Letter to Shareholders

CLEARFIELD

Third Quarter of Fiscal 2026

Cheri Beranek
President/CEO

Dan Herzog
CFO

We are pleased to announce our financial results for the third quarter of fiscal 2026. Net sales from continuing operations were $43.9 million, gross margin was 31.8%, and net income per diluted share from continuing operations was $0.22. Our results reflect continued progress executing on our strategic priorities while reinforcing the strengths that have defined Clearfield. We are increasingly focused on positioning the Company for its next phase of growth as a strategic digital infrastructure connectivity provider within the data center marketplace.

That progress was highlighted shortly after the close of the third quarter, when we received our first significant order to support a hyperscale data center project, accelerating our expansion into the data center connectivity market. The initial purchase order totals approximately $22.0 million and we expect to begin shipments in early fiscal 2027.

Equally important was how this opportunity developed. We became involved early in the design process, working collaboratively to develop a connectivity solution tailored to the end user's deployment requirements. That collaboration led to an expansion of our NOVA™ platform with the addition of a new panel developed in conjunction with the customer, which we intend to standardize and introduce to the broader data center market later this calendar year. These are the same design principles that have differentiated Clearfield for years in broadband deployments. As demand for high-density fiber infrastructure continues to grow, we believe our expertise in delivering modular, labor-efficient connectivity solutions positions us well to actively engage in this expanding market. While it is too early to predict the size or timing of future opportunities, this initial engagement demonstrates that our strategy is resonating with customers and broadening our addressable market. We believe it represents an important step toward creating long-term shareholder value.

Turning to the Broadband market, the slow pace of the BEAD program continues to influence customer planning decisions across the broadband industry. While states have made meaningful progress developing deployment plans, continued delays in federal approvals and funding disbursements are affecting BEAD-funded projects. Moreover, adjacent commercial deployments are also becoming negatively impacted as customers work to maintain flexibility in their capital allocation decisions.

These headwinds, combined with higher deployment, labor and material costs, as well as the constraint of limited fiber availability, have resulted in a slower deployment environment and extended project timelines across much of the industry. The impact of the slower broadband deployment environment is reflected in our bookings for the quarter ended June 30, 2026. Despite these near-term dynamics, we continue to believe the long-term opportunity for fiber deployment remains intact.

As broadband, wireless, data center and edge computing networks continue to expand, customers increasingly look for ways to make deployments faster, simpler and more efficient. One example of our new technology offerings is our recently announced Fault Managed Power portfolio, which enables customers to deliver both fiber connectivity and power to difficult-to-reach locations through a single, coordinated solution. By bringing fiber and power together, customers can reduce deployment complexity and create a more flexible foundation for future network growth. We believe this offering expands the role Clearfield can play in supporting our customers as their network needs continue to evolve.

Fiscal Q3 2026 Financial Summary

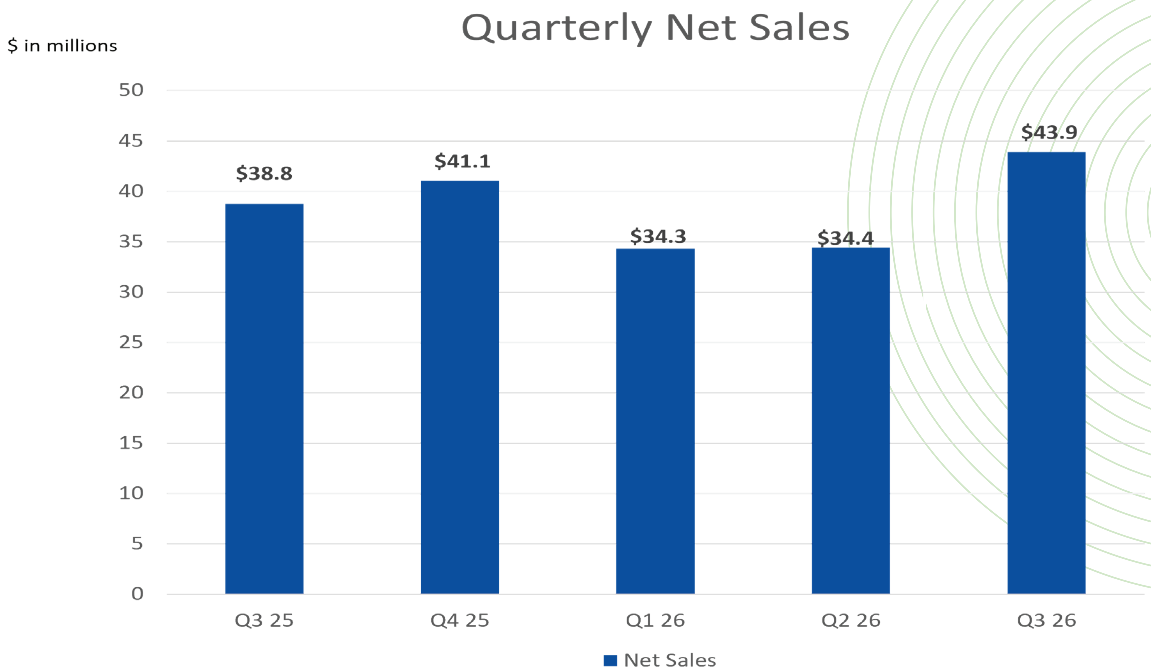
Fiscal Q3 2026 Financial Summary
(in millions except per share data and percentages)

	Q3 2026	vs. Q3 2025	Change	Change (%)
Net Sales from Continuing Operations	**$ 43.9**	$ 38.8	$ 5.1	13%
Gross Profit ($) from Continuing Operations	**$ 13.9**	$ 13.7	$ 0.3	2%
Gross Profit (%) from Continuing Operations	**31.8%**	35.3%	-3.5%	-10%
Income from Operations from Continuing Operations	**$ 2.6**	$ 1.5	$ 1.0	68%
Income Tax Expense from Continuing Operations	**$ 0.9**	$ 0.8	$ 0.1	19%
Net Income from Continuing Operations	**$ 3.0**	$ 2.3	$ 0.7	29%
Net Income per Diluted Share from Continuing Operations	**$ 0.22**	$ 0.16	$ 0.06	38%
Net Loss from Discontinued Operations, net of tax	**$ -**	$ (0.7)	$ 0.7	100%
Net Loss per Diluted Share from Discontinued Operations	**$ -**	$ (0.05)	$ 0.05	100%
Consolidated Net Income Per Diluted Share	**$ 0.22**	$ 0.11	$ 0.11	100%

Fiscal Q3 YTD 2026 Financial Summary

Fiscal Q3 YTD 2026 Financial Summary
(in millions except per share data and percentages)

	2026 YTD	vs. 2025 YTD	Change	Change (%)
Net Sales from Continuing Operations	**$ 112.6**	$ 109.1	$ 3.5	3%
Gross Profit ($) from Continuing Operations	**$ 36.5**	$ 36.3	$ 0.2	0%
Gross Profit (%) from Continuing Operations	**32.4%**	33.3%	-0.9%	-3%
(Loss) Income from Operations from Continuing Operations	**$ (1.3)**	$ 1.2	$ (2.5)	-214%
Income Tax Expense from Continuing Operations	**$ 0.8**	$ 1.6	$ (0.8)	-52%
Net Income from Continuing Operations	**$ 2.2**	$ 4.5	$ (2.3)	-51%
Net Income per Diluted Share from Continuing Operations	**$ 0.16**	$ 0.32	$ (0.16)	-50%
Net Loss from Discontinued Operations, net of tax	**$ (0.3)**	$ (3.5)	$ 3.2	90%
Net Loss per Diluted Share from Discontinued Operations	**$ (0.02)**	$ (0.25)	$ 0.23	92%
Consolidated Net Income Per Diluted Share	**$ 0.14**	$ 0.07	$ 0.07	100%



Net sales from continuing operations in the third quarter of fiscal 2026 were $43.9 million, an increase of 13% from $38.8 million in the third quarter of fiscal 2025. The increase was driven by higher revenue across the majority of our customer markets. Revenue also increased 28% sequentially, reflecting the seasonal nature of our business.

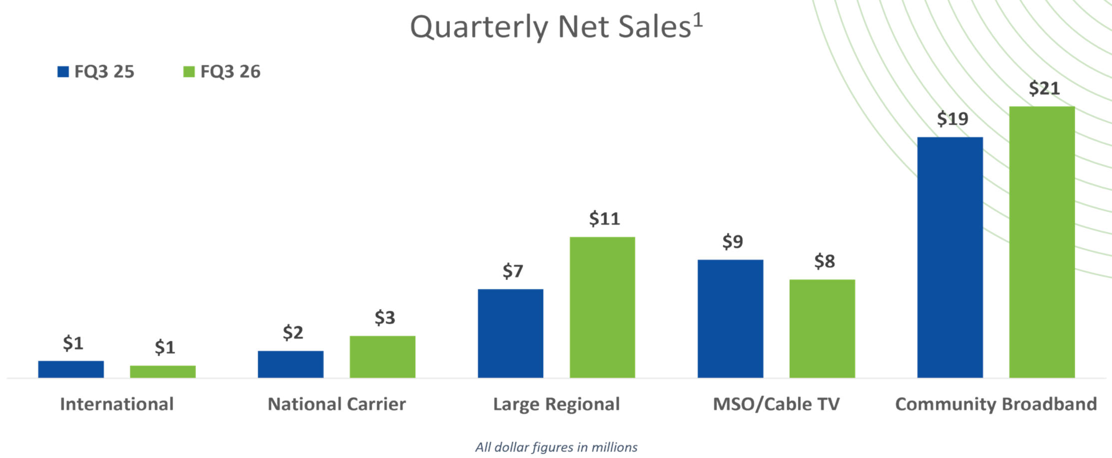
Backlog as of June 30, 2026, was $21.0 million, compared to $31.6 million on March 31, 2026. The backlog balance reflects the removal of approximately $4.6 million associated with the remaining portion of a custom order from a longstanding customer that we no longer expect to be fulfilled. We view this as an isolated customer-specific matter and do not believe it reflects underlying demand trends across our business.

Because a significant portion of the reduction in backlog resulted from the removal of a previously booked order rather than a change in current customer ordering activity, we believe the reported third quarter book-to-bill ratio of 0.76 understates underlying demand. Excluding the $4.6 million order removed from backlog, our third quarter book-to-bill ratio would have been 0.86. More importantly, our book to bill ratio for the nine-month period ended June 30, 2026, was 1.01, demonstrating that customer demand has remained generally balanced with shipments during the fiscal year.

Net Sales Comparison by Key Market

In our largest market, Community Broadband, net sales for the third quarter of fiscal 2026 were $21.0 million, representing 48% of total net sales. Net sales increased by 13% compared to the third quarter of fiscal 2025 and were up 28% sequentially. Activity in this market reflects the continued focus of turning up subscribers and increasing average revenue per user within their subscriber base.

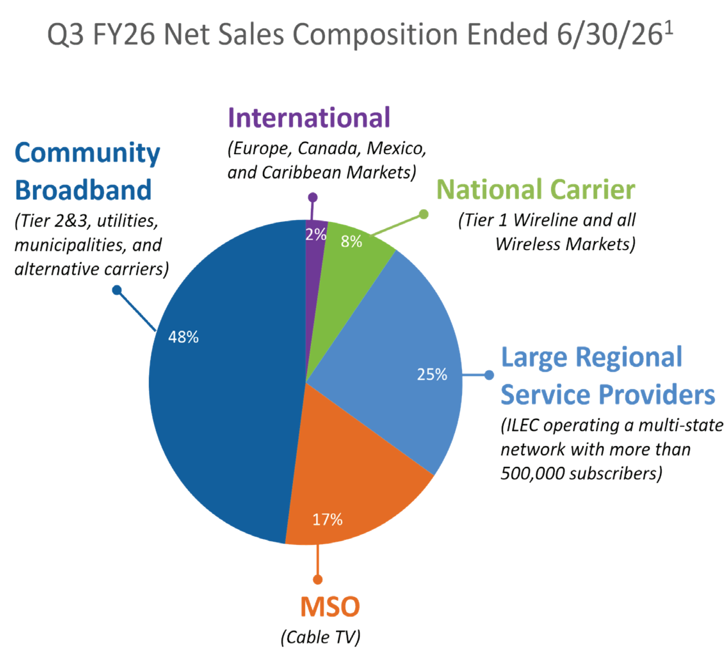
Net sales to the Large Regional Service Provider market were $10.9 million in the third quarter of fiscal 2026, representing 25% of total net sales. Net sales increased approximately 58% compared to the prior year's third quarter, driven by strong deployments from several regional providers who have recently expanded their fiber projects. We expect these projects to continue over multiple years. Sequential net sales increased 7% from the second quarter of fiscal 2026. While year-over-year growth remained strong, sequential growth was more measured, consistent with our expectations as we compare against stronger year-to-date performance.



[1]Based on net sales of $43.9 million for Clearfield and Point of Sales (POS) reporting from distributors who resell our product line into these markets. The Company previously listed Legacy Market in this slide. However, the Company no longer serves this market as it divested its build-to-print copper cable assemblies business in FY25 Q4 and sales for FY26 were immaterial.

Net sales in the MSO market were $7.6 million during the third quarter of fiscal 2026, decreasing 17% from the third quarter of fiscal 2025 but increasing 63% sequentially from the second quarter of fiscal 2026. Although sequential demand improved, the broader MSO market has recovered more slowly than we had anticipated. We believe this reflects a combination of reduced urgency around network builds related in part to uncertainty surrounding BEAD funding, the lack of availability of optical fiber cable as well as temporary component availability constraints affecting one of our largest customers in this market. At this time, we do not expect MSO net sales to return to year-over-year growth in the fourth quarter.

Net sales in the National Carrier market were $3.3 million in the third quarter of fiscal 2026, representing 8% of total net sales. Net sales increased approximately 54% compared to the third quarter of fiscal 2025 and 32% sequentially from the second quarter of fiscal 2026. Results were driven by continued customer deployment activity and remained consistent with our expectations, reflecting steady execution within this customer market

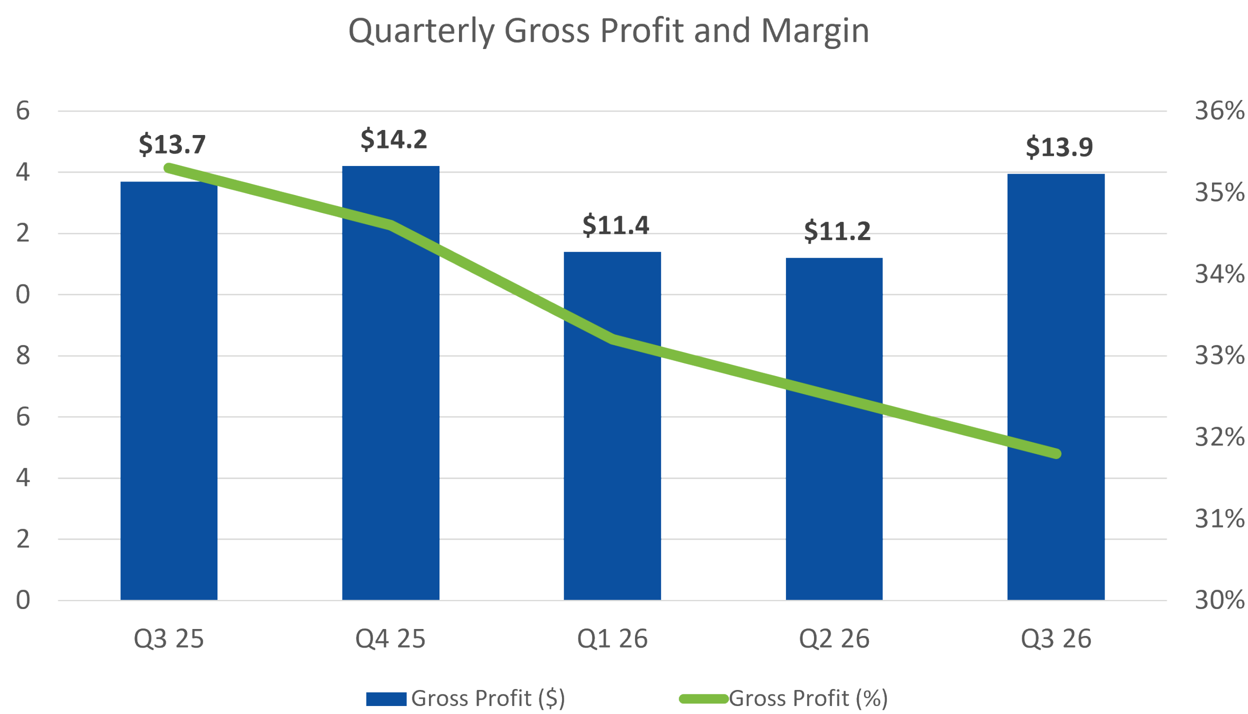


[1]Based on net sales of $43.9 million for Clearfield and Point of Sales (POS) reporting from distributors who resell our product line into these markets.

Gross Profit and Profit Margin

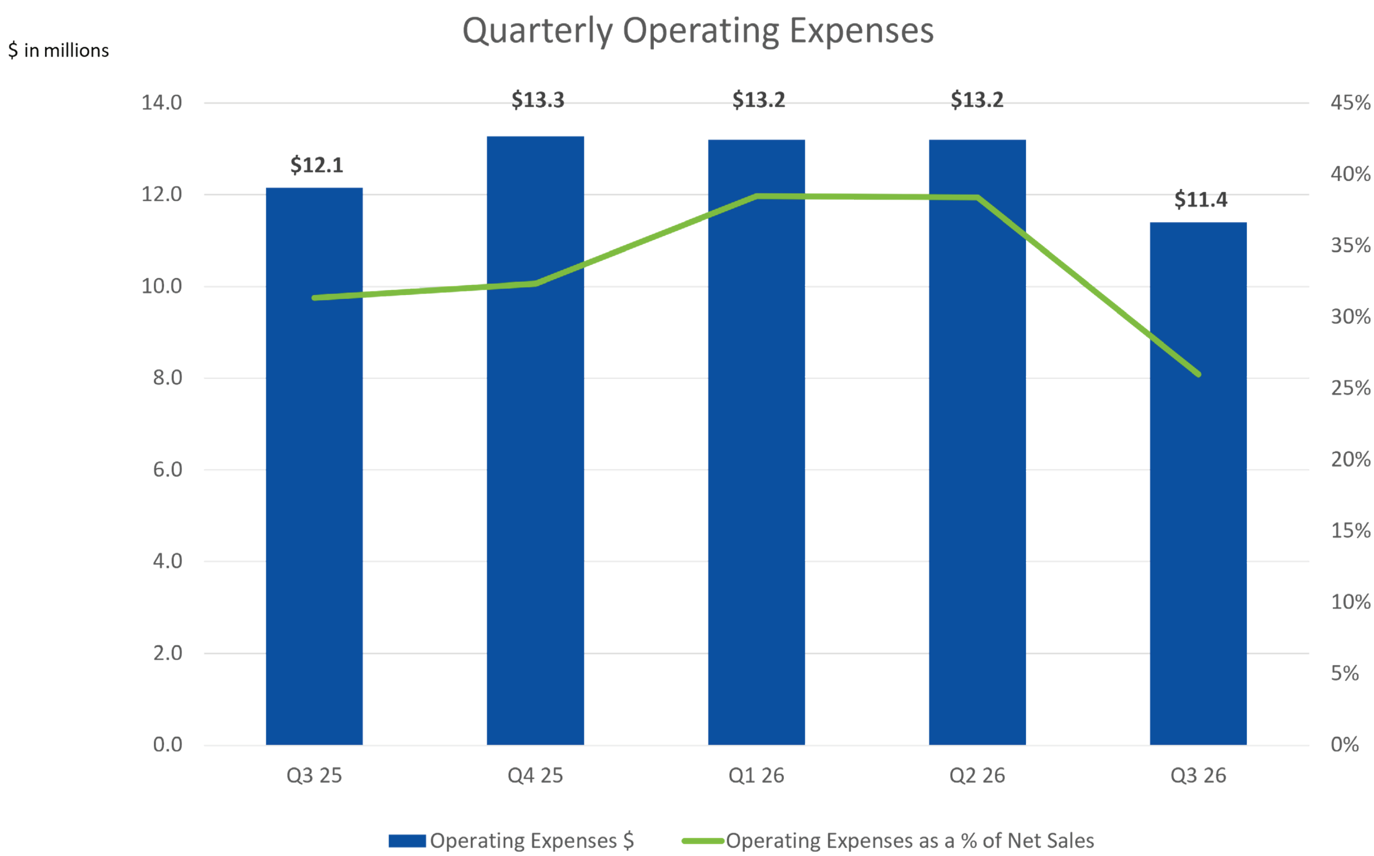
Gross profit margin for the third quarter of fiscal 2026 was 31.8%, compared to 35.3% in the third quarter of fiscal 2025 and 32.5% in the second quarter of fiscal 2026. Included in gross profit was a one-time inventory reserve of $2.6 million, or approximately 5.9 percentage points of gross margin, related to the remaining inventory associated with a custom order from a Community Broadband customer that is no longer expected to be fulfilled. This impact was partially offset by net excess inventory recoveries of approximately $1.1 million, consisting of $1.4 million of excess inventory recoveries, offset by $282,000 of inventory provision, which together increased gross margin by approximately 2.6 percentage points. In addition, we recognized tariff recoveries of $655,000 during the quarter, increasing gross margin by approximately 1.5 percentage points. These tariff recoveries relate to previously paid tariffs that have been refunded following changes in tariff regulations and are not expected to recur at similar levels in future periods. On a net basis, all of these items taken together reduced gross margin by approximately 1.8 percentage points.

The Company has for some time continued to absorb cost increases associated with optical fiber, sheet metal and other raw materials without passing them onto our customers. While the Company has always maintained a disciplined approach to our cost structure, we have initiated a Gross Margin Recovery Initiative focusing on improving gross margin through a combination of pricing discipline, product mix optimization, sourcing improvements and operational efficiencies. We expect these efforts to support meaningful margin improvement beginning in fiscal 2027 and beyond.



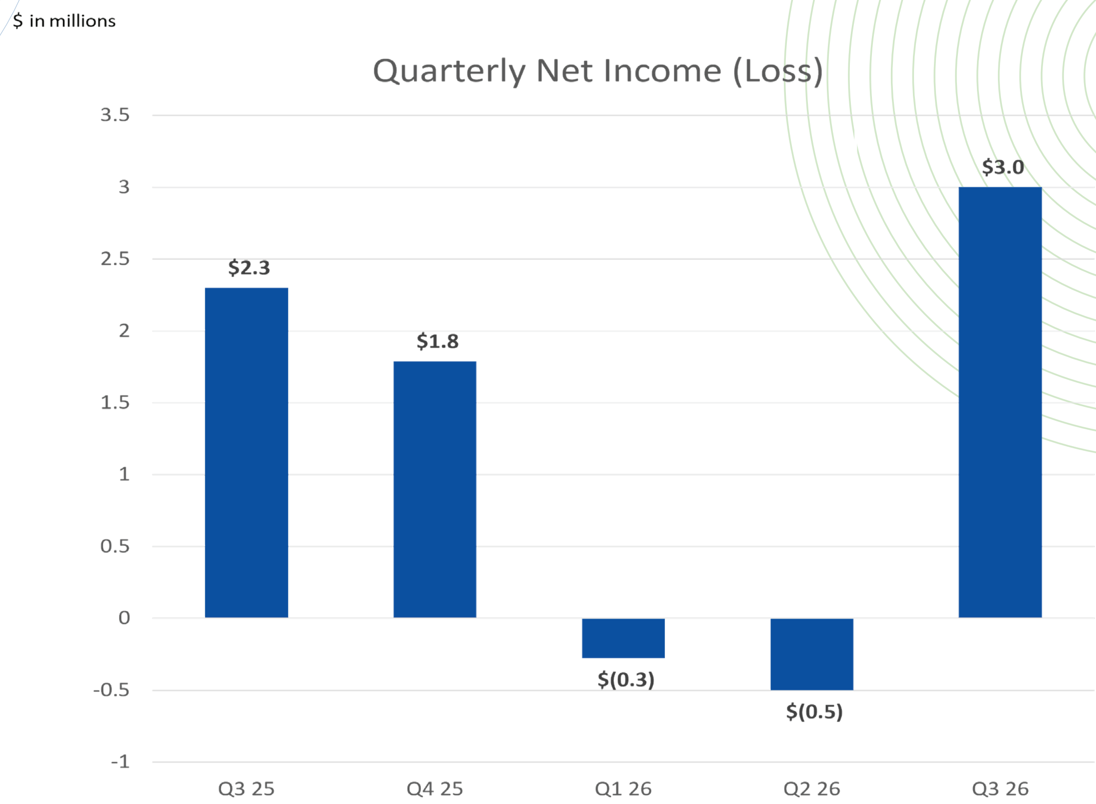
Operating Expenses

Operating expenses from continuing operations for the third quarter of fiscal 2026 decreased 6% to $11.4 million, or 25.9% of net sales, compared to $12.1 million, or 31.3% of net sales, in the third quarter of fiscal 2025. Operating expenses also decreased 14%, or $1.8 million, from $13.2 million in the second quarter of fiscal 2026. The year over year and sequential decreases were due in part to a $1.7 million reduction in performance-based compensation accruals during the quarter, reflecting lower projected expenses under the Company's incentive compensation programs.



Net Income (Loss)

Net income in the third quarter of fiscal 2026 was $3.0 million, or $0.22 per diluted share, compared to net income of $2.3 million, or $0.16 per diluted share, in the third quarter of fiscal 2025. This compares to a net loss of $0.5 million, or $0.04 per diluted share, in the second quarter of fiscal 2026, reflecting a return to profitability on both a sequential and year-over-year basis.



Balance Sheet and Cash Flow

Our balance sheet remains a significant competitive strength with $155.1 million in cash, short-term and long-term investments, and no debt as of June 30, 2026.

During the third quarter of fiscal 2026, we repurchased approximately 31,000 shares of our common stock for $897,000 under our share repurchase program. Our share buyback authorization increased from $65 million to $85 million in November 2025. As of June 30, 2026, $15.0 million remained available for future repurchases.

Fiscal 2026 and Q4 2026 Outlook

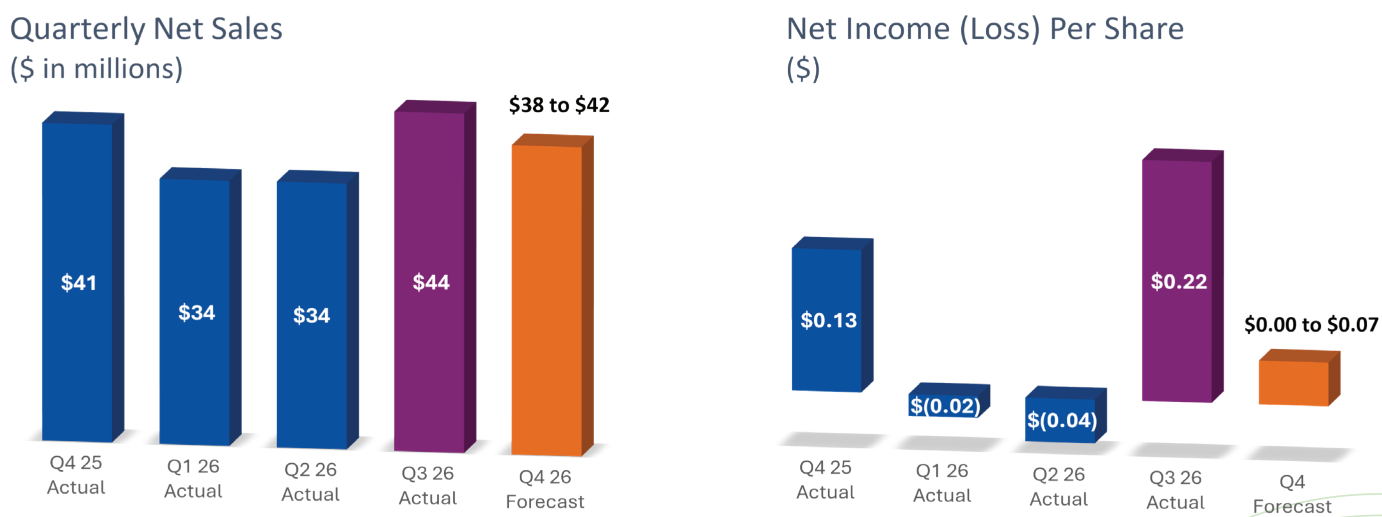
As a result of industry demand constraints we have discussed within this letter, we are reducing our outlook for fiscal 2026. We expect net sales from continuing operations to be in the range of $151 million to $155 million and net income per share to be in the range of $0.14 to $0.21.

For the fourth quarter of fiscal 2026, we anticipate net sales from continuing operations in the range of $38 million to $42 million, total operating expenses to remain relatively consistent with our second quarter, and net income per diluted share in the range of $0.00 to $0.07.

The net income per share range is based on the number of shares outstanding at the end of the third quarter of fiscal 2026 and does not reflect the impact of any potential additional share repurchases completed in fiscal 2026. Our guidance also reflects our current expectations regarding the potential supply chain constraints of optical fiber mentioned in our first and second quarter letters to shareholders, as well as our current understanding of the impact of the evolving tariff situation, both of which could contribute to uncertainty in our business and in the macroeconomic environment.

We look forward to updating you on our progress next quarter.

Fiscal 2026 Outlook



Annual Net Sales of $151M to $155M
Annual Net Income Per Share $0.14 to $0.21

All figures are presented on a continuing operations basis, consistent with Clearfield's fiscal year 2025 financial statements. FY26 Q4 and fiscal year 2026 net sales and net income per diluted share guidance issued are effective as of August 5, 2026. The Company's FY 26 Q4 and full fiscal year 2026 guidance reflects the potential supply chain constraints of optical fiber, as well as our current understanding of the impact of the evolving tariff situation, both of which could contribute to uncertainty in our business and in the macroeconomic environment.

Conference Call

Management will hold a conference call today, August 5, 2026, 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: 10209753

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 19, 2026, 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: 10209753

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 development and marketing of new products, 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, expectations regarding the impact on our business of M&A activity among our 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, 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: 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 single-source suppliers, which could cause delays, increase costs or prevent us from completing customer orders; changes in trade policy in the U.S. and other countries may adversely affect our business and results of operations; inflationary price pressures and uncertain availability of components, raw materials, labor and logistics used by us and our suppliers could negatively impact our profitability; 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; our business is dependent on interdependent management information systems; we may be subject to risks associated with acquisitions, and the risks could adversely affect future operating results; adverse global economic conditions and geopolitical issues could have a negative effect on our business, and results of 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; to compete effectively, we must continually improve existing products and introduce new products that achieve market acceptance; our business is dependent upon capital spending by broadband service providers, and any delay, reduction or cancellation in capital spending by broadband service providers could adversely affect our business; 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; 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 IA. Risk Factors of Clearfield's Annual Report on Form 10-K for the year ended September 30, 2025 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 AND PER SHARE DATA)

	June 30, 2026 (Unaudited)	September 30, 2025
Assets		
Current assets		
Cash and cash equivalents	$ 20,449	$ 21,493
Short-term investments	80,774	84,484
Accounts receivables, net	22,055	17,991
Inventories, net	33,391	42,031
Prepaid and other current assets	14,221	11,152
Current assets held for sale	-	21,337
Total current assets	170,890	198,488
Property, plant and equipment, net	9,265	9,682
Long-term investments	53,896	59,822
Goodwill	4,709	4,709
Intangible assets, net	7,942	9,353
Right-of-use lease assets	9,968	8,420
Deferred tax asset	9,970	10,263
Other non-current assets	451	608
Non-current assets held for sale	-	4,828
Total assets	$ 267,091	$ 306,173
Liabilities and Shareholders' Equity		
Current liabilities		
Current portion of lease liability	$ 2,740	$ 2,823
Accounts payable	5,117	7,028
Accrued compensation	4,571	6,598
Accrued expenses	1,207	2,197
Current liabilities held for sale	-	17,957
Total current liabilities	13,635	36,603
Other liabilities		
Long-term portion of lease liability	7,536	5,934
Non-current liabilities held for sale	-	7,473
Total liabilities	21,171	50,010
Shareholders' equity		
Preferred stock, $0.01 par value; 500,000 shares; no shares issued or outstanding		
Common stock, authorized 50,000,000, $0.01 par value; 13,597,691 and 13,839,675 shares issued and outstanding as of June 30, 2026 and September 30, 2025, respectively	136	138
Additional paid-in capital	137,353	147,382
Accumulated other comprehensive (loss) income	(339)	1,731
Retained earnings	108,770	106,912
Total shareholders' equity	245,920	256,163
Total Liabilities and Shareholders' Equity	$ 267,091	$ 306,173

CLEARFIELD, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(UNAUDITED)
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2026	2025	2026	2025
Net sales	$ 43,864	$ 38,755	$ 112,596	$ 109,074
Cost of sales	29,920	25,079	76,103	72,762
Gross profit	13,944	13,676	36,493	36,312
Operating expenses				
Selling, general and administrative	11,373	12,149	37,815	35,148
Income (loss) from continuing operations	2,571	1,527	(1,322)	1,164
Net investment income	1,363	1,588	4,274	4,920
Income from continuing operations before income taxes	3,934	3,115	2,952	6,084
Income tax expense	934	787	757	1,562
Income from continuing operations, net of tax	3,000	2,328	2,195	4,522
Loss from discontinued operations, net of tax	-	(722)	(337)	(3,494)
Net income	$ 3,000	$ 1,606	$ 1,858	$ 1,028
Income (loss) per share				
Basic				
Continuing operations	$ 0.22	$ 0.16	$ 0.16	$ 0.32
Discontinued operations	-	(0.05)	(0.02)	(0.25)
Basic income per share	$ 0.22	$ 0.11	$ 0.14	$ 0.07
Diluted				
Continuing operations	$ 0.22	$ 0.16	$ 0.16	$ 0.32
Discontinued operations	-	(0.05)	(0.02)	(0.25)
Diluted income per share	$ 0.22	$ 0.11	$ 0.14	$ 0.07
Weighted average shares outstanding:				
Basic	13,592,072	13,833,748	13,711,413	14,047,802
Diluted	13,592,072	13,833,748	13,711,413	14,047,802

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

		Nine Months Ended June 30, 2026		Nine Months Ended June 30, 2025
Cash flows from operating activities (continuing)				
Net income	$	1,858	$	1,028
Loss from discontinued operations, net of tax		337		3,494
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization		4,743		4,763
Amortization of premium and discount on investments, net		(334)		(1,556)
Deferred taxes		398		-
Stock-based compensation		3,616		3,417
Changes in operating assets and liabilities:				
Accounts receivable		(4,064)		(2,501)
Inventories, net		8,640		15,070
Other assets		(2,910)		(3,785)
Accounts payable and accrued expenses		(4,939)		2,493
Net cash provided by operating activities (continuing)		7,345		22,423
Cash flows from investing activities (continuing)				
Purchases of property, plant and equipment and intangible asset		(2,917)		(3,529)
Purchases of investments		(70,241)		(78,697)
Proceeds from maturities of investments		79,710		95,976
Cash paid on disposal of business		(1,012)		-
Net cash provided by investing activities (continuing)		5,540		13,750
Cash flows from financing activities (continuing)				
Proceeds from issuance of common stock under employee stock purchase plan		513		595
Repurchase of shares for payment of withholding taxes for vested restricted stock grants		(1,019)		(494)
Withholding related to exercise of stock options		(142)		(133)
Repurchase of common stock		(13,494)		(16,665)
Net cash used in financing activities (continuing)		(14,142)		(16,697)
Cash flows from discontinued operations				
Net cash provided by (used in) operating activities		1,380		(4,307)
Net cash used in investing activities		-		(1,692)
Net cash (used in) provided by financing activities		(1,196)		4,337
Net cash provided by (used in) discontinued operations		184		(1,662)
Effect of exchange rates on cash and cash equivalents		(13)		(110)
Net (decrease) increase in cash and cash equivalents		(1,086)		17,704
Change in cash held for sale		42		942
Cash and cash equivalents, beginning of period		21,493		14,148
Cash and cash equivalents, end of period	$	20,449	$	32,794
Supplemental disclosures for cash flow information				
Cash (refunded) paid for income taxes, net	$	(13)	$	1,237
Right of use assets obtained through lease liabilities	$	3,553	$	-
Non-cash financing activities				
Cashless exercise of stock options	$	2,666	$	462