
**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): May 17, 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 2 through 8 are not applicable and are therefore omitted.

Item 1.01. Entry into a Material Definitive Agreement.

On May 17, 2022, Clearfield, Inc. (the “Company”) and its newly formed, wholly-owned subsidiary Clearfield Finland Oy (“Buyer”) entered into a Share Sale and Purchase Agreement (the “Purchase Agreement”) pursuant to which the sellers party to the Purchase Agreement have agreed to sell to Buyer all of the issued and outstanding shares of Nestor Cables Ltd (“Nestor Cables”), a Finnish company engaged in the development and manufacturing of fiber optic cable solutions in Northern Europe. Upon closing of the transactions contemplated by the Purchase Agreement, Nestor Cables will become a wholly-owned subsidiary of Buyer. The closing is subject to customary closing conditions, as well as approval from the Ministry of Economic Affairs and Employment of Finland under the Finnish Act on the Screening of Foreign Corporate Acquisitions.

As consideration for the transactions contemplated by the Purchase Agreement, Buyer will pay at closing an aggregate of approximately EUR €7,947,500 in cash to the sellers for their Nestor Cables shares (plus a 2% per annum interest amount from the period June 1, 2022 to the closing date), an aggregate of approximately EUR €5,380,000 in principal and any then-accrued interest on capital loans made to Nestor Cables by certain creditors, and pay or assume an additional approximately EUR €7,418,000 in principal amount of interest-bearing indebtedness. The Company expects total cash required at closing will be approximately USD \$17 million, which is expected to be funded from draw from the Company’s Loan Agreement with Bremer Bank, National Association entered into on April 27, 2022. The Company has guaranteed the liabilities and obligations of Buyer related to the transaction consideration.

Buyer and the sellers each have made certain representations, warranties and covenants in the Purchase Agreement. Sellers’ covenants include covenants relating to the conduct of Nestor Cables’ business during the period between the execution of the Purchase Agreement and closing, and a 24-month non-competition covenant and a 36-month non-solicitation covenant commencing upon the closing of the transaction. The Purchase Agreement representations, warranties and covenants were made solely for the purposes of the Purchase Agreement and of specific dates, were solely for the benefits of the parties thereto, and may be subject to important qualifications and limitations agreed to by the parties in connection with the negotiated terms of the Purchase Agreement. Moreover, some of those representations and warranties may not be accurate or complete as of any specified date, may be subject to certain disclosures between the parties and a contractual standard of materiality different from those generally applicable to the Company’s SEC filings. In addition, the representations and warranties were made for purposes of allocating risk among the parties to the Purchase Agreement and should not be relied upon as establishing factual matters.

If the closing of the transactions contemplated by the Purchase Agreement has not taken place by September 30, 2022, either of the parties may terminate the Purchase Agreement upon written notice to the other party; provided, however, a party will not be entitled to terminate the Purchase Agreement if the failure for the closing to take place by such date is due to a breach of the Purchase Agreement by such party.

The foregoing summary of the Purchase Agreement does not purport to be complete and is subject to and qualified in its entirety by reference to the Purchase Agreement, which will be filed as an exhibit to the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2022.

On May 17, 2022, the Company issued a press release announcing the execution of the Purchase Agreement. A copy of the press release is filed as Exhibit 99.1 hereto and is incorporated herein by reference. Also furnished hereto as Exhibit 99.2 is the slide presentation 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 execution of the Purchase Agreement.

Item 9.01. Financial Statements and Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
<u>99.1</u>	<u>Press release of Clearfield, Inc. issued on May 17, 2022.</u>
<u>99.1</u>	<u>Presentation of Clearfield, Inc. for May 17, 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: May 17, 2022

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

Clearfield to Acquire Nestor Cables, a Leading European Developer and Manufacturer of Fiber Optic Cable Solutions

- *Accretive Acquisition to Extend Available Supply of Clearfield's FieldShield Fiber*
- *Company Expected to Open Fiber Optic Production in Mexico to Establish the Manufacturing of FieldShield in Closer Proximity to its North American Service Provider Customers*
- *Management to Hold Conference Call to Discuss Acquisition Today, May 17, at 8:30 AM ET*

MINNEAPOLIS, May 17, 2022 (GLOBE NEWSWIRE) -- **Clearfield, Inc. ("Clearfield") (NASDAQ: CLFD)**, the specialist in fiber management and connectivity platforms for communication service providers, has entered into a definitive agreement to acquire Finnish company Nestor Cables Oy ("Nestor"), a leading developer and manufacturer of fiber optic cable solutions. The pending acquisition follows a long-standing, synergistic relationship between Clearfield and Nestor, who have worked together for over a decade. The acquisition is expected to be accretive to Clearfield earnings.

Nestor Overview

Nestor was founded in 2007 in Oulu, Finland, by cable technology professionals. Its product portfolio includes fiber optic cables, connectivity accessories for fiber optic networks and instrumentation, and the Nestor Optimus product family for microduct networks. Nestor offers its customers complete solutions for fiber optic networks, including fiber to the home (FTTH) and fiber to the premises (FTTP) applications.

Nestor has a strong market position in Finland as a supplier of optical fiber cabling. The company also exports many of its products to the European continent, accounting for approximately 30% of its annual revenues. Nestor operates two production facilities and has customers in more than 50 countries.

Strategic Rationale

Since 2012, Nestor has supplied fiber optic cables for Clearfield's high-quality FieldShield product line. This strategic acquisition will enable Clearfield to vertically integrate the supply of its fiber optic cables to meet future customer demand. Furthermore, Clearfield anticipates leveraging the deep technical expertise of the Nestor team, who have decades of optical experience, to extend the available supply of FieldShield fiber into the North American market. Clearfield expects to open optical fiber production in its Mexico facility and begin production of optical cable in North America in early calendar year 2023.

Concurrently, Nestor will continue to service all of its existing customers throughout Finland and other European countries. Clearfield is excited to bring its fiber management solutions to Nestor's customers and prospects in the European market. In 2021, Nestor generated EUR €31.7 million in revenue under Finnish Accounting Standards.

Acquisition Summary

The value of the transaction including fees is approximately US \$23 million. Clearfield expects to fund the acquisition through its credit facility. The transaction is expected to close in a few months and is subject to customary Finnish regulatory approvals. Upon close of the transaction, Nestor will be operated as a subsidiary of Clearfield.

Additional details regarding the transaction can be found in the Company's Current Report on Form 8-K, filed today and available in the Investor Relations section of Clearfield's website here.

Management Commentary

"The acquisition of Nestor is a significant milestone for Clearfield," said Company President and CEO Cheri Beranek. "Nestor has been a wonderful company to work with over the last 10 years, and we are thrilled to be adding them to our team. Nestor's focus on providing its customers with reliable and flexible deliveries, quick reaction times, and operational efficiency is entirely aligned with Clearfield's company culture. Moreover, Nestor employees have deep expertise in fiber optical development and manufacturing, with many employees who gained their skills with the production of optical cable by Nokia years ago. We are excited for the potential opportunities afforded by this acquisition, namely the ability to leverage their fiber optic cable expertise in our own manufacturing facility in Mexico and, in the longer term, evaluate the opportunity to enter the European market with our fiber management solutions."

Jarmo Rajala, President and CEO of Nestor, added: "Clearfield has been a fantastic partner to Nestor Cables for many years. As a true leader in the growing Community Broadband space, we are delighted to join Clearfield at this pivotal moment for the fiber broadband industry. We look forward to supporting the expansion of FieldShield fiber availability in North America as the demand for fiber continues to grow exponentially."

Transaction Advisors

Needham & Co. is acting as financial advisor to Clearfield. Ballard Spahr LLP is acting as U.S. legal advisor and Avance Asianajotoimisto Oy is acting as Finnish legal advisor to Clearfield.

Teknoventure Oy is acting as financial advisor to shareholders of Nestor Cables Oy, and JV Lakiasiat Oy is acting as legal advisor to Nestor Cables Oy.

Conference Call

Clearfield management will hold a conference call today (May 17, 2022) at 8:30 a.m. Eastern Time (7:30 a.m. Central Time) to discuss the

proposed acquisition of Nestor Cables Oy.

Clearfield's President and CEO Cheri Beranek and CFO Dan Herzog will host the call, followed by a question-and-answer period.

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

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

Conference ID: 13730071

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 11:30 a.m. Eastern time on the same day through May 31, 2022.

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

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

Replay ID: 13730071

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 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. These statements are based on Clearfield's current expectations or beliefs and are subject to uncertainty and changes in circumstances. There can be no guarantee that the proposed acquisition of Nestor Cables will be completed, that it will be completed as currently proposed, or at any particular time. Further there can be no assurance that Clearfield will realize the expected strategic benefits from the transaction. Actual results may vary materially from those expressed or implied by any forward-looking statements here due to changes in economic, business, competitive or regulatory factors, and other risks and uncertainties affecting the operation of Clearfield's business. These risks, uncertainties and contingencies are presented in the Company's Annual Report on Form 10-K and its subsequent filings on Form 10-Q provides descriptions of those risks and, from time to time, in the Company's 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

May 17, 2022

NASDAQ: CLFD

Acquisition of Nestor Cables Oy Conference Call

Important Cautions Regarding Forward- Looking Statements

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Who We Are

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.



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





Overview on Nestor

- Nestor Cables was founded by cable technology professionals to preserve the Finnish tradition of producing high-quality fiber optic cables
- Nestor is one of the leading developers and manufacturers of fiber optic cable solutions in Northern Europe
- Nestor products are developed and tested to meet the highest quality standards
- Reliable and flexible deliveries, quick reaction times, efficiency

Nestor Products



Nestor at a Glance

- Founded in 2007 in Oulu, Finland
- More than 100 employees
- Customers in 50+ countries
- Two production facilities
- FY 2021 revenue of EUR €31.7 million (approximately \$33 million) under Finnish Accounting Standards
- Nestor will have enhanced capabilities to continue to meet its Finnish and European customers





Transaction Details

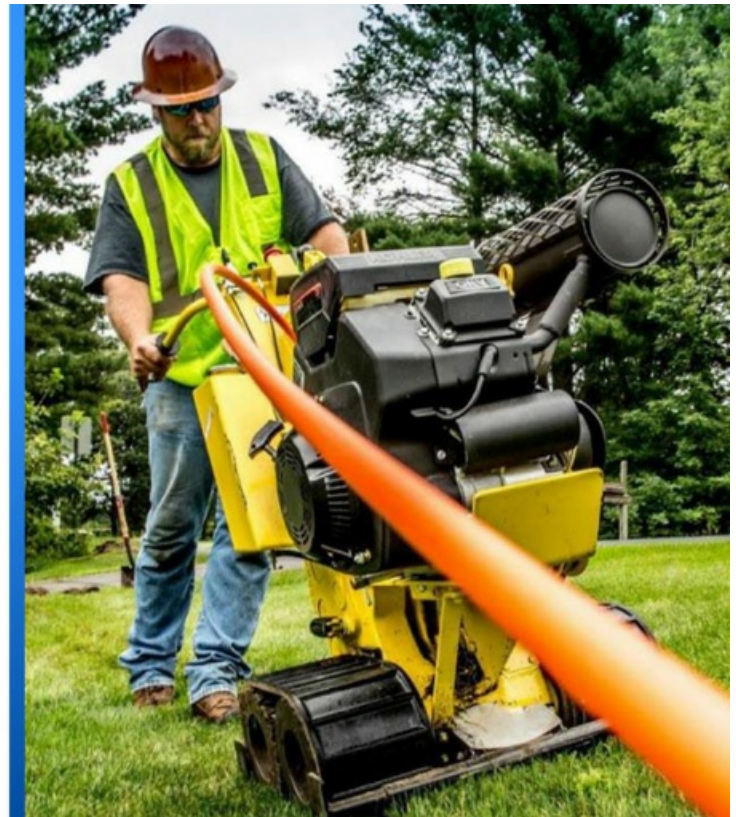
- Transaction value with fees: \$23 million
- Funding Sources: Clearfield expects to fund the acquisition through its credit facility
- Anticipated close: A few months, pending customary Finnish regulatory approvals
- Acquisition is expected to be accretive to Clearfield earnings
- Upon close of the transaction, Nestor will operate as a subsidiary of Clearfield



NASDAQ:CLFD 7

Strategic Rationale

- Allows Clearfield to vertically integrate the supply of FieldShield fiber optic cables to meet future customer demand
- Enables Clearfield to leverage Nestor's deep technical expertise to extend overall supply of FieldShield fiber into the North American market
- Expected to reduce the cost and complexity of freight by establishing Mexico-based production of fiber cable (est. early 2023)
- Exciting opportunity to bring Clearfield's cassette-based fiber management solutions to European market



Q&A



Cheri Beranek
PRESIDENT & CEO



Dan Herzog
CHIEF FINANCIAL OFFICER



NASDAQ:CLFD 9

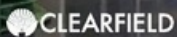
Contact Us

COMPANY CONTACT:

Cheri Beranek
President & CEO
Clearfield, Inc.
IR@seeclearfield.com

INVESTOR RELATIONS:

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



NASDAQ:CLFD 10