Adtran Holdings

Deutsches Eigenkapitalforum 2022

November 28, 2022

Cautionary note regarding forward-looking statements

This presentation contains forward-looking statements, generally identified by the use of words such as “believe,” “expect,” “intend,” “estimate,” “anticipate,” “will,” “may,” “could” and similar expressions, which forward-looking statements reflect management’s best judgment based on factors currently known. However, these statements involve risks and uncertainties, including: (i) risks and uncertainties related to the continued impact of the SARS-CoV-2 coronavirus/COVID-19 global pandemic (including variants of the SARS-CoV-2 coronavirus), including with respect to continued manufacturing and supply chain constraints; (ii) risks and uncertainties related to the completed business combination between the Company, ADTRAN and ADVA, including risks related to regulatory or other limitations imposed following the closing of the business combination on July 15, 2022 and the proposed domination and profit and loss transfer agreement between the Company as the controlling entity, and ADVA as the controlled entity; the ability to successfully integrate the ADTRAN and ADVA businesses; risks related to disruption of management time from ongoing business operations due to integration efforts following the business combination; the risk that the business combination could have adverse effects on the market price of ADTRAN Holdings’ common stock or ADVA’s common shares or the ability of the Company, ADTRAN, and ADVA to retain customers, retain or hire key personnel, maintain relationships with their respective suppliers and customers, and on their operating results and businesses generally; the risk that ADTRAN Holdings may be unable to achieve expected synergies or that it may take longer or be more costly than expected to achieve those synergies; the risk of fluctuations in revenue due to lengthy sales and approval processes required by major and other service providers for new products; the risk posed by potential breaches of information systems and cyber-attacks; the risks that ADTRAN, ADVA or ADTRAN Holdings may not be able to effectively compete, including through product improvements and development; and (iii) other risks set forth in ADVA’s annual and interim financial reports made publicly available and ADTRAN’s and ADTRAN Holdings’ public filings made with the Securities and Exchange Commission, including ADTRAN’s Annual Report on Form 10-K for the year ended December 31, 2021 and ADTRAN Holdings’ Form 10-Q for the quarterly period ended June 30, 2022. These risks and uncertainties could cause actual results to differ materially from those in the forward-looking statements included in this presentation.

To provide additional transparency, we have disclosed in the presentation non-GAAP gross margin, which as been reconciled to gross margin, non-GAAP operating expenses which has been reconciled to operating expenses, non-GAAP operating income, which has been reconciled to operating loss, and non-GAAP net income and non-GAAP earnings per share - basic and diluted, which have been reconciled to net loss and loss per share - basic and diluted, in each case as reported based on Generally Accepted Accounting Principles in the United States (“U.S. GAAP”). These non-GAAP financial measures exclude certain items which management believes are not reflective of the ongoing operating performance of the business. We believe this information is useful in providing period-to-period comparisons of the results of our ongoing operations. Additionally, these measures are used by management in our ongoing planning and annual budgeting processes. We believe the presentation of non-GAAP operating income, non-GAAP net income and non-GAAP earnings per share - basic and diluted, when combined with the U.S. GAAP presentation of operating loss, net loss and loss per share - basic and diluted, is beneficial to the overall understanding of ongoing operating performance of the Company.

These non-GAAP financial measures are not prepared in accordance with, or an alternative for, U.S. GAAP and therefore should not be considered in isolation or as a substitution for analysis of our results as reported under U.S. GAAP. Additionally, our calculation of non-GAAP gross margin, non-GAAP operating income, non-GAAP net income and non-GAAP earnings per share - basic and diluted, may not be comparable to similar measures calculated by other companies.

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Creating a leader in the converged edge

Adtran

A leading global provider of cloud-managed fiber access solutions for residential and business connectivity

Third largest 10G fiber access supplier globally, #2 in North America, fastest growing 10G supplier, largest U.S.-based supplier

ADVA™

A leading global provider of enterprise fiber access, fiber backhaul and data center interconnect solutions

Serving 17 of top 25 global CSPs, 5 of top 6 global Ethernet service leaders, 4 of top 5 global ICPs, #1 in Enterprise DCI in EMEA

Adtran + ADVA™

A leading global platform to address expanding market demand for fiber broadband everywhere

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Management board



Tom Stanton

Chairman & CEO

- Joined Adtran in 1995 as VP of Marketing for the Carrier Networks Division and named Adtran's CEO in September 2005 and Chairman of the Board in 2007
- Holds a Bachelor of Science in Computer Engineering from Auburn University



Christoph Glingener

CEO (ADVA) → CTO

- Joined ADVA Optical Networking in April 2006 and appointed CTO in 2007
- Holds Ph.D in Electric Engineering from the University of Dortmund
- Currently CEO ADVA → will become CTO Adtran Holdings



Michael Foliano

CFO

- 38 years of experience in the information and communications technology industry
- Holds a MS in Industrial Engineering from Purdue and MS in Management from Stanford



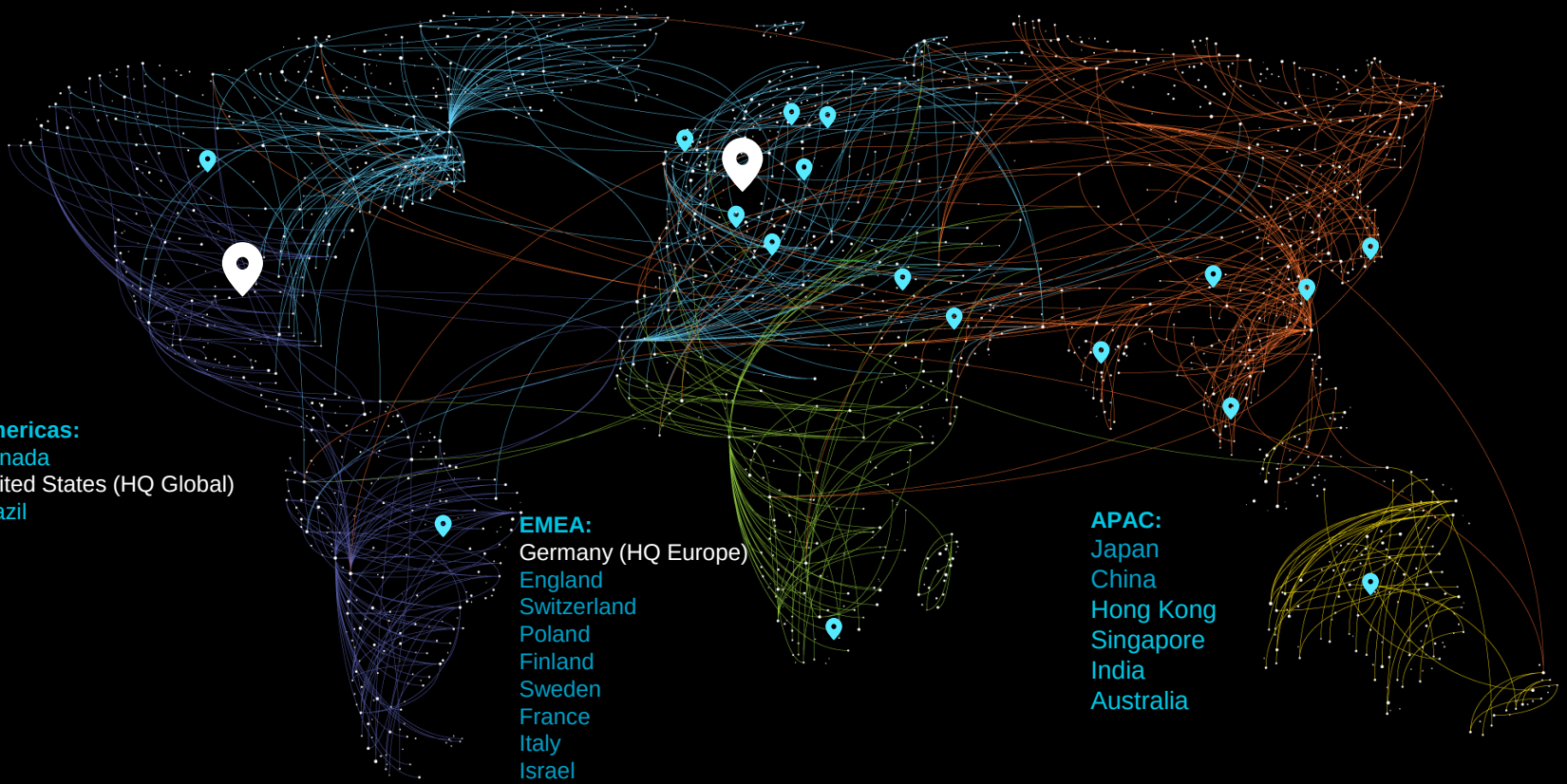
Jay Wilson

CRO

- Joined Adtran in 1998 and has held many roles from Senior Vice President of Technology and Strategy to GM of Adtran's Carrier Networks Division, VP of Product Marketing,
- Holds a Bachelor of Engineering in Electrical Engineering from Vanderbilt University

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Global presence



Americas:
Canada
United States (HQ Global)
Brazil

EMEA:
Germany (HQ Europe)
England
Switzerland
Poland
Finland
Sweden
France
Italy
Israel
South Africa
Saudi Arabia

APAC:
Japan
China
Hong Kong
Singapore
India
Australia

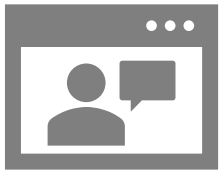
Market trends

Pandemic accelerates digitalization and capacity demand



Online meetings and e-commerce have displaced travel

5G, work from home and streaming drive multi-gigabit fiber access



Symmetric bandwidth goes from being a luxury to a necessity

Deglobalization and consolidation impacts vendor selection



Selection of trusted suppliers becomes strategic

Open, disaggregated, sustainable and cloud-centric systems



Closed and single vendor systems are no longer desirable

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A new approach to networks

A portfolio supporting fiber everywhere



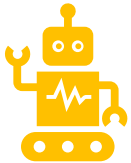
Access, aggregation, DCI, synchronization

Open and disaggregated multivendor systems



Open optical line systems, disaggregated aggregation and switching, open virtualization

AI-driven networking



Application of AI to planning, monitoring and fault prediction

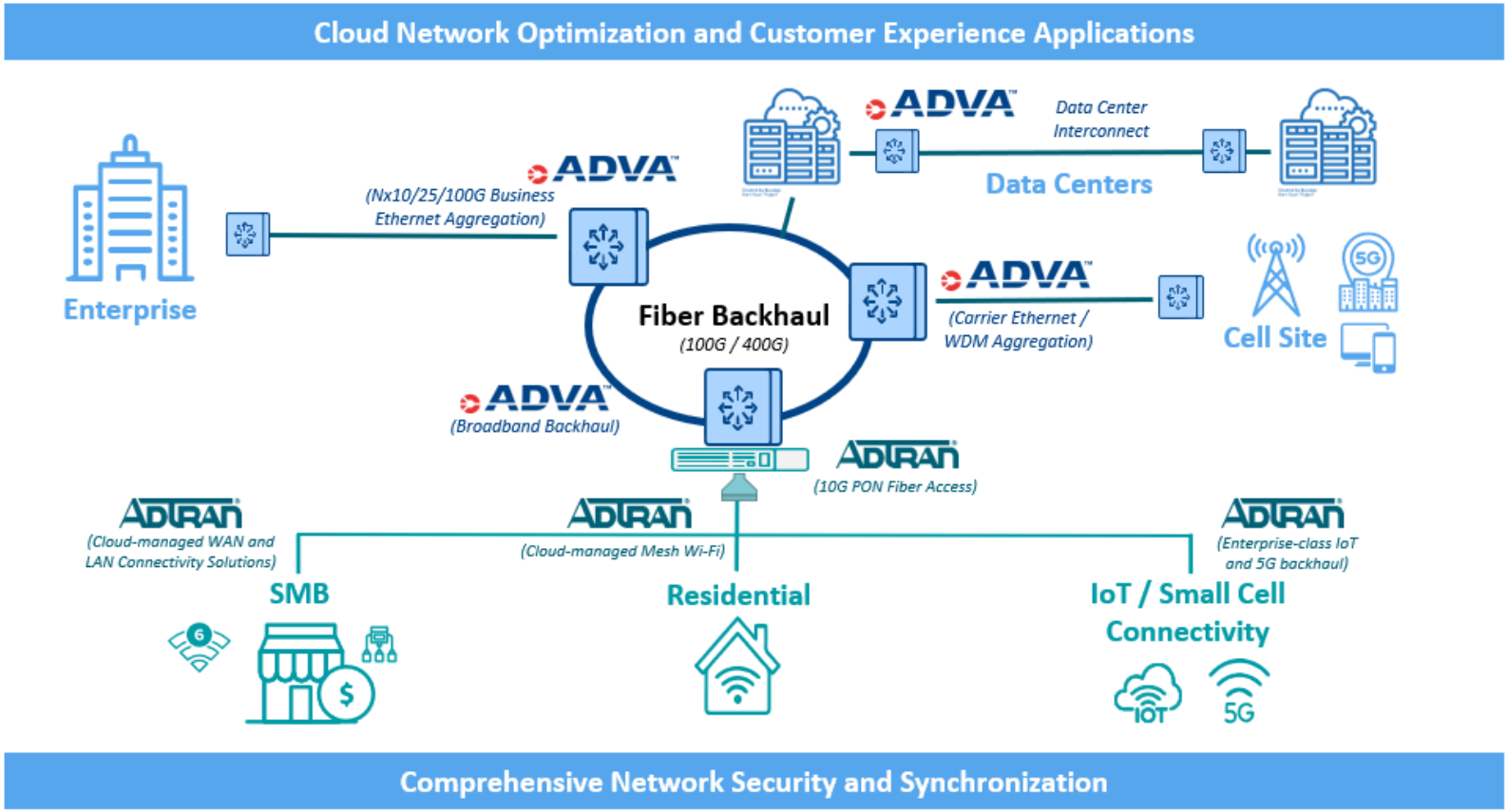
Scalable, secure, and assured connectivity



Service assurance, post-quantum encryption and fiber monitoring

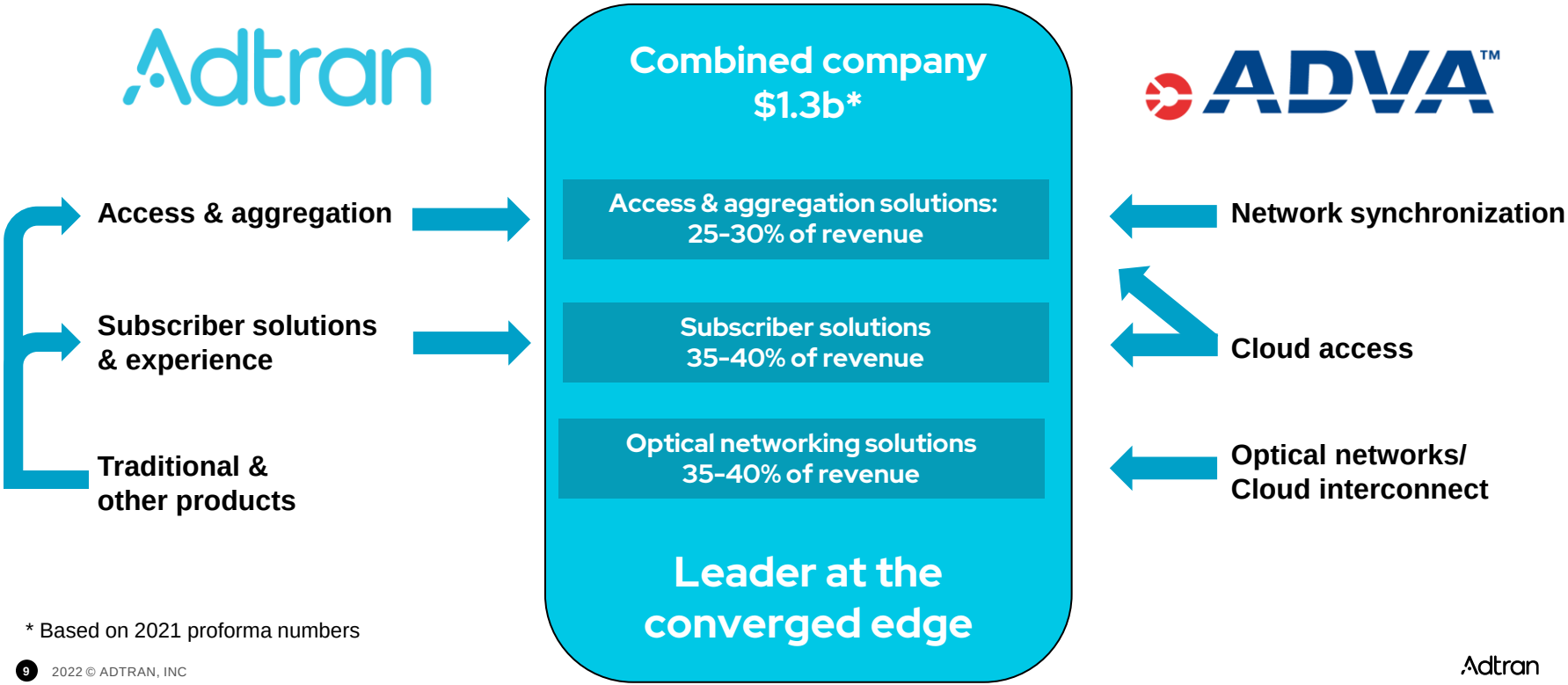
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Converged Edge



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Technology categories

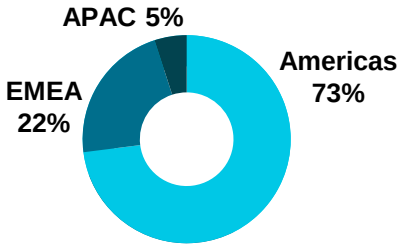


* Based on 2021 proforma numbers

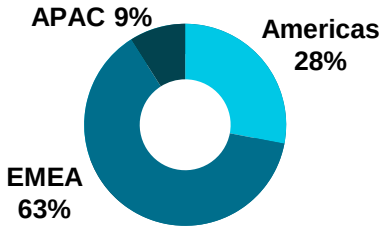
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Expanded portfolio and presence

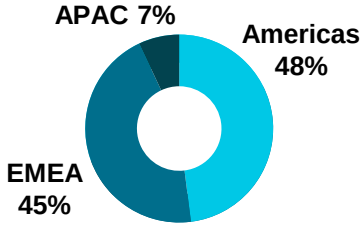
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ADVA



Combined



- ✓ Combined offerings improve coverage and positioning in the Americas and Europe
- ✓ Global scale provides ability to expand in APAC

Complementary combined customer base

BT, Charter Communications, Deutsche Telekom, Frontier Communications, Lumen, Microsoft, Telstra, nbn, Telecom Italia, Telefónica, windstream

- ✓ Greater scale to increase presence in Tier-1 carriers
- ✓ Integrated converged edge solution desirable for Tier-2/3 CSPs
- ✓ Broader portfolio to offer enterprise customers

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Adtran's ESG Vision

www.adtran.com/esg

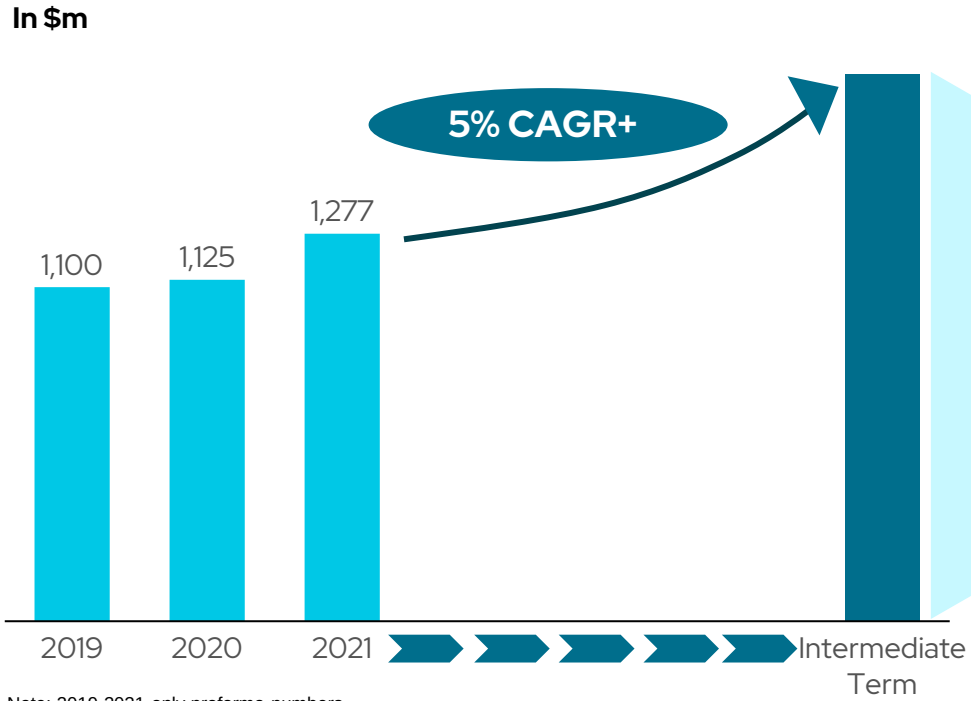
Environmental, Social, and Governance

On the journey to our vision, we must continue to be a responsible corporate citizen of the world.

As we follow our vision to "enable a fully connected world," Corporate Social Responsibility (CSR) as well as Environmental, Social, and Governance (ESG) are important to us. As more people are connected, work and life can be accomplished using fewer resources. On the journey to our vision, we must continue to be a responsible corporate citizen of the world.

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Scaled R&D with high growth and margin opportunities



Intermediate term projection

Revenue	~$1.5+	Increased scale and overall competitiveness
R&D	~$250M+	R&D strength to best address all needs of the converged edge
Rev. growth	>5%	Potential for additional $60M – $120M growth in revenue synergies
Adj. EBITDA	+14%	Strong financial profile

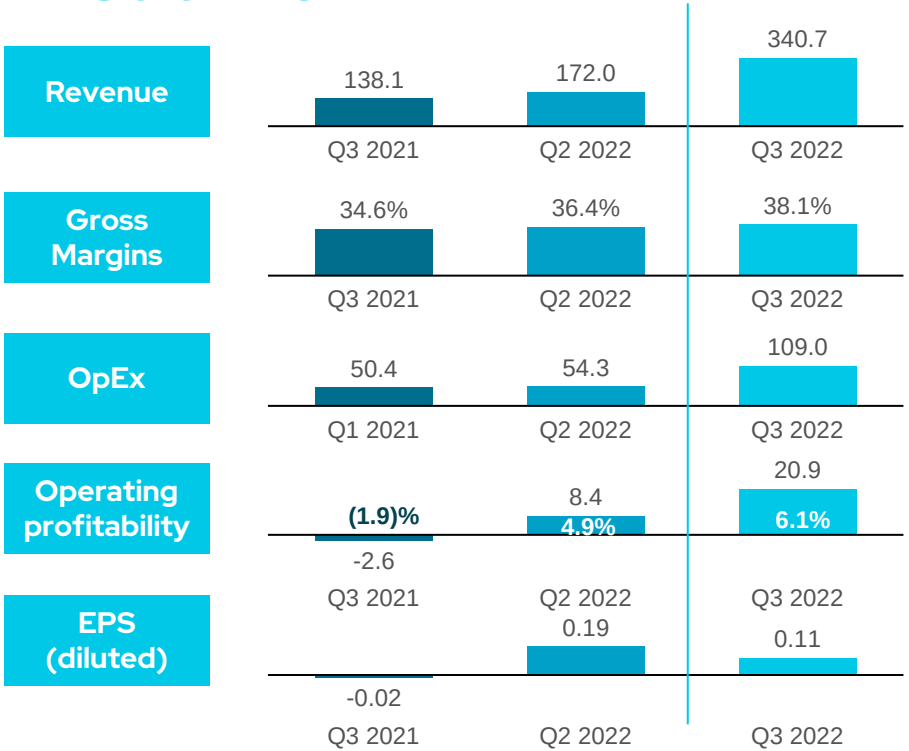
Note: excluding revenue synergies

Note: 2019-2021 only proforma numbers

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Q3 non-GAAP financials including ADVA for the first time



	Y-o-Y	Q-o-Q
Revenue	+ 147%	+ 98%
Gross Margins	+ 3.5PP	+ 1.7PP
OpEx	+ 116%	+ 101%
Operating profitability	+ 893% (+ 8.0 PP)	+ 149% (+ 1.2 PP)
EPS (diluted)	+ 650%	- 42.1%

Note: EPS adjusted by net income attributable to non-controlling interest

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Q4-2022 Outlook

Revenue	$355 million - $375 million
Non-GAAP operating margin	5.0% - 6.5%

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Why Adtran?



Leader in the converged edge

Business combination creates a leading global platform to address expanding market demand for fiber broadband everywhere



Unprecedented market opportunity

Strong growth due to unprecedented changes in communications and support from connectivity government stimulus



Financial strength

Significant cross-sell opportunities and operational efficiencies from cost synergies will create a scaled leader with a strong financial profile



Strong commitment to ESG

Strong commitment to corporate social responsibility, as well as environmental, social and governance

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