
**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): April 27, 2022

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

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 3 through 8 are not applicable and therefore omitted.

Item 1.01. Entry into a Material Definitive Agreement.

On April 27, 2022, Clearfield, Inc. (the “Company”) entered into a Loan Agreement with Bremer Bank, National Association (the “Lender”) (the “loan agreement”), that provides the Company with a \$40 million revolving line of credit that is secured by certain of the Company’s assets under a Security Agreement in favor of the Lender (the “security agreement”). The line of credit matures on April 27, 2025 and borrowed amounts will bear interest at a variable rate equal to the CME one-month term SOFR plus 1.85%, but not less than 1.80% per annum. As of April 27, 2022, the initial interest rate for the line of credit indebtedness is 2.50%.

The loan agreement contains customary affirmative and negative covenants and requirements relating to the Company and its operations, including a requirement that the Company maintain a debt service coverage ratio of not less than 1.20 to 1 as of the end of each fiscal year for the fiscal year then ended and that the Company maintain a debt to cash flow ratio of not greater than 2 to 1 measured as of the end of each the Company’s fiscal quarters for the trailing 12 month period.

The debt service coverage ratio is the ratio of Cash Available for Debt Service to Debt Service. Cash Available for Debt Service generally means the Company’s net income, plus the sum of (i) interest expense; plus (ii) depreciation, amortization, and other non-cash expenses; minus (iii) all dividends and distributions. Debt Service means the sum of (i) all obligations of the Company for interest on its indebtedness; plus (ii) all obligations of the Company for payment of principal on its indebtedness within such fiscal year.

For purposes of the debt to cash flow ratio covenant, Debt generally means the sum of: (i) the outstanding balance of the Company’s funded debt; plus (ii) all outstanding commitments to fund additional debt (including without limitation, the amount of the revolving note under the loan agreement that remains unfunded). For purposes of the debt to cash flow ratio covenant, Cash Flow generally means the Company’s net income plus the sum of interest expense, depreciation, taxes, and amortization and other non-cash expenses.

The security agreement also contains customary affirmative and negative covenants and requirements relating to the Company, the security interest created by the security agreement, and the Company’s assets located inside the United States.

The foregoing summaries of the loan agreement and the security agreement do not purport to be complete and are subject to and qualified in their respective entirety by reference to the loan agreement and the security agreement, which are attached hereto as Exhibit 10.1 and Exhibit 10.2, respectively, and are incorporated herein by reference.

Item 2.02. Results of Operations and Financial Condition.

On April 28, 2022, the Company issued a press release announcing the results of its second quarter of fiscal 2022 ended March 31, 2022. 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 that is part of the Company’s “FieldReport” to be 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 and telephone conference relating to the second quarter ended March 31, 2022 results held on April 28, 2022.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information as set forth under Item 1.01 of this Current Report on Form 8-K is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

Exhibit No.	Description
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<u>10.1</u>	<u>Loan Agreement dated April 27, 2022 by and between Clearfield, Inc. and Bremer Bank, National Association.</u>
<u>10.2</u>	<u>Security Agreement dated April 27, 2022 by Clearfield, Inc. in favor of Bremer Bank, National Association.</u>
<u>99.1</u>	<u>Press release of Clearfield, Inc. issued on April 28, 2022.</u>
<u>99.2</u>	<u>Presentation of Clearfield, Inc. for April 28, 2022 live webcast and telephone conference.</u>
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: April 28, 2022

By: /s/ Daniel Herzog
Daniel Herzog
Chief Financial Officer

LOAN AGREEMENT

THIS AGREEMENT, made as of April 27, 2022, by and between Clearfield, Inc., a Minnesota corporation ("Borrower") and Bremer Bank, National Association, a national banking association ("Bank").

RECITALS:

WHEREAS, the Borrower has requested an extension of credit from the Bank; and

WHEREAS, the Bank is willing to agree to provide the requested credit to the Borrower on the terms and conditions provided herein.

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties agree as follows:

1. Documents Delivered by Borrower. To induce the Bank to commit to make the requested loan and issue the Letter(s) of Credit, as hereinafter defined, and as a condition to any advance to the Borrower or the issuance of the Letter(s) of Credit, the Borrower shall, on or before the date hereof, unless otherwise noted below, deliver to Bank the following, all of which shall be in form and substance acceptable to the Bank, in the exercise of its sole discretion (the "Loan Documents"):

1.1 Note. The Borrower's Revolving Credit Promissory Note dated of even date herewith in the amount of \$40,000,000.00 payable to the Bank in the form of **Exhibit A** attached hereto ("Note").

1.2 Security Agreement. An Security Agreement and related financing statements executed by the Borrower in favor of the Bank to secure Borrower's obligations hereunder, along with applicable grant of security interest forms and related UCC Financing Statements ("Security Agreement").

1.3 Landlord's Certificates and Consents. Landlord's Certificates and Consents in form provided by the Bank and executed by the Borrower's landlord for the premises leased by Borrower in Brooklyn Park, Minnesota.

1.4 Insurance Certificates. Certificates of insurance (ACORD Form 28) evidencing a policy or policies of insurance covering the Borrower's operations and property as required by Section 4.2 of this Agreement, such policies to insure against all risks, name the Bank as loss payee on all property policies and an additional insured as to all liability policies. Such certificates shall also contain the insurer's obligation to provide the Bank with thirty (30) days prior written notice before any cancellation or termination to the coverages provided by such insurer are effective.

1.5 Certificate of Good Standing. A current Certificate of Good Standing for the Borrower issued by the office of the Minnesota Secretary of State.

1.6 Certificate of Authority. A Certificate of Authority for the Borrower in form acceptable to the Bank, along with copies of the Borrower's incorporation documents.

1.7 Financial Statements. Current financial statements for the Borrower.

1.8 Opinion of Counsel. An opinion of Borrower's counsel in form acceptable to the Bank.

1.9 Searches. Complete and current UCC and State and Federal Tax Lien Searches on the Borrower in such offices and in such jurisdictions as the Bank may require.

1.10 Compliance Agreement. A Compliance Agreement in form provided by the Bank executed by the Borrower.

1.11 Beneficial Ownership Certification. A Beneficial Ownership Certification in form provided by the Bank and completed by the Borrower.

2. Commitment of Bank.

2.1 Revolving Credit Loan. When the Borrower has submitted all documentation required by Section 1 hereof in form and substance acceptable to the Bank on or before the date specified for such delivery, and subject to the other terms and conditions hereof, the Bank shall lend to the Borrower and the Borrower may borrow from the Bank against the Note, and repay and reborrow regardless of the cumulative amount of advances against the Note, up to a maximum amount not to exceed an amount equal to \$40,000,000.00 less the Letter of Credit Obligations, as hereinafter defined ("Maximum Available Borrowings").

2.2 Borrowing Procedure. The Bank will, at the Borrower's request, make advances against the Note or issue any Letter(s) of Credit, on any banking business day upon telephonic notice from (i) any officer of the Borrower; or (ii) any person designated as the Borrower's agent by any officer of the Borrower in a writing delivered to the Bank or through the Bank's online banking system; or (iii) any person whom Bank reasonably believes to be an officer of the Borrower or such designated agent, of a request for advance to the Bank. Subject to all the other terms and conditions hereof, the Bank will promptly make the advance against the Note and deposit the proceeds in the Borrower's account maintained at the Bank.

2.3 Interest and Payments. Interest and principal shall be payable as provided in the Note.

2.4 Fees.

(a) Late Fees. If a payment is ten (10) days or more late, Borrower will be charged 5.000% of the unpaid portion of the regularly scheduled payment. The Borrower shall pay this late charge fee on demand, however, collection of the late charge fee shall not be deemed a waiver of the Bank's right to declare an Event of Default, as hereinafter defined, and exercise its rights and remedies as provided for herein.

(b) Unused Fee. Borrower agrees to pay a unused fee to Bank computed at the rate of .10% per annum computed on the average daily unused portion of the Note (that is, the face amount of the Note less the average principal balance outstanding on the Note less the Letter of Credit Obligations, as hereinafter defined). The unused fee shall be payable on the last day of March, June, September and December, with the first payment to be made on June 30, 2022.

(c) Letter of Credit Fees. On the date hereof and on each anniversary date of each of the Letters of Credit (as hereinafter defined) the Borrower shall pay to the Bank a nonrefundable Letter of Credit fee equal to one percent (1.0%) per annum of the amount available to be drawn under each of the Letters of Credit.

2.5 Maturity. All unpaid principal and all interest accrued on the Note shall be due and payable in full on April 27, 2025 ("Maturity Date").

2.6 Conditions Precedent to All Advances and the Issuance of Letter(s) of Credit. The obligation of the Bank to make any advances against the Note or issue any Letter(s) of Credit shall be subject to the further conditions precedent that on the date of such advance or the issuance of any Letter(s) of Credit, the following statements shall be true (the receipt by the Borrower of the proceeds of such advance shall be deemed to constitute a representation or warranty by the Borrower that such statements are true):

(a) The representations and warranties contained in Section 3 hereof are correct in all material respects on and as of the date of such advance as though made on or as of such date unless made as of an earlier date, in which case such representations and warranties shall be correct in all material respects as of such earlier date; and

(b) No Event of Default, as hereinafter defined, has occurred and is continuing, or would result from such advance and no event has occurred which with the giving of notice or passage of time or both would mature into an Event of Default hereunder.

2.7 Computations. Interest on the Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under the Note is computed using this method.

2.8 Letter(s) of Credit.

(a) So long as no Event of Default or event which with time or notice or both could become an Event of Default has occurred or is continuing hereunder, and subject to all other terms and conditions hereof, the Bank agrees to issue letters of credit for the account of the Borrower and for the benefit of parties acceptable to the Bank ("Letter(s) of Credit") provided the Bank shall have no obligation to issue any Letters of Credit at any time when, after giving effect to the requested Letter of Credit to be issued, (i) the Letter of Credit Obligations would exceed \$5,000,000.00; or (ii) would cause the sum of the outstanding principal balance of the Note plus the Letter of Credit Obligations to exceed the Maximum Available Borrowings.

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(b) The Borrower agrees to promptly reimburse the Bank for any and all draws on the Letter(s) of Credit. The Bank is irrevocably authorized, without notice to the Borrower, to make an automatic advance against the Note to reimburse the Bank for any draw on the Letter(s) of Credit.

(c) For the purposes of this Loan Agreement, Borrower's "Letter of Credit Obligations" at any date shall be the sum of (i) the aggregate amount available to be drawn on the Letter(s) of Credit on such date, plus (ii) the aggregate amount owed by the Borrower to the Bank on such date as a result of draws on the Letter(s) of Credit for which the Borrower have not reimbursed the Bank.

(d) The Letter(s) of Credit shall be in form acceptable to the Bank. The Borrower agrees to execute such Letter(s) of Credit applications and other documents reasonably requested by the Bank in connection with such Letter(s) of Credit.

2.9 Effect of Change in Law. The Bank's obligation to issue Letters of Credit shall terminate if future law or regulations prohibits the Bank from doing so. If, in the future, law or regulation limits the total amount of Letters of Credit that the Bank may have outstanding, the Bank's obligation hereunder shall be terminated at its option. For the purposes of this section, the Bank's obligations shall cease effective upon the date that written notice thereof is given to the Borrower pursuant hereto. If it is understood and agreed that the cessation of the Bank's obligation to issue Letters of Credit pursuant hereto shall not relieve the Borrower of its obligation to pay the fees provided for herein for the period through the termination date nor shall such cessation relieve the Bank of its obligation under the Letters of Credit outstanding hereunder at the time of termination.

2.10 Obligations Absolute. The payment of the Borrower under this Agreement to reimburse the Bank for draws under the Letter(s) of Credit shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement and the Note under all circumstances, including, without limitation, the following circumstances:

(a) any lack of validity or enforceability of the Letter(s) of Credit of any other agreement or instrument relating thereto (collectively, the "Related Documents");

(b) any amendment or waiver of or any consent to departure from all or any of the Related Documents;

(c) the existence of any claim, set-off, defense or other right which the Borrower may have at any time against any holder, beneficiary, or any transferee, of any Letter(s) of Credit (or any persons or entities for whom any such holder, beneficiary, or any such transferee may be acting) the Bank, or any other person or entity, whether in connection with this Agreement, the transactions contemplated herein or in the Related Documents, or any unrelated transaction;

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(d) any statement or any other document presented under any Letter(s) of Credit proved to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect;

(e) the termination of this Agreement, including any renewals thereof, or the maturity of the Note.

3. Representations and Warranties. The Borrower represents and warrants that:

3.1 Organization, Qualification and Authorization. The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Minnesota; has the power and authority to own its property and to carry on its business as now being conducted; and is duly qualified and licensed to do business, and is in good standing, in every jurisdiction in which the nature of the business in which it is engaged makes such qualification or licensing necessary, except for those jurisdictions where its failure to be qualified, licensed or in good standing would not have a material adverse effect on its business or property.

3.2 Validity of Obligations. The Borrower has full power, right and authority to execute and deliver this Loan Agreement and the Loan Documents to which the Borrower is a party, to obtain the credit herein provided for, and to perform and observe each and all of the matters and things provided for in the Loan Documents to which the Borrower is a party. The execution and delivery of the Loan Documents to which the Borrower is a party and the performance or observance of the terms thereof have been duly authorized by all necessary action and does not contravene or violate any provision of law or any charter or bylaw provision or any material covenant, indenture or agreement of or binding upon the Borrower, nor require the consent or approval of any governmental entity or agency thereof.

3.3 Title to Assets. The Borrower has good and marketable title to all of its material property and assets reflected in its balance sheet delivered to the Bank, subject to the encumbrances as therein detailed or disclosed on **Exhibit B** attached hereto.

3.4 Litigation. No actions, suits or proceedings are pending or, to the Borrower's knowledge, threatened in writing, against or affecting it before any court, governmental or administrative body or agency which could reasonably be expected to result in any material adverse change in the operations, business property, assets or condition (financial or otherwise) of the Borrower, or which would question the validity of this Agreement or of any action taken or to be taken by the Borrower pursuant to or in connection with this Agreement.

3.5 Subsidiaries. As of the date of this Agreement, the Borrower has no subsidiaries [corporations in which the Borrower owns or controls, directly or indirectly, more than 50% of the voting stock of such corporation ("Subsidiaries")] except those listed on **Exhibit B** attached hereto.

4. Affirmative Covenants. The Borrower covenants and agrees with Bank that so long as any amount remains unpaid on the Note, or the Bank has any obligation to advance against the Note or issue any Letter(s) of Credit, the Borrower will:

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4.1 Maintain Assets. Maintain and keep its assets, properties and equipment in good repair, working order and condition and from time to time (ordinary wear and tear excepted), and make or cause to be made all renewals, replacements and repairs necessary, in Borrower's reasonable discretion, so that at all times the Borrower's business can be operated efficiently.

4.2 Insurance. Insure and keep insured all of its property at an insurable value in accordance with the requirements listed on **Exhibit C** attached hereto.

4.3 Financial Statements. Furnish to the Bank:

(a) As soon as available, but in no event later than one hundred twenty (120) days after the end of each fiscal year, Borrower's balance sheet and income statement for the year ended, audited by a certified public accountant.

(b) As soon as available, but in no event later than forty-five (45) days of the end of each quarter, Borrower's balance sheet and profit and loss statement for the period ended.

(c) As soon as available, but in no event later than thirty (30) days of the end of each quarter, Borrower's Compliance Certificate in the form of **Exhibit D** attached hereto.

(d) Such other information as the Bank may reasonably request from time to time.

4.4 Access to Records. Permit any person designated by Bank, at Bank's expense, upon reasonable notice and during normal business hours, to visit and inspect any of its properties, books and financial records and to discuss the Borrower's affairs, finances and accounts with the Borrower, all at such reasonable times and as often as Bank may reasonably request.

4.5 Taxes, Assessments and Charges. Promptly pay over to the appropriate authorities all sums for taxes deducted and withheld from wages as well as the employer's contributions and other governmental charges imposed upon or asserted against the Borrower's income, profits, properties and rental charges or otherwise which are or might become a lien charged upon the Borrower's properties, unless the same are being contested in good faith by appropriate proceedings and adequate reserves shall have been established on the Borrower's books with respect thereto.

4.6 Notification of Changes. Promptly notify the Bank of:

(a) Any litigation threatened in writing which could reasonably be expected to materially and adversely affect the Borrower or any of its properties;

(b) The occurrence of any Event of Default under this Agreement or any event of which the Borrower has knowledge and which, with the passage of time or giving of notice or both, would constitute an Event of Default under this Agreement.

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(c) Any material adverse change in the operations, business, properties, assets or conditions, financial or otherwise, of the Borrower which could reasonably be expected to adversely and materially affect the Borrower's ability to perform its obligations under the Loan Documents.

4.7 Existence. Maintain its corporate existence and conduct the same general type of business as is now being carried on or reasonably related thereto and continue compliance with all applicable statutes, laws, rules and regulations except to the extent such noncompliance or violation would not have a material adverse effect on the Borrower's business or property.

4.8 Books and Records. Keep true and accurate books of records and accounts in accordance in all material respects with generally accepted accounting principles.

4.9 Reimbursement of Expenses. Promptly reimburse the Bank for any and all reasonable and documented out-of-pocket expenses, fees and disbursements, including out-of-pocket attorneys' fees, incurred in connection with the preparation and performance of this Agreement and the instruments and documents related thereto, and all reasonable and documented out-of-pocket expenses of collection of any loans made or to be made hereunder, including reasonable attorneys' fees.

4.10 Pension Plans. Maintain all pension, profit sharing and similar benefit plans in compliance in all material respects with the Employee Retirement Income Security Act of 1974, as amended.

4.11 Debt Service Coverage Ratio. Maintain a Debt Service Coverage Ratio of not less than 1.20 to 1 as of the end of each fiscal year for the fiscal year then ended.

For the purposes hereof,

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(a) "Debt Service Coverage Ratio" shall mean the ratio of Cash Available for Debt Service to Debt Service.

(b) "Cash Available for Debt Service" shall mean Borrower's net income, plus the sum of (i) interest expense; plus (ii) depreciation, amortization, and other non-cash expenses; minus (iii) all dividends and distributions, all determined in accordance with generally accepted accounting principles consistently applied.

(c) "Debt Service" shall mean the sum of (i) all obligations of the Borrower for interest on its indebtedness; plus (ii) all obligations of the Borrower for payment of principal on its indebtedness within such fiscal year, all determined in accordance with generally accepted accounting principles consistently applied.

4.12 Debt to Cash Flow Ratio. Maintain a Debt to Cash Flow Ratio of not greater than 2 to 1 measured as of the end of each of Borrower's fiscal quarters for the trailing twelve (12) month period.

For the purposes hereof:

(a) "Debt" means the sum of: (i) the outstanding balance of the Borrower's funded debt; plus (ii) all outstanding commitments to fund additional debt (including without limitation, the amount of the Revolving Note that remains unfunded).

(b) "Cash Flow" means Borrower's net income plus the sum of: (i) interest expense; (ii) depreciation; (iii) taxes; and (iv) amortization and other non-cash expenses, all determined in accordance with generally accepted accounting principles consistently applied.

4.13 Account. Maintain its primary Money Market and depository accounts with the Bank.

4.14 Repayment of Excess Borrowings. Promptly pay to the Bank any amounts outstanding on the Note that are in excess of the Maximum Available Borrowings.

5. Negative Covenants. The Borrower hereby covenants and agrees with the Bank that so long as any amount shall remain unpaid on the Note or so long as Bank has any obligation to make advances or to issue any Letter(s) of Credit hereunder, the Borrower will not:

5.1 Merge, Consolidate or Sell. Merge or consolidate with or into any other entity or entities or transfer, lease or sell all or substantially all of the Borrower's property and business, other than in the ordinary course of business.

5.2 Default on Other Obligations. Default upon or fail to pay any of the Borrower's other indebtedness for borrowed money or material obligations as the same mature, unless the same are being contested in good faith by appropriate proceedings and adequate reserves shall have been established with respect thereto.

5.3 Liens and Encumbrances. Create, assume, incur or suffer to exist any pledge, mortgage, assignment or other lien or encumbrance of any kind, or upon any of its property of any kind, whether now owned or hereafter acquired, or of or upon the income or profits therefrom except for (hereinafter, the "Permitted Encumbrances"):

(a) Liens for taxes, assessments and other governmental charges which are not delinquent or which are being contested in good faith by appropriate proceedings diligently conducted, against which required reserves have been set up;

(b) Liens incurred or deposits made in the ordinary course of business in connection with workmen's compensation, unemployment insurance or other similar laws or to secure the performance of statutory obligations of a like nature (exclusive of obligations for the payment of money borrowed);

(c) Liens imposed by law in connection with transactions in the ordinary course of business, such as liens of carriers, warehousemen, mechanics and materialmen for sums not yet due or being contested in good faith and by appropriate proceedings diligently conducted, against which adequate reserves have been set up;

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(d) Landlords' liens under authorized leases to which the Borrower is a party; and

(e) Zoning restrictions, licenses and minor encumbrances and irregularities in title, all of which in the aggregate do not materially detract from the value of the property involved or materially impair their use in the operation of Borrower's business; and

(f) Purchase money security interests to secure obligations to lenders (or lessors under capital leases) incurred to purchase (or lease with an option to purchase) equipment necessary to operate the Borrower's businesses; and

(g) Liens in favor of the Bank or as disclosed on **Exhibit B**; and

(h) Liens arising from judgments, decrees or attachments in circumstances which do not constitute an Event of Default under Section 6.1(e) hereof; and

(i) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of custom duties that are promptly paid on or before the date they become due; and

(j) Liens arising from precautionary UCC financing statements (or similar filings under other applicable law) regarding operating leases or consignment or bailee arrangements; and

(k) Liens of financial institutions (solely in their capacity as such) on Borrower's deposit or investment accounts arising solely by virtue of any

contractual provision relating to banker's liens, rights of set off or similar rights; and licenses and sublicenses granted by Borrower and leases and subleases (by Borrower as lessor or sublessor) to third parties in the ordinary course of business not interfering in any material respect with the business of Borrower; and

(l) Liens incurred in connection with the extension, refinancing, renewal or modification of the Indebtedness secured by Liens of the type described in clauses (a) to (k) above; provided, that any extension, renewal or replacement Lien shall be limited to the property encumbered by the existing Lien and the principal amount of the Indebtedness being extended, renewed or refinanced (as may have been reduced by any payment thereon) does not increase; and

(m) Liens that secure obligations other than the indebtedness hereunder in an aggregate amount not to exceed \$400,000.00 at any time outstanding.

5.4 Fiscal Year. Change its fiscal year.

6. Defaults.

6.1 Event of Default. Any one or more of the following events shall constitute an Event of Default:

(a) Payment. The Borrower shall fail to pay the Note upon the terms and conditions therein set forth or fail to pay any fees or expenses payable pursuant hereto and such failure shall continue unremedied for ten (10) days; or

(b) Other Covenants or Agreements Herein. The Borrower shall default in the due performance or observance of any term, covenant or agreement contained in this Agreement, the Security Agreement, or in any other documents or agreement delivered pursuant hereto or in connection herewith and such default shall continue for a period of thirty (30) days after written notice thereof shall have been given by Bank to the Borrower; or

(c) Insolvency. The Borrower shall (i) become insolvent or unable to pay its debts generally as they mature, (ii) suspend business, (iii) make a general assignment for the benefit of the creditors, (iv) admit in writing its inability to pay its debts generally as they mature, (v) file a petition in bankruptcy or a petition or answer seeking a reorganization, arrangement with creditors or other similar relief under the Federal bankruptcy laws or under any other applicable law of the United States of America or any State thereof, (vi) consent to the appointment of a trustee or receiver for the Borrower for a substantial part of its property, (vii) be adjudicated a bankrupt or an involuntary petition in bankruptcy, (viii) take any action for the purpose of effecting or consenting to any of the foregoing, or (ix) have an order, judgment or decree entered appointing, without the Borrower's knowledge for a substantial part of its property, or approving a petition filed against the Borrower seeking a reorganization, arrangement with creditors or other similar relief under the Federal bankruptcy laws or under any other applicable law of the United States of America or any State hereof, which order, judgment or decree shall not be vacated or set aside or stayed within sixty (60) days from the date of entry; or

(d) Representations and Warranties. If any representation or warranty contained in this Agreement any other document or any letter or certificate furnished or to be furnished to the Bank proves to be false in any material respect as of the date the Agreement or such documents is executed or at the time such letter or certificate is delivered to Bank; or

(e) Judgments. Judgments against the Borrower for the payment of money totaling in excess of \$400,000.00 shall be outstanding for a period of thirty (30) days without a stay of execution.

6.2 Bank's Right on Default.

(a) Upon the occurrence of an Event of Default and while it continues, Bank may, at its option and without notice: refuse to advance against the Note, accelerate amounts outstanding on the Note and demand immediate payment in full; take such other actions available under the terms of this Agreement, and the documents and agreements delivered pursuant hereto or in connection herewith or such actions as may otherwise be available in equity or at law. All remedies of the Bank shall be cumulative.

(b) In addition, upon an Event of Default or maturity of the Note, if the original Letter(s) of Credit have not been returned to the Bank without a drawing, the Bank may make demand upon the Borrower to, and forthwith upon such demand, the Borrower hereby irrevocably authorizes and directs the Bank to make an advance against the Note in the full amount of the Letter of Credit Obligations and deposit the proceeds of such advance in a non-interest bearing cash collateral account (the "Cash Collateral Account") to be maintained at the Bank an amount equal to the amount of the Letter of Credit Obligations. The Cash Collateral Account shall be in the name of the Borrower (as a cash collateral account) but under the sole dominion and control of the Bank. The Borrower hereby pledges to, and grants to the Bank a security interest in the Cash Collateral Account and all proceeds thereof, as security for the performance of the Letter of Credit Obligations and all other obligations now existing or hereafter arising of the Borrower to the Bank under this Agreement or any other Loan Document (collectively the "Obligations"). Neither the Borrower nor any person or entity claiming on behalf of or through the Borrower shall have any right to withdraw any of the funds held in the Cash Collateral Account except upon the payment of all of the Obligations of the Borrower to the Bank. The Borrower agrees that it will not (a) sell or otherwise dispose of any interest in the Cash Collateral Account or any funds held therein, or (b) create or permit to exist any lien, security interest or other charge or encumbrance upon or with respect to the Cash Collateral Account, except as provided in or contemplated by this Agreement. The Bank shall exercise reasonable care in the custody and preservation of any funds held in the Cash Collateral Account and shall be deemed to have exercised such care if such funds are accorded treatment substantially similar to that which the Bank accords its own property, it being understood that the Bank shall not have any responsibility for taking any necessary steps to preserve rights against any parties with respect any such fund. The provisions of this Section shall survive payment of the Note and termination of this Agreement.

7. Miscellaneous.

7.1 Binding Effect. The parties hereto agree that this Agreement shall be binding upon and inure to the benefit of their respective heirs, successors in interest and assigns including any holder of the Note, provided, however, that the Borrower or Bank may not assign or transfer its interest hereunder without the prior written consent of the other party (which, in the case of the Borrower, shall not be unreasonably withheld), provided that, upon the occurrence and during the continuance of an Event of Default, Borrower's consent shall not be required for the assignment or transfer of any interest by Bank; and provided further, that any assignment of all the Bank's interests hereunder and under the other Loan Documents (except for sales of participations contemplated by Section 7.2 hereof) shall not be binding upon the Borrower unless and until the Borrower has received written notice of such assignment.

7.2 Participations. The Borrower acknowledges that the Bank may sell one or more participations in the loan evidenced hereby to other financial institutions; provided, that Bank shall remain solely responsible for the performance of its obligations under this Agreement and the other Loan Documents and the Borrower shall continue to deal solely and directly with Bank in connections with Bank's rights and obligations under this Agreement and the other Loan Documents.

No party purchasing a participation from the Bank shall be a third-party beneficiary of any agreement between the Bank and its counsel to render legal services in connection with the negotiation or preparation of the documents evidencing or securing this loan or in connection with the enforcement of the Bank's remedies hereunder.

7.3 Governing Law. This Agreement and the rights and obligations of the parties hereunder and under the Note, and any other documents delivered herewith shall be construed in accordance with and governed by the laws of the State of Minnesota. The Borrower hereby consents to the jurisdiction of the courts of the State of Minnesota for any actions brought hereon or on the Note.

7.4 Notices. Any notices required or contemplated hereunder shall be effective the third business day after the placing thereof in the United States mails, certified mail and with return receipt requested, postage prepaid, and addressed as follows:

If to Borrower: Clearfield, Inc.
7050 Winnetka Avenue North, Suite 100
Brooklyn Park, Minnesota 55428
Attn: Legal Department

If to Bank: Bremer Bank, National Association
1995 Rahneliff Court
Eagan, Minnesota 55123
Attn: Laura J. Helmueller

With a copy to: Christoffel & Elliott, P.A.
1111 UBS Plaza
444 Cedar Street
St. Paul, Minnesota 55101-2129
Attn: James F. Christoffel

7.5 Offset. The Borrower hereby grants to the Bank a security interest in all accounts of the Borrower with the Bank to secure Borrower's obligations hereunder and under the Note. Upon the occurrence of an Event of Default, Bank is authorized at any time and from time to time, with contemporaneous notice to the Borrower, to set off any and all deposits, and any other indebtedness at any time held or owing by Bank, to or for the credit or the account of the Borrower, against the obligations and liabilities of the Borrower to Bank under this Agreement and the Note.

7.6 No Waivers. No failure or delay on the part of Bank in exercising any right, power or privilege hereunder and no course of dealing between the Borrower and Bank shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

7.7 Headings. The headings of various sections of this Agreement have been inserted for reference only and shall not be deemed to be a part of this Agreement.

7.8 Amendment and Waiver. Neither this Agreement nor any provision hereof may be modified, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

7.9 USA PATRIOT Act Notice. The Bank (for itself and not on behalf of any other party) hereby notifies the Borrower that, pursuant to the requirements of the USA Patriot Act, it is required to obtain, verify and record information that identifies Borrower, which information includes the name and address of Borrower and other information that will allow the Bank to identify Borrower in accordance with the USA Patriot Act.

7.10 Compliance With Anti-Terrorism, Embargo, Sanctions and Anti Money Laundering Laws. The Borrower shall (a) comply in all material respects with all laws and regulations of the Office of Foreign Assets Control ("OFAC"), the Department of the Treasury, or included in any Executive Orders, (b) not use or permit the use of the proceeds of the Note to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto, and (c) comply in all material respects with all applicable Bank Secrecy Act, USA Patriot Act, or any other Anti-Terrorism Law and regulations, as amended. Upon the Bank's written request, from time to time during the term of the Note, the Borrower shall certify in writing to the Bank that the representations, warranties and obligations made in this Section 7.10 remain true and correct and have not been breached. The Borrower shall also reimburse the Bank for any reasonable and documented out-of-pocket expense incurred by the Bank in evaluating the effect of such an event on the Property and the Bank's interest in the Property and in complying with all Requirements of Law applicable to Borrower or the Bank as the result of the existence of such an event and for any penalties or fines imposed upon Borrower or the Bank as a result thereof. The Borrower agrees to execute and deliver to the Bank, from time to time, such further documents and certifications as may be reasonably requested, necessary to Borrower to implement, enforce, investigate, and undertake the warranties, representations, covenants and promises made herein. Requirements of Law shall mean the requirements of: (a) the organizational documents of an entity, and (b) any law, regulation, ordinance, code, decree, treaty, ruling or determination of an arbitrator, court or other Governmental Agency, or any Executive Order issued by the President of the United States, in each case applicable to or binding upon such person or to which such person, any of the Property or the conduct of its business is subject including, without limitation, laws, ordinances and regulations pertaining to the zoning, occupancy, and subdivision of real property.

7.11. Counterparts. This Agreement may be signed in any number of counterparts, including electronic and facsimile counterpart signatures, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

Executed as of the year and day first above written.

By /s/ Daniel R. Herzog
Daniel R. Herzog
Its Chief Financial Officer/Secretary

Bremer Bank, National Association

By /s/ Laura J. Helmueller
Laura J. Helmueller
Its Senior Vice President

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EXHIBITS

- A. Note
- B. Exceptions to 3.3, 3.5 and 5.3
- C. Insurance Requirements
- D. Compliance Certificate

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EXHIBIT A REVOLVING CREDIT PROMISSORY NOTE

\$40,000,000.00
Due: April 27, 2025

Eagan, Minnesota
April 27, 2022

FOR VALUE RECEIVED, the undersigned, Clearfield, Inc., a Minnesota corporation, promises to pay to the order of Bremer Bank, National Association, a national banking association (the "Bank"), at its offices in Eagan, Minnesota, the sum of FORTY MILLION AND NO/100THS DOLLARS (\$40,000,000.00), or such lesser sum as may actually be owing under borrowings made pursuant to that certain Loan Agreement dated of even date herewith between the undersigned and the Bank ("Loan Agreement").

BUSINESS DAY. For the purposes hereof, a "Business Day" is a day that the New York Federal Reserve is open for business. If any payment hereunder becomes due and payable on a day other than a Business Day, such payment shall be effective the next succeeding business day, provided, however, payments scheduled to be made automatically from a Bank deposit account on the date the payment is due will be applied in reduction of this Note balance effective as of the scheduled payment date.

INTEREST CALCULATION PERIOD. Initially, the "Interest Calculation Period" shall mean the period commencing on April 27, 2022 and continuing up to but shall not include April 30, 2022. Thereafter, each interest Calculation Period shall commence on the first (1st) day of each month and shall continue up to, but shall not include the first (1st) day of the immediately following month.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the CME one-month term SOFR published by CME Group Benchmarks Administration Limited (or a successive administrator designated by the relevant authority) for the date that is two U.S. Government Securities Business Days prior to the Reset Date (the "index"). The index is not necessarily the lowest rate charged by the Bank on its loans. The Bank will tell the undersigned the current index rate upon the undersigned's request. The interest rate change will not occur more often than each month.

"U.S. Government Securities Business Day" means any day except for (i) a Saturday, (ii) a Sunday or (iii) a day on which the Securities industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United states government securities.

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REVOLVING CREDIT PROMISSORY NOTE Page Two

\$40,000,000.00
Due: April 27, 2025

Eagan, Minnesota
April 27, 2022

Rate Change Effective Date. Each change in interest rate shall be effective as of each payment date (the "Reset Date").

The undersigned understands that the Bank may make loans based on other rates as well. The index currently is 0.669% per annum. Interest on the unpaid principal balance of this Note will be calculated as described in the "INTEREST CALCULATION METHOD" paragraph using a rate of 1.85 percentage points over the index (the "Margin"),

resulting in an initial rate of 2.50% per annum based on a year of 360 days. Notwithstanding anything herein to the contrary, if the Bank determines in good faith (which determination shall be conclusive, absent manifest error) that; (A) adequate and fair means do not exist for ascertaining CME one-month term SOFR; (B) CME one-month term SOFR does not accurately reflect the cost to the Bank of the loan; or (C) a Regulatory Change (as hereinafter defined) shall, in the reasonable determination of the Bank, make it unlawful or commercially unreasonable for the Bank to use CME one-month term SOFR as the index for purposes of determining the Interest Rate, then: (i) CME one-month term SOFR shall be replaced with an alternative or successor rate or index chosen by the Bank in its reasonable discretion; and (ii) the Margin may also be adjusted by the Bank in its reasonable discretion, giving due consideration to market convention for determining rates of interest on comparable loans. "Regulatory Change" shall mean a change in any applicable law, treaty, rule, regulation or guideline, or the interpretation or administration thereof, by the administrator of the relevant benchmark or its regulatory supervisor, any governmental authority, central bank or other fiscal, monetary, or other authority having jurisdiction over the Bank or its lending office. Such an amendment to the terms of this Note will become effective and bind the undersigned 10 business days after the Bank gives written notice to the undersigned without any action or consent of the undersigned. NOTICE: Under no circumstances will the interest rate on this Note be more than the maximum rate allowed by applicable law.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding (but not including February 29 in leap years). All interest payable under this Note is computed using this method

REVOLVING CREDIT PROMISSORY NOTE
Page Three

\$40,000,000.00

Due: April 27, 2025

Eagan, Minnesota
April 27, 2022

Under no circumstances will the interest rate on this Note be less than 1.80% per annum or more than the maximum rate allowed by applicable law.

From and after the date hereof this Note shall be payable as follows:

- (a) Interest only shall be due and payable on the first (1st) day of each month commencing May 1, 2022 and continuing on the first (1st) day of each month thereafter; and
- (b) All unpaid principal and interest accrued thereon shall be due and payable in full on April 27, 2025.

All payments under this Note shall be applied initially against accrued interest and thereafter in reduction of principal.

If a payment is ten (10) days or more late, the undersigned will be charged 5.000% of the unpaid portion of the regularly scheduled payment. The undersigned shall pay this late charge fee on demand, however, collection of the late charge fee shall not be deemed a waiver of the Bank's right to declare an Event of Default, as defined in the Loan Agreement, and exercise its rights and remedies as provided in the Loan Agreement.

Upon the occurrence and during the continuance of an Event of Default, including failure to pay upon final maturity, the interest rate on this Term Note shall be increased by adding an additional 2.000 percentage point margin ("Default Rate Margin"). The Default Rate Margin shall also apply to each succeeding interest rate change that would have applied had there been no default. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

This Note may be prepaid at any time without premium or penalty.

This Note is issued in connection with the Loan Agreement and is secured by that certain Security Agreement executed by the undersigned and dated of even date herewith and in favor of the Bank (collectively, the "Loan Documents"). The holder hereof shall have all the advantages of the Loan Documents. The Loan Documents are incorporated herein by reference as if fully set forth herein and reference to the Loan Agreement is hereby made for a statement of the terms and conditions under which the indebtedness evidenced hereby was incurred, under which borrowings hereunder may be limited and under which the amounts outstanding hereunder may be accelerated.

REVOLVING CREDIT PROMISSORY NOTE
Page Four

\$40,000,000.00

Due: April 27, 2025

Eagan, Minnesota
April 27, 2022

So long as no Event of Default (as defined in the Loan Agreement) and no event which would be an Event of Default on the giving of notice, lapse of time or both, has occurred and is continuing and subject to compliance with all the terms and conditions of this Note and the Loan Agreement, the undersigned may borrow, repay and reborrow regardless of the accumulative amount of advances hereunder up to the "Maximum Available Borrowings" specified in the Loan Agreement.

Presentment and demand for payment, notice of dishonor, protest and notice of protest are hereby waived. In the Event of Default, as set forth above, the undersigned agrees to pay costs of collection and reasonable attorneys' fees.

The undersigned hereby submits itself to the jurisdiction of the courts of the State of Minnesota and the Federal courts of the United States located in such state in respect of all actions arising out of or in connection with the interpretation or enforcement of this Note, waive any argument that venue in such forums is not convenient and agree that any action instituted by it shall be venued in such forums.

Clearfield, Inc.

By

Daniel R. Herzog
Its Chief Financial Officer/Secretary

EXHIBIT B
EXCEPTIONS TO SECTIONS 3.3, 3.5 AND 5.3

As to Sections 3.3 and 5.3:

<u>Creditor</u>	<u>Goods Covered</u>	<u>Financing Statement</u>
MUFG Union Bank, N.A.	Specific Receivables	#1236046200379

**As to Section 3.5:
(Subsidiaries)**

EXHIBIT C
INSURANCE REQUIREMENTS

(a) Borrower shall insure and keep insured the Collateral, as defined in the Security Agreement, and each and every part thereof with the following insurance policies:

(i) Property insurance insuring against all risks of loss to the Collateral customarily covered by "Causes of Loss—Special Form" policies, including the perils of acts of terrorism, wind/hail and named windstorm, in an amount at least equal to one hundred percent (100%) of the replacement cost value of the Collateral, without deduction for physical depreciation, with (A) a maximum deductible of \$25,000; and (B) a provision that claims be settled on a replacement cost valuation basis;

(ii) Equipment breakdown insurance in an amount equal to one hundred percent (100%) of the replacement cost value of the Collateral, (A) with a maximum deductible of \$25,000 and (B) provide that claims will be settled on a replacement cost valuation basis. If coverage is provided via a separate policy than the coverage in clause (i) above, both policies shall include a joint loss agreement;

(iii) Business income insurance, including extra expense coverage, that provides coverage upon the occurrence of any of the perils in clauses (i) and (ii) above as applicable to the Collateral in an amount equal to the anticipated gross income for a minimum of twelve (12) months with an extended period of indemnity endorsement for a period of at least one hundred eighty (180) days and a maximum deductible of \$25,000 or a seventy-two (72) hour waiting period;

(iv) Commercial general liability insurance, including terrorism, for bodily injury, death and property damage and contractual liability in an amount of not less than the greater of (A) \$1,000,000 per occurrence and \$2,000,000 in the aggregate, per location or (B) the highest amount of coverage required to be carried by Borrower under the terms of any contractual obligation, with a maximum deductible or self-insured retention of \$25,000;

(v) Commercial automobile liability insurance, if the Collateral involves the business use of any cars, trucks or vans, in an amount not less than a combined single limit of \$1,000,000 each accident to include any auto or at a minimum all owned and non-owned autos;

(vi) Umbrella or excess liability insurance consistent with the terms of the coverage carried pursuant to clauses (iv) and (v) in an amount of not less than the greater of (A) \$5,000,000 per occurrence or, (B) the highest amount of coverage required to be carried by Borrower under the terms of any contractual obligation, with a maximum deductible or self-insured retention of \$25,000; and

(vii) Such other insurance coverage as may from time to time be required by the Bank (A) by reason of changes to the use or known physical (including environmental) or legal characteristics of the Collateral or (B) consistent with the Bank's practices applicable to loans secured by similar collateral.

(b) All insurance policies required pursuant to Sections 1.4 and 4.2 shall: (i) be in amounts and form to comply with all provisions of the Loan Agreement; (ii) be issued by companies satisfactory to the Bank with a minimum A.M. Best Financial Strength rating of "A-" and Financial Size Category of "IX"; (iii) be for a policy term of not less than one year; (iv) name Borrower (with proper legal name) as Named Insured, Additional Named Insured or Additional Insured; and (v) only contain exclusions to coverage that are acceptable to the Bank.

(c) All insurance policies required pursuant hereto shall include: (i) lender's loss payable endorsement for all property insurance and business interruption insurance; (ii) either an agreed amount endorsement (to avoid the operation of any coinsurance provisions) or a waiver of any coinsurance or similar provisions, and (iii) a provision requiring not less than ten (10) days' prior written notice to the Bank of any nonrenewal or cancellation for non-payment of premium and not less than thirty (30) days' prior written notice of cancellation for any other reason.

(d) All liability insurance policies required pursuant hereto shall: (i) name the Bank as an additional insured, (ii) be written on an occurrence basis form, and (iii) require the carrier to endeavor to provide not less than ten (10) days' prior written notice to the Bank of any nonrenewal or cancellation for non-payment of premium and not less than thirty (30) days' prior notice of cancellation for any other reason.

(e) The insurance policies required herein may be satisfied by individual policies covering only the Collateral or by blanket policies covering the Collateral and other locations. If blanket policies are utilized, then (i) coverage needs to be equivalent or better than coverage that would be provided on a scheduled policy, (ii) a statement of values must be provided in an electronic spreadsheet for all properties covered by the blanket property coverage limit, which shall include, at a minimum, information as to the city, state, and value for each coverage type for each location, (iii) any Margin Clause, Per Location Limitation of Liability provision or similar clause tying the property coverage limit to a reported value must not reduce coverage on the Secured Property to less than one hundred percent (100%) of its insurable replacement value, (iv) the full blanket limit(s) must be reinstated following any loss, (v) if a layered policy program is utilized, all layers must coordinate to eliminate any gaps in coverage, and (vi) coverage may only include properties owned by Borrower and its affiliates.

(f) The following evidence of the required property coverage shall be delivered to the Bank at least fifteen (15) days prior to the current policy expiration: (i) a complete copy of the insurance policy, including all policy forms and endorsements; or (ii) an ACORD 28 (2003 version providing all of the rights and privileges of the policy), or a similar proprietary version. If (i) or (ii) cannot be provided prior to the current policy expiration, an ACORD 28 (Information Only version), or a similar proprietary version or an ACORD 75 Binder that includes all insurance requirements listed above, will be accepted temporarily until a complete copy of the policy can be provided, but no later than the Binder expiration or ninety (90) days, whichever is earlier.

(g) The following evidence of the required liability coverage shall be delivered to the Bank at least fifteen (15) days prior to the current policy expiration: (i) a complete copy of the insurance policy, including all policy forms and endorsements; or (ii) an ACORD 25 Certificate of Liability Insurance, in addition to the required Additional Insured endorsements. If (i) or (ii) cannot be provided prior to the current policy expiration, an ACORD 25 Certificate of Liability Insurance, or similar proprietary form or an ACORD 75 Binder that includes all insurance requirements above will be accepted temporarily until a complete copy of the policy or the required endorsements can be provided, but no later than the Binder expiration or ninety (90) days, whichever is earlier.

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If property or liability coverage is provided via a multi-year policy, new certificates of insurance must be provided annually during the interim years of the policy and must note all current coverage limits and/or changes to coverage on the Collateral since policy inception.

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EXHIBIT D COMPLIANCE CERTIFICATE

TO: Bremer Bank, National Association, a national banking association ("Bank")

Pursuant to that certain Loan Agreement dated April 27, 2022 by and between Clearfield, Inc., a Minnesota corporation (the "Borrower") and the Bank, and any amendments thereto and extensions thereof ("Loan Agreement"), the Borrower hereby:

A. repeats and reaffirms to the Bank each and all of the representations and warranties made by the Borrower in the Loan Agreement and the agreements related thereto, and certifies to the Bank that each and all of said warranties and representations are true and correct in all material respects as of the date hereof; and

B. Certifies that the following computations of financial covenants and tests contained in the Loan Agreement and related documents are as follows:

Debt Service Coverage Ratio:

- | | | |
|----|---------------------------------|-------|
| a) | Cash Available for Debt Service | _____ |
| b) | Debt Service | _____ |
| c) | Ratio (a divided by b) | _____ |

Required: Not less than 1.20 to 1 as of the end of each fiscal year for the fiscal year then ended (Section 4.11)

Debt to Cash Flow:

- | | | |
|----|---------------------------------------|-------|
| a) | Debt | _____ |
| b) | Cash Flow | _____ |
| c) | Debt to Cash Flow
(a divided by b) | _____ |

Required: Not to exceed 2.00 to 1.00. This ratio will be evaluated as of the end of each fiscal year end (Section 4.12).

All capitalized terms not defined herein shall have the meaning ascribed to them in the Loan Agreement.

The undersigned further confirms that no Event of Default has occurred or is continuing and no event which with the giving notice or the passage of time or both

would mature into an Event of Default has occurred or is continuing.

Clearfield, Inc.

By _____
Its _____

SECURITY AGREEMENT

This SECURITY AGREEMENT is made as of this 27th day of April, 2022, by Clearfield, Inc., a Minnesota corporation, with its principal office at 7050 Winnetka Avenue North, Suite 100, Brooklyn Park, Minnesota 55428 ("Borrower") in favor of Bremer Bank, National Association, a national banking association, with an office at 1995 Rahncliff Court, Eagan, Minnesota 55123 ("Bank").

RECITALS:

WHEREAS, the Borrower and Bank are parties to that certain Loan Agreement dated of even date herewith ("Loan Agreement"); and

WHEREAS, pursuant to the terms of the Loan Agreement, the Borrower delivered that certain Revolving Credit Promissory Note dated of even date herewith in the original principal amount of \$40,000,000.00 ("Note"); and

WHEREAS, to secure its obligations to Bank under the Loan Agreement and the Note, Borrower hereby grants to Bank a security interest in certain of its assets; and

WHEREAS, the Borrower has determined that the execution, delivery and performance of this Security Agreement is in its best interest and pecuniary interest.

NOW, THEREFORE, for good and valuable consideration the receipt and adequacy of which are hereby acknowledged by each of the parties hereto, it is agreed as follows:

**ARTICLE I
DEFINITIONS**

As used herein, the following terms shall have the meaning set forth:

"Accession" shall mean goods that are physically united with other goods in such a manner that the identity of the original goods is not lost.

"Accounts", except as used in "account for", shall mean a right to payment of a monetary obligation, whether or not earned by performance, (i) for property that has been or is to be sold, leased, licensed, assigned, or otherwise disposed of, (ii) for services rendered or to be rendered, (iii) for a policy of insurance issued or to be issued, (iv) for a secondary obligation incurred or to be incurred, (v) for energy provided or to be provided, (vi) for the use or hire of a vessel under a charter or other contract, (vii) arising out of the use of a credit or charge card or information contained on or for use with the card, or (viii) as winnings in a lottery or other game of chance operated or sponsored by a state, governmental unit of a state, or person licensed or authorized to operate the game by a state or governmental unit of a state. The term includes health-care-insurance receivables. The term does not include (i) rights to payment evidenced by chattel paper or an instrument, (ii) commercial tort claims, (iii) deposit accounts, (iv) investment property, (v) letter of credit rights or letters of credit, or (vi) rights to payment for money or funds advanced or sold, other than rights arising out of the use of a credit or charge card or information contained on or for use with the card.

"Bank" shall have the meaning set forth in the preamble hereto.

"Borrower" shall have the meaning set forth in the preamble hereto.

"Chattel Paper" shall mean a record or records that evidence both a monetary obligation and a security interest in specific Goods, a security interest in specific Goods and Software used in the Goods, a security interest in specific Goods and license of Software used in the Goods, a lease of specific Goods, or a lease of specific Goods and license of Software used in the Goods. In the paragraph, "monetary obligation" shall mean a monetary obligation secured by the Goods or owed under a lease of the goods and includes a monetary obligation with respect to Software used in the Goods. The term does not include (i) charters or other contracts involving the use or hire of a vessel or (ii) records that evidence a right to payment arising out of the use of a credit or charge card or information contained on or for use with the card. If a transaction is evidenced by records that include an instrument or series of instruments, the group of records taken together constitutes Chattel Paper.

"Collateral" shall mean all property in which a security interest is granted hereunder.

"Controlled Property" shall mean property of every kind and description in which Borrower has or may acquire any interest, now or hereafter at any time in the possession or control of Bank for any reason including, without limitation, all amounts now or hereafter on deposit with Bank and all interest, dividends and distributions on or other rights in connection with such property.

"Data Processing Records and Systems" shall mean all of Borrower's now existing or hereafter acquired electronic data processing and computer records, software, systems, manuals procedures, disks, tapes and all other storage media and memory.

"Deposit Accounts" shall mean a demand, time, savings, passbook, or similar account maintained with a bank. The term does not include Investment Property or accounts evidenced by an instrument.

"Document" shall mean any bill of lading, dock warrant, dock receipt, warehouse receipt or order for the delivery of Goods or any other document which in the regular course of business or financing is treated as adequately evidencing that the person in possession of it is entitled to receive, hold and dispose of the document and the Goods it covers or any receipt issued for Goods which are stored under a statute requiring a bond against withdrawal or under a license for the issuance of receipts in the nature of warehouse receipts.

"Electronic Chattel Paper" shall mean Chattel Paper evidenced by a record or records consisting of information stored in an electronic medium.

"Equipment" shall mean goods other than Inventory, farm products or consumer goods.

"Event of Default" shall have the meaning specified in Article VI hereof.

"Excluded Assets" means all the following assets, if any, of Borrower: (a) real property (including leases for real property) and fixtures, (b) motor vehicles, rolling stock, aircraft, watercraft, other vehicles, and other assets subject to certificates of title, (c) IP Rights and other intellectual property, (d) contracts, agreements, instruments, licenses and governmental authorizations (and, in each case, rights thereunder) to the extent the grant of a security interest therein is prohibited by law or would result in a breach or default thereunder (or would require the consent of the counterparty thereto or governmental authority that is not obtained), in each case after giving effect to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC (or equivalent statutes of any jurisdiction) or any other Law, (e) any asset or property to the extent that the grant of a security interest in such asset or property is prohibited by law or requires a consent not obtained of any governmental authority pursuant to law (except to the extent the law prohibiting such grant or requiring such consent is rendered ineffective pursuant to Section 9-406, 9-407, 9-408 or 9-409 of the UCC (or equivalent statutes of any jurisdiction) or any other

Law), (f) all payroll accounts, payroll withholding tax accounts, customs duties, import duties and custom brokers' charges, accounts held in a fiduciary capacity or otherwise for the benefit of a third party and employee benefit accounts to the extent funded or maintained in accordance with prudent business practice or as required by law, (g) the equity interests of any subsidiary, (h) any assets located outside the United States and (i) upon Borrower's written request, assets for which the Bank reasonably determines that the cost, burden or consequences (including adverse tax consequences) of obtaining a perfected security interest in such assets exceeds the practical benefit of such assets as collateral to the Bank.

"Fixtures" shall mean Goods which have become so related to particular real property that an interest in them arises under real property law.

"General Intangibles" shall mean any personal property, including things in action, other than Accounts, Chattel Paper, commercial tort claims, Deposit Accounts, Documents, Goods, Instruments, Investment Property, Letter of Credit Rights, letters of credit, money and oil, gas, or other minerals before extraction. The term includes Payment Intangibles and Software.

"Goods" shall mean all things that are movable when a security interest attaches. The term includes (i) Fixtures, (ii) standing timber that is to be cut and removed under a conveyance or contract for sale, (iii) the unborn young of animals, (iv) crops grown, growing, or to be grown, even if the crops are produced on trees, vines, or bushes, and (v) manufactured homes. The term also includes a computer program embedded in goods and any supporting information provided in connection with a transaction relating to the program if the program is associated with the goods in such a manner that it customarily is considered part of the goods, or by becoming the owner of the goods, a person acquires a right to use the program in connection with the goods. The term does not include a computer program embedded in goods that consist solely of the medium in which the program is embedded. The term also does not include Accounts, Chattel Paper, commercial tort claims, Deposit Accounts, Documents, General Intangibles, Instruments, Investment Property, Letter of Credit Rights, letters of credit, money, or oil, gas, or other minerals before extraction.

"Instruments" shall mean a negotiable instrument or any other writing that evidences a right to the payment of a monetary obligation, not in itself a security agreement or lease, and is of a type that in ordinary course of business is transferred by delivery with any necessary endorsement or assignment. The term does not include (i) Investment Property, (ii) letters of credit, or (iii) writings that evidence a right to payment arising out of the use of a credit or charge card or information contained on or for use with the card.

"Inventory" shall mean all Goods and property held for sale or lease, or furnished or to be furnished under contracts of service, or held as raw materials, work in process or materials used or consumed or to be used or consumed in business and all manufacturing and processing rights, patents, patent rights, licenses, trademarks, trade names and copyrights in connection therewith, now owned or hereafter acquired.

"Investment Property" shall mean a security, whether certificated or uncertificated, a security entitlement, a securities account, a commodity contract, or a commodity account.

"Letter of Credit Rights" shall mean a right to payment or performance under a letter of credit, whether or not the beneficiary has demanded or is at the time entitled to demand payment or performance. The term does not include the right of a beneficiary to demand payment or performance under a letter of credit.

"Loans" shall mean any extensions of credit to the Borrower by the Bank pursuant to the Loan Agreement or the Note issued pursuant thereto as the same may be extended, renewed, amended or modified from time to time.

"Motor Vehicles" shall mean all motor vehicles required to be licensed and/or titled under the laws of any state.

"Obligations" has the meaning assigned in the Loan Agreement.

"Payment Intangibles" shall mean a General Intangible under which the account debtor's principal obligation is a monetary obligation.

"Proceeds" shall mean whatever is received upon the sale, exchange, collection or other disposition of Collateral or proceeds, including but not limited to insurance payable by reason of loss or damage to the Collateral.

"Software" shall mean a computer program and any supporting information provided in connection with a transaction relating to the program. The term does not include a computer program that is included in the definition of Goods.

"Supporting Obligations" shall mean a Letter of Credit Rights or secondary obligation that supports the payment or performance of an Account, Chattel Paper, a Document, a General Intangible, an Instrument or Investment Property.

All capitalized terms used herein not specifically defined herein shall have the meaning ascribed to them in the Loan Agreement.

ARTICLE II SECURITY INTERESTS

As security for the payment of all Obligations, Borrower hereby grants to Bank a security interest in all of Borrower's now owned or hereafter acquired or arising:

- (a) Accounts;
- (b) Chattel Paper;
- (c) Electronic Chattel Paper;
- (d) Controlled Property;
- (e) Data Processing Records and Systems;

- (f) Deposit Accounts;
 - (g) Documents;
 - (h) Equipment and Accessions thereto;
 - (i) Fixtures;
 - (j) General Intangibles;
 - (k) Instruments;
 - (l) Inventory;
 - (m) Investment Property;
 - (n) Letter of Credit Rights;
 - (o) Payment Intangibles;
 - (p) Proceeds (whether cash or non-cash Proceeds, including non-cash Proceeds of all types) including but not limited to Inventory, Equipment or Fixtures acquired with cash Proceeds;
 - (q) Software; and
 - (r) Supporting Obligations;
- provided, however that to the extent any such asset listed in subclauses (a) through (r) constitutes an Excluded Asset, such asset shall not constitute Collateral.

ARTICLE III REPRESENTATIONS AND COVENANTS OF BORROWER

Borrower represents, warrants and covenants that:

3.1 Authorization. The execution and performance of this Agreement has been duly authorized by all necessary action and does not and will not (i) require any consent or approval of the stockholders of any entity, or the consent of any governmental entity, or (ii) violate any provision of any material indenture, contract, agreement or instrument to which Borrower is a party or by which it is bound.

3.2 Title to Collateral. Borrower has good and marketable title to all of the Collateral and none of the Collateral is subject to any security interest except for the security interest created pursuant to this Agreement, Permitted Encumbrances, and except as disclosed on **Exhibit A** attached hereto.

3.3 Disposition or Encumbrance of Collateral. Except for (i) dispositions of Inventory to customers in the ordinary course of its business, (ii) the sale of obsolete, worn or damaged equipment or the trade in of equipment for similar or related equipment in the ordinary course of business, (iii) the sale or discount of accounts receivable by the Borrower in connection with the compromise or collection thereof in the ordinary course of business; and (iv) dispositions by the Borrower that are made for fair market value, Borrower will not, sell or otherwise transfer or dispose of the Collateral without the prior written consent of Bank.

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3.4 Validity of Accounts. The Borrower warrants that all Accounts, Chattel Paper and Instruments listed in the Borrower's schedules will, when the Borrower delivers the schedules to the Bank, be bona fide existing obligations created by the sale and actual delivery of Goods or the rendition of services to customers in the ordinary course of business, which the Borrower then owns free and clear of any security interest other than, Permitted Encumbrances, the security interest created by this Agreement and which are then unconditionally owing to Borrower without defenses, offset or counterclaim, and that all shipping or delivery receipts, invoice copies and other documents furnished to Bank in connection therewith will be genuine, and that the unpaid principal amount of any Chattel Paper or Instrument and any security therefor is and will be as represented to Bank on the date hereof.

3.5 Maintenance of Equipment, Fixtures and Inventory; Location. Borrower will maintain all tangible Collateral in good condition and repair (ordinary wear and tear excepted). At the time of attachment and perfection of the security interest granted pursuant hereto and thereafter, all tangible Collateral (other than Inventory in-transit, Collateral in the possession of subcontractors for processing, molds and assets related thereto in the possession of suppliers, Collateral used to transport people or goods, Collateral out for repair, or Collateral at employees' homes, in the ordinary course of business; or Collateral located at third party storage locations that does not exceed \$250,000.00 in the aggregate) will be located and will be maintained only at the locations set forth on **Exhibit A** hereto. Collateral in the aggregate in excess of \$250,000.00 will not be removed from such locations unless, prior to any such removal, the Borrower has given written notice to Bank of the location or locations to which the Borrower desires to remove the Collateral. Bank has given its written consent to such removal, and the Borrower has delivered to Bank acknowledgment copies of financing statements filed where appropriate to continue the perfection of Bank's security interest as a first priority security interest therein. Bank's security interest attaches to all of the Collateral wherever located and Borrower's failure to inform Bank of the location of any item or items of Collateral shall not impair Bank's Security Interest therein.

3.6 Notation on Chattel Paper. For purposes of the security interest granted pursuant to this Security Agreement, Bank has been granted a direct security interest in all Chattel Paper. Upon Bank's request, Borrower will deliver to Bank the original of all Chattel Paper in excess of \$100,000.00. Borrower will not execute any copies of Chattel Paper other than those which are clearly marked with a legend reflecting Bank's Security Interest therein.

3.7 Instruments as Proceeds. Notwithstanding any other provision in this Agreement concerning Instruments, Borrower covenants that Instruments constituting cash Proceeds (for example, money and checks) shall be deposited in deposit accounts with Bank containing only Proceeds.

3.8 Protection of Collateral. All expenses of protecting, storing, warehousing, insuring, handling and shipping of the Collateral, all costs of keeping the Collateral free of any liens, encumbrances and security interests prohibited by this Agreement and of removing the same if they should arise, and any and all excise, property, sales and use taxes imposed by any state, federal or local authority on any of the Collateral or in respect of the sale thereof, shall be borne and paid by Borrower and if Borrower fails to promptly pay any thereof when due, Bank may, at its option, but shall not be required to pay the same whereupon the same shall constitute Obligations and shall bear interest at the rate applicable to indebtedness of Borrower incurred pursuant to the Loan Agreement and shall be secured by the Security Interest granted hereunder.

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3.9 Insurance. Borrower will procure and maintain, or cause to be procured and maintained, insurance issued by responsible insurance companies insuring the Collateral against damage and loss by theft, fire, collision (in the case of motor vehicles), and such other risks as requested by Bank in an amount and under policies acceptable to Bank, which policies shall provide that proceeds shall be payable in the case of any loss in excess of \$250,000.00, to Borrower and Bank jointly. All such insurance shall contain an agreement by the insurer to provide Bank with 10 days' prior notice of cancellation and an agreement that the interest of Bank shall not be impaired or invalidated by any act or neglect of the Borrower nor by the occupation of the premises wherein such Collateral is located for purposes more hazardous than are permitted by said policy. Borrower will maintain, with financially sound and reputable insurers, insurance with respect to its properties and business against such casualties and contingencies of such types (which may include, without limitation, public and product liability, larceny, embezzlement, or other criminal misappropriation insurance) and in such amounts as is maintained by Borrower as of the date of this Agreement. Borrower will deliver evidence of such insurance and the policies of insurance or copies thereof to Bank upon request.

3.10 Compliance with Law. Borrower will not use the Collateral, or knowingly permit the Collateral to be used, for any unlawful purpose or in violation of any federal, state or municipal law except to the extent such violation would not have a material adverse effect on the Borrower's business or property.

3.11 Books and Records; Access.

(a) Borrower will permit Bank, no more than once per year, provided no Event of Default has occurred and is continuing, to examine Borrower's books and records (including Data Processing Records and Systems) with respect to the Collateral and make extracts therefrom and copies thereof, and Borrower will furnish such information and reports to Bank regarding the Collateral as Bank may from time to time reasonably request. Borrower will also permit Bank to inspect the Collateral. Notwithstanding the foregoing, Borrower will not be required to disclose or permit the inspection or discussion of, any document, information or other matter (x) if such information constitutes non-financial trade secrets or non-financial proprietary information, (y) in respect of which disclosure to Bank (or its representatives or contractors) is prohibited by law or material contractual obligation with any third party that is not an affiliate of the Borrower (and, in such case, solely to the non-financial matters to which such contractual obligation relates) or (z) such information is subject to attorney-client or similar privilege or constitutes attorney work product.

(b) Bank shall have authority, at any time during the continuance of an Event of Default, to place, or require Borrower to place, upon Borrower's books and records relating to Accounts, Chattel Paper, Instruments and other rights to payment covered by the security interest granted hereby a notation or legend stating that such Accounts, Chattel Paper, Instruments and other rights to payment are subject to a security interest of Bank.

3.12 Notice of Default. Promptly upon any officer of Borrower becoming aware of the existence of any event which with notice, time or both would become an Event of Default, Borrower will give notice to Bank that such default or Event of Default exists, stating the nature thereof, the period of existence thereof, and what action Borrower proposes to take with respect thereto.

3.13 Additional Documentation. Borrower will execute, from time to time, such financing statements, assignments, and other documents covering the Collateral located in the United States, including Proceeds, as Bank may request in order to create, evidence, perfect, maintain or continue its security interest in the Collateral (including additional Collateral acquired by the Borrower after the date hereof), and Borrower will pay the cost of filing the same in all public offices in which Bank may deem filing to be appropriate; and will notify Bank promptly upon acquiring any additional Collateral. Upon request, Borrower will deliver to Bank, all Borrower's Documents, Instruments and Chattel Paper.

3.14 Chief Executive Office. The location of the principal office of Borrower is set forth in the preamble hereto and will not be changed without 30 days' prior written notice to Bank. Borrower warrants that its books and records concerning Accounts and Chattel Paper are located at its chief executive office.

3.15 Name of Borrower. Borrower's true name is as set forth in the preamble hereto. Borrower has not used any other name within the past five years except those described on **Exhibit A** attached hereto. Borrower has not executed any financing statements or security agreements presently effective as to the Collateral except those described on **Exhibit A** attached hereto.

3.16 State of Incorporation. Borrower has been duly organized in the State of Minnesota. Borrower will not change its name or the state of its organization without 30 days' prior written notice to Bank.

3.17 Filing of Financing Statement. Borrower hereby irrevocably authorizes the Bank to file financing statements covering the Collateral located in the United States in such offices as the Bank may deem necessary or advisable, in the exercise of the Bank's sole discretion.

3.18 Control. Borrower will cooperate with the Bank in obtaining control with respect to any type of Collateral where control is a method of perfecting the Bank's security interest in such Collateral.

ARTICLE IV COLLECTIONS

Upon the occurrence of an Event of Default, the Bank may at any time enforce any or all of Borrower's rights against all Account Debtors (as that term is defined in the Uniform Commercial Code) or other obligors on any Collateral. Upon occurrence of an Event of Default, all full and partial payments on any Collateral shall immediately be delivered by Borrower to Bank in their original form, except for endorsement where necessary. Until such payments are so delivered to Bank, such payments shall be held in trust by Borrower for and as Bank's property and shall not be commingled with any funds of Borrower.

ARTICLE V ASSIGNMENT OF INSURANCE

Borrower hereby collaterally assigns to Bank, as additional security for payment of the Obligations, any and all monies due or to become due under, and any and all other rights of Borrower with respect to, any and all policies of insurance covering the Collateral, and Borrower hereby directs the issuer of any such policy to pay any such monies in excess of \$250,000.00 directly to Bank. After a default, Bank may (but need not) in its own name or in Borrower's name execute and deliver proofs of claim, receive such monies, endorse checks and other instruments representing such monies, and settle or litigate any claim against the issuer of any such policy. Any amounts available after the application of insurance proceeds to the Obligations shall be returned to Borrower.

EVENTS OF DEFAULT

The occurrence of any Event of Default as defined in the Loan Agreement shall constitute an Event of Default hereunder ("Event of Default").

ARTICLE VII RIGHTS AND REMEDIES ON DEFAULT

Upon the occurrence of an Event of Default, and at any time thereafter until such Event of Default is cured to the satisfaction of Bank, and in addition to the rights granted to Bank under Articles IV and V hereof, Bank may exercise any one or more of the following rights and remedies:

7.1 Acceleration of Obligations. Declare any and all Obligations to be immediately due and payable, and the same shall thereupon become immediately due and payable without further notice or demand.

7.2 Advance for Collection. Advance costs of collection, including but not limited to expenses and reasonable attorney fees, against the Note.

7.3 Right of Offset. With contemporaneous notice to the Borrower, offset any deposits, including unmatured time deposits, then maintained by Borrower with Bank, whether or not then due, against any indebtedness then owed by Borrower to Bank whether or not then due, provided however, that any deposits maintained in trust for the benefit of Borrower's employees under a qualified plan shall not be subject to offset.

7.4 Deal with Collateral. In the name of Borrower or otherwise, demand, collect, receive and receipt for, compound, compromise, settle and give acquittance for and prosecute and discontinue any suits or proceedings in respect of any or all of the Collateral. Borrower waives any right it may have to require the Bank to clean up or otherwise prepare the Collateral for sale.

7.5 Realize on Collateral. Take any action which Bank may deem necessary or desirable in order to realize on the Collateral, including, without limitation, the power to perform any contract, to endorse in the name of Borrower any checks, drafts, notes, or other instruments or documents received in payment of or on account of the Collateral.

7.6 Access to Property. Subject to any agreements with landlords and applicable law, enter upon and into and take possession of all or such part or parts of the properties of Borrower, including lands, plants, buildings, Equipment, Data Processing Records and Systems and other property as may be necessary or appropriate in the judgment of Bank, to permit or enable Bank to store, lease, sell or otherwise dispose of all or any part of the Collateral, and use and operate said properties for such purposes and for such length of time as Bank may deem necessary or appropriate for said purposes without the payment of any compensation to Borrower therefor. Borrower shall provide Bank with all information and assistance requested by Bank to facilitate the storage, leasing, sale or other disposition of the Collateral after an Event of Default.

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7.7 Other Rights. Exercise any and all other rights and remedies available to it by law or by agreement, including rights and remedies under the Uniform Commercial Code (the "Code"), or any other applicable law, Bank may require Borrower to assemble the Collateral and make it available to Bank at a place to be designated by Bank, and any notice of intended disposition of any of the Collateral required by law shall be deemed reasonable if such notice is mailed or delivered to Borrower in accordance with the notice provisions contained herein at least 10 days before the date of such disposition. Borrower waives any right it may have to require the Bank to pursue any third person for any of the Obligations.

7.8 Warranties. The Bank may sell the Collateral without giving any warranties as to the Collateral. The Bank may specifically disclaim any warranties of title or the like. This procedure will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral.

7.9 Sales on Credit. If the Bank sells any of the Collateral upon credit, the Borrower will be credited only with payments actually made by the purchaser, received by the Bank and applied to the indebtedness of the purchaser. In the event any purchaser fails to pay for the Collateral, the Bank may resell the Collateral and the Borrower shall be credited with the proceeds of the sale.

7.10 Purchases by the Bank. In the event the Bank purchases any of the Collateral being sold, the Bank may pay for the Collateral by crediting some or all of the Obligations of the Borrower.

7.11 No Marshaling. The Bank has no obligation to marshal any assets in favor of the Borrower, or against or in payment of: (a) the Note; (b) any of the other Obligations; or (c) any other obligation owed to the Bank by Borrower or any other person.

7.12 Power of Attorney. The Borrower appoints Laura J. Helmueller, or any other person whom Bank may from time to time designate as Borrower's attorney, with power, after the occurrence of an Event of Default, to endorse Borrower's name on any checks, notes, acceptances, drafts or other forms of payment or security that may come into Bank's possession, to sign Borrower's name on any invoice or bill of lading relating to any Collateral, on drafts against customers, on schedules and confirmatory assignments of Accounts, Chattel Paper, Documents, Instruments or other Collateral, on notices of assignment, financing statements under the Code and other public records, on verifications of accounts and on notices to customers, to notify the post office authorities to change the address for delivery of Borrower's mail to an address designated by Bank, to receive and open all mail addressed to Borrower, to send requests for verification of Accounts, Chattel Paper, Instruments or other Collateral to customers for purposes of enforcing its rights hereunder and to do all things necessary to carry out this Agreement. The Borrower ratifies and approves all acts of the attorney taken within the scope of the authority granted. Neither Bank nor the attorney will be liable for any acts of commission or omission nor for any error in judgment or mistake of fact or law except to the extent the same constitute willful misconduct or gross negligence. This power, being coupled with an interest, is irrevocable so long as any Obligation remains unpaid. The Borrower waives presentment and protest of all instruments and notice thereof, notice of default and dishonor and all other notice to which Borrower may otherwise be entitled.

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ARTICLE VIII MISCELLANEOUS

8.1 No Liability on Collateral. It is understood that Bank does not in any way assume any of the Borrower's obligations under any of the Collateral. Borrower hereby agrees to indemnify Bank against all liability arising in connection with or on account of any of the Collateral, except for any such liabilities arising on account of Bank's gross negligence or willful misconduct.

8.2 No Waiver. Bank shall not be deemed to have waived any of its rights hereunder or under any other agreement, instrument or paper signed by Borrower unless such waiver be in writing and signed by Bank. No delay or omission on the part of Bank in exercising any right shall operate as a waiver of such right or any other right. A waiver on any one occasion shall not be construed as a bar to or waiver of any right or remedy on any future occasion.

8.3 Remedies Cumulative. All rights and remedies of Bank shall be cumulative and may be exercised singularly or concurrently, at its option, and the exercise or enforcement of any one such right or remedy shall not bar or be a condition to the exercise or enforcement of any other.

8.4 Governing Law/Jurisdiction. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the substantive laws of the State of Minnesota. Borrower hereby consents to the personal jurisdiction of the state and federal courts of the State of Minnesota in connection with any controversy related to this Agreement, waives any argument that venue in such forums is not convenient and agrees that any litigation initiated by Borrower against Bank shall be venued in such courts.

8.5 Expenses. Borrower agrees to pay the reasonable and documented out-of-pocket attorneys' fees and legal expenses incurred by Bank in the exercise of any right or remedy available to them under this Agreement, whether or not suit is commenced, including, without limitation, attorneys' fees and legal expenses incurred in connection with any appeal of a lower court's order or judgment.

8.6 Successors and Assigns.

(a) This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Borrower and Bank and shall bind all persons who become bound as Borrower to this Security Agreement.

(b) The Bank does not consent to any assignment by the Borrower except as expressly provided in this Security Agreement.

(c) The Bank may assign its rights and interests under this Security Agreement. If an assignment is made, the Borrower shall render performance under this Security Agreement to the assignee. The Borrower waives and will not assert against any assignee any claims, defenses or set-offs which the Borrower could assert against the Bank except defenses which cannot be waived.

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8.7 Recitals. The above Recitals are true and correct as of the date hereof and constitute a part of this Agreement.

8.8 Notice. Any notices required or contemplated hereunder shall be effective upon the placing thereof in the United States mail, certified mail and with return receipt requested, postage prepaid, and addressed as follows:

If to Borrower: Clearfield, Inc.
7050 Winnetka Avenue North, Suite 100
Brooklyn Park, Minnesota 55428
Attn: Legal Department

If to Bank: Bremer Bank, National Association
1995 Rahnclyff Court
Eagan, Minnesota 55123
Attn: Laura J. Helmueller

With a copy to: Christoffel & Elliott, P.A.
1111 UBS Plaza
444 Cedar Street
St. Paul, Minnesota 55101-2129
Attn: James F. Christoffel

8.9 Integration. This Agreement together with any attachments referred to herein constitutes the full and complete agreement of the parties and any references herein to this Agreement shall include any attachments unless otherwise indicated.

8.10 Counterparts. This Agreement may be signed in any number of counterparts, including electronic and facsimile counterpart signatures, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first above written.

Clearfield, Inc.

By /s/ Daniel R. Herzog
Its Chief Financial Officer/Secretary

EXHIBIT A

I. Financing Statements on File Listing Borrower or any Predecessor in Title as Debtor

<u>Creditor</u>	<u>Goods Covered</u>	<u>Financing Statement</u>
MUFG Union Bank, N.A.	Specific Receivables	#1236046200379

II. Location of Tangible Collateral, Equipment, Fixtures and Inventory

7050 Winnetka Avenue North, Suite 100
Brooklyn Park, Minnesota 55428

8801 95th Avenue North
Brooklyn Park, Minnesota 55445

III. Prior Names

None

Clearfield Reports Record Fiscal Second Quarter 2022 Results

- *Revenue For Fiscal Second Quarter Grew 80% Year-over-Year to Record \$53 Million, Driven by 94% Growth in Community Broadband Revenue Compared to the Same Year-Ago Period*
- *Quarter-End Backlog Increased 34% Sequentially to Record \$136 Million at End of Fiscal Second Quarter 2022, Compared to \$101 Million at the End of Fiscal First Quarter 2022*
- *43.3% Gross Profit Margin and Record Gross Profit Dollars Driven by Continued Execution on Operational Effectiveness Initiatives and Favorable Product Mix*
- *Net Income For Fiscal Second Quarter 2022 Totaled a Record \$9.2 Million, or \$0.66 per diluted share, an Increase of 154% from \$3.6 Million, or \$0.27 Per Diluted Share, in Fiscal Second Quarter 2021*
- *Company Increases Fiscal 2022 Net Sales Guidance to Range of \$204 Million to \$218 Million, Representing Year-over-Year Growth of 45% to 55%*

MINNEAPOLIS, April 28, 2022 (GLOBE NEWSWIRE) -- **Clearfield, Inc. (NASDAQ: CLFD)**, the specialist in fiber management and connectivity platforms for communication service providers, reported results for the fiscal second quarter ended March 31, 2022.

Fiscal Q2 2022 Financial Summary

(in millions except per share data and percentages)

	Q2 2022	vs. Q2 2021	Change	Change (%)
Net Sales	\$ 53.5	\$ 29.7	\$ 23.8	80%
Gross Profit (\$)	\$ 23.2	\$ 12.9	\$ 10.2	79%
Gross Profit (%)	43.3%	43.6%	-0.3%	-1%
Income from Operations	\$ 11.9	\$ 4.5	\$ 7.5	168%
Income Tax Expense	\$ 2.8	\$ 0.9	\$ 1.9	201%
Net Income	\$ 9.2	\$ 3.6	\$ 5.6	154%
Net Income per Diluted Share	\$ 0.66	\$ 0.27	\$ 0.39	144%

Fiscal Q2 YTD 2022 Financial Summary

(in millions except per share data and percentages)

	2022 YTD	vs. 2021 YTD	Change	Change (%)
Net Sales	\$ 104.6	\$ 56.8	\$ 47.8	84%
Gross Profit (\$)	\$ 46.1	\$ 24.3	\$ 21.8	90%
Gross Profit (%)	44.1%	42.8%	1.3%	3%
Income from Operations	\$ 25.0	\$ 8.2	\$ 16.8	206%
Income Tax Expense	\$ 5.6	\$ 1.6	\$ 4.0	246%
Net Income	\$ 19.6	\$ 6.8	\$ 12.8	188%
Net Income per Diluted Share	\$ 1.41	\$ 0.50	\$ 0.91	182%

Management Commentary

“Clearfield continues to execute in an environment in which demand is accelerating,” said Company President and CEO Cheri Beranek. “This quarter we both achieved record revenue and increased our order backlog. With the current visibility into our substantial order backlog, the majority of which is scheduled to ship in the next six months, and the pipeline behind it, we are raising our fiscal year 2022 net sales guidance from a range of \$177 to \$183 million to a range of \$204 million to \$218 million. Our guidance represents growth of 45% to 55% over fiscal year 2021 revenues.

“In the fiscal second quarter we opened our new distribution center in Minnesota and new manufacturing center in Mexico. We added 200 people to our manufacturing centers, expanding our headcount by 50%. We aim to add additional personnel and improve labor utilization in the coming quarters as recruiting and training continues and facility optimization is achieved. We also continue to utilize our global supply chain network to further augment our capacity. We have filed a shelf registration statement and secured a \$40 million line of credit with Bremer Bank to ensure we have the financial flexibility in how we respond to the current and future robust client demand and invest in strategies that will enhance our growth opportunities in the future.

“Responsiveness, where Clearfield has always excelled, has proved to be a significant competitive advantage, enabling us to pick up incremental market share from new and existing customers. We are working transparently with our customers to shorten lead-times when we

can and ship to promised delivery dates to facilitate field labor utilization. Nevertheless, we cannot overlook the fact that fiber and fiber component availability continues to be challenged and supply chain issues persist across many industries. We are continuously taking steps to strengthen our relationship with our suppliers to minimize these supply chain issues going forward.

“We are confident that Clearfield can maintain the market leadership that the company was built to achieve based on our agility, innovation, and commitment to customers’ needs and are very optimistic about Clearfield’s future. Moreover, we believe we are well-positioned to capitalize on any new government funds that are disbursed to our markets, with some of our customers already beginning to place advanced orders in anticipation of those disbursements.”

Fiscal Second Quarter 2022 Financial Results

Net sales for the fiscal second quarter of 2022 increased 80% to \$53.5 million from \$29.7 million in the same year-ago quarter. The increase in net sales was due to higher sales across our core end markets, particularly in our Community Broadband and Multiple System Operator (“MSO” or Cable TV) markets.

As of March 31, 2022, order backlog (defined as purchase orders received but not yet fulfilled) was \$136 million, an increase of 34% compared to \$101 million as of December 31, 2021 and an increase of 605% from \$19 million as of March 31, 2021.

Gross profit for the fiscal second quarter of 2022 increased 79% to \$23.2 million (or 43.3% of net sales) from \$12.9 million (or 43.6% of net sales) in the fiscal second quarter of 2021. The slight decrease in gross profit margin was due to increased overhead costs associated with our new facilities in Minnesota and Mexico, as well as higher freight and transportation costs.

Operating expenses for the fiscal second quarter of 2022 increased 32% to \$11.2 million, from \$8.5 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 and professional fees.

Income from operations for the fiscal second quarter of 2022 increased 168% to \$11.9 million from \$4.5 million in the same year-ago quarter.

Income tax expense for the fiscal second quarter of 2022 increased 201% to \$2.8 million, with an effective tax rate of 23.4%, as compared to \$935,000, with an effective tax rate of 20.4% in the same year-ago quarter due to higher taxable income.

Net income for the fiscal second quarter of 2022 totaled \$9.2 million, or \$0.66 per diluted share, compared to \$3.6 million, or \$0.27 per diluted share, in the same year-ago quarter.

Financial Results for the Six Months Ended March 31, 2022

Net sales increased 84% to \$104.6 million for the six months ended March 31, 2022 from \$56.8 million during the same period in fiscal 2021. The increase in net sales was due to higher sales across our core end markets, most notably our Community Broadband and MSO/Cable TV markets.

Gross profit was \$46.1 million (or 44.1% of net sales) for the six months ended March 31, 2022, an increase of 90% from \$24.3 million (or 42.8% of net sales) in the same period in fiscal 2021. The increase in gross profit margin was due to a favorable product mix as well as improved manufacturing efficiencies realized with higher sales volumes, offset by increased overhead costs associated with our new facilities in Minnesota and Mexico and higher freight and transportation costs.

Operating expenses increased 31% to \$21.2 million (or 20.2% of net sales) for the six months ended March 31, 2022 from \$16.1 million (or 28.4% of net sales) during the same period in fiscal 2021. 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 and professional fees.

Income from operations increased 206% to \$25.0 million for the six months ended March 31, 2022 from \$8.2 million during the same period in fiscal 2021.

Income tax expense increased 246% to \$5.6 million, with an effective tax rate of 22.2%, for the six months ended March 31, 2022 as compared to \$1.6 million, with an effective tax rate of 19.2% during the same period in fiscal 2021 due to higher taxable income.

Net income totaled \$19.6 million, or \$1.41 per diluted share, for the six months ended March 31, 2022, an increase of 186% from \$6.8 million, or \$0.50 per diluted share, during the same period in fiscal 2021.

Conference Call

Clearfield management will hold a conference call today, April 28, 2022 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 CEO Cheri Beranek and CFO Dan Herzog will host the presentation, followed by a question-and-answer period.

U.S. dial-in: 1-877-407-0792

International dial-in: 1-201-689-8263

Conference ID: 13728935

The conference call will be webcast live and available for replay here.

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 May 12, 2022.

U.S. replay dial-in: 1-844-512-2921

International replay dial-in: 1-412-317-6671

Replay ID: 13728935

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; we rely on our manufacturing operations to produce product to ship to customers and manufacturing constraints and disruptions could result in decreased future revenue; 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; cyber-security incidents on our information technology systems, including ransomware, data breaches or computer viruses, could disrupt our business operations, damage our reputation, and potentially lead to litigation; 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, 2021 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 OPERATIONS

(UNAUDITED)

(IN THOUSANDS, EXCEPT SHARE DATA)

	(Unaudited) Three Months Ended March 31,		(Unaudited) Six Months Ended March 31,	
	2022	2021	2022	2021
Net sales	\$ 53,495	\$ 29,692	\$ 104,604	\$ 56,784
Cost of sales	30,331	16,750	58,468	32,473
Gross profit	23,164	12,942	46,136	24,311

Operating expenses				
Selling, general and administrative	11,233	8,490	21,155	\$ 16,146
Income from operations	11,931	4,452	24,981	8,165
Net investment income	121	123	241	\$ 257
Income before income taxes	12,052	4,575	25,222	8,422
Income tax expense	2,816	935	5,596	\$ 1,619
Net income	<u>\$ 9,236</u>	<u>\$ 3,640</u>	<u>\$ 19,626</u>	<u>\$ 6,803</u>
Net income per share:				
Basic	<u>\$ 0.67</u>	<u>\$ 0.27</u>	<u>\$ 1.43</u>	<u>\$ 0.50</u>
Diluted	<u>\$ 0.66</u>	<u>\$ 0.27</u>	<u>\$ 1.41</u>	<u>\$ 0.50</u>
Weighted average shares outstanding:				
Basic	<u>13,767,341</u>	<u>13,730,150</u>	<u>13,755,291</u>	<u>13,711,135</u>
Diluted	<u>13,902,836</u>	<u>13,779,779</u>	<u>13,900,180</u>	<u>13,738,090</u>

CLEARFIELD, INC.
BALANCE SHEETS
(IN THOUSANDS)

	(Unaudited) March 31, 2022	September 30, 2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 13,923	13,216
Short-term investments	739	10,374
Accounts receivable, net	21,836	19,438
Inventories, net	60,918	27,524
Other current assets	1,601	954
Total current assets	<u>99,017</u>	<u>71,506</u>
Property, plant and equipment, net	8,701	4,998
Other Assets		
Long-term investments	28,448	36,913
Goodwill	4,709	4,709
Intangible assets, net	4,487	4,696
Right of use lease assets	13,414	2,305
Deferred tax asset	365	365
Other	620	419
Total other assets	<u>52,043</u>	<u>49,407</u>
Total Assets	<u>\$ 159,761</u>	<u>\$ 125,911</u>
Liabilities and Shareholders Equity		
Current Liabilities		
Current portion of lease liability	\$ 2,758	915
Accounts payable	15,024	9,215
Accrued compensation	6,804	8,729
Accrued expenses	759	1,613
Total current liabilities	<u>25,345</u>	<u>20,472</u>

Other Liabilities		
Long-term portion of lease liability	11,194	1,615
Total Liabilities	<u>36,539</u>	<u>22,087</u>
Shareholders Equity		
Common stock	138	137
Additional paid-in capital	58,949	58,246
Accumulated other comprehensive loss	(932)	-
Retained earnings	65,067	45,441
Total Shareholders Equity	<u>123,222</u>	<u>103,824</u>
Total Liabilities and Shareholders Equity	<u>\$ 159,761</u>	<u>\$ 125,911</u>

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

	Six Months Ended March 31, 2022	Six Months Ended March 31, 2021
Cash flows from operating activities		
Net income	\$ 19,626	\$ 6,803
Adjustments to reconcile net income to cash (used in) provided by operating activities:		
Depreciation and amortization	1,362	1,139
Change in allowance for doubtful accounts	-	210
Amortization of discount on investments	(21)	-
Stock-based compensation expense	1,010	623
Changes in operating assets and liabilities		
Accounts receivable	(2,398)	(2,908)
Inventories, net	(33,394)	(219)
Other assets	(812)	(189)
Accounts payable and accrued expenses	3,344	1,240
Net cash (used in) provided by operating activities	<u>(11,283)</u>	<u>6,699</u>
Cash flows from investing activities:		
Purchases of property, plant and equipment and intangible assets	(4,842)	(682)
Purchase of investments	(248)	(6,448)
Proceeds from sales and maturities of investments	17,386	6,651
Net cash provided by (used in) investing activities	<u>12,296</u>	<u>(479)</u>
Cash flows from financing activities		
Proceeds from issuance of common stock under employee stock purchase plan	249	179
Tax withholding related to vesting of restricted stock grants	(274)	(456)
Withholding related to exercise of stock options	(281)	(54)
Net cash used in financing activities	<u>(306)</u>	<u>(331)</u>
Increase in cash and cash equivalents	707	5,889
Cash and cash equivalents, beginning of period	13,216	16,450
Cash and cash equivalents, end of period	<u>\$ 13,923</u>	<u>\$ 22,339</u>
Supplemental disclosures for cash flow information		
Cash paid during the year for income taxes	<u>\$ 6,934</u>	<u>\$ 2,331</u>
Non-cash financing activities		
Cashless exercise of stock options	<u>\$ 210</u>	<u>\$ 1,269</u>



 **CLEARFIELD**
FieldReport

April 28, 2022

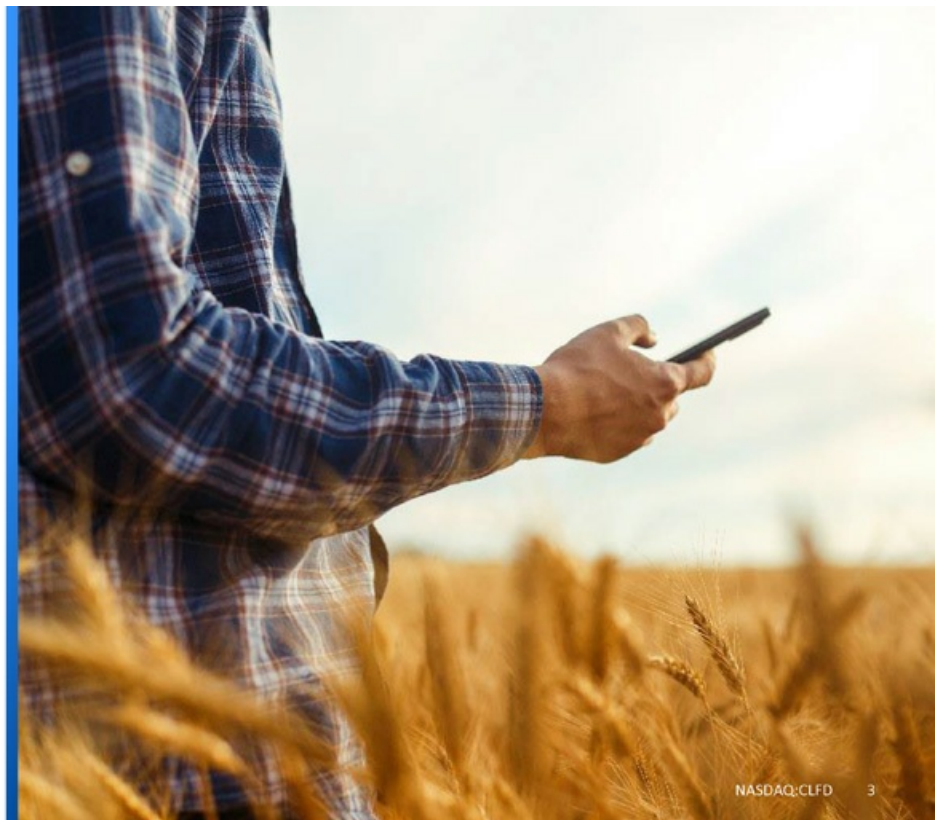
Fiscal Q2 2022 Earnings Call

Important Cautions Regarding Forward- Looking Statements

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Introduction & Highlights



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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

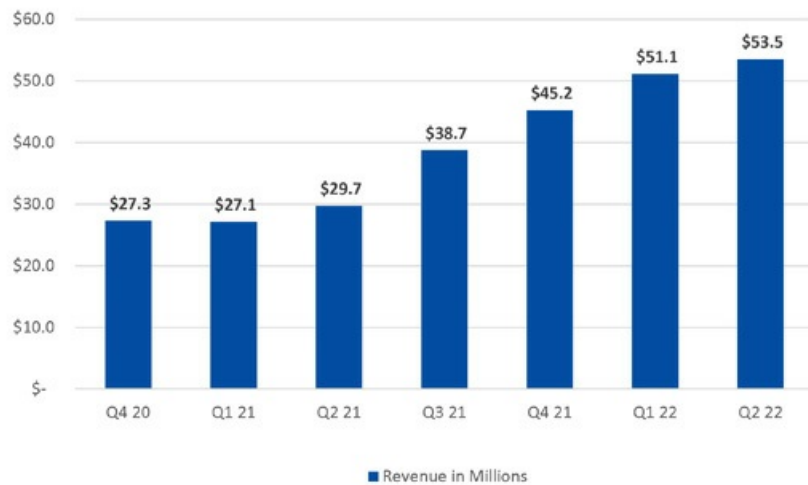


Financial Performance

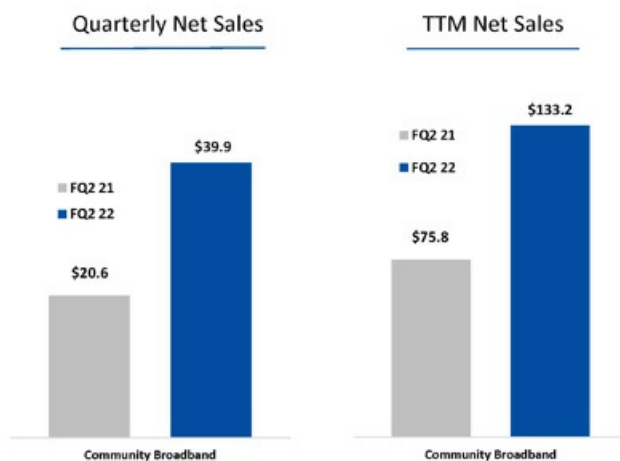


FINANCIAL PERFORMANCE

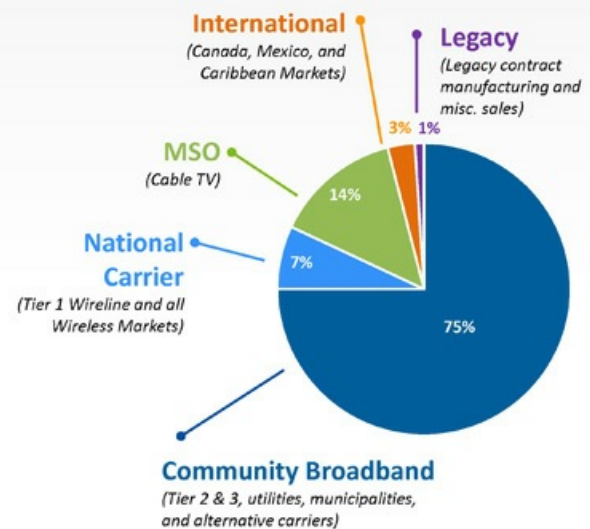
Quarterly Revenue



Q2 FY22 Net Sales Comparison by Market



Q2 FY22 Net Sales Composition Ended 3/31/22¹



Q2 FY22 Net Sales Comparison by Market

Quarterly Net Sales

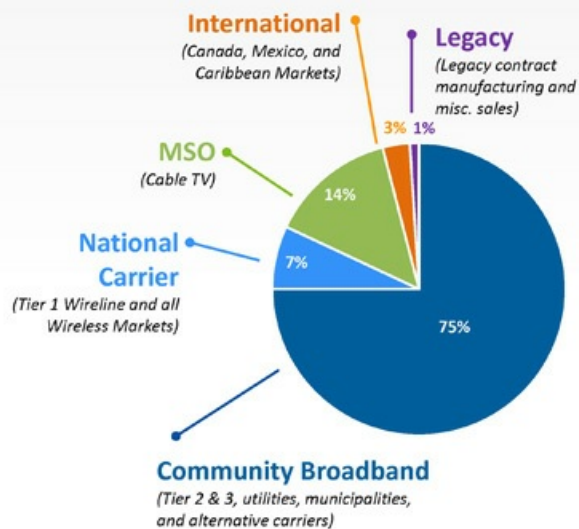


TTM Net Sales



All dollar figures in millions
 1) Based on net sales of \$188.6 million and Point of Sales (POS) reporting from distributors who resell our product line into these markets.

Q2 FY22 Net Sales Composition Ended 3/31/22¹



NASDAQ:CLFD

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FINANCIAL PERFORMANCE

Quarterly Gross Profit



79%
 Gross Profit increase YOY



NASDAQ:CLFD

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FINANCIAL PERFORMANCE

Quarterly Operating Expense



7.6%

YOY Decrease in
Operating Expense as a
percent of Net Sales

FINANCIAL PERFORMANCE

Quarterly Net Income



\$9.2M

Q2 2022 Net Income

17.3%

Q2 2022 Percent of Net Sales



Business Update & Outlook



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Our Value Proposition – Removing Obstacles

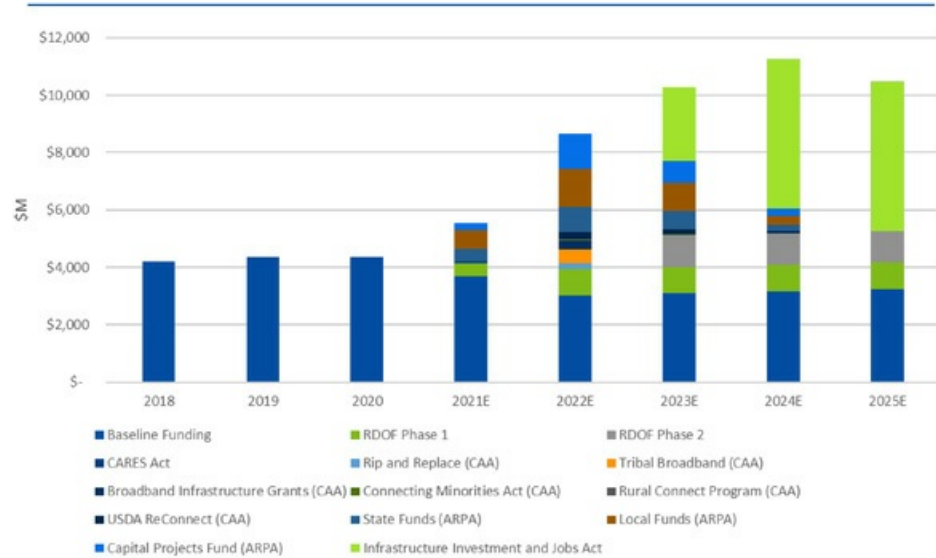
1. Craft-friendly – requires less skilled labor and overall labor time
2. Designed to reduce permitting and right-of-way
3. Faster turn-up time for quicker revenue per subscriber



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Legislation Supporting Broadband

Estimated Broadband Infrastructure Subsidies with Enacted Legislation



More New Fiber Is Expected In The Next Five-Year Period Than All Years To Date

Committed Fiber Homes Passed

Fiber Homes Passed	Current	Committed
AT&T	15.5M	18M by 2024
Frontier	3M	6-8M by 2031
Lumen	2M	7M by 2030
Verizon	15.8M	18.6M by 2030
Windstream	1.3M	3M by 2030
Total	37M	54-56M by 2030

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 Domestic and Global partnerships for faster product innovation and cost reduction programs

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- Speed of delivery in every part of our organization is paramount to our success



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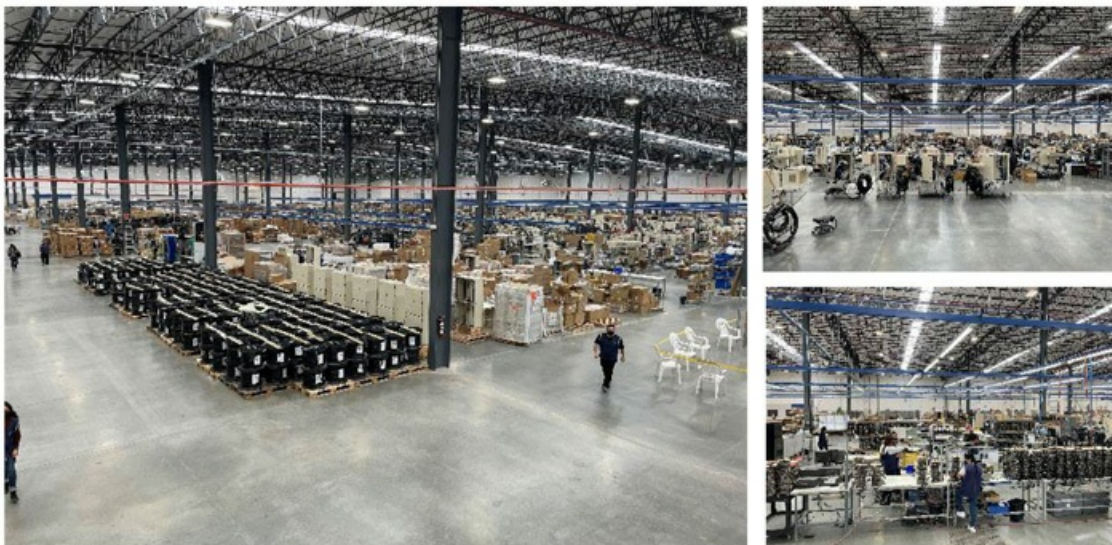
Augmenting Capacity for Ongoing Growth

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



NASDAQ:CLFD 20

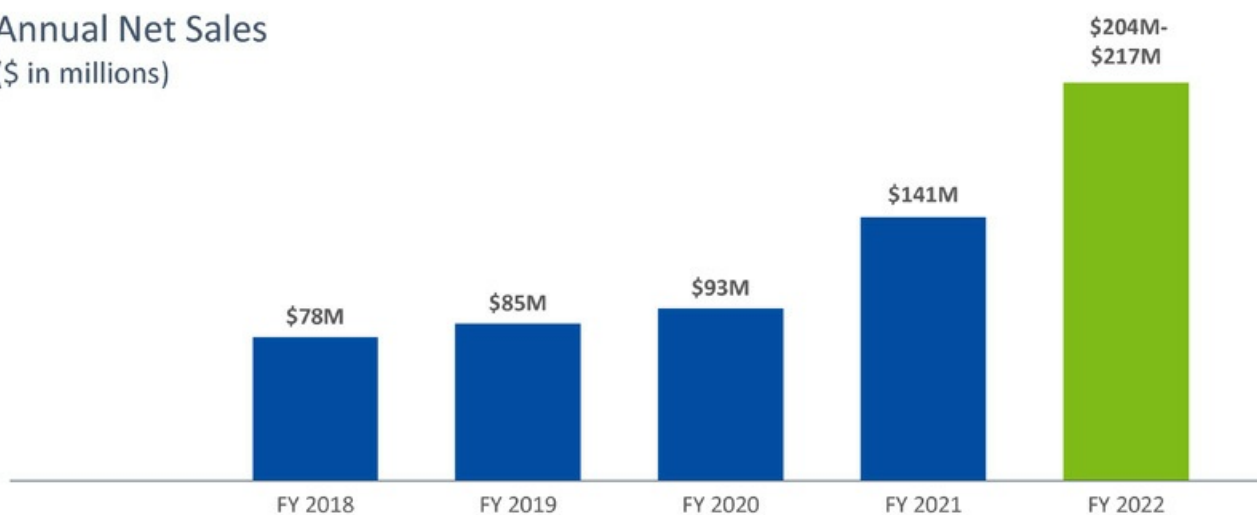
Clearfield Production Facilities



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Financial Outlook

Annual Net Sales
(\$ in millions)



FY 2022 guidance issued and effective as of April 28, 2022; growth rate is based on midpoint of net sales guidance range

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Q&A



Cheri Beranek
PRESIDENT & CEO



Dan Herzog
CHIEF FINANCIAL OFFICER



NASDAQ:CLFD 23

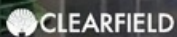
Contact Us

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