

**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 4, 2023**

**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. ☐

**Item 2.02. Results of Operations and Financial Condition.**

On May 4, 2023, Clearfield, Inc. (the “Company”) issued a press release announcing the results of its second quarter of fiscal 2023 ended March 31, 2023. 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 “Earnings 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 second quarter ended March 31, 2023 results.

The information in this Item 2.02, including Exhibits 99.1 and 99.2, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), nor shall it be deemed incorporated by reference into any Company filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

The following exhibits are being furnished herewith:

|                             |   |
|-----------------------------|---|
| <a href="#"><u>99.1</u></a> | <a href="#"><u>Press release of Clearfield, Inc. dated May 4, 2023</u></a>                                    |
| <a href="#"><u>99.2</u></a> | <a href="#"><u>Presentation of Clearfield, Inc. for May 4, 2023 Live Webcast and Telephone Conference</u></a> |
| 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: May 4, 2023

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

## Clearfield Reports Fiscal Second Quarter 2023 Results

- Revenue for the Second Quarter of Fiscal 2023 Grew 34% Year-over-Year to \$71.8 Million.
- Net Income for the Second Quarter of Fiscal 2023 Increased 12% Year-over-Year to \$10.4 Million, or \$0.67 per Diluted Share.

MINNEAPOLIS, May 04, 2023 (GLOBE NEWSWIRE) -- **Clearfield, Inc. (NASDAQ: CLFD)**, a leader in fiber connectivity, reported results for the second quarter of fiscal 2023.

*(in millions except per share data and percentages)*

|                                     | Q2 2023 | vs. Q2 2022 | Change  | Change (%) |
|-------------------------------------|---------|-------------|---------|------------|
| <b>Net Sales</b>                    | \$ 71.8 | \$ 53.5     | \$ 18.3 | 34%        |
| <b>Gross Profit (\$)</b>            | \$ 23.6 | \$ 23.2     | \$ 0.4  | 2%         |
| <b>Gross Profit (%)</b>             | 32.8%   | 43.3%       | -10.5%  | -24%       |
| <b>Income from Operations</b>       | \$ 12.1 | \$ 11.9     | \$ 0.1  | 1%         |
| <b>Income Tax Expense</b>           | \$ 3.0  | \$ 2.8      | \$ 0.2  | 6%         |
| <b>Net Income</b>                   | \$ 10.4 | \$ 9.2      | \$ 1.1  | 12%        |
| <b>Net Income per Diluted Share</b> | \$ 0.67 | \$ 0.66     | \$ 0.01 | 2%         |

### Fiscal Q2 YTD 2023 Financial Summary

*(in millions except per share data and percentages)*

|                                     | 2023 YTD | vs. 2022 YTD | Change  | Change (%) |
|-------------------------------------|----------|--------------|---------|------------|
| <b>Net Sales</b>                    | \$ 157.8 | \$ 104.6     | \$ 53.1 | 51%        |
| <b>Gross Profit (\$)</b>            | \$ 54.2  | \$ 46.1      | \$ 8.1  | 18%        |
| <b>Gross Profit (%)</b>             | 34.4%    | 44.1%        | -9.7%   | -22%       |
| <b>Income from Operations</b>       | \$ 29.9  | \$ 25.0      | \$ 5.0  | 20%        |
| <b>Income Tax Expense</b>           | \$ 6.7   | \$ 5.6       | \$ 1.1  | 19%        |
| <b>Net Income</b>                   | \$ 24.6  | \$ 19.6      | \$ 5.0  | 25%        |
| <b>Net Income per Diluted Share</b> | \$ 1.67  | \$ 1.41      | \$ 0.26 | 18%        |

### Management Commentary

“Our second quarter fiscal 2023 results came in relatively in line with our expectations,” said Company President and CEO Cheri Beranek.

“However, following our first quarter report, what we originally thought was a transition to a more normalized, seasonally driven ordering and deployment pattern by some of our customers has developed into a much more significant lull in demand as inventory is digested. Specifically, we have experienced order pushouts by several Large Regional Service Providers and some Multiple System Operators (MSOs or Cable TV providers) who had accumulated an excess inventory position during the pandemic period. In light of this inventory digestion, we expect revenue to be lower than we previously anticipated. However, we remain confident that long-term demand remains strong and that we are well-positioned to benefit from the significant rural broadband build that is still in front of us. While we are rightsizing capacity levels to meet current demand, we are maintaining the infrastructure and processes for long-term growth and continue to design products to address our customers’ biggest pain points and reduce the amount of skilled labor required to install.”

“Our balance sheet remains strong with total cash, short-term and long-term investments of \$166 million,” said CFO Dan Herzog. “Moreover, due to the strong operating leverage inherent in our model, operating expenses as a percentage of net sales in the second quarter declined to 16% from 21% in the same year-ago period. In addition, to provide more transparency around the customer groups that have affected our performance, we have broken out the revenue contribution from our Large Regional Service Providers, which were previously included in the Community Broadband and National Carrier segment. We believe this new customer segmentation will allow investors to better understand the near-term industry dynamics.”

### Financial Results for the Three Months Ended March 31, 2023

Net sales for the second quarter of fiscal 2023 increased 34% to \$71.8 million from \$53.5 million in the same year-ago quarter. Organic revenue grew to \$60.4 million, representing an increase of 13%, while Nestor Cables generated \$11.4 million in revenue.

As of March 31, 2023, order backlog (defined as purchase orders received but not yet fulfilled) was \$107.6 million, a decrease of \$28.7 million, or 21% compared to \$136.3 million as of December 31, 2022, and a decrease of \$27.9 million, or 21%, from March 31, 2022. The sequential decrease was due to the Company’s ability to fulfill customer orders more quickly and a return to pre-pandemic ordering patterns.

Gross margin for the quarter was 32.8%, compared to 43.3% in the second quarter of fiscal 2023. Gross margin was negatively affected by the buildup in capacity that was not utilized. The Company is currently realigning capacity to the current market condition.

Operating expenses for the quarter increased 2% to \$11.5 million, or 16% of net sales, from \$11.2 million, or 21% of net sales in the same year-ago quarter.

Net income for the quarter totaled \$10.4 million, or \$0.67 per diluted share, compared to \$9.2 million, or \$0.66 per diluted share, in the same year-ago quarter.

## Outlook

Due to customer order trends and an anticipated normalization of inventory carrying practices at customer sites, the Company is updating its fiscal 2023 guidance. Clearfield now expects its full year fiscal 2023 net sales guidance to be within a range of \$260 to \$275 million, down approximately \$120 million from the previous guidance at the mid-point, and net income per share guidance to be \$1.80 to \$2.10, down \$2.45 per share from the previous guidance at the mid-point, respectively. The updated net sales guidance at the midpoint is consistent with fiscal 2022 and the updated net income guidance represents a 45% decrease at the midpoint compared to fiscal 2022.

## Conference Call

Management will hold a conference call today, May 4, 2023, 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: 1-844-826-3033

International dial-in: 1-412-317-5185

Conference ID: 8040539

The live webcast of the call can be accessed at the Clearfield Investor Relations website along with the company's earnings press release and presentation.

Please see the Earnings Presentation for recharacterized customer segment revenue.

A replay of the call will be available after 8:00 p.m. Eastern Time on the same day through May 18, 2023, while an archived version of the webcast will be available on the Investor Relations website for 90 days.

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

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

Replay ID: 10177264

## 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](http://www.SeeClearfield.com).

## Cautionary Statement Regarding Forward-Looking Information

*Forward-looking statements contained herein and in any related presentation or in the related Earnings 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. 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: 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; inflationary price pressures and uncertain availability of components, raw materials, labor and logistics used by us and our suppliers could negatively impact our profitability; we rely on single-source suppliers, which could cause delays, increase costs or prevent us from completing customer orders; we depend on the availability of sufficient supply of certain materials 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, and the loss of these major customers could adversely affect us; further consolidation among our customers may result in the loss of some customers and may reduce sales during the pendency of business combinations and related integration activities; we may be subject to risks associated with acquisitions, and the risks could adversely affect future operating results; we have exposure to movements in foreign currency exchange rates; if we are unable to integrate acquired businesses, our financial results could be materially and adversely affected; 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; 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; if the telecommunications market does not continue to expand, our business may not grow as fast as we expect, which could adversely impact our business, financial condition and operating results; changes in U.S. 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; 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, 2022 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:**

Greg McNiff  
The Blueshirt Group  
773-485-7191  
clearfield@blueshirtgroup.com

**CLEARFIELD, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(UNAUDITED)**  
(IN THOUSANDS, EXCEPT SHARE DATA)

|                                      | (Unaudited)<br>Three Months Ended<br>March 31, |                   | (Unaudited)<br>Six Months Ended<br>March 31, |                   |
|--------------------------------------|--|-------------------|--|-------------------|
|                                      | 2023   | 2022              | 2023   | 2022              |
| Net sales                            | \$ 71,809                                      | \$ 53,495         | \$ 157,751                                   | \$ 104,604        |
| Cost of sales                        | 48,246   | 30,331            | 103,539                                      | 58,468            |
| Gross profit                         | 23,563   | 23,164            | 54,212                                       | 46,136            |
| Operating expenses                   |  |                   |  |                   |
| Selling, general and administrative  | 11,508   | 11,233            | 24,266                                       | 21,155            |
| Income from operations               | 12,055   | 11,931            | 29,946                                       | 24,981            |
| Net investment income                | 1,395  | 121               | 1,698  | 241               |
| Interest expense                     | (112)  | -                 | (356)  | -                 |
| Income before income taxes           | 13,338   | 12,052            | 31,288                                       | 25,222            |
| Income tax expense                   | 2,974  | 2,816             | 6,669  | 5,596             |
| Net income                           | <u>\$ 10,364</u>                               | <u>\$ 9,236</u>   | <u>\$ 24,619</u>                             | <u>\$ 19,626</u>  |
| Net income per share:                |  |                   |  |                   |
| Basic                                | <u>\$ 0.67</u>                                 | <u>\$ 0.67</u>    | <u>\$ 1.68</u>                               | <u>\$ 1.43</u>    |
| Diluted                              | <u>\$ 0.67</u>                                 | <u>\$ 0.66</u>    | <u>\$ 1.67</u>                               | <u>\$ 1.41</u>    |
| Weighted average shares outstanding: |  |                   |  |                   |
| Basic                                | <u>15,233,848</u>                              | <u>13,767,341</u> | <u>14,693,829</u>                            | <u>13,755,291</u> |
| Diluted                              | <u>15,260,769</u>                              | <u>13,902,836</u> | <u>14,766,938</u>                            | <u>13,900,180</u> |

**CONSOLIDATED BALANCE SHEETS**

(IN THOUSANDS, EXCEPT SHARE DATA)

|   | (Unaudited)<br>March 31,<br>2023 | September 30,<br>2022 |
|---|----------------------------------|-----------------------|
| <b>Assets</b>                               |                                  |                       |
| <b>Current Assets</b>                       |                                  |                       |
| Cash and cash equivalents                   | \$ 137,081                       | \$ 16,650             |
| Short-term investments                      | 19,984                           | 5,802                 |
| Accounts receivable, net                    | 39,382                           | 53,704                |
| Inventories, net                            | 100,838                          | 82,208                |
| Other current assets                        | 3,655                            | 1,758                 |
| Total current assets                        | 300,940                          | 160,122               |
| <b>Property, plant and equipment, net</b>   | 21,088                           | 18,229                |
| <b>Other Assets</b>                         |                                  |                       |
| Long-term investments                       | 8,527                            | 22,747                |
| Goodwill                                    | 6,587                            | 6,402                 |
| Intangible assets, net                      | 6,459                            | 6,376                 |
| Right-of-use lease assets                   | 11,938                           | 13,256                |
| Deferred tax asset                          | 957                              | 1,414                 |
| Other                                       | 899                              | 582                   |
| Total other assets                          | 35,367                           | 50,777                |
| Total Assets                                | \$ 357,395                       | \$ 229,128            |
| <b>Liabilities and Shareholders' Equity</b> |                                  |                       |
| <b>Current Liabilities</b>                  |                                  |                       |
| Current portion of lease liability          | \$ 3,533                         | \$ 3,385              |
| Accounts payable                            | 16,676                           | 24,118                |
| Accrued compensation                        | 6,316                            | 13,619                |
| Accrued expenses                            | 5,050                            | 6,181                 |
| Factoring liability                         | 8,475                            | 4,391                 |
| Total current liabilities                   | 40,050                           | 51,694                |
| <b>Other Liabilities</b>                    |                                  |                       |
| Long-term debt                              | 2,181                            | 18,666                |
| Long-term portion of lease liability        | 8,943                            | 10,412                |
| Deferred tax liability                      | 822                              | 774                   |
| Total Liabilities                           | 51,996                           | 81,546                |
| <b>Shareholders' Equity</b>                 |                                  |                       |
| Common stock                                | 153                              | 138                   |
| Additional paid-in capital                  | 186,058                          | 54,539                |
| Accumulated other comprehensive loss        | (234)                            | (1,898)               |
| Retained earnings                           | 119,422                          | 94,803                |
| Total Shareholders' Equity                  | 305,399                          | 147,582               |
| Total Liabilities and Shareholders' Equity  | \$ 357,395                       | \$ 229,128            |

**CLEARFIELD, INC.****CONSOLIDATED BALANCE SHEETS**

(IN THOUSANDS, EXCEPT SHARE DATA)

|               | (Unaudited)<br>March 31,<br>2023 | September 30,<br>2022 |
|---------------|----------------------------------|-----------------------|
| <b>Assets</b> |                                  |                       |

**Current Assets**

|                           |    |         |    |         |
|---------------------------|----|---------|----|---------|
| Cash and cash equivalents | \$ | 137,081 | \$ | 16,650  |
| Short-term investments    |    | 19,984  |    | 5,802   |
| Accounts receivable, net  |    | 39,382  |    | 53,704  |
| Inventories, net          |    | 100,838 |    | 82,208  |
| Other current assets      |    | 3,655   |    | 1,758   |
| Total current assets      |    | 300,940 |    | 160,122 |

**Property, plant and equipment, net**

21,088 18,229

**Other Assets**

|                           |    |         |    |         |
|---------------------------|----|---------|----|---------|
| Long-term investments     |    | 8,527   |    | 22,747  |
| Goodwill                  |    | 6,587   |    | 6,402   |
| Intangible assets, net    |    | 6,459   |    | 6,376   |
| Right of use lease assets |    | 11,938  |    | 13,256  |
| Deferred tax asset        |    | 957     |    | 1,414   |
| Other                     |    | 899     |    | 582     |
| Total other assets        |    | 35,367  |    | 50,777  |
| Total Assets              | \$ | 357,395 | \$ | 229,128 |

**Liabilities and Shareholders' Equity****Current Liabilities**

|                                    |    |        |    |        |
|------------------------------------|----|--------|----|--------|
| Current portion of lease liability | \$ | 3,533  | \$ | 3,385  |
| Accounts payable                   |    | 16,676 |    | 24,118 |
| Accrued compensation               |    | 6,316  |    | 13,619 |
| Accrued expenses                   |    | 5,050  |    | 6,181  |
| Factoring liability                |    | 8,475  |    | 4,391  |
| Total current liabilities          |    | 40,050 |    | 51,694 |

**Other Liabilities**

|                                      |  |        |  |        |
|--------------------------------------|--|--------|--|--------|
| Long-term debt                       |  | 2,181  |  | 18,666 |
| Long-term portion of lease liability |  | 8,943  |  | 10,412 |
| Deferred tax liability               |  | 822    |  | 774    |
| Total Liabilities                    |  | 51,996 |  | 81,546 |

**Shareholders' Equity**

|  |    |         |    |         |
|--|----|---------|----|---------|
| Common stock                               |    | 153     |    | 138     |
| Additional paid-in capital                 |    | 186,058 |    | 54,539  |
| Accumulated other comprehensive loss       |    | (234)   |    | (1,898) |
| Retained earnings                          |    | 119,422 |    | 94,803  |
| Total Shareholders' Equity                 |    | 305,399 |    | 147,582 |
| Total Liabilities and Shareholders' Equity | \$ | 357,395 | \$ | 229,128 |

**Clearfield, Inc.****Consolidated Statement of Cashflows**

(Unaudited)

|   | Six Months Ended<br>March 31,<br>2023 | Six Months Ended<br>March 31,<br>2022 |
|---|---------------------------------------|---------------------------------------|
| Cash flows from operating activities  |                                       |                                       |
| Net income  | \$ 24,619                             | \$ 19,626                             |
| Adjustments to reconcile net income to cash provided by (used in) operating activities: |                                       |                                       |
| Depreciation and amortization   | 2,822                                 | 1,362                                 |
| Amortization of discount on investments   | (1,139)                               | (21)                                  |
| Deferred income taxes   | (35)                                  | -                                     |
| Stock-based compensation  | 1,444                                 | 1,010                                 |
| Changes in operating assets and liabilities   |                                       |                                       |



|  |                   |                  |
|--|-------------------|------------------|
| Accounts receivable  | 16,353            | (2,398)          |
| Inventories, net   | (17,243)          | (33,394)         |
| Other assets   | (2,407)           | (811)            |
| Accounts payable and accrued expenses  | (14,273)          | 3,344            |
| Net cash provided by (used in) operating activities                                      | 10,141            | (11,282)         |
| Cash flows from investing activities:  |                   |                  |
| Purchases of property, plant and equipment and intangible assets                         | (4,797)           | (4,842)          |
| Purchase of investments  | (99,126)          | (248)            |
| Proceeds from sales and maturities of investments  | 100,743           | 17,386           |
| Net cash (used in) provided by investing activities                                      | (3,180)           | 12,296           |
| Cash flows from financing activities:  |                   |                  |
| Repayment of long-term debt  | (16,700)          | -                |
| Proceeds from issuance of common stock under employee stock purchase plan                | 299               | 249              |
| Repurchase of shares for payment of withholding taxes for vested restricted stock grants | (954)             | (274)            |
| Tax withholding and proceeds related to exercise of stock options                        | (471)             | (282)            |
| Issuance of stock under equity compensation plans  | 954               | -                |
| Net proceeds from issuance of common stock   | 130,262           | -                |
| Net cash provided by (used in) financing activities                                      | 113,390           | (307)            |
| Effect of exchange rates on cash   | 80                | -                |
| Increase in cash and cash equivalents  | 120,431           | 707              |
| Cash and cash equivalents, beginning of period   | 16,650            | 13,216           |
| Cash and cash equivalents, end of period   | <u>\$ 137,081</u> | <u>\$ 13,923</u> |
| Supplemental disclosures for cash flow information                                       |                   |                  |
| Cash paid for income taxes   | <u>\$ 10,211</u>  | <u>\$ 6,934</u>  |
| Cash paid for interest   | <u>\$ 266</u>     | <u>\$ -</u>      |
| Non-cash financing activities  |                   |                  |
| Cashless exercise of stock options   | <u>\$ 510</u>     | <u>\$ 210</u>    |

# Clearfield Earnings Presentation: Fiscal Q2 2023 Earnings Call

May 4, 2023



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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: 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; inflationary price pressures and uncertain availability of components, raw materials, labor and logistics used by us and our suppliers could negatively impact our profitability; we rely on single-source suppliers, which could cause delays, increase costs or prevent us from completing customer orders; we depend on the availability of sufficient supply of certain materials 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, and the loss of these major customers could adversely affect us; further consolidation among our customers may result in the loss of some customers and may reduce sales during the pendency of business combinations and related integration activities; we may be subject to risks associated with acquisitions, and the risks could adversely affect future operating results; we have exposure to movements in foreign currency exchange rates; if we are unable to integrate acquired businesses, our financial results could be materially and adversely affected; 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; 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; if the telecommunications market does not continue to expand, our business may not grow as fast as we expect, which could adversely impact our business, financial condition and operating results; changes in U.S. 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; 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, 2022 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.

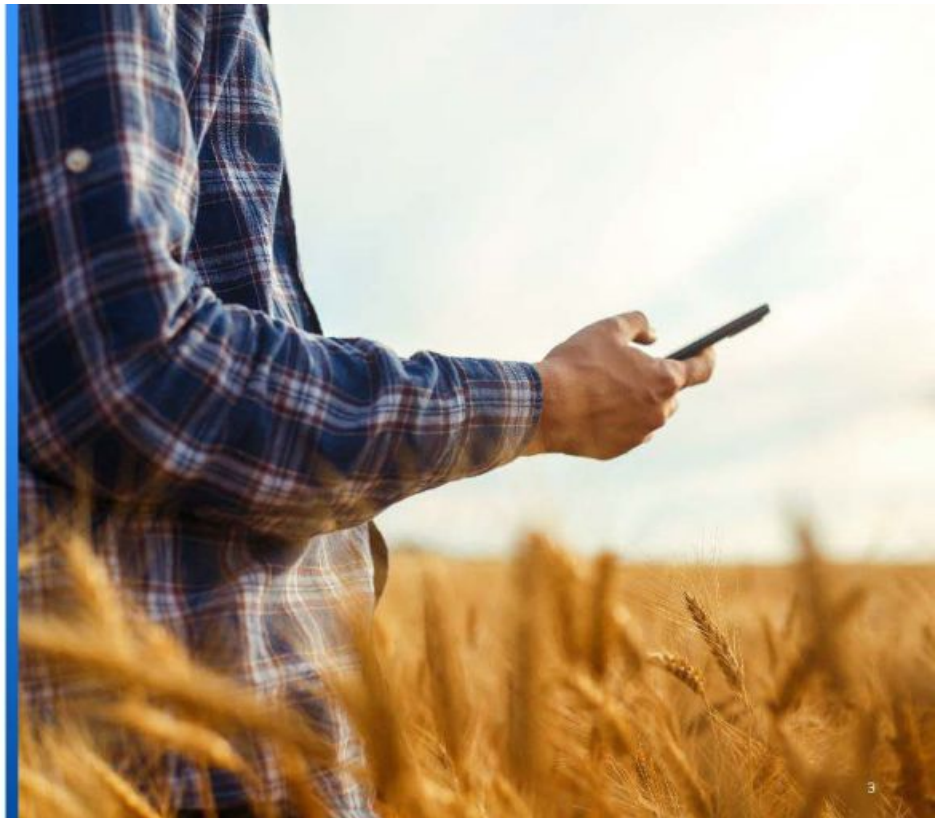
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## Introduction & Highlights



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### OUR MISSION:

*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*



# Modular and Scalable Products

✓ SeeChange™ and Clearview® Cassette



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## Why We Win

- ✓ Singularity Focused on Serving the Fiber Market
- ✓ Attractive Total Cost of Ownership through Reduced Installation Cost and Maintenance Time
- ✓ Our Testing Shows FastPass™ Approach Cuts Install Time Required for Homes Passed by 50%
- ✓ Ease, Speed, and Cost of Deployment
- ✓ Delivery of a Comprehensive Solution
- ✓ Commitment to Quality and Customers
- ✓ Acquisition of Nestor Cables Highlights Investment to Integrate and Optimize Solutions and Mitigate Supply Chain Risk



Providing Optimized Price Performance and Deep Technical Expertise

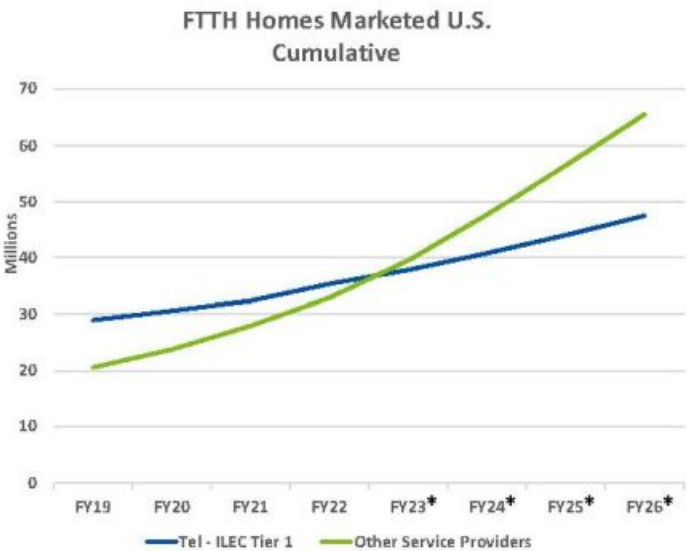


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# Fiber Deployment shift is occurring in 2023



Source: RVA, February 2023



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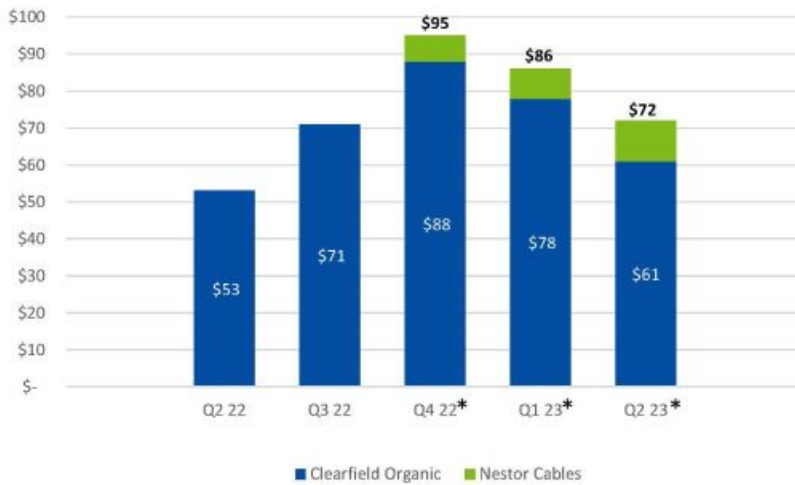
## Financial Performance



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## FINANCIAL PERFORMANCE

# Quarterly Revenue



**34%**  
Q2 2023 Growth Rate YOY

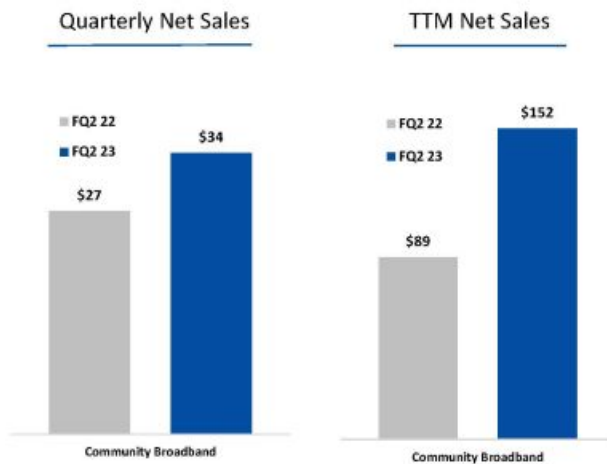
**\$72M**  
Q2 2023 Revenue



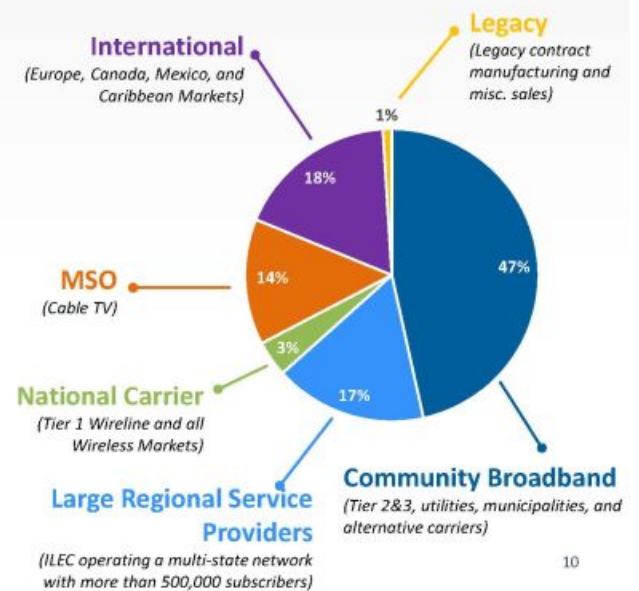
\*Includes contribution from subsidiary Nestor Cables, which was acquired on July 26, 2022

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## Q2 FY23 Net Sales Comparison by Market



## Q2 FY23 Net Sales Composition Ended 3/31/23<sup>1</sup>

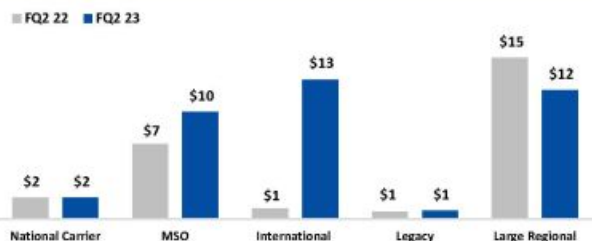


All dollar figures in millions  
1) Based on net sales of \$72 million for Clearfield (including an \$11M contribution from Nestor Cables within our international market) and Point of Sales (POS) reporting from distributors who resell our product line into these markets.

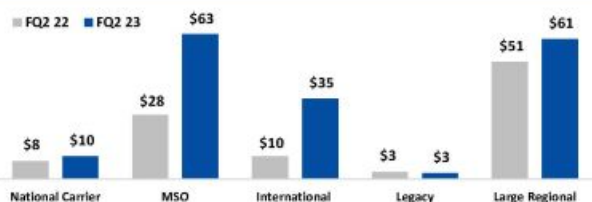
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## Q2 FY23 Net Sales Comparison by Market

### Quarterly Net Sales



### TTM Net Sales

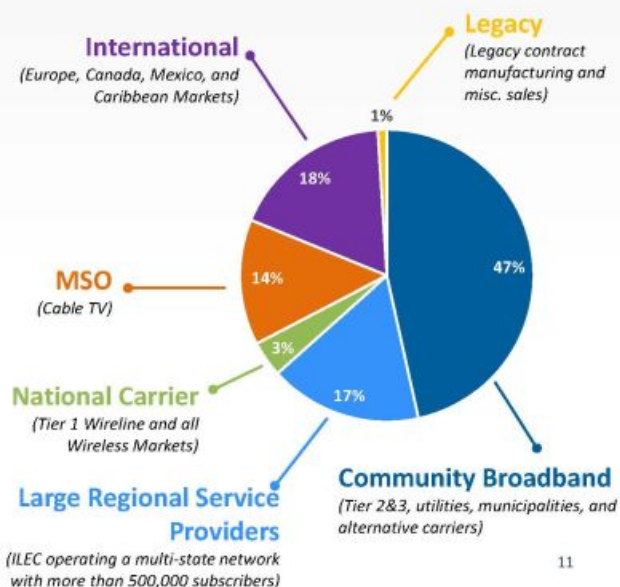


All dollar figures in millions

1) Based on net sales of \$72 million for Clearfield (including an \$11M contribution from Nestor Cables within our international market) and Point of Sales (POS) reporting from distributors who resell our product line into these markets.



## Q2 FY23 Net Sales Composition Ended 3/31/23<sup>1</sup>



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## FINANCIAL PERFORMANCE

### Quarterly Gross Profit and Margin



Gross profit levels have declined due to the unused capacity at our Mexico facility and Nestor Cables as a higher percentage of our business this quarter



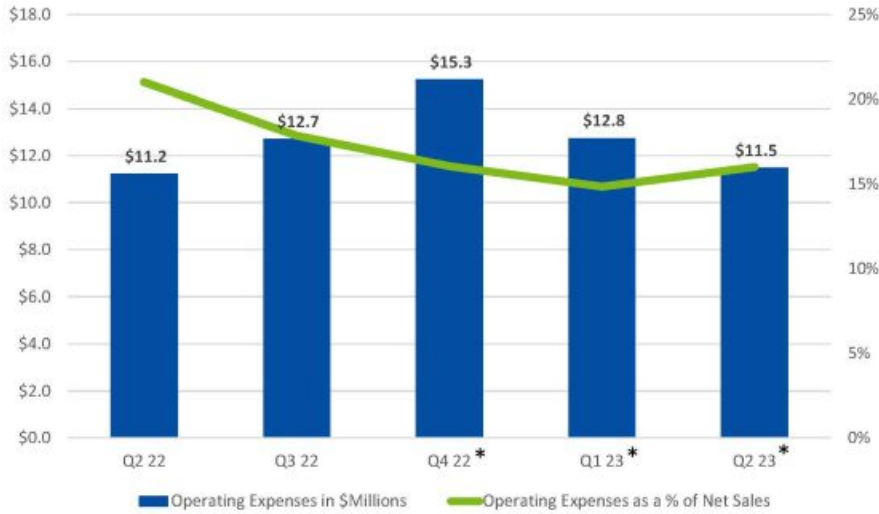
\*Includes contribution from subsidiary Nestor Cables, which was acquired on July 26, 2022

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## FINANCIAL PERFORMANCE

### Quarterly Operating Expenses



**5 Percentage Points**

YOY Decrease in  
Operating Expenses as a  
percent of Net Sales



\*Includes contribution from subsidiary Nestor Cables, which was acquired on July 26, 2022

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## FINANCIAL PERFORMANCE

### Quarterly Net Income



**\$10.4M**

Q2 2023 Net Income

**14%**

Q2 2023 Percent of Net Sales



\*Includes contribution from subsidiary Nestor Cables, which was acquired on July 26, 2022

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## Balance Sheet

- ✓ \$166 million of cash, short-term and long-term investments
- ✓ \$2 million of debt
- ✓ Raised \$130 million in net proceeds in December 2022 secondary offering for working capital and general corporate purposes



## 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

- ✓ *Launched SeeChange™*
  - *Reduces customer deployment times and labor costs*
- ✓ *Rightsizing capacity*
  - *Optimizes cost structure to navigate current market dynamics*
- ✓ *Strengthening supply chain*
  - *Reduces lead times*
- ✓ *Pursuing cross-selling opportunities with Nestor Cables*
  - *Increases revenue potential domestically and abroad*
- ✓ *Expanding Clearfield College*
  - *Provides online and in-field customer training support*
- ✓ *Increasing cadence of product releases*
  - *Expands value proposition*

## Tremendous Market Across Rural Broadband

- \$12.5B+ Estimated US FTTH Market
- ~\$200B Cumulative 5G Cycle Spend by 2035
- ~55M Committed Fiber Homes Passed By 2030
- \$100B Allocated For Broadband Under Biden Infrastructure Package
- \$10B+ Annual Broadband Infrastructure Subsidies Over Next 3 Years
- 100% Target Broadband Coverage By 2030 Under Biden Administration

<https://www.fiercetelecom.com/telecom/biden-targets-universal-broadband-access-2t-plan>



# Long-term Catalysts

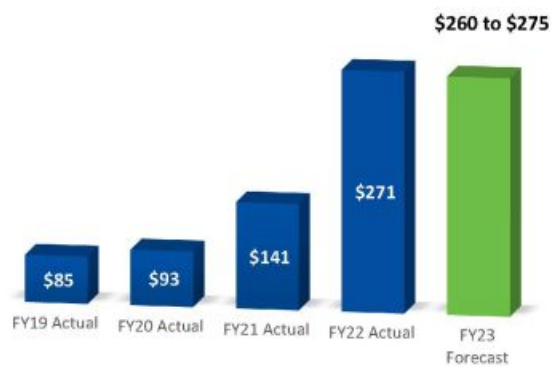
- ✓ Government Funding for unserved and underserved communities
- ✓ European Expansion
- ✓ 5G: Wireless and Wireline Integration
- ✓ Cloud, Edge and IoT Architecture



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# Financial Outlook

Annual Net Sales  
(\$ in millions)



Net Income Per Share  
(\$)



FY 2023 net sales guidance issued and effective as of May 4, 2023. Growth rate is based on midpoint of net sales guidance range and includes contribution from subsidiary Nestor Cables.

FY 2023 net income per diluted share guidance issued and effective as of May 4, 2023.

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## Q&A



**Cheri Beranek**  
PRESIDENT & CEO



**Dan Herzog**  
CHIEF FINANCIAL OFFICER



**Kevin Morgan**  
CHIEF MARKETING OFFICER

## Appendix

### Net Sales by Market Trailing 8 Quarters Through March 31, 2023 (in thousands)

| Market                           | Q2 23<br>3/31/2023 | Q1 23<br>12/31/2022 | Q4 22<br>9/30/2022 | Q3 22<br>6/30/2022 | Q2 22<br>3/31/2022 | Q1 22<br>12/31/2021 | Q4 21<br>9/30/2021 | Q3 21<br>6/30/2021 |
|----------------------------------|--------------------|---------------------|--------------------|--------------------|--------------------|---------------------|--------------------|--------------------|
| International                    | \$13,138           | \$10,204            | \$9,345            | \$2,515            | \$1,462            | \$1,994             | \$3,542            | \$2,929            |
| Legacy                           | 593                | 751                 | 557                | 624                | 708                | 725                 | 906                | 636                |
| National Carrier                 | 1,954              | 2,305               | 2,713              | 3,510              | 2,326              | 1,845               | 2,170              | 2,076              |
| Large Regional Service Providers | 12,498             | 14,637              | 17,468             | 16,323             | 15,078             | 16,152              | 11,387             | 8,508              |
| MSO (Cable TV)                   | 10,100             | 20,819              | 21,316             | 10,414             | 7,282              | 9,048               | 6,961              | 4,288              |
| Community Broadband              | 33,526             | 37,226              | 43,630             | 37,864             | 26,639             | 21,343              | 20,270             | 20,298             |
| <b>Total</b>                     | <b>\$71,809</b>    | <b>\$85,942</b>     | <b>\$95,029</b>    | <b>\$71,250</b>    | <b>\$53,495</b>    | <b>\$51,109</b>     | <b>\$45,236</b>    | <b>\$38,735</b>    |



# Contact Us

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