NEWS RELEASE

# ADTRAN Holdings, Inc. reports third quarter 2026 financial results

2026-11-02

HUNTSVILLE, Ala.--(BUSINESS WIRE)-- ADTRAN Holdings, Inc. (NASDAQ: ADTN and FSE: QH9) ("ADTRAN Holdings" "ADTRAN" or the "Company") today announced its unaudited financial results for the third quarter ended September 30, 2026.

- Revenue: $281.2 million, up 0.6 % year-over-year.
- GAAP gross margin of 38.5%; non-GAAP gross margin of 42.1%, including benefit of approximately 200 basis points from IEEPA [1] refunds.
- GAAP operating margin of -0.3 %; non-GAAP operating margin of 5.0%.
- Net cash used in operating activities of $24.5 million.
- GAAP diluted loss per share of $0.10; non-GAAP diluted earnings per share of $0.09.
- Cash, cash equivalents and restricted cash of $71.7 million.

ADTRAN Holdings Chairman and Chief Executive Officer Tom Stanton stated, "Third quarter revenue came in slightly below the midpoint of our guidance range as we continued to navigate a challenging supply environment. Despite these pressures, we saw encouraging developments across the business, including continued growth in optical networking and increasing growth with hyperscale customers. The rapid expansion of AI infrastructure is reshaping network investment priorities, creating opportunities for ADTRAN not only in cloud infrastructure but also across our traditional service provider markets."

"Looking ahead, we see significant opportunities to build on this momentum as customers invest in network capacity, performance and security," Stanton continued. "Our focus is on addressing the supply and cost pressures affecting our business, maintaining financial discipline and translating these opportunities into stronger revenue growth, profitability and cash generation."

**Business outlook**[2]

For the fourth quarter of 2026, the Company expects revenue to be within a range of $272.0 million to $292.0 million. Non-GAAP operating margin is expected to be within a range of 1.0% to 5.0% reflecting historical seasonality, availability of supply and timing of large customer projects.

[1] International Emergency Economic Powers Act

[2] Non-GAAP operating margin (which is calculated as non-GAAP operating income (loss) divided by revenue) is

a non-GAAP financial measure. The Company has provided guidance for its fourth quarter 2026 non-GAAP operating margin. This measure excludes from the corresponding GAAP financial measure the effect of adjustments as described below. The Company has not provided a reconciliation of such non-GAAP guidance to guidance presented on a GAAP basis because it cannot predict and quantify without unreasonable effort all of the adjustments that may occur during the period due to the difficulty of predicting the timing and amounts of various items within a reasonable range. In particular, non-GAAP operating margin excludes certain items, such as acquisition related expenses, amortization and adjustments, stock-based compensation expense, deferred compensation adjustments, professional fees and other expenses, amortization of pension actuarial losses, the tax effect of these adjustments to net loss and purchases of property, plant and equipment, and developed technologies, that the Company is unable to quantitatively predict. Depending on the materiality of these items, they could have a significant impact on the Company's GAAP financial results.

**Conference call**

The Company will hold a conference call to discuss its third quarter 2026 results on Tuesday, November 3, 2026, at 7:30 a.m. Central Time (2:30 p.m. Central European Time). The Company will webcast this conference call, or you may dial in to participate. To listen, visit the events and presentations section of ADTRAN Holdings, Inc. Investor Relations site at https://events.q4inc.com/attendee/684798638 approximately 10 minutes before the start of the call, or you may dial 1-833-461-5787 (Toll-Free US) or 1-585-542-9983, and use Conference ID 684798638.

An online replay of the Company's conference call, as well as the transcript of the call, will be available on the Investor Relations site https://investors.adtran.com/ shortly following the call and will remain available for at least 12 months. For more information, visit investors.adtran.com or email investor.relations@adtran.com.

**Upcoming conference schedule**

November 17, 2026: Craig-Hallum Alpha Select Conference – New York
January 12, 2027: Needham 29th Annual Growth Conference – New York

**About Adtran**

ADTRAN Holdings, Inc. (NASDAQ: ADTN and FSE: QH9) is the parent company of Adtran, Inc., a leading global provider of open, disaggregated networking and communications solutions that enable voice, data, video and internet communications across any network infrastructure. From the cloud edge to the subscriber edge, Adtran empowers communications service providers around the world to manage and scale services that connect people, places and things. Adtran solutions are used by service providers, private enterprises, government organizations and millions of individual users worldwide. ADTRAN Holdings, Inc. is also the majority shareholder of Adtran Networks SE, formerly ADVA Optical Networking SE ("Adtran Networks"). Find more at Adtran.com, LinkedIn and X.

**Cautionary note regarding forward-looking statements**

Statements and graphics contained in this press release and the accompanying earnings call which are not historical facts, such as those relating to market trends, future demand across end markets, future demand driver growth (including with respect to expected hyperscale demand for data center interconnect and next-generation connectivity) and ADTRAN Holdings' strategy, outlook and financial guidance, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can also generally be identified by the use of words such as "believe," "expect," "intend," "estimate," "anticipate," "will," "may," "could," "look forward," and similar expressions. In addition, ADTRAN Holdings, through its senior management, may from time to time make forward-looking public statements concerning the matters described herein. All such projections and other forward-looking information speak only as of the date hereof, and ADTRAN Holdings undertakes no duty to publicly update or revise such forward-looking information, whether as a result of new information, future events, or otherwise, except to the extent as may be required by law. All such forward-looking statements are estimates and reflect management's best judgment based upon current information. Actual events or results may differ materially from those anticipated in these forward-looking statements as a result of a variety of factors. While it is impossible to

identify all such factors, factors which have caused and may in the future cause actual events or results to differ materially from those estimated by ADTRAN Holdings include, but are not limited to: (i) risks and uncertainties relating to our ability to remain in compliance with the covenants set forth in and satisfy the payment obligations under our credit agreement and convertible notes, to satisfy our payment obligations to Adtran Networks' minority shareholders under the Domination and Profit and Loss Transfer Agreement between us and Adtran Networks (the "DPLTA"), and to make payments to Adtran Networks in order to absorb its annual net loss pursuant to the DPLTA; (ii) the risk of fluctuations in revenue due to lengthy sales and approval processes required by major and other service providers for new products, as well as shifting customer spending patterns; (iii) risks and uncertainties related to our inventory practices and ability to match customer demand; (iv) risks and uncertainties relating to our level of indebtedness and our ability to generate cash; (v) risks and uncertainties relating to ongoing material weaknesses in our internal control over financial reporting; (vi) risks posed by changes in general economic conditions and monetary, fiscal and trade policies, including tariffs; (vii) risks and uncertainties relating to our international operations, including potential exposure to ongoing military conflicts (including the conflicts in Iran, Ukraine, and Israel and the surrounding areas); (viii) risks posed by potential breaches of information systems and cyber-attacks; (ix) the risk that we may not be able to effectively compete, including through product improvements and development; and (x) the other risks set forth in our public filings made with the Securities and Exchange Commission (the "SEC"), including our most recent Annual Report on Form 10-K for the year ended December 31, 2025, our Form 10-Q for the quarterly period ended March 31, 2026, our Form 10-Q for the quarterly period ended June 30, 2026 and our Form 10-Q for the quarterly period ended September 30, 2026 to be filed with the SEC.

**Explanation of use of non-GAAP financial measures**

Set forth in the tables below under the heading "Supplemental Information" are reconciliations of cost of revenue, gross profit, gross margin, operating expenses, operating (loss) income, operating margin, other income (expense), net (loss) income inclusive of the non-controlling interest, net loss attributable to the Company, and loss per share - basic and diluted, attributable to the Company, and net cash provided by operating activities, in each case as reported based on generally accepted accounting principles in the United States ("GAAP"), to non-GAAP cost of revenue, non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, non-GAAP operating margin, non-GAAP other expense, non-GAAP net income inclusive of the non-controlling interest, non-GAAP net income (loss) attributable to the Company, non-GAAP net earnings (loss) per share - basic and diluted, attributable to the Company, and free cash flow, respectively. Such non-GAAP measures exclude acquisition-related expenses, amortizations and adjustments (consisting of intangible amortization of backlog, developed technology, customer relationships, and trade names acquired in connection with business combinations), stock-based compensation expense, professional fees and other expenses, restructuring expenses, deferred compensation adjustments, amortization of pension actuarial losses, the tax effect of these adjustments to net loss and purchases of property, plant and equipment, and developed technologies. These measures are used by management in our ongoing planning and annual budgeting processes. Additionally, we believe the presentation of these non-GAAP measures, when combined with the presentation of the most directly comparable GAAP financial measure, 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, GAAP and therefore should not be considered in isolation or as a substitution for analysis of our results as reported under GAAP. Furthermore, our calculation of non-GAAP measures may not be comparable to similar measures calculated by other companies.

**Condensed Consolidated Balance Sheets**
**(Unaudited)**
**(In thousands)**

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| **Assets** | | |
| **Current Assets** | | |
| Cash and cash equivalents | $ 64,627 | $ 95,696 |
| Restricted cash | 7,097 | — |
| Accounts receivable, net | 235,081 | 210,687 |
| Other receivables | 9,326 | 7,046 |
| Inventory, net | 227,369 | 215,736 |
| Income tax receivable | 2,526 | 3,667 |
| Prepaid expenses and other current assets | 60,073 | 55,317 |
| Short-term investments - deferred compensation | 38,808 | 35,174 |
| Assets held for sale | 11,901 | 11,901 |
| **Total Current Assets** | **656,808** | **635,224** |
| Property, plant and equipment, net | 119,824 | 124,384 |
| Goodwill | 57,869 | 59,983 |
| Intangible assets, net | 259,280 | 294,047 |
| Deferred tax assets | 16,223 | 16,481 |
| Other non-current assets | 65,811 | 73,352 |
| Long-term investments | 1,044 | 1,022 |
| **Total Assets** | **$ 1,176,859** | **$ 1,204,493** |
| **Liabilities, Redeemable Non-Controlling Interest and Equity** | | |
| **Current Liabilities** | | |
| Accounts payable | $ 179,046 | $ 167,337 |
| Unearned revenue | 72,495 | 87,541 |
| Accrued expenses and other liabilities | 26,036 | 33,690 |
| Accrued wages and benefits | 24,982 | 32,203 |
| Deferred compensation liability | 40,567 | 37,447 |
| Income tax payable | 5,105 | 3,642 |
| **Total Current Liabilities** | **348,231** | **361,860** |
| Non-current revolving credit agreement | 82,961 | 25,000 |
| Non-current convertible senior notes, net of debt issuance costs | 194,223 | 193,038 |
| Deferred tax liabilities | 25,601 | 27,453 |
| Non-current unearned revenue | 28,607 | 27,143 |
| Non-current pension liability | 6,414 | 6,277 |
| Non-current lease obligations | 23,511 | 27,000 |
| Other non-current liabilities | 7,468 | 17,564 |
| **Total Liabilities** | **717,016** | **685,335** |
| **Redeemable Non-Controlling Interest** | **340,225** | **373,328** |
| **Equity** | | |
| Common stock | 815 | 802 |
| Additional paid-in capital | 808,838 | 801,269 |
| Accumulated other comprehensive income | 59,437 | 78,877 |
| Retained deficit | (744,457) | (730,010) |
| Treasury stock | (5,015) | (5,108) |
| **Total Equity** | **119,618** | **145,830** |
| **Total Liabilities, Redeemable Non-Controlling Interest and Equity** | **$ 1,176,859** | **$ 1,204,493** |

**Condensed Consolidated Statements of Loss**
**(Unaudited)**
**(In thousands, except per share amounts)**

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| **Revenue** | | | | |
| Network Solutions | $ 231,222 | $ 232,543 | $ 702,061 | $ 654,258 |
| Services & Support | 49,945 | 46,892 | 146,338 | 137,989 |
| **Total Revenue** | **281,167** | **279,435** | **848,399** | **792,247** |
| **Cost of Revenue** | | | | |
| Network Solutions | 153,979 | 153,107 | 466,212 | 434,669 |
| Services & Support | 18,956 | 19,202 | 57,016 | 56,352 |
| **Total Cost of Revenue** | **172,935** | **172,309** | **523,228** | **491,021** |
| **Gross Profit** | **108,232** | **107,126** | **325,171** | **301,226** |
| Selling, general and administrative expenses | 56,983 | 58,234 | 173,062 | 168,866 |
| Research and development expenses | 52,003 | 51,680 | 156,559 | 152,434 |
| **Operating Loss** | **(754)** | **(2,788)** | **(4,450)** | **(20,074)** |
| Interest and dividend income | 608 | 291 | 1,305 | 618 |
| Interest expense | (5,253) | (5,499) | (13,728) | (14,824) |
| Net investment (loss) gain | (154) | 2,186 | 4,270 | 3,575 |
| Other income (expense), net | 993 | (745) | 2,974 | (2,437) |
| **Loss Before Income Taxes** | **(4,560)** | **(6,555)** | **(9,629)** | **(33,142)** |
| Income tax expense | (2,583) | (1,202) | (5,288) | (1,821) |
| **Net Loss** | **$ (7,143)** | **$ (7,757)** | **$ (14,917)** | **$ (34,963)** |
| **Less: Net Income attributable to non-controlling interest** [1] | **2,085** | **2,505** | **6,537** | **7,097** |
| **Net Loss attributable to ADTRAN Holdings, Inc.** | **$ (9,228)** | **$ (10,262)** | **$ (21,454)** | **$ (42,060)** |
| Weighted average shares outstanding – basic | 81,222 | 79,803 | 80,836 | 79,696 |
| Weighted average shares outstanding – diluted | 81,222 | 79,803 | 80,836 | 79,696 |
| Loss per common share attributable to ADTRAN Holdings, Inc. – basic[2] | $ (0.10) | $ (0.12) | $ (0.24) | $ (0.50) |
| Loss per common share attributable to ADTRAN Holdings, Inc. – diluted [2] | $ (0.10) | $ (0.12) | $ (0.24) | $ (0.50) |

(1) For the three and nine months ended September 30, 2026 we accrued $2.1 million and $6.5 million, respectively, net income attributable to non-controlling interest, representing the recurring cash compensation earned by non-controlling interest shareholders post-DPLTA. For the three and nine months ended September 30, 2025, we accrued $2.5 million and $7.5 million, respectively, representing the recurring cash compensation earned by non-controlling interest shareholders post-DPLTA.
(2) Loss per common share attributable to ADTRAN Holdings, Inc. - basic and diluted - reflects a $1.0 million and $1.9 million effect of redemption of RNCI for the three and nine months ended September 30, 2026, respectively, and a $0.5 million and a $2.0 million effect of redemption of RNCI for the three and nine months ended September 30, 2025.

**Condensed Consolidated Statements of Cash Flows**
**(Unaudited)**
**(In thousands)**

| | Nine Months Ended September 30, 2026 | 2025 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Net loss | $ (14,917) | $ (34,963) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation and amortization | 76,657 | 68,316 |
| Amortization of debt issuance cost | 2,501 | 975 |
| Amortization of convertible notes issuance costs | 1,197 | 45 |
| Gain on investments, net | (4,531) | (3,828) |
| Net loss on disposal of property, plant and equipment | 82 | 38 |
| Stock-based compensation expense | 7,626 | 8,738 |
| Deferred income taxes | (1,205) | 715 |
| Inventory reserves | 2,655 | 8,754 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable, net | (29,897) | 12,295 |
| Other receivables | (4,989) | 1,769 |
| Income taxes receivable, net | 1,695 | (752) |
| Inventory | (18,684) | 45,426 |
| Prepaid expenses, other current assets and other assets | 2,839 | 7,162 |
| Accounts payable | 15,332 | 585 |
| Accrued expenses and other liabilities | (25,706) | (26,589) |
| Income taxes payable | 3,460 | (1,157) |
| **Net cash provided by operating activities** | **14,115** | **87,529** |
| **Cash flows from investing activities:** | | |
| Purchases of property, plant and equipment | (22,198) | (20,066) |
| Intangibles - internally developed technology | (25,895) | (29,491) |
| Proceeds from sales and maturities of available-for-sale investments | 1,113 | 960 |
| Purchases of available-for-sale investments | (202) | (318) |
| Net payments for beneficial interests in securitized accounts receivable | (412) | (232) |
| **Net cash used in investing activities** | **(47,594)** | **(49,147)** |
| **Cash flows from financing activities:** | | |
| Tax withholdings related to stock-based compensation settlements | (1,622) | (1,313) |
| Proceeds from stock option exercises | 6,738 | 1,434 |
| Payments on financing agreement | (2,800) | — |
| Redemption of redeemable non-controlling interest | (31,902) | (19,364) |
| Payment of annual recurring compensation to non-controlling interest | (8,881) | (10,053) |
| Proceeds from draw on revolving credit agreements | 87,961 | 24,000 |
| Repayment of revolving credit agreements | (30,000) | (189,000) |
| Proceeds from issuance of convertible notes | — | 201,250 |
| Payments for capped call transactions related to convertible senior notes | — | (17,650) |
| Payment of debt issuance costs | (6,422) | (7,350) |
| **Net cash provided by (used in) financing activities** | **13,072** | **(18,046)** |
| Net (decrease) increase in cash and cash equivalents | (20,407) | 20,336 |
| Effect of exchange rate changes | (3,565) | 4,872 |
| **Cash and cash equivalents, beginning of period** | **95,696** | **76,021** |
| **Cash, cash equivalents and restricted cash, end of period** | **$ 71,724** | **$ 101,229** |
| Supplemental disclosure of cash financing activities: | | |
| Cash paid for interest expense | $ 11,145 | $ 13,335 |
| Cash paid for income taxes, net | $ 4,038 | $ 2,407 |
| Cash used in operating activities related to operating leases | $ 7,028 | $ 7,737 |
| Supplemental disclosure of non-cash investing and financing activities: | | |
| Redemption of redeemable non-controlling interest | $ 1,914 | $ 2,010 |
| Right-of-use assets obtained in exchange for lease obligations | $ 1,311 | $ 3,689 |
| Purchases of property, plant and equipment included in accounts payable | $ 804 | $ 4,874 |
| Purchases of property, plant and equipment included in other non-current liabilities | $ — | $ 5,157 |
| Debt issuance costs included in accrued expenses and other liabilities | $ — | $ 1,493 |

**Supplemental Information**
**Reconciliation of Cost of Revenue Gross Profit and Gross Margin to**
**Non-GAAP Cost of Revenue, Non-GAAP Gross Profit and Non-GAAP Gross Margin**
**(Unaudited)**
**(In thousands)**

| | Three Months Ended | | | Nine Months Ended | |
|---|---|---|---|---|---|
| | September 30, 2026 | June 30, 2026 | September 30, 2025 | September 30, 2026 | September 30, 2025 |
| **Total Revenue** | **$ 281,167** | **$ 281,146** | **$ 279,435** | **$ 848,399** | **$ 792,247** |
| **Cost of Revenue** | **$ 172,935** | **$ 177,195** | **$ 172,309** | **$ 523,228** | **$ 491,021** |
| Acquisition-related expenses, amortizations and adjustments[1] | (9,849) | (9,949) | (10,140) | (29,819) | (30,570) |
| Stock-based compensation expense | (226) | (181) | (265) | (547) | (754) |
| Professional fees and other expenses[2] | — | (438) | — | (438) | — |
| **Non-GAAP Cost of Revenue** | **$ 162,860** | **$ 166,627** | **$ 161,904** | **$ 492,424** | **$ 459,697** |
| **Gross Profit** | **$ 108,232** | **$ 103,951** | **$ 107,126** | **$ 325,171** | **$ 301,226** |
| **Non-GAAP Gross Profit** | **$ 118,307** | **$ 114,519** | **$ 117,531** | **$ 355,975** | **$ 332,550** |
| **Gross Margin** | **38.5%** | **37.0%** | **38.3%** | **38.3%** | **38.0%** |
| **Non-GAAP Gross Margin** | **42.1%** | **40.7%** | **42.1%** | **42.0%** | **42.0%** |

(1) Includes intangible amortization of backlog, developed technology, customer relationships, and trade names acquired in connection with business combinations. We incur charges relating to the amortization of intangible assets and exclude these charges for purposes of calculating our non-GAAP measures. Such charges are significantly impacted by the timing and magnitude of our acquisitions. We exclude these charges for the purpose of calculating our non-GAAP measures, primarily because they are noncash expenses and our internal benchmarking analyses evidence that many industry participants and peers present non-GAAP financial measures excluding intangible asset amortization. Although this does not directly affect our cash position, the loss in value of intangible assets over time can have a material impact on the equivalent GAAP earnings measure.
(2) Included in cost of revenue on the condensed consolidated statements of loss. Includes $0.4 million in related employee exit costs.

**Supplemental Information**
**Reconciliation of Operating Expenses to Non-GAAP Operating Expenses**
**(Unaudited)**
**(In thousands)**

| | Three Months Ended | | | Nine Months Ended | |
|---|---|---|---|---|---|
| | September 30, 2026 | June 30, 2026 | September 30, 2025 | September 30, 2026 | September 30, 2025 |
| **Operating Expenses** | **$ 108,986** | **$ 114,022** | **$ 109,914** | **$ 329,621** | **$ 321,300** |
| Acquisition-related expenses, amortizations and adjustments [1] | (1,642) [2] | (1,630) [6] | (1,898) [9] | (4,913) [12] | (6,322) [15] |
| Stock-based compensation expense | (2,735) [3] | (2,675) [7] | (2,589) [10] | (7,089) [13] | (7,983) [16] |
| Restructuring expenses | — | — | — | — | 284 [17] |
| Deferred compensation adjustments[4] | 2,017 | (5,494) | (2,317) | (3,466) | (3,804) |
| Business transformation[5] | (2,403) | — | — | (2,403) | — |
| Professional fees and other expenses | — | (307) [8] | (694) [11] | (337) [14] | (3,847) [18] |
| **Non-GAAP Operating Expenses** | **$ 104,223** | **$ 103,916** | **$ 102,416** | **$ 311,413** | **$ 299,628** |

(1) We incur charges relating to the amortization of intangible assets and exclude these charges for purposes of calculating our non-GAAP measures. Such charges are significantly impacted by the timing and magnitude of our acquisitions. We exclude these charges for the purpose of calculating our non-GAAP measures, primarily because they are noncash expenses and our internal benchmarking analyses evidence that many industry participants and peers present non-GAAP financial measures excluding intangible asset amortization. Although this does not directly affect our cash position, the loss in value of intangible assets over time can have a material impact on the equivalent GAAP earnings measure.
(2) Includes intangible amortization of developed technology, customer relationships, and trade names acquired in connection with business combinations, of which $1.4 million is included in selling, general and administrative expenses and $0.2 million is included in research and development expenses on the condensed consolidated statements of loss.
(3) $1.9 million is included in selling, general and administrative expenses and $0.8 million is included in research and development expenses on the condensed consolidated statements of loss.
(4) 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 statement of loss.
(5) Includes $2.4 million in selling, general and administrative on the condensed consolidated statements of loss. This relates to expenses associated with the global ERP go-live and restructuring costs resulting from that project.
(6) Includes intangible amortization of developed technology, customer relationships, and trade names acquired in connection with business combinations, of which $1.4 million is included in selling, general and administrative expenses and $0.2 million is included in research and development expenses on the condensed consolidated statements of loss.
(7) $2.0 million is included in selling, general and administrative expenses and $0.7 million is included in research and development expenses on the condensed consolidated statements of loss.
(8) Included in selling, general and administrative expenses on the condensed consolidated statements of loss. Includes one-time professional fees and business expenses.
(9) Includes intangible amortization of developed technology, customer relationships, and trade names acquired in connection with business combinations, of which $1.4 million is included in selling, general and administrative expenses and $0.5 million is included in research and development expenses on the condensed consolidated statements of loss acquired in connection with business combinations.
(10) $1.8 million is included in selling, general and administrative expenses and $0.8 million is included in research and development expenses on the condensed consolidated statements of loss.
(11) Included in selling, general and administrative expenses on the condensed consolidated statements of loss and includes professional fees related to an internal investigation and related employee exit costs, fees relating to other one-time professional fees and business expenses.
(12) Includes intangible amortization of developed technology, customer relationships, and trade names acquired in connection with business combinations, of which $4.3 million is included in selling, general and administrative expenses and $0.6 million is included in research and development expenses on the condensed consolidated statements of loss.
(13) $5.1 million is included in selling, general and administrative expenses and $2.0 million is included in research and development expenses on the condensed consolidated statements of loss.
(14) Included in selling, general and administrative and research and development expenses on the condensed consolidated statements of loss. Includes $0.1 million in one-time professional fees and business expenses, $1.0 million in related employee exit costs and offset by a $1.4 million reversal of a provision in connection with a 401(k) plan corrective action which the Company received a compliance statement from the IRS

approving a retroactive amendment to correct the matter.
(15) Includes intangible amortization of developed technology, customer relationships, and trade names acquired in connection with business combinations, of which $4.9 million is included in selling, general and administrative expenses and $1.4 million is included in research and development expenses on the condensed consolidated statements of loss.
(16) $5.6 million is included in selling, general and administrative expenses and $2.4 million is included in research and development expenses on the condensed consolidated statements of loss.
(17) Includes true-up of expenses for a Business Efficiency Program designed to optimize the assets and business processes following the business combination with Adtran Networks. Other than the Company's aim of selling buildings of its headquarters, the Business Efficiency Program was completed as of December 31, 2024.
(18) $3.8 million is included in selling, general and administrative expenses on the condensed consolidated statements of loss. Includes professional fees related to an internal investigation and related employee exit costs, fees relating to other one-time professional fees and business expenses.

**Supplemental Information**
**Reconciliation of Operating Loss and Operating Margin to Non-GAAP Operating Income and Non-GAAP Operating Margin**
**(Unaudited)**
**(In thousands)**

| | Three Months Ended | | | Nine Months Ended | |
|---|---|---|---|---|---|
| | September 30, 2026 | June 30, 2026 | September 30, 2025 | September 30, 2026 | September 30, 2025 |
| **Total Revenue** | **$ 281,167** | **$ 281,146** | **$ 279,435** | **$ 848,399** | **$ 792,247** |
| **Operating Loss** | **$ (754)** | **$ (10,071)** | **$ (2,788)** | **$ (4,450)** | **$ (20,074)** |
| Acquisition related expenses, amortizations and adjustments[1] | 11,492 | 11,579 | 12,038 | 34,733 | 36,892 |
| Stock-based compensation expense | 2,960 | 2,856 | 2,855 | 7,635 | 8,738 |
| Restructuring expenses | — | — | — | — | (284) |
| Deferred compensation adjustments[2] | (2,017) | 5,494 | 2,317 | 3,466 | 3,804 |
| Business transformation[3] | 2,403 | — | — | 2,403 | — |
| Professional fees and other expenses | — | 745 [4] | 694 [5] | 775 [4] | 3,847 [5] |
| **Non-GAAP Operating Income** | **$ 14,084** | **$ 10,603** | **$ 15,116** | **$ 44,562** | **$ 32,923** |
| **Operating Margin** | **-0.3%** | **-3.6%** | **-1.0%** | **-0.5%** | **-2.5%** |
| **Non-GAAP Operating Margin** | **5.0%** | **3.8%** | **5.4%** | **5.3%** | **4.2%** |

(1) Includes intangible amortization of backlog, developed technology, customer relationships, and trade names acquired in connection with business combinations. We incur charges relating to the amortization of intangible assets and exclude these charges for purposes of calculating our non-GAAP measures. Such charges are significantly impacted by the timing and magnitude of our acquisitions. We exclude these charges for the purpose of calculating our non-GAAP measures, primarily because they are noncash expenses and our internal benchmarking analyses evidence that many industry participants and peers present non-GAAP financial measures excluding intangible asset amortization. Although this does not directly affect our cash position, the loss in value of intangible assets over time can have a material impact on the equivalent GAAP earnings measure.
(2) Includes non-cash change in fair value of equity investments held in the ADTRAN Holdings, Inc. Deferred Compensation Program for certain employees, all of which is included in selling, general and administrative expenses on the condensed consolidated statement of loss.
(3) Includes $2.4 million in selling, general and administrative on the condensed consolidated statements of loss. This relates to expenses associated with the global ERP go-live and restructuring costs resulting from that project.
(4) Included in cost of revenue, selling, general and administrative and research and development expenses on the condensed consolidated statements of loss. Includes $0.1 million in one-time professional fees and business expenses, $2.0 million in related employee exit costs and offset by a $1.4 million reversal of a provision in connection with a 401(k) plan corrective action which the Company received a compliance statement from the IRS approving a retroactive amendment to correct the matter.
(5) Included in selling, general and administrative expenses on the condensed consolidated statements of loss. Includes one-time professional fees and business expenses.
(6) Included in cost of revenue, selling, general and administrative and research and development expenses on the condensed consolidated statements of loss. Includes $0.1 million in one-time professional fees and business expenses, $2.1 million in related employee exit costs and offset by a $1.4 million reversal of a provision in connection with a 401(k) plan corrective action which the Company received a compliance statement from the IRS approving a retroactive amendment to correct the matter.

**Supplemental Information**
**Reconciliation of Other (Expense) Income to Non-GAAP Other Expense**
**(Unaudited)**
**(In thousands)**

| | Three Months Ended | | | Nine Months Ended | |
|---|---|---|---|---|---|
| | September 30, 2026 | June 30, 2026 | September 30, 2025 | September 30, 2026 | September 30, 2025 |
| Interest and dividend income | $ 608 | $ 397 | $ 291 | $ 1,305 | $ 618 |
| Interest expense | (5,253) | (4,234) | (5,499) | (13,728) | (14,824) |
| Net investment gain (loss) | (154) | 5,274 | 2,186 | 4,270 | 3,575 |
| Other income (expense), net | 993 | 718 | (745) | 2,974 | (2,437) |
| **Total Other (Expense) Income** | **$ (3,806)** | **$ 2,155** | **$ (3,767)** | **$ (5,179)** | **$ (13,068)** |
| Deferred compensation adjustments[1] | 198 | (5,154) | (2,210) | (3,944) | (3,529) |
| Extinguishment of debt [2] | 1,508 | - | - | 1,508 | - |
| Pension expense[3] | (20) | (20) | 13 | (60) | 35 |
| **Non-GAAP Other Expense** | **$ (2,120)** | **$ (3,019)** | **$ (5,964)** | **$ (7,675)** | **$ (16,562)** |

(1) Includes non-cash change in fair value of equity investments held in the ADTRAN Holdings, Inc. Deferred Compensation Program for Employees.
(2) Includes write-off of unamortized debt issuance costs upon the extinguishment of the Wells Fargo Revolving Credit Agreement on July 21, 2026.
(3) Includes amortization of actuarial losses related to the Company's pension plan for employees in certain foreign countries.

**Supplemental Information**
**Reconciliation of Net Loss inclusive of Non-Controlling Interest to**
**Non-GAAP Net Income inclusive of Non-Controlling Interest**
**(Unaudited)**
**and**
**Reconciliation of Net Loss attributable to ADTRAN Holdings, Inc. and**
**Loss per Common Share attributable to ADTRAN Holdings, Inc. – Basic and Diluted to**
**Non-GAAP Net Income attributable to ADTRAN Holdings, Inc. and**
**Non-GAAP Earnings per Common Share attributable to ADTRAN Holdings, Inc. – Basic and Diluted**
**(Unaudited)**
**(In thousands, except per share amounts)**

| | Three Months Ended | | | Nine Months Ended | |
|---|---|---|---|---|---|
| | September 30, 2026 | June 30, 2026 | September 30, 2025 | September 30, 2026 | September 30, 2025 |
| **Net Loss attributable to ADTRAN Holdings, Inc. common stockholders** | **$ (8,199)** | **$ (10,321)** | **$ (9,743)** | **$ (19,540)** | **$ (40,050)** |
| Effect of redemption of RNCI [1] | (1,029) | (584) | (519) | (1,914) | (2,010) |
| **Net Loss attributable to ADTRAN Holdings, Inc.** | **$ (9,228)** | **$ (10,905)** | **$ (10,262)** | **$ (21,454)** | **$ (42,060)** |
| Net Income attributable to non-controlling interest[2] | 2,085 | 2,201 | 2,505 | 6,537 | 7,097 |
| **Net Loss inclusive of non-controlling interest** | **$ (7,143)** | **$ (8,704)** | **$ (7,757)** | **$ (14,917)** | **$ (34,963)** |
| Acquisition related expenses, amortizations and adjustments [3] | 11,492 | 11,579 | 12,038 | 34,733 | 36,892 |
| Stock-based compensation expense | 2,960 | 2,856 | 2,855 | 7,635 | 8,738 |
| Deferred compensation adjustments[4] | (1,819) | 340 | 107 | (478) | 275 |
| Pension adjustments[5] | (20) | (20) | 13 | (60) | 35 |
| Restructuring expenses[6] | — | — | — | — | (284) |
| Extinguishment of debt[7] | 1,508 | — | — | 1,508 | — |
| Business transformation[8] | 2,403 | — | — | 2,403 | — |
| Professional fees and other expenses | — | 745 [9] | 694 [10] | 775 [9] | 3,847 [11] |
| Tax effect of adjustments to net loss | (1,177) | (1,765) | (2,301) | (5,451) | (3,893) |
| **Non-GAAP Net Income inclusive of non-controlling interest** | **$ 8,204** | **$ 5,031** | **$ 5,649** | **$ 26,148** | **$ 10,647** |
| Net Income attributable to non-controlling interest[2] | 2,085 | 2,201 | 2,505 | **6,537** | 7,097 |
| **Non-GAAP Net Income attributable to ADTRAN Holdings, Inc.** | **$ 6,119** | **$ 2,830** | **$ 3,144** | **$ 19,611** | **$ 3,550** |
| Effect of redemption of RNCI [1] | 1,029 | 584 | 519 | 1,914 | 2,010 |
| **Non-GAAP Net Income attributable to ADTRAN Holdings, Inc. common stockholders** | **$ 7,148** | **$ 3,414** | **$ 3,663** | **$ 21,525** | **$ 5,560** |
| Weighted average shares outstanding – basic | 81,222 | 80,948 | 79,803 | 80,836 | 79,696 |
| Weighted average shares outstanding – diluted | 81,222 | 80,948 | 79,803 | 80,836 | 79,696 |
| **Loss per common share attributable to ADTRAN Holdings, Inc. – basic** | **$ (0.10)** | **$ (0.13)** | **$ (0.12)** | **$ (0.24)** | **$ (0.50)** |
| **Loss per common share attributable to ADTRAN Holdings, Inc. – diluted** | **$ (0.10)** | **$ (0.13)** | **$ (0.12)** | **$ (0.24)** | **$ (0.50)** |
| **Non-GAAP Earnings per common share attributable to ADTRAN – basic** | **$ 0.09** | **$ 0.04** | **$ 0.05** | **$ 0.27** | **$ 0.07** |
| **Non-GAAP Earnings per common share attributable to ADTRAN –** | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| **diluted** | **$ 0.09** | **$ 0.04** | **$ 0.05** | **$ 0.27** | **$ 0.07** |

(1) Loss per common share attributable to ADTRAN Holdings, Inc. - basic and diluted - reflects a $1.0 million and $1.9 million effect of redemption of RNCI for the three and nine months ended September 30, 2026. Loss per common share attributable to ADTRAN Holdings, Inc. - basic and diluted - reflects a $0.5 million and a $2.0 million effect of redemption of RNCI for the three and nine months ended September 30, 2025. Loss per common share attributable to ADTRAN Holdings, Inc. - basic and diluted - reflects a $0.6 million effect of redemption of RNCI for the three months ended June 30, 2026.
(2) Represents the non-controlling interest portion of the Company's ownership of Adtran Networks pre-DPLTA and the annual recurring compensation earned by redeemable non-controlling interests and accrued by the Company post-DPLTA.
(3) We incur charges relating to the amortization of intangible assets and exclude these charges for purposes of calculating our non-GAAP measures. Such charges are significantly impacted by the timing and magnitude of our acquisitions. We exclude these charges for the purpose of calculating our non-GAAP measures, primarily because they are noncash expenses and our internal benchmarking analyses evidence that many industry participants and peers present non-GAAP financial measures excluding intangible asset amortization. Although this does not directly affect our cash position, the loss in value of intangible assets over time can have a material impact on the equivalent GAAP earnings measure.
(4) Includes non-cash change in fair value of equity investments held in deferred compensation plans offered to certain employees.
(5) Includes amortization of actuarial losses related to the Company's pension plan for employees in certain foreign countries.
(6) Includes reduced previously accrued cost for the Company's Business Efficiency Program, which was designed to optimize the assets and business processes following the business combination with Adtran Networks. The Business Efficiency Program was completed as of December 31, 2024.
(7) Includes write-off of unamortized debt issuance costs upon the extinguishment of debt.
(8) Includes $2.4 million in selling, general and administrative on the condensed consolidated statements of loss. This relates to expenses associated with the global ERP go-live and restructuring costs resulting from that project.
(9) Included in cost of revenue, selling, general and administrative and research and development expenses on the condensed consolidated statements of loss. Includes $0.1 million in one-time professional fees and business expenses, $2.0 million in related employee exit costs and offset by a $1.4 million reversal of a provision in connection with a 401(k) plan corrective action which the Company received a compliance statement from the IRS approving a retroactive amendment to correct the matter.
(10) Included in selling, general and administrative expenses on the condensed consolidated statements of loss. Includes one-time professional fees and business expenses.
(11) Included in cost of revenue, selling, general and administrative and research and development expenses on the condensed consolidated statements of loss. Includes $0.1 million in one-time professional fees and business expenses, $2.1 million in related employee exit costs and offset by a $1.4 million reversal of a provision in connection with a 401(k) plan corrective action which the Company received a compliance statement from the IRS approving a retroactive amendment to correct the matter.
(12) Included in selling, general and administrative expenses on the condensed consolidated statements of loss. Includes professional fees related to an internal investigation and related employee exit costs, fees relating to other one-time professional fees and business expenses.

**Supplemental Information**
**Reconciliation of Net Cash Provided By Operating Activities to Free Cash Flow**
**(Unaudited)**
**(In thousands)**

| | Three Months Ended | | | Nine Months Ended | |
|---|---|---|---|---|---|
| | September 30, 2026 | June 30, 2026 | September 30, 2025 | September 30, 2026 | September 30, 2025 |
| **Net cash (used in) provided by operating activities** | **$ (24,470)** | **$ 25,915** | **$ 12,188** | **$ 14,115** | **$ 87,529** |
| Purchases of property, plant and equipment and developed technologies[(1)] | (14,916) | (17,237) | (17,029) | (48,093) | (49,557) |
| **Free cash flow (Non-GAAP)** | **$ (39,386)** | **$ 8,678** | **$ (4,841)** | **$ (33,978)** | **$ 37,972** |

(1) Purchases related to capital expenditures and developed technologies.

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