



CLEARFIELD

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

Fiscal Q1 2021 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, the impact of the CARES Act or other government programs on the demand for the Company’s products or timing of customer orders, 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 ended September 30, 2020 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.

© Copyright 2021 Clearfield, Inc. All Rights Reserved.



Cheri Beranek
PRESIDENT & CEO



FQ1 2021 Highlights

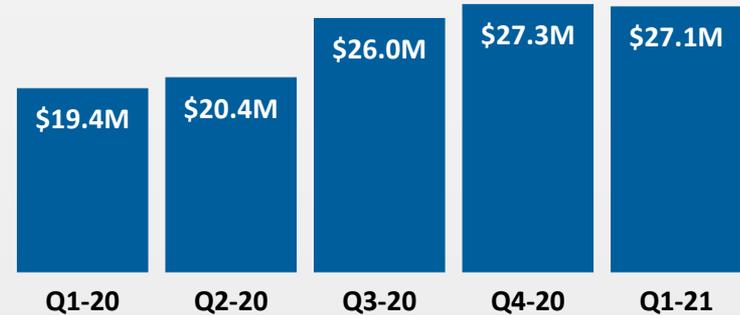
Financial:

- **Revenue** of \$27.1M, up 40% y/o/y
- **Gross profit** up 47% to \$11.4M (42% of revenue)
- **Net income** of \$3.2M or \$0.23 per diluted share
- **Order backlog** increased 55% to \$8.9M
- **Cash and investments:** \$54.4M

Operational:

- Received national approval by a national MSO for [288 Pre-Assigned FDH PON Cabinet](#) and Node OLT Assemblies
- Achieved Telcordia Certification of [Aerial \(Strand-mount\) FDH](#)
- Received approval by a national carrier of the Aerial FDH for use in their networks
- Secured near million-dollar order for [Home Deployment Kits](#) by an electric Co-op within Community Broadband market

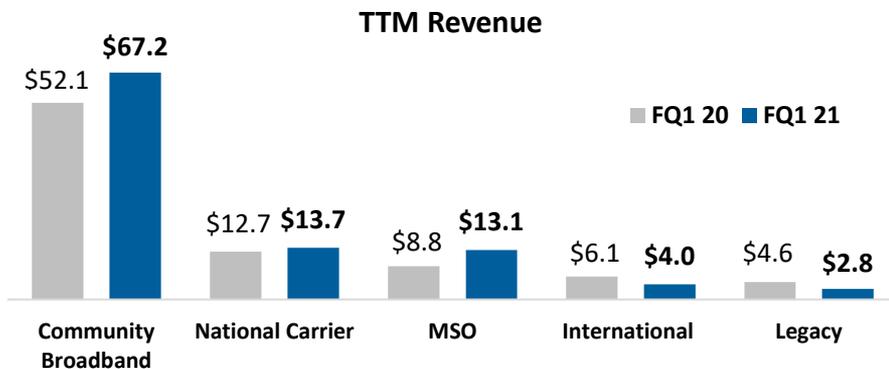
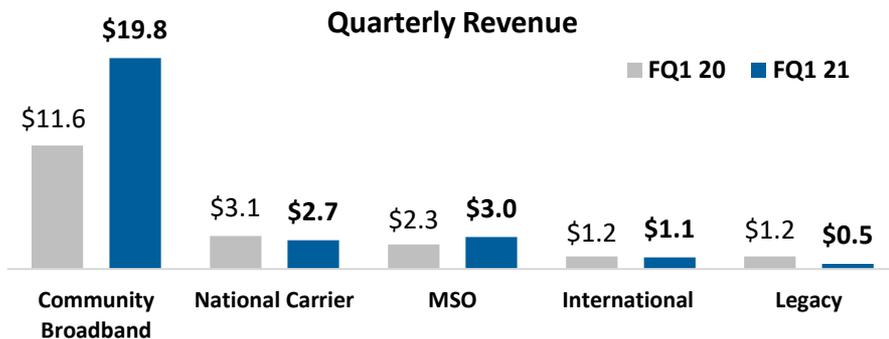
Quarterly Revenue



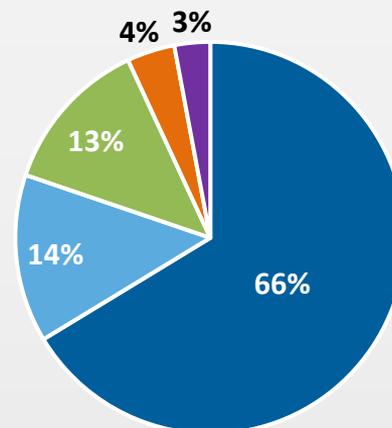
Trailing-Twelve Month (TTM) Revenue



FQ1 & TTM Revenue Comparison by Market



TTM Revenue Composition Ended 12/31/20¹



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)

Legacy (Legacy contract manufacturing and misc. sales)

All dollar figures in millions

1) Based on revenue of \$100.8 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

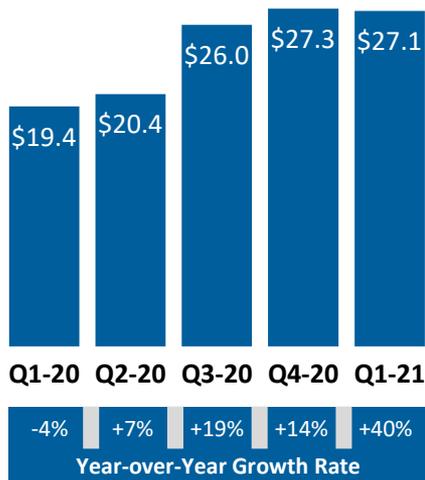
Revenue



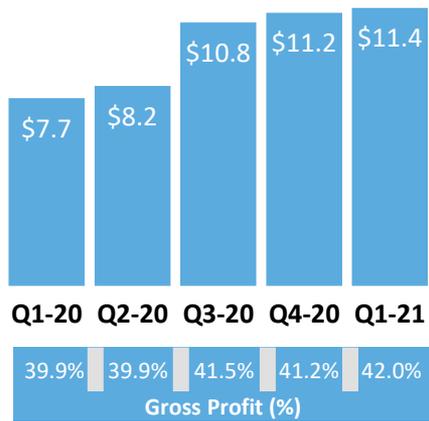
Note: Dollar figures in millions

Quarterly Financial Performance

Revenue



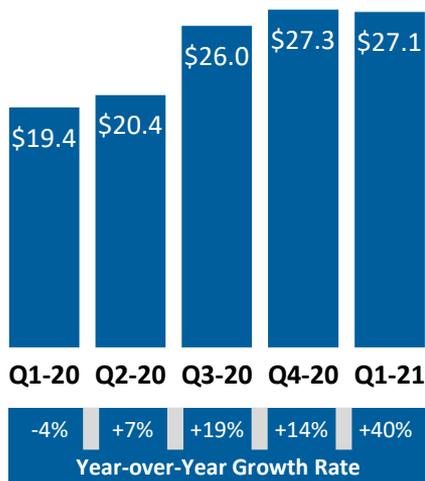
Gross Profit



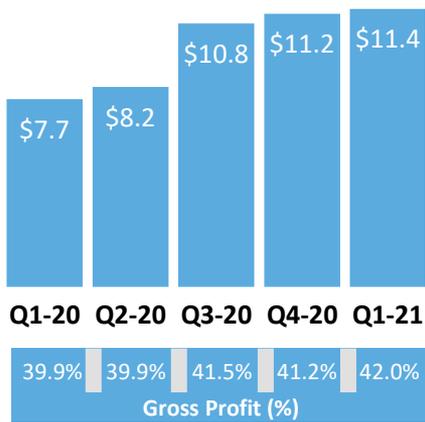
Note: Dollar figures in millions

Quarterly Financial Performance

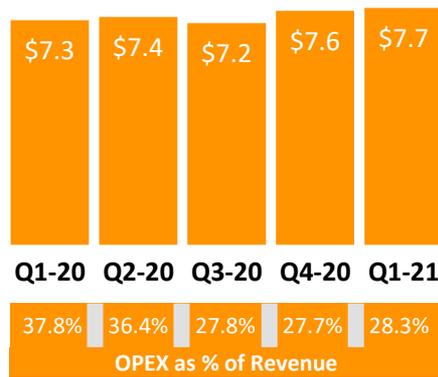
Revenue



Gross Profit



Operating Expenses



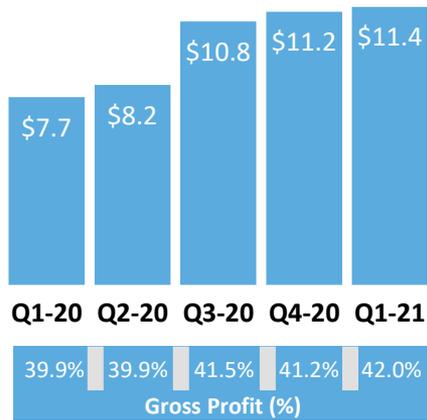
Note: Dollar figures in millions

Quarterly Financial Performance

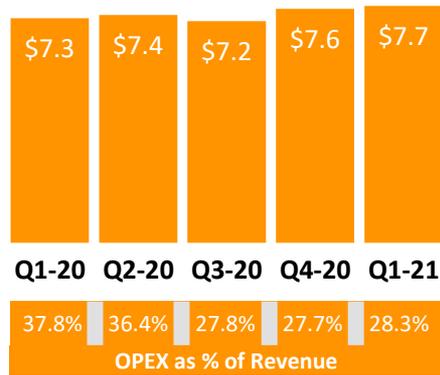
Revenue



Gross Profit



Operating Expenses



Net Income



Note: Dollar figures in millions

COVID-19 Operational Update

- Critical manufacturer status
- Operating at normal capacity while adhering to state and federal government social distancing guidelines and enhanced safety measures for on-site production personnel
- Majority of supply chain remains operational
- Established higher minimum stocking levels on component level inventory to ensure customer needs are met

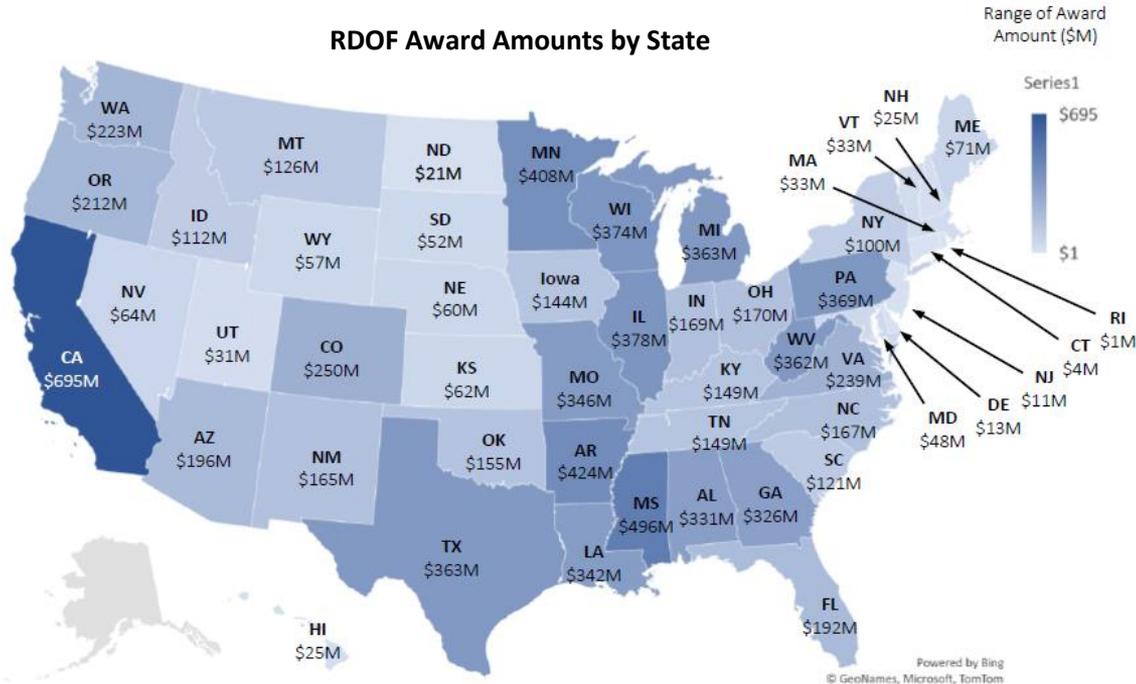
Clearfield 'Comes of Age' Plan



Building a Better Broadband – One Community at a Time

- Clearfield's relationship and brand awareness within Community Broadband is its greatest asset
- Attracting utilities, co-ops and CLECs as they enter unserved and underserved communities

Rural Digital Opportunity Fund (RDOF) Awards \$9.2B for Unserved Markets



Largest RDOF Phase 1 awards went to California, Mississippi and Arkansas

Key Points:

- \$9.2B over 10 years (out of total potential funding of \$16B)
- Recipients of Phase 1 claim that 1Gbps/500Mbps service to be delivered to 85% of 5.2M sites
- \$7.8B to be awarded in Phase 2 for Underserved

Latest COVID-19 Relief Plan:

- Includes \$10B for Broadband Funding
- \$7B for broadband and network infrastructure initiatives
- \$3.2B for emergency help with monthly bills for service.

Source: https://auctiondata.fcc.gov/public/projects/auction904/reports/winning_bidders as of 12/17/20

Clearfield Has ‘Come of Age’ Plan



Building a Better Broadband – One Community at a Time

- Clearfield’s relationship and brand awareness within Community Broadband is its greatest asset
- Attracting utilities, co-ops and CLECs as they enter unserved and underserved communities



Delivering Innovation for True “One-Fiber” Deployment

- Leveraging Community Broadband for One-Fiber Backhaul
- Removing obstacles for the integration of wireline and wireless networks
- Bringing fiber management expertise to 5G, NG-PON, and edge computing

Clearfield ‘Comes of Age’ Plan



Building a Better Broadband – One Community at a Time

- Clearfield’s relationship and brand awareness within Community Broadband is its greatest asset
- Attracting utilities, co-ops and CLECs as they enter unserved and underserved communities



Delivering Innovation for True “One-Fiber” Deployment

- Leveraging Community Broadband for One-Fiber Backhaul
- Removing obstacles for the integration of wireline and wireless networks
- Bringing fiber management expertise to 5G, NG-PON, and edge computing



Scaling Operational Excellence for a Superior Customer Experience

- Investing in products, manufacturing and supply chain to increase competitiveness and reduce costs
- Building upon Asian partnerships for faster product innovation and cost reduction programs

Key Takeaways



Proven business model
and management
execution

13

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 and
NG-PON2 technologies



Enhanced management
team and expansion of
total addressable market



Healthy balance sheet:
\$54.4M in cash and
investments



Cheri Beranek
PRESIDENT & CEO



Dan Herzog
CHIEF FINANCIAL
OFFICER

Q&A



Enabling the Lifestyle that Better Broadband Provides



Contact Us

COMPANY CONTACT:

Cheri Beranek
President & CEO
Clearfield, Inc.
IR@clfd.net

INVESTOR RELATIONS:

Matt Glover and Tom Colton
Gateway Investor Relations
(949) 574-3860
CLFD@gatewayir.com