

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): November 2, 2021

CLEARFIELD, INC.

(Exact name of registrant as specified in its charter)

Minnesota
(State or Other Jurisdiction of Incorporation)

000-16106
(Commission File Number)

41-1347235
(I.R.S. Employer Identification No.)

7050 Winnetka Avenue North, Suite 100
Brooklyn Park, Minnesota 55428
(Address of Principal Executive Offices) (Zip Code)

(763) 476-6866
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	CLFD	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Items under Sections 1, 3, 4, and 6 through 8 are not applicable and therefore omitted.

Item 2.02. Results of Operations and Financial Condition.

On November 4, 2021, Clearfield, Inc. (the “Company”) issued a press release announcing the results of its fourth quarter and fiscal year ended September 30, 2021. A copy of that press release is furnished hereto as Exhibit 99.1 and is hereby incorporated by reference. Also furnished hereto as Exhibit 99.2 is the slide presentation used by Cheryl Beranek, the Company’s President and Chief Executive Officer, and Daniel Herzog, the Company’s Chief Financial Officer, during the live webcast of a telephone conference relating to the fourth quarter and fiscal year ended September 30, 2021 results.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

FY 2021 Cash Bonus Program

On December 10, 2020, the Board of Directors of the Company approved a cash bonus program for fiscal year 2021 for company employees (the “2021 Bonus Program”) that was recommended by the Company’s Compensation Committee. The current executive officers (the “Executives”) that participated in the 2021 Bonus Program are: Cheryl Beranek, Chief Executive Officer; John Hill, Chief Operating Officer; and Daniel Herzog, Chief Financial Officer.

Under the 2021 Bonus Program, the Compensation Committee determined three performance goals relating to the Company’s revenue for fiscal year 2021, as well as the cash bonus that each Executive could earn as a percentage of her or his base salary for achievement of each of the three performance goals. Additionally, under the 2021 Bonus Program, the Compensation Committee determined that for the purpose of determining revenue achievement above the first level of revenue performance, the achievement of gross profit percentage in excess of a minimum amount set by the Compensation Committee would increase the revenue deemed achieved by the Company for fiscal year 2021 based on a formula.

On November 2, 2021, the Compensation Committee determined that the Company’s 2021 revenue resulted in achievement exceeding the highest revenue performance goal determined by the Compensation Committee and the gross profit percentage also exceeded the minimum amount set by the Compensation Committee. On November 2, 2021, the Compensation Committee approved payouts to the Executives under the 2021 Bonus Program of 255.0% of the base salary of Ms. Beranek and Mr. Hill, or \$922,000 for each, and 127.0% of the base salary for Mr. Herzog, or \$306,000.

FY 2022 Base Salaries

On November 2, 2021, the Board of Directors of Company approved, based on the recommendation of the Compensation Committee, increases in the annual base salaries of the Executives for fiscal year 2022 to the following amounts: Cheryl Beranek, Chief Executive Officer, \$374,414, or a 3.5% increase; John Hill, Chief Operating Officer, \$374,414, or a 3.5% increase; and Daniel Herzog, Chief Financial Officer, \$248,433, or a 3.5% increase.

Item 9.01. Financial Statements and Exhibits.

The following exhibits are being furnished herewith:

99.1	Press release dated November 4, 2021
99.2	Presentation for November 4, 2021 Live Webcast of Telephone Conference
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CLEARFIELD, INC.

Date: November 4, 2021

By: /s/ Cheryl Beranek
Cheryl Beranek
Chief Executive Officer

Clearfield Reports Record Fiscal Fourth Quarter and Full Year 2021 Results

- *Company Achieves Record Annual Net Sales of \$140.8 Million, Driven by 66% Year-over-Year Growth in Community Broadband Revenue*
- *Revenue for the year grew 51% to \$140.8 Million. Backlog Increased 522% to \$66.4 Million at Year End compared to \$10.7 Million at End of Fiscal 2020*
- *Continued Execution on Operational Effectiveness Initiatives and Favorable Product Mix Produces 43.6% Quarterly Gross Profit Margin and Quarterly Record Gross Profit Dollars*
- *Fiscal 2021 Net Income Totaled \$20.3 Million, or \$1.47 per diluted share, an Improvement of 179% from \$7.3 Million, or \$0.53 per diluted share, in Fiscal 2020*
- *Company Increases FY22 Net Sales Guidance to \$162 Million to \$169 Million, Representing Growth of 15% to 20% Compared to Fiscal 2021 Net Sales*

MINNEAPOLIS, Nov. 04, 2021 (GLOBE NEWSWIRE) -- **Clearfield, Inc. (NASDAQ: CLFD)**, the specialist in fiber management and connectivity platforms for communication service providers, reported results for the fiscal fourth quarter and fiscal year ended September 30, 2021.

Fiscal Q4 2021 Financial Summary

(in millions except per share data and percentages)

	Q4 2021	vs. Q4 2020	Change	Change (%)
Net Sales	\$ 45.2	\$ 27.3	\$ 17.9	66%
Gross Profit (\$)	\$ 19.7	\$ 11.2	\$ 8.5	75%
Gross Profit (%)	43.6%	41.2%	2.5%	6%
Income from Operations	\$ 9.4	\$ 3.7	\$ 5.7	155%
Income Tax Expense	\$ 2.1	\$ 0.8	\$ 1.3	162%
Net Income	\$ 7.4	\$ 3.0	\$ 4.4	144%
Net Income per Diluted Share	\$ 0.53	\$ 0.22	\$ 0.31	141%

Fiscal 2021 Financial Summary

(in millions except per share data and percentages)

	2021	vs. 2020	Change	Change (%)
Net Sales	\$ 140.8	\$ 93.1	\$ 47.7	51%
Gross Profit (\$)	\$ 61.2	\$ 37.9	\$ 23.3	61%
Gross Profit (%)	43.5%	40.7%	2.7%	7%
Income from Operations	\$ 25.2	\$ 8.4	\$ 16.9	201%
Income Tax Expense	\$ 5.4	\$ 1.9	\$ 3.5	190%
Net Income	\$ 20.3	\$ 7.3	\$ 13.0	179%
Net Income per Diluted Share	\$ 1.47	\$ 0.53	\$ 0.94	177%

Management Commentary

“Clearfield delivered record-setting financial performance in the fourth quarter and for the full fiscal year 2021 in a market that is changing dramatically,” said Company President and CEO Cheri Beranek. “We are in the middle of a historic investment cycle. Due to our consistent focus on customer service, quality product, and our ability to nimbly respond to customers’ changing needs, Clearfield has built an advantageous position in the broadband market and continues to benefit from the rising demand for fiber.”

“Our record topline results in fiscal Q4 2021 were driven by solid contributions across our core markets, including 90% growth in our MSO (Multiple System Operators or Cable TV) revenue and 64% growth in our Community Broadband revenue. We anticipate the momentum will continue into FY 2022 Q1 in that order backlog (defined as purchase orders received but not yet fulfilled) as of September 30, 2021, increased 65% to \$66.4 million from \$40.3 million at June 30, 2021 and increased 522% from \$10.7 million as of September 30, 2020. Moreover, this backlog is composed of nearly 200 customers, including several distributors representing additional customers, with a quarter of these customers having a backlog of \$100,000 or more. The demand for our product is broad.”

“We continue to make strong progress on the three pillars of our ‘Now of Age’ plan, our multi-year strategic plan that will establish Clearfield as the platform of choice for fiber management and connectivity. Over the course of fiscal year 2021, we were able to deliver significant

growth with our current facilities and are prepared to triple our footprint early next quarter following the investment in our Mexican plant. We are committed to scaling our operations to meet the expected demand of the future.”

“Furthermore, in response to changing customer needs in this market, we are evolving from being a rapid response supplier to a trusted provider focused on meeting our customers’ longer-term planning to address customers with larger scale deployments. This change enables us to provide material that our customers need to meet their short- and long-term deployment schedules. We have always been focused on delivering stellar customer service and best-in-class, craft-friendly product. We believe that these core competencies, when combined with our agility and consistent drive for operational improvements, provide us a competitive advantage in this new market dynamic.”

“We remain very optimistic about Clearfield’s growth potential. Demand for high-speed broadband, especially fiber-led broadband, continues to be very strong. We anticipate additional funding from government programs like the Rural Digital Opportunity Fund (RDOF) and the infrastructure package being discussed in Congress will enhance current market tailwinds. From the beginning, Clearfield’s culture was built for this kind of opportunity, and we are delivering on our value proposition to an increasingly long list of customers. With the overall market strength and current visibility we have into our backlog, we believe we can deliver projected annual net sales of \$162 million to \$169 million in fiscal year 2022, representing growth of 15-20% over fiscal year 2021 revenues.”

Fiscal Fourth Quarter 2021 Financial Results

Net sales for the fourth quarter of fiscal 2021 increased 66% to \$45.2 million from \$27.3 million in the same year-ago quarter. The increase in net sales was due to higher sales across all markets, led by the Company’s Community Broadband, MSO and International markets.

As of September 30, 2021, order backlog (defined as purchase orders received but not yet fulfilled) was \$66.4 million, an increase of 65% compared to \$40.3 million at June 30, 2021 and an increase of 522% from \$10.7 million at September 30, 2020.

Gross profit for the fourth quarter of fiscal 2021 increased 75% to \$19.7 million (or 43.6% of net sales), from \$11.2 million (or 41.2% of net sales), in the fourth quarter of fiscal 2020. The increase in gross profit margin was due to a favorable product mix associated with higher net sales in the Company’s Community Broadband markets and increased production at its Mexico plants as well as manufacturing efficiencies realized with increased sales volumes.

Operating expenses for the fourth quarter of fiscal 2021 totaled \$10.4 million, which compares to \$7.6 million in the same year-ago quarter. The increase in operating expenses consisted primarily of higher compensation costs due to increased personnel and higher performance-based compensation as well as increased travel expenses.

Income from operations increased 155% to \$9.4 million for the fourth quarter of fiscal 2021 from \$3.7 million in the same year-ago quarter.

Income tax expense increased 162% to \$2.1 million for the fourth quarter of fiscal 2021 from \$786,000 in the same year-ago quarter due to higher taxable income.

Net income for the fourth quarter of fiscal 2021 totaled \$7.4 million, or \$0.53 per diluted share, compared to \$3.0 million, or \$0.22 per diluted share, in the same year-ago quarter.

Fiscal Year 2021 Financial Results

Net sales for fiscal 2021 increased 51% to \$140.8 million from \$93.1 million in fiscal 2020. The increase in net sales was primarily due to higher sales in the Company’s Community Broadband, MSO and International markets, partially offset by decreases in the Company’s National Carrier and Legacy markets.

Gross profit for fiscal 2021 was \$61.2 million (or 43.5% of net sales), an increase of 61% from \$37.9 million (or 40.7% of net sales) in fiscal 2020. The increase in gross profit margin for the year was due to a favorable product mix associated with higher net sales in the Company’s Community Broadband markets and cost reduction efforts across the Company’s product lines including increased production at its Mexico plants, as well as manufacturing efficiencies realized with increased sales volumes.

Operating expenses for fiscal 2021 increased 22% to \$35.9 million from \$29.5 million in fiscal 2020. The increase in operating expenses consisted primarily of higher compensation costs due to increased personnel and higher performance-based compensation as well as higher stock compensation expense.

Income from operations for fiscal 2021 totaled \$25.2 million compared to \$8.4 million in fiscal 2020.

Income tax expense for fiscal 2021 was \$5.4 million, an increase from \$1.9 million in fiscal 2020, driven by due to higher taxable income.

Net income for fiscal 2021 totaled \$20.3 million, or \$1.47 per diluted share, an improvement from \$7.3 million, or \$0.53 per diluted share, in fiscal 2020.

As of September 30, 2021, cash, cash equivalents and investments totaled \$60.5 million, up from \$52.2 million at September 30, 2020.

Conference Call

Clearfield management will hold a conference call today, November 4, 2021 at 5:00 p.m. Eastern Standard Time (4:00 p.m. Central Standard Time) to discuss these results and provide an update on business conditions.

Clearfield’s President and CEO Cheri Beranek and CFO 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: 10161010

The conference call will be webcast live and available for replay here: https://viaid.webcasts.com/starthere.jsp?ei=1503634&tp_key=eac254e0a6

Please call the conference telephone number 10 minutes prior to the start time. An operator will register your name and organization. If you have any difficulty connecting with the conference call, please contact Gateway Investor Relations at 1-949-574-3860.

A replay of the call will be available after 8:00 p.m. Eastern time on the same day through November 18, 2021.

U.S. replay dial-in: 1-844-512-2921
International replay dial-in: 1-412-317-6671
Replay ID: 10161010

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, data center and military 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 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 Company’s future revenue and operating performance, anticipated shipping on backlog and future lead times, future availability of components and materials from the Company’s supply chain, 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 add capacity to meet expected future demand, 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; we rely on single-source suppliers, which could cause delays, increase costs or prevent us from completing customer orders; fluctuations in product and labor costs which may not be able to be passed on to customers that could decrease margins; we depend on the availability of sufficient supply of certain materials, such as fiber optic cable and resins for plastics, 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; 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; 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; 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; changes in 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; if the telecommunications market does not expand as we expect, our business may not grow as fast as we expect; 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, 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.

Investor Relations Contact:

Matt Glover and Sophie Pearson

Gateway Group, Inc.
1-949-574-3860
CLFD@gatewayir.com

CLEARFIELD, INC. STATEMENTS OF EARNINGS

(Unaudited)		Year Ended	
Three Months Ended		September 30,	
September 30,			
2021	2020	2021	2020

Revenues	\$ 45,235,962	\$ 27,317,969	\$ 140,755,399	\$ 93,074,514
Cost of sales	<u>25,506,676</u>	<u>16,072,909</u>	<u>79,577,506</u>	<u>55,160,316</u>
Gross profit	19,729,286	11,245,060	61,177,893	37,914,198
Operating expenses				
Selling, general and administrative	<u>10,362,218</u>	<u>7,565,160</u>	<u>35,943,752</u>	<u>29,530,198</u>
Income from operations	9,367,068	3,679,900	25,234,141	8,384,000
Interest income	<u>121,857</u>	<u>155,427</u>	<u>500,120</u>	<u>770,950</u>
Income before income taxes	9,488,925	3,835,327	25,734,261	9,154,950
Income tax expense	<u>2,062,881</u>	<u>785,884</u>	<u>5,406,881</u>	<u>1,861,884</u>
Net income	<u>\$ 7,426,044</u>	<u>\$ 3,049,443</u>	<u>\$ 20,327,380</u>	<u>\$ 7,293,066</u>
Net income per share:				
Basic	<u>\$ 0.54</u>	<u>\$ 0.22</u>	<u>\$ 1.48</u>	<u>\$ 0.53</u>
Diluted	<u>\$ 0.53</u>	<u>\$ 0.22</u>	<u>\$ 1.47</u>	<u>\$ 0.53</u>
Weighted average shares outstanding:				
Basic	<u>13,738,160</u>	<u>13,650,316</u>	<u>13,720,699</u>	<u>13,643,355</u>
Diluted	<u>13,859,030</u>	<u>13,650,316</u>	<u>13,784,293</u>	<u>13,643,355</u>

CLEARFIELD, INC.
BALANCE SHEETS

	September 30, 2021	September 30, 2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 13,216,281	\$ 16,449,636
Short-term investments	10,373,831	10,582,527
Accounts receivable, net	19,437,879	10,496,672
Inventories, net	27,524,311	14,408,538
Other current assets	<u>953,945</u>	<u>585,436</u>
Total current assets	71,506,247	52,522,809
Property, plant and equipment, net	4,997,658	4,952,819
Other Assets		
Long-term investments	36,912,777	25,143,000
Goodwill	4,708,511	4,708,511
Intangible assets, net	4,696,151	4,986,216
Right of use lease assets	2,305,413	2,539,100
Deferred tax asset	365,467	178,118
Other	<u>418,976</u>	<u>266,857</u>
Total other assets	49,407,295	37,821,802
Total Assets	<u>\$ 125,911,200</u>	<u>\$ 95,297,430</u>
Liabilities and Shareholders' Equity		
Current Liabilities		
Current portion of lease liability	\$ 914,565	\$ 665,584
Accounts payable	9,214,782	3,689,587

Accrued compensation	8,729,293	4,856,885
Accrued expenses	1,612,833	1,202,753
Total current liabilities	<u>20,471,473</u>	<u>10,414,809</u>
Other Liabilities		
Long-term portion of lease liability	1,615,369	2,129,343
Total Liabilities	<u>22,086,842</u>	<u>12,544,152</u>
Shareholders' Equity		
Common stock	137,322	136,500
Additional paid-in capital	58,245,783	57,502,905
Retained earnings	45,441,253	25,113,873
Total Shareholders' Equity	<u>103,824,358</u>	<u>82,753,278</u>
Total Liabilities and Shareholders' Equity	<u>\$ 125,911,200</u>	<u>\$ 95,297,430</u>

CLEARFIELD, INC.
STATEMENTS OF CASH FLOWS

	Year Ended September 30, 2021	Year Ended September 30, 2020
Cash flows from operating activities		
Net income	\$ 20,327,380	\$ 7,293,066
Adjustments to reconcile net income to cash provided by (used in) operating activities:		
Depreciation and amortization	2,301,803	2,421,754
Change in allowance for doubtful accounts	209,612	-
Amortization of discount on investments	(7,326)	(64,327)
Deferred income taxes	(187,349)	(279,808)
Loss on disposal of assets	-	5,785
Stock-based compensation expense	1,280,135	773,555
Changes in operating assets and liabilities		
Accounts receivable	(9,150,819)	(1,378,033)
Inventories, net	(13,115,773)	(5,395,558)
Other assets	(531,201)	127,773
Accounts payable and accrued expenses	9,776,377	3,151,566
Net cash provided by operating activities	<u>10,902,839</u>	<u>6,655,774</u>
Cash flows from investing activities:		
Purchases of property, plant and equipment and intangible assets	(2,046,004)	(1,806,198)
Purchase of investments	(24,808,755)	(34,056,930)
Proceeds from maturities of investments	13,255,000	35,822,000
Net cash used in investing activities	<u>(13,599,759)</u>	<u>(41,128)</u>
Cash flows from financing activities		
Proceeds from issuance of common stock under employee stock purchase plan	383,697	348,776
Tax withholding and proceeds related to exercise of stock options	(458,017)	9,564
Tax withholding related to vesting of restricted stock grants	(462,115)	(176,416)
Repurchase of common stock	-	(428,654)
Net cash used in financing activities	<u>(536,435)</u>	<u>(246,730)</u>
Increase (Decrease) in cash and cash equivalents	(3,233,355)	6,367,916
Cash and cash equivalents, beginning of period	16,449,636	10,081,721
Cash and cash equivalents, end of period	<u>\$ 13,216,281</u>	<u>\$ 16,449,637</u>

Supplemental disclosures for cash flow information

Cash paid during the year for income taxes	\$ 5,504,985	\$ 1,442,079
Non-cash financing activities		
Cashless exercise of stock options	\$ 1,271,472	\$ 97,811



 **CLEARFIELD**
FieldReport

November 4, 2021

Fiscal Q4 & 2021 Earnings Call

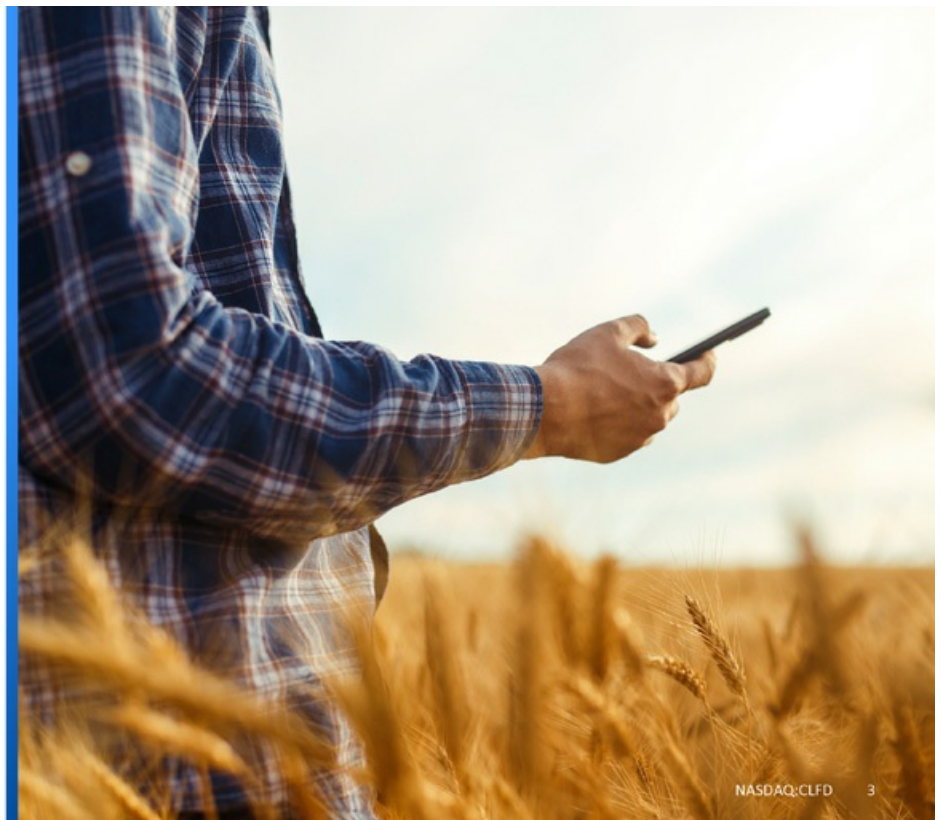
Important Cautions Regarding Forward- Looking Statements

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, anticipated shipping on backlog and future lead times, future availability of components and materials from the Company's supply chain, 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 add capacity to meet expected future demand, 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; we rely on single-source suppliers, which could cause delays, increases in costs or prevent us from completing customer orders; fluctuations in product and labor costs which may not be able to be passed on to customers that could decrease margins; we depend on the availability of sufficient supply of certain materials, such as fiber optic cable and resins for plastics, 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; 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; 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; 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; changes in 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; if the telecommunications market does not expand as we expect, our business may not grow as fast as we expect; 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, 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.

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Introduction & Highlights



NASDAQ:CLFD 3

What We Do

Clearfield provides fiber protection, fiber management and fiber delivery solutions that enable *rapid* and *cost-effective* fiber-fed deployment throughout the broadband service provider space.



NASDAQ:CLFD 4



OUR MISSION:

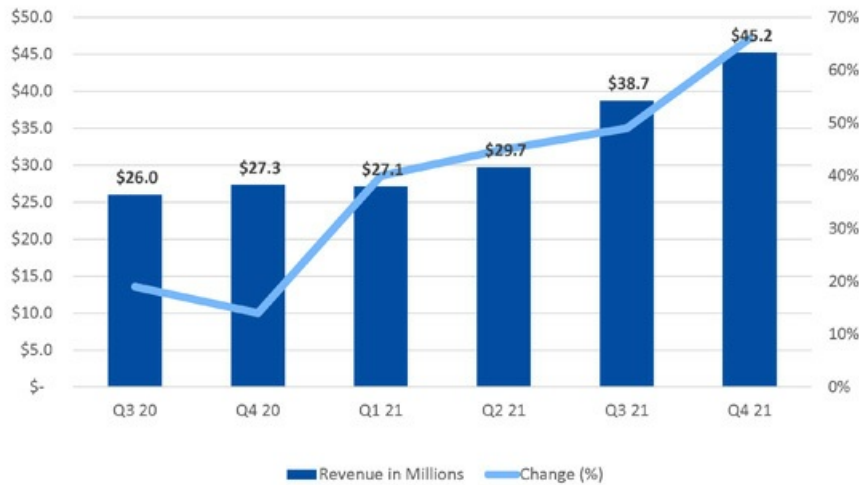
*Enabling the
Lifestyle Better
Broadband
Provides*



CLEARFIELD

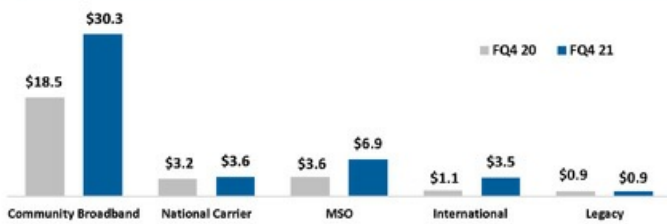
Financial
Performance

Quarterly Revenue



Q4 & FY21 Net Sales Comparison by Market

Quarterly Net Sales

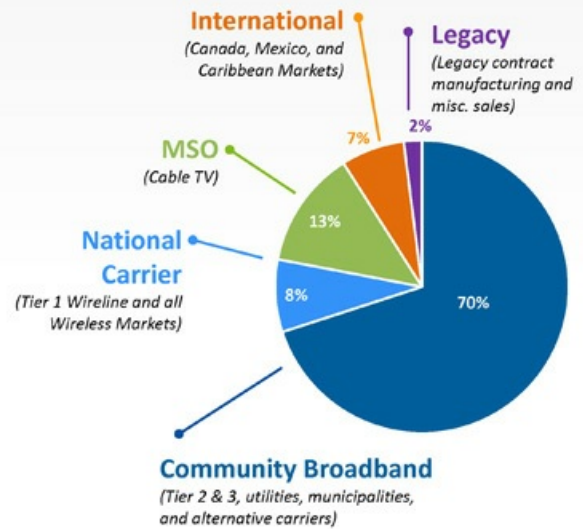


FY21 Net Sales



All dollar figures in millions
 1) Based on net sales of \$140.8 million and Point of Sales (POS) reporting from distributors who resell our product line into these markets.

FY21 Net Sales Composition Ended 9/30/21¹



FINANCIAL PERFORMANCE

Annual Revenue

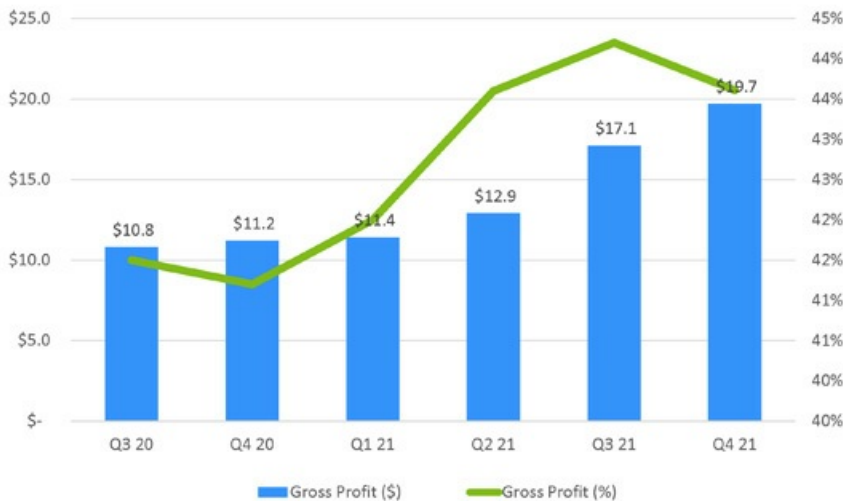


51%
FY 2021 Growth Rate

\$140.8M
FY 2021 Revenue

FINANCIAL PERFORMANCE

Quarterly Gross Profit



75%
Gross Profit increase YOY

FINANCIAL PERFORMANCE

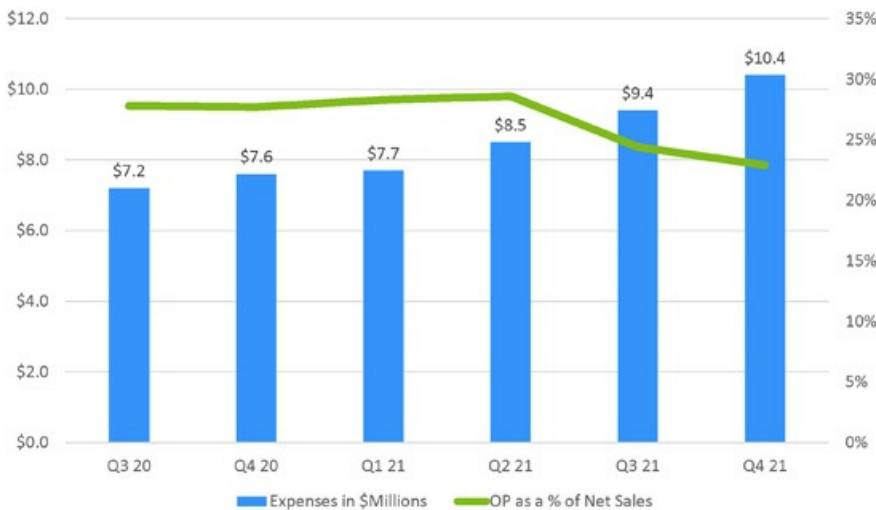
Annual Gross Profit



61%
Gross Profit increase YOY

FINANCIAL PERFORMANCE

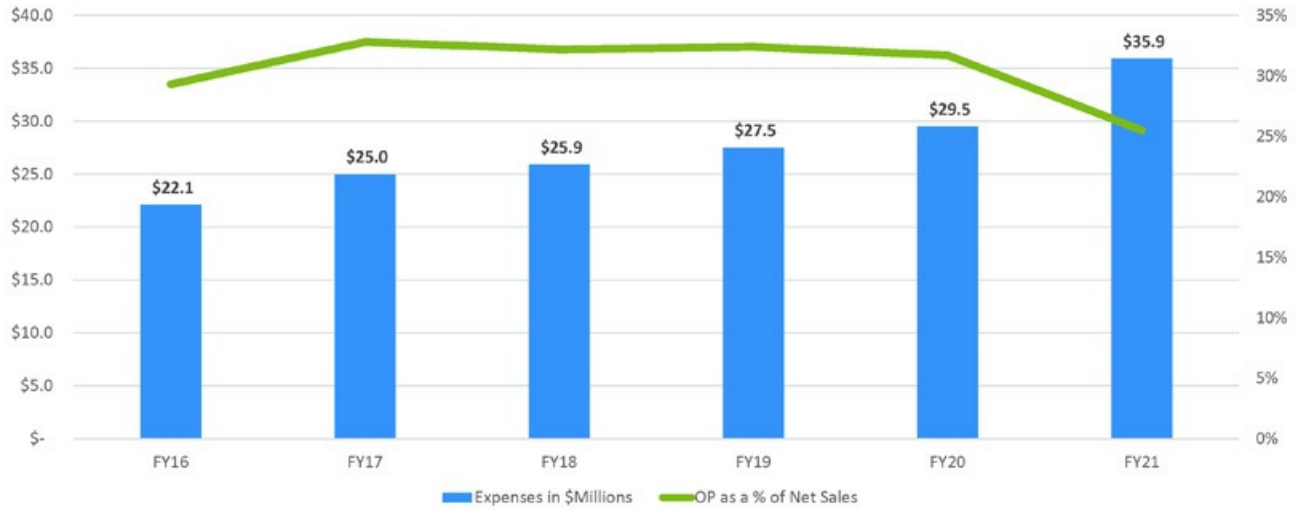
Quarterly Operating Expense



4.8%
YOY Operating Expense
as a percent of Net Sales

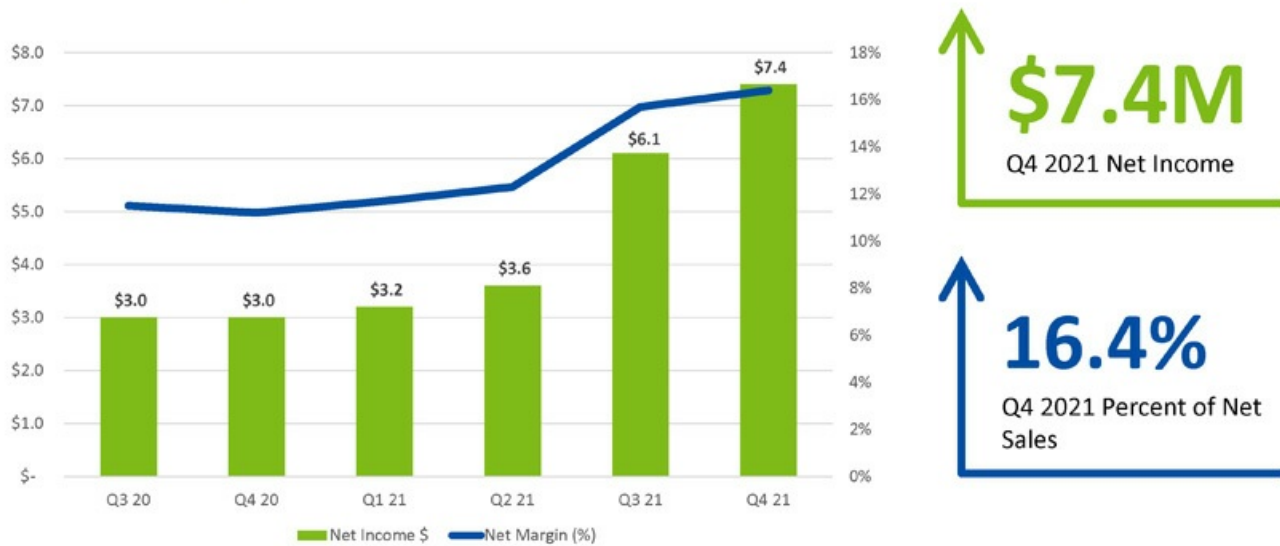
FINANCIAL PERFORMANCE

Annual Operating Expense

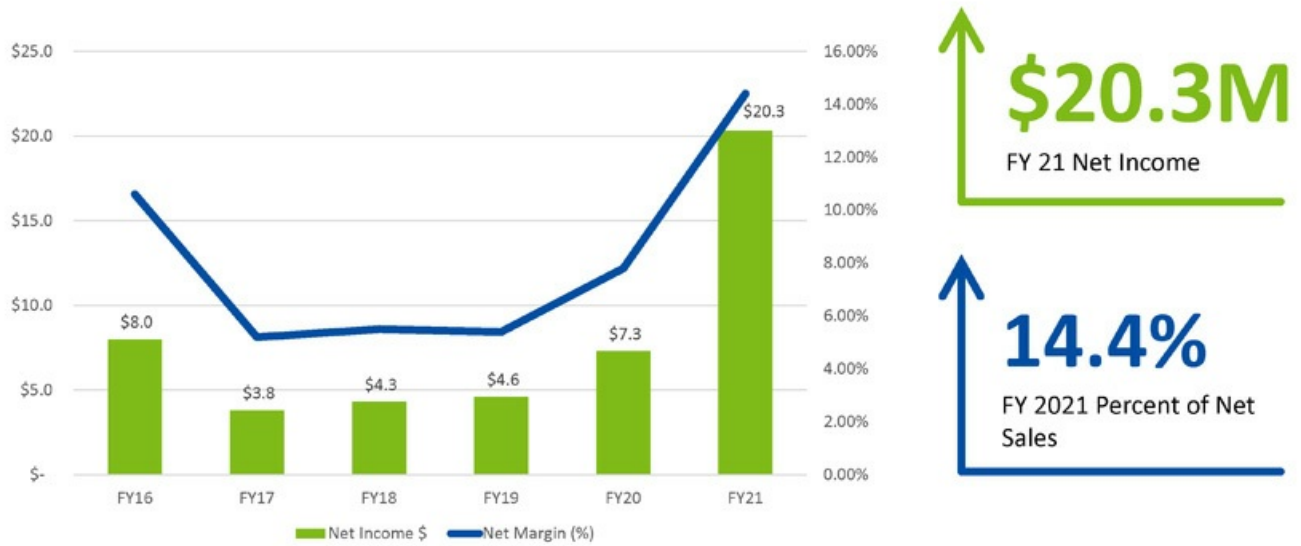


FINANCIAL PERFORMANCE

Quarterly Net Income



Annual Net Income



Business Update & Outlook



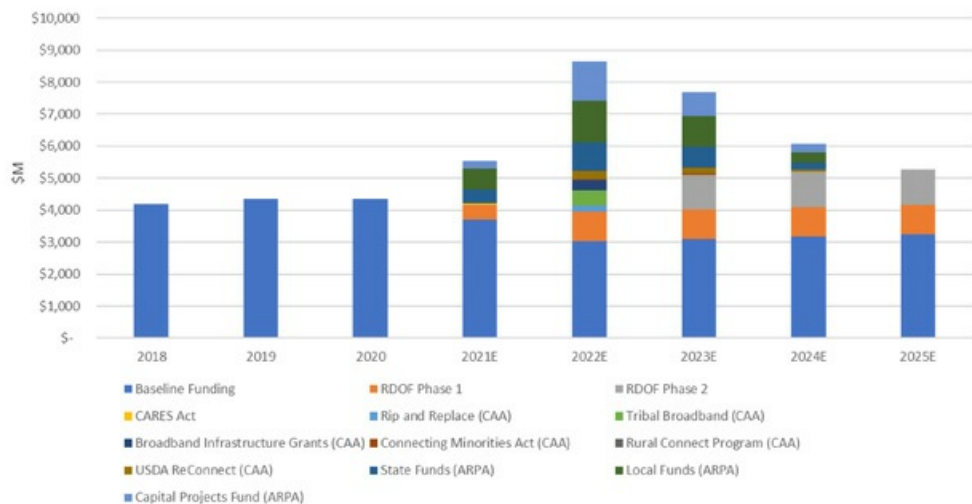
Our Value Proposition – Removing Obstacles

1. Craft-friendly – requires less skilled labor and overall labor time
2. Designed to reduce permitting and right-of-way
3. Faster turn-up time for quicker revenue per subscriber



Legislation Supporting Broadband – What's Known

Estimated Broadband Infrastructure Subsidies based on Already Passed Legislation



Clearfield “Now of Age” Plan

Accelerating our Operating Cadence

- Active investment in systems and processes to enable our agile work environment
- Speed of delivery in every part of our organization is paramount to our success

Amplifying Bold and Disruptive Growth

- 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

Augmenting Capacity for Ongoing Growth

- 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

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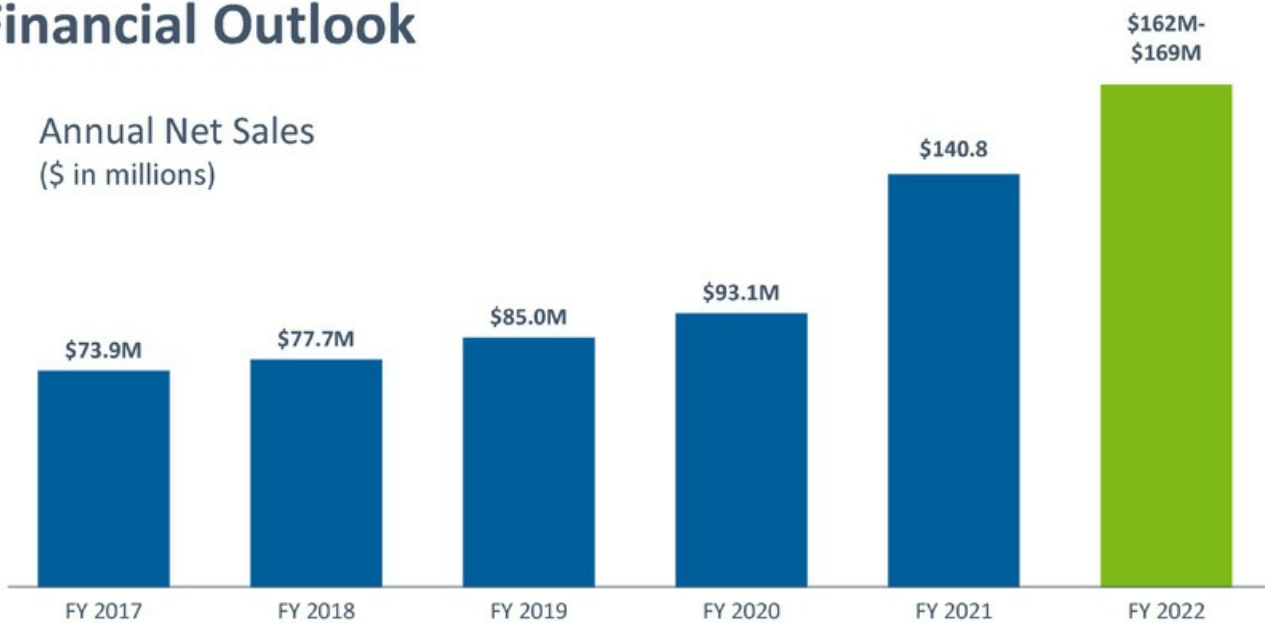
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Financial Outlook

Annual Net Sales
(\$ in millions)



Key Takeaways



Proven business model and management execution

14

Year history of **profitability** and **positive free cash flow**



Strong competitive position in a rapidly growing multi-billion-dollar fiber-fed broadband industry



Enhanced management team and expansion of total addressable market



Strong balance sheet: \$60M in cash and no debt

Q&A



Cheri Beranek
PRESIDENT & CEO



Dan Herzog
CHIEF FINANCIAL OFFICER

Contact Us

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