ADTRAN, Inc.
Supplemental Financial Schedule

ADTRAN, Inc. ("ADTRAN" or the "Company") has posted this supplemental unaudited financial schedule on its Investor Relations web page in order to provide investors with (i) supplemental information regarding revenues by segment and category and (ii) reconciliations of certain financial measures ("non-GAAP financial measures") prepared other than in accordance with generally accepted accounting principles in the United States ("U.S. GAAP") to the most directly comparable financial measures prepared in accordance with U.S. GAAP, as such non-GAAP financial measures may be discussed on the Company's webcast conference call on November 3, 2020 in which the Company will be discussing its financial results for the third quarter of 2020.

The Company is providing this data for informational purposes only. The information contained herein does not purport to project the Company's results of operations or financial condition for any future period or as of any future date, and operating results for any completed period are not necessarily indicative of the results that may be expected for any other future period. This supplemental financial information should be read in conjunction with the financial and related information contained in our filings with the Securities and Exchange Commission. This document is dated November 3, 2020.

ADTRAN Inc.

Revenues by Segment and Category Classification

For the Three Months Ended September 30, 2020, June 30, 2020 and September 30, 2019

	Three Months Ended		
	September 30, 2020	June 30, 2020	September 30, 2019
Segment Revenues:			
Network Solutions	$ 115,229	$ 111,323	$ 94,018
Services & Support	17,914	17,392	20,074
Total	**$ 133,143**	**$ 128,715**	**$ 114,092**
Category Revenues:			
Access & Aggregation	$ 85,423	$ 82,776	$ 65,114
Subscriber Solutions & Experience	43,125	40,393	42,476
Traditional & Other Products	4,595	5,546	6,502
Total	**$ 133,143**	**$ 128,715**	**$ 114,092**
Sales by Geographic Region:			
United States	$ 92,838	$ 84,458	$ 83,144
International	40,305	44,257	30,948
Total	**$ 133,143**	**$ 128,715**	**$ 114,092**

Reconciliation of Certain Non-GAAP Financial Measures

The tables below present a reconciliation of Non-GAAP Gross Profit, Non-GAAP Gross Margin, Non-GAAP Operating Expenses and Non-GAAP Other Income, each of which is a non-GAAP financial measure, to the most directly comparable financial measure prepared in accordance with U.S. GAAP. ADTRAN's management believes that these non-GAAP financial measures are useful and meaningful to management and investors, and management may discuss these non-GAAP financial measures during presentations to investors. Non-GAAP financial measures do not have any standardized meaning and, therefore, may not be comparable to similar measures presented by other companies. The presentation of non-GAAP financial measures is not intended to be a substitute for, and should not be considered in isolation from, financial measures reported in accordance with U.S. GAAP.

ADTRAN Inc.

Reconciliation of Gross Profit and Gross Margin to Non-GAAP Gross Profit and Non-GAAP Gross Margin

For the Three Months Ended September 30, 2020, June 30, 2020 and September 30, 2019

	Three Months Ended		
	September 30, 2020	June 30, 2020	September 30, 2019
Total Sales	$ 133,143	$ 128,715	$ 114,092
Cost of Sales	$ 74,181	$ 75,243	$ 67,761
Acquisition related expenses, amortizations and adjustments	-	(21)	(358)
Stock-based compensation expense	(101)	(87)	(83)
Restructuring expenses	(232)	(23)	(62)
Settlement income	28	—	—
Non-GAAP Cost of Sales	$ 73,876	$ 75,112	$ 67,258
Gross Profit	58,962	53,472	46,331
Non-GAAP Gross Profit	59,267	53,603	46,834
Gross Margin	44.3%	41.5%	40.6%
Non-GAAP Gross Margin	44.5%	41.6%	41.0%

ADTRAN Inc.

Reconciliation of Operating Expenses to Non-GAAP Operating Expenses

For the Three Months Ended September 30, 2020, June 30, 2020 and September 30, 2019

	Three Months Ended		
	September 2020	June 30, 2020	September 2019
Operating Expenses	**$ 54,428**	**$ 59,511**	**$ 62,747**
Acquisition related expenses, amortizations and adjustments	(1,042)	(1,079)	(985)
Stock-based compensation expense	(1,509)	(1,568)	(1,788)
Restructuring expenses	(1,671)	(1,170)	(1,133)
Deferred compensation adjustments [1]	(791)	(3,433)	576
Non-GAAP Operating Expenses	**$ 49,415**	**$ 52,261**	**$ 59,417**

(1) Includes non-cash change in fair value of equity investments held in the ADTRAN, Inc. Deferred Compensation Program for Employees per ASU 2016-01, all of which is included in selling, general and administrative expenses on the condensed consolidated statement of income.

ADTRAN Inc.
Reconciliation of Other Income to Non-GAAP Other Income
For the Three Months Ended September 30, 2020, June 30, 2020 and September 30, 2019

	Three Months Ended		
	September 30, 2020	**June 30, 2020**	**September 30, 2019**
Interest and dividend income	344	331	610
Interest expense	-	-	(128)
Net investment gain (loss)	2,844	9,852	(216)
Other income (expense), net	(1,679)	(1,757)	1,616
Total Other Income	**$ 1,509**	**$ 8,426**	**$ 1,882**
Deferred compensation adjustments (1)	(881)	(2,989)	576
Pension expense (2)	248	235	198
Non-GAAP Other Income	**$ 876**	**$ 5,672**	**$ 2,656**

(1) Includes non-cash change in fair value of equity investments held in the ADTRAN, Inc. Deferred Compensation Program for Employees per ASU 2016-01.
(2) Includes amortization of actuarial losses related to the Company's pension plan for employees in certain foreign countries.