



The Industry Leader in Craft Friendly Fiber Optic
Management and Connectivity Solutions

Fiscal Q3 2020 Earnings Call FieldReport

Important Cautions Regarding Forward-Looking Statements

Forward-looking statements contained herein and in any related presentation or in the related FieldReport 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 expected impact of COVID-19 and related economic uncertainty, the Company’s future revenue and operating performance, 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 as yet-unknown impact of COVID-19 and related economic uncertainty; to compete effectively, we must continually improve existing products and introduce new products that achieve market acceptance; our expected growth is based upon the expansion of the telecommunications market; 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 success depends upon adequate protection of our patent and intellectual property rights; intense competition in our industry may result in price reductions, lower gross profits and loss of market share; we rely on single-source suppliers, which could cause delays, increases in costs or prevent us from completing customer orders, all of which could materially harm our business; 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 or significant decline in business with these major customers would 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 that could adversely affect future operating results; 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 upon key personnel; we face risks associated with expanding our sales outside of the United States; our business is dependent on effective management information systems and information technology infrastructure; our results of operations could be adversely affected by economic conditions and the effects of these conditions on our customers’ businesses; changes in government funding programs may cause our customers and prospective customers to delay or reduce purchases; 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, 2019 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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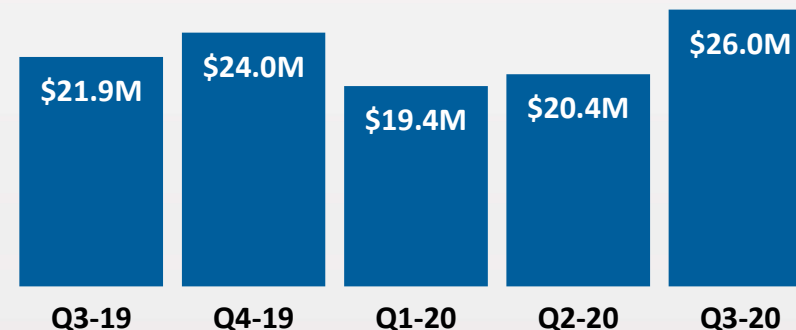
Cheri Beranek
PRESIDENT & CEO

Welcome

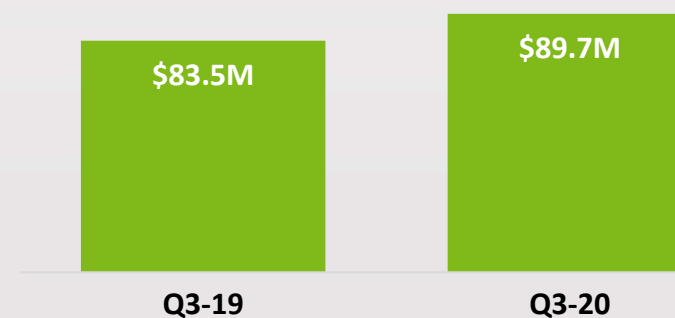
FQ3 2020 Highlights

- Record revenue of \$26.0M, up 19% year-over-year
 - MSO revenue up 48%
 - Community Broadband revenue up 22%
 - National Carrier revenue up 19%
- Gross profit up 28% to quarterly record \$10.8M
- Solid gross profit margin at 41.5%
- Net income of \$3.0M or \$0.22 per diluted share
- Order backlog totaled \$8.5M

Quarterly Revenue

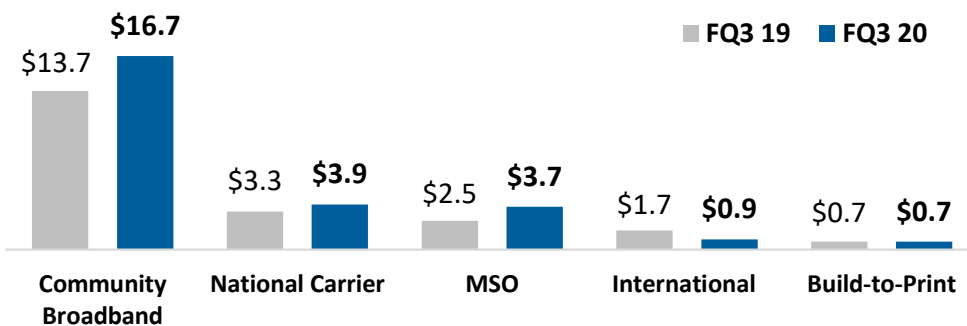


TTM Quarterly Revenue

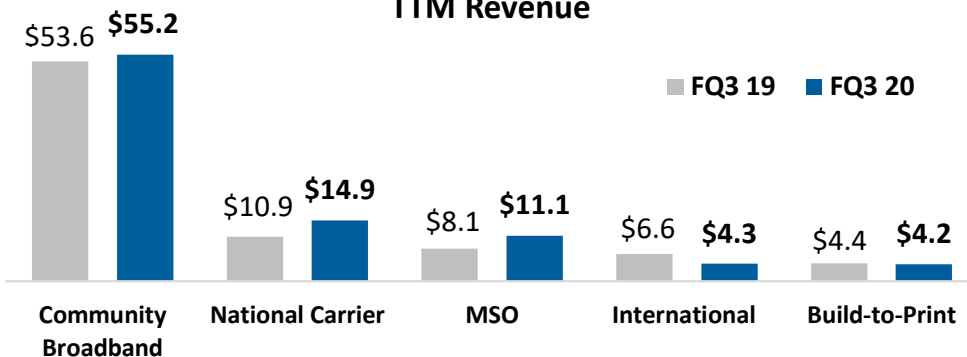


FQ3 & TTM Revenue Comparison by Market

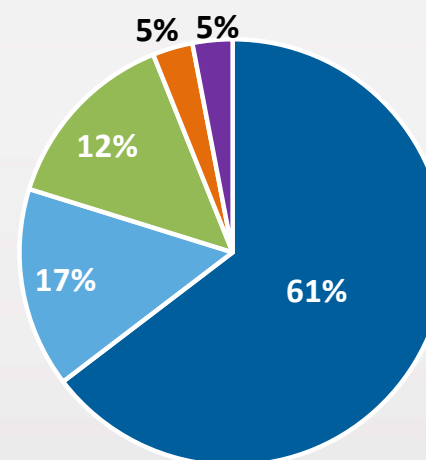
Quarterly Revenue



TTM Revenue



TTM Revenue Composition Ended 6/30/20¹



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

National Carrier (Tier 1 Wireline and all Wireless Markets)

MSO (Cable TV)

International (Canada, Mexico, and Caribbean Markets)

Build-to-Print (Legacy contract manufacturing and misc. sales)

All dollar figures in millions

1) Based on revenue of \$89.7 million and Point of Sales (POS) reporting from distributors who resell our product line into these markets.

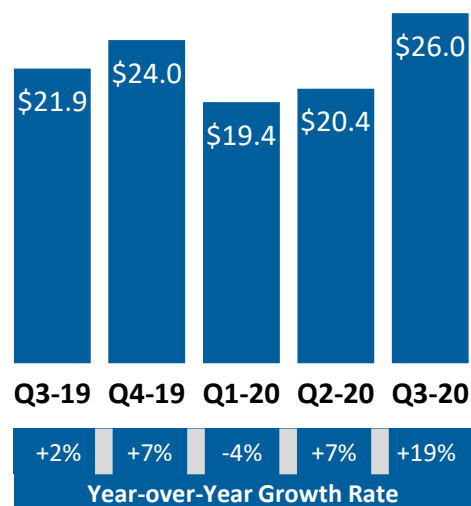


Dan Herzog
CHIEF FINANCIAL OFFICER

Financial Update

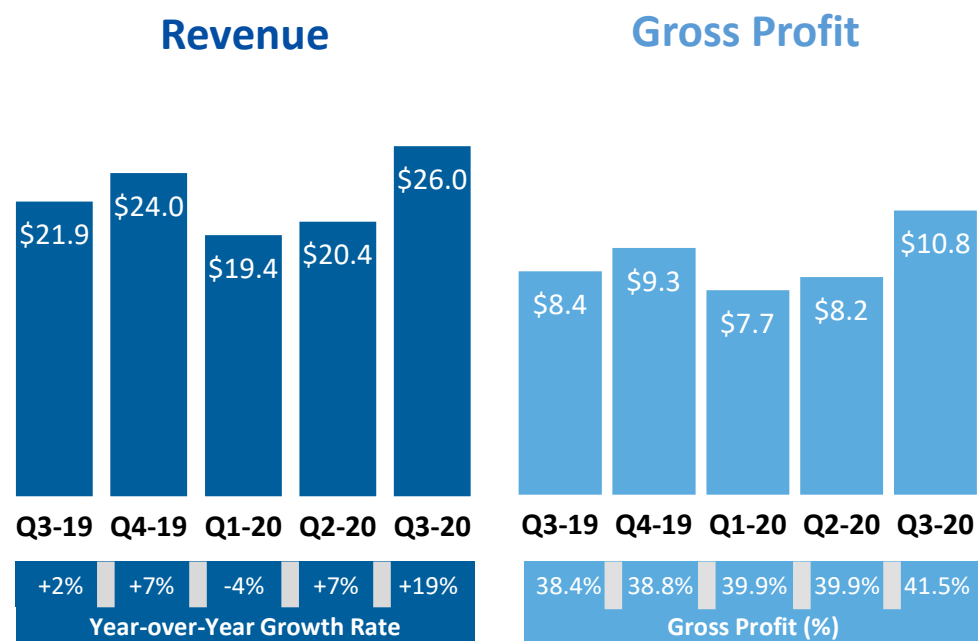
Quarterly Financial Performance

Revenue



Note: Dollar figures in millions

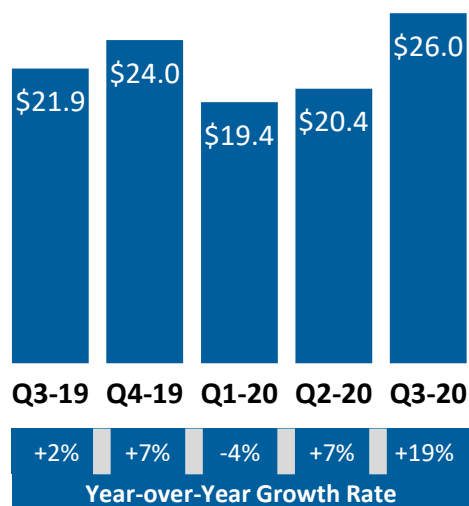
Quarterly Financial Performance



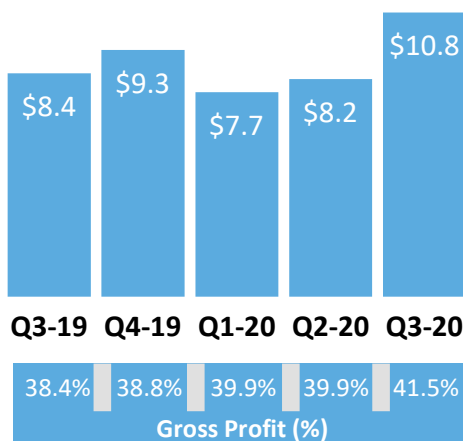
Note: Dollar figures in millions

Quarterly Financial Performance

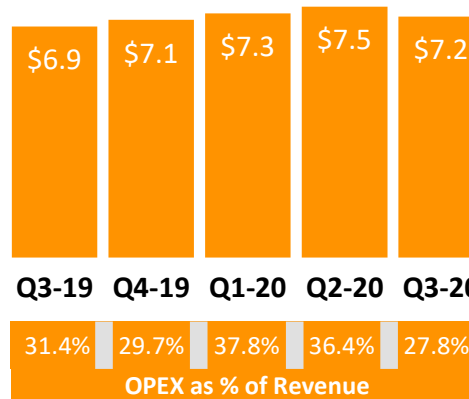
Revenue



Gross Profit

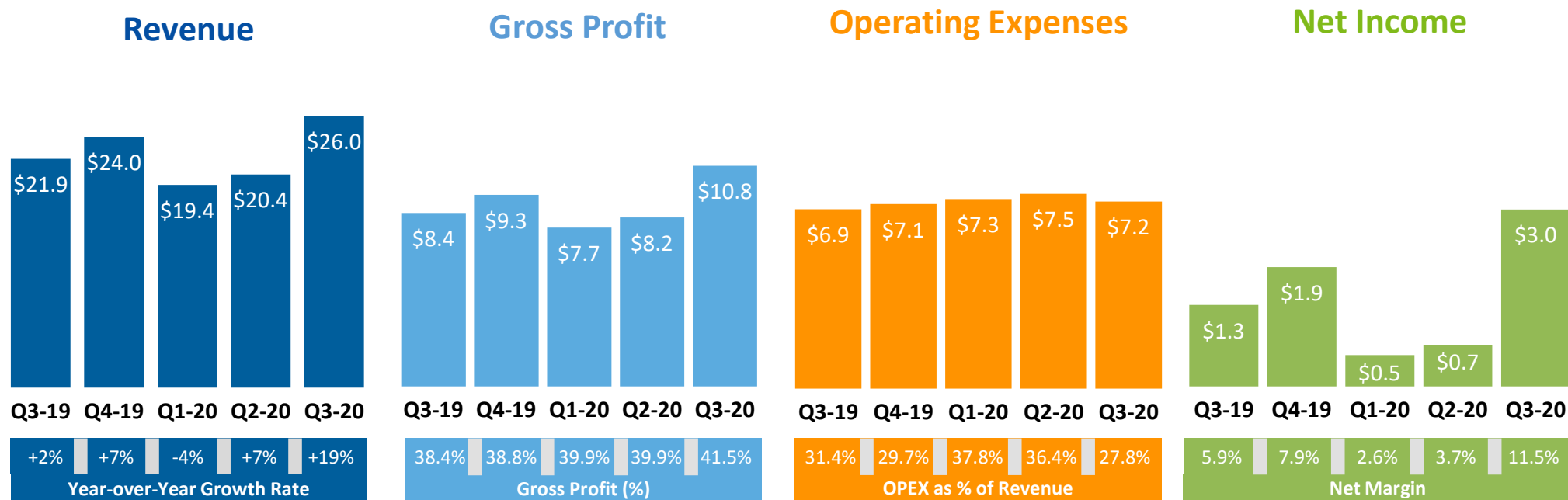


Operating Expenses



Note: Dollar figures in millions

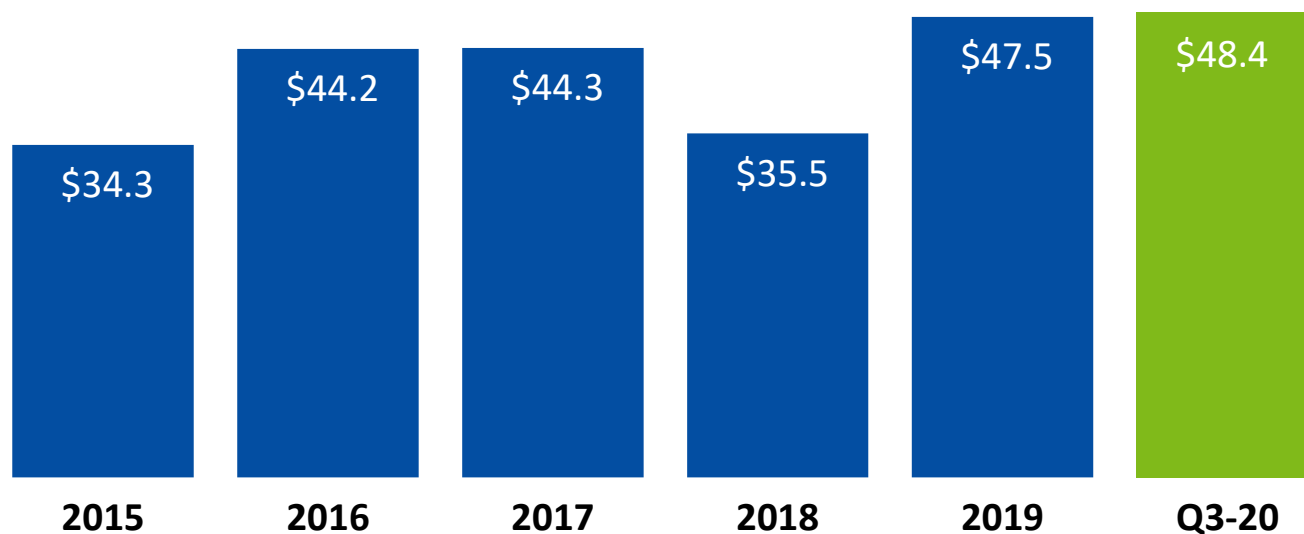
Quarterly Financial Performance



Note: Dollar figures in millions

Strong Balance Sheet Supports Profitable Growth

Cash and Investment Balances



\$ in Millions as of September 30, except for Q3-20

- \$48.4 million in cash and cash investment balances

COVID-19 Operational Update

- Critical manufacturer status
- Operating at normal capacity while adhering to state and federal government social distancing guidelines
- Majority of supply chain remains operational
- Placed significant stocking orders on component level inventory to meet customer needs

Clearfield's 'Coming of Age' Plan



Expanding Core Community Broadband Business

Attracting utilities, co-ops and CLECs as they enter underserved communities, maintaining a steady growth rate



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Enhancing Competitive Position and Operational Effectiveness

Investing in products, manufacturing and supply chain to increase competitiveness and maintain and reduce costs



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Capitalizing on Disruptive Growth Opportunities Within National Wireline and Wireless Markets

Leveraging customer relationships and application knowledge to capture opportunities related to 5G, NG-PON, and edge computing initiatives



Key Takeaways



Proven business model and management execution

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Twelve-year history of **profitability** and **positive free cash flow**



Strong competitive position in a rapidly growing multi-billion dollar fiber optics industry, especially with the roll-out of 5G & NG-PON2 technologies



Enhanced management team and **expansion** of total addressable market



Healthy balance sheet: \$48.4M in cash and investments



Cheri Beranek
PRESIDENT & CEO



Dan Herzog
CHIEF FINANCIAL
OFFICER

Q&A



Cheri Beranek
PRESIDENT & CEO



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