

ADTRAN Holdings, Inc.
Supplemental Financial Schedule

ADTRAN Holdings, Inc. 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 second quarter 2022 earnings webcast conference call on August 4, 2022.

Unless the context otherwise indicates or requires, references in this unaudited supplemental financial schedule to “ADTRAN,” the “Company,” “we,” “us” and “our” refer to (i) ADTRAN, Inc. and its consolidated affiliates prior to the merger on July 8, 2022 of Acorn MergeCo, Inc. (“Merger Sub”), a Delaware corporation and wholly-owned direct subsidiary of ADTRAN Holdings, Inc. (f/k/a Acorn HoldCo), with and into ADTRAN, Inc. as part of ADTRAN's business combination transaction with ADVA Optical Networking SE, and (ii) ADTRAN Holdings, Inc. and its consolidated subsidiaries following the Merger.

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 August 4, 2022.

ADTRAN Holdings, Inc.**Revenue by Segment and Category Classification****For the Three Months Ended June 30, 2022, March 31, 2022 and June 30, 2021**

	Three Months Ended		
	June 30, 2022	March 31, 2022	June 30, 2021
Segment Revenue:			
Network Solutions	\$ 155,992	\$ 138,374	\$ 125,449
Services & Support	16,046	16,144	17,783
Total Revenue	\$ 172,038	\$ 154,518	\$ 143,232
Category Revenue:			
Access & Aggregation	\$ 89,761	\$ 95,460	\$ 90,964
Subscriber Solutions & Experience	78,144	54,606	47,810
Traditional & Other Products	4,133	4,452	4,458
Total Revenue	\$ 172,038	\$ 154,518	\$ 143,232
Revenue by Geographic Region:			
United States	\$ 105,753	\$ 99,048	\$ 94,656
International	66,285	55,470	48,576
Total Revenue	\$ 172,038	\$ 154,518	\$ 143,232

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 (Expense) 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 Holdings, Inc.**Reconciliation of Gross Profit and Gross Margin to Non-GAAP Gross Profit and Non-GAAP Gross Margin
For the Three Months Ended June 30, 2022, March 31, 2022 and June 30, 2021**

	Three Months Ended		
	June 30, 2022	March 31, 2022	June 30, 2021
Total Revenue	\$ 172,038	\$ 154,518	\$ 143,232
Cost of Revenue	\$ 109,532	\$ 100,202	\$ 80,564
Acquisition-related expenses, amortizations and adjustments	-	-	(12)
Stock-based compensation expense	(162)	(159)	(126)
Restructuring expenses	-	-	-
Settlement income	-	-	-
Non-GAAP Cost of Revenue	\$ 109,370	\$ 100,043	\$ 80,426
Gross Profit	62,506	54,316	62,668
Non-GAAP Gross Profit	62,668	54,475	62,806
Gross Margin	36.3%	35.2%	43.8%
Non-GAAP Gross Margin	36.4%	35.3%	43.8%

ADTRAN Holdings, Inc.**Reconciliation of Operating Expenses to Non-GAAP Operating Expenses****For the Three Months Ended June 30, 2022, March 31, 2022 and June 30, 2021**

	Three Months Ended		
	June 30, 2022	March 31, 2022	June 30, 2021
Operating Expenses	\$ 54,373	\$ 54,384	\$ 58,737
Acquisition-related expenses, amortizations and adjustments	(2,123)	(2,330)	(2,372)
Stock-based compensation expense	(1,726)	(1,734)	(1,682)
Restructuring expenses	-	(2)	(8)
Deferred compensation adjustments ⁽¹⁾	3,737	2,696	(1,994)
Non-GAAP Operating Expenses	\$ 54,261	\$ 53,014	\$ 52,681

(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.

ADTRAN Holdings, Inc.**Reconciliation of Other (Expense) Income to Non-GAAP Other (Expense) Income
For the Three Months Ended June 30, 2022, March 31, 2022 and June 30, 2021**

	Three Months Ended		
	June 30, 2022	March 31, 2022	June 30, 2021
Interest and dividend income	217	204	253
Interest expense	(94)	(30)	(6)
Net investment (loss) gain	(4,646)	(3,415)	2,009
Other income (expense), net	681	(226)	26
Total Other (Expense) Income	\$ (3,842)	\$ (3,467)	\$ 2,282
Deferred compensation adjustments ⁽¹⁾	3,596	1,841	(1,447)
Pension expense ⁽²⁾	85	89	275
Non-GAAP Other (Expense) Income	\$ (161)	\$ (1,537)	\$ 1,110

(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.