Adtran

Adtran Holdings

Investor presentation

November, 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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Introduction and business model

OUR VISION

is to enable a fully-connected world,
where the power and freedom to communicate
is available to everyone, everywhere,
in a secure, efficient and sustainable environment.

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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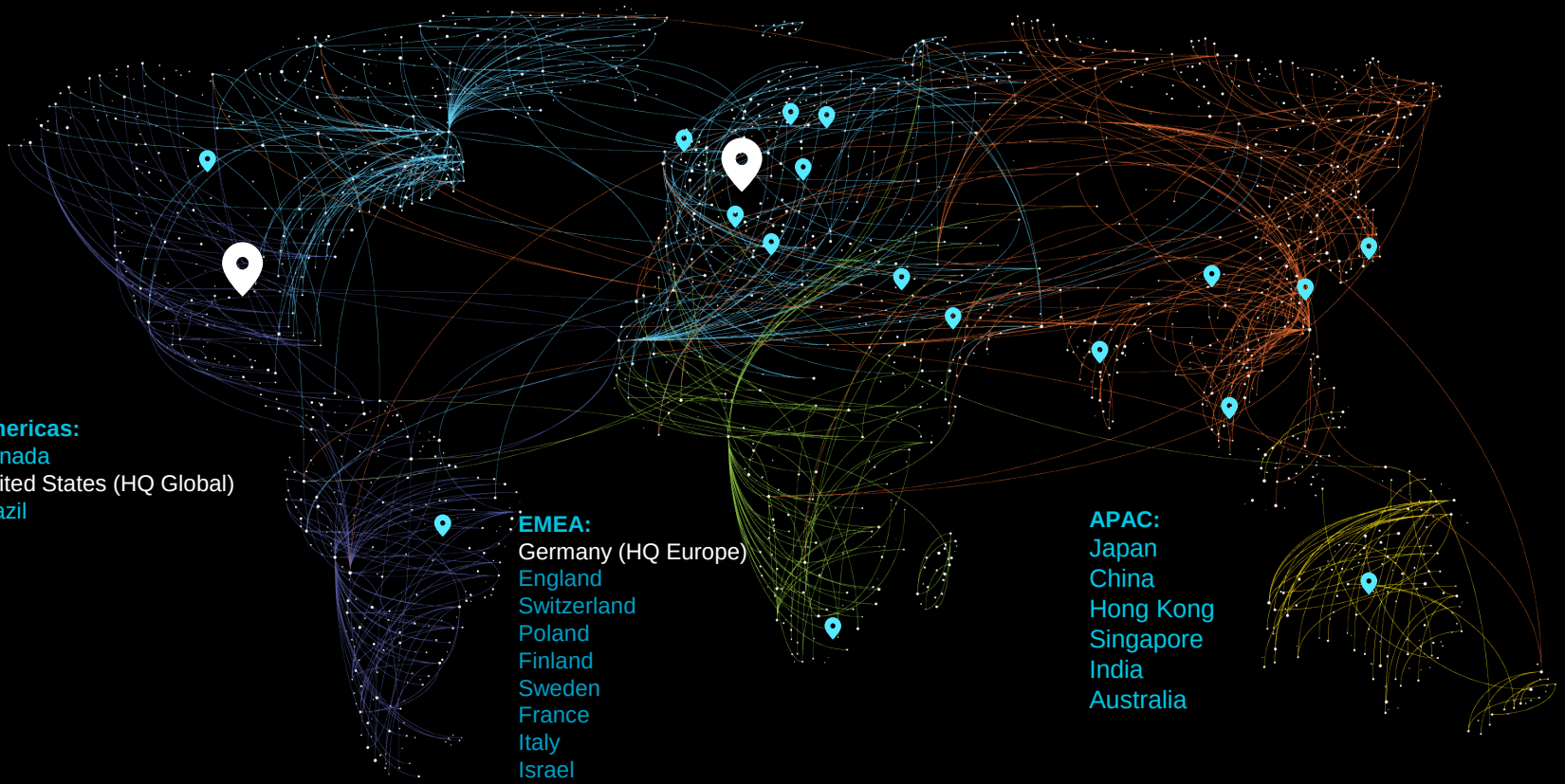
Global presence



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

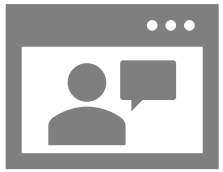
Market trends

Pandemic accelerates digitalization and capacity demand



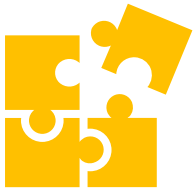
Online meetings and e-commerce have displaced travel

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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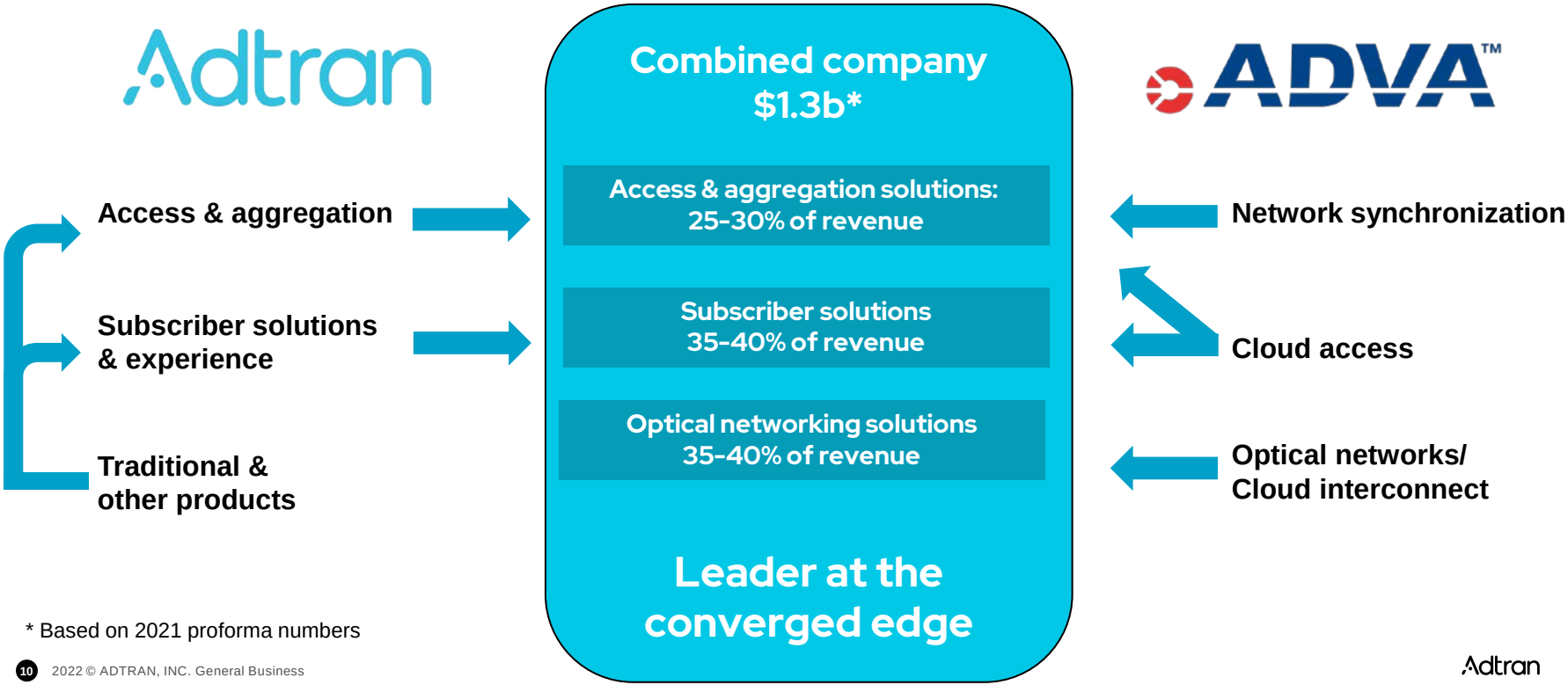
Technology categories



* Based on 2021 proforma numbers

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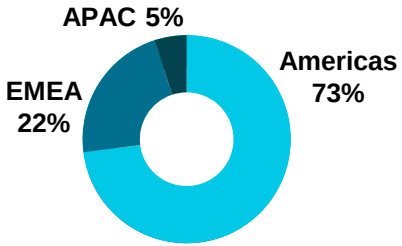
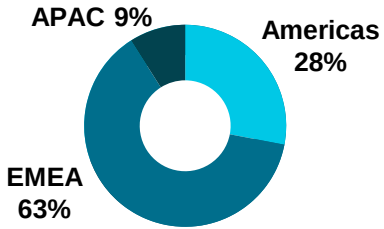
Expanded portfolio and presence

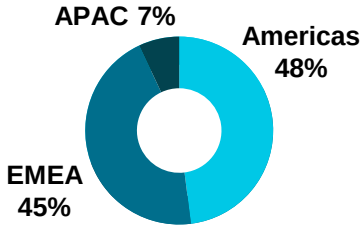
Adtran



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

- ✓ 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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Corporate strategy



Leadership in fiber networking	Growth in focus markets	Investment in converged edge	Transformation through software	Diversification of customers	Focus on sustainability
Breadth of portfolio, open and advanced architecture, assured and secure connectivity	More turnkey solutions and in-region resources, especially North America and EMEA	Innovation in optics, security, AI-driven networking, virtualization, SaaS, etc.	Open and cloud-centric systems, end-to-end programmability, simplification through software, innovative SaaS offerings	Cross-selling current portfolio, acquisition of new customers and partners based on larger portfolio and trusted supplier status	Science-based emissions targets, process-based product ecodesign, optimization of operations, logistics and all packaging, circular-economy processes

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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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Unprecedented market opportunities

Position in growing TAM is enhanced from increased customer reach and improved win rate

Expansion to new markets	TAM expansion in core markets	Deeper penetration in core markets
Enhanced scale increases global coverage	Unprecedented government stimulus and private investment, primarily earmarked for Tier-2 and 3 regional service providers	Expands ADVA's win rate in North America and Adtran's win rate in Europe with added benefit from demand shifting away from Huawei and other Chinese vendors

Robust opportunity for core market expansion with additional upside enabled by combination

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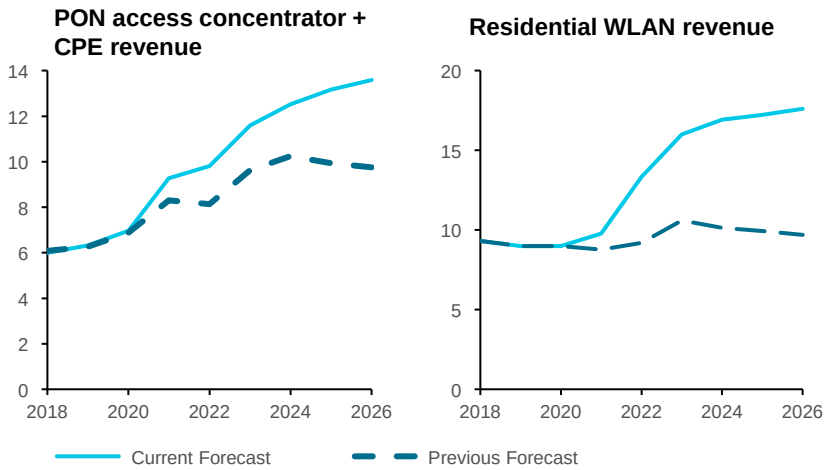
Market trends – fiber growth in US and Europe

Access investment cycle drives…



…middle mile upgrade

Metro WDM

- Boom in residential broadband
- Upgrades of access networks
- New builds and new players
- Accelerated demand for significant capacity expansion in the middle mile

- Forecasted growth for fiber access and in-home Wi-Fi solutions significantly increased from January 2022 to July 2022 forecast
- Driven by growth in 10G PON and Wi-Fi 6/6e/7 upgrades, led by North America and Europe

Source: Dell'Oro 5yr Broadband Access and Home Networking Report (July 2022)

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Significant and parallel investments and revenue opportunities across both the U.S. and Europe

Representative funding to deploy fiber broadband everywhere + **Incremental displacement opportunities from huawei replacement**

United States

$48B+
BEAD and other programs as part of Infrastructure Investment and Jobs Act (IIJA) (1)

$20B+
Broadband funding for RDOF(2) Phase 1 and 2(3) over the next six years

$20B+
State and local level funding proposed for broadband with ARPA(3) in next four years

Europe

$37B+
Public and private funding for fiber builds in the UK until 2025 (4)(5)

$38B+
Government funding for high-speed broadband across the EU(6)

$50B+
Private investment for fiber access networks in Germany until 2025(7)

Europe

$1.2B+
Annual optical network displacement opportunity(8)

$400M+
Annual broadband equipment displacement(9)

10
Countries in the EU (including the UK) that have or are considering banning Huawei(10)

Timing of combination allows Adtran + ADVA to maximize upside from near-term funding commitments

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1) NTIA/Broadband USA BEAD (Broadband Equity Access & Deployment) overview published 27th January 2022
2) RDOF = Rural Digital Opportunity Fund
3) Jefferies Telecom and Networking research report released on October 4th, 2021
4) Gov.UK press release on Project Gigabit Work Begins, 30th August 2022
5) INCA and PointTopics Metrics for the UK independent network sector, report published June 2022
6) Includes publicly disclosed funding of Gigabit Broadband Germany €12B, Gigabit Bavaria €2B, Digitalization Baden-Württemberg €1.2B, Digital Poland €2.6B, Recovery Plan Italy €4.2B, CEF-2 €2B, CEBF €0.5B, and ESIF €6.9B
7) Gigabit Strategy of German Government, published 13th May 2022
8) Cowen Huawei industry update equity research report released on March 18th, 2021, Dell'Oro.
9) Raymond James Data Infrastructure research report released on July 13th, 2021, Dell'Oro.
10) Santander Telecom & Equipment Provider research report released on June 15th, 2021.

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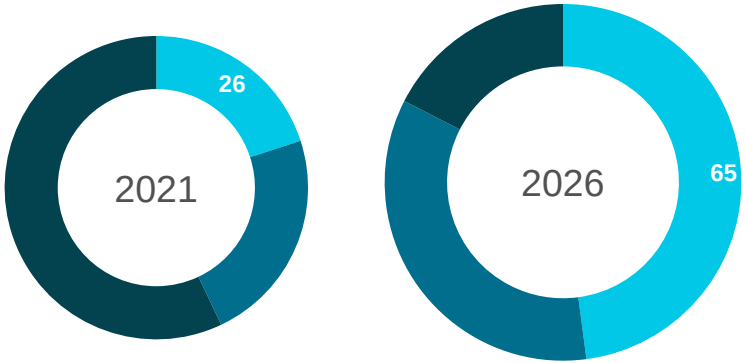
Growing addressable market for fiber connectivity

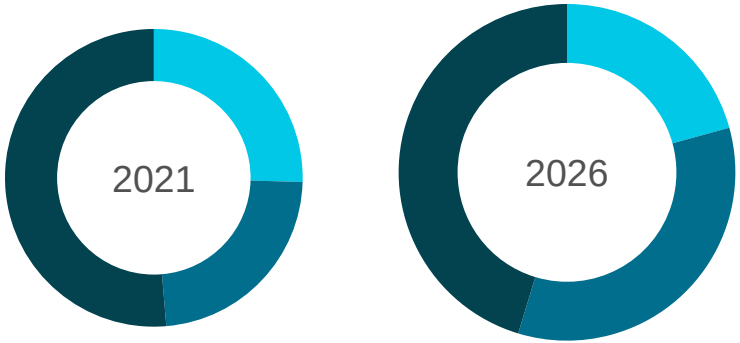
U.S. FTTP household addressable market (in millions)



Total market - 128

Total market - 135.7

Europe (EU27 + UK) addressable market (in millions)



Total market - 224

Total market - 247

Passed and connected

Passed but not connected

Unpassed

Source: Independent Research LLC, February 2022. Idate FTTH Panorama, Sep 2021

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Adtran

Addressing the needs of the converged edge

Combination creates a comprehensive solution…

Adtran

- Fiber access and aggregation
- Residential and enterprise connectivity
- Cloud-based network optimization and customer experience applications

ADVA™

- Fiber backhaul and data center Interconnect
- Enterprise fiber access and connectivity
- Network synchronization solutions

…to meet demands of the converged edge

- ✓ One platform to address needs from residential, WFH, business, wholesale, mobile x-haul networks, and wireless
- ✓ Comprehensive cloud network optimization and customer experience apps
- ✓ Cloud native, open and disaggregated technology
- ✓ Security and synchronization enables seamless connectivity

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A unique scaled pure play addressing the converged edge

	Adtran	NOKIA	Infinera	ciena	Calix	ribbon
Network focus	**Converged edge**	**RAN, core / metro**	**Core / Metro**	**Core / Metro**	**Fixed line**	**Metro / Access**
Customer focus	**Tier 1, 2, 3 CSPs enterprises**	**Tier 1, 2 CSPs**	**Tier 1 CSPs ICPs**	**Tier 1 CSPs ICPs**	**Tier 2, 3 CSPs**	**Tier 2, 3 CSPs**
Converged Edge						
Customer premises *(Residential / SMB)*	✓	✓	X	X	✓	X
Customer premises *(Ent. / Wholesale)*	✓	✓	X	✓	X	X
Fiber access *(Residential / SMB)*	✓	✓	X	X	✓	X
Fiber backhaul *(Metro)*	✓	✓	✓	✓	X	✓

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Leading technologies in the converged edge

A new approach to networks

A portfolio supporting fiber everywhere



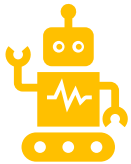
Access, aggregation, DCI, synchronization

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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What is the converged edge?

Adtran has the industry's most comprehensive toolbox that empowers operators to build a converged infrastructure from the metro core to the customer premise, serving all networking applications for residential, business, wholesale and mobile users.

Welcome to the intelligent, self-optimizing, fiber-everywhere future.

Welcome to the converged edge!

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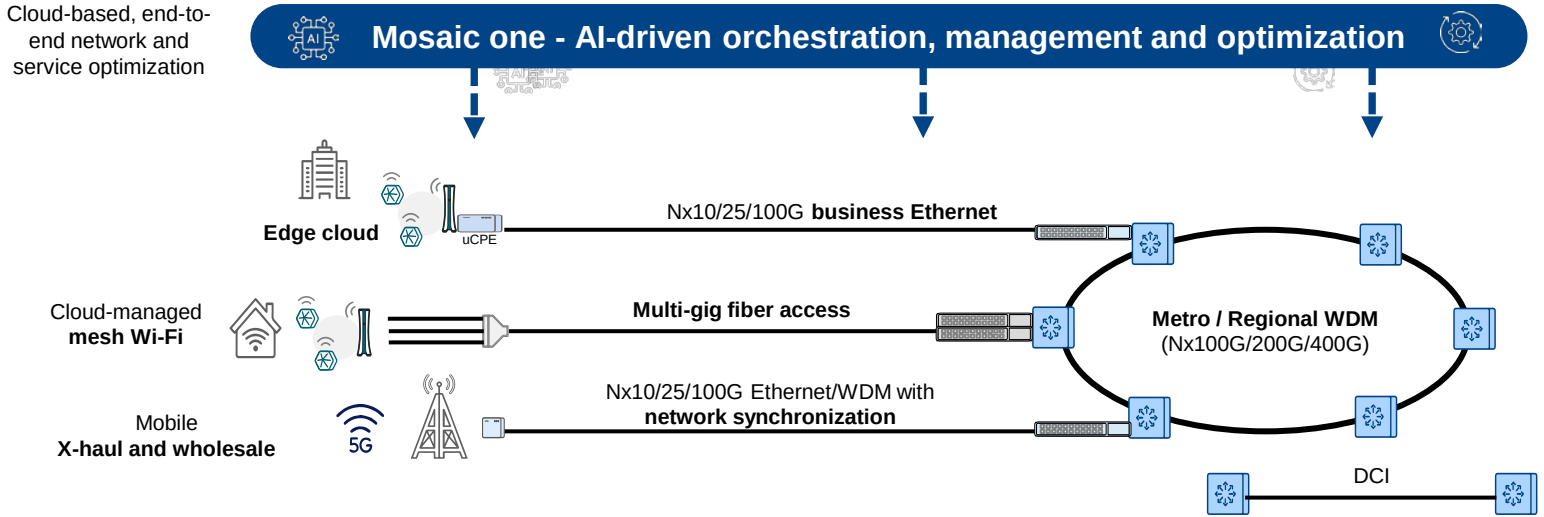
The converged edge



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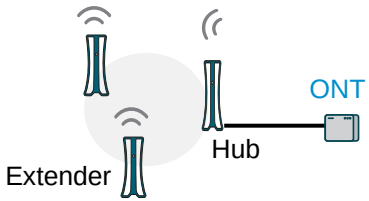
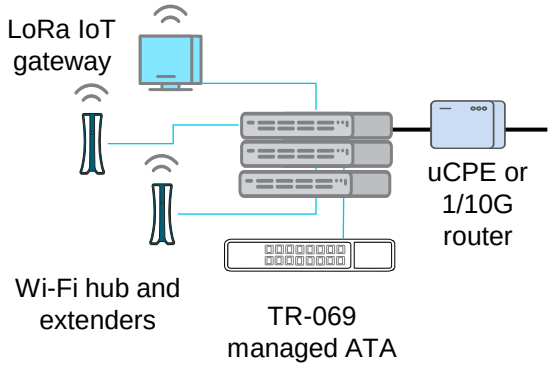
Subscriber solutions portfolio

Unified cloud management solution for all subscriber types

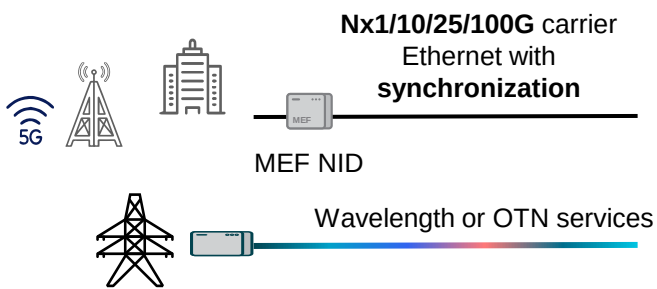
Mosaic One - AI-driven orchestration, management and optimization



Residential solutions



Enterprise solutions



Wholesale solutions

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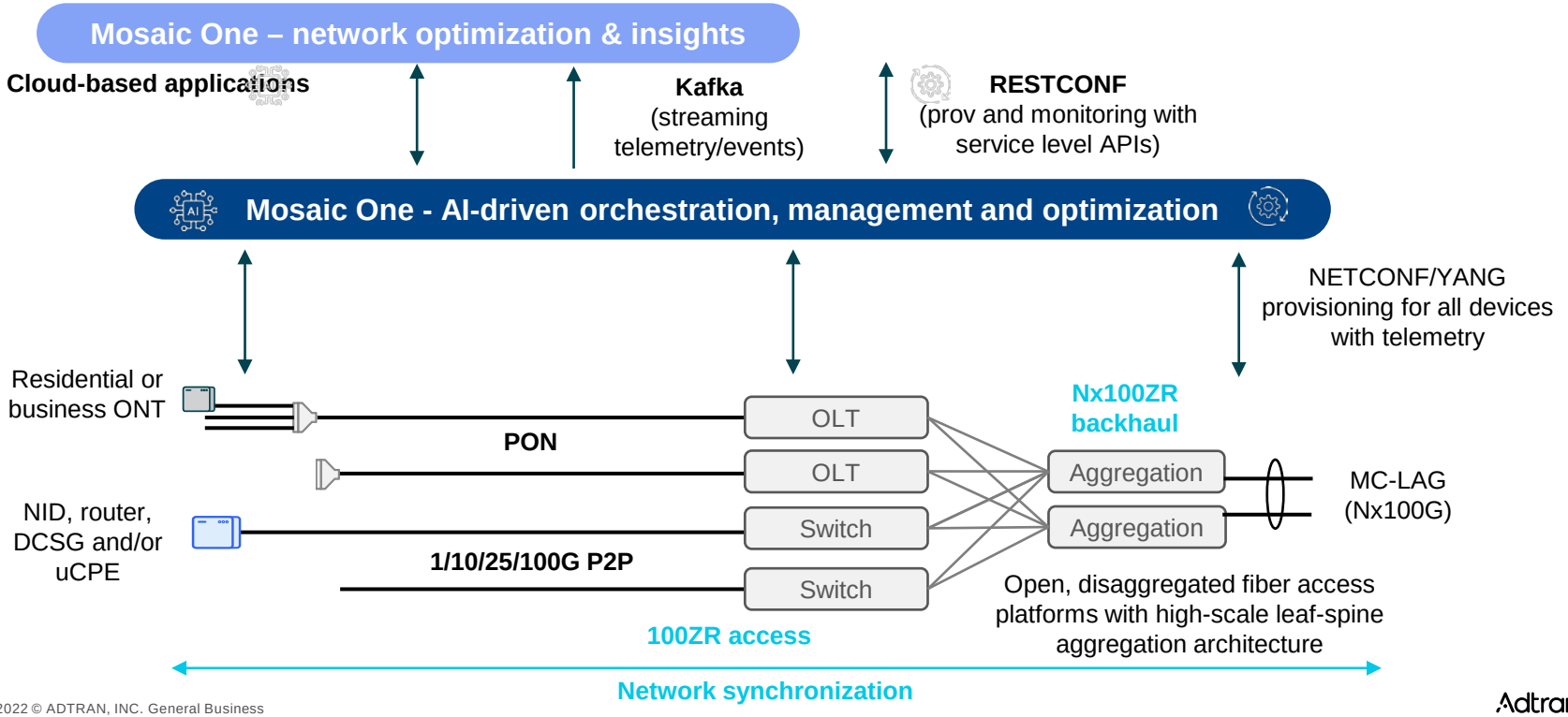
Access and aggregation solutions



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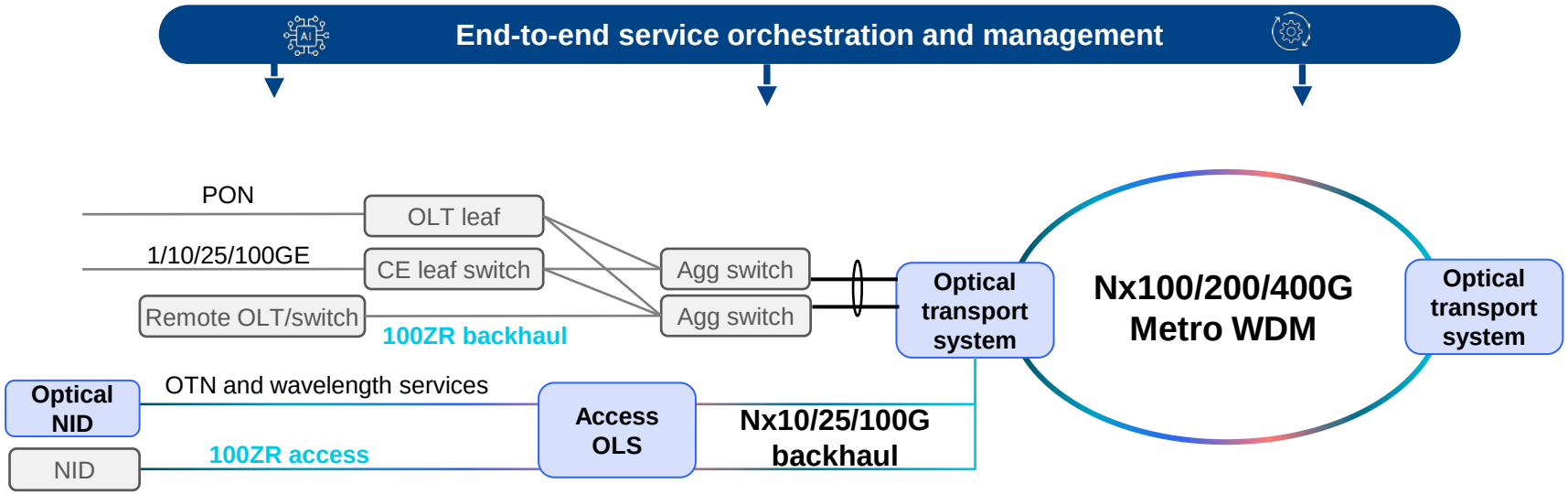
Optical networking solutions



Open, disaggregated access, aggregation and transport systems with end-to-end security and service assurance

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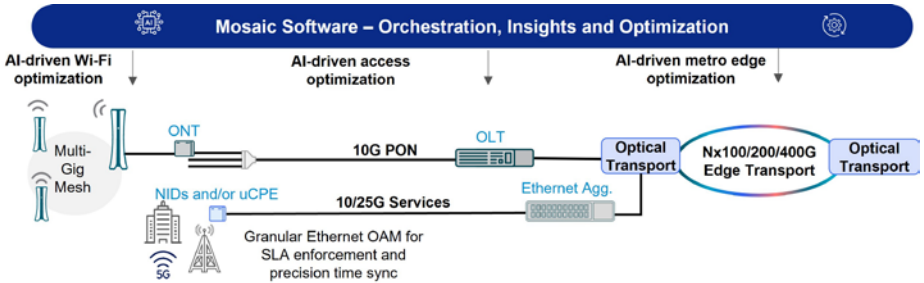
Software supporting all technology solutions

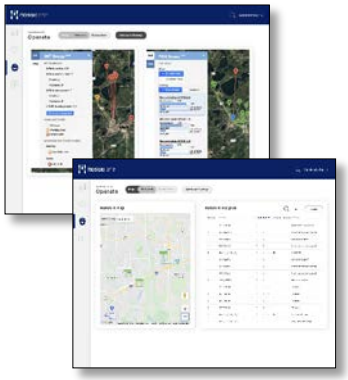
End-to-end AI optimization

- Turning data into actionable insights for transport, access and in-home
- Simplifies network deployment and maintenance
- End-to-end visibility



Mosaic One SaaS applications

M1 operate
Applications for NOC personnel



M1 promote
Applications for marketing teams



M1 care
Applications for CSR / TAC



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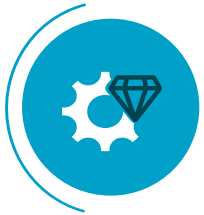
Our combined portfolio



Optical networking solutions

Optical access and transport, data center interconnect, advanced pluggable optics, assurance and monitoring, encryption and security



Access and aggregation solutions

Fiber access platforms, 1/10/25/100G ethernet aggregation, network timing and synchronization



Subscriber solutions

Open 1G/10G PON systems, carrier ethernet access, IoT, routers, switches

Software platforms

Open, cloud-centric management and orchestration powered by AI

Professional services

Scalable in-region services, including planning, installation and turnkey delivery

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ESG – Adtran’s commitment to sustainability

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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Our commitment to ESG



As a good corporate citizen, we must limit the impact our efforts have on the environment and natural resources. The major components of environmental CSR are elimination of waste and emissions, maximizing energy efficiency and productivity and minimizing practices that can adversely affect utilization of natural resources by coming generations.



We believe that our most valuable asset is our people. To ensure our company continues to succeed, our objective is to be able to recruit, hire and retain top talent. Our ability to attract and retain a high-quality workforce is dependent on our ability to maintain a diverse, equitable and inclusive workplace that provides opportunities for our employees to learn and grow in their careers. This is supported by strong compensation, benefits, community service, and other programs that enable employees to build connections within the community.



CSR is quickly becoming a part of Corporate Governance practices. Both Corporate Governance and CSR focus on the ethical practices in the business and the responsiveness of an organization to its stakeholders and the environment in which it operates and directly affect the performance of an organization.

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Holistic ESG approach



Environmental

- ✓ Commitment to science-based emissions targets (SBTi) NetZero
- ✓ Sustainability integral part of product strategy
- ✓ Process-based product ecodesign and lifecycle assessment (LCA)
- ✓ Optimization of operations, logistics, packaging
- ✓ Supply chain engagement, based on IntegrityNext
- ✓ Circular-economy processes
- ✓ ISO 14001 EMS, ISO 50001 EnMS
- ✓ Risk, materiality and context assessments
- ✓ REACh, RoHS, conflict-minerals processes
- ✓ German HGB reporting, will be replaced by CSRD reporting in the future



Social

- ✓ Team Adtran sponsored events
- ✓ Adtran offers 20 volunteer hours/year to full time employees, so they may volunteer at any local 501(c)(3) non-profit organization
- ✓ Adtran-Huntsville employees donate 1200+ hours annually in local community.
- ✓ Dedicated human capital management:
  - ✓ Compete for talent
  - ✓ Retain best talent
  - ✓ Focus on engagement and development
- ✓ Establishment of employee-driven diversity, equity & inclusion (DE&I) task force to support a diverse and inclusive workforce
- ✓ Strictly following ILO requirements



Governance

- ✓ Strong ESG/sustainability governance - ESG regularly reported to highest governance level
- ✓ Establishment of ESG board of directors to assist the board in fulfilling its oversight responsibilities with regard to ESG matters
- ✓ Comprehensive ethics and compliance policy, code of conduct and processes
- ✓ Dedicated engagement in security – ISO 27001-certified
- ✓ Strong engagement in the TIA, both CX and sustainability
- ✓ Dedicated human rights policy and supplier of conduct
- ✓ Risk oversight by full board and designated committees

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Outlook: Net zero in own CO_2 emissions by 2040

Scope 1: Natural gas *and* cars, estimation of <5‰ of total Scope 1-3 emissions

- Target: **down to 10% in 2037**, base year 2022, with compensation of residual emissions
- Action: switch to e-mobility, biofuel, district heating, and purchasing certified offsets.
- Assessment: regarded feasible if compensation of “residual” amount accepted (otherwise, target year must be later, e.G., 2045)

Scope 2: Electricity emissions, responsible for ~2% of total AnA Scope 1-3 emissions

- Target: **down to 5% in 2037**, base year 2022, with compensation of residual emissions
- Action: switch sites to renewable energy, install (in MGN, huntsville) PV, wind turbines, storage, etc.
- Assessment: regarded feasible if compensation of residual accepted (otherwise, target year must be later, e.G., 2040)

Scope 3: Products use and emissions embedded in components (LCA), responsible for ~91% of total emissions

- Target: **down to 2% in 2048**, base year 2022, with compensation of residual emissions (range of 8000 tco2e to be compensated)
- Action: majority of customers would have renewable energy, to be supported by highest energy efficiency of products. Components, over time, also get low in emissions, following decarbonization of the supply chain, of transport, etc.
- Lca goals: top selling 20% products 100% by end of 2023; emerging products as introduced beginning 2024; legacy only if needed
- Assessment: regarded feasible if argumentation is accepted that value chain must switch to renewables

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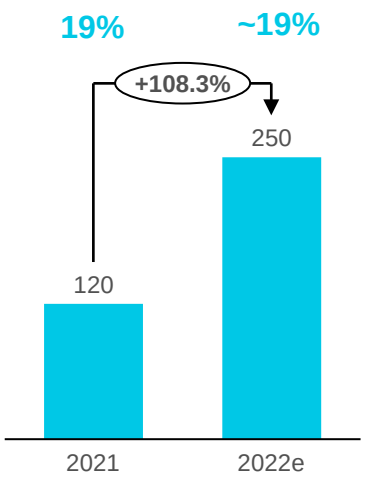
Focus on innovation to meet sustainability requirements

The combination of Adtran and ADVA strengthens R&D power

In $m; % of revenues



… enabling the combined company to leverage innovation

- Approx.1,400 R&D employees, with approx. 1/2 in software engineering
- Energy efficiency and eco-design processes is priority
- Strong lifecycle-assessment capabilities
- More than 1,000 combined patents
- Started with circular-economy activities

Adtran technologies and solutions to support sustainability:

- **Open and disaggregated access devices** lowers both power consumption and the operational cost of scaling the network.
- **End-to-end fiber broadband solution** reduces heat generation and power consumption with a more sustainable network architectures and technologies
- **Intelligent saas** reduces carbon emissions and footprint with ai-driven insights and pre-emptive alarms that direct providers to the exact location, eliminating unnecessary truck rolls
- **Evolving PON technology** reduces waste footprint and costs with longer lifespan from the latest PON products developed with sustainability as a priority.
- **Grid reliability: improves grid efficiency and reliability to avoid costly repairs and detrimental truck rolls with our next generation fiber solution.**

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Adtran ESG ratings and awards at a glance

EcoVadis business sustainability rating

ADVA









ADTRAN



CDP rating



ADTRAN Your CDP score: C

ADVA Your CDP score: B

2022 ratings due in December

ISS rating (ADTRAN)



Governance 1 ▲ | Environment 3 ▲ | Social 3

ISS Quality Score Scale: 1=Best; 10=Worst

Awards and certifications







Goals

- EcoVadis - gold rating 2023, platinum 2024
- Learn and leverage from each other

- CDP alignment in 2023
- CDP improvement expected in upcoming rating
  - Emissions reductions initiatives
  - SBTi net zero commitment
  - Scope 1 offset

- ISS corporate rating score improvement from D to C
- ISS overall environmental quality score improvement to 2
- 2022 changes for score improvement
  - Emissions targets set in 2022, incl. Sbti net zero commitment
  - ESG/sustainability board committee formed
  - ESG report to be published
  - Began addressing supply chain (scope 3)

- ISO50001 certification for Meiningen, Munich, Berlin, York and Gdynia

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ESG 2023 ambitions

- Combined targets: improve rating scores (i.e. Ecovadis, CDP, ISS)
- Create a consolidated ESG report for 2023, including GRI index
- Extend ISO 50001 to the Adtran Huntsville site
- Purchase offsets for scope 1 to achieve net zero for emissions of this type
- Reduce scope 2 emissions with renewable credits and certified offsets
- Lifecycle analysis for top selling 20% of products by end of 2023

Combination of our targets and goals and derivation of ESG mid-term strategy will be priority within the next months

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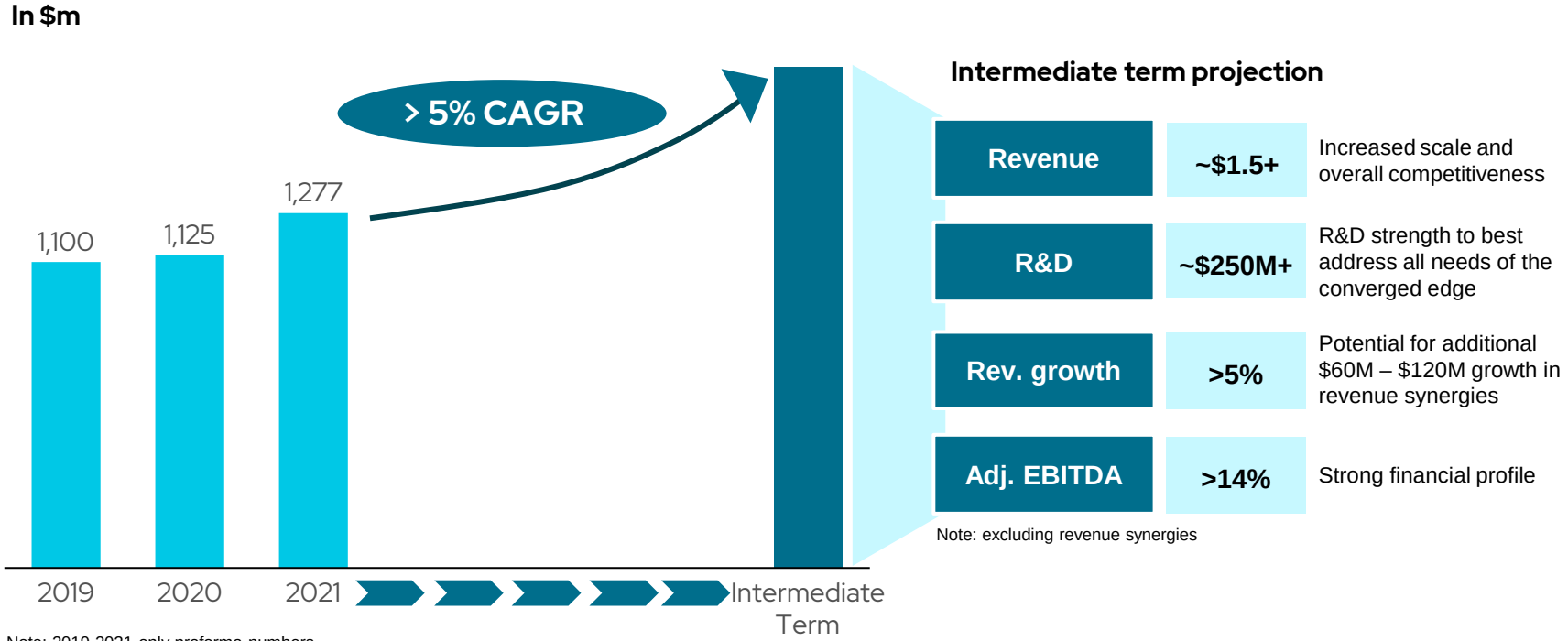
Financial strength

Scaled R&D with high growth and margin opportunities …



Note: 2019-2021 only proforma numbers

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… supported by well defined synergies and accelerated R&D innovation

Significant cross-sell opportunities

- ✓ Complementary geographic focus with ADVA's strong EMEA presence and ADTRAN's strong US presence
- ✓ Gaining strategic vendor status with certain carrier relationships will create new opportunities
- ✓ Comprehensive solution will increase win rate

~$60M – $120M+ potential revenue synergies

Increased scale to accelerate R&D innovation

- ✓ Enhances scale and improves ability to compete against other fiber networking vendors
- ✓ Optimization expected with combination of R&D processes
- ✓ Greater ability to focus on SW/ virtualization and monetization

~$250M+ combined R&D spend

Operational efficiencies from well-defined cost synergies

- ✓ Compelling cost synergies
- ✓ Significant supply chain efficiencies and optimization of the operating model
- ✓ Improved profitability

~$52M+ cost synergies

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Well-defined cost synergies enhance financial profile for continued growth

$52M+

Run rate cost synergies

General and administrative

Consolidation of corporate costs, centralization of support functions, and optimization of operating model

Cost of goods sold

Procurement and logistics optimization

Sales and marketing

Savings from overlapping coverage footprint and go-to-market activities

Research and development

Increased scale and efficiency of R&D with complementary engineering and design teams

- ✓ Line-item detail for all savings
- ✓ Jointly developed plan with broad buy-in across Adtran and ADVA
- ✓ Integration leads appointed for both companies with day one plan to ensure smooth roll-out

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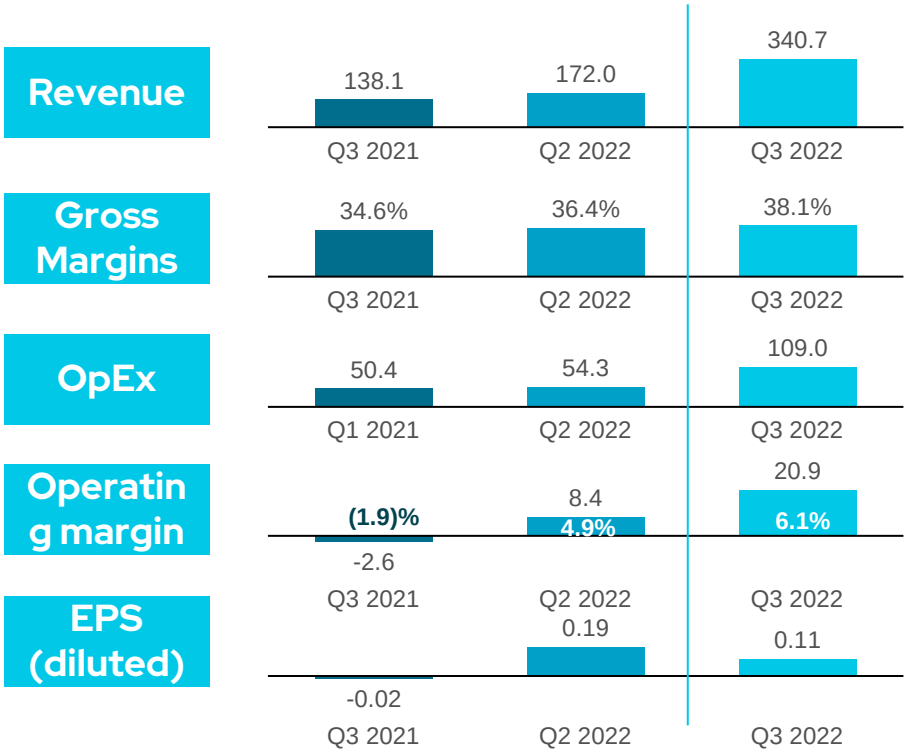
Q3 non-GAAP financials



	Y-o-Y	Q-o-Q
Revenue	+ 147%	+ 98%
Gross Margins	+ 3.5PP	+ 1.7PP
OpEx	+ 116%	+ 101%
Operating margin	+ 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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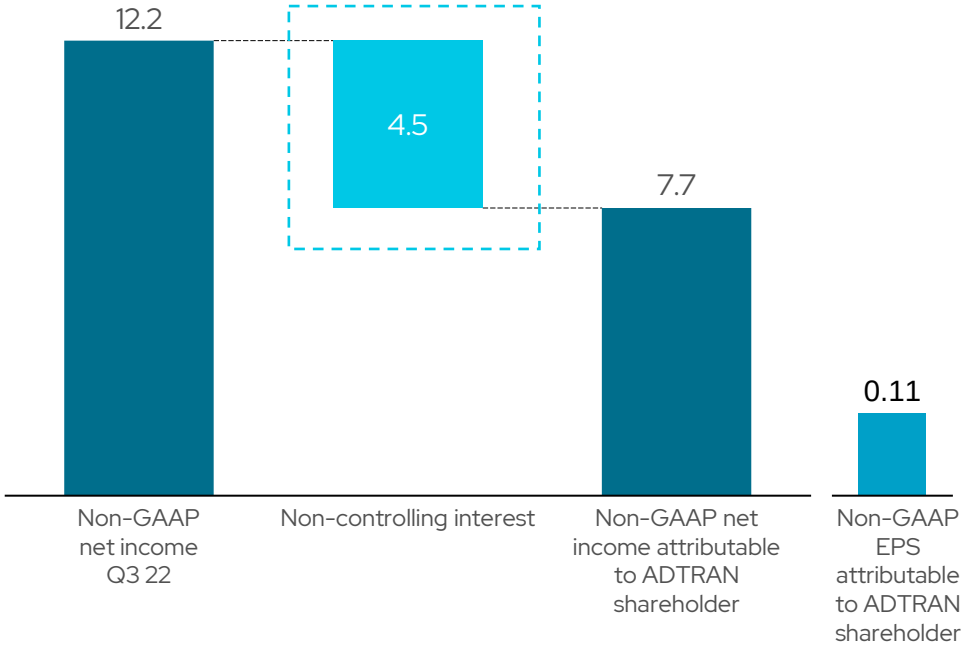
Adtran

Non-controlling interest (NCI)



- ADVA has a minority shareholder position of 34.65% (non-controlling interest "NCI" as defined under ASC810-10-20) as of Q3 2022
- 34.65% of ADVA profits are thereof attributable to NCI
- This reduces GAAP and non-GAAP net income and EPS attributable to ADTRAN shareholder
- Future NCI portion of ADVA SE depends on i) exercise of put right of ADVA NCI under the draft DPLTA* (Sec. 305 para 1 AktG), ii) exercise of stock options and will likely change across financial reporting periods

*) Published on 18 October 22

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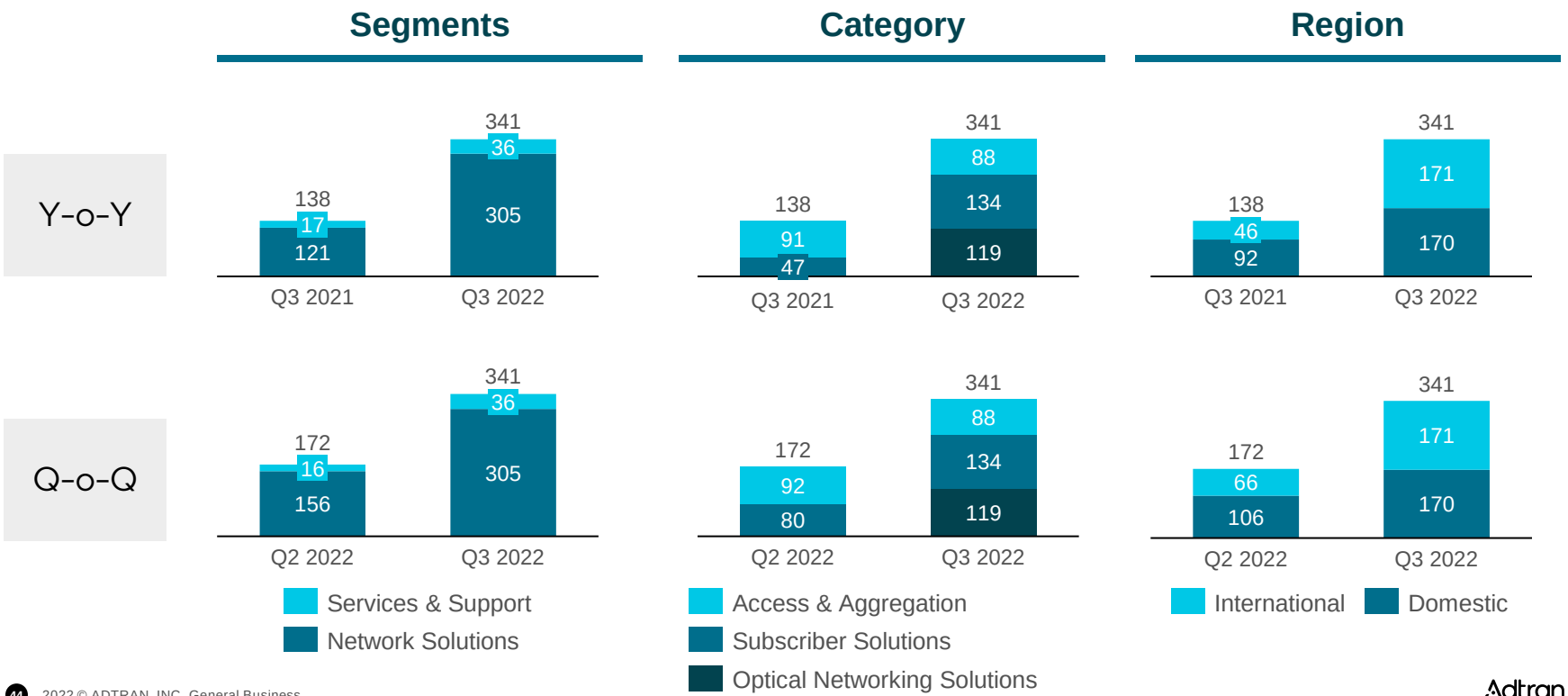
Q3 revenue by segment, category and region



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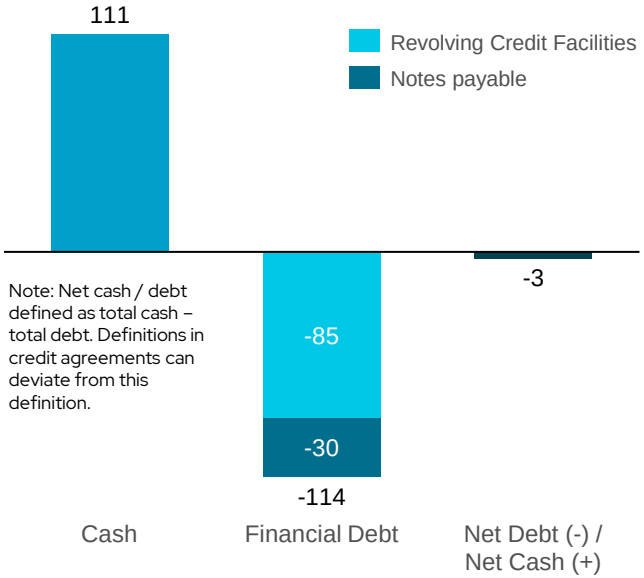
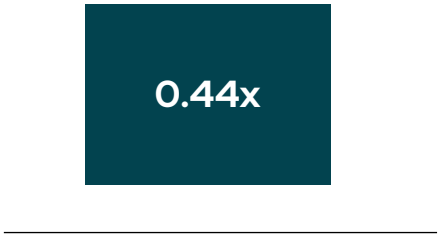
Q3 balance sheet metrics

Q3 2022 Net cash / debt



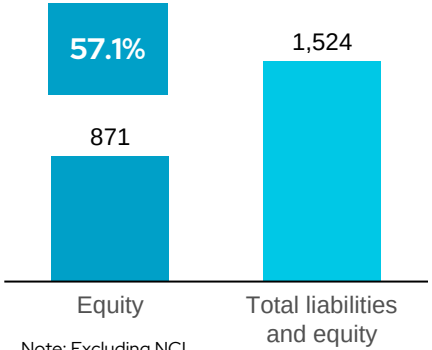
Note: Net cash / debt defined as total cash – total debt. Definitions in credit agreements can deviate from this definition.

Q3 2022 Net debt / EBITDA LTM



Note: Proforma LTM EBITDA calculation

Q3 2022 Equity ratio



Note: Excluding NCI

Strong investment-grade credit metrics

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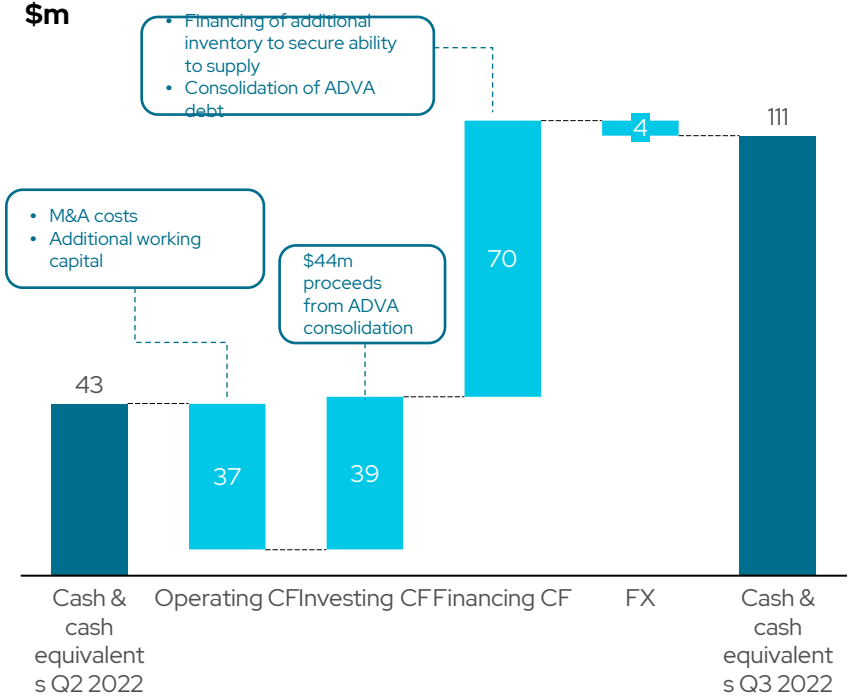
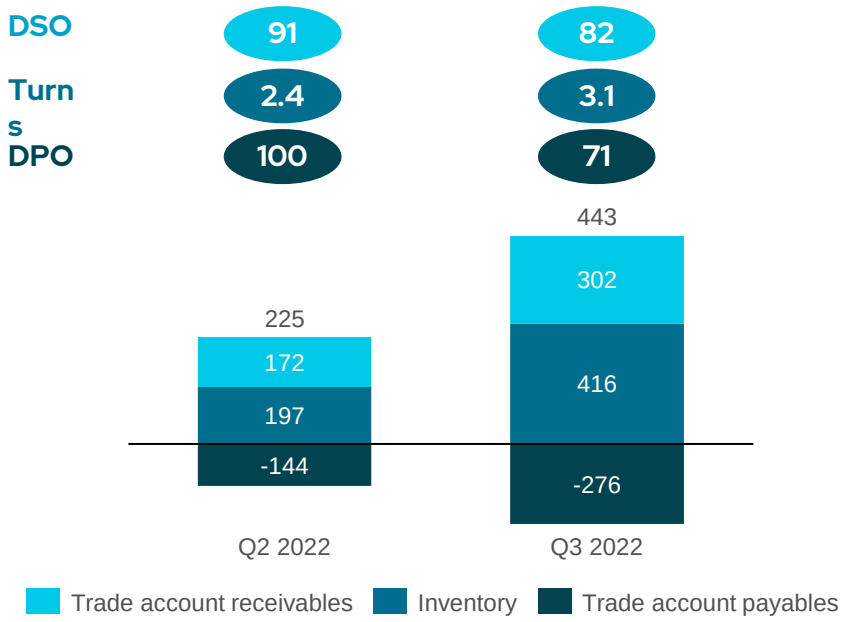
Q3 cash flow and balance sheet

Cash flow in $m



Working capital in $m



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Q4 2022 Outlook

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

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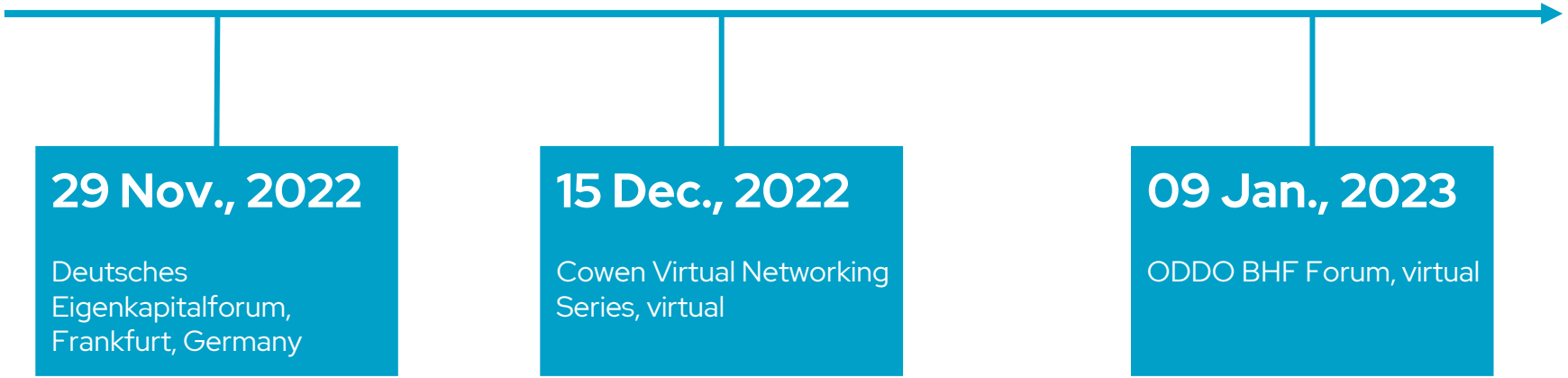
Appendix

Financial calendar



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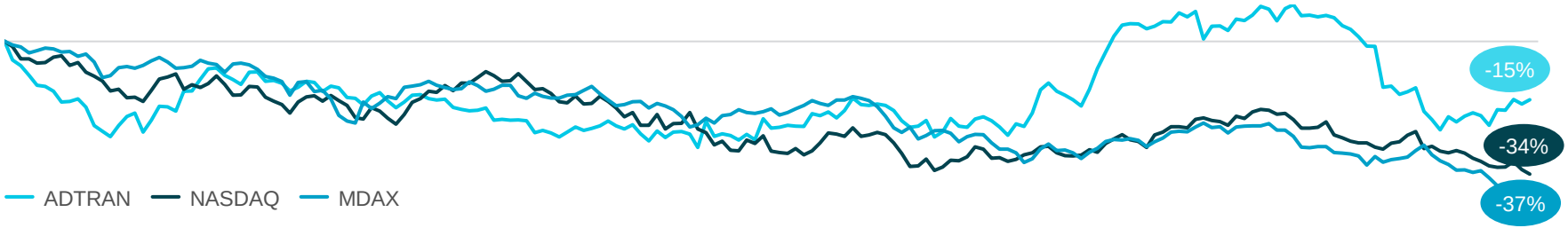
Adtran stock information

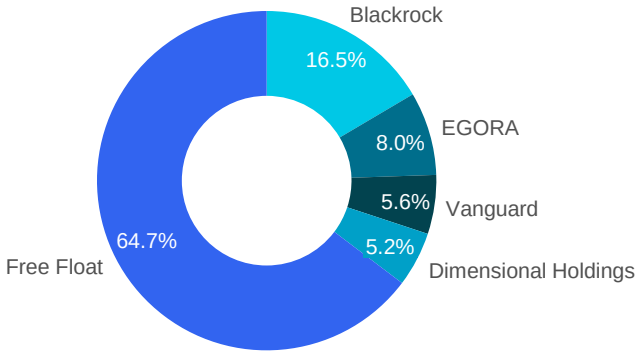
Share price development YTD Q3 2022



Analyst recommendation

Institution	Analyst	Rec.	Target Price ($)	Date
Cowen	Paul Silverstein	Buy	34	10.19.2022
Needham	Ryan Koontz	Buy	28	11.09.2022
William K. Woodruff	Paul Essi	Strong Buy	35	11.10.2022
Argus Research	James Kelleher	Strong Buy	N/A	08.08.2022
West Park Capital	Gregory Mesniaeff	Hold	N/A	09.13.2022
Northland	Tim Savageaux	Buy	30	11.28.2022
Loop Capital	Fahad Najam	Buy	26	09.26.2022
Rosenblatt Securities	Michael Genovese	Buy	29	09.07.2022

Shareholder structure as of 31 October 2022



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Adtran independent board composition

	Audit committee	Compensation committee	Environmental, social and governance committee	Nominating and corporate governance committee
H. Fenwick Huss	Chair	Member	Member	Member
Johanna Hey	Member		Member	
Gregory McCray	Member	Member		Member
Balan Nair		Member		
Jacqueline Rice	Member			Chair
Nikos Theodosopoulos	Member	Chair	Member	
Kathryn Walker			Chair	Member

Chair Member

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Reconciliation of gross profit and gross margin to non-GAAP gross profit and non-GAAP gross margin

	Three Months Ended		
	September 30, 2022	June 30, 2022	September 30, 2021
Total Revenue	**$ 340,709**	**$ 172,038**	**$ 138,081**
Cost of Revenue	**$ 237,682**	**$ 109,532**	**$ 90,408**
Acquisition-related expenses, amortizations and adjustments	(25,530)	-	-
Stock-based compensation expense	(1,269)	(162)	(133)
Pension adjustments	(59)	-	-
Non-GAAP Cost of Revenue	**$ 210,824**	**$ 109,370**	**$ 90,275**
Gross Profit	**103,027**	**62,506**	**47,673**
Non-GAAP Gross Profit	**129,885**	**62,668**	**47,806**
Gross Margin	**30.2%**	**36.3%**	**34.5%**
Non-GAAP Gross Margin	**38.1%**	**36.4%**	**34.6%**

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Reconciliation of operating expenses to non-GAAP operating expense

	Three Months Ended		
	September 30, 2022	June 30, 2022	September 30, 2021
Operating Expenses	**$ 134,076**	**$ 54,373**	**$ 57,731**
Acquisition-related expenses, amortizations and adjustments	(14,780)	(2,123)	(6,041)
Stock-based compensation expense	(10,862)	(1,726)	(1,709)
Pension adjustments	(185)	-	-
Deferred compensation adjustments (1)	740	3,737	459
Non-GAAP Operating Expenses	**$ 108,989**	**$ 54,261**	**$ 50,440**

(1) Includes non-cash change in fair value of equity investments held in the ADTRAN Holdings, Inc. Deferred Compensation Program for Employees, all of which is included in selling, general and administrative expenses on the Condensed Consolidated Statements of Income (Loss).

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Reconciliation of other (expense) income to non-GAAP other (expense) income

	Three Months Ended		
	September 30, 2022	June 30, 2022	September 30, 2021
Interest and dividend income	347	217	344
Interest expense	(1,303)	(94)	(6)
Net investment (loss) gain	(2,691)	(4,646)	(63)
Other income (expense), net	2,494	681	648
Total Other (Expense) Income	**$ (1,153)**	**$ (3,842)**	**$ 923**
Deferred compensation adjustments [1]	1,124	3,596	197
Pension expense [2]	81	85	272
Non-GAAP Other (Expense) Income	**$ 52**	**$ (161)**	**$ 1,392**

(1) Includes non-cash change in fair value of equity investments held in the ADTRAN Holdings, Inc. Deferred Compensation Program for Employees.
(2) Includes amortization of actuarial losses related to the Company's pension plan for employees in certain foreign countries.

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