



Building a secure tomorrow

ANNUAL FINANCIAL STATEMENTS AND COMBINED MANAGEMENT REPORT

December 31, 2025

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Combined management report

Disclaimer: Potential inconsistencies in the table values are based on rounding differences.

Basis of preparation

This report combines the group management report of Adtran Networks group ("the group", "Adtran Networks"), comprising Adtran Networks SE (hereafter also referred to as "the company", "Adtran Networks SE") and its consolidated subsidiaries, and the management report of Adtran Networks SE.

The combined management report of Adtran Networks SE was prepared in accordance with sections 289, 315 and 315e of the German Commercial Code (Handelsgesetzbuch, HGB) and German Accounting Standards (Deutsche Rechnungslegungsstandards) No. 17 and 20 (DRS 17 and 20).

All information contained in this report relates to the status on December 31, 2025, or the financial year ending on that date, unless stated otherwise.

The German Corporate Governance Code requires disclosure on the internal control and risk management system that go beyond the statutory requirements for the management report and are therefore excluded from the auditor's review of the content of the management report ("non-management report disclosures"). These are classified further to risk management and are explained in more detail in the chapter "risk and opportunities report".

Due to rounding, figures in tables may not add up exactly to the totals and percentages shown may not exactly reflect the absolute figures to which they relate.

Forward-looking statements

The combined management report of Adtran Networks SE contains forward-looking statements using words such as "believes", "anticipates" and "expects" to describe expected revenues, costs and earnings, anticipated demand for optical networking solutions and anticipated liquidity from which internal estimates may be inferred. These forward-looking statements are based on the beliefs of the management board and respective assumptions made, and involve a number of unknown risks, uncertainties and other factors, many of which are beyond Adtran Networks' control. If one or more of these uncertainties or risks materializes, or if the underlying assumptions of the management board prove incorrect, actual results can differ materially from those described in or inferred from forward-looking statements and information. Unknown risks and uncertainties are discussed in the "risk and opportunity report" section further below.

Strategy and control design

Following the registration of the domination and profit and loss transfer agreement with Adtran Holdings, Inc., Huntsville, Alabama USA (Adtran Holdings) on January 16, 2023, Adtran Networks has aligned its strategic objectives with the objectives of the group as a whole. Management at the highest group level of Adtran Holdings is based on revenues and Adjusted EBIT¹ margin according to US GAAP for the Adtran Holdings group as a whole. These key figures are important key performance indicators for the Adtran Networks Group. In the 8-K report for the 2025 financial year published on February 26, 2026, the Adtran Holdings group reported revenues of USD 1,083.8 million and an Adjusted EBIT of positive USD 51.7 million representing an Adjusted EBIT margin of 4.8%.²

In addition, for Adtran Networks SE's 2025 IFRS consolidated financial statements revenues and pro forma EBIT³ as a percentage of revenues (pro forma EBIT margin) are the key performance indicators for managing the Adtran Networks group. These key figures are reported to the management board and the supervisory board on a quarterly and annual basis. Unlike in previous years, net cash is no longer considered a key performance indicator, as it is not a control metric for the group and there are no targets set based on this metric.

This annual report continues to report on the previous key performance indicators.

¹ Adjusted EBIT is defined as the Adtran Holdings group earnings before interest and tax, determined based on the audited financial results, and adjusted to remove any restructuring expenses; acquisition-related expenses and amortization of intangibles; stock-based compensation expense; the non-cash change in fair value of equity investments held in the deferred compensation plan; certain professional and other fees and any other non-GAAP exclusions approved by the compensation committee of Adtran Holdings, Inc.

² Unaudited information.

³ Pro forma EBIT is calculated prior to non-cash charges related to the stock compensation programs as well as amortization and impairment of goodwill and acquisition-related intangible assets. Expenses relating to anniversary payment obligations are excluded starting from 2025. Additionally, non-recurring expenses related to M&A, integration, professional fees relating to an internal investigation and other non-recurring personnel expenses as well as expenses related to restructuring measures are not included.

General economic and market conditions

The global economy at the beginning of 2026

The International Monetary Fund (IMF) provided its latest assessment of the global economy on January 19, 2026. Global growth is projected at 3.3 percent for 2026 and 3.2 percent for 2027, revised slightly up since the October 2025 world economic outlook. According to the IMF, technology investment, fiscal and monetary support, accommodative financial conditions, and private sector adaptability offset trade policy shifts.⁴

Global inflation is expected to fall, but US inflation will return to target more gradually. Key downside risks are reevaluation of technology expectations and escalation of geopolitical tensions.

Market environment for Adtran Networks

After exceptionally strong demand in 2022 and 2023, the optical networking sector experienced a significant slowdown in 2024, as many service providers delayed projects and worked through accumulated inventories. In 2025 the inventory overhang largely dissolved, with customer demand returning to normalized levels.

The growth drivers for Adtran Networks' markets regained strength, supported by an unprecedented investment boom in AI data centers, which is accelerating the demand for high-speed optical networks connecting AI training and inference facilities. The adoption of AI and ongoing digitization with the sustained expansion of cloud-based⁵ services, edge computing and data-intensive applications drive investment in high-performance optical networks. Remote and hybrid work models, combined with AI-driven business processes, remain structural drivers of bandwidth growth.

Government funding programs, particularly for broadband infrastructure, digital sovereignty and transformation as well as for critical infrastructure with climate-aligned technologies, continue to stimulate investment across key markets.

The telecommunications equipment landscape has been consolidating over the years, including major moves such as Nokia's acquisition of Infinera in 2025. Only a limited number of vendors with strong R&D, trusted technology, and robust financial and supply-chain resilience continue to succeed in Western markets. Security and geopolitical considerations are increasingly excluding low-trust vendors from critical networks, further benefiting suppliers with a proven track record of secure, standards-based solutions.

Adtran Networks continues to strengthen its position as a provider of secure and scalable fiber-optical transmission technology. The company's optical networking solutions remain a core differentiator, supporting high-capacity data transport across cloud, enterprise, and service provider networks. Its data center interconnect (DCI)⁶ offerings and edge-optimized architectures enable the low-latency, high-bandwidth environment required for AI infrastructure.

In addition, Adtran Networks' precise synchronization portfolio delivers mission-critical timing for mobile networks, global data centers, and critical infrastructure, aligning with increasing customer requirements for ultra-reliable network performance. The expansion of the product portfolio also enables growth in adjacent industries such as utilities, finance and government networks, all of which are accelerating investment in secure digital infrastructure.

Market outlook

After a significant downturn in 2024 the addressable market grew to USD 11.3 billion⁷ in 2025 and is projected to reach USD 12.6 billion by 2029. The shift in demand from Asian vendors like Huawei to Western manufacturers is creating new opportunities, though their full impact is yet to be determined. The increasing need for secure communications technology in critical infrastructure is also opening new business avenues for Adtran Networks.

Overall, Adtran Networks remains competitive to capitalize on the rising importance of modern communications networks and the growing demand for security.

⁴ <https://www.imf.org/en/publication/weo/issues/2026/01/19/world-economic-outlook-update-january-2026>

⁵ Cloud-based in the context of how IT describes a concept where applications no longer run on the user's in-house IT infrastructure (for example, a server) but are outsourced to a service provider whose IT infrastructure is not visible or known in detail – as if it was hidden in a cloud. A typical example is the use of software as a service, where the software is not stored on the user's machine, but on servers of the software service provider.

⁶ Network that connects geographically dispersed data centers.

⁷ World market excluding China for metro and long haul WDM (SignalAI, "Transport Hardware & Markets Report", published December 2025), Ethernet access solutions and network synchronization (Adtran Networks own estimates)

Business development and operational performance of the group

Revenues

Revenues represent one of the two key performance indicators for Adtran Networks. In 2025, the group generated revenues of EUR 481.7 million, an increase of 10.0 % on revenues of EUR 438.1 million in 2024. In 2025, customers had utilized their inventory backlog and began ordering new products and services which drove a large part of the increase in revenue. As providers continue to move away from Asian suppliers, particularly in Europe, and the additional pressure applied to networks with the continued expanded use of AI and other high-bandwidth required tools, providers are constantly updating and improving their networks. The group reported revenues of EUR 130.2 million in Q4 2025. This corresponds to an increase of 2.0 % compared to Q3 2025 and of 9.5 % compared to Q4 2024. In Q4 there was an upturn in demand from some telecommunication providers which boosted the revenues along with some key enterprise projects.

In 2025, EMEA (Europe, Middle East and Africa) was again the most significant sales region amounting to 55.5 % of total revenues (prior year: 52.7 %), followed by the Americas reporting 34.4 % of total revenues (prior year: 35.1 %) and Asia-Pacific amounting to 10.0 % of total revenues (prior year: 12.2 %).

Year-over-year, EMEA revenues of EUR 267.6 million in 2025 were up from EUR 230.8 million in 2024. Adtran Networks continues to maintain a broad and loyal customer base in this region. The strong increase of 16.0 % compared to the previous year is mainly related to optical transport business.

In the Americas region, revenues also increased from EUR 153.9 million in 2024 to EUR 165.9 million in 2025. This is driven by increased demand from service providers and enterprise customers due to reduced customer inventories.

In Asia-Pacific, revenues slightly decreased from EUR 53.4 million in 2024 to EUR 48.3 million in 2025. Asia-Pacific service revenues remained reasonably consistent, but showed declined business with our major carrier and enterprise customers.

Results of operations

(in millions of EUR, except earnings per share)	2025	Portion of revenues	2024	Portion of revenues
Revenues	481.7	100.0 %	438.1	100.0 %
Cost of goods sold	(317.2)	65.8 %	(282.3)	64.4 %
Gross profit	164.5	34.2 %	155.8	35.6 %
Selling and marketing expenses	(59.5)	12.3 %	(59.6)	13.6 %
General and administrative expenses	(32.3)	6.7 %	(31.9)	7.3 %
Research and development expenses	(109.8)	22.8 %	(108.0)	24.7 %
Other operating income and expenses, net	25.9	5.4 %	1.1	0.2 %
Operating income	(11.2)	(2.3)%	(42.6)	(9.7)%
Interest income and expenses, net	(2.4)	0.5 %	(3.0)	0.7 %
Other financial gains and losses, net	0.4	0.1 %	(1.3)	(0.3)%
Income before tax	(13.1)	(2.7)%	(46.9)	(10.7)%
Income tax expense (benefit), net	(8.8)	1.8 %	(15.8)	3.6 %
Net loss	(21.9)	(4.5)%	(62.7)	(14.3)%
Earnings per share (in EUR)				
basic	—		—	
diluted	—		—	

Cost of goods sold and gross profit

Cost of goods sold increased from EUR 282.3 million in 2024 to EUR 317.2 million in 2025, primarily due to the higher revenues. Cost of goods sold includes amortization charges for capitalized development projects of EUR 45.1 million in 2025 after EUR 40.4 million in 2024.

Gross profit improved to EUR 164.5 million in 2025 after EUR 155.8 million in 2024, comprising 34.2 % of revenues in 2025 after 35.6% in the prior year. Changes in gross margin are impacted by customer and product-mix. The higher 2024 gross margin was especially driven by a one-time sale of perpetual software licenses to a Tier-1 customer.

Selling and marketing expenses

Selling and marketing expenses remained stable at EUR 59.5 million in 2025 after EUR 59.6 million reported in 2024 and comprised 12.3 % and 13.6 % of revenues, respectively.

Adtran Networks continues to focus on service offerings and direct contact with customers served via indirect distribution channels. Establishing direct contact enables the group to work more closely with its end customers and better understand their specific requirements, which in turn helps in developing market-relevant products.

General and administrative expenses

General and administrative expenses were at EUR 32.3 million in 2025, slightly above the EUR 31.9 million recorded in 2024. The share of total revenues was at 6.7 % in 2025 versus 7.3 % in 2024.

Research and development expenses

Net research and development expenses of EUR 109.8 million were slightly up from EUR 108.0 million reported in 2024, thereby constituting 22.8 % of revenues in 2025 after 24.7 % in the prior year. Capitalization of development expenses of EUR 40.0 million in 2025 were above the EUR 36.6 million seen in 2024 mainly driven by the increase in personnel costs and additional projects started throughout the year. The capitalization rate in 2025 amounted to 26.7 % (prior year: 25.3 %).

Adtran Networks' research and development activities focus on the development and enhancement of advanced solutions for its innovative connectivity and synchronization solutions. The resulting key technologies and products simplify complicated existing network structures and supplement existing solutions.

During 2025, research and development activities were focused on the following four technology areas:

- Enhancements to the open optical transport solution including the development of new terminal solutions such as M-Flex100 and the improvement of the Optical Line System to in terms of capacity and performance
- Development of a new generation of high-speed and cost-optimized network terminals
- Expansion of encryption technologies in our products to meet regulatory requirements regarding critical infrastructure
- Extensions to the Oscilloquartz product portfolio for network synchronization

Operating income

Net other operating income and expenses amounted to positive EUR 25.9 million in 2025, were significantly up from positive EUR 1.1 million in the prior year. Other operating income includes in particular income from the provision of services to the Adtran Holdings group of EUR 15.3 million (previous year: EUR 10.5 million) and subsidies for research projects amounting to EUR 9.6 million (previous year: EUR 8.5 million). In 2024, impairment losses on goodwill amounting to EUR 17.4 million were included in other operating expenses.

Total operating expenses decreased from EUR 198.4 million in 2024 to EUR 175.7 million in 2025, representing 36.5 % of revenues in 2025 after 45.3 % in the prior year.

Overall, Adtran Networks reported a negative operating result of EUR 11.2 million in 2025 after a negative operating result of EUR 42.6 million in the prior year. The improvement in the operating result was primarily due to successful cost management as a result of restructuring measures in previous years. In contrast to the current year, Adtran Networks reported impairment losses on goodwill of EUR 17.4 million in 2024.

Pro forma EBIT⁸ Margin

Pro forma EBIT margin represents one of the two key performance indicators for the group. As pro forma EBIT excludes non-cash charges related to stock compensation, impairment of goodwill and amortization of intangible assets recognized in business combinations, expenses relating to anniversary payments as well as non-recurring expenses related to M&A, professional fees relating to an internal investigation, restructuring measures and other non-recurring personnel expenses, Adtran Networks' management board believes that pro forma EBIT margin is a more appropriate measure than operating income when benchmarking the group's operational performance against other telecommunications equipment providers.

The pro forma EBIT improved from negative EUR 10.2 million in 2024 to negative EUR 4.4 million in 2025, representing negative 2.3 % and negative 0.9 % of revenues, respectively.

⁸ Pro forma EBIT is calculated prior to non-cash charges related to the stock compensation programs as well as amortization and impairment of goodwill and acquisition-related intangible assets. Expenses relating to anniversary payment obligations are excluded starting from 2025. Additionally, non-recurring expenses related to M&A, integration, professional fees relating to an internal investigation and other non-recurring personnel expenses as well as expenses related to restructuring measures are not included.

The reconciliation of operating result to pro forma EBIT is as follows:

(in millions of EUR)	2025	2024
Operating result	(11.2)	(42.6)
Expenses related to share-based compensation	3.2	5.9
Expenses related to anniversary payments	0.9	—
Amortization of intangible assets from business combinations	1.3	1.4
Impairment of goodwill	—	17.4
Expenses related to M&A transactions, integration, restructuring expenses and other non-recurring expenses	1.4	7.7
Pro forma EBIT	(4.4)	(10.2)

In 2025, the expenses related to M&A transactions, integration and restructuring expenses included no restructuring expenses (prior year: EUR 7.0 million).

Net income/(loss)

Given the improved although still negative operating result Adtran Networks reported a net loss of EUR 21.9 million for 2025, after a net loss of EUR 62.7 million in 2024. Beyond operating loss, the net result in 2025 included net interest expenses of EUR 2.4 million (prior year: EUR 3.0 million) and net other financial gain of EUR 0.4 million (prior year: net other financial loss of EUR 1.3 million).

In 2025, the group reported an income tax expense of EUR 8.8 million after an income tax expense of EUR 15.8 million in 2024, representing a tax rate of 66.96 % (previous year: tax rate of 33.75 %). In 2025, the income tax expense results mainly from the change in the valuation allowance for deferred tax assets on tax loss carryforwards and temporary differences at Adtran Networks SE. In 2024 the income tax expense mainly resulted from the reversal of deferred tax assets on the tax loss carryforwards of Adtran Networks SE.

Summary: Business development and operational performance

Despite the decreased gross margin in 2025 mainly due to successful cost management as a result of restructuring measures in previous years and an increased other operating income, the operating result of Adtran Networks improved in the current reporting period. Excluding the 2024 one-time impact due to the recognition of goodwill impairments operating costs in 2025 remained fairly stable. Thus, Adtran Networks reports a significantly lower net loss in 2025 when compared to the previous year.

Net assets and financial position of the group

Balance sheet structure

Adtran Networks' total assets decreased by EUR 53.2 million or 7.9 %, from EUR 670.0 million at year-end 2024 to EUR 616.8 million at the end of 2025.

Assets

Current assets decreased by EUR 39.0 million or 10.7 % from EUR 363.0 million on December 31, 2024, to EUR 323.9 million on December 31, 2025, and comprised 52.5 % of the balance sheet total compared to 54.2 % at the end of the prior year. The decrease in current assets was mainly driven by a decrease in receivables from the domination and profit and loss transfer agreement with Adtran Holdings, Inc. of EUR 23.8 million at the end of 2025 after EUR 47.1 million at the end of the previous year. The receivable related to the 2024 loss transfer has been fully paid by Adtran Holdings, Inc. In addition, an advance payment of EUR 6.2 million regarding the 2025 loss was made in December 2025. Other current assets also decreased significantly in particular due to a decrease in receivables from advance payments for inventories in connection with inventory reduction as well as declining receivables from funded research projects and from receivables from the sale of debt instruments of other companies by EUR 28.5 million to EUR 56.9 million at year-end 2025. The reduction of receivables from funded projects was partially due to the change of the assessment of the remaining term of one funding projects that resulted in a reclassification to the non-current receivable portion. Inventories were down by EUR 7.1 million to EUR 84.0 million. Inventory turns increased from 2.9x in 2024 to 3.5x in 2025. At the same time, cash and cash equivalents increased by EUR 16.6 million to EUR 43.6 million as of December 31, 2025. This related in particular to the positive development of results. Trade accounts receivable increased from EUR 108.6 million to EUR 112.8 million at the end of December 2025. DSOs⁹ remained fairly stable at 82 days in 2025 after 83 days reported in the prior year.

Non-current assets declined by EUR 14.2 million from EUR 307.1 million at year-end 2024 to EUR 292.9 million on December 31, 2025. Goodwill overall decreased by EUR 4.9 million to EUR 45.3 million at the end of 2025 due to foreign currency translation effects. Non-current assets declined by EUR 5.6 million to EUR 11.5 million at the current year-end mainly due to the reduction of expected funding volumes for research projects. Capitalized development projects decreased from EUR 100.6 million to EUR 94.9 million at year-end 2025 as the amortization of existing internally generated technologies exceeded the capitalization for new development projects. At the same time, other purchased and internally generated intangible assets increased mainly due to new license agreements by EUR 14.9 million to EUR 53.0 million at the current year-end. Deferred tax assets decreased by EUR 6.6 million to EUR 13.0 million at the end of 2025. Deferred tax assets and liabilities are presented net in accordance with relevant netting requirements.

Meaningful additional assets belonging to Adtran Networks are the broad and global customer base of several hundred service providers and thousands of enterprises, the Adtran Networks, Oscilloquartz and Ensemble¹⁰ brands, the vendor and partner relationships and a motivated and qualified global team. These assets are not recognized in the balance sheet.

Liabilities

With respect to equity and liabilities, current liabilities slightly decreased by EUR 3.4 million from EUR 164.1 million¹² at year-end 2024 to EUR 160.7 million at the end of 2025. Due to the consolidation of a special purpose entity in connection with a factoring agreement, the group continues to report a liability to banks as at December 31, 2025 amounting to EUR 18.5 million (prior year: EUR 21.5 million). The financial liabilities are explained in more detail in a separate section below. Other current liabilities at the end of 2025 include in particular obligations from subsidized research projects and decreased by EUR 5.5 million compared to December 31, 2024, mainly due to the change of the assessment of the remaining term of the funding period for one project. Current provisions fell to EUR 10.9 million as at December 31, 2025 compared to EUR 14.5 million at the end of the previous year. Trade accounts payables at EUR 45.2 million at the end of 2025 were EUR 3.4 million lower compared to prior year-end while DPO¹¹ increased to 61 days in 2025 compared to 54 days in the previous year. On the other side, the current contract liabilities of EUR 37.5 million at the end of 2025, compared to EUR 25.7 million in the previous year significantly increased in particular due to the conclusion of new service contracts.

Non-current liabilities at EUR 68.1 million at year-end 2025 were significantly down from EUR 117.7 million reported at prior year-end. This was mainly due to the full repayment of the bank loan from the joint financing with Adtran Holdings, Inc. In the previous year, Adtran Networks had drawn EUR 46.9 million out of this agreement. Other non-current liabilities decreased from EUR 15.4 million at the end of 2024 to EUR 13.2 million as at December 31, 2025 as a result of decreased obligations from funded research projects. Non-current leases liabilities amounted to EUR 21.0 million at the end of 2025 after EUR 22.8 million reported at the previous year-end. Deferred tax liabilities decreased by EUR 1.0 million to EUR 11.0 million as of December 31, 2025.

⁹ Days Sales Outstanding: The key figure describes the average number of days between invoicing and receipt of payment.

¹⁰ Ensemble is a trademark used by Adtran Networks for the company's software solutions.

¹¹ Days Payable Outstanding: The key figure indicates the average number of days between receipt of invoice and outgoing payment.

Stockholders' equity remained stable at EUR 388.0 million at the end of 2025 after EUR 388.2 million reported at year-end 2024. The negative effect from the consolidated net loss for the year was offset by the loss absorption obligation of Adtran Holdings, Inc. in relation to the net loss for the year of Adtran Networks SE calculated in accordance with commercial law. The equity ratio improved to 62.9 % at the end of 2025, after 57.9 % at year-end 2024.

Capital expenditures

Capital expenditures for purchases of property, plant and equipment in 2025 amounted to EUR 11.5 million, slightly up from EUR 10.7 million in 2024.

Capital expenditures for intangible assets of EUR 62.4 million in 2025 were up from EUR 51.3 million in the prior year. This total consists of capitalized development projects of EUR 39.4 million in 2025 after EUR 36.5 million in 2024, and investments in concessions, software licenses and other intangible assets of EUR 22.9 million in 2025 after EUR 14.8 million in 2024. The increase in capital expenditure mainly relates to the capitalization of R&D software licenses. Investments in capitalized development projects are mainly driven by development activities for open optical transmission technology including the new S-Flex™ terminals and Adtran Networks' new generation of cloud access products with data rates of 100Gbit/s and network synchronization solutions.

Cash flow

(in millions of EUR)	2025	Portion of cash	2024	Portion of cash
Operating cash flow	82.3	188.5 %	63.0	233.2 %
Investing cash flow	(62.5)	143.1 %	(81.4)	301.0 %
Financing cash flow	(2.5)	5.8 %	12.6	46.4 %
Net effect of foreign currency translation on cash and cash equivalents	(0.7)	1.6 %	2.3	8.4 %
Net change in cash and cash equivalents	16.6	38.0 %	(3.5)	13.0 %
Cash and cash equivalents at the beginning of the period	27.0	62.0 %	30.6	113.0 %
Cash and cash equivalents at the end of the period	43.6	100.0 %	27.0	100.0 %

Cash flow from operating activities of EUR 82.3 million in 2025 was up by EUR 19.2 million from EUR 63.0 million in 2024. Higher outflows for working capital in 2025 compared to the prior year were overcompensated mainly by the lower loss before tax position and lower taxes paid.

Cash flow from investing activities was negative EUR 62.5 million in 2025 after negative EUR 81.4 million in the prior year. In 2025, the cash outflows mainly relate to investments in property, plant, and equipment and intangible assets. In 2024, an outflow for the granting of a loan to Adtran, Inc. was considered.

Finally, cash flow from financing activities was at negative EUR 2.5 million in 2025 down compared to the positive EUR 12.6 million in 2024. The net cash inflow in both years resulted in particular from the payment of receivables from the loss transfer in 2023 and 2024 by Adtran Holdings, Inc. In 2025, this inflow was overcompensated mainly by the outflow for the repayment of the bank debt.

Overall, including the net effect of foreign currency translation on cash and cash equivalents of negative EUR 0.7 million (2024: positive EUR 2.3 million), cash and cash equivalents increased by EUR 16.6 million in 2025, from EUR 27.0 million at year-end 2024 to EUR 43.6 million at the end of 2025, after reporting a decrease of EUR 3.5 million in the prior year.

Financing and liquidity

Adtran Networks' financing management is performed centrally by Adtran Networks SE. Its objective is to provide sufficient funds to ensure ongoing operations and to support the group's projected growth. Beyond the equity base, Adtran Networks finances its business by means of loans provided by Adtran Holdings, Inc., access to a USD 50.0 million subline under the Senior Secured Credit Facility, and liabilities with maturities typically exceeding the useful life of the assets being financed. For any liability taken, Adtran Networks is focused on minimizing related interest cost, as long as access to funds is not at risk. Excess funds are generally used to redeem liabilities.

Financial liabilities

In 2025, financial liabilities decreased by EUR 52.2 million to EUR 45.0 million at the end of 2025 largely due to the full settlement of a previously existing bank debt.

On June 4, 2024, Adtran Networks as additional debtor entered into a loan agreement (Senior Secured Credit Facility) of Adtran Holdings, Inc. with Wells Fargo Bank and other lenders. At December 31, 2025, Adtran Networks SE has not drawn any loan out of the subline (prior year-end EUR 46.9 million). Due to a factoring agreement concluded at the end of 2023, the group

continues to report a current liability to banks in the amount of EUR 18.5 million as at December 31, 2025 (prior year: EUR 21.5 million).

Current lease liabilities slightly decreased by EUR 0.5 million, to EUR 5.6 million at the end of December 2025 while non-current lease liabilities decreased by EUR 1.8 million to EUR 21.0 million.

Further details about the group's financial liabilities can be found in notes (15) and (16) to the consolidated financial statements.

Net cash¹²

Adtran Networks net cash improved significantly by EUR 44.4 million from net debt of EUR 6.6 million at year-end 2024 to net cash of EUR 37.8 million at the end of 2025. This was in particular due to the increase in cash and cash equivalents with simultaneous repayment of a bank debt. Cash and cash equivalents of EUR 43.6 million on December 31, 2025, and of EUR 27.0 million on December 31, 2024, were invested mainly in EUR, USD and in GBP.

Net cash/(debt) as of December 31 is calculated as follows:

(in millions of EUR)	2025	2024
Liabilities to banks		
current	(18.5)	(21.5)
non-current	—	(46.9)
Lease liabilities		
current	(5.6)	(6.0)
non-current	(21.0)	(22.8)
Loans granted	15.4	16.4
Receivable from Adtran Holdings, Inc. due to the control and profit and loss transfer agreement	23.8	47.1
Cash and cash equivalents	43.6	27.0
Net cash (debt)	37.8	(6.6)

Summary: Net assets and financial position

Due to the improvement in cash flow from operating activities, cash and cash equivalents increased significantly. Adtran Networks' net assets and financial position improved in 2025 reporting increased cash and cash equivalents as well as an equity ratio of 62.9 %.

Transactions with related parties

Transactions with related individuals and legal entities are discussed in notes (40) and (41) to the consolidated financial statements.

¹² Net cash is calculated by subtracting total financial liabilities from cash and cash equivalents. Total financial liabilities comprise current and non-current financial liabilities to banks, including factoring agreements, as well as current and non-current financial receivables and liabilities to Adtran Holdings Inc. and Adtran, Inc., including receivables and liabilities from the domination and profit and loss transfer agreement and current and non-current lease liabilities in accordance with IFRS 16 Leases. A negative calculation result is referred to as net debt.

Performance of Adtran Networks SE

In addition to reporting on the Adtran Networks group, the development of Adtran Networks SE is explained below. The financial performance indicator used to manage the company is revenue. As the course of business, including the business result and the situation of the Adtran Networks group and Adtran Networks SE were the same in the past financial year and the expected development with its significant opportunities and risks in the Adtran Networks group and Adtran Networks SE is also the same, please refer to the disclosures in the group management report for the forecast information on the financial performance indicator.

Adtran Networks SE prepares its annual financial statements in accordance with the provisions of the German Commercial Code. The corresponding complete financial statements are published separately.

Offices and organization

The company maintains its registered office in Meiningen, Germany. This is also the location of the main production and development facility of the company. In Martinsried/Munich, the company maintains its headquarter with all central functions and the sales and marketing organization. Furthermore, Adtran Networks maintains some small to midsize national and international offices.

Operational performance

In the past financial year, Adtran Networks SE generated sales totaling EUR 325.7 million. This corresponds to an increase of 7.8 % compared to sales of EUR 302.1 million in the previous year. In 2025 demand from customers recovered due to consumption of inventories. The increase for Adtran Networks SE is mainly visible in optical transport business as service providers aim to support the growing bandwidth demand and AI driven data traffic.

EMEA remained the most important sales region in 2025, followed by the Americas and Asia-Pacific. Sales in EMEA increased by 23.8 % from EUR 182.9 million to EUR 226.4 million. The share of total sales increased from 60.5 % in 2024 to 69.5 % in 2025. Adtran Networks SE achieved an increase in revenues in the EMEA region mainly due to increased optical transport business and continues to maintain a broad and loyal customer base in this region. In the Americas region, sales fell by 22.8 %, from EUR 73.2 million in 2024 to EUR 56.5 million in 2025. The regional share of total annual sales decreased to 17.4 % in 2025 after 24.2 % in 2024. This is due to lower demand from telecommunications service providers and internet content providers. In the Asia-Pacific region, sales decreased by 6.9 % from EUR 46.0 million in 2024 to EUR 42.8 million in 2025. The Asia-Pacific region contributed 13.1 % to total sales in 2025, compared to 15.2 % in 2024. Asia-pacific service revenues remained reasonably consistent, but showed declined business with our major carrier and enterprise customers.

Cost of sales increased from EUR 191.2 million 2024 to EUR 207.5 million in 2025. The share of sales revenue increased slightly from 63.3 % in the previous year to 63.7 %.

Gross profit changed from EUR 110.9 million or 36.7 % of sales in 2024 to EUR 118.2 million or 36.3 % of sales in 2025. The company's gross margin is impacted by customer- and product-mix. The higher 2024 gross margin was especially driven by a one-time sale of perpetual software licenses to a Tier-1 customer.

Selling and marketing expenses slightly increased to EUR 41.6 million in 2025 (previous year: EUR 41.3 million).

General administrative expenses remained almost constant at EUR 20.9 million in 2025 after EUR 20.8 million in 2024.

After the capitalization of internally generated intangible assets remained unchanged at EUR 40.0 million in 2025 compared with EUR 40.0 million in the prior year, research and development expenses amounted to EUR 109.3 million, or 33.6% of revenue, versus EUR 110.4 million, or 36.5 % of revenue, in the previous year.

Other operating result (other operating income less other operating expenses) increased from EUR 9.8 million in the previous year to EUR 14.6 million in 2025. Other operating income in 2025 was mainly affected by an write-up of investments in affiliated companies.

In 2025, income from profit transfers relating to the profit and loss transfer agreement between the company and ADVA Network Security GmbH (Berlin, Germany) amounted to EUR 11.9 million. No further income from affiliated companies was distributed to the company. In the previous year, profit distributions from subsidiaries (Adtran Networks North America, Inc (Norcross/Atlanta, USA), Adtran Networks (UK) Ltd (York, United Kingdom) and Adtran Networks Singapore Pte Ltd (Singapore)) amounted to EUR 18.2 million.

Summary: Operational performance

Despite higher sales revenues and improved operating results, the gross margin remained at the previous year's level in fiscal year 2025. The reported net loss was fully offset by the loss absorption of Adtran Holdings, Inc.

Net assets and financial position

Adtran Networks SE's total assets decreased by EUR 30.8 million to EUR 447.7 million as at December 31, 2025, compared to EUR 478.4 million on the previous year's reporting date.

Fixed assets increased from EUR 249.0 million to EUR 258.3 million, now representing 57.7 % of total assets, compared to 52.1 % at the end of the previous year. This increase is primarily due to an increase in intangible assets of EUR 8.4 million, from EUR 142.3 million in the previous year to EUR 150.7 million in 2025. Current assets decreased during the fiscal year from EUR 227.5 million in the previous year to EUR 186.0 million. As a result, current assets amounted to 41.6 % of total assets as of December 31, 2025, compared to 47.6 % at the end of 2024. This reduction in current assets is mainly attributable to a significant decrease in inventories, which fell from EUR 92.2 million in the previous year to EUR 71.4 million in fiscal year 2025. The primary reasons for this were, firstly, a reduction of EUR 17.9 million in advance payments for inventory. Secondly, receivables and other assets decreased by a total of EUR 25.4 million. While trade receivables increased by EUR 16.5 million, receivables from affiliated companies declined significantly by EUR 43.2 million compared to the previous year. This is mainly attributable to the lower loss absorption amount of EUR 23.8 million (previous year: EUR 47.1 million), which is still to be covered by Adtran Holdings, Inc.

Equity remained at EUR 278.9 million in 2025, the same as the previous year. Due to the decreased balance sheet total, the equity ratio rose to 62.3 % at the end of 2025 (previous year: 58.3 %).

Liabilities decreased from EUR 156.4 million in the previous year to EUR 126.3 million. This change resulted primarily from a reduction of EUR 45.5 million in liabilities to credit institutions due to a loan repayment. In addition, trade payables increased by EUR 4.2 million. Liabilities to affiliated companies also increased by EUR 5.2 million.

Provisions decreased from EUR 17.5 million in the previous year to EUR 15.5 million at the end of 2025.

Deferred revenue increased in 2025 from EUR 14.5 million in the previous year to EUR 15.8 million.

Capital expenditures

Investments in the 2025 financial year amounted to EUR 70.0 million (previous year: EUR 80.4 million). Of this amount, EUR 63.7 million (previous year: EUR 55.2 million) was invested in intangible assets, EUR 4.7 million (previous year: EUR 4.1 million) in property, plant and equipment and EUR 1.6 million in financial assets (previous year: EUR 21.1 million). The investments in intangible assets result in particular from the addition of internally generated industrial property rights and similar rights and assets. Investments in property, plant and equipment mainly comprise expenditure on technical equipment and machinery in the amount of EUR 4.1 million. The difference in additions to financial assets in 2025 compared to the previous year is mainly attributable to loans amounting to EUR 17.1 million granted to affiliated companies (Adtran, Inc., Huntsville, USA) in 2024.

Liquidity

The development of cash and cash equivalents analyses as follows:

(in millions of EUR)	2025	2024
Operating cash flow	46.7	(33.4)
Investing cash flow	(58.0)	(79.8)
Financing cash flow	15.9	109.4
Net change in cash and cash equivalents	4.6	(3.8)
Cash and cash equivalents at the beginning of the year	4.2	8.0
Cash and cash equivalents at the end of the year	8.8	4.2

During 2024 and 2025, the company was able to meet all payment obligations.

Cash and cash equivalents of EUR 8.8 million as of December 31, 2025, and EUR 4.2 million as of December 31, 2024, were largely held in EUR and USD. Despite the investment activities and the repayment of the Wells Fargo loan, cash and cash equivalents increased by EUR 4.6 million. This increase was primarily driven by loss compensation payments under the domination and profit and loss transfer agreement with Adtran Holdings, Inc., as well as by an advance payment under the profit and loss transfer agreement with ADVA Network Security GmbH. Consequently, net cash improved compared to the previous year. Net cash is calculated by subtracting total financial liabilities from cash and cash equivalents. Total financial liabilities comprise short-term financial liabilities arising from a factoring agreement newly concluded on December 19, 2023, as well as short- and long-term financial receivables and payables to Adtran Holdings, Inc., including receivables from the domination and profit transfer agreement. Furthermore, in fiscal year 2024, the company became an additional borrower in a senior secured

credit facility agreement between Adtran Holdings, Inc., Wells Fargo Bank, and other lenders. As of December 31, 2025, Adtran Networks SE had not drawn amounts from this agreement.

Financing

Liabilities to banks decreased from EUR 52.8 million at the end of 2024 to EUR 7.3 million at the end of 2025. On June 4, 2024, Adtran Networks became an additional borrower in a credit agreement (Senior Secured Credit Facility) of Adtran Holdings, Inc. with Wells Fargo Bank and other lenders. The sixth amendment to the existing agreement provides a subline of USD 50.0 million available for borrowing by Adtran Networks SE. As of December 31, 2025, Adtran Networks SE had not drawn any loan from this agreement (previous year: EUR 46.9 million (USD 49.0 million)). Additionally, a short-term financial liability resulted from a factoring agreement concluded in 2023. Furthermore, there is a long-term intercompany loan with ADVA Network Security GmbH (Berlin, Germany) amounting to EUR 15.0 million as of the end of 2025 (previous year: EUR 15.0 million).

Dividend payments

Due to the domination and profit and loss transfer agreement concluded with Adtran Holdings, Inc. on December 1, 2022 and entered in the commercial register on January 16, 2023, the company did not distribute a dividend for 2024 in 2025 (previous year: zero for 2023). Adtran Networks SE does not plan to pay a dividend for the 2025 financial year either.

Summary: Net assets and financial position

Despite the investment activities and the repayment of the Wells Fargo loan, the asset and financial position of Adtran Networks SE improved in the 2025 financial year. This development was mainly driven by corresponding loss compensation and profit transfer payments. The cash flows from operating activities and investing activities showed positive development, while the cash flow from financing activities declined.

Events after the balance sheet date

On February 20, 2026, the United States Supreme Court issued a ruling striking down certain tariffs previously imposed under the International Emergency Economic Powers Act ("IEEPA"). The ultimate availability, timing, and amount of any potential refunds of such tariffs remain highly uncertain and are subject to further legal, regulatory, and administrative developments. Following the Supreme Court's decision, the U.S. presidential administration announced its intention to invoke other laws to collect tariffs and announced new tariffs on imports from all countries, in addition to any existing non-IEEPA tariffs. There remains substantial uncertainty regarding the duration of existing and newly announced tariffs, potential changes or pauses to such tariffs, tariff levels, and whether additional tariffs or other retaliatory actions may be imposed, modified, or suspended, and the impacts of such actions on the Company's business. The Company continues to monitor and evaluate these developments and assess their potential impact on the Company's business, financial condition, and results of operations.

There were no further events after the balance sheet date that might have a material impact on the net assets and financial position or the results of operations.

Disclosures under takeover law in accordance with Section § 289a HGB and Section § 315a HGB

Share capital and shareholder structure

On December 31, 2025, Adtran Networks SE had issued 52,055 ordinary no-par value bearer shares (December 31, 2024: 52,054,500). The ordinary shares entitle the holder to vote at the general meeting and to receive dividends in case of a distribution. No restrictions are attached to the ordinary shares. No other class of shares had been issued during the reporting period.

On December 1, 2022, Adtran Networks SE concluded a domination and profit and loss transfer agreement with Adtran Holdings, Inc. based at 901 Explorer Blvd NW, Huntsville, AL 35806, United States, as the controlling company, which was approved by the Annual General Meeting on November 30, 2022. Under this domination and profit and loss transfer agreement, Adtran Networks SE is obliged to transfer its entire profit to Adtran Holdings, Inc. The holders of the ordinary shares (with the exception of Adtran Holdings, Inc. as the majority shareholder) are entitled to a compensation payment under the existing domination and profit and loss transfer agreement.

On December 31, 2025, Adtran Holdings, Inc. held a total of 36,871,784 shares or 70.83 %* of the share capital of Adtran Networks SE (on December 31, 2024: 34,856,232 representing 66.96 % of the share capital).

* Capital shares refer to the total number of shares held in relation to the share capital as of December 31, 2025.

According to the voting rights notifications published until the end of 2025 in accordance with the German Securities Trading Act (Wertpapierhandelsgesetz, WPHG), Raphael Kain held a total of 10.27% of the voting rights (including instruments), whereby

Samson Rock Event Driven Master Fund Limited, Camana Bay, Cayman Islands, was specified as different shareholder directly holding at least 3 % of the voting rights. In the voting rights notification, Raphael Kain and Samson Rock Capital LLP are named in the full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity. No other shareholder notified the company to hold more than 10 % of the company's voting rights as of December 31, 2025. Further details on share capital and shareholder structure are disclosed in note (21) to the consolidated financial statements.

Restriction of voting rights and share transfers

Neither the voting rights per share nor the transferability of the company's shares are subject to restrictions under company law. Nor was the management board of Adtran Networks SE aware of any agreements by shareholders relating to voting rights or the transfer of shares in the company at the end of 2025.

Appointment and dismissal of management board members

The appointment and dismissal of members of the management board of Adtran Networks SE follows the provision of the Council Regulation (EC) No. 2157/2001 of 8 October 2001 on the Statute for a European company (SE) ("SE Regulation") (Art. 39 para. 2, 46 para. 1 SE Regulation), the German Stock Corporation Act (sections 84, 85 AktG in conjunction with Art. 9 para. 1 lit. c) (ii) SE Regulation) and the provisions in section 6 of the company's current Articles of Association (last amended by resolution of the Annual General Meeting on June 27, 2025, which was entered in the commercial register on July 26, 2025). According to these articles, in principle the supervisory board appoints the members of the management board and does so for a maximum period of five years. However, it is the company's practice to appoint the members of the management board for two years only. Repeated appointment is possible. According to the company's articles of association, the management board of Adtran Networks SE shall regularly consist of two individuals and the supervisory board shall have the right to determine and appoint a higher number of individuals. If the management board consists of more than one individual, the supervisory board may appoint one member of the management board chief executive officer or speaker of the management board and another member his or her deputy. The supervisory board can only revoke an existing appointment for good cause (section 84 para. 4 AktG in conjunction with Art. 9 para. 1 lit. c) (ii) SE Regulation). In the 2025 financial year, Ulrich Dopfer resigned from his position as a member of the management board with effect from May 19, 2025. Timothy Santo was then appointed as a member of the management board of Adtran Networks SE with effect from May 29, 2025 up to and including December 31, 2026. Until May 19, 2025, Adtran Networks SE's management board consisted of Thomas Richard Stanton (Chief Executive Officer), Ulrich Dopfer (Chief Financial Officer) and Christoph Glingener (Chief Technology Officer). Since May 29, 2025, the management board of Adtran Networks SE consisted of Thomas Richard Stanton (Chief Executive Officer), Timothy Santo (Chief Financial Officer) and Christoph Glingener (Chief Technology Officer).

Changes to articles of association

Amendments to the Articles of Association of Adtran Networks SE are subject to the provisions of Art. 59 SE Regulation and Section 179 AktG. Pursuant to section 179 para. 2 sentence 1 AktG, amendments to the Articles of Association of an SE domiciled in Germany generally require a majority of at least three quarters of the share capital represented when the resolution is passed. The reference figure here is the number of votes validly cast in the vote on the resolution to amend the Articles of Association. Amendments to the Articles of Association must therefore be adopted by the Annual General Meeting with a majority of at least three quarters of the valid votes cast. In addition, the provisions in section 4 para. 6 and section 13 para. 3 of the company's current Articles of Association apply, according to which the supervisory board is authorized to resolve certain amendments to the wording of the Articles of Association, in particular to amend the wording of the Articles of Association in accordance with the scope of capital increases from authorized capital and the effectiveness of conditional capital.

Issuance and buy-back of shares

The rights of the management board to issue new shares are regulated in section 4 para. 4 of the articles of association of Adtran Networks SE. According to section 4 para. 4 of the Articles of Association of Adtran Networks SE, the management board, with the consent of the supervisory board, is authorized to issue up to 26,027,250 new shares from authorized capital, amounting to a total of EUR 26,027,250 against cash or contribution in kind with possible exclusion of subscription rights (authorized capital 2024/I). As of December 31, 2025, the authorized capital amounted to EUR 26,027,250, so that the authorization of the management board to issue new shares against cash or contribution in kind with the possible exclusion of subscription rights (subject to the detailed provisions of the current Articles of Association of the company) amounted to 26,027,250 shares or 50.00% of the outstanding shares as of this reporting date. In 2025, no new shares were created in this way. The conditional increase in share capital formerly existing pursuant to section 4 para 5k of the Company's articles of association (conditional capital 2011/I) has been canceled by a resolution of the general meeting on June 27, 2025, which was entered into the commercial register on July 26, 2025.

Besides, at year-end 2025, according to section 71 para. 1 lit. 8 AktG, the management board was authorized to buy back a maximum of 10.0 % of the existing share capital at the time of resolution of the general meeting or – if this value is lower – at the time the authorization is exercised. This right was granted to the management board by a resolution of the general meeting

on June 28, 2024 until June 27, 2029. The shares may be used for all legally permissible purposes; in particular, with the approval of the supervisory board, the shares may be redeemed in whole or in part or transferred in return for contributions in kind, especially in connection with the acquisition of facilities, companies, parts of companies or equity interests in companies. In addition, the shares may be offered to employees of the company or its group companies for purchase or be transferred or, with the approval of the supervisory board, may also be sold in ways other than via the stock exchange under certain conditions.

Significant agreements subject to a change of control

The company is party to a credit agreement under which the company had no liabilities as of December 31, 2025 (prior year-end: USD 49,000,000). In the event of a change of control, the credit agreement grants the lenders the right to declare the outstanding amounts immediately due and payable and to terminate the credit facility. The company is party to a factoring agreement that can be terminated by the buyer of the receivables with immediate effect in the event of a change of control.

Combined separate non-financial report

Adtran Networks has chosen to prepare a combined separate non-financial report, which can be found in the Sustainability Statement 2025. This report is prepared in accordance with the requirements of Section 315b (3) of the German Commercial Code (HGB) and is hereinafter simplified as the "non-financial report". This non-financial report is prepared in accordance with § 315c in conjunction with 289c to 289e of the German Commercial Code (HGB) and the EU Taxonomy Regulation and has been subjected to a voluntary limited assurance engagement in accordance with ISAE 3000 (Revised) by KPMG AG Wirtschaftsprüfungsgesellschaft, Leipzig, regarding the relevant legal requirements. The non-financial report will be published on the website <https://www.adtran.com/en/about-us/esg> at the same time as the annual report on March 30, 2026.

Employees

On December 31, 2025, Adtran Networks had 2,215 employees worldwide, including 33 apprentices (prior year: 2,118 including 41 apprentices).

On average, Adtran Networks had 2,174 employees during 2025, up from 2,088 in 2024. Furthermore, there were 20 and 19 temporary employees working for Adtran Networks at year-end 2025 and 2024, respectively.

Personnel expenses in the group slightly increased from EUR 208.3 million in 2024 to EUR 212.5 million in 2025, representing 47.5 % and 44.1 % of revenues, respectively.

On December 31, 2025, Adtran Networks SE had 612 employees, thereof 33 apprentices (prior year: 600 employees, thereof 41 apprentices). This corresponds to a total increase of 12 employees or 2.0 % compared to the previous year.

The breakdown of employees of Adtran Networks SE by functional area is as follows:

	2025	2024	Change
Purchasing and production	174	157	17
Sales, marketing and service	97	106	(9)
Management and administration	90	93	(3)
Research and development	218	203	15
Apprentices	33	41	(8)
Total employees	612	600	12

Personnel expenses in the Adtran Networks SE slightly increased from EUR 59.1* million in 2024 to EUR 60.6 million in 2025, representing 20.7 % of revenues in 2025 compared to 14.1 % in 2024.

*) Prior year adjusted.

The employee compensation packages comprise fixed and, at some hierarchy levels, variable elements and stock units. These compensation packages enable employees to participate appropriately in the success of the group, and support employee retention, while at the same time rewarding individual efforts, teamwork, innovation and productivity. Furthermore, they should also enable individual achievements to be recognized as well as promote team spirit, innovation and productivity. In addition, employees are regularly honored for special achievements and extraordinary commitment through the group's spot award program.

In addition, the group is committed to offering all employees comprehensive on-the-job training, as well as specific continuing education opportunities in order to advance their personal and professional development. The group offers different types of continuing education programs based on employee development needs. These needs are identified, documented, and reviewed semi-annually, within an electronic performance appraisal and competency management system.

Within Adtran Networks, all relevant local regulations for health and safety in the workplace are complied with, and in some countries are regularly monitored by independent engineering offices for safety in the workplace.

Adtran Networks is committed to the creation of a workplace free of discrimination and harassment. The group recruits, hires, trains and promotes individuals at all job levels without regard to race, religion, ancestry, sexual orientation, marital status, national origin, age, gender and physical or mental disability. Adtran Networks is committed to a fair and equitable workplace where everyone is a respected and valued member of the team. The group's core values (ONE – Ownership, Nurture and Excellence) guide employees and managers in all business activities.

An efficient employee representation without trade union ties (with a global Works Council - Adtran Networks SE Works Council and a local Works Council - Betriebsrat at the Meiningen site in Germany) is in place on a global basis, reflecting the international employee base and overall orientation of the group.

At its main production and development facility in Meiningen, Germany, Adtran Networks currently provides 33 apprenticeship positions, whereof 20 lead to professions as electronics technician for equipment and systems, industrial management assistant, electronics technician for information and telecommunications systems and as warehouse logistics expert. In Meiningen, Germany, the company is among the most recognized apprenticeship providers for industrial electronics professions in its region for a long time. In addition, Adtran Networks offers a dual study program in Germany which combines a university degree with firmly integrated practical on-the-job work experience in the company. This enables the students to put the knowledge they have learned into practice in a direct context. Currently 13 students are trained within this program.

Risk and opportunity report

Adtran Networks' future development offers a broad variety of opportunities. It is however also subject to risks, which in certain cases could endanger the group's continued existence. The management board has implemented a comprehensive risk management and internal control system that enables the detection of risks in a timely manner and allows the group to take corrective action and to benefit from identified opportunities. An integral aspect of the group's strategy is its ability to anticipate developments in the marketplace and future customer needs. Special emphasis is given to product development, the quality of the group's products and the validation, selection and oversight of key business partners.

Risk management system

Since Adtran Networks was founded as ADVA Optical Networking in 1994, its business has become more diversified. The group markets its products and solutions in part via a variety of distribution partners but has become less dependent on these partners over the years due to continued investment in a direct distribution model in core geographies. Beyond focusing on enhancing revenue and profit predictability, a comprehensive risk management system has been established which is coordinated by the Internal Audit and Risk Management function.

Being a globally operating company, Adtran Networks implemented its risk management system on the basis of applicable laws and regulations and by considering common international standards and best practices such as the COSO¹³ framework and the ISO¹⁴ 31000 standard. Additionally, it integrates supporting management systems such as especially the group's compliance management. The management board nevertheless recognizes that a risk management system cannot in all cases prevent the occurrence of events that may cause material damage to the group.

Adtran Networks' strategic goals are set by the parent company Adtran Holdings, Inc. They build the basis for Adtran Networks' risk management system and are organized into four areas: people and culture, growth and profitability, operational efficiency and portfolio and innovation. The strategic goals are reviewed and updated on a yearly basis and constitute the basis for Adtran Holdings' annually updated three year business plan. Adtran Networks' three year business plan is a subset of, and forms an integral part, of Adtran Holdings' three year plan. Each of the strategic goals is defined in detail and then broken down into specific departmental and individual targets. The strategic goals are traced to each employee so that every individual can focus and be evaluated on the own performance and contribution to Adtran Networks' overall success.

Adtran Holdings measures the accomplishment of its strategic goals against revenues and Adjusted EBIT¹⁵. These metrics represent the key performance indicators.¹⁶ Adtran Holdings management board sets target values for these metrics for the year to come and measures actual values against the target values for revenues and adjusted EBIT on a quarterly basis and annually. Corrective action is taken quickly should a deviation from the plan occur or be reasonably predicted to occur. This information is summarized and communicated to the management board in quarterly and yearly reports. Key performance indicators on the Adtran Networks' level are revenues and pro forma EBIT margin. All of these metrics are measured quarterly and yearly. The results are presented to, and discussed by the Adtran Networks supervisory board.

Budgets are reviewed on Adtran Holdings, Inc. level on a monthly basis and adjustments are made if necessary. The Adtran Holdings' accounting, controlling and treasury departments provide to the executive management of Adtran Holdings, Inc. globally consolidated reports on available cash funds and the development of margins and current assets (e.g., inventories and receivables) on a quarterly basis. These reports also include budgeted, forecasted and actual revenues and expenditures. On the level of Adtran Networks budgets are reviewed quarterly; outcomes of these reviews are reported to the supervisory board. The structure and content of these reports is continuously adapted to the most current requirements.

Adtran Holdings, Inc. regularly monitors the creditworthiness of its customers, including customers of Adtran Networks, and updates credit limits as needed. Material expenditures and investments must be approved in advance through an electronic purchase order system. In conjunction with continuously updated revenue and cash forecasts, a detailed monthly preview of the anticipated group development within the next three to twelve months is put together and communicated to the management board. Moreover, the group's accounting, controlling and legal departments review potential legal and litigation risks on a quarterly basis in order to obtain a reliable estimate of the potential loss, considering all relevant information and expectations. Adtran Networks' management board discusses all significant business transactions with the supervisory board and obtains its approval if necessary.

In order to ensure observance of all applicable laws and regulations and to support the group's ongoing growth and internationalization, Adtran Holdings', Inc. executive management implemented a compliance management system which applies to and integrates Adtran Networks. Key compliance measures include a code of conduct, a range of group-wide policies,

¹³ Five major accounting organizations formed a group known as COSO (Committee of Sponsoring Organizations of the Treadway Commission) to provide guidance on evaluating internal control. They issued this guidance as the COSO Internal Control Framework.

¹⁴ ISO is an organization that defines and publishes internationally valid standards. Several of the ISO standards are relevant to Adtran Networks, including 9001 (quality management), 14001 (environmental management system), 22301 (business continuity management), 31000 (risk management) and 50001 (energy management).

¹⁵ Adjusted EBIT is defined as the Adtran Holdings group earnings before interest and tax, determined based on the audited financial results, and adjusted to remove any restructuring expenses; acquisition-related expenses and amortization of intangibles; stock-based compensation expense; the non-cash change in fair value of equity investments held in the deferred compensation plan; certain professional and other fees and any other non-GAAP exclusions approved by the compensation committee of Adtran Holdings, Inc.

¹⁶ Unaudited information

the training of employees and the active encouragement to report suspected incidents of non-compliance and to seek support in case of uncertainties or questions.

All implemented measures and processes of the risk management system as well as of the compliance management system are continuously reviewed and improved.

Adtran Networks differentiates between two main categories of risks and opportunities – those considered major and those considered non-material. A risk or opportunity is considered major if its expected net impact on the group's pro forma EBIT¹⁷ is or exceeds EUR 3 million in terms of Adtran Networks' three-year business plan. If not attributable to the pro forma EBIT, Adtran Networks' net income is used as reference. The expected net impact is calculated by multiplying the potential net impact of a particular risk or opportunity with its net likelihood of occurrence.

For each major risk, the group assigns a dedicated risk owner who is responsible for defining and implementing an adequate and effective response for risk mitigation. Adherence with this process is monitored by Adtran Networks' internal audit and risk management function which conducts structured reviews with each risk owner according to a defined schedule and at a minimum once per quarter. Should any such major risk materialize, the assigned risk owner has the responsibility to immediately report this to the executive management. Independent of specific risk ownership, all employees of Adtran Networks are compelled to escalate additional material risk items directly and informally to Adtran Networks' internal audit and risk management function and the chief financial officer. Management provides Audit Committee with the Risk Report at least once per year. The overall responsibility for risk early warning system lies with the management board.

Based on the outlined analytical tools and processes, Adtran Networks ranked 16 risks as major risks at the end of 2025, which are discussed in detail below.

Adtran Networks' risks are aggregated by means of Monte Carlo simulations. The total risk is compared to Adtran Networks' risk bearing capacity to identify potentially existence-threatening accumulations of risks. In case aggregated risk assessment exceeds risk bearing capacity, the management board is immediately informed to initiate counter measures and to reduce the risk exposure.

Both the internal control system and the risk management system are subject to continuous monitoring of processes and systems. Where weaknesses have been identified, appropriate improvement measures have been implemented to address them and to ensure the ongoing enhancement of these systems and processes.

Based on an overall assessment of the adequacy and effectiveness of the internal control and risk management system — taking into account the scope of the company's business activities and its risk environment — there were no indications that these systems are inadequate or ineffective.¹⁸

The risks and opportunities of Adtran Networks SE essentially correspond to those of the Adtran Networks group. In addition to the risks listed here, there is also a risk with regards to the fluctuation of income from investments and the recoverability of shares in affiliated companies. Adtran Networks does not consider these risks to be material.

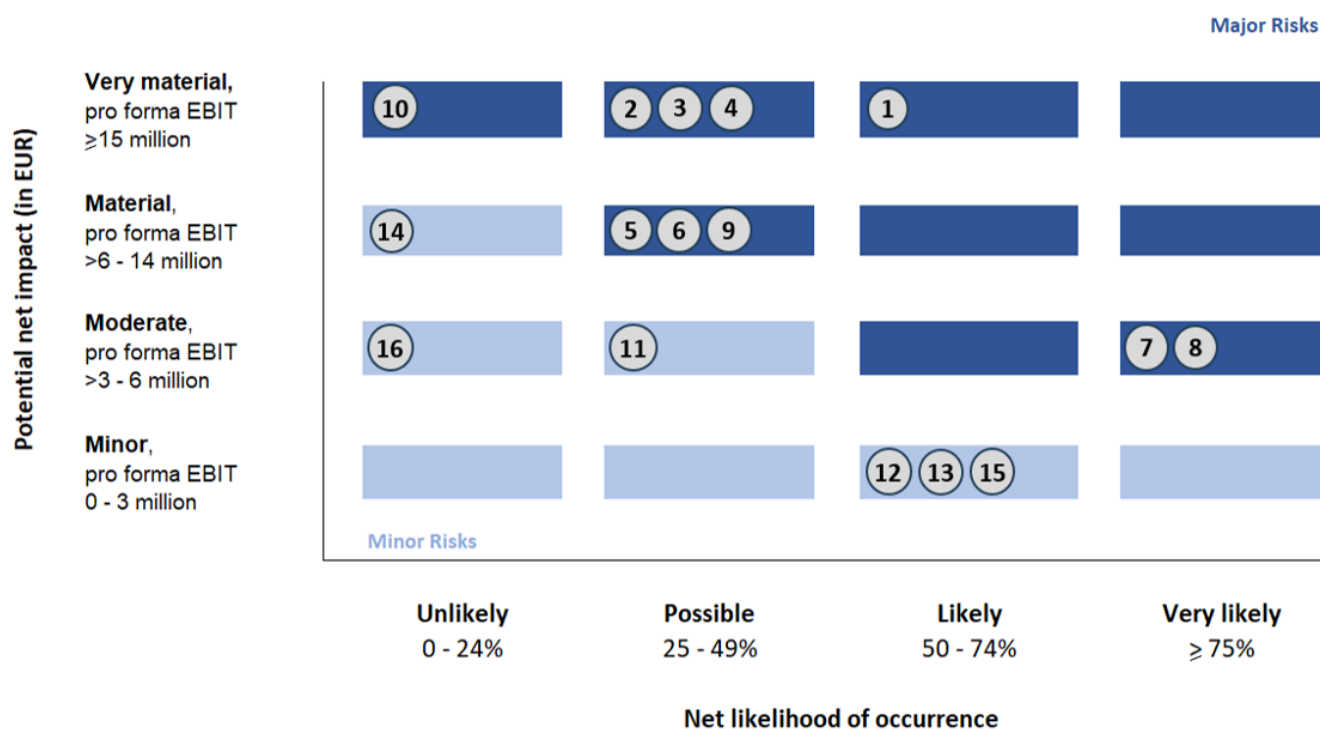
In preparation of the 2025 Annual Report, the impact thresholds ("risk buckets") used for risk classification and heat map visualization were adjusted. The previous impact ranges applied in 2024 (Low: EUR 0–1 million; Moderate: EUR 1–5 million; Material: EUR 5–15 million; Very Material: > EUR 15 million) were revised to the following intervals in 2025: Minor: EUR 0–3 million; Moderate: > EUR 3–6 million; Material: > EUR 6–14 million; Very Material: ≥ EUR 15 million. The likelihood categories remained unchanged. The adjustment was made to achieve a more balanced distribution of risks within the heat map and to enhance transparency and analytical clarity in the presentation of the Company's risk profile. The change does not reflect an increase in the underlying risk exposure but represents a refinement of the classification methodology.

¹⁷ Pro forma EBIT is calculated prior to non-cash charges related to the stock compensation programs as well as amortization and impairment of goodwill and acquisition-related intangible assets. Expenses relating to anniversary payment obligations are excluded starting from 2025. Additionally, non-recurring expenses related to M&A, integration, professional fees relating to an internal investigation and other non-recurring personnel expenses as well as expenses related to restructuring measures are not included.

¹⁸ The disclosures in this paragraph are so-called non-management report disclosures. This is unaudited information.

Major risks 2026-2028

- | | | | |
|--|--|---|---|
| 1. Uncompetitive product(s) due to delayed release(s) | 5. Ransomware, Phishing attack, denial of service attack (Cyber Risks) | 9. Inability to retain the talent with the competencies required to meet key objectives | 13. Data breach or network/ service outage occur due to a security issues in products |
| 2. Uncompetitive product cost | 6. Geopolitical risks | 10. Persistent multiple product issues | 14. Inability to perform new customer product introductions/homologations |
| 3. Global economic slowdown (Macroeconomic risks) | 7. Exchange rate risks | 11. Global Trade Tension: Risk of tariffs, counter-tariffs and sanctions | 15. Management of proprietary information / intellectual property |
| 4. Uncompetitive product due to technological disruption | 8. Excessive or obsolete inventory | 12. Compliance violations | 16. High dependency of concentrated spend on key vendors |



Growth and profitability risks

Geopolitical risks

possible; material (previous year - likely; material)

This risk encapsulates the potential negative impacts on global and regional markets due to geopolitical tensions, trade disputes, and political instabilities. These factors contribute to an unpredictable business environment, affecting supply chains, market access, and overall economic stability. The global business operations of Adtran Networks are being threatened by conflicts or rising tensions between countries which could lead to sanctions, trade embargoes, or military actions, impacting global trade relations. Among the risk factors are changes in government, policy unpredictability, or internal conflicts within countries that can affect Adtran Networks business operations and market conditions, wars and armed conflicts between countries (such as the continuing Russian invasion of Ukraine) and activities of terrorist organizations (which led to the Israel-Hamas armed conflict, including associated Houthi-led disruptions in the Red Sea shipping routes). Additional factors include escalating tensions in the Taiwan Strait, which could disrupt critical semiconductor supplies for the telecommunications sector.

Consequences of this risk realization could be incarnated in difficulties in sourcing materials, increased costs, and delays in production and delivery, restrictions on market entry, increased tariffs, and non-tariff barriers affecting competitiveness and profitability and shifts in consumer preferences and demands due to economic uncertainty or nationalistic sentiments.

The management of Adtran Networks chose to adopt the following mitigation strategies: reducing when possible the dependency on a single country or region for supplies, adapting business strategies to quickly respond to changing market conditions and continuously monitoring the geopolitical landscape to anticipate and prepare for changes.

The probability of geopolitical risks has declined over the reporting period, primarily due to significant enhancements in the resilience and agility of Adtran Networks' supply chain compared to nine months prior. Additionally, strategic initiatives undertaken have successfully reduced the company's operational dependency on China, further diminishing exposure to potential geopolitical disruptions.

Macroeconomic risks possible; very material (no changes since the last year)

As an international player, Adtran Networks is exposed to the economic cycles of many countries and territories worldwide. Economic downturns may lead to reduced demand for telecommunication equipment and, subsequently, a reduction in revenues and margins.

The performance of Adtran Networks faced significant challenges during 2023-2025. During the global semiconductor crisis many customers had built up large inventories to mitigate supply chain risks and were depleting these stocks during the last two years. At the end of 2024 customer demand recovered materializing in increasing order intake. Management expects a further recovery in sales driven by improved supply chain conditions and sustained market demand.

Central banks have begun to cautiously ease their monetary policies in Europe and the United States, signaling potential support for economic recovery. In the euro area, the European Central Bank (ECB) has paused further rate cuts after initial easing earlier in 2024, adopting a data-dependent stance amid ongoing economic uncertainty. In Germany, inflation is expected to remain subdued, reaching 2.3% in 2025, 2.2% in 2026 and falling below 2.0% in 2027¹⁹. In contrast, inflation trends in the United States remain uncertain. Although inflationary pressures have moderated compared to previous years, inflation remains above the Federal Reserve's target of 2%. The Federal Reserve has therefore maintained a cautious monetary policy stance and continues to assess the appropriate timing of potential interest rate adjustments. At the same time, trade policy developments, including the introduction of additional tariffs on imported goods, may contribute to higher production costs and consumer prices. Furthermore, geopolitical developments and potential energy price volatility continue to pose upside risks to inflation.

Adtran Networks will continue to closely monitor macroeconomic developments and will adjust its strategy and tactical direction accordingly.

Global Trade Tension: risk of tariffs, counter-tariffs and sanctions possible; moderate (new in 2025)

Escalating global trade tensions, including unpredictable tariffs, counter-tariffs, and sanctions, pose a significant risk to Adtran Networks. Such trade disruptions may materialize suddenly, leaving insufficient time to implement effective countermeasures or transfer increased costs to customers. This scenario could negatively impact profitability, disrupt supply chains, increase production costs, and diminish competitive positioning in critical markets.

To mitigate these threats, Adtran Networks has undertaken strategic measures, including exiting external manufacturing operations in China to reduce tariff exposure. The company is enhancing its analytical tools to accurately model potential tariff impacts on specific customer accounts, coupled with active dialogues with key customers to manage these trade risks effectively. Additionally, critical supplier dependencies, particularly for optics, power supply units (PSUs), and printed circuit boards (PCBs), are being reviewed on a continual basis to increase supply base diversification to mitigate potential tariff impacts. Concurrently, the sourcing team continues active requests for quotations (RFQs) to identify and qualify alternative suppliers, including accelerating the in-sourcing of selected products to the Huntsville facility, thereby enhancing operational resilience and reducing geopolitical exposure.

¹⁹ European Commission. Economic Forecast for Germany 2026-2027

Exchange rate risks

very likely; moderate (no changes since the last year)

Exchange rate risk, also known as currency risk, refers to the potential for financial losses due to fluctuations in foreign currency exchange rates. For Adtran Networks this risk manifests in several ways:

1. Transaction exposure that arises from the company's commitments to receive or make payments in foreign currencies.
2. Translation exposure that pertains to the consolidation of financial statements from international subsidiaries operating in various currencies into the parent company's euro-denominated financial statements. Exchange rate movements can alter the reported value of assets, liabilities, revenues, and expenses of these subsidiaries, affecting the Company's overall financial position and performance.
3. Economic exposure also known as operating exposure, this involves the long-term impact of exchange rate changes on the company's future cash flows and market value. For example, a sustained appreciation of a foreign currency where a subsidiary operates can increase local costs and expenses, potentially affecting Adtran Networks' profitability in that region.

Adtran Networks employs various hedging strategies, such as forward contracts, to mitigate transaction and translation exposures. Additionally, Adtran Networks prices products in euros where feasible. At the Adtran Holdings level, currency fluctuations provide a natural hedge, balancing financial exposures across the organization. However, in Adtran Networks there is an exchange rate risk with significant impact on the financial performance, as the company's cost of goods sold is primarily denominated in U.S. dollar while sales are primarily conducted in Euro, British pound, and U.S. dollar.

Adtran Networks SE has an exposure to foreign currency exchange rate risk due to US tariffs.

Portfolio and innovation risks

Uncompetitive product(s) due to delayed release(s)

likely; very material (previous year: likely; material)

High competition and rapid technological change are the decisive characteristics of the market for innovative connectivity solutions for cloud and mobile services. Continuous success not only requires the identification of innovative solutions for future network and customer requirements by maintaining cost leadership, but to also release such innovations at the projected time as delays may undermine their competitiveness.

To mitigate the risk, Adtran Networks SE focuses its development efforts on areas where meaningful differentiation can be achieved with sufficient resource allocation. The company continuously improves R&D efficiency through enhanced tooling and systematic measurement of throughput and development cycle times, enabling earlier identification of bottlenecks and delays. In parallel, structured risk management practices are applied within development projects to proactively identify, assess, and mitigate technical and execution risks. Closer collaboration with selected key customers, including joint and iterative development approaches, ensures early validation of requirements and faster alignment with market needs. Additionally, Adtran Networks maintains close cooperation with key partners and suppliers to improve coordination across the value chain and support timely product delivery.

The impact of this risk has increased due to several factors: limited R&D capacity to meet existing customer product and feature requests, intensified competitive pressure from key industry players with significantly larger R&D budgets and resources, rapid technological advancements driving disruptive market changes.

Uncompetitive product cost

possible; very material (previous year: possible; material)

Adtran Networks achieves cost advantages through its ability to scale economically and through the optimization of product design. The loss of competitive product cost would drastically reduce the group's success in winning new business and would have a negative effect on gross and operating margins. The significant pricing pressure for innovative connectivity solutions must be met strategically by improving processes, controls and technology while maintaining adequate R&D budgets, as well as operationally by achieving cost leadership in sourcing product components. A dedicated team identifies competitive price and cost targets for new products, monitors product cost changes throughout the development process and negotiates, tracks and forecasts product and related component costs.

The achievement of the annual cost reduction targets for sourcing components is tracked by quarterly status reports. The establishment of parallel production lines in different territories to mitigate geopolitical and supply chain risks leads to an increase in capital expenditures and operational cost. Adtran Networks diligently assesses the advantages and disadvantages of second sources and parallel production lines versus the additional cost incurred.

Intense pricing pressure persists, driven by ongoing competitor consolidation, increased economies of scale, and substantial growth in R&D investment. This trend is further amplified by the industry's accelerating shift toward vertical integration.

Assessment category of this risk increased from “material” to “very material” due to changes of the categories’ intervals. Quantified assessment of risk did not change and comprises to EUR 6 million (considering the likelihood and impact). The change in the risk impact category from “material” to “very material” is attributable to revised category thresholds. In 2025, an impact of EUR 15 million is classified as “very material”, whereas in 2024, impact of EUR 15 million was deemed “material”.

Uncompetitive products due to technological disruption possible; very material (previous year: possible; material)

Adtran Networks’ products or services may become uncompetitive as a result of technological advancements and innovations in the market. Technological disruption often leads to appearance on a market of new, more efficient, or more appealing products, which can quickly make existing offerings of Adtran Networks obsolete or less desirable. This risk may realize due to the following internal factors: wrong product strategy, inefficiencies in product development, inadequate resource allocation, poor project management, or technical challenges. External factors that may cause products or services to become uncompetitive are among others: market shifts, regulatory hurdles and the dependency on external partners and suppliers. The risk of a potential technological disruption is remediated by continuous reviews of market and product requirements, implementing efficient product development processes to minimize delays, incorporating risk assessment in the planning stage to foresee and mitigate potential causes of delay, ensuring effective communication and coordination among different departments and external partners and by having backup plans for potential setbacks in the product development lifecycle.

Assessment category of this risk increased from “material” to “very material” due to changes of the categories’ intervals. Quantified assessment of risk did not change and comprises to EUR 6 million (considering the likelihood and impact).

Inability to perform new customer product introductions / homologations unlikely; material (no changes since the last year)

For a telecommunications equipment and software producer, the introduction of new products to customers is pivotal for sustaining competitiveness, driving revenue growth and maintaining a technological leadership position in the industry. Should Adtran Networks be unable to solve internal factors such as limited resources, missing features, the inability to react fast enough and to adapt to external factors like changing market demands, evolving regulatory and security requirements and increased competition, the group’s development could be impacted negatively. Since some of the group’s competitors operate in a broader market and have considerably more resources available due to their greater size, Adtran Networks must continue to focus its efforts on investing in research and development to support customer homologation, ensuring that product quality meets both internal standards and external regulatory requirements and keeping abreast of market trends and customer needs to align product development. In addition, the group has implemented the Issue Tracker. This contrivance is being used by Technical staff and Quality Management Team to track high priority issues, align on status and correctness of the chosen approach. Another tool utilized by an internal integrated business unit is quarterly business reviews (QBR) on which integrated metrics are being analyzed. Adtran Networks also makes special emphasis on improved customer-specific testing and stays updated with changing regulations and ensuring compliance to facilitate smooth homologation.

The likelihood of this risk continues to be low due to the establishment of a dedicated team, led by the Chief Technical Officer in collaboration with the sales department, to proactively address potential delays in product homologation and network management integration.

Operational efficiency risks

Ransomware, phishing attack, denial of service attack possible; material (previous year - likely; moderate)

The integrity, confidentiality, and availability of our information systems and data remain crucial to the functioning of our business processes and, consequently, to the Company’s success. Cyber-attacks against organizations continue to escalate globally in both frequency and sophistication, with midsize companies like Adtran Networks increasingly becoming prime targets.

Cybercrimes are perpetrated by a diverse range of actors, from individual hackers to professional organizations, some operating on behalf of national governments. The motives behind these cyber-attacks are equally varied, encompassing ransom extortion, industrial espionage, and sabotage. Cyber-crimes are committed by a wide range of perpetrators ranging from single hackers to professional organizations partially operating on behalf of national governments. The motives for cyber-attacks are similarly wide ranging from ransom extortion to industrial espionage and sabotage. Preventing from, and combating cyber threats is a never-ending challenge which in Adtran Networks is accomplished by a series of measures.

Germany continues to be significantly affected by cyber extortion attempts. A 2025 survey revealed that cybercrime and sabotage have cost German companies approximately EUR 289.2 billion²⁰ in the past year, marking an 8% increase from the previous year. Notably, 87% of German companies were affected by data theft, espionage, or sabotage (up from 81 %

²⁰ The source is: <https://www.bitkom.org/Bitkom/Publikationen/Studie-Wirtschaftsschutz>

previously). The financial impact of cyberattacks specifically has risen to EUR 202.4 billion²¹, now accounting for 70 % of all damages caused by theft or sabotage. Ransomware remains the most critical threat, with 34 % of companies reporting they were affected by such attacks—nearly triple the rate recorded in 2022. In these very serious cyber crimes, criminals are increasingly using AI and automated tools to encrypt victims' data and demand ransoms, a trend confirmed by the Federal Office for Information Security (BSI) as the greatest current danger in cyberspace.

Adtran Networks employs a comprehensive, multi-layered approach to cybersecurity, combining advanced technology with proactive measures. The strategy includes 24/7/365 SOC monitoring by CrowdStrike, enhanced email security, Next-Gen firewall architecture, and continuous vulnerability scanning for public-facing systems, complemented by internal scans every 30 days. Key tools like CryptoSpike for storage protection, Endpoint Detection and Response (EDR), and DDoS-protective firewalls bolster defenses. As part of our continuous improvement, Adtran deployed an AI-based email filter that has significantly reduced phishing emails. Regular backups, software updates, and quarterly cybersecurity training enhance preparedness, while credential protection and specialized identity security tools further safeguard against identity-based threats. This robust framework ensures round-the-clock protection against evolving cyber risks.

Data breach or network / service outages due to a security issue in deployed products likely; minor (previous year – very likely; moderate)

This risk involves the possibility of a data breach or a disruption in network or service operations due to security vulnerabilities in products that Adtran Networks has deployed. This can include software, hardware, or online services. Such incidents can lead to unauthorized access to sensitive data, loss of data integrity, and interruption in essential services. Data breach or network/service outages which occur as a result of a security issue in deployed products may lead to a loss of customer's trust if seen as negligence and could result in claims for compensation. Roadmap commitments might get missed as fixing a severe security issue could absorb R&D resources for a significant time. New shipments might get on hold until the security issue is fixed.

Among the risk factors are important factors such as software and hardware vulnerabilities, inadequate security measures, advanced cyber attacks and third party risks. The impact of incidents could be significant, including customers' service disruption, loss of sensitive data, financial losses, erosion of customers' confidence.

The management of Adtran Networks included various mitigation strategies to control this risk: proper internal secure product development standards (SPLC – secure product life-cycle) are in use, as well as adequate product security incidents response teams (PSIRT) for all products. Adtran Networks utilizes regular security audits and assessments: thorough security reviews of products to identify and address vulnerabilities. Robust security protocols are engaged for implementing strong security measures, including encryption and multi-factor authentication.

Continuous monitoring and incident response planning is being performed: Adtran Networks established systems for continuous monitoring and having a well-defined incident response plan. Employees are being educated on security best practices and the importance of compliance. Vendor and third-party management processes are: ensuring that third-party components and services meet security standards. Monitoring and reporting: implementing systems for ongoing monitoring of security threats and vulnerabilities and regularly reporting on security status and incidents.

In addition to the reasons outlined above, the change in the risk impact category from "moderate" to "minor" is also attributable to revised category thresholds. In 2025, an impact of EUR 0–3 million is classified as "minor" and EUR 3–6 million as "moderate," whereas in 2024, impacts of EUR 0–1 million were deemed "low" and EUR 1–5 million classified as "moderate."

Dependency of concentrated spend on key vendors unlikely; moderate (new in 2025)

Adtran Networks relies on a certain number of key vendors for critical components and technologies, some of which are single-sourced and not readily substitutable. This high concentration of spend and technological dependency increases vulnerability to supply chain disruptions, vendor-specific operational issues, quality deficiencies, or financial instability. Any interruption in supply from these vendors - whether due to geopolitical factors, regulatory changes, capacity constraints, or contractual disputes - could lead to production delays, increased procurement costs, and potential loss of market opportunities. Furthermore, reliance on proprietary or single-sourced technologies may limit flexibility in sourcing alternatives, prolong recovery times, and increase the cost and complexity of transitioning to alternative suppliers.

²¹ The source is: <https://www.bitkom.org/sites/main/files/2025-10/bitkom-study-economic-security-2025.pdf>

To reduce the dependency on key vendors and single-sourced technologies, Adtran Networks SE:

1. Pursues a strategy of technology and supply chain diversification wherever possible and economically reasonable.
2. Where introducing a second source is possible, the company works closely with key partners to develop alternative supply options. In cases where a second source cannot be established, Adtran implements buffer strategies at multiple layers of the supply chain to ensure continuity of supply and mitigate the impact of potential disruptions.
3. The architectural flexibility of network designs allows a specific customer use case to be fulfilled in various configuration options that differentiate in products-in-use and with that vary in cost and feature set.

**Excessive or obsolete inventory
very likely; moderate (previous year - likely; moderate)**

Adtran Networks normally purchases components based on customer orders or forecasts. However, in some situations such as during the semiconductor crisis, or if lead times of single components heavily exceed standard lead times, Adtran Networks may opt on buying components on stock in order to reduce throughput times and customer lead times. Pre-purchasing materials for products without firm orders bears the risk that customers will not demand relevant products. Pre-ordered materials reserved for a certain customer project is often reusable in other customer projects (standard components). Some components, however, cannot be used in any other customer project (non-standard components). Adtran Networks tries to reduce the pre-purchasing of non-standard materials to a minimum in order to limit the obsolescence risk. Despite our close alignments with customers, careful material demand analyses and other means to limit inventory risks, there is a residual risk that components on stock exceed customer demands or cannot be used in any customer project and cannot be resold to other market players, or can be sold, but at a price below the purchasing cost.

Assessment category of this risk increased from “likely” to “very likely” due to changes of the categories’ intervals. Neither likelihood nor impact of this risk did not change since last year and its quantified assessment comprises to EUR 3 million.

**Persistent multiple product issues (Unsatisfying supplier and manufacturing quality)
unlikely; very material (new in 2025)**

Adtran Networks’ product quality is significantly influenced by its suppliers and contract manufacturers. Failure of a single part may cause the whole system to be dysfunctional. Early detection of component as well as production deficiencies is thus critical for the group’s success. Deteriorating quality levels could not only lead to delays in installation, return of products or cancellation of orders, but also to penalties and lawsuits, contract terminations and liability claims. Preventive actions to avoid quality deterioration include close collaboration with key suppliers during the development of critical components, structured and tool based processes for supplier and manufacturer identification and qualification, robust contracting including adequate indemnifications, and regular audits of key suppliers and all manufacturers. Adtran Networks conducts continuous and thorough monitoring and analysis of product quality KPIs and reviews customer escalations weekly for timely resolution. Quality personnel are dedicated to each product unit and monitors the entire lifecycle of Adtran Networks’ hardware and software. Internal and external audits are performed to ensure TL/ISO compliance and that our processes support robust quality practices.

**Management of proprietary information / intellectual property
likely; minor (new in 2025)**

This risk encapsulates the potential negative impacts on the company's competitive position, innovation capabilities, and financial performance due to inadequate management, protection, or enforcement of proprietary information and intellectual property (IP). As a global provider of telecommunications equipment, software, and networking solutions, Adtran Networks relies heavily on its portfolio of patents, trade secrets, copyrights, trademarks, and proprietary technologies, including hardware designs, software algorithms, and network management systems. These assets are critical for maintaining technological leadership in areas such as fiber-optic transmission, Ethernet-based solutions, and broadband infrastructure. Risk factors include unauthorized disclosure or theft through cyberattacks, employee misconduct or inadvertent leaks, infringement by competitors or counterfeiters, supply chain vulnerabilities, challenges in enforcing IP rights across diverse international jurisdictions with varying legal frameworks, and alleged third-party IP infringements.

Consequences of this risk realization could manifest in loss of competitive advantage, erosion of market share, increased legal and litigation expenses, regulatory penalties for non-compliance, reputational damage, and reduced revenue from diminished product differentiation or forced licensing agreements. In severe cases, it could hinder the company's ability to innovate and respond to market demands, impacting long-term growth in the telecommunications sector. The executive management of Adtran Networks has adopted the following mitigation strategies: implementing comprehensive IP management policies and regular audits, enhancing cybersecurity measures including encryption and intrusion detection systems, providing employee training on IP handling and confidentiality, pursuing strategic patent filings and enforcement actions, diversifying supply chains to reduce vulnerability, and establishing a solid response protocol for alleged IP claims, involving an internal expert team and specialized counsels.

To mitigate the risk Adtran Networks has implemented a multi-layered approach including the ongoing review and enhancement of global training and awareness programs to reinforce the importance of safeguarding sensitive information across the organization. Furthermore, all agreements involving intellectual property ownership or licensing rights are subject to thorough legal review to ensure clarity, enforceability, and alignment with corporate interests. The Company also maintains structured oversight of IP licenses and settlement arrangements to ensure proper management, compliance, and risk minimization in connection with third-party engagements.

People and culture risks

Inability to retain the talent with the competencies required to meet key objectives possible; material (no changes since the last year)

The ongoing digital transformation is advancing rapidly, exacerbating the global shortage of skilled talent, particularly within the technology industry. While competition for talent is most pronounced in developed economies, it remains a challenge worldwide, also because of demographic developments. Adtran Networks faces increasing pressure to retain and develop its workforce to safeguard the critical knowledge, skills, and relationships necessary for the development, selling, and maintenance of its innovative products and solutions.

Following the 2023 merger of ADVA and Adtran, Adtran Networks is currently in a post-merger integration phase. Organizational changes and synergies inherent to such mergers can bring some degree of uncertainty among employees, while the blending of two corporate cultures presents additional challenges. Moreover, the integration of systems and processes can lead to increased workloads and stress, further contributing to potentially decreased employee motivation levels and attrition.

Temporary constraints in attracting new talent may arise as some individuals prioritize stability over an evolving work environment. However, organizational transformation can also appeal to highly motivated and creative professionals seeking dynamic career development opportunities. To address these challenges, Adtran Networks remains committed to meeting employee expectations by offering a range of flexible work models, personal and professional development opportunities and fostering a supportive, innovative workplace culture.

Compliance violations

likely; minor (previous year - likely; moderate)

Adtran Networks' markets its products and solutions in part via a variety of distribution partners due to required economies of scale, local (legal) requirements and in order to benefit from existing contractual as well as personal relationships and post-sale support organizations and capabilities. While the group's ability to control the partners' activities are limited, compliance violations by intermediaries may, under specific circumstances, be attributed to Adtran Networks. For mitigation, Adtran Networks implemented robust risk-based due diligence procedures including upfront vetting of new intermediaries and periodic reviews and updates. In addition, Adtran Networks' sales agreements contain clauses in which the intermediaries guarantee compliance with the rules. Existing commission-based compensation is tightly controlled and new contracts are avoided where possible.

Adtran Networks also recognizes the potential risk of legal claims or proceedings arising from possible allegations of harassment or discrimination in the workplace. Such claims may be initiated by employees, customers, or other stakeholders and can involve matters related to gender, race, age, sexual orientation, religion, disability, or other characteristics.

To mitigate the risk, Adtran Networks has implemented robust measures, including the development and enforcement of comprehensive anti-harassment and anti-discrimination policies and trainings. The company ensures accessible, confidential reporting mechanisms are in place and encourages a "speak-up culture" through its Code of Conduct and 24/7 Whistleblower Hotline. Furthermore, all employees are required to complete anti-discrimination corporate training. Should an incident be reported, it will be address through the prompt and fair internal impartial investigation process, reinforcing the organization's commitment to a safe, inclusive, and respectful work environment.

Assessment category of this risk decreased from "moderate" to "minor" due to changes of the categories' intervals. Quantified assessment of risk did not change and comprises to EUR 1.46 million (considering the likelihood and impact).

Minor and financial risks

Beyond the discussed 16 major risks, there is a broad range of minor risks that can also have a negative impact on Adtran Networks. These uncertainties include financial risks as well as the risk of customer defaults, balance sheet risks such as the impairment of intangible assets, and changes in interest rate levels. Uncertainties also exist with regards to the timing of carrier investment cycles and to distribution partnerships, to legal risks pertaining to potential claims under product and warranty liabilities as well as patent rights, to secure confidentiality of personal and business sensitive data. Risks relating to energy supply and risks from possible acquisitions are also worth mentioning. The management board of Adtran Networks does not consider any of these risks or other uncertainties to have a major impact on the group in case of their occurrence.

Changes to the overall risk situation and classified major risks in 2025

The overall risk profile of Adtran Networks SE in 2025 reflects a moderate shift compared to the previous year. Several key risks remain unchanged in their assessment, including global economic slowdown (macroeconomic risks), exchange rate risks, inability to perform new customer product introductions/homologations and inability to retain talent with the competencies required to meet key objectives.

The assessment of certain risks has increased during the year. These include uncompetitive product(s) due to delayed release(s), uncompetitive product cost, uncompetitive products due to technological disruption, various cyber risks (including ransomware, phishing attacks and denial-of-service attacks) and excessive or obsolete inventory.

Conversely, the assessment of several risks has decreased due to improving external conditions and targeted mitigation measures. These include geopolitical risks, compliance violations, and data breach or network/service outage due to security issues in deployed products.

In addition, four new risks have been included in the short list for 2025: global trade tension, referring to the risk of tariffs, counter-tariffs and sanctions being imposed unpredictably, management of proprietary information / intellectual property, the risk due to high dependency on concentrated spend with key vendors and persistent multiple product issues.

In the previous year, a going concern risk was reported in connection with a loan agreement concluded with Adtran Holdings Inc. and the resulting financial dependency. During 2025, the loan was fully repaid and, concurrently, significantly higher cash reserves were built up. While the 2024 annual report anticipated a temporary excess of aggregated risk over risk-bearing capacity in the first half of 2025, the current forecast for 2026 indicates that aggregated risks remain well within the group's available risk-bearing capacity. Consequently, no going concern risk exists as of the reporting date.

Opportunity identification

The identification of opportunities is largely identical to the processes, tools and concepts as described in the "risk management system" section above. The annual definition of the group's opportunities is supported by the management board, which has regular discussions with key customers and industry thought leaders in order to identify new opportunities and technological trends. Throughout the group, agile processes maximize the group's ability to take advantage of newly identified trends. Current major opportunities are as follows:

Market share gains in Europe

very likely; very material (no changes since the last year)

The Covid-19 pandemic and global supply chain disruptions have underscored the critical importance of digitization and secure communication networks in sustaining the economy. At the same time, escalating geopolitical tensions have driven a fundamental reevaluation of strategies in both politics and business. The use of networking technology from questionable origins is increasingly viewed negatively, prompting many European countries and companies to reduce reliance on large Chinese network equipment suppliers, particularly Huawei. Furthermore, the recent global silicon shortage exposed vulnerabilities in supply chains, leading European network operators to reconsider their vendor landscape and favor partnerships with suppliers that are regionally "local." For Adtran Networks, as an established company headquartered in Europe, these dynamics create significant opportunities. The opening of the Terafactory in Meiningen, Germany, further strengthens Adtran Networks' credibility as a trusted local supplier. Additionally, the acquisition of Infinera by Nokia marks a major market consolidation, creating a more concentrated competitive environment with fewer choices for Western network operators. This shift offers Adtran Networks a unique chance to differentiate through agility, innovation, and customer-centric solutions, positioning the company to capture market share.

Portfolio cross-selling

likely; very material (previous year - very likely; very material)

Adtran Networks operates in three distinct technology areas: open optical transmission technology, programmable cloud access solutions and high-precision network synchronization. In addition to a variety of opportunities in each of these technology areas, the group sees a high likelihood of cross-selling these solutions into Adtran, Inc.'s customer base. The combined company educates traditional broadband-only customers of Adtran and has started to win cross-selling opportunities.

Additional demand for bandwidth and services through artificial intelligence (AI)

very likely; very material (previous year - likely; material)

Artificial intelligence could become the catalyst for a new optical network build cycle. The largest cloud service providers are constructing gigawatt AI training centers, and communication service providers (CSPs) are responding with connectivity at hundreds of Terabit/s scale. There is a significant bandwidth opportunity to connect the enterprise data lakes with the AI training centers. Optical transport solutions play a pivotal role in supporting emerging AI-driven middle-mile networks by addressing the unique demands of artificial intelligence workloads. In addition to the bandwidth opportunity, Adtran Networks sees that more and more customers are using the company's range of services in the planning, construction and commissioning phase of their

high-capacity networks. The company is continuously expanding its service catalog, for example using machine learning and AI to offer new services for improved network resilience. The pandemic and geopolitical tensions have increased the demand for data-driven insights and services to automate and protect networks. Further significant revenue increases are possible.

Information technology security

very likely; very material (previous year - very likely; material)

Large enterprises and government agencies are concerned about the security of their data and business processes and are therefore building new data backup and data storage solutions, which in turn require transmission technology to link sites. In addition, the EU's General Data Protection Regulation (GDPR), which came into force in 2019, is leading to increased data protection requirements for all companies operating in Europe. A few years ago, network technology primarily had to provide cost-effective bandwidth. Today, the focus is increasingly on security. This inevitably has an impact on the technical realization of the cloud as well as customers' selection of manufacturers. Adtran Networks is the one remaining European specialist in optical transmission technology and a reliable partner for thousands of companies. Its ConnectGuard^{TM22} security portfolio offers customers comprehensive protection in different network scenarios and brings numerous competitive advantages. With the founding of Adva Network Security (ANS) in 2022, the company showed its strong commitment to this highly relevant market. As a German company with strong visibility and presence with data center and network operators worldwide, ANS anticipates a positive market environment with additional opportunities in security-related infrastructure.

New markets for synchronization solutions

very likely; material (no changes since the last year)

In addition to mobile network operators' increasing demands for high-precision synchronization solutions, Adtran Networks' Oscilloquartz technology is gaining traction in other applications. Most notably, securing critical infrastructure against GNSS²³ failures has become increasingly important, opening opportunities with government agencies and operators of mission-critical infrastructure. Also relevant are the synchronization of global databases of internet content providers, the accuracy of timestamps for financial trading, the synchronization of power grids with distributed generation, time distribution in digital infrastructure deployment, and the synchronization of media networks. All these applications offer additional opportunities for this product portfolio.

Expansion of addressable market and share gains through decarbonization

possible; material (no changes since the last year)

The climate change and resulting threats to our planet are largely driven by the high global CO₂ emissions. The transport of goods and people has played a not insignificant role in this. In addition, of course, the energy consumption of communication networks is also increasing as data traffic grows. This creates opportunities for Adtran Networks: on the one hand, communication technology enables numerous economic processes, as well as processes of daily life to function with significantly less mobility. Home office and video conferencing significantly reduce the need for business travel in many industries. The aspect of "green thanks to ICT" – i.e., more resource-efficient processes through the use of communications technology to replace the need for trips and flights – is stimulating network expansions in many countries of the world and having a positive effect on the growth of Adtran Networks' addressable market. On the other hand, Adtran Networks' activities in the area of sustainability are highly advanced. These are described in detail in the separately published sustainability report. The company is making considerable efforts to sustainably improve the energy efficiency of its products and operational processes, which are yielding noticeable results. The company's innovation can reduce the energy consumption of communications networks. Adtran Networks' customers, some of whom have set very ambitious climate targets, benefit from these improvements and appreciate the company's efforts. Now that some countries even require CO₂ levies to be paid, this also creates an economic advantage for network operators and, in turn, a competitive advantage for Adtran Networks.

Additional sales opportunities from ongoing market consolidation

likely; very material (previous year - possible; material)

Vendor consolidation in optical networking technology will continue. Nokia acquired Infinera, a supplier of optical networking solutions, in a \$2.3 billion deal. The acquisition further reduces the number of competitors in that space and will dilute Nokia's European profile. Adtran Networks is the remaining European specialist in open optical networking technology and has built a positive reputation among its customer base. A consolidated competitive landscape can lead to slower market price erosion and new opportunities for Adtran Networks to win additional customers as a primary or secondary supplier. The merger with Adtran strengthens Adtran Networks' market power and generates additional economies of scale.

Vertical integration for cost reductions in product components and new markets

very likely; moderate (previous year - likely; moderate)

Adtran Networks is increasingly investing in the development of optoelectronic components. These investments enable greater vertical integration and greater independence from suppliers. On the one hand, this leads to an improved cost structure for

²² Brand name for Adtran Networks' encryption technology, implemented in many of the company's products.

²³ GNSS refers to a constellation of satellites transmitting positioning and timing data from space. GNSS receivers determine their location by using that data. By definition, a GNSS provides global coverage.

certain functions in Adtran Networks' systems. On the other hand, Adtran Networks benefits from an expansion of the total addressable market (TAM). The pluggable transceiver modules of the successful MicroMux family, as well as the 100ZR module developed jointly with Coherent, a global leader in materials, optics, and lasers, will make an increasing contribution to consolidated revenues and margins in 2026 and beyond, with strong growth potential.

Exchange rate opportunities very likely, moderate (previous year - very likely; material)

As explained above in "exchange rate risks", at present, major uncertainties exist about the future development of foreign currency exchange rates relevant for Adtran Networks. These can have a negative as well as a positive impact on Adtran Networks' revenues and results. As Adtran Networks plans the foreign exchange rates at the budgeting time at expected balanced rates, there are equal risks and opportunities resulting from foreign exchange.

Changes to the overall opportunity situation and the classified major opportunities in 2025

The company sees itself well positioned to take advantage of various market opportunities, which include increasing demands driven by broadband stimulus, artificial intelligence (AI), information security requirements, and high-precision synchronization required by new customer groups. The efforts of the western developed countries to remove Huawei and ZTE equipment from their networks continue to provide additional opportunities in a consolidating market. With its well-rounded portfolio of hardware, software and service offerings, Adtran Networks has a strong foundation for great performance.

Overall opportunity and risk assessment

Based on careful inspection of the group's opportunity and risk profile at the time of the preparation of the combined management report, the management board of Adtran Networks believes that the group's opportunities offset the risks. Adtran Networks overall balance between opportunities and risks is higher than the one at the time of the publication of the prior year's combined management report.

In 2026, the aggregated risk exposure remains below the company's risk-bearing capacity. Accordingly, Adtran Networks has sufficient headroom to absorb the potential materialization of the risks described above. The development of risk exposure and the risk-bearing capacity is subject to ongoing monitoring.

Internal controls related to financial reporting

The management board of Adtran Networks is responsible for establishing and maintaining an adequate system of internal controls. It has implemented an internal control system that enables the management board to ensure completeness, accuracy and reliability of financial reporting at group and legal entity level. When designing its internal control system, Adtran Networks used the COSO framework as a key reference and source of guidance. The internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting. No system of internal control over financial reporting, including one determined to be effective, may prevent or detect all misstatements.

Control environment

The control environment is the foundation of the internal control system in every organization. Adtran Networks fosters an environment of openness and integrity with a clear commitment to excellence, competence and the development of its employees. The group's leadership principles of integrity/honesty, decisiveness and respect are based on this philosophy, and the culture is reflected in the overall tone set by the management board. Adtran Networks has a clear organizational structure with well-defined authorities and responsibilities. The bodies charged with the governance and control of the group actively participate in the running and steering of the business. The business is managed on a global basis and run via functional areas. Financial steering of the group and financial stewardship for individual legal entities is handled by the chief financial officer, under the audit committee's guidance.

In 2023 due to the merger with Adtran, which was already listed on NASDAQ, Adtran Networks (ex-ADVA) had devoted considerable effort to ensure its consolidated operations meet the requirements set forth by the Sarbanes-Oxley Act (SOX). In 2023 the focus was on the implementation and testing of existing and new internal controls designed based on the COSO framework and to be evaluated in accordance with SOX. In the following years these controls were improved and optimized. Recognizing the importance of these controls in safeguarding the integrity of Adtran Networks financial information, management established a dedicated team to evaluate internal controls over financial reporting in accordance with SOX. This team conducts evaluations to identify and help management mitigate potential risks over financial reporting, ultimately with the objective to ensure that internal controls over Adtran Networks consolidated financial statements are effective both by design and operationally.

In 2025 internal control structure evaluation process has identified several immaterial deficiencies in internal controls. These findings highlight specific areas for enhancement within Adtran Networks' internal control system. In response, corrective measures were formulated and implemented to address these deficiencies. The organization remains focused on strengthening

the effectiveness of internal controls and reinforcing compliance with SOX requirements. Improvement efforts will continue into the subsequent financial year, aiming to rectify the identified deficiencies and improve financial reporting²⁴.

Risk assessment

As part of the internal controls related to financial reporting, the risk assessment follows the process described in the “risk management system” section.

Control activities

At an individual entity level, Adtran Networks' larger and more complex business units use an integrated enterprise resource planning solution, which also serves as general ledger system. Information technology controls have been implemented to restrict user access, ensure proper authorization of changes to the system and efficient handling of user help desk requests. Specific processes are defined and applied for the following reporting cycles in these business units: cash reporting, revenue recognition, accounts payable, capitalization of development expenses and recognition of subsidies for research, inventory reporting, fixed assets, payroll and provisions. Adtran Networks carries out monthly analytical reviews and quarterly balance sheet reviews based on a four-eye principle between the local accounting and the consolidation functions.

For the consolidated financial statements, the balance sheet and income statement positions requiring a significant degree of judgment and estimation when being valued are determined and analyzed with the involvement of management. This is the case for impairment testing reviews (annual or when a triggering event occurs), capitalization of development projects (when the industrialization stage is reached) and tax reporting, specifically deferred taxes (quarterly). Adtran Networks additionally carries out monthly intercompany reconciliations as part of the consolidation process and analytical reviews of actual vs. expected results based on a four-eyes principle between the financial planning and the consolidation functions.

All business units follow a set of global accounting policies and reporting guidelines applying to the whole group. The financial statements preparation process is monitored globally via a calendar that is communicated to all involved parties on a monthly basis. Checklists are completed both in the individual business units and at the consolidation level to ensure completeness of all closing steps. Periodic reviews by group management are conducted to detect errors and omissions.

Information and communication tools

The internal control system at Adtran Networks is supported by tools to store and exchange information, enabling the management board to make informed business decisions about financial reports and disclosures. The following components ensure proper information and communication for financial reporting:

- Accounting systems for individual entities are matched to the degree of complexity of the business unit. For most entities, an integrated enterprise resource planning system, which also serves as general ledger system, is in place. All local accounts are mapped to the group chart of accounts, which is used group-wide.
- The group consolidation is supported by a database tool which is linked to the enterprise resource planning and financial planning systems via interfaces. The global financial planning system is used extensively in analyzing actual vs. expected results and thus monitoring the results of the consolidation.
- Global accounting policies for the more complex financial statement positions of the group and a group chart of accounts for all other positions are available. Accounting policies are updated regularly and are implemented only after a thorough internal review and training.

Internal monitoring

As part of the ongoing monitoring, the chief financial officer is informed about all material misstatements and control breakdowns at group and business unit level on a quarterly basis in the executive summary to the financial statements. The reporting of deficiencies follows the principles of open and transparent communication. Follow-up is ensured through regular meetings where corrective actions are presented.

²⁴ Unaudited information

Internal financial audit

Adtran Networks maintains an internal audit function to regularly assess financial processes and systems.

Based on an annual risk assessment, the internal audit function develops an audit plan proposal for the upcoming year. The proposed plan is presented to, aligned with, and finally ratified by the audit committee. The internal audit function performs internal audit reviews throughout the year according to the audit plan. Audit results are discussed with responsible managers. In case of identified process or system weaknesses, the internal audit function makes recommendations and improvement actions are defined and agreed with the responsible manager(s). The progress of these and their success in removing the identified weaknesses is reviewed by the internal audit function. The internal auditing activities are reported quarterly to the audit committee and includes feedback about the progress of audits performed versus the audit plan, about the results of terminated audit reviews and about improvements resulting from actions taken.

Outlook

The statements in this chapter apply to the Adtran Networks group as well as to Adtran Networks SE. Further details on the projected market environment, as well as the resulting opportunities, can be found in the “General economic and market conditions” section and in the “Business overview” section.

2025 marked a year with two different halves. In the first half of the year, revenues continued at 2024 levels still being under pressure by low demand as result of high customer inventories built up during the supply crisis. In the second half of the year revenues showed a significant uplift which had been estimated in the 2025 plan one or two quarters earlier in the year. The recovery was particularly strong in Optical Networking which had suffered most from the low demand after the semiconductor and supply chain crisis. Also a new large customer win contributed to the increase in revenues in this area.

Revenues increased from EUR 438.1 million to EUR 481.7 million in the Adtran Networks group. This 10.0 % increase had a positive impact on the company's profitability and resulted in a pro forma EBIT margin of negative 0.9% after negative 2.3 % reported in 2024. In the Annual Financial Report 2024, Adtran Networks forecasted for 2025 a revenue growth in the range of a high single- to low double-digit percentage as well as an improvement of pro forma EBIT margin to a positive single-digit percentage value.

The pro forma gross margin declined from 36.0% in 2024 to 34.3 % in 2025. The 2024 gross margin was positively impacted by the one-off sale of perpetual software licenses to a Tier-1 customer. Pro forma operational expenses increased slightly from EUR 167.9 million to EUR 169.6 million and the pro forma EBIT resulted in a negative EUR 4.4 million improved compared to negative EUR 10.2 million in 2024.

Net cash for Adtran Networks group at the end of fiscal year 2025 was EUR 37.8 million, compared to a net debt of EUR 6.6 million in the previous year fully in line with the forecast of the 2024 Annual Financial Report which assumed the net debt to be converted into a net cash position. This significant improvement is primarily due to a EUR 19.2 million higher operational cash flow and lower investment outflows of EUR 18.9 million compared to 2024.

Looking ahead to the business development in 2026, the management board expects an improvement in general demand across all product areas. While the tense political climate, the new US administration's tariff policy, and the comparatively high interest rate level continue to cause uncertainty in the market, it is imperative that progress is made in expanding the communications infrastructure and securing critical infrastructure. Furthermore, new technologies and business models, such as the use of generative AI, are generating additional bandwidth requirements in data networks that can only be met through further investments in network expansion.

In recent years, Adtran Networks has increasingly focused and comprehensively prepared itself technologically for the transformation of networks with the aspects of AI, cloud, mobility, automation and security. In addition to the high-quality performance features of optical data transmission, precise network synchronization technology and programmable cloud access solutions, the service portfolio also delivers increasing added value. Adtran Networks develops, produces and delivers communication technology for the digital future. According to estimates by industry analysts, the total addressable market for the company was USD 11.3 billion²⁵ in 2025 and is projected to reach USD 12.6 billion by 2029.

Against the backdrop of the aforementioned factors and taking into account the planning parameters, personnel, and exchange rates, the management board expects a revenue growth from a negative single-digit percentage to a positive single-digit percentage for 2026 for the Adtran Networks group. In line with the development of revenues, the management assumes that pro forma EBIT margin will end up between a negative single-digit percentage and a positive single-digit percentage in 2026. The company's objective is to be in compliance with the defined capital management objectives, which are described in Note (35) to the consolidated financial statements.

Actual results may differ significantly from expectations if risks materialize or if planning assumptions prove unrealistic. The group's material risks are explained in the “risk and opportunity report” section.

²⁵ World market excluding China for Metro and long haul WDM (SignalAI, “Transport Hardware & Markets Report”, published December 2025), Ethernet access solutions and network synchronization (Adtran Networks own estimates)

Declaration on corporate governance

Compliance with the rules of proper corporate governance is of great importance to Adtran Networks - it is the foundation for the group's success. According to section 289f and § 315d of the German Commercial Code (Handelsgesetzbuch, HGB) in connection with Principle 23 of the German Corporate Governance Code in the version dated April 28, 2022 – published in the Federal Gazette on June 27, 2022 –, Adtran Networks SE is obliged to publish a “declaration on corporate governance”. Adtran Networks publishes the declaration on corporate governance on the corporate governance page of its website www.adtran-networks.com (<https://www.adtran-networks.com/en/about-us/investors/corporate-governance>). The remuneration report for the 2025 financial year and the auditor's report in accordance with Section 162 AktG, the applicable remuneration system in accordance with Section 87a (1) and (2) sentence 1 AktG and the most recent remuneration resolution in accordance with Section 113 (3) AktG are also publicly available there.

Meiningen, March 26, 2026

Thomas R. Stanton

Christoph Glingener

Timothy Santo

Adtran Networks SE, Meiningen – Financial Statements for the Financial Year January 1 to December 31, 2025

Balance sheet on December 31, 2025

(in thousands of EUR)	Note	31.12.2025	31.12.2024
Assets			
A. Fixed Assets	(1)	258,269	249,032
I. Intangible assets			
1. Self-produced industrial property rights and similar rights and assets, and licenses in such rights and assets	(2)	114,027	122,251
2. Purchased concessions, industrial property rights acquired for consideration and similar rights and assets	(3)	18,715	11,971
3. Advance Payments		17,947	8,065
		150,689	142,287
II. Property, plant and equipment			
1. Land, land rights and buildings, including buildings on third-party land		10,981	11,569
2. Plant and machinery		8,153	7,488
3. Other equipment, furniture and fixtures		623	579
4. Payments on account and assets under construction		95	10
		19,852	19,646
III. Financial assets			
1. Shares in affiliated companies	(4)	72,378	68,782
2. Loans to affiliated companies	(5)	15,350	18,317
		87,728	87,099
B. Current Assets		186,014	227,532
I. Inventories			
1. Raw materials, consumables and supplies		18,927	21,652
2. Work in process		215	159
3. Finished goods and merchandise		33,754	33,956
4. Payments on account		18,527	36,390
		71,423	92,157
II. Receivables and other assets			
1. Trade accounts receivable	(6)	65,185	48,649
2. Receivables from affiliated companies	(7)	36,880	80,125
3. Other current assets	(8)	3,722	2,389
		105,787	131,163
III. Cash at banks and in hand		8,804	4,212
C. Prepaid expenses and deferred charges		3,384	1,885
Total assets		447,667	478,449

Balance sheet on December 31, 2025

(in thousands of EUR)	Note	31.12.2025	31.12.2024
Equity and liabilities			
A. Equity	(9)		
I. Subscribed capital		52,055	52,055
(Conditional capital EUR 0 thousand) (prior year: EUR 3,491 thousand)			
II. Capital reserve		46,811	46,892
III. Retained earnings			
Other retained earnings		2,551	2,551
IV. Accumulated profit		177,438	177,438
		278,855	278,936
B. Provisions			
1. Provisions for pension and similar obligations	(10)	1,165	1,011
2. Tax provisions	(11)	205	358
3. Other provisions	(12)	14,141	16,179
		15,511	17,548
C. Liabilities	(13)		
1. Liabilities to banks		7,335	52,795
2. Advance payments received		906	1,022
3. Trade accounts payable		26,472	22,226
4. Liabilities to affiliated companies	(7)	82,035	76,858
5. Other liabilities		9,518	3,544
<i>thereof for taxes</i>		2,099	1,272
<i>thereof for social security</i>		285	236
		126,266	156,445
D. Deferred income		15,761	14,515
E. Deferred tax liabilities	(14)	11,274	11,005
Total equity and liabilities		447,667	478,449

Income statement for the period from January 1 to December 31, 2025

(in thousands of EUR)	Note	2025	2024
1. Revenues	(15)	325,700	302,087
2. Cost of goods sold	(16), (17)	207,515	191,231
3. Gross profit		118,185	110,856
4. Selling and marketing expenses	(17)	41,643	41,255
5. General administrative expenses	(17)	20,938	20,768
6. Research and development expenses	(2), (17)	109,300	110,390
7. Other operating income	(18)	26,317	21,445
<i>thereof currency translation</i>		13,956	9,647
8. Other operating expenses	(19)	11,676	11,663
<i>thereof currency translation</i>		11,281	11,522
9. Operating income (EBIT)		(39,055)	(51,775)
10. Income from investments	(20)	0	18,179
<i>thereof from affiliated companies</i>		0	18,179
11. Income from profit transfers	(21)	11,866	—
12. Income from other securities and loans classified as financial assets		169	121
<i>thereof from affiliated companies</i>		169	121
13. Other interest and similar income		1,833	1,765
<i>thereof interest income from discounting</i>		1,833	1,765
14. Amortization from financial asset		—	—
15. Interest and similar expenses		3,324	4,329
16. Tax expense (benefit) net	(22)	1,496	11,690
<i>thereof deferred taxes</i>		268	11,005
17. Result after taxes		(30,006)	(47,729)
18. Other tax expense (benefit), net		3	6
19. Income from loss transfer		30,009	47,735
20. Net income/(loss) for the year		0	0
21. Profit carried forward		177,438	177,438
22. Accumulated profit		177,438	177,438

Notes to the financial statements 2025

Preparation of the annual financial statements

The annual financial statements of Adtran Networks SE (hereinafter referred to as “the company”) for the financial year ended 2025 were prepared in accordance with the regulations of the German Commercial Code (Handelsgesetzbuch, HGB) and the SE regulations in connection with the German Corporation Law (AktG). The classification of income and expenses in the income statement is based on their function within the company. In the case of options, disclosures have been made in the notes for the sake of clarity. The separate financial statements were prepared on a going concern basis.

General information about the company

The company is a Societas Europaea located in Märzenquelle 1 - 3, 98617 Meiningen, Germany and is registered at the district court Jena under HRB number 508155.

Adtran Networks SE is classed as a large company in accordance with the Germany Commercial Code (HGB) § 267. The business year is equal to the calendar year. The financial statements for the year ended December 31, 2025 were authorized for issue in accordance with a resolution of the management board on March 26, 2026.

The company develops, manufactures and sells networking solutions for a modern telecommunication infrastructure. Its products are based on fiber-optic transmission technology combined with Ethernet functionality and intelligent software for network management and virtualization. Furthermore, the portfolio includes timing and synchronization solutions for networks.

Telecommunications service providers, private companies, universities and government agencies worldwide use the companies’s systems. Adtran Networks SE sells its product portfolio both directly and through an international network of distribution partners. Adtran Networks SE is controlled by Adtran Holdings, Inc., Huntsville, Alabama, USA, as the direct parent company. The consolidated financial statements in accordance with US GAAP of the parent company Adtran Holdings, Inc. can be found on the following website <https://investors.adtran.com/financials/annual-reports/default.aspx>.

Accounting policies and valuation

Intangible and tangible assets

Intangible and tangible assets are recognized at acquisition or production costs, including incidental costs, less scheduled depreciation. Depreciation is based on a straight-line method pro rata temporis. Impairment charges are recognized in case of a permanent diminution in value.

Intangible assets with finite lives are amortized on a straight-line basis over the expected useful economic lives of the assets as follows:

- Capitalized development projects 3 to 5 years
- Purchased technology 3 to 10 years
- Software and other intangible assets 3 to 9,75 years

Depreciation on property, plant and equipment is calculated over the estimated useful economic lives of the assets as follows:

- Buildings 20 to 39 years
- Technical equipment and machinery 3 to 10 years
- Factory and office equipment 3 to 10 years

Low-value assets will not be fully expensed in the year of acquisition. The option to expense costs immediately has not been used. Self-constructed tangible assets are capitalized at production costs including appropriate material and production overhead costs. General administrative expenses are not included in the production costs. Investment subsidies are deducted from the acquisition or production costs.

Government grants

Government grants are recognized as other assets if the company meets the material requirements for the grant on the balance sheet date and has submitted or is almost certain to submit the necessary applications by the time the balance sheet is prepared. Grants that have already been disbursed before the material conditions for awarding them have been met are reported under other liabilities until they are used for their intended purpose. Expense-related grants are only recognized as income when the conditions associated with the grants are met. Grants for an asset are recognized in the balance sheet as a reduction in acquisition and production costs and therefore result in lower depreciation over the useful life.

Research and development projects

The company makes use of the capitalization option in accordance with Section 248 (2) S 1 HGB. Development costs for new products are capitalized at acquisition and production cost, provided that the requirements for capitalization in accordance with GAS 24 para. 45 are met. The eligibility for capitalization is essentially based on the assessment of the legal representatives that the technical feasibility has been proven and that the development project will generate an inflow of economic benefits.

Capitalized development expenses are included in the balance sheet position self-constructed industrial and similar rights and assets, and licenses in such rights and assets. In the event that the requirements for capitalization are not met the expenses are recognized in the income statement in the year they are incurred.

Capitalized development projects include all costs that can be directly assigned to the development process, including borrowing costs.

Depreciation is recognized on a straight-line basis from the start of production of salable products over the estimated sales periods of the products, which are generally between three and five years.

Completed and ongoing development projects are tested for impairment on the balance sheet date and at other reporting dates defined in the product life cycle. The impairment test is carried out on the basis of a net present value-oriented approach. Impairment losses are recognized if appropriate.

Research costs are expensed as incurred.

Financial assets

Shares and loans to affiliated companies, as well as other loans and equity investments, are measured at acquisition cost including incidental acquisition costs, and are reduced by impairment losses in the case of a permanent diminution in value. The determination of fair value is based on the discounted cash flow method. In accordance with Section 253 (5) of the German Commercial Code (HGB), a reversal of impairment is recognized if the reasons for the previously recorded impairment no longer apply.

Inventories

Inventories are recognized at acquisition or production cost, taking into account incidental acquisition costs and purchase price reductions, or at the lower of market or fair value. Acquisition costs are determined using the average cost method. Production costs are determined taking into account the direct material and production costs, the depreciation of fixed assets and pro rata overheads, if caused by production. General administrative overheads and interest on borrowed capital are not included directly in production costs. Advance payments are recognized at nominal value.

Receivables and other assets

Receivables and other assets are in accordance with the strict lowest value principle and stated at nominal value, taking into consideration appropriate value adjustments for all identifiable risks.

Cash and cash equivalents

Cash in hand and bank balances in euros are recognized at nominal value, while those in foreign currencies are translated at the spot exchange rate on the balance sheet date.

Prepaid expenses

Prepaid expenses include payments recorded in the current reporting period that are related to a defined period after the balance sheet date.

Subscribed capital

Subscribed capital is recognized at nominal value.

Pensions and similar obligations

Pensions and similar obligations are measured using the projected unit credit (PUC method). Under this approach, future obligations are valued based on the portion of benefits accrued as of the balance sheet date and discounted to their present value. The valuation incorporates assumptions about the future development of certain parameters that affect the amount of future benefits.

Taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted on the balance sheet date.

Provisions

Provisions are made for all identifiable risks to an adequate extent considering the principles of commercial prudence and are recognized at the settlement amount. Other provisions with a remaining term of more than one year are discounted using the average interest rate of the last seven years.

Liabilities

Liabilities are stated at the settlement amount. The settlement amount of loans is the nominal value.

Liabilities to banks also include financial liabilities from a factoring agreement. Due to the legal assignment of the receivables, this amount is fully collateralized. The trade receivables sold under this agreement continue to be recognized at Adtran Networks SE, as the material credit risk is not transferred despite the sale until the receivables are settled.

Deferred income

Deferred income is recognized for receipts reported in the current period as far as they represent income for a defined period after the reporting date.

Deferred tax

Deferred tax is provided using the liability method on temporary differences on the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences as well as for tax losses carried forward to the extent that it is probable that taxable profit will be available against which the deductible temporary differences respectively tax losses carried forward can be utilized.

The carrying amount of deferred tax assets is reviewed on each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted on the balance sheet date. Future changes in tax rates are recognized on the balance sheet date if their impact is materially certain as part of the tax legislation process.

Deferred tax assets and deferred tax liabilities are offset in the balance sheet. The Company does not make use of the capitalization option under Section 274 (1) S. 2 HGB.

Derivative financial instruments

Customary market instruments such as forward contracts are used to hedge currency risks.

Potential losses expected as of the balance sheet date are recorded as a provision. No such provision was established as of December 31, 2025.

No valuation units within the meaning of Section 254 HGB are formed.

Share-based compensation plans according to German Commercial Code (HGB)

Adtran Networks SE's parent company, Adtran Holdings, Inc., provides Adtran Networks SE's executives with share-based compensation (equity instruments, restricted stock units, and performance stock units). An agreement has been reached with Adtran Holdings, Inc. to charge the resulting personnel expenses. From Adtran Networks SE's perspective, this represents a liability.

Revenues

Sale of goods

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer.

Product returns are estimated according to contractual obligations and past experiences and are recognized as a reduction of revenues.

Rendering of services

Revenues arising from the sale of services primarily derive from maintenance, installation services and training and are recognized when those services have been rendered. Installation services are recognized as revenue if the final installation has been approved by the customer. Generally, maintenance services are reported as deferred revenue and recognized as revenue straight-line over the contract period. Training is recognized as revenue immediately after supply of the service.

In arrangements with customers that include delivery of goods as well as rendering of services, the shipment of the goods is separated from the rendering of the services if the goods have a stand-alone value for the customer and the fair value of the service can be reliably determined. Both components of the transaction are measured at their proportionate fair value.

Discounts and rebates on the sale of goods and the provision of services are recognized as a reduction in revenue.

Cost of goods sold

Cost of goods sold comprises the costs incurred in the production and rendering of services. This item subsumes both the direct cost of materials and production directly assignable to a product, including the depreciation of production equipment, amortization of production-related intangible assets and write-downs on inventories. Cost of goods sold also includes changes to the warranty provision. Income from the reversal of write-downs on inventories reduces the cost of goods sold, which also includes amortization of purchased technologies and amortization of capitalized research and development projects.

License payments to companies within the Group relate to usage of intellectual property rights and are recognized in selling and marketing expenses.

Currency translation

Assets and liabilities are translated into EUR using the exchange rate at the time of acquisition. Non-current assets are translated as at the balance sheet date, taking into account the imparity principle.

Receivables, assets and liabilities are translated at the mean spot exchange rate on the balance sheet date.

Expenses and income from currency translation are included in the income statement as other operating expenses or income.

The relevant exchange rates are:

	Spot rate on Dec. 31, 2025
AUD	1.7543
BRL	6.4929
CAD	1.6104
CHF	0.9293
CNY	8.2216
GBP	0.8712
HKD	9.1511
ILS	3.7435
INR	105.5800
JPY	183.4800
PLN	4.2263
SEK	10.8180
SGD	1.5095
USD	1.1757

Notes and information on selected items of the annual financial Statements

(1) Fixed assets

The development of fixed assets from January 1 to December 31, 2025, is disclosed in the following schedule:

(in thousands of EUR)	Accumulated Historical cost						Accumulated depreciation				Net book values		
	Jan. 1, 2025	Additions	Investment funding	Disposals/ retirements	Reclassifications	Dec. 31, 2025	Jan. 1, 2025	Additions*	Disposals/ retirements	Reversal of write-downs	Dec. 31, 2025	Dec. 31, 2025	Dec. 31, 2024
I. Intangible assets													
1. Self-produced industrial property rights and similar rights and assets, and licenses in such rights and assets	432,770	** 40,048	626	0	0	472,192	310,519	47,646	0	0	358,165	114,027	122,251
2. Purchased concessions, industrial property rights acquired for consideration and similar rights and assets	75,427	11,040	0	4,729	2,692	84,430	63,456	6,985	4,726	0	65,715	18,715	11,971
3. Goodwill	284	0	0	0	0	284	284	0	0	0	284	0	0
4. Advance payments	8,065	12,574	0	0	(2,692)	17,947	0	0	0	0	0	17,947	8,065
	516,546	63,662	626	4,729	0	574,853	374,259	54,631	4,726	0	424,164	150,689	142,287
II. Property, plant and equipment													
1. Land, land rights and buildings including buildings on third-party land	20,366	218	0	0	0	20,584	8,797	806	0	0	9,603	10,981	11,569
2. Plant and machinery	53,134	4,053	0	8,587	9	48,609	45,646	3,373	8,563	0	40,456	8,153	7,488
3. Other equipment, furniture and fixtures	5,969	369	0	2,071	0	4,267	5,390	322	2,068	0	3,644	623	579
4. Payments on account and assets under construction	10	94	0	0	(9)	95	0	0	0	0	0	95	10
	79,479	4,734	0	10,658	0	73,555	59,833	4,501	10,631	0	53,703	19,852	19,646
III. Financial assets													
1. Shares in affiliated companies	80,203	0	0	0	0	80,203	11,421	0	0	3,596	7,825	72,378	68,782
2. Loans to affiliated companies	18,317	*** 1,567	0	**** 4,534	0	15,350	0	0	0	0	0	15,350	18,317
3. Investments	1,374	0	0	0	0	1,374	1,374	0	0	0	1,374	0	0
	99,894	1,567	0	4,534	0	96,927	12,795	0	0	3,596	9,199	87,728	87,099
Total	695,919	69,963	626	19,921	0	745,335	446,887	59,132	15,357	3,596	487,066	258,269	249,032

*Thereof depreciation of additions EUR 8,040 thousand in period 2025.

**In 2025, borrowing costs of EUR 819 thousand (2024: EUR 1,214 thousand) related to development projects with an expected duration of more than twelve months were capitalized. Borrowing costs were capitalized applying the weighted average rate of the financial liabilities of 7.8 %. The additions include EUR 40,048 thousand of own capitalized development costs.

*** Of this amount, EUR 791 thousand relates to additions from the foreign currency valuation of loans issued in ILS and USD.

**** Of this amount, EUR 2,625 thousand relates to disposals from the foreign currency valuation of loans issued in ILS and USD.

(2) Self-constructed industrial and similar rights and assets, and licenses in such rights and assets

The following table shows the total amount of research and development costs and the amount attributable to internally generated intangible assets, broken down into research and development costs.

(in thousands of EUR)	2025	2024
Research & Development expenses	149,348	147,005
Thereof capitalized development projects	(40,048)	(36,615)
Total research & development expenses in the income statement	109,300	110,390

The following overview reconciles the cumulative acquisition and production costs of internally generated industrial property rights and similar rights and assets.

(in thousands of EUR)	2025	2024
Self-generated industrial property rights and similar rights and assets as at Jan. 1	432,770	392,942
Additions from capitalization of development costs including capitalized interest on borrowings	40,048	36,615
Additions from other development services	0	3,338
Investment promotion	626	125
Total additions for the year	39,422	39,828
Self-generated industrial property rights and similar rights and assets as at Dec. 31	472,192	432,770

(3) Purchased concessions, industrial property rights acquired for consideration and similar rights and assets

The following table shows the net book values of concessions, industrial property rights, and similar rights acquired for consideration, as well as licenses to such rights and assets. The increase in other capitalized licenses for software programs is mainly due to a new license agreement concluded in 2025.

(in thousands of EUR)	Dec. 31, 2025	Dec. 31, 2024
Customer Relationship MRV	1,708	2,710
Other Software licenses	17,007	9,173
Purchased technology MRV Israel	0	88
Total	18,715	11,971

(4) Shares in affiliated companies

On December 31, 2025, Adtran Networks SE held directly or indirectly shares in 19 (December 31, 2024: 19) affiliated companies as follows:

(in thousands)		IFRS equity	IFRS net income/ (loss)	Share in equity	
				owned directly	owned indirectly
Adtran Networks North America, Inc., Norcross/Atlanta (Georgia), USA (Adtran Networks North America)	USD	88,291	6,427	— %	100 %
Adtran Networks (UK) Ltd., York, United Kingdom (Adtran Networks York)	GBP	10,083	593	100 %	— %
Oscilloquartz SA, Saint-Blaise, Switzerland (OSA Switzerland)	CHF	8,646	488	100 %	— %
Adtran Networks Spolka z o.o., Gdynia, Poland (Adtran Networks Poland)	PLN	77,684	5,880	100 %	— %
Adtran Networks Israel Ltd., Ra'anana/Tel Aviv, Israel (Adtran Networks Israel)	ILS	17,241	3,247	100 %	— %
Adtran Networks (Shenzhen) Ltd., Shenzhen, China (Adtran Networks Shenzhen)	CNY	37,405	2,274	100 %	— %
Oscilloquartz Finland Oy, Espoo, Finland (OSA Finland)	EUR	367	40	100 %	— %
Adtran Networks Service (Shenzhen) Ltd., Shenzhen, China (Adtran Networks Service)	USD	1,900	187	— %	100 %
Adtran Networks Singapore Pte. Ltd., Singapore (Adtran Networks Singapore)	SGD	3,287	317	100 %	— %
Adtran Networks Hong Kong Ltd., Hongkong, China (Adtran Networks Hongkong)	USD	1,289	30	— %	100 %
Adtran Networks IT Solutions India Private Limited, Gurgaon, India (Adtran Networks India)	INR	459,740	94,755	1 %	99 %
Adtran Networks Serviços Brasil Ltda., São Paulo, Brazil (Adtran Networks Brazil)	BRL	3,212	304	99 %	1 %
Adtran Networks Japan Co., Ltd., Tokyo, Japan (Adtran Networks Japan)	JPY	108,320	5,924	100 %	— %
Adtran Networks AB, Kista/Stockholm, Sweden (Adtran Networks Sweden)	SEK	6,886	1,397	100 %	— %
Adtran Networks NA Holdings Inc., Norcross/Atlanta (Georgia), USA (Adtran NA Holdings)	USD	60,709	(1)	100 %	— %
Adtran Networks Pty Ltd., Sydney (New South Wales), Australia (Adtran Networks Australia)	AUD	1,874	86	— %	100 %
Adtran Networks B.V., Hilversum, Netherlands (Adtran Networks Netherlands)	EUR	371	22	100 %	— %
Adtran Networks Canada Inc., Ottawa, Canada (Adtran Networks Canada)	CAD	4,816	278	100 %	— %
ADVA Network Security GmbH, Berlin, Germany (ANS)	EUR	49,985	1,554	100 %	— %

As the reasons for permanent impairment ceased to exist in 2025 and the fair value exceeded the previous carrying amount, Adtran Networks Israel Ltd., Ra'anana/Tel Aviv, Israel (Adtran Networks Israel) recognized a write-up of shares in affiliated companies in the amount of EUR 3,596 thousand.

(5) Loans to affiliated companies

The loans to affiliated companies can be analyzed as follows:

(in thousands of EUR)	2025	2024
Adtran Networks Israel Ltd. Ra'anana, Israel	0	1,889
Adtran, Inc., Huntsville, USA	15,350	16,428
Total on Dec. 31	15,350	18,317

On June 4, 2024, Adtran Networks SE granted a loan to Adtran, Inc. in the amount of USD 17,121 thousand. The loan has a term of 6 months from July 18, 2027 and bears interest at a margin of 1.00% plus 3-month forward SOFR, which is determined at the beginning of each quarter. The average interest rate for 2025 was 5.21%. The carrying amount of the loan as at December 31, 2025 was EUR 15,350 thousand.

(6) Trade accounts receivable

Trade accounts receivable are non-interest-bearing and are due within 30 to 120 days, in general. For specific projects, other payment terms may be agreed.

All trade accounts receivable are due within one year.

Customer credit notes relating to volume discounts or similar items are offset against trade receivables where a right of set-off exists.

(7) Receivables from and liabilities to affiliated companies

Receivables from affiliated companies consist of trade receivables amounting to EUR 7,406 thousand (prior year: EUR 33,022 thousand). In 2025, the receivables from affiliated companies include a loss absorption amount of EUR 23,784 thousand (prior year: EUR 47,103 thousand) arising from the domination and profit and loss transfer agreement that became effective upon registration in the commercial register on January 16, 2023. To offset the total loss absorption amount of EUR 30,009 thousand, a prepayment of EUR 6,225 thousand was made by Adtran Holdings, Inc. during the 2025 financial year. Based on a profit transfer agreement concluded in 2025 with ADVA Network Security GmbH (Berlin, Germany), receivables from profit transfer amounted to EUR 4,866 thousand. In addition, receivables from the recharge of stock options by Adtran Holdings, Inc. totaled EUR 824 thousand (prior year: EUR 0 thousand). All receivables from affiliated companies are due within one year.

Liabilities to affiliated companies amounting to EUR 82,035 thousand (previous year: EUR 76,858 thousand) include trade payables of EUR 67,035 thousand (previous year: EUR 61,858 thousand), which are due within one year, and a long-term intercompany loan with Adva Network Security GmbH amounting to EUR 15,000 thousand (previous year: EUR 15,000 thousand).

(8) Other current assets

The other assets shown in the balance sheet consist mainly of receivables from public authorities and receivables from factoring, which are due within one year. Excluded from this are rental deposit payments amounting to EUR 370 thousand (previous year: EUR 364 thousand), which are due within five years.

(9) Equity

Common stock and share capital

On December 31, 2025, Adtran Networks SE had issued 52,054,500 (prior year: 52,054,500) no par value bearer shares (hereinafter "common shares"), each representing a notional amount of share capital of EUR 1.00.

The common shares entitle the holder to vote at the annual general meeting and to receive a dividend if one is declared. No restrictions are attached to the common shares.

On December 1, 2022, the Company entered into a domination and profit and loss transfer agreement with Adtran Holdings, Inc., based in Wilmington, USA (Division of Corporations of the State of Delaware No. 6141966) as the controlling company, which was approved by the Annual General Meeting by resolution of November 30, 2022. The domination and profit and loss transfer agreement was entered in the commercial register on January 16, 2023. Based on this domination and profit and loss transfer agreement, Adtran Networks SE is obliged to transfer all of its profits to Adtran Holdings, Inc. Subject to the creation or dissolution of reserves pursuant to Section 2 Paragraph 2, the maximum amount permitted under Section 301 of the German Stock Corporation Act (AktG) in its currently applicable version shall be transferred. The holders of the ordinary shares (with the exception of Adtran Holdings, Inc. as the majority shareholder) are entitled to an annual compensation payment (EUR 0.52 net per share) to be made by Adtran Holdings, Inc. under the existing domination and profit and loss transfer agreement. Moreover, under the existing control and profit and loss transfer agreement, the holders of the ordinary shares continue to have the right to sell the shares to Adtran Holdings, Inc. for a cash settlement price of EUR 17.21.

There are no further restrictions with regard to ordinary shares.

Authorized capital

In the annual shareholder's meeting on June 28, 2024, a new authorized capital 2024/I in the amount of EUR 26,027 thousand was approved. According to the company's articles of association, the management board is authorized, subject to the consent of the supervisory board, to increase subscribed capital until June 27, 2029, only once or in successive tranches by a maximum of EUR 26,027,250 by issuing new common shares in return for cash or non-cash contributions (authorized capital 2024/I). Subject to the consent of the supervisory board, the management board is further authorized to decide whether to exclude stockholders' subscription rights. Stockholders' subscription rights can be excluded for capital increases for cash contributions as well as contributions in kind if during the term of this authorization and in exclusion of shareholder subscription rights, the shares issued against contributions in cash or in kind do not exceed 20 % of the share capital.

Conditional capital

The conditional capital 2011/I was cancelled in the annual shareholder's meeting on June 27, 2025.

The changes in share capital, authorized and conditional capital are summarized below:

(in thousands of EUR)	Share capital	Authorized capital 2024/I	Conditional capital 2011/I
Jan. 1, 2025	52,055	26,027	3,491
Changes due to Annual Shareholders' Meeting resolutions	—	—	(3,491)
Dec. 31, 2025	52,055	26,027	—

Capital reserve

The change in the capital reserve from financial year 2024 to 2025 amounting to EUR 82 thousand results from the adjustment of a prior year entry.

No stock options were outstanding as of December 31, 2025 (December 31, 2024: none).

Retained earnings

As part of the first-time application of BilMoG, the deferred taxes resulting from the revaluation effects on January 1, 2010, amounting to EUR 2,551 thousand were recorded in other retained earnings.

Balance sheet profit

The balance sheet was prepared in consideration of the complete profit appropriation. The accumulated profit carried forward of EUR 177,438 thousand (prior year: EUR 177,438 thousand) and the net profit for 2025 of EUR 0 thousand (prior year: EUR 0 thousand) resulted in an accumulated profit of EUR 177,438 thousand (prior year: EUR 177,438 thousand) on December 31, 2025. The accumulated profit is to be carried forward in full to new account.

Restriction of dividend distribution

Profits from the capitalization of internally generated intangible assets less deferred tax liabilities and the income from the changed interest rate for discounting pension provisions are subject to a restriction on distribution.

The following amounts are blocked:

(in thousands of EUR)	2025	2024
Internally generated intangible assets recognized in the balance sheet less deferred tax liabilities relating thereto	80,982	86,822
Change of the average interest rate from pension provisions*	0	12
Total profits blocked for dividend distribution	80,982	86,834

* Pursuant to the HGB, the valuation of pension obligations changed from seven to ten years according to the first sentences of Article 75 (6) EGHGB n.F. in conjunction with the first sentences of Article 253 (2) HGB n.F.

Voting rights

According to section 33 paragraph 1 and 2, section 38 paragraph 1 and section 40 of the German Securities Trading Law (Wertpapier-Handelsgesetz, WpHG) the company published the following information on the Adtran Networks homepage. The table shows the shares of voting rights in Adtran Networks SE that were notified to Adtran Networks SE as of the balance sheet date. The information refers to the most recent notification of a reporting party to Adtran Networks SE. The information regarding the percentage shareholding and voting rights may be outdated.

Date of change in investment	Name of investment owner	Threshold limit	Share of voting rights
Mar. 6, 2026	JPMorgan Chase & Co., Wilmington, Delaware, USA	above 5%	5.29 %
Mar. 14, 2025	The Goldman Sachs Group, Inc., Wilmington, Delaware, USA	below 5%	4.21 %
Feb. 2, 2024	UBS Group AG, Zürich, Switzerland	above 3%	3.05 %
Jan. 24, 2024	Morgan Stanley, Wilmington, Delaware, USA	below 3 %	2.97 %
Jan. 8, 2024	Raphael Kain	above 10 %	10.27 %
Nov. 28, 2023	Samson Rock Capital LLP, London, UK	above 10 %	10.02 %
Nov. 28, 2023	Samson Rock Event Driven Fund Limited, Grand Cayman, Cayman Islands	above 10 %	10.02 %
Oct. 26, 2023	John Adis	above 3%	3.19 %
Jul. 21, 2022	Janus Henderson Group Plc, St. Helier, Jersey, USA	below 3 %	1.61 %
Jul. 15, 2022	Dimensional Holdings Inc., Austin, Texas, USA	below 3 %	0.00 %
Jul. 15, 2022	DNB Asset Management AS, Oslo, Norway	below 3 %	0.00 %
Jul. 15, 2022	EGORA Ventures AG, Planegg, Germany	below 3 %	0.00 %
Jul. 15, 2022	Adtran Holdings, Inc., Wilmington, Delaware, USA	above 50 %	65.43 %
Jan. 26, 2022	Bank of America Corporation, Wilmington, Delaware, USA	above 3 %	3.66 %
Jan. 21, 2022	DWS Investment GmbH, Frankfurt, Germany	below 3 %	2.80 %
Jul. 19, 2021	Highclere International Investors Smaller Companies Fund, Westport, USA	below 3 %	2.80 %
Jun. 18, 2021	Teleios Global Opportunities Master Fund, Ltd., Grand Cayman, Cayman Islands	below 3 %	2.95 %
Jul. 20, 2020	DNB Asset Management S.A., Luxembourg, Luxembourg	below 3 %	2.99 %
Sep. 23, 2019	Duke University, Durham, North Carolina, USA	below 3 %	0.00 %
Jan. 17, 2019	Internationale Kapitalanlagegesellschaft mit beschränkter Haftung, Düsseldorf, Germany	below 3 %	2.86 %
May 2, 2017	Finanzministerium im Auftrag des norwegischen Staates, Oslo, Norway	above 3 %	3.19 %
Feb. 20, 2017	Deutsche Asset Management Investment GmbH, Frankfurt, Germany	below 3 %	2.95 %

(10) Provisions for pensions and similar obligations

The provision for pensions and similar obligations relate to termination benefit payments due to employees of the Italian branch office and are required due to local statutory regulations (Trattamento di fine rapporto, appr. TFR). This pension entitlement is comparable to a deferred compensation scheme and is based on the level of income and the number of service years. The annual contribution is 7.4 % of the employees' annual salary. The accrued sum yields an interest of 1.5 % plus 75 % of the local inflation rate. The calculation is based on the interest rate that results from an actual term of 7 years.

For each eligible employee, the annual pro-rata entitlement is accrued during his service time.

At termination of the employment, the employee is entitled to receive the accrued sum. This applies in case of reaching the retirement age of currently 63 years as well as in case of early termination of the employment contract. Early payment of certain parts of the accrued sum is possible in case of specified conditions. In the event of death, payment of the accrued sum is made to the dependents.

Similar to defined benefit plans, the present value of the defined benefit obligations was calculated in accordance with international accounting standards (IFRS/IAS 19) using the projected unit credit method (PUC method). There are no separate assets to cover the pension obligations. This is a direct commitment by the company to the eligible employees.

The following parameters were applied to calculate the present value of the entitlement:

(in %)	Dec. 31, 2025	Dec. 31, 2024
Discount rate	1.65	1.50
Salary level trend	2.25	2.25
Fluctuation	0.00	0.00

No pension adjustments were taken into account when determining the present value and therefore no pension trend was applied. The biometric assumptions essential for the measurement of the pension obligations are RG 48 for life expectation and INPS FPD L Credito for invalidity.

The change in the present value of the pension obligation can be derived as follows:

(in thousands of EUR)	2025	2024
Present value of the obligation on Jan. 1	1,011	998
Interest expense	15	13
Current service cost	90	111
Disbursements to employees	(66)	(91)
Losses arising from changes in financial assumptions	(13)	(8)
Other changes	128	(12)
Present value of the obligation on Dec. 31	1,165	1,011

Changes in financial assumptions relate to the assumed discount rate and are included in interest and similar expenses or income. Due to the longer than expected sustained low interest rate environment, the average interest rate applicable for the valuation of pension obligations changed from seven to ten years according to the first sentences of Article 75 (6) EGHGB n.F. in conjunction with the first sentences of Article 253 (2) HGB n.F. since March 11, 2016. As a result, a difference of negative EUR 26 thousand (prior year: negative EUR 12 thousand) was calculated in the current year. Other changes mainly relate to changes in salaries and are reported as personnel expenses.

No provisions are included for indirect pension obligations to employees of the Swiss branch office. The deficit from unrecognized pension obligations according to article 28 section 2 EGHGB amounts to EUR 93 thousand (previous year: EUR 103 thousand).

(11) Tax provisions

Tax provisions amounting to EUR 205 thousand (previous year: EUR 358 thousand) take into account the payment obligations to the tax authorities that are expected based on the currently applicable tax rates and tax laws.

A tax group was established through a profit and loss transfer agreement concluded in 2025 with ADVA Network Security GmbH (Berlin, Germany).

(12) Other provisions

On financial year end, other provisions can be analyzed as follows:

(in thousands of EUR)	2025	2024
Personnel provisions	2,651	2,099
Invoices not yet received	8,360	11,004
Provision for tax audit	100	98
Vacation provisions	692	689
Warranty provisions	1,025	1,253
Annual audit and other assurance services	1,313	1,036
Total on Dec. 31	14,141	16,179

(13) Liabilities

The maturity of the liabilities can be analyzed as follows:

(in thousands of EUR) on December 31, 2025	Total	Maturity			
		within one year	more than one year	thereof between one and five years	thereof more than five years
Liabilities to banks	7,335	7,335	0	0	0
Advance payments received	906	906	0	0	0
Trade accounts payable	26,472	21,136	5,336	5,336	0
Payables to affiliated companies	82,035	67,035	15,000	15,000	0
Other liabilities	9,518	9,518	0	0	0
<i>thereof taxes</i>	2,099	2,099	0	0	0
<i>thereof social security</i>	285	285	0	0	0
Total liabilities	126,266	105,930	20,336	20,336	0

(in thousands of EUR) on December 31, 2024	Total	Maturity			
		within one year	more than one year	thereof between one and five years	thereof more than five years
Liabilities to banks	52,795	5,878	46,917	46,917	0
Advance payments received	1,023	1,023	0	0	0
Trade accounts payable	22,226	22,226	0	0	0
Payables to affiliated companies	76,858	61,858	15,000	15,000	0
Other liabilities	3,543	3,543	0	0	0
<i>thereof taxes</i>	1,272	1,272	0	0	0
<i>thereof social security</i>	236	236	0	0	0
Total liabilities	156,445	94,528	61,917	61,917	0

Liabilities to banks include financial liabilities from a factoring agreement in the amount of EUR 7,335 thousand (previous year: EUR 5,878 thousand). Due to the legal assignment of the receivables, this amount is fully secured. The trade receivables sold under this agreement continue to be recognized in the financial statements of Adtran Networks SE, as the material default risk is not transferred despite the sale until the receivables are settled.

In the 2024 financial year, the company entered into a loan agreement (Senior Secured Credit Facility) of Adtran Holdings, Inc. with Wells Fargo Bank and other lenders as an additional borrower. As at December 31, 2025, Adtran Networks SE had drawn EUR 0 thousand (USD 0 thousand) from this agreement.

As part of a credit line agreement, security rights were granted over substantially all of their tangible and intangible assets.

Other liabilities as at December 31, 2025 mainly comprise EUR 136 thousand (previous year: EUR 176 thousand) for bonus payments to employees and members of the Executive Board, EUR 5,727 thousand (previous year: EUR 690 thousand) for liabilities from licensing agreements, EUR 2,099 thousand (previous year: EUR 1,272 thousand) for withheld taxes and liabilities from funded research and development projects of EUR 889 thousand (previous year: EUR 1,145 thousand).

(14) Deferred taxes

Deferred taxes are recognized using the liability method on the following temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base as at the balance sheet date.

To determine deferred taxes, the tax rates that will be applicable at the time of the expected reduction of the differences are used. Due to the gradual reduction of the corporate income tax rate from 15 % to 10 % in the tax years 2028 to 2032, tax rates between 29.05 % (for reductions in assessment years up to 2027) and 23.77 % (for reductions in assessment years from 2032 onwards) were used.

As at the 2025 balance sheet date, deferred tax assets totaled EUR 24,729 thousand (previous year: EUR 27,344 thousand) and deferred tax liabilities EUR 36,003 thousand (previous year: EUR 38,349 thousand), resulting in an excess of deferred tax liabilities of EUR 11,274 thousand. The following table shows the composition of deferred taxes:

Balance sheet position	2025		2024	
	DTA	DTL	DTA	DTL
Self-created industrial property rights and similar rights and assets	—	(32,353)	—	(35,457)
Purchased concessions, industrial property rights and similar rights as well as licences to such rights and assets	812	(660)	794	—
Goodwill	305	—	3	—
Inventories	—	(2,628)	—	(2,461)
Trade receivables and receivables from affiliated companies	157	(50)	40	(78)
Other assets	—	(218)	—	(36)
Other provisions	296	—	2,470	—
Trade payables and liabilities to affiliated companies	360	(92)	328	(317)
Advance payments received on orders	—	(2)	5	—
Other liabilities	—	—	—	—
Liabilities to banks	—	—	500	—
Subtotal	1,930	(36,003)	4,140	(38,349)
Loss carryforward	22,799	—	23,204	—
Subtotal	24,729	(36,003)	27,344	(38,349)
Netting	(24,729)	24,729	(27,344)	27,344
Balance sheet amount	—	(11,274)	—	(11,005)

Income statement

(15) Revenues

In 2025 and 2024, revenues include EUR 47,088 thousand and EUR 43,203 thousand for services, respectively. The remaining revenues relate mainly to product sales.

Revenues by region, classified according to shipment destination, are as follows:

(in thousands of EUR)	2025	2024
Germany	80,714	36,294
Rest of Europe, Middle East and Africa	145,640	146,563
Americas	56,523	73,226
Asia-Pacific	42,823	46,004
Total	325,700	302,087

(16) Material expenses

Cost of goods sold includes the material expenses of the company, classified pursuant to section 275 paragraph 2, number 5 HGB. Material expenses totaled EUR 141,253 thousand in the financial year 2025 (prior year: EUR 115,553 thousand). Thereof, EUR 138,605 thousand (prior year: EUR 113,325 thousand) relate to expenses for raw materials and supplies and EUR 2,648 thousand (prior year: EUR 2,228 thousand) to costs of services.

(17) Personnel expenses

The company applies the cost of sales method, therefore personnel expenses are distributed according to the functional areas in cost of goods sold, selling and marketing, general and administrative as well as research and development expenses. In 2025, personnel expenses of the company, classified pursuant to section 275 paragraph 2 number 6 HGB, amounted to EUR 60,563 thousand (prior year: EUR 59,125 thousand). Thereof EUR 51,623 thousand (prior year: EUR 50,716 thousand) were related to salaries and wages and EUR 8,940 thousand (prior year: EUR 8,409 thousand) were related to costs for social security. For pension plans, EUR 728 thousand (prior year: EUR 81 thousand) were recognized in 2025.

(18) Other operating income

Other operating income can be analyzed as follows:

(in thousands of EUR)	2025	2024
Income from currency translation	13,956	9,647
Grants for research projects	7,084	4,489
Reversal of impairment losses on shares in affiliated companies	3,596	4,020
Other	1,681	3,289
Other operating income	26,317	21,445

Non-period income included in other operating income is shown in the following table:

(in thousands of EUR)	2025	2024
Income from release of provisions	368	174
Income from derecognition of liabilities	0	39
Income from the revaluation of the acquired MRV customer base	0	2,493
Others	86	0
Income for other accounting periods	454	2,706

(19) Other operating expenses

Other operating expenses can be analyzed as follows:

(in thousands of EUR)	2025	2024
Expenses from currency translations	11,281	11,522
Other*	395	141
Other operating expenses	11,676	11,663

* Of this amount, EUR 356 thousand (prior year: EUR 14 thousand) related to non-period expenses in the 2025 financial year.

(20) Income from investments

In fiscal year 2025, there was no income from investments in the form of dividend distributions. In the previous year, income from investments amounted to EUR 18,179 thousand from dividend distributions by Adtran Networks North America, Inc. (Norcross/Atlanta, USA), Adtran Networks (UK) Ltd. (York, United Kingdom), and Adtran Networks (Shenzhen) Ltd. (Shenzhen, China).

(21) Income from profit transfers

Through a profit transfer agreement concluded in 2025 with ADVA Network Security GmbH (Berlin, Germany), the proceeds from the profit transfer amounted to EUR 11,866 thousand.

(22) Income taxes

Income taxes comprise corporation tax, solidarity surcharge and trade tax. The tax result also includes foreign income taxes for the company's permanent establishments.

Adtran Networks SE falls within the scope of the regulations on global minimum taxation ('Pillar 2'). The regulations on global minimum taxation came into force in Germany with effect from December 28, 2023 in the form of the Minimum Tax Act ('MinStG'). The MinStG applies for the first time to financial years beginning after December 30, 2023. Under the MinStG, a supplementary tax is payable for each jurisdiction that has an effective tax rate below 15%. No minimum tax is payable for the 2025 financial year (prior year: no minimum tax).

Other information

(23) Other financial obligations and contingent liabilities

Other financial obligations can be analyzed as follows:

(in thousands of EUR)	Total	Maturity			
		within one year	more than one year	thereof between one and five years	thereof more than five years
Obligations from rent agreements	7,199	1,610	5,589	4,056	1,533
Obligations from car leasing agreements	1,280	686	594	594	0
Purchase agreements	49,548	47,286	2,262	2,262	0
Total on Dec. 31 2025	58,027	49,582	8,445	6,912	1,533

The company has assumed an irrevocable guarantee of EUR 300,000 (previous year: EUR 300,000) for the liabilities of ADVA Optical Networking (India) Private Ltd., Gurgaon, India.

A claim under the existing guarantee is unlikely, as the subsidiary is 100% controlled by Adtran Networks SE and appropriate countermeasures will be taken promptly.

(24) Derivative financial instruments

Forward rate agreements

The forward exchange transactions that matured in the financial year resulted in a negative net result of EUR 735 thousand (previous year: negative net result EUR 357 thousand).

Declaration about fair value

The fair value and nominal value of these financial instruments on December 31 are as follows:

(in thousands of EUR)	Fair value		Nominal value	
	2025	2024	2025	2024
Forward rate agreements	0	545	0	20,222

The nominal value is the calculated reference value from which payments are derived (underlying transaction). Since the nominal value itself is not at risk, it is the potential for changes in foreign exchange rates, interest rates and prices that is hedged.

The fair value reflects the current market value (mark-to-market value) as of the balance sheet date. It represents the amount that a company would receive or have to pay to unwind the transaction at that reporting date.

(25) Corporate bodies of Adtran Networks SE

Management board

	Resident in	External mandates
Thomas R. Stanton Chief executive officer	Gurley, Alabama, USA	Chairman of the board and CEO of Adtran Holdings, Inc. Member of the board of Directors of the Economic Development Partnership of Alabama (EDPA) Member of the board of Directors of Cadence Bank
Christoph Glingener Chief technology officer	Jade, Germany	Chief technology officer of Adtran Holdings, Inc. Member of the board of trustees of Fraunhofer Heinrich-Hertz-Institute, Berlin, Germany
Ulrich Dopfer Chief financial officer (until May 19, 2025)	Alpharetta, Georgia, USA	Until March 9, 2025, Chief financial officer of Adtran Holdings, Inc.
Timothy Santo Chief financial officer (since May 29, 2025)	Huntsville, Alabama, USA	Chief financial officer of Adtran Holdings, Inc.

Supervisory board

	Resident in	Occupation	External mandates
Eduard Scheiterer Chairman	Geretsried, Germany	Pensioner	–
Frank Fischer Vice Chairman	Kaarst, Germany	Lawyer and Tax Advisor	–
Heike Kratzenstein	Glonn, Germany	CEO Asmodee Holding GmbH	–

Compensation of the management board

The company's Management Board consisted of three and four members in the financial year and in the comparative period. Two members of the Management Board were remunerated by the subsidiary Adtran Networks North America, Inc, Norcross/Atlanta (Georgia), USA, and one member by Adtran, Inc., Huntsville (Alabama), USA.

The total remuneration granted to active members of the management board according to section 314 Paragraph 1 No. 6a HGB was EUR 9,429 thousand in 2025 and EUR 5,234 thousand in 2024. The total remuneration in 2025 considers a clawback of 2024 cash bonus in the amount of EUR 161 thousand.

This includes share-based compensation with a fair value (market value) at the grant date in 2025 of EUR 1,902 thousand (previous year: EUR 999 thousand) for 210,544 issued RSUs (previous year: 155,323) and EUR 2,410 thousand (previous year: EUR 1,329 thousand) for 242,829 issued PSUs (previous year: 195,080 PSUs^{*)}).

^{*)} Prior information year adjusted.

Total remuneration to former members of the management board in accordance with Section 314 paragraph 1 no. 6b HGB was in 2025 EUR 238 thousand (prior year: nil).

In 2025 and 2024, no loans were granted to current members of the management board. As of December 31, 2025 and 2024, there were no receivables from members of the management board.

On December 31, the current members of the management board held the following stock options and other share-based remuneration instruments of Adtran Holdings, Inc.:

Options		RSUs		Annual PSUs		3-year plan PSUs	
2025	2024	2025	2024	2025	2024	2025	2024
295,605	514,453	348,049	278,969	336,696	204,750	—	264,902

In 2025, no exercise of stock options occurred by active and former members of the management board (2024: cash inflows of EUR 31 thousand). Further details on the stock option programs is included in note (39).

As of December 31, 2025 and 2024, the active and former members of the management board did not hold any shares in Adtran Networks SE.

Compensation of the supervisory board

The fixed remuneration to be paid to the supervisory board for 2025 and 2024 totaled EUR 265 thousand each, respectively.

The remuneration for the supervisory board of Adtran Networks SE is paid out in quarterly installments. The fixed remuneration for Q4 2025 amounting to EUR 66 thousand was paid out in January 2026. In the financial statements, this amount is recognized in other current liabilities.

In 2025, current and former members of the supervisory board received no further compensation, in particular no post-employment benefits (prior year: none).

On December 31, 2025, no shares or stock options were held by members of the supervisory board (December 31, 2024: none).

(26) Employees

The company employed an average of 572 employees and 35 apprentices (prior year: 551 employees and 41 apprentices), divided into the following functional areas:

Employees per functional area	2025	2024
Purchasing and production	169	155
Sales, marketing and service	101	102
Management and administration	92	94
Research and development	210	200
Apprentices	35	41
Total	607	592

(27) Auditor's fees

The total fee for the auditor is broken down separately in the consolidated financial statements.

(28) Consolidated financial statements

The Company prepares consolidated financial statements for the smallest consolidated group of affiliated companies. These can be inspected at the Jena Local Court under HRB number 508155.

The Company's financial statements are also included in the consolidated financial statements of Adtran Holdings, Inc. with its registered office in Huntsville, Alabama, USA, which prepares the consolidated financial statements for the largest group of companies. The consolidated financial statements (10-k) of Adtran Holdings, Inc. are available at <https://www.sec.gov/edgar/browse/?CIK=926282&owner=exclude>.

(29) Proposal for the appropriation of the accumulated profit

The Management Board of Adtran Networks SE has decided:

It is proposed to the General Meeting to carry forward the accumulated profit ("Bilanzgewinn") of Adtran Networks SE as shown in the adopted annual financial statements of as of December 31, 2025 for fiscal year 2025 in the amount of EUR 177,438,127.08 in full into a new account.

(30) Events after the balance sheet date

On February 20, 2026, the United States Supreme Court issued a ruling striking down certain tariffs previously imposed under the International Emergency Economic Powers Act ("IEEPA"). The ultimate availability, timing, and amount of any potential refunds of such tariffs remain highly uncertain and are subject to further legal, regulatory, and administrative developments. Following the Supreme Court's decision, the U.S. presidential administration announced its intention to invoke other laws to collect tariffs and announced new tariffs on imports from all countries, in addition to any existing non-IEEPA tariffs. There remains substantial uncertainty regarding the duration of existing and newly announced tariffs, potential changes or pauses to such tariffs, tariff levels, and whether additional tariffs or other retaliatory actions may be imposed, modified, or suspended, and the impacts of such actions on the Company's business. The Company continues to monitor and evaluate these developments and assess their potential impact on the Company's business, financial condition, and results of operations.

There were no further events after the balance sheet date that might have a material impact on the net assets and financial position or the results of operations.

Declaration of compliance with corporate governance code

Pursuant to Section 161 of the German Stock Corporation Law (AktG), the management board and the supervisory board have issued a declaration of compliance with the German Corporate Governance Code. This declaration is published on the group's website (www.adtran-networks.com/de-de/about-us/investors/corporate-governance).

Meiningen, March 26, 2026

Thomas R. Stanton

Christoph Glingener

Timothy Santo

Affirmative declaration of the legal representatives

We, the members of the Management Board of Adtran Networks SE, declare that, to the best of our knowledge and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the company, and the combined management report includes a fair review of the development and performance of the business and the position of Adtran Networks SE, together with a description of the principal opportunities and risks associated with the expected development of the company.

Meiningen, March 26, 2026

Thomas R. Stanton

Christoph Glingener

Timothy Santo

Independent auditor's report

To Adtran Networks SE, Meiningen

Report on the Audit of the Annual Financial Statements and of the Combined management report

Opinions

We have audited the annual financial statements of Adtran Networks SE, Meiningen, which comprise the balance sheet as at December 31, 2025, and the statement of profit and loss for the financial year from January 1 to December 31, 2025, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the combined management report of Adtran Networks SE for the financial year from January 1 to December 31, 2025.

In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2025 and of its financial performance for the financial year from January 1 to December 31, 2025 in compliance with German Legally Required Accounting Principles, and
- the accompanying combined management report as a whole provides an appropriate view of the Company's position. In all material respects, this combined management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those components of the combined management report specified in the "Other Information" section of the auditor's report.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the combined management report.

Basis for the Opinions

We conducted our audit of the annual financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation No 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Combined management report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the combined management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements for the financial year from January 1 to December 31, 2025. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Recognition of internally generated intangible assets

Please refer to note "Accounting and valuation" section in the notes for information on the accounting and valuation principles applied and the assumptions used. Information on the amount of internally generated intangible assets can be found in Note 2.

THE FINANCIAL STATEMENT RISK

The capitalized developments projects reported under "Self-produced industrial property rights and assets, and licenses in such rights and assets" in the financial statements amounted to EUR 114.0 million as of December 31, 2025 and, at 25.5% of total assets, are of considerable significance for the financial position.

In the case of capitalisation of expenses in connection with development projects for new products, this relates to a capitalisation option according to Section 248 (2) sentence 1 HGB. The criteria for capitalisation are explained in GAS 24 item

45 [German Accounting Standards], which is also recommended for use in the annual financial statements. Recognition as an asset is essentially based on management's assessment that technical feasibility has been demonstrated and the development project will generate an inflow of economic benefits.

Capitalized development costs are amortized on a straight-line basis from the start of capitalization over the normal useful life, which is based on the estimated sales periods for the developed products and generally amounts to three to five years. If there are indications of an impairment of capitalized development costs, the company determines the fair value as at the reporting date and compares this with the respective carrying amount. The recoverable amount is determined on the basis of an income approach taking into account the expected future cash flows of the development project and the product resulting therefrom. Determination is complex and based on a range of assumptions that require judgement. These also include the expected revenue and earnings contributions of the development project and the discount rate used.

There is the risk for the financial statements that the recognition criteria for developments projects are not in place as at the reporting date. In addition, there is a risk for the annual financial statements that the capitalized development expenses are not recoverable.

OUR AUDIT APPROACH

We initially obtained an understanding of the product development process and the Company's process for capitalizing development costs and for assessing their recoverability, and evaluated whether the accounting-related manual and IT-based internal controls contained therein were appropriately designed and implemented. Based on the results, we tested the operating effectiveness of selected controls.

With regards to the development costs capitalized for the first time in the 2025 financial year, we used a statistical sampling to check whether the criteria for capitalization were met. In addition, we used a statistical sampling to check whether the project-specific development hours and other expenses were allocated to the development projects in accordance with the causation principle. In addition, we verified and assessed the determination of the hourly rates used to measure the development hours for the same sample.

With regards to impairment testing, we analyzed whether income approach used is in accordance with German Accounting Standards and whether the assumptions are plausible, considering the current financial development of the Group and the approved planning for subsequent years.

OUR OBSERVATIONS

The approach of Adtran Networks SE for determining capitalizable internally generated development costs is appropriate. The underlying approach for the impairment test is appropriate and in line with the accounting policies to be applied. The Company's assumptions and data are appropriate.

Valuation of shares in affiliated companies

Please refer to Note "Accounting and valuation" in the notes for further information on the accounting policies applied.

THE FINANCIAL STATEMENT RISK

In the annual financial statements of Adtran Networks SE as of December 31, 2025, shares in affiliated companies totaling EUR 72.4 million are recognized under financial assets. Financial assets account for 16.2% of total assets and thus have a material effect on the Company's financial position.

Shares in affiliated companies are recognized at the lower of cost or fair value if impairment is expected to be permanent. The discounted cash flow method is used to determine the fair value. The cash flows used for the discounted cash flow method for the next four years are based on the approved planning, which is updated with assumptions about long-term growth rates.

The impairment assessment of shares in affiliated companies is highly dependent on estimates and assessments made by the company. This applies in particular to the estimate of future cash flows used in the valuation, the long-term growth rate used and the determination of the discount rate.

Impairment losses of EUR 3.6 million (previous year: EUR 4.0 million) were reversed for one subsidiary (previous year: four subsidiaries), as the reasons for the impairment no longer apply.

There is a risk for the annual financial statements that the write-ups are not or not fully justified or that the shares in affiliated companies are not recoverable.

OUR AUDIT APPROACH

First, we gained an understanding of the company's process for assessing the recoverability of the shares in affiliated companies by explanations from the controlling department and evaluated the documentation, in particular the planning documents and historical forecasting accuracy.

In this regard, we focused on the forecast of future revenue and earnings performance of the companies. We discussed the forecast amounts with those responsible for planning. Furthermore, we verified the reconciliation from the group-budget

prepared by management and approved by the supervisory board to the inputs applied in the impairment test. Furthermore, we assessed the consistency of the assumptions with external market assessments. In addition, we examined the accuracy of the Company's previous forecasts by comparing the budgets and their rolling updates of previous financial years with actual earnings and by analyzing deviations.

In order to assess the methodologically and mathematically appropriate implementation of the valuation method, we verified the valuation performed by an external expert engaged by the company using our own calculations and analyzed any deviations. We assessed the competence, skills, and objectivity of the external expert. Since changes to the discount rate can affect the results of impairment testing, we, with the involvement of our valuation specialists, compared the components underlying the discount rate with our own assumptions and publicly available data. In order to take account of the forecast uncertainty, we also examined the effects of possible changes in the discount rate, the assumed business and earnings development and the long-term growth rate by calculating alternative scenarios and comparing them with the company's valuation results.

OUR OBSERVATIONS

The approach used for impairment testing of shares in affiliated companies is appropriate and in line with the accounting policies. The Company's assumptions and data are appropriate.

Other Information

Management and/or the Supervisory Board are/is responsible for the other information. The other information comprises the following components of the combined management report, whose content was not audited:

- The combined non-financial report of the company and the group, referred to in the combined management report
- The combined corporate governance statement of the company and the group, referred to in the combined management report, and
- information extraneous to combined management reports and marked as unaudited.

Our opinions on the annual financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of Management and the Supervisory Board for the Annual Financial Statements and the Combined management report

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, management is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i. e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of the combined management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Combined management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control or of these arrangements and measures.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the combined management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Assurance on the Electronic Rendering of the Annual Financial Statements and the Management report Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB

Assurance Opinion

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the annual financial statements and the combined management report (hereinafter the "ESEF documents") contained in the electronic file

"Adtran_SE_JA+LB_ESEF-2026-03-26.zip"

(SHA256-hash value: ac14464d4adfdaca7f82c9455cdc90b2a75f19202277ede349946e1d00ed341d)

made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the annual financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the annual financial statements and the combined management report contained in the electronic file made available identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying annual financial statements and the accompanying combined management report for the financial year from 1 January to 31 December 2024 contained in the "Report on the Audit of the Annual Financial Statements and of the Combined management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the annual financial statements and the combined management report, contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Combined management reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (06.2022)). Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QMS 1 (09.2022)).

Responsibilities of Management and the Supervisory Board for the ESEF Documents

The Company's management is responsible for the preparation of the ESEF documents including the electronic renderings of the annual financial statements and the combined management report in accordance with Section 328 (1) sentence 4 item 1 HGB.

In addition, the Company's management is responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The supervisory board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i. e. whether the file made available, containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, as amended as at the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited annual financial statements and the audited combined management report.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor at the annual general meeting on June 27, 2025. We were engaged by the audit committee on November 20, 2025. We have been the auditor of Adtran Networks SE without interruption since financial year 2024.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

In addition to the financial statement audit, we have provided to the company or its subsidiaries the following services that are not disclosed in the annual financial statements or in the combined management report:

Additionally, to the consolidated financial statements, we audited the annual financial statements and the combined management report of Adtran Networks SE and performed the statutory audit of the annual financial statements of a subsidiary and performed review engagements on interim financial statements and audit procedures for the statutory financial statements of various subsidiaries. Furthermore, we performed a limited assurance engagement on a combined separate non-financial report and other legally required assurance services, such as the formal audit of the remuneration report. In addition, we provided advisory services in connection with the initial implementation of IFRS 18.

Other Matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited annual financial statements and the audited combined management report as well as the examined ESEF documents. The annual financial statements and the combined management report converted into ESEF format – including the versions to be entered in the German Company Register [Unternehmensregister]– are merely electronic renderings of the audited annual financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents provided in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Sina Marschner.

Leipzig, March 26, 2026

KPMG AG
Wirtschaftsprüfungsgesellschaft

[signature] Marschner
Wirtschaftsprüferin
[German Public Auditor]

[signature] Kolditz
Wirtschaftsprüfer
[German Public Auditor]