

Adtran Networks SE announces results for Q1 2024

- Quarterly revenues at EUR 109.6 million
- Pro forma EBIT at negative EUR 3.4 million (-3.1% of revenues)

Munich, Germany. May 7, 2024. Adtran Networks SE (ISIN: DE0005103006, FSE: ADV), a leading provider of open networking solutions for the delivery of cloud and mobile services, reported financial results for Q1 2024 ended on March 31, 2024. The results have been prepared in accordance with International Financial Reporting Standards (IFRS).

Q1 2024 financial summary¹

(in thousands of EUR)	Q1 2024	Q1 2023	Change	Q4 2023	Change
Revenues	109,606	179,358	-38.9%	118,470	-7.5%
Pro forma gross profit	39,738	58,371	-31.9%	47,491	-16.3%
in % of revenues	36.3%	32.5%	3.7pp	40.1%	-3.8pp
Pro forma EBIT	-3,403	9,730	n.a.%	9,257	n.a.%
in % of revenues	-3.1%	5.4%	-8.5pp	7.8%	-10.9pp
Operating income ²	-8,848	6,227	n.a.	-1,108	n.a.
Net income/loss	-1,208	3,627	n.a.	-22,734	n.a.

(in thousands of EUR)	Mar. 31, 2024	Mar. 31, 2023	Change	Dec. 31, 2023	Change
Cash and cash equivalents	32,943	67,241	-51.0%	30,554	7.8%
Net cash (+) / Net debt (-) ³	-35,960	-24,296	-48.0%	-42,399	15.2%

¹ Potential difference due to rounding

² Q1 2024 including EUR 3.7 million, Q4 2023 including EUR 7.8 million, Q1 2023 including EUR 1.6 million extraordinary expenses

³ Q1 2024 including EUR 53.2 million, Q4 2023 including EUR 52.8 million, Q1 2023 including EUR 0 million financial liabilities to Adtran Holdings, Inc.. Q1 2024 furthermore including EUR 4.8 million and Q4 2023 including EUR 13.3 million financial liabilities due to the consideration of a new receivables purchasing program

Q1 2024 IFRS financial results

Revenue in Q1 2024 was down 7.5% to EUR 109.6 million from EUR 118.5 million in Q4 2023 and was also down 38.9% compared to EUR 179.4 million in Q1 2023. The uncertain macroeconomic environment, with higher interest rates and elevated customer inventory levels impacted customer spending behavior.

Pro forma gross profit in Q1 2024 was down 16.3% to EUR 39.7 million (36.3% of revenues) from EUR 47.5 million (40.1% of revenues) in Q4 2023 and decreased by 31.9% from EUR 58.4 million (32.5% of revenues) in Q1 2023. The year-over-year margin increase was due to lower material costs, and a more favorable

customer and product mix. The sequential margin decline was driven by the customer and product mix in Q1 2024.

Pro forma EBIT in Q1 2024 was negative EUR 3.7 million (-3.1% of revenues) compared to EUR 9.3 million (7.8% of revenues) in Q4 2023 and EUR 9.7 million (5.4% of revenues) in Q1 2023 respectively.

Operating loss increased from EUR 1.1 million in Q4 2023 to EUR 8.8 million in Q1 2024 and from an operating income of EUR 6.2 million in Q1 2023. The operating loss was in particular due to the lower level of revenues and extraordinary expenses related to the cost efficiency measures.

Net loss was EUR 1.2 million in Q1 2024, compared to a net loss of EUR 22.7 million in Q4 2023 and to a net income of EUR 3.6 million in Q1 2023. The substantially lower net loss compared to the operating loss is in particular due to tax effects from the increased usability of loss carryforwards in future periods.

The company's cash and cash equivalents increased by EUR 2.3 million to EUR 32.9 million compared to EUR 30.6 million at the end of Q4 2023 and decreased by EUR 24.3 million compared to EUR 67.2 million in Q1 2023.

The company's net debt decreased by EUR 6.4 million from EUR 42.4 million in Q4 2023 to EUR 36.0 million in Q1 2024 and increased by EUR 11.7 million from a net debt position of EUR 24.3 million in Q1 2023.

Management commentary

"The significant slowdown in our customers' investment behavior, which was influenced by the macroeconomic environment and higher interest rates, combined with the reduction of inventories, continues to present us with challenges," explained Tom Stanton, CEO of Adtran Networks SE. "We remain focused on executing our business efficiency program, and believe that as markets return to normal, we will be a major beneficiary from the global expansion of optical networks."

The company will publish its financial results for Q2 2024 on August 6, 2024.

The company is no longer required to and will not publish a three-month 2024 report.

Forward-looking statements

The economic projections and forward-looking statements contained in this document relate to future facts. Such projections and forward-looking statements are subject to risks that cannot be foreseen and that are beyond the control of Adtran Networks SE. Adtran Networks SE is therefore not in a position to make any representation as to the accuracy of economic projections and forward-looking statements or their impact on the financial situation of Adtran Networks SE or the market in the shares of Adtran Networks SE.

Use of pro forma financial information

Adtran Networks SE provides consolidated pro forma financial results in this press release solely as supplemental financial information to help investors and the financial community make meaningful comparisons of Adtran Networks SE operating results from one financial period to another. Adtran Networks SE believes that these pro forma consolidated financial results are helpful because they exclude non-cash charges related to the stock option programs and amortization and impairment of goodwill and acquisition-

related intangible assets, which are not reflective of the company's operating results for the period presented. Additionally, non-recurring expenses relating to M&A restructuring measures are not included. This pro forma information is not prepared in accordance with IFRS and should not be considered a substitute for the historical information presented in accordance with IFRS.

About Adtran Networks SE

Adtran Networks SE is a company founded on innovation and focused on helping our customers succeed. Our technology forms the building blocks of a shared digital future and empowers networks across the globe. We're continually developing breakthrough hardware and software that leads the networking industry and creates new business opportunities. It's these open connectivity solutions that enable our customers to deliver the cloud and mobile services that are vital to today's society and for imagining new tomorrows. Together, we're building a truly connected and sustainable future. For more information on how we can help you, please visit us at www.adva.com.

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