

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 revenue 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 third quarter 2021 earnings webcast conference call on November 2, 2021.

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 2, 2021.

ADTRAN Inc.**Revenue by Segment and Category Classification****For the Three Months Ended September 30, 2021, June 30, 2021 and September 30, 2020**

	Three Months Ended		
	September 30 2021	June 30, 2021	September 30 2020
Segment Revenue:			
Network Solutions	\$ 120,767	\$ 125,449	\$ 115,229
Services & Support	17,314	17,783	17,914
Total Revenue	\$ 138,081	\$ 143,232	\$ 133,143
Category Revenue:			
Access & Aggregation	\$ 89,173	\$ 90,964	\$ 85,423
Subscriber Solutions & Experience	44,912	47,810	43,125
Traditional & Other Products	3,996	4,458	4,595
Total Revenue	\$ 138,081	\$ 143,232	\$ 133,143
Revenue by Geographic Region:			
United States	\$ 91,868	\$ 94,656	\$ 92,838
International	46,213	48,576	40,305
Total Revenue	\$ 138,081	\$ 143,232	\$ 133,143

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, 2021, June 30, 2021 and September 30, 2020**

	Three Months Ended		
	September 30 2021	June 30, 2021	September 30 2020
Total Revenue	\$ 138,081	\$ 143,232	\$ 133,143
Cost of Revenue	\$ 90,408	\$ 80,564	\$ 74,181
Acquisition-related expenses, amortizations and adjustments	—	(12)	—
Stock-based compensation expense	(133)	(126)	(101)
Restructuring expenses	—	—	(232)
Settlement income	—	—	28
Non-GAAP Cost of Revenue	\$ 90,275	\$ 80,426	\$ 73,876
Gross Profit	47,673	62,668	58,962
Non-GAAP Gross Profit	47,806	62,806	59,267
Gross Margin	34.5%	43.8%	44.3%
Non-GAAP Gross Margin	34.6%	43.8%	44.5%

ADTRAN Inc.**Reconciliation of Operating Expenses to Non-GAAP Operating Expenses****For the Three Months Ended September 30, 2021, June 30, 2021 and September 30, 2020**

	Three Months Ended		
	September 30 2021	June 30, 2021	September 30 2020
Operating Expenses	\$ 57,731	\$ 58,737	\$ 54,428
Acquisition-related expenses, amortizations and adjustments	(6,041)	(2,372)	(1,042)
Stock-based compensation expense	(1,709)	(1,682)	(1,509)
Restructuring expenses	—	(8)	(1,671)
Deferred compensation adjustments ⁽¹⁾	459	(1,994)	(791)
Non-GAAP Operating Expenses	\$ 50,440	\$ 52,681	\$ 49,415

⁽¹⁾ Includes non-cash change in fair value of equity investments held in the ADTRAN, 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).

ADTRAN Inc.**Reconciliation of Other Income to Non-GAAP Other Income****For the Three Months Ended September 30, 2021, June 30, 2021 and September 30, 2020**

	Three Months Ended		
	September 30	June 30,	September 30
	2021	2021	2020
Interest and dividend income	344	253	344
Interest expense	(6)	(6)	-
Net investment gain	(63)	2,009	2,844
Other income (expense), net	648	26	(1,679)
Total Other Income	\$ 923	\$ 2,282	\$ 1,509
Deferred compensation adjustments ⁽¹⁾	197	(1,447)	(881)
Pension expense ⁽²⁾	272	275	248
Non-GAAP Other Income	\$ 1,392	\$ 1,110	\$ 876

⁽¹⁾ Includes non-cash change in fair value of equity investments held in the ADTRAN, 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.