

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): November 15, 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 1, 3, 4, and 6 through 8 are not applicable and therefore omitted.

Item 2.02. Results of Operations and Financial Condition.

On November 17, 2022, Clearfield, Inc. (the “Company”) issued a press release announcing the results of its fourth quarter and fiscal year ended September 30, 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 used by Cheryl Beranek, the Company’s President and Chief Executive Officer, and Daniel Herzog, the Company’s Chief Financial Officer, during the live webcast of a telephone conference relating to the fourth quarter and fiscal year ended September 30, 2022 results.

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

FY 2022 Cash Bonus Program

On December 9, 2021, the Board of Directors of the Company approved a cash bonus program for fiscal year 2022 for Company employees (the “2022 Bonus Program”) that was recommended by the Company’s Compensation Committee. The current executive officers (the “Executives”) that participated in the 2022 Bonus Program are: Cheryl Beranek, Chief Executive Officer; John Hill, Chief Operating Officer; and Daniel Herzog, Chief Financial Officer.

Under the 2022 Bonus Program, the Compensation Committee set three performance goals relating to the Company’s revenue for fiscal year 2022, referred to as Level 1, Level 2, Level 3 and Level 4. The Compensation Committee also determined the cash bonus that each Executive could earn as a percentage of her or his base salary for achievement of revenue performance goals at each level. While the Compensation Committee determined Level 1, Level 2, Level 3 and Level 4 revenue performance goals, the Compensation Committee determined for the Executives would earn no bonus under the 2022 Bonus Program if the Company’s achievement of revenue for fiscal year 2022 was less than Level 2 revenue. Accordingly, under the 2022 Bonus Program as it applies to the Executives, Level 2 revenue achievement also is the minimum level of achievement such that fiscal year 2022 revenue achievement at less than Level 2 would result in no bonus. Achievement of fiscal year 2022 revenue at greater than Level 2 results in a prorated increased bonus amount until Level 3 revenue is achieved. If fiscal year 2022 revenue exceeds Level 3 revenue achievement, additional bonus amounts available to all participants in the 2022 Bonus Program will accrue at a specified rate per million and be allocated to the Executives and other participants in the 2022 Bonus Program by the Compensation Committee and the Board of Directors on a discretionary basis.

Under the 2022 Bonus Program, fiscal year 2022 revenue first will be determined in conformity with accounting principles generally accepted in the United States of America (GAAP) and, if the fiscal year 2022 revenue exceeds Level 1 achievement, revenue for the purposes of the 2022 Bonus Program then will subject to potential increase based on the Company’s gross profit percentage for fiscal year 2022 determined in accordance with GAAP. For the purposes of determining revenue under the 2022 Bonus Program, the achievement of gross profit percentage for fiscal year 2022 in excess of a minimum amount set by the Compensation Committee will increase the fiscal year 2022 revenue deemed achieved by the Company based on a formula.

Under the 2022 Bonus Program, the Executives could earn the following percentage of their base salaries at Level 2, Level 3 and Level 4 fiscal year 2022 revenue achievement: Ms. Beranek, 100%, 150% and 255%, respectively; Mr. Hill, 100%, 150% and 255%, respectively; and Mr. Herzog, 50%, 75% and 127%, respectively.

Effective November 15, 2022, the Compensation Committee determined the Company’s fiscal year 2022 revenue and gross profit percentage for purposes of the 2022 Bonus Program.

The Compensation Committee determined that the Company’s 2022 GAAP revenue resulted in achievement exceeding Level 4, the highest revenue performance goal, set by the Compensation Committee for the 2022 Bonus Program. However, the Compensation Committee also determined the Company’s 2022 gross profit percentage did not exceed the minimum amount set by the Compensation Committee and accordingly, there was no adjustment in the GAAP revenue used to calculate bonuses under the 2022 Bonus Program. Based upon the Company’s fiscal year 2022 financial results, the Compensation Committee approved cash bonus payments to the Executives under the 2022 Bonus Program at the following percentages of their base salaries: Ms. Beranek, 255% or \$955,000; Mr. Hill, 255% or \$955,000, respectively; and Mr. Herzog, 127% or \$316,000.

Given that the Company’s 2022 GAAP revenue exceeded Level 4, the Compensation Committee considered the performance of the Company and the Executives during fiscal year 2022, including expansion of the Company’s Mexican and U.S. facilities, the acquisition and integration of Nestor Cables, navigation of supply chain challenges, obtaining a bank line of credit, and operational improvements supporting the Company’s substantial revenue growth. Based upon these and other factors, the Compensation Committee approved discretionary bonuses to the Executives based upon the Company’s fiscal 2022 GAAP revenue in excess of Level 4 and determined that the discretionary bonuses would be settled in shares of the Company’s common stock in order to align the interests of the Executives with those of the Company’s shareholders. The number of shares of Company common stock to be issued to the Executives will equal the amount of the bonus in excess of Level 4 calculated based upon the 2022 Bonus Program divided by the stock price on the date of grant, which will be the first day of the open window period under the Company’s insider trading policy. The value of the stock awards to be issued to each of the Executives will be as follows: Ms. Beranek, \$286,200; Mr. Hill, \$286,200; and Mr. Herzog, \$144,200.

Item 9.01. Financial Statements and Exhibits.

The following exhibits are being furnished herewith:

- [99.1](#) [Press release dated November 17, 2022](#)
 - [99.2](#) [Presentation for November 17, 2022 Live Webcast of Telephone Conference](#)
 - 104 Cover Page Interactive Data File (embedded within the Inline XBRL document)
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SIGNATURE

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

CLEARFIELD, INC.

Date: November 17, 2022

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

Clearfield Reports Record Fiscal Fourth Quarter and Full Year 2022 Results

- Revenue For Fiscal Fourth Quarter Grew 110% Year-over-Year to Record \$95 Million Including an incremental \$7 Million Generated by the Acquisition of Nestor Cables.
- Revenue for Fiscal Year 2022 Grew 92% to \$271 Million as Compared to Fiscal Year 2021.
- Fiscal 2022 Net Income Totaled \$49 Million, or \$3.55 per Diluted Share, an Improvement of 143% from \$20 Million, or \$1.47 per Diluted Share, in Fiscal 2021.
- Backlog Increased 148% to \$165 Million at Year End Compared to \$66 Million at End of Fiscal 2021.
- Company Introduces Fiscal 2023 Net Sales Guidance to a Range of \$380 Million to \$393 Million, Representing 40% to 45% Growth Over Record Fiscal Year 2022.

MINNEAPOLIS, Nov. 17, 2022 (GLOBE NEWSWIRE) -- **Clearfield, Inc. (NASDAQ: CLFD)**, a leader in fiber connectivity, reported results for the fiscal fourth quarter and year ended September 30, 2022.

Fiscal Q4 2022 Financial Summary

(in millions except per share data and percentages)

	Q4 2022	vs. Q4 2021	Change	Change (%)
Net Sales	\$ 95.0	\$ 45.2	\$ 49.8	110%
Gross Profit (\$)	\$ 37.5	\$ 19.7	\$ 17.8	90%
Gross Profit (%)	39.5%	43.6%	-4.1%	-10%
Income from Operations	\$ 22.3	\$ 9.4	\$ 12.9	138%
Income Tax Expense	\$ 5.0	\$ 2.1	\$ 2.9	142%
Net Income	\$ 17.0	\$ 7.4	\$ 9.6	129%
Net Income per Diluted Share	\$ 1.22	\$ 0.53	\$ 0.69	130%

Fiscal 2022 Financial Summary

(in millions except per share data and percentages)

	2022	vs. 2021	Change	Change (%)
Net Sales	\$ 270.9	\$ 140.8	\$ 130.1	92%
Gross Profit (\$)	\$ 112.9	\$ 61.2	\$ 51.8	85%
Gross Profit (%)	41.7%	43.5%	-1.8%	-4%
Income from Operations	\$ 63.8	\$ 25.2	\$ 38.6	153%
Income Tax Expense	\$ 14.5	\$ 5.4	\$ 9.1	168%
Net Income	\$ 49.4	\$ 20.3	\$ 29.0	143%
Net Income per Diluted Share	\$ 3.55	\$ 1.47	\$ 2.08	141%

Management Commentary

“As reflected in its record financial performance in the fiscal fourth quarter, Clearfield continues to convincingly execute on its strategic growth plan to capitalize on the market demand for fiber-fed broadband,” said Company President and CEO Cheri Beranek. “Total net sales for the fourth quarter were \$95 million. Revenues in our Community Broadband market were particularly strong, up 91% over the prior-year period.

“Clearfield is a major player in delivering high-speed broadband to underserved and unserved communities across the United States. We recently launched our new multi-year strategic plan, LEAP, to step up our ability to scale our business to meet this historic opportunity in broadband infrastructure investment. By leveraging our decade-long excellence in Community Broadband, continuing to enhance our capacity, further investing in operational infrastructure, and innovating new connectivity products, we believe we can deliver on our value proposition to our customers and continue to build upon our market share. We recently introduced our new CraftSmart FiberFirst Pedestal, which is the first of its kind in the industry and exemplifies how our thoughtfully designed products are optimized for rapid fiber deployment.”

“Though we are not impervious to the current supply chain challenges in certain component categories, we are proactively managing the situation to ensure we can continue to deliver our high-quality, craft-friendly products to our customers’ promised ship dates. The recent acquisition of Nestor Cables begins to vertically integrate the supply of our fiber optic cables to meet customer demand of our FieldShield line. We have made significant progress integrating Nestor into our operations and are currently on track to begin production of fiber optic cable at our Mexico facility in early calendar year 2023. In addition, Nestor added \$7 million to our revenues this quarter. Nestor experienced one-time

acquisition and integration costs of approximately \$500,000 which resulted in an approximately \$200,000 loss for the quarter. We expect Nestor to be accretive to earnings in 2023.

“Our backlog currently stands at an unprecedented \$165 million, including \$4 million from Nestor Cables, with roughly two thirds of that total scheduled for customer deployments in the next two quarters. We anticipate revenues to follow year over year seasonal patterns, resulting in expected strong year-over-year growth in the first half of fiscal year 2023. While our pipeline and outlook remain strong, there continues to be uncertainty that we expect will be most prevalent in the second half of our fiscal year 2023 regarding the availability of labor necessary for our customers to build their networks. We will continue to build capacity and expect to reduce our order backlog and as a result the lead-time associated with our product lines. We are guiding to estimated revenue of \$380 million to \$393 million representing 40% to 45% growth over fiscal year 2022.

“Broadband internet is now acknowledged as necessary for full participation in modern society. We are a leader in Community Broadband fiber connectivity and have developed a craft-friendly product portfolio, sales organization, and operational infrastructure to facilitate the growth in fiber deployment in every community. Further, by reducing the time to pass and connect homes, we are helping our service provider customers address the labor shortage facing our industry. With our steadfast commitment to our customers and enhanced manufacturing capacity, we are very bullish on Clearfield’s growth potential in 2023 and beyond.”

Fiscal Fourth Quarter 2022 Financial Results

Net sales for the fiscal fourth quarter of 2022 increased 110% to \$95 million from \$45 million in the same year-ago quarter. Clearfield organic revenue grew to \$88 million, representing an increase of 94% while Nestor Cables generated \$7 million in revenue from the time of its acquisition on July 26, 2022. The increase in organic net sales was due to higher demand of our products across our core end markets, particularly in our Community Broadband, Multiple System Operator (“MSO” or Cable TV) and National Carrier markets, consistent with our past quarters of fiscal 2022.

As of September 30, 2022, order backlog (defined as purchase orders received but not yet fulfilled) was \$165 million, an increase of 5% compared to \$157 million as of June 30, 2022 and an increase of 148% from \$66 million as of September 30, 2021.

Gross profit for the fiscal fourth quarter of 2022 increased 90% to \$38 million (or 39.5% of net sales) from \$20 million (or 43.6% of net sales) in the fiscal fourth quarter of 2021. Gross profit continues to be affected by shipping costs and supply chain shortages, as well as for the fiscal fourth quarter of 2022 lower gross profit on Nestor sales. The year-over-year comparison was also negatively affected by the increase in real estate costs associated with the addition of our new Minnesota and Mexico facilities which came online late in our second quarter of fiscal year 2022. Nestor experienced one-time acquisition costs reducing gross profit by approximately \$400,000 in the fiscal fourth quarter.

Operating expenses for the fiscal fourth quarter of 2022 increased 47% to \$15 million (or 16.1% of net sales), from \$10 million (or 22.9% of net sales) 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, increased travel expenses as well as professional fees mainly associated with the acquisition of Nestor Cables of approximately \$900,000. Nestor experienced one-time acquisition costs increasing operating expense by approximately \$100,000 in the fiscal fourth quarter.

Income tax expense for the fiscal fourth quarter of 2022 increased 142% to \$5 million, with an effective tax rate of 22.7%, as compared to \$2 million, with an effective tax rate of 21.7% in the same year-ago quarter due to higher taxable income.

Net income for the fiscal fourth quarter of 2022 totaled \$17 million, or \$1.22 per diluted share, compared to \$7 million, or \$0.53 per diluted share, in the same year-ago quarter.

Fiscal Year 2022 Financial Results

Net sales increased 92% to \$271 million for the year ended September 30, 2022 from \$141 million for fiscal 2021. The increase in net sales was due to higher demand for our products across our core end markets, most notably our Community Broadband, MSO/Cable TV and National Carrier markets.

Gross profit was \$113 million (or 41.7% of net sales) for the year ended September 30, 2022, an increase of 84.6% from \$61 million (or 43.5% of net sales) in fiscal 2021. The decrease in gross profit margin was partially due to increased overhead costs associated with our new facilities in Minnesota and Mexico and higher freight and transportation costs.

Operating expenses increased 37% to \$49 million (or 18.1% of net sales) for the year ended September 30, 2022 from \$36 million (or 25.5% of net sales) in fiscal 2021. The increase in operating expenses consisted primarily of higher compensation costs due to increased personnel and higher performance-based compensation, increased travel expenses as well as acquisition-related expenses of approximately \$1.6 million.

Income from operations increased 153% to \$64 million for the year ended September 30, 2022 from \$25 million in fiscal 2021.

Income tax expense increased 168% to \$14 million, with an effective tax rate of 22.7%, for the year ended September 30, 2022, as compared to approximately \$5 million, with an effective tax rate of 21.0% in fiscal 2021 due to higher taxable income. The increase in rate is due to increased permanent addback items including nondeductible expenses and acquisition costs.

Net income totaled \$49 million, or \$3.55 per diluted share, for the year ended September 30, 2022, an increase of 143% from \$20 million, or \$1.47 per diluted share, in fiscal 2021.

Conference Call

Clearfield management will hold a conference call today, November 17, 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: 1-877-300-8521
International dial-in: 1-412-317-6026
Conference ID: 10172351

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 December 1, 2022.

U.S. replay dial-in: 1-844-512-2921
International replay dial-in: 1-412-317-6671
Replay ID: 10172351

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, future availability of labor impacting our customers' network builds, 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: adverse global economic conditions and geopolitical issues could have a negative effect on our business, and results of operations and financial condition; our planned growth may strain our business infrastructure, which could adversely affect our operations and financial condition; the acquisition of Nestor Cables and integration activities could adversely affect our operating results; 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 IA. 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.
CONSOLIDATED STATEMENTS OF EARNINGS
(IN THOUSANDS, EXCEPT SHARE DATA)

	(Unaudited)			
	Three Months Ended		Year Ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Revenues	\$ 95,029	\$ 45,236	\$ 270,883	\$ 140,755
Cost of sales	<u>57,524</u>	<u>25,507</u>	<u>157,936</u>	<u>79,577</u>
Gross profit	37,505	19,729	112,947	61,178
Operating expenses				
Selling, general and administrative	15,254	10,362	49,130	35,944
Income from operations	<u>22,251</u>	<u>9,367</u>	<u>63,817</u>	<u>25,234</u>
Net investment income	44	122	328	500
Interest expense	(311)	-	(311)	-
Income before income taxes	<u>21,984</u>	<u>9,489</u>	<u>63,834</u>	<u>25,734</u>
Income tax expense	<u>4,993</u>	<u>2,063</u>	<u>14,472</u>	<u>5,407</u>
Net income	<u>\$ 16,991</u>	<u>\$ 7,426</u>	<u>\$ 49,362</u>	<u>\$ 20,327</u>
Net income per share:				
Basic	<u>\$ 1.22</u>	<u>\$ 0.54</u>	<u>\$ 3.58</u>	<u>\$ 1.48</u>
Diluted	<u>\$ 1.22</u>	<u>\$ 0.53</u>	<u>\$ 3.55</u>	<u>\$ 1.47</u>
Weighted average shares outstanding:				
Basic	<u>13,803,462</u>	<u>13,738,160</u>	<u>13,771,665</u>	<u>13,720,699</u>
Diluted	<u>13,923,531</u>	<u>13,859,030</u>	<u>13,905,984</u>	<u>13,784,294</u>

CLEARFIELD, INC.
CONSOLIDATED BALANCE SHEET

	September 30, 2022	September 30, 2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 16,650	\$ 13,216
Short-term investments	5,802	10,374
Accounts receivable, net	53,704	19,438
Inventories, net	82,208	27,524
Other current assets	1,758	954
Total current assets	<u>160,122</u>	<u>71,506</u>
Property, plant and equipment, net	18,229	4,998
Other Assets		
Long-term investments	22,747	36,913
Goodwill	6,402	4,709
Intangible assets, net	6,376	4,696

Right of use lease assets	13,256	2,305
Deferred tax asset	1,414	365
Other	581	419
Total other assets	50,776	49,407
Total Assets	\$ 229,127	\$ 125,911
Liabilities and Shareholders' Equity		
Current liabilities		
Current portion of lease liability	\$ 3,385	\$ 915
Accounts payable	24,118	9,215
Accrued compensation	13,618	8,729
Accrued expenses	6,181	1,613
Factoring liabilities	4,391	-
Total current liabilities	51,693	20,472
Other Liabilities		
Long-term debt	18,666	-
Long-term portion of lease liability	10,412	1,615
Deferred Tax	774	-
Total Liabilities	81,545	22,087
Shareholders' Equity		
Common stock	138	137
Additional paid-in capital	54,539	58,246
Accumulated other comprehensive loss	(1,898)	-
Retained earnings	94,803	45,441
Total Shareholders' Equity	147,582	103,824
Total Liabilities and Shareholders' Equity	\$ 229,127	\$ 125,911

Clearfield, Inc.
Consolidated Statement of Cashflows

	Year Ended September 30, 2022	Year Ended September 30, 2021
Cash flows from operating activities		
Net income	\$ 49,362	\$ 20,327
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	3,413	2,310
Change in allowance for doubtful accounts	-	210
Amortization of discount on investments	(42)	(7)
Deferred income taxes	(326)	(187)
Loss on disposal of assets	13	-
Stock-based compensation expense	2,339	1,280
Changes in operating assets and liabilities		
Accounts receivable	(24,234)	(9,151)
Inventories, net	(43,744)	(13,116)
Other assets	(282)	(722)
Accounts payable and accrued expenses	14,502	9,776
Net cash provided by operating activities	1,001	10,720
Cash flows from investing activities:		
Purchases of property, plant and equipment and		

intangible assets	(9,148)	(1,863)
Purchase of investments	(248)	(24,809)
Proceeds from sales and maturities of investments	17,386	13,255
Business acquisition, net of cash	(16,187)	-
Net cash used in investing activities	<u>(8,197)</u>	<u>(13,417)</u>
Cash flows from financing activities:		
Borrowing on line of credit	16,700	-
Proceeds from issuance of common stock under employee stock purchase plan	544	384
Repurchase of shares for payment of withholding taxes for vested restricted stock grants	(1,406)	(462)
Tax withholding and proceeds related to exercise of stock options	(5,183)	(458)
Net cash provided by (used in) financing activities	<u>10,655</u>	<u>(536)</u>
Effect of exchange rates on cash	(24)	-
Increase (Decrease) in cash and cash equivalents	3,458	(3,233)
Cash and cash equivalents, beginning of period	13,216	16,450
Cash and cash equivalents, end of period	<u>\$ 16,650</u>	<u>\$ 13,216</u>
Supplemental disclosures for cash flow information		
Cash paid during the year for income taxes	<u>\$ 13,744</u>	<u>\$ 5,505</u>
Non-cash financing activities		
Cashless exercise of stock options	<u>\$ 1,624</u>	<u>\$ 1,271</u>

Clearfield FieldReport: Fiscal Q4 & 2022 Earnings Call

November 17, 2022



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Important Cautions Regarding Forward- Looking Statements

Forward-looking statements contained herein and in any related presentation or in the related Earnings Release are made pursuant to the safe harbor provisions of the Private Litigation Reform Act of 1995. Words such as "may," "will," "expect," "believe," "anticipate," "estimate," "outlook," or "continue" or comparable terminology are intended to identify forward-looking statements. Such forward looking statements include, for example, statements about the Company's future revenue and operating performance, anticipated shipping on backlog and future lead times, future availability of components and materials from the Company's supply chain, future availability of labor impacting our customers' network builds, 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: adverse global economic conditions and geopolitical issues could have a negative effect on our business, and results of operations and financial condition; our planned growth may strain our business infrastructure, which could adversely affect our operations and financial condition; the acquisition of Nestor Cables and integration activities could adversely affect our operating results; the COVID-19 pandemic has significantly impacted worldwide economic conditions and could have a material adverse effect on our business, financial condition and operating results; we rely on single-source suppliers, which could cause delays, increases in costs or prevent us from completing customer orders; fluctuations in product and labor costs which may not be able to be passed on to customers that could decrease margins; we depend on the availability of sufficient supply of certain materials, such as fiber optic cable and resins for plastics, and global disruptions in the supply chain for these materials could prevent us from meeting customer demand for our products; 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.

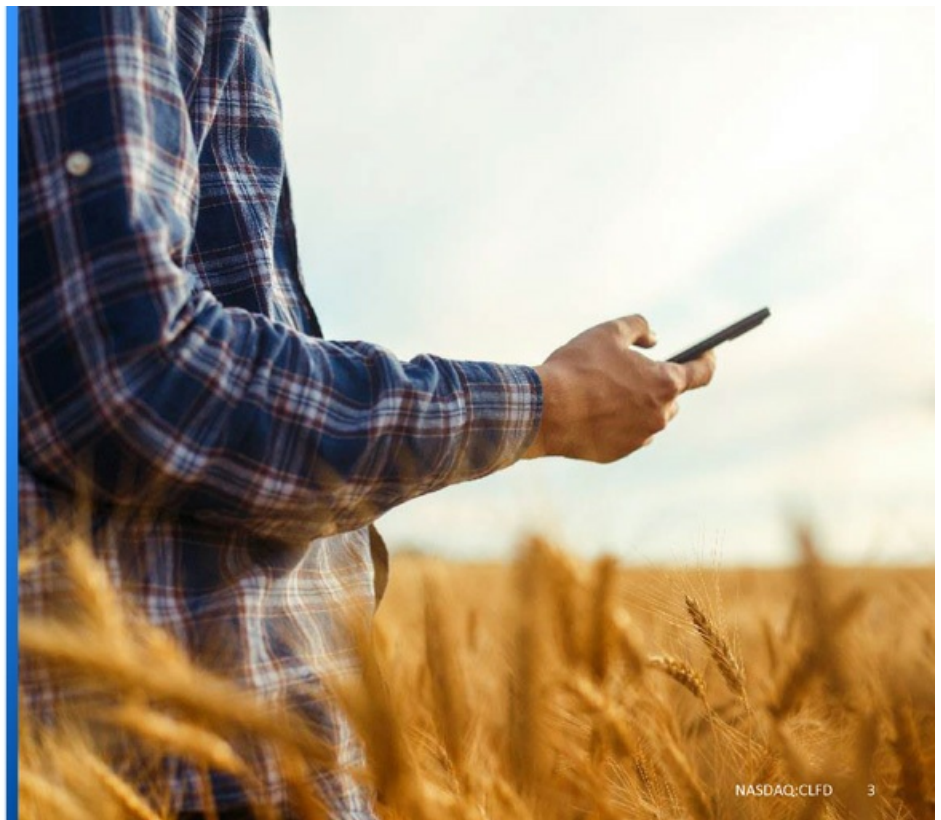


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Introduction & Highlights



Enabling the Lifestyle Better Broadband Provides



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.



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Nestor Cables Acquisition Overview

Finland-based subsidiary of Clearfield; one of the leading developers and manufacturers of fiber optic cable solutions in Northern Europe

- Vertically integrates the supply of FieldShield fiber optic cables
- Leverages Nestor's deep technical expertise to extend supply of FieldShield fiber into the North American market
- Reduces the cost and complexity of freight by establishing Mexico-based production of fiber cable
- Extends reach of cassette-based fiber management solutions to European market



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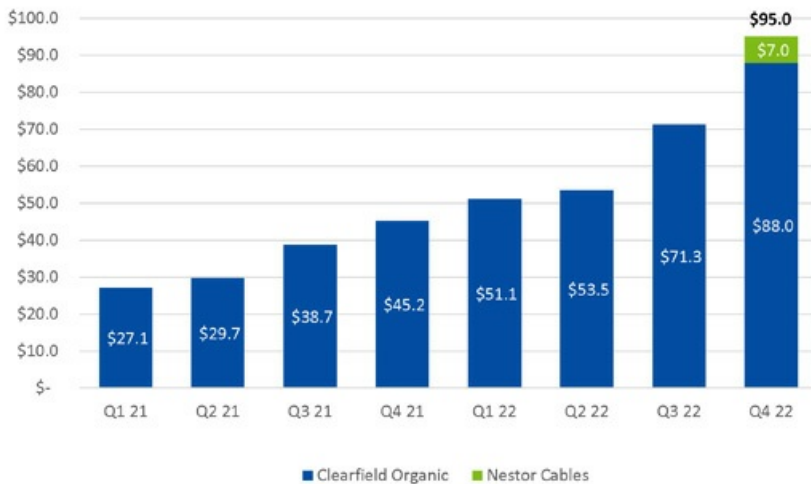


Financial Performance



NASDAQ:CLFD 7

FINANCIAL PERFORMANCE Quarterly Revenue



110%*
Q4 2022 Growth Rate

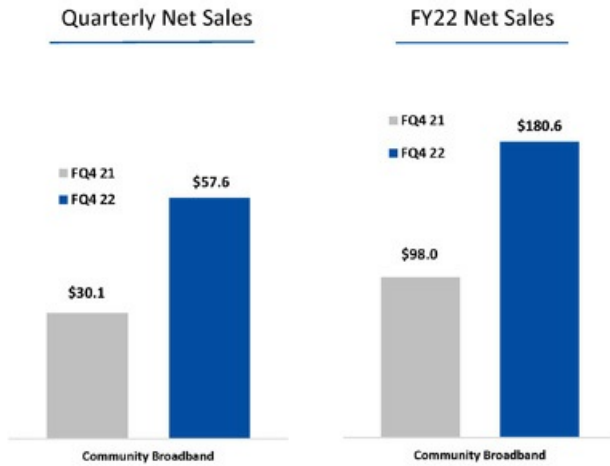
\$95M*
Q4 2022 Revenue



*Include \$7.0 million contribution from subsidiary Nestor Cables, which was acquired on July 26, 2022

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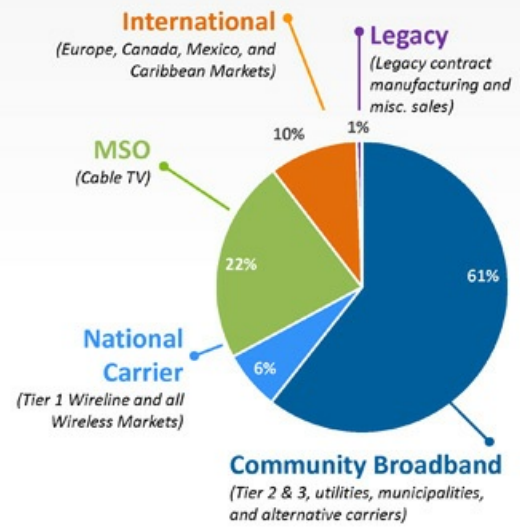
Q4 & FY22 Net Sales Comparison by Market



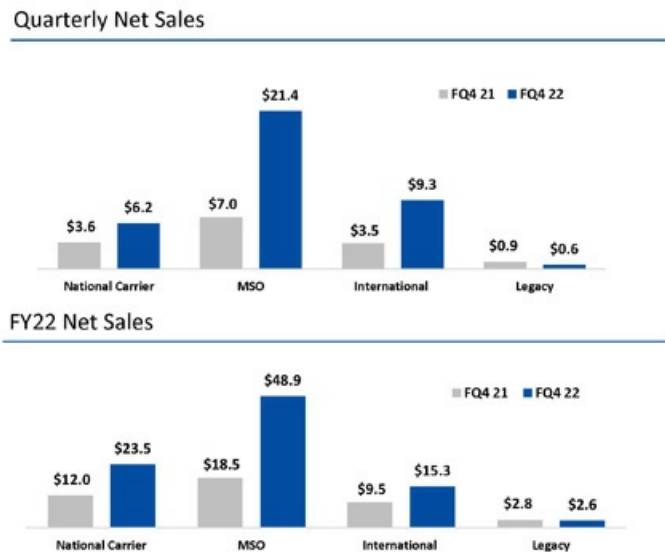
All dollar figures in millions
 1) Based on net sales of \$270 million for Clearfield (including a \$7M contribution from Nestor Cables within our international market) and Point of Sales (POS) reporting from distributors who resell our product line into these markets.



Net Sales Composition FY Ended 9/30/22¹



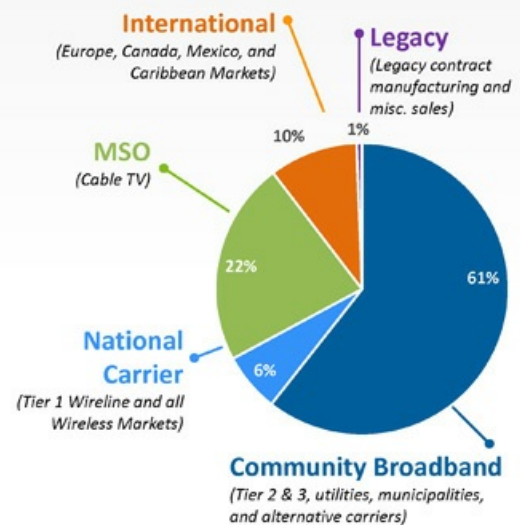
Q4 & FY22 Net Sales Comparison by Market



All dollar figures in millions
 1) Based on net sales of \$270 million for Clearfield (including a \$7M contribution from Nestor Cables within our international market) and Point of Sales (POS) reporting from distributors who resell our product line into these markets.



Net Sales Composition FY Ended 9/30/22¹



FINANCIAL PERFORMANCE

Annual Revenue

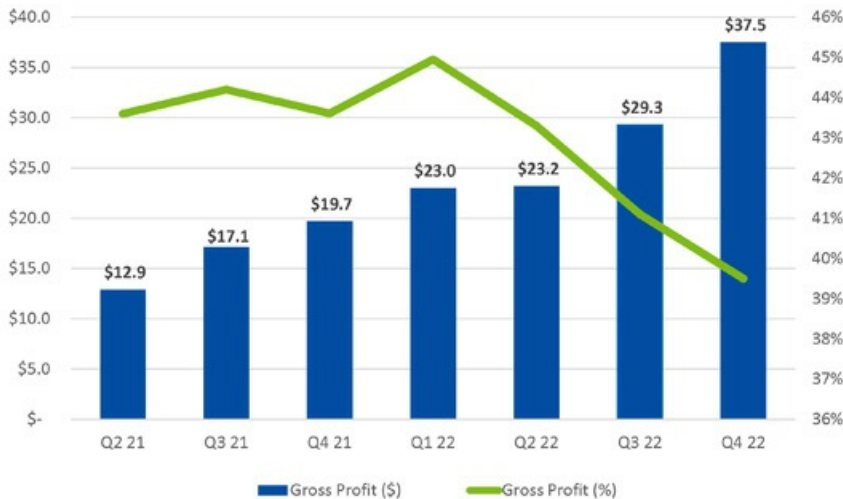


92%
FY 2022 Growth Rate

\$270.9M
FY 2022 Consolidated Revenue

FINANCIAL PERFORMANCE

Quarterly Gross Profit



90%
Gross Profit increase YOY

FINANCIAL PERFORMANCE

Annual Gross Profit



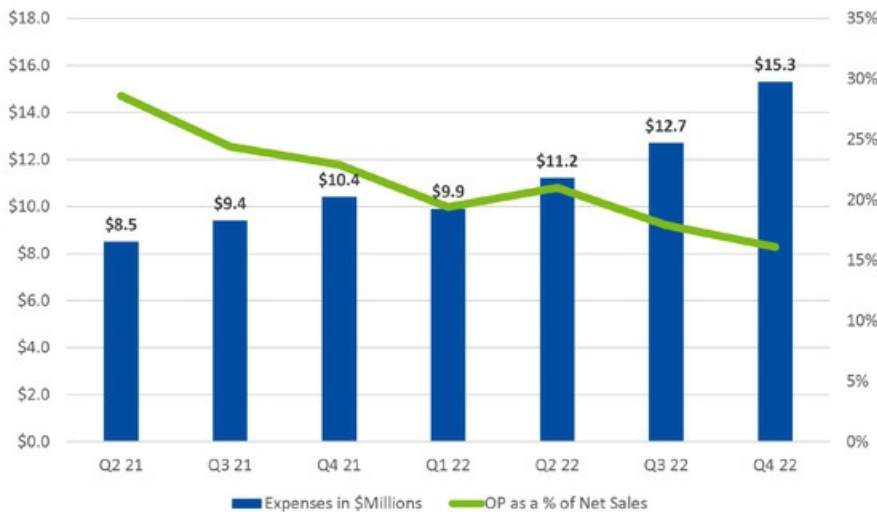
85%
Gross Profit increase YOY



*FY 22 gross profit includes contribution from subsidiary Nestor Cables, which was acquired on July 26, 2022

FINANCIAL PERFORMANCE

Quarterly Operating Expenses

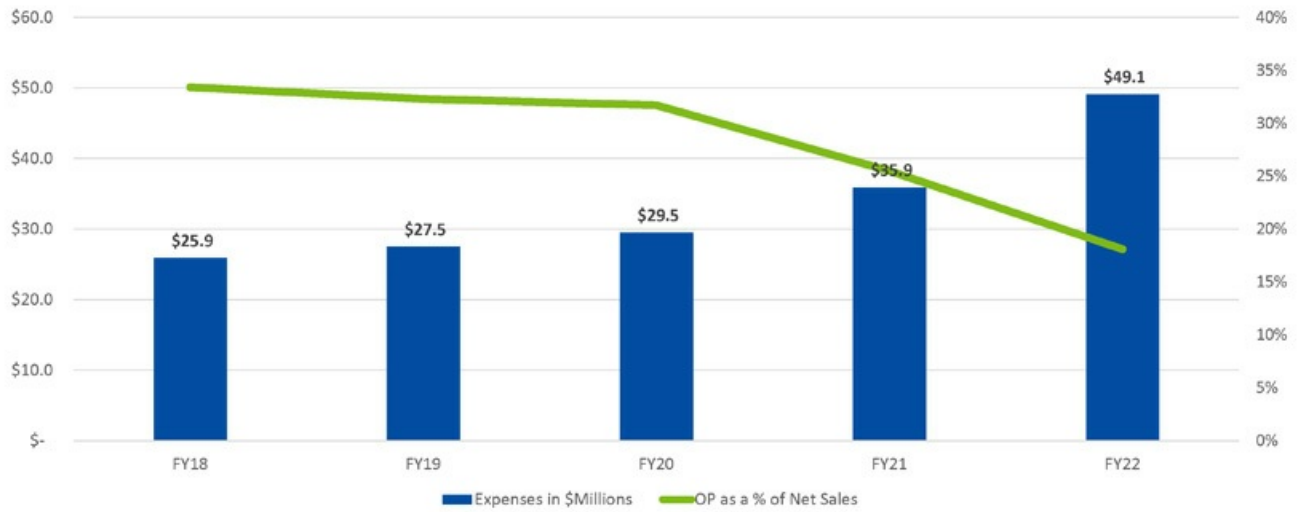


6.8%
YOY Decrease in Operating Expense as a percent of Net Sales



FINANCIAL PERFORMANCE

Annual Operating Expense



FINANCIAL PERFORMANCE

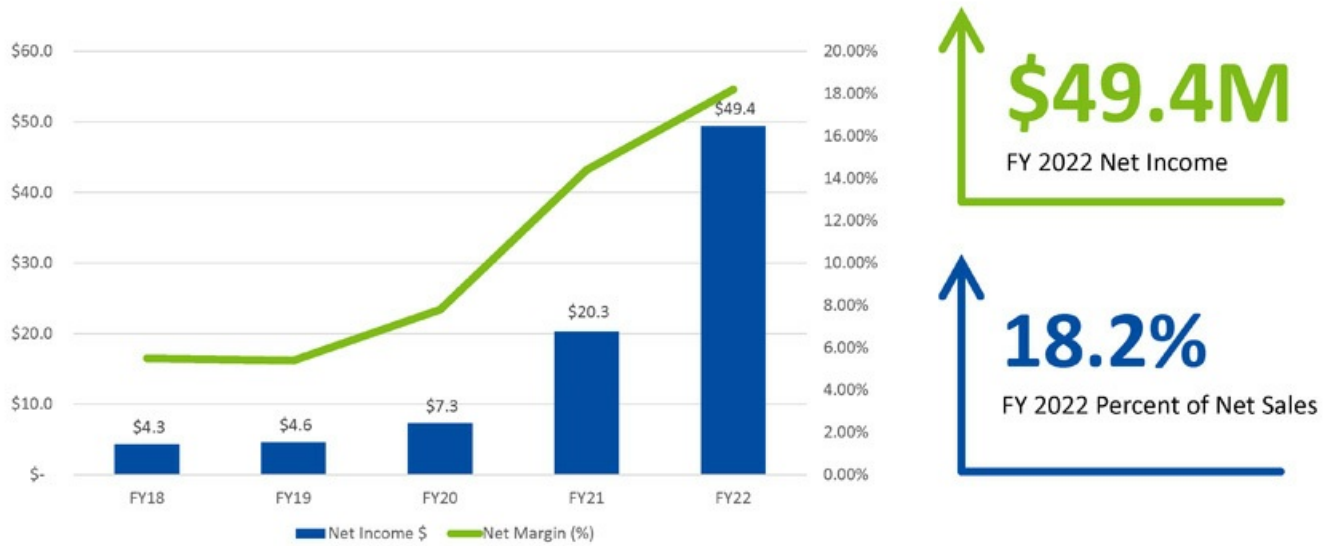
Quarterly Net Income



*Q4 2022 net income includes contribution from subsidiary Nestor Cables, which was acquired on July 26, 2022

FINANCIAL PERFORMANCE

Annual Net Income

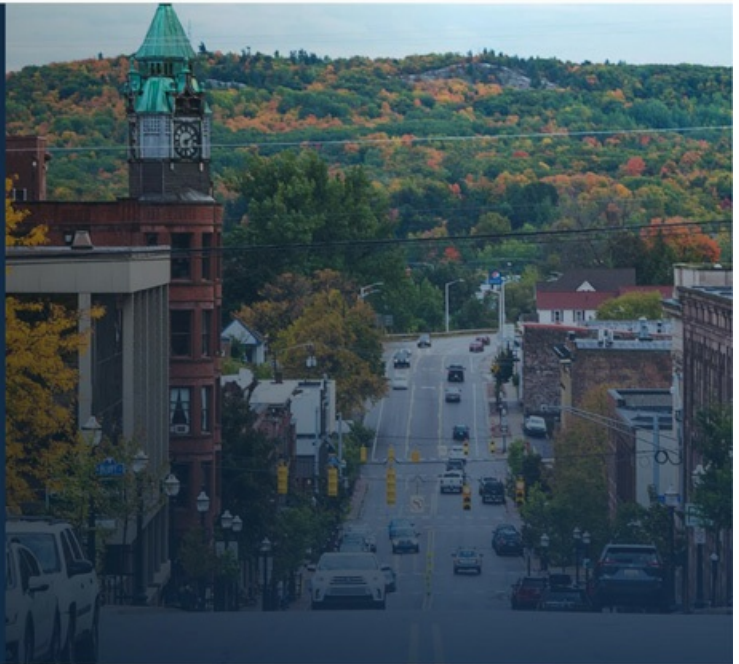


Business Update & Outlook





Leverage our decade-long excellence in Community Broadband
Execute capacity growth in advance of market opportunity
Accelerate infrastructure investment
Position innovation at the forefront of our value proposition



Leverage our decade-long
excellence in Community
Broadband





Execute Capacity Growth
in Advance of Market
Opportunity

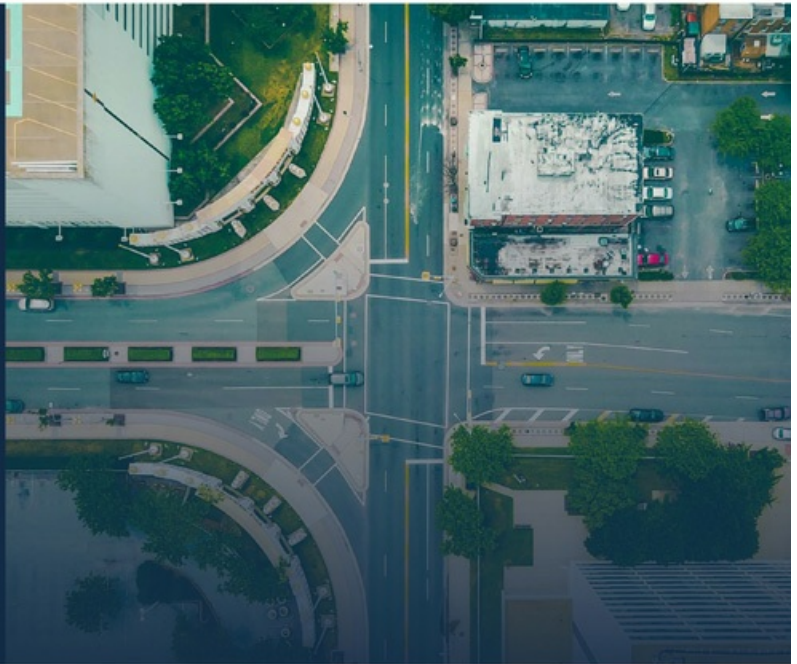


Accelerate
infrastructure
investment



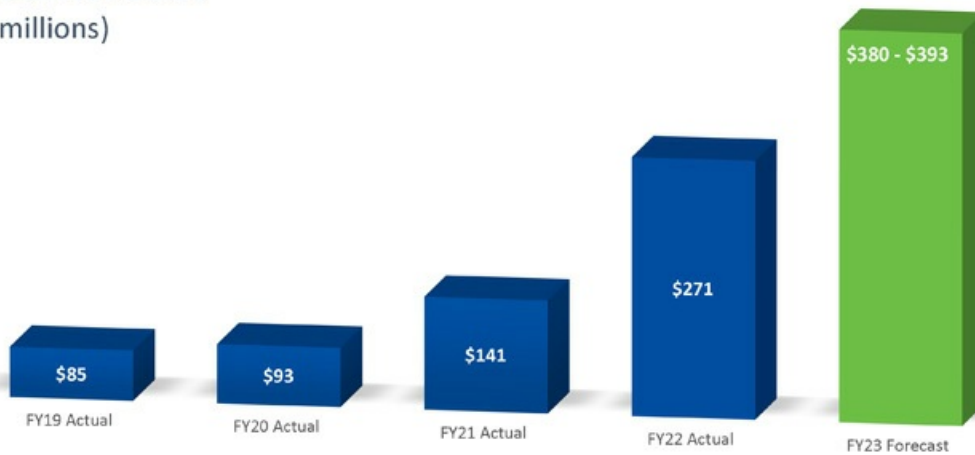


Position innovation at the forefront of our value proposition



Financial Outlook

Annual Net Sales
(\$ in millions)



Q&A



Cheri Beranek
PRESIDENT & CEO



Dan Herzog
CHIEF FINANCIAL OFFICER

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