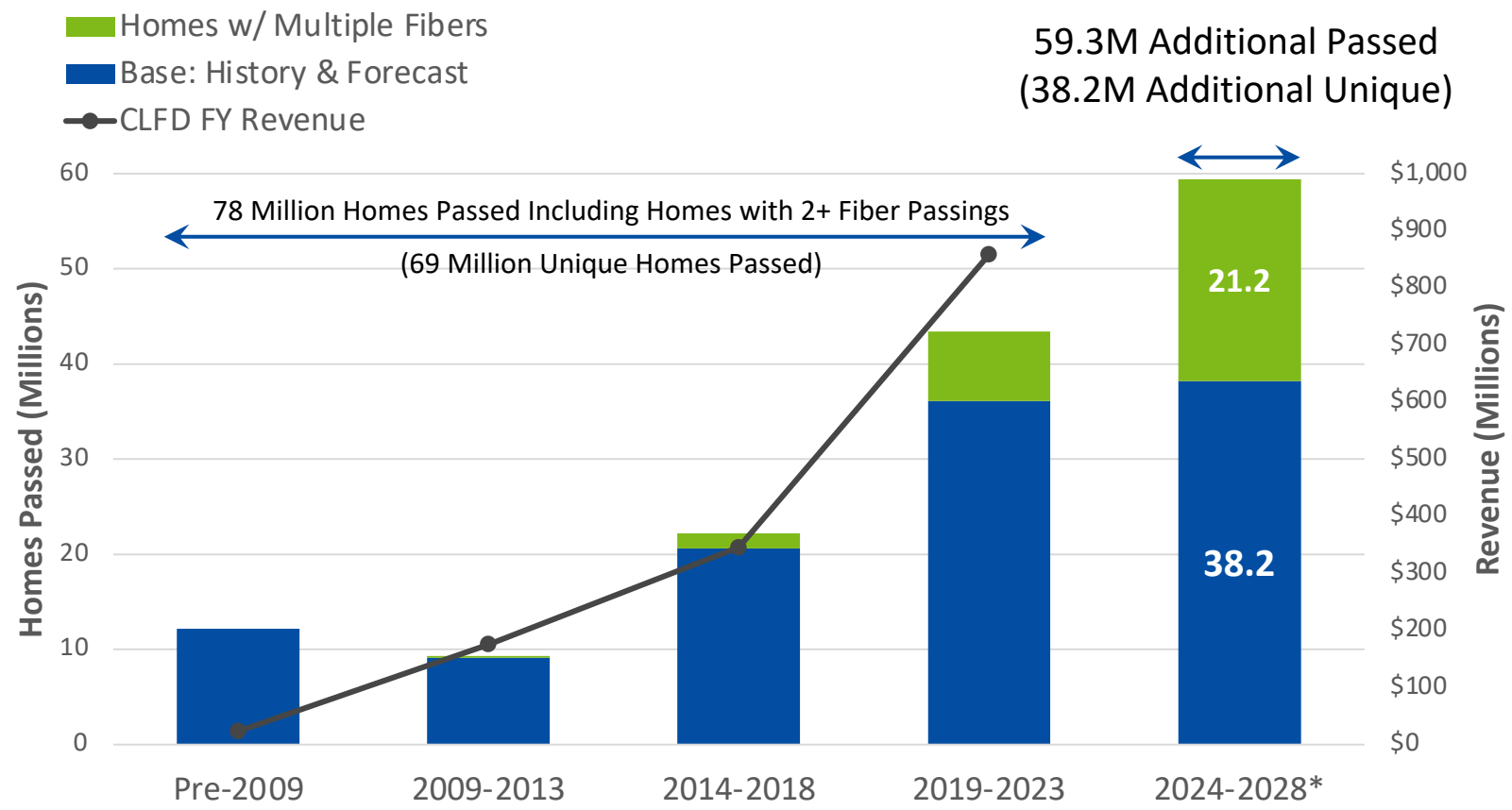


Second Quarter Fiscal 2024 Highlights and Outlook

- ✓ Total net sales of \$36.9 million and a loss of \$0.40 cents per share.
- ✓ Backlog increased sequentially driven by strength in Community Broadband.
- ✓ Board of Directors increased share repurchase program authorization from \$40 million to \$65 million.
- ✓ Repurchased approximately \$15.5 million in shares under Share Repurchase Program leaving \$5.4 million available as of March 31, 2024, plus the increased authorization for a total of \$30.4 million available for repurchases with the increase in share buyback authorization.
- ✓ Announced the industry's first 3D interactive fiber installation tool delivered via the BILT® app to help reduce installation errors, time, and field issues for installers.
- ✓ Expect all product offerings to be BABA compliant by the end of calendar 2024.
- ✓ Most recent data shows that non-government funded deployments continue to grow, and that about 33% of all homes in the U.S. passed with fiber will have access to more than one fiber provider over the next 10 years.

MARKET UPDATE

Five Year U.S. FTTH Forecast Versus Past Construction & Clearfield Revenue



21.2M

Homes Passed with access to more than one Fiber Service Provider

38.2M

Unique Homes Passed Forecast over the next 5 years

Source: RVA, Clearfield

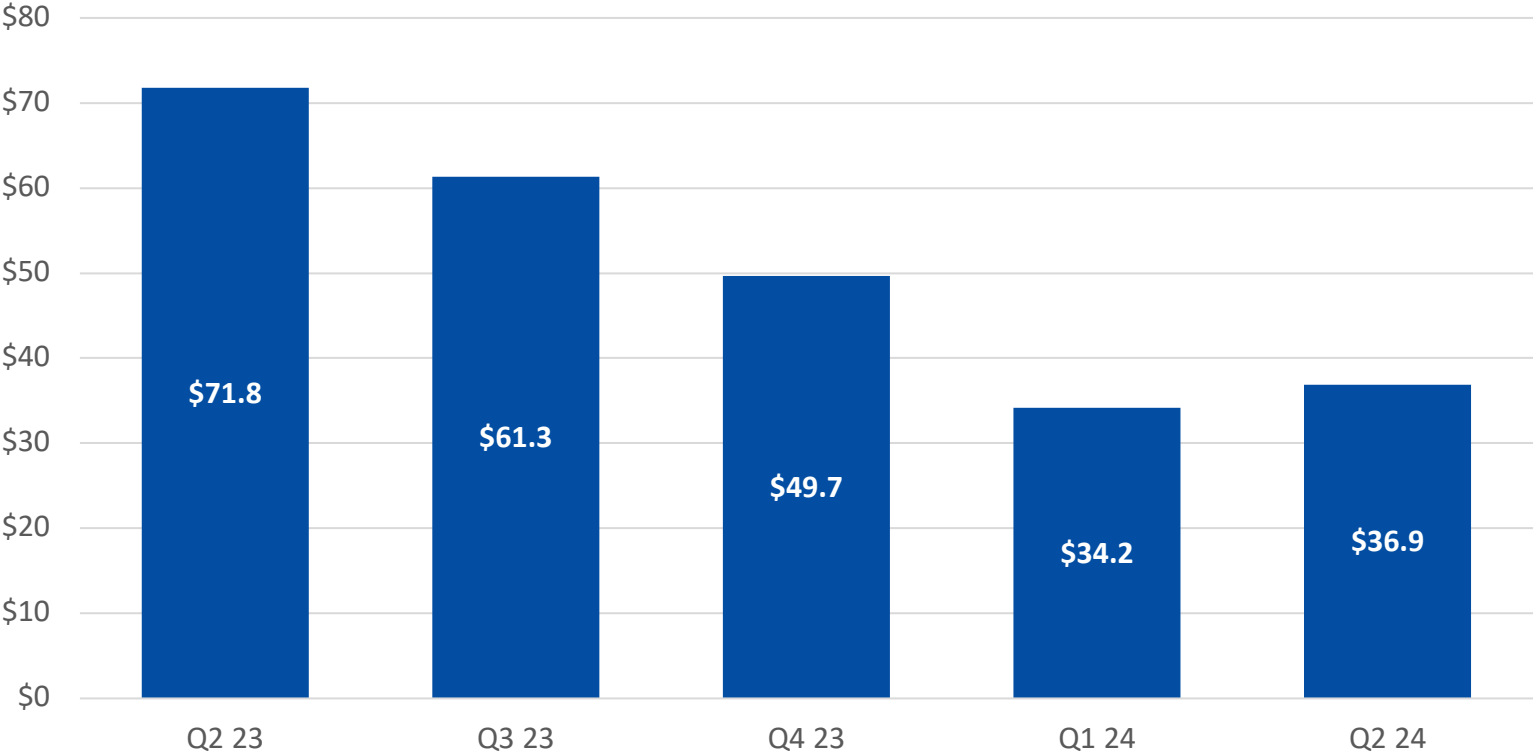


Financial Performance



FINANCIAL PERFORMANCE

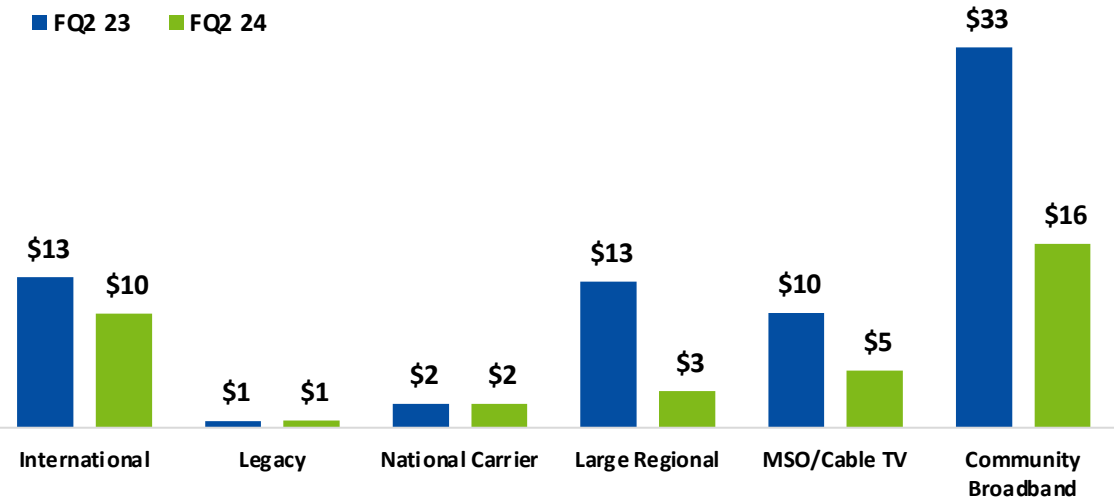
Quarterly Revenue



\$36.9M
Q2 2024 Revenue

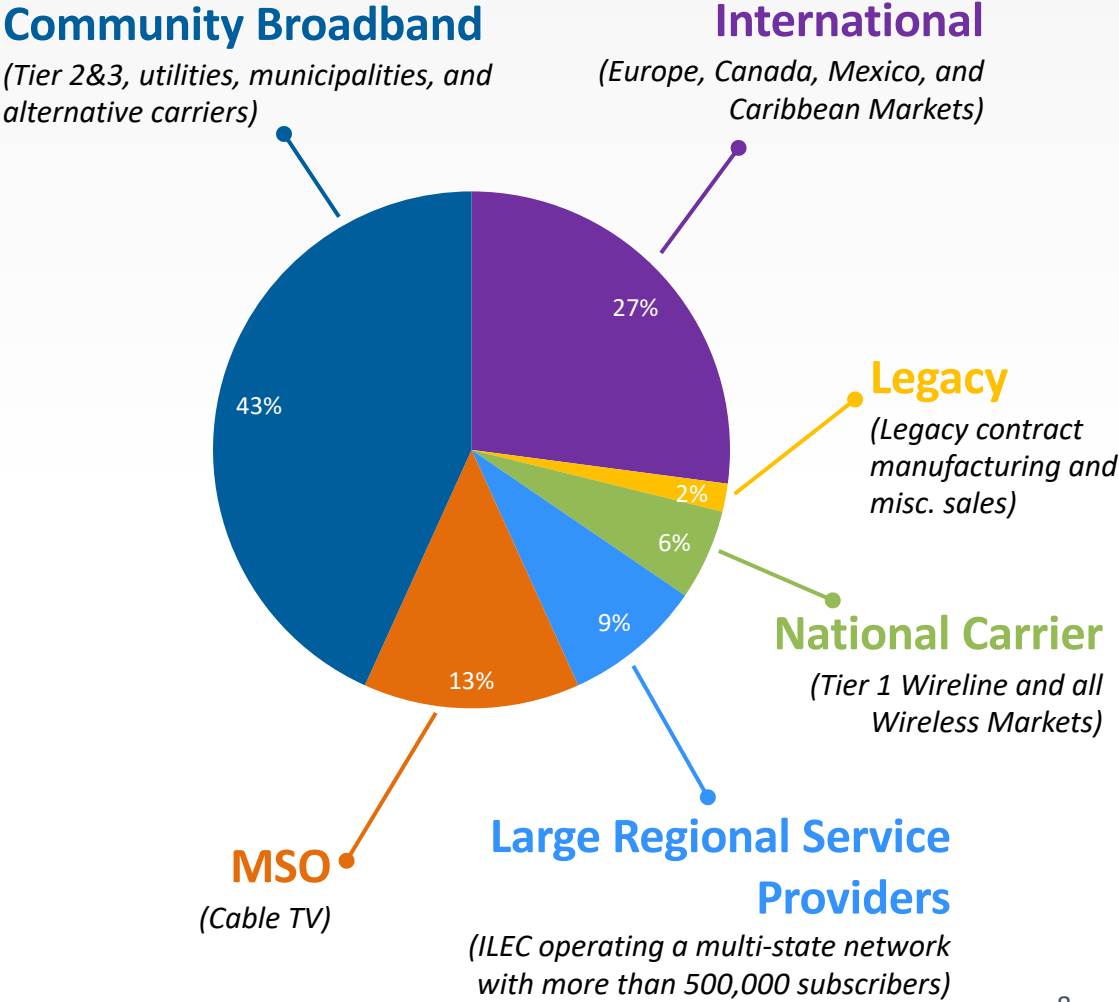
Q2 FY24 Net Sales Comparison by Market

Quarterly Net Sales



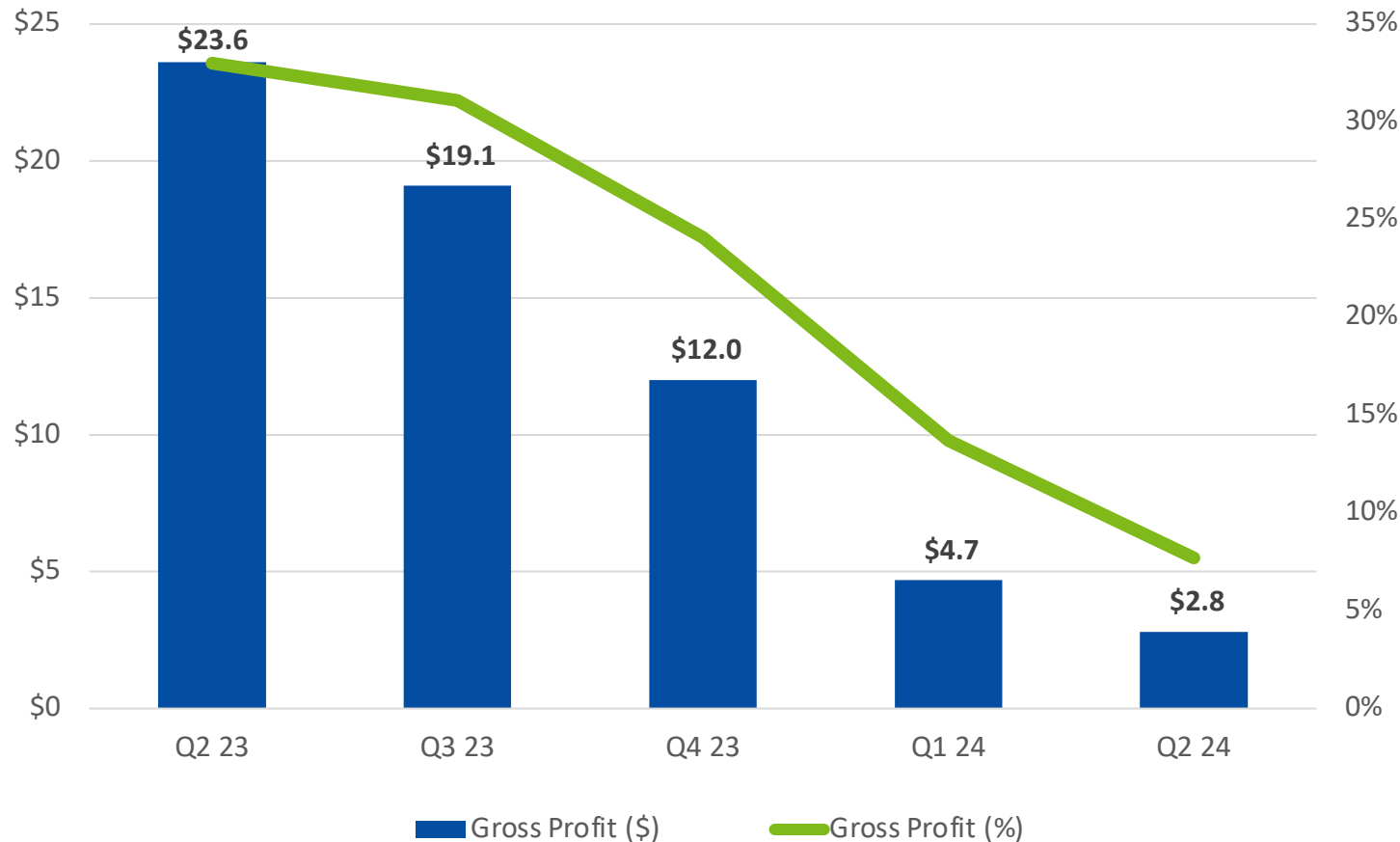
All dollar figures in millions
1) Based on net sales of \$36.9 million for Clearfield and Point of Sales (POS) reporting from distributors who resell our product line into these markets.

Q2 FY24 Net Sales Composition Ended 3/31/24¹



FINANCIAL PERFORMANCE

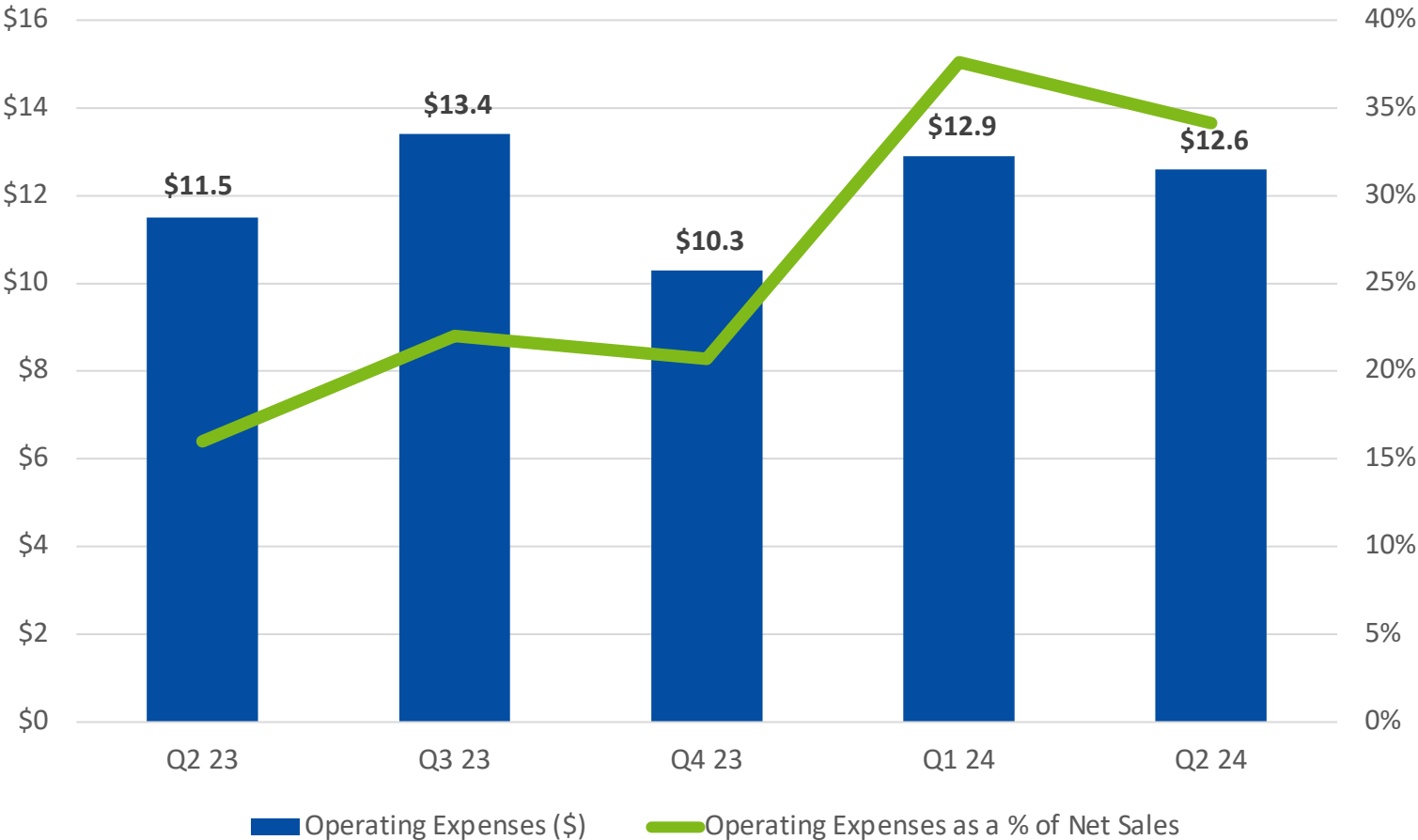
Quarterly Gross Profit and Margin



Our gross margin continues to be impacted by unabsorbed overhead in our manufacturing facilities and an increase in reserves for excess inventory due to lower levels of demand.

FINANCIAL PERFORMANCE

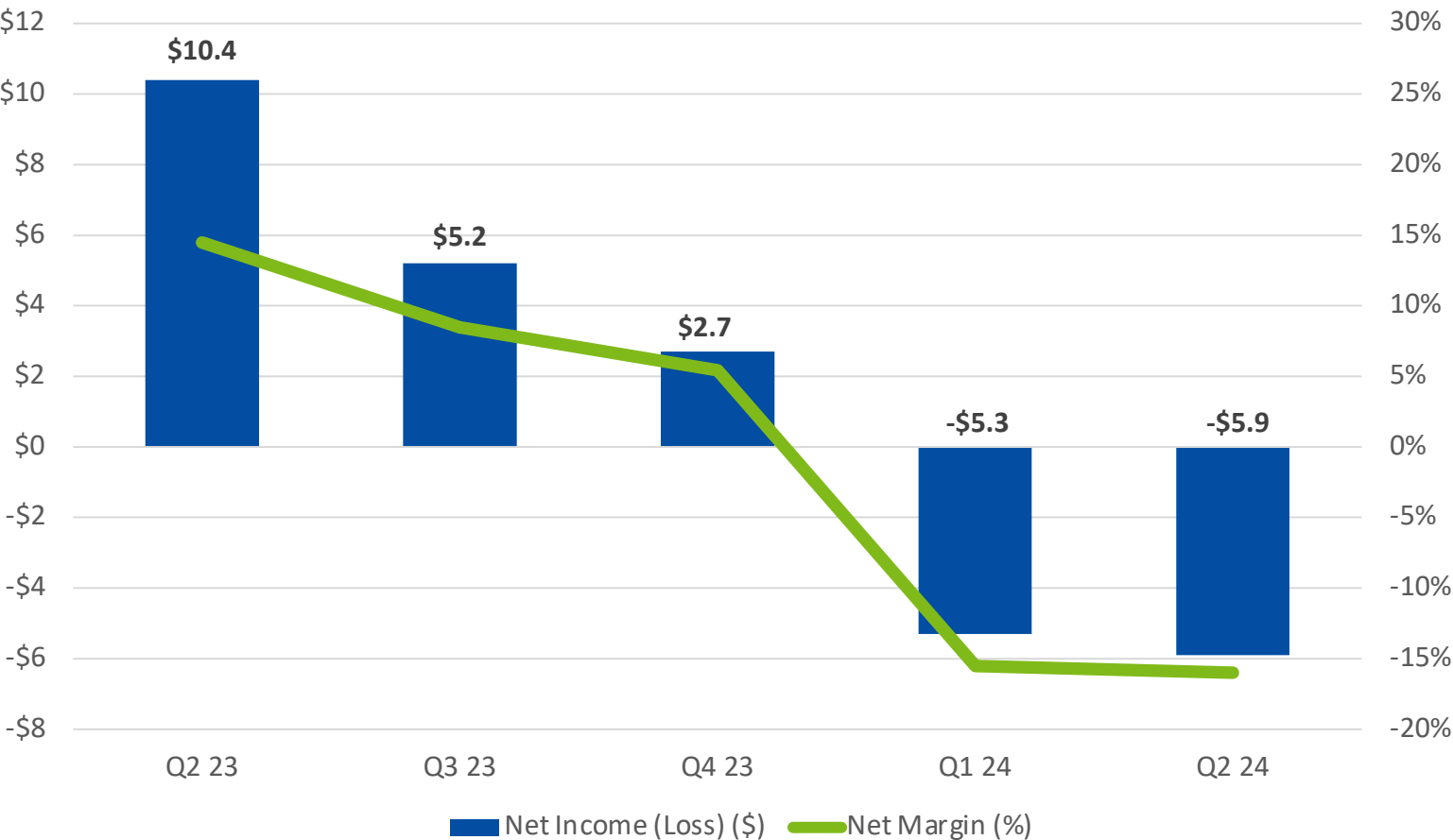
Quarterly Operating Expenses



Operating expenses increased \$1.1 million compared to the same year-ago quarter as the company continues to strategically invest in the organization with a prudent discipline to cost controls.

FINANCIAL PERFORMANCE

Quarterly Net Income (Loss)



\$(5.9M)

Q2 2024 Net Loss

(16)%

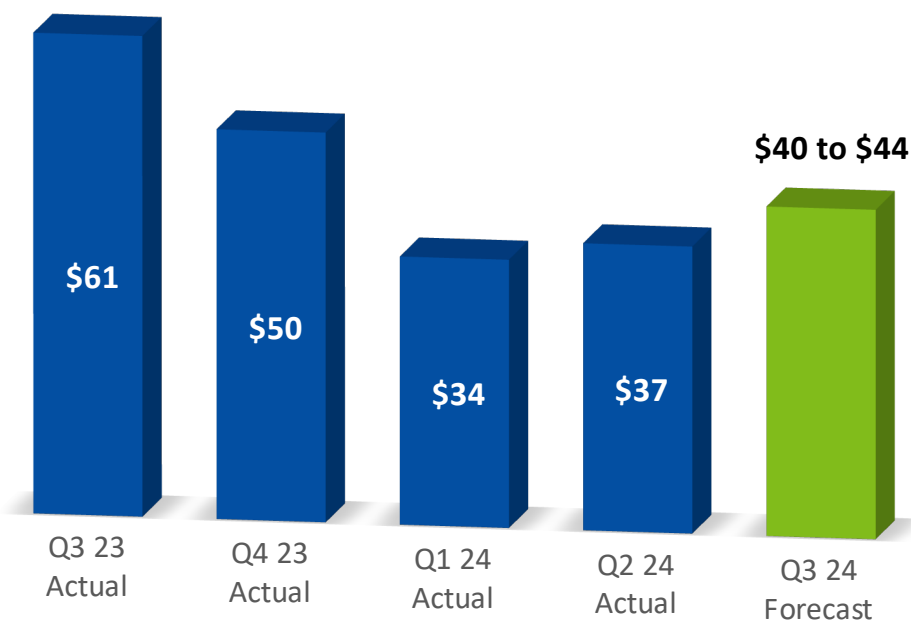
Q2 2024 Net Loss Margin

Balance Sheet

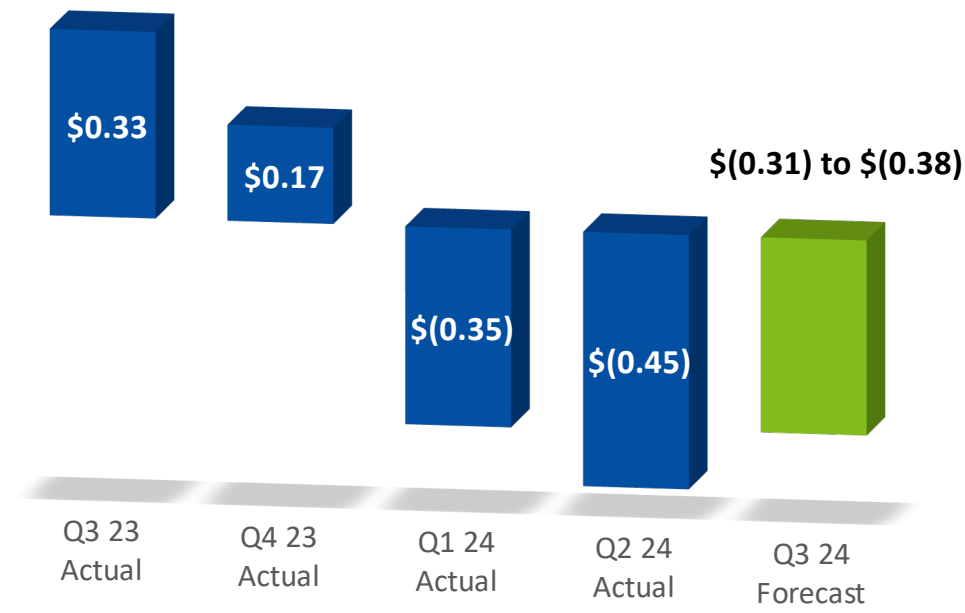
- ✓ *\$149 million of cash, short-term and long-term investments. This reflects a reduction of \$20 million from December 31, 2023. \$15.5 million was used for the repurchase of shares in the quarter.*
- ✓ *\$2 million of debt.*
- ✓ *Enables the Company to weather the dynamics that are affecting the 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.*
- ✓ *Supports Clearfield's \$65 million share repurchase program.*

Financial Outlook

Quarterly Net Sales
(\$ in millions)



Net Income (Loss) Per Share
(\$)





Business Update





Leverage our decade-long excellence in Community Broadband
Execute excellence in everything we do
Accelerate infrastructure investment
Position innovation at the forefront of our value proposition

- ✓ *Clearfield College*
 - *Long provided in-field as well as classroom and online training as part of Clearfield's initiative to reduce the cost of fiber by reducing the time of installation.*
- ✓ *Industry's First 3D Interactive Fiber Installation Tool*
 - *Announced the availability of an app-based 3-D interactive training tool delivered on the BILT platform. The animated guides were developed in response to the Clearfield customer base, and will help reduce installation errors, time, and field issues by ensuring fiber technicians have access to the information they need right at their fingertips.*

Q&A



Cheri Beranek
PRESIDENT & CEO



Dan Herzog
CHIEF FINANCIAL OFFICER

Contact Us

COMPANY CONTACT:

Cheri Beranek

President & CEO

Clearfield, Inc.

IR@seeclearfield.com

INVESTOR RELATIONS:

The Blueshirt Group

Greg McNiff

T: 773-485-7191

clearfield@blueshirtgroup.com