Unlocking the future network

SIX-MONTH REPORT 2025

CONTENTS

Disclaimer:

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

IFRS financial highlights 6M 2025

Income statement

(in thousands of EUR, except earnings per share and ratios)	Q2 2025	Q2 2024 *)	Change	6M 2025	6M 2024 *)	Change
Revenues	109,740	108,165	1.5 %	223,859	217,771	2.8 %
Pro forma EBIT[1]	(7,390)	(2,715)	172.2 %	(12,181)	(8,940)	36.2 %
Pro forma EBIT margin in %	(6.7)	(2.5)	(4,2) pp	(5.4)	(4.1)	(1,3) pp
Operating income (loss)	(9,790)	(5,575)	75.6 %	(16,319)	(17,245)	(5.4)%
Operating margin in %	(8.9)	(5.2)	(3,7) pp	(7.3)	(7.9)	0,6 pp
Net income (loss)	(15,203)	(1,060)	n/a	(31,311)	(5,090)	n/a
Diluted earnings per share in EUR	(0.29)	(0.02)	n/a	(0.60)	(0.01)	n/a

*) The previous year's figures have been adjusted retroactively in line with a correction made in the 2024 consolidated financial statements.

Cash flow statement

(in thousands of EUR)	Q2 2025	Q2 2024	Change	6M 2025	6M 2024	Change
Cash flow from operating activities *)	7,570	24,485	(69.1)%	32,699	49,397	(33.8)%
Cash flow from investing activities *)	(14,886)	(34,490)	(56.8)%	(30,262)	(53,014)	(42.9)%

*) Prior year information has been adjusted in line with retrospective corrections considered in the Annual Report 2024 in accordance with IAS 8.

Balance sheet and financial ratios

(in thousands of EUR, except ratios)	Jun. 30, 2025	Dec. 31, 2024	Change
Liabilities to banks	41,552	68,420	(39.3)%
Lease liabilities	27,141	28,800	(5.8)%
Financial debt	**68,693**	**97,220**	**(29.3)%**
Cash and cash equivalents	34,389	27,040	27.2 %
Receivables from Adtran Holdings, Inc. due to loss absorption	14,699	47,103	(68.8)%
Loans granted	15,068	16,429	(8.3)%
Net cash (debt)[2]	**(4,537)**	**(6,648)**	**(31.8)%**
Net working capital[3]	142,451	151,139	(5.7)%
Working capital ratio in %[4]	31.6	34.6	(3)pp
Equity	345,829	388,166	(10.9)%
Equity ratio in %	56.1	57.9	(1,8)pp
Capital employed[5]	498,675	517,636	(3.7)%
ROCE in %[6]	(9.0)	(8.2)	(0,8)pp

Employees

(at period end)	Jun. 30, 2025	Dec. 31, 2024	Change
	2,155	2,118	1.7 %

[1] Pro forma EBIT is calculated prior to non-cash charges related to the stock compensation programs and amortization and impairment of goodwill and acquisition-related intangible assets. Additionally, non-recurring expenses related to M&A, integration, an investigation in the US and restructuring measures are not included.
[2] Net cash is calculated by subtracting total financial liabilities from cash and cash equivalents. Total cash and cash equivalents include in addition to bank balances and petty cash, receivables from Adtran Holdings, Inc. from the domination and profit and loss transfer agreement and from the issue of a loan. Total financial liabilities comprise current and non-current financial liabilities to banks, including factoring agreements, as well as current and non-current financial liabilities to Adtran Holdings, Inc. including those 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.
[3] Net working capital is defined as the sum of trade receivables and inventories less trade payables.
[4] The working capital ratio shows the net working capital on the balance sheet date in relation to the revenues of current period.
[5] The capital employed is the difference between the average balance sheet total and the average current liabilities of the period, calculated as the arithmetic average of the quarterly balance sheet date values.
[6] ROCE is the operating result for the current period divided by the capital employed.

Interim consolidated management report

Business development and operational performance

Revenue development and revenues by region

Revenues represent one of the three key performance indicators for Adtran Networks. The group's revenues in 6M 2025 amounted to EUR 223.9 million and were EUR 6.1 million or 2.8 % up compared to revenues of EUR 217.8 million in 6M 2024. Compared to revenues of EUR 114.1 million in Q1 2025, revenues in Q2 2025 decreased by 3.8 % to EUR 109.7 million. The increase in revenues compared to 6M 2024 is driven largely by stronger demand from some of the larger customers driven by a normalized inventory situation.

In 6M 2025, EMEA (Europe, the Middle East and Africa) was once again the largest contributing sales region reporting 53.8 % of total revenues (6M 2024: 51.0 %), followed by Americas accounting for 35.4 % of total revenues (6M 2024: 36.4 %) and Asia-Pacific representing 10.8 % of total revenues (6M 2024: 12.6 %).

Year-on-year sales in EMEA increased to EUR 120.5 million in 6M 2025 compared to EUR 111.1 million in 6M 2024. The increase compared to the prior year period is due to a normalized ordering behavior from some of the groups large customers in the region.

Revenues in Americas remained stable at EUR 79.2 million in both 6M 2025 and 6M 2024.

In Asia-Pacific, revenue decreased by 12.2% from EUR 27.4 million in 6M 2024 to EUR 24.1 million in 6M 2025. The business in the region is project-driven with limited recurring revenues, leading to fluctuations related to project timings and revenue recognition.

Results of operations

(in millions of EUR, except earnings per share)	6M 2025	Portion of revenues	6M 2024	Portion of revenues
Revenues	**223.9**	**100.0 %**	**217.8**	**100.0 %**
Cost of goods sold *)	(148.8)	(66.5)%	(144.1)	(66.2)%
Gross profit *)	**75.0**	**33.5 %**	**73.6**	**33.8 %**
Selling and marketing expenses	(30.5)	(13.6)%	(30.5)	(14.0)%
General and administrative expenses	(16.6)	(7.4)%	(15.1)	(6.9)%
Research and development expenses	(56.8)	(25.4)%	(53.8)	(24.7)%
Other operating income and expense, net	12.6	5.6 %	8.4	3.9 %
Operating loss *)	**(16.3)**	**(7.3)%**	**(17.2)**	**(7.9)%**
Interest income and expenses, net	(0.9)	(0.4)%	(1.8)	(0.8)%
Financial gains and losses, net	1.2	0.5 %	(0.1)	0.0 %
Loss before tax *)	**(16.0)**	**(7.1)%**	**(19.1)**	**(8.8)%**
Income tax benefit (expense), net	(15.4)	(6.9)%	14.0	6.4 %
Net loss *)	**(31.3)**	**(14.0)%**	**(5.1)**	**(2.3)%**
Earnings per share in EUR				
basic *)	(0.60)		(0.10)	
diluted *)	(0.60)		(0.10)	

*) The previous year's figures have been adjusted retroactively in line with a correction made in the 2024 consolidated financial statements.

Cost of goods sold increased by EUR 4.6 million to EUR 148.8 million in 6M 2025. In 6M 2025, cost of goods sold included EUR 22.2 million (6M 2024: EUR 19.3 million) of amortization of capitalized development projects.

Gross profit increased from EUR 73.6 million in 6M 2024 to EUR 75.0 million in 6M 2025, with gross margin at 33.5 % in 6M 2025 below the 33.8 % reported in 6M 2024. The decrease in the gross margin in 6M 2025 compared to 6M 2024 in particular results from disproportional rise in the cost of goods sales in relation to the increase in revenues.

Within operating costs, sales and marketing expenses in 6M 2025 of EUR 30.5 million were at the same level as in the prior-year (EUR 30.5 million in 6M 2024). They amounted to (13.6) % of revenues in 6M 2025 after (14.0) % in 6M 2024.

General and administrative expenses of EUR 16.6 million in 6M 2025 also increased compared to EUR 15.1 million in 6M 2024 and amounted to (7.4) % and (6.9) % of revenues, respectively.

At EUR 56.8 million in 6M 2025, R&D expenses were above the EUR 53.8 million seen in 6M 2024, comprising (25.4) % and (24.7) % of revenues, respectively. Gross R&D expenses increased to EUR 75.4 million in 6M 2025 compared to EUR 74.2 million reported in 6M 2024, while income from capitalization of development expenses decreased from EUR 20.5 million in 6M 2024 to EUR 18.5 million in 6M 2025. The capitalization rate in 6M 2025 amounted to 24.6 %, down from 27.6 % reported in 6M 2024.

Adtran Networks operating result slightly improved from negative EUR 17.2 million in 6M 2024 to negative EUR 16.3 million in 6M 2025.

Pro forma EBIT represents one of the three key performance indicators for Adtran Networks. As pro forma EBIT excludes non-cash charges related to stock compensation and business combinations as well as non-recurring expenses related to M&A transactions, integration, an investigation in the US and restructuring measures. Due to a new one-off event, the definition of pro forma EBIT was adjusted in Q2 2025. The management board of Adtran Networks believes that pro forma EBIT is a more appropriate measure than operating income when benchmarking the group's operational performance against other telecommunications equipment providers. In 6M 2025, Adtran Networks reported a pro forma EBIT of negative EUR 12.2 million after a pro forma EBIT of negative EUR 8.9 million in 6M 2024, representing negative 5.4 % after negative 4.1 % of revenues, respectively.

The reconciliation of operating income (loss) to pro forma EBIT is as follows:

(in millions of EUR)	6M 2025	6M 2024
Operating loss	**(16.3)**	**(17.2)**
Expenses related to share-based compensation	2.7	2.8
Amortization of intangible assets from business combinations	0.7	0.7
Expenses related to M&A transactions, integration, an investigation in the US and restructuring measures	0.8	4.8
Pro forma EBIT	**(12.2)**	**(8.9)**

Beyond the operating result net loss in 6M 2025 is impacted by net interest expenses of EUR 0.9 million (6M 2024: net interest expenses of EUR 1.8 million), which includes interest effects from lease accounting of EUR 0.7 million (6M 2024: EUR 0.7 million). Furthermore, net financial gains of EUR 1.2 million (6M 2024: net financial losses of EUR 0.1 million) relating to the revaluation of foreign currency assets and liabilities and the result on hedging instruments, impacted the net income in 6M 2025.

In 6M 2025, the group reported an income tax expense of EUR 15.4 million after an income tax income of EUR 14.0 million in 6M 2024. In both periods income tax effects result from the application of the expected tax rate to the relevant income or loss before tax of the respective entity of the Adtran Networks group.

Summary: Business development and operational performance

In 6M 2025, Adtran Networks SE recorded a decrease in revenues with gross margin declining at the same time compared to the previous year. Operating costs remained largely stable compared to the previous year. Due to the recognition of a tax expense Adtran Networks reports a substantial decline in net result from a net loss of EUR 5.1 million in 6M 2024 to a net loss of EUR 31.3 million in the current period.

Net assets and financial position

Balance sheet structure

Adtran Networks total assets decreased by EUR 53.7 million from EUR 670.0 million at the end of 2024 to EUR 616.3 million at the end of June 2025.

Current assets amounted to EUR 327.7 million at the end of 6M 2025, EUR 35.2 million lower than the corresponding balance of EUR 362.9 million at the end of 2024 and accounted for 53.2 % and 54.2 % of total assets at these reporting dates, respectively. The decrease in current assets was mainly due to decreased receivables from the profit and loss transfer agreement as Adtran Holdings, Inc. initiated partial payments in the 6M period. Trade receivables decreased from EUR 108.6 million on December 31, 2024 to EUR 101.5 million at the end of 6M 2025 due to declined revenues in the current period when comparing to previous quarters. DSO[7] were at 86 days in 6M 2025 and 83 days in 12M 2024. In contrast, cash and cash equivalents increased to EUR 34.4 million after EUR 27.0 million reported at the end of 2024. This results in particular from the cash inflows from financing activities and lower cash outflows for investing as further explained in the cash flow section. Inventories increased from EUR 91.1 million on December 31, 2024 to EUR 95.8 million at the end of 6M 2025. In 6M 2025 inventory turns rose to 3,2 x compared to the value of 2,9 x in 12M 2024.

Non-current assets decreased clearly to EUR 288.6 million at the end of 6M 2025 from EUR 307.1 million at year-end 2024. The decrease is due in particular to the decline other non-current assets to EUR 9.5 million at the end of June 2025 after EUR 17.1 million reported at year-end 2024 mainly driven by a decrease in funding of research projects with maturity after more than 12 months .

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

On the equity and liabilities side, current liabilities increased by EUR 8.6 million from EUR 164.1 million on December 31, 2024 to EUR 172.8 million on June 30, 2025. Trade payables increased to EUR 54.9 million at the end of 6M 2025, thus being EUR 6.7 million above the EUR 48.2 million reported at the end of December 2024. In 6M 2025, DPO[8] amounted to 66 days compared to 54 days in 12M 2024. Current contract liabilities amounted to EUR 33.3 million as of June 30, 2025, compared to EUR 25.7 million reported at year-end 2024. Other current liabilities increased by EUR 4.2 million to EUR 49.1 million as of June 30, 2025. At the same time, current provisions decreased to EUR 7.0 million at the end of 6M 2025, thus being EUR 7.4 million below the value reported at the end of December 2024 due to lower supplier obligations and the final settlement of two legal cases.

Non-current liabilities of EUR 97.7 million at the end of 6M 2025 decreased from the EUR 117.7 million reported at the end of 2024. This significant decrease is due in particular to the partial repayment of a bank loan as described in the section on financing and liquidity. Other non-current liabilities decreased from EUR 15.4 million at year-end 2024 to EUR 7.6 million at the end of June 2025. At the same time, deferred tax liabilities significantly increased by EUR 15.0 million to EUR 27.0 million on June 30, 2025, mainly through reversal of deferred tax assets on losses and additional taxable temporary differences from capitalized R&D expenses.

Stockholders’ equity significantly decreased from EUR 388.2 million reported on December 31, 2024, to EUR 345.8 million on June 30, 2025. The equity ratio remained strong at 56.1 % on June 30, 2025, after 57.9 % on December 31, 2024. The non-current assets ratio amounted to 119.8 % and 126.4 % on the respective reporting dates, with stockholders’ equity fully covering the non-current assets.

Capital expenditures

Capital expenditures for additions to property, plant and equipment in 6M 2025 amounted to EUR 5.4 million, slightly down from the EUR 5.6 million seen in 6M 2024.

Capital expenditures for intangible assets of EUR 26.4 million in 6M 2025 increased from EUR 25.4 million in 6M 2024. This total consists of capitalized development projects of EUR 17.7 million in 6M 2025 after EUR 20.5 million in 6M 2024 and capital expenditures for other intangible assets of EUR 8.6 million in 6M 2025 after EUR 5.0 million in 6M 2024. The investments in other intangible assets primarily include cost for software development.

On June 4, 2024, Adtran Networks SE issued a loan to Adtran, Inc amount to USD 17.1 million. After taking into account the interest accrued up to the end of the quarter and deducting the pro rata upfront fees, arrangement fees and legal fees charged on by Adtran, Inc. that were incurred as part of a joint credit agreement with Wells Fargo, the carrying amount of the loan on

[7] The key figure describes the average number of days between invoicing and receipt of payment.
[8] The key figure indicates the average number of days between receipt of invoice and outgoing payment.

June 30, 2025 was EUR 15.1 million. Further information on the loan can be found in note (10) in the notes section of this report.

Cash flow

(in millions of EUR)	6M 2025	Portion of cash	6M 2024	Portion of cash
Operating cash flow *)	32.7	95.0 %	49.4	119.1 %
Investing cash flow *)	(30.3)	(88.0)%	(53.0)	(127.8)%
Financing cash flow	5.4	15.8 %	14.6	35.2 %
Net effect of foreign currency translation on cash and cash equivalents	(0.5)	(1.5)%	0.0	(0.1)%
Net change in cash and cash equivalents	**7.3**	**21.4 %**	**10.9**	**26.3 %**
Cash and cash equivalents at the beginning of the period	27.0	78.6 %	30.6	73.7 %
Cash and cash equivalents at the end of the period	**34.4**	**100.0 %**	**41.5**	**100.0 %**

*) Prior year information has been adjusted in line with retrospective corrections considered in the Annual Report 2024 in accordance with IAS 8.

Cash flow from operating activities was positive EUR 32.7 million in 6M 2025, after positive EUR 49.4 million in 6M 2024. The significant decline in 6M 2025 is in particular due to high cash outflows from net working capital when compared to the corresponding prior-year period.

Cash flow from investing activities amounted to negative EUR 30.3 million in 6M 2025 after negative EUR 53.0 million in 6M 2024. The decreased use of funds for investing activities is largely due to higher outflows for the grant of a loan to Adtran, Inc. in the prior year reporting period as described in the capital expenditure section above.

Finally, net cash inflows of EUR 5.4 million were reported from financing activities in 6M 2025, after cash inflows of EUR 14.6 million from financing activities in 6M 2024. In the current reporting period, the cash inflows mainly result from payments of Adtran Holdings, Inc. for the receivable due to loss absorption offset by partial usage of this cash for repayment of non-current bank debt . In 6M 2024, the cash inflow results in particular from from taking out a new loan. The funds received from this loan were partially used to fully repay the loan to Adtran Holdings, Inc.

Overall, including the net effect of foreign currency translation of close to nil, cash and cash equivalents increased by EUR 7.3 million, from EUR 27.0 million at the end of December 2024 to EUR 34.4 million on June 30, 2025. In 6M 2024, cash and cash equivalents had increased by EUR 10.9 million.

Financing and liquidity

Adtran Networks' financial 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. 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.

Total financial debt decreased by EUR 28.5 million to EUR 68.7 million at the end of 6M 2025. Liabilities to banks decreased significantly from EUR 68.4 million to EUR 41.6 million. As from Q2 2024, Adtran Networks group has been financed by a joint loan agreement (Senior Secured Credit Facility) together with Adtran Holdings, Inc. at Wells Fargo Bank. On June 30, 2025, this resulted in a financial liability of EUR 21.4 thousand. As described in the cash flow section, a partial repayment of the existing loan was made in 6M 2025. 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 20.2 million as at June 30, 2025 (prior year-end: EUR 21.5 million). Further information on financial liabilities can be found in note (11) to the consolidated financial statements.

The current portion of liabilities from leasing decreased by EUR 0.3 million to EUR 5.8 million while the non-current liabilities from leasing decreased by EUR 1.4 million to EUR 21.3 million.

Net cash represents one of the three key performance indicators for Adtran Networks. Mainly due to the previously described increase in cash and cash equivalents, net debt improved from EUR 6.6 million at the end of 2024 to EUR 4.5 million in 6M 2025. Cash and cash equivalents on June 30, 2025, and on December 31, 2024 were invested mainly in EUR, USD and GBP.

At the end of June 2025 return on capital employed for the rolling twelve months period was at negative 9.0 %, declined from the negative 8.2 % reported in 12M 2024. This development is mainly due to the declining operating result in 6M 2025.

Summary: Net assets and financial position

At the end of 6M 2025 cash and cash equivalents increased, which contributed to a decrease in net debt. Adtran Networks net assets and financial position remain stable. The equity ratio further decreased to 56.1 % on June 30, 2025 compared to 57.9 % at the end of 2024.

Events after the balance sheet date

According to the announcements end of July 2025, an agreement between the USA and the EU regarding the tariff situation is emerging. Adtran is closely monitoring the situation while actively seeking solutions. We have established a communication channel with our suppliers and customers that will remain open and active as we work to keep all stakeholders informed on how recent tariff actions may affect Adtran products used in building and expanding your networks.

Adtran Networks operates a production facility at the headquarters of its parent company in Huntsville, Alabama, and collaborates with manufacturers outside the USA. This approach ensures an efficient, flexible, and cost-effective supply chain. Adtran Networks will continue to monitor and adjust global production processes as needed to minimize potential tariff impacts. To avoid additional tariffs, the relocation of inventory is being considered to continue meeting customers' short-term needs. Furthermore, Adtran Networks works closely with all suppliers to adapt business models and thereby reduce potential tariff burdens.

The financial impact of the customs changes and the resulting uncertainties in global trade on the net assets, financial position and results of operations of Adtran Networks SE cannot be fully assessed at this time.

There were no further events after the balance sheet date that materially impacted the net assets and financial position of the group and Adtran Networks SE on June 30, 2025, or the group’s and the company’s financial performance for 6M 2025. Also, there were no events considered material for disclosure.

Risk and opportunity report

Adtran Networks future development is subject to various general and group-specific risks, which in certain cases can also endanger the group's continued existence.

The risk of going concern due to financial interdependence and DPLTA obligation as described in the "risk and opportunity report" section of the combined management report 2024 remains unlikely but very material. In this context, however, it should be noted that the cash position as at June 30, 2025 exceeds the amount of the open credit line. Within the forecast period of twelve months, a net cash position is also expected to be exceeded. In the unlikely event of a breach of the covenants at the level of Adtran Holdings, Inc., the Adtran Networks SE group would therefore no longer have a liquidity gap.

In the ongoing risk assessment for 2025 the following changes were made:

Increased 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. As a result, Adtran Networks implemented a joint development and operations organization (DevOps) clustered into technology value streams to maximize effectiveness and break up barriers. All value streams operate according to one common tool-supported development process.

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; and rapid technological advancements driving disruptive market changes.

New risks:

Global Trade Tensions
likely; material (new in 2025)

Escalating global trade tensions, including unpredictable tariffs, counter-tariffs, and sanctions, pose a significant risk to Adtran Networks SE. 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 the constant basis to increase supply base diversification to mitigate potential tariff impact. Concurrently, the sourcing team continues active requests for quotations (RFQs) to identify and qualify alternative suppliers, including accelerating the insourcing of selected products to the Huntsville facility, thereby enhancing operational resilience and reducing geopolitical exposure.

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 also 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.

Decreased 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 executive 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.

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.

Risk assessment is decreased due to 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.

Operational supply gaps caused by interrupted supply chains possible; moderate (previous year - possible; material)

Adtran Networks sources product components either based on forecasts or upon receipt of a customer purchase order. Any shortage in the required material can have a significant negative impact on the group's performance. This may be caused by natural disasters which are expected to occur in higher frequency and at larger scales due to the climate change, pandemics, political conflicts, or specific problems of a supplier.

The availability of critical components is centrally planned, monitored and controlled for all the manufacturing sites for a twelve months' period. Adtran Networks is monitoring the supply situation very closely and is taking actions dependent on changing market conditions.

The reduction in the impact reflects a combination of improved supply chain resilience, diversified sourcing, strategic risk mitigation, and easing global supply constraints. While geopolitical risks remain, Adtran Networks' improved preparedness and supply chain flexibility have lowered the immediate risk of operational supply gaps.

All other risks and uncertainties as reported in the "risk and opportunity report" section of the combined management report 2024 remain largely unchanged.

Outlook

Despite the continuing difficult market environment in Q2 2025 Adtran Networks reported revenues of EUR 109.7 million, which increased by 1.5 % compared to EUR 108.2 million in Q2 2024. 6M 2024 revenues were EUR 223.9 million up by 2.8 % compared to EUR 217.8 million in the 6M 2024 period. The pro forma EBIT margin in Q2 2025 decreased to negative 6.7 % compared to negative 2.5 % in Q2 2024. Cash increased from EUR 33.4 million in Q1 2025 to EUR 34.4 million in Q2 2025.

Looking to the business development for the remainder of 2025, the management board continues to expect an improvement in general demand across all product areas. On the one side, the tense global political climate, the US administration's changing tariff policy, and the comparatively high interest rate level continue to cause uncertainty in the market. On the other side, 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 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.

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 in the high single-digit or low double-digit percentage range for 2025 for the Adtran Networks group. The Management Board also assumes that, due to the OPEX adjustments achieved in 2024 and ongoing, strict cost control, pro forma EBIT may grow from a negative single-digit percentage in 2024 to a positive single-digit percentage in 2025. The company's objective is rapid debt reduction and consistent compliance with the defined capital management objectives, which are described in 2024 consolidated financial statements. The management board expects the net debt of EUR 4.5 million as of June 30, 2025, to be reduced further, or to convert it into a net liquidity position by the end of 2025.

Six-month IFRS interim consolidated financial statements

Consolidated statements of financial position as of June 30, 2025 (unaudited)

(in thousands of EUR)	Note	30. Jun. 2025	Dec. 31, 2024
Assets			
Current assets			
Cash and cash equivalents		34,389	27,040
Trade accounts receivable	(4)	101,510	108,575
Thereof receivables from Adtran Holdings, Inc. and its subsidiaries	*(24)*	*9,171*	*7,162*
Receivables from Adtran Holdings, Inc. due to loss absorption	(6)	14,699	47,103
Contract assets		145	211
Inventories	(5)	95,839	91,142
Income tax receivable		5,381	3,436
Other current assets	(6)	75,722	85,354
Total current assets		**327,685**	**362,861**
Non-current assets			
Right-of-use assets	(7)	24,480	25,525
Property, plant and equipment	(8)	33,845	35,388
Goodwill	(9)	45,503	50,206
Capitalized development projects	(9)	96,314	100,608
Intangible assets acquired in business combinations	(9)	3,041	4,135
Other purchased and internally generated intangible assets	(9)	42,748	38,036
Loans granted	(10)	15,068	16,429
Deferred tax asset		18,146	19,695
Other non-current assets	(6)	9,473	17,120
Total non-current assets		**288,618**	**307,142**
Total assets		**616,303**	**670,003**

(in thousands of EUR)	Note	30. Jun. 2025	Dec. 31, 2024
Equity and liabilities			
Current liabilities			
Current lease liabilities		5,792	6,047
Current liabilities to banks	(11)	20,192	21,503
Trade accounts payable	(12)	54,898	48,224
Thereof liabilities to Adtran Holdings, Inc. and its subsidiaries	*(24)*	*1,659*	*516*
Current provisions	(13)	7,001	14,451
Tax liabilities		2,196	2,965
Current contract liabilities and advance payments	(14)	33,345	25,727
Refund liabilities	(14)	280	364
Other current liabilities	(12)	49,079	44,866
Thereof liabilities to Adtran Holdings, Inc. from recharge of share-based payment instruments	*(24)*	*1,681*	*354*
Total current liabilities		**172,782**	**164,147**
Non-current liabilities			
Non-current lease liabilities		21,349	22,753
Non-current liabilities to banks		21,360	46,917
Non-current financial liabilities to Adtran Holdings, Inc.	(24)	—	—
Provisions for pensions and similar employee benefits	(13)	6,696	6,169
Other non-current provisions	(13)	934	1,146
Deferred tax liabilities		27,032	12,060
Non-current contract liabilities	(14)	12,765	13,220
Other non-current liabilities	(12)	7,556	15,425
Total non-current liabilities		**97,692**	**117,690**
Total liabilities		**270,474**	**281,837**
Stockholders' equity entitled to the owners of the parent company	(16)		
Share capital		52,055	52,055
Capital reserve		338,154	337,158
Accumulated deficit		(4,822)	57,879
Net loss		(31,311)	(62,701)
Accumulated other comprehensive income		(8,247)	3,775
Total stockholders' equity		**345,829**	**388,166**
Total equity and liabilities		**616,303**	**670,003**

Consolidated income statements for the period from January 1 to June 30, 2025 (unaudited)

(in thousands of EUR, except earnings per share and number of shares)	Note	Q2 2025	Q2 2024	6M 2025	6M 2024
Revenues	**(17)**	**109,740**	**108,165**	**223,859**	**217,771**
Cost of goods sold *)		(73,743)	(70,464)	(148,863)	(144,146)
Gross profit *)		**35,997**	**37,701**	**74,996**	**73,625**
Selling and marketing expenses		(15,479)	(15,284)	(30,457)	(30,476)
Thereof net impairment results on financial assets		*199*	*(133)*	*400*	*(126)*
General and administrative expenses		(8,653)	(7,192)	(16,642)	(15,062)
Research and development expenses		(28,292)	(25,458)	(56,829)	(53,772)
Other operating income	(18)	6,859	4,746	12,855	8,707
Other operating expenses	(18)	(222)	(88)	(242)	(267)
Operating loss *)		**(9,790)**	**(5,575)**	**(16,319)**	**(17,245)**
Interest income		490	157	1,338	268
Interest expenses		(907)	(1,320)	(2,157)	(1,992)
Foreign currency exchange gains		6,921	1,913	11,837	3,883
Foreign currency exchange losses		(6,372)	(2,617)	(10,650)	(3,989)
Income (loss) before tax *)		**(9,658)**	**(7,442)**	**(15,951)**	**(19,075)**
Income tax benefit (expense), net	(19)	(5,545)	6,382	(15,360)	13,985
Net loss entitled to the owners of the parent company *)		**(15,203)**	**(1,060)**	**(31,311)**	**(5,090)**
Earnings per share in EUR					
basic *)		(0.29)	(0.02)	(0.60)	(0.10)
diluted *)		(0.29)	(0.02)	(0.60)	(0.10)
Weighted average number of shares for calculation of earnings per share					
basic		52,054,500	52,054,500	52,054,500	52,054,500
diluted		52,054,500	52,054,500	52,054,500	52,054,500

*) The previous year's figures have been adjusted retroactively in line with a correction made in the 2024 consolidated financial statements.

Consolidated statements of comprehensive income (unaudited)

(in thousands of EUR)	Note	Q2 2025	Q2 2024	6M 2025	6M 2024
Net loss entitled to the owners of the parent company		**(15,203)**	**(826)**	**(31,311)**	**(2,034)**
Items that may be reclassified to profit or loss in future periods					
Exchange differences on translation of foreign operations		(8,428)	1,262	(12,022)	3,428
Items that will not get reclassified to profit or loss in future periods					
Remeasurement of defined benefit plans		—	—	—	—
Comprehensive income entitled to the owners of the parent company		**(23,631)**	**436**	**(43,333)**	**1,394**

Consolidated cash flow statements (unaudited)

(in thousands of EUR)	Note	6M 2025	6M 2024
Cash flow from operating activities			
Loss before tax		(15,951)	(16,019)
Adjustments to reconcile income before tax to net cash provided by operating activities			
Non-cash adjustments			
Amortization of non-current assets		36,325	30,930
Loss from disposal of property, plant and equipment and intangible assets		16	154
Stock compensation expenses		2,323	2,791
Other non-cash income and expenses		(41)	660
Foreign currency exchange differences		(7,586)	1,383
Changes in asset and liabilities			
Decrease (increase) in trade accounts receivable		14,879	9,566
Decrease (increase) in inventories		(4,696)	15,933
Decrease (increase) in other assets		8,017	(9,620)
Increase (decrease) in trade accounts payable		5,532	(9,792)
Increase (decrease) in provisions		(7,689)	(1,762)
Increase (decrease) in other liabilities		4,254	27,941
Income tax paid and refunded		(2,684)	(2,768)
Net cash provided by operating activities *)		**32,699**	**49,397**

Cash flow from investing activities	Note	6M 2025	6M 2024
Proceeds from government grants		(430)	—
Investments in property plant and equipment	(8)	(5,386)	(5,554)
Investments in intangible assets	(9)	(25,959)	(25,429)
Cash receipts from sale of debt instruments of other entities		1,436	(6,791)
Investments in loans granted	(10)	—	(15,345)
Interest received		77	105
Net cash used in investing activities *)		**(30,262)**	**(53,014)**

Cash flow from financing activities			
Proceeds from capital increase and exercise of stock options	(16)	—	—
Repayment of lease liabilities		(2,997)	(2,890)
Increase in financial liabilities to Adtran Holdings, Inc.	(11)	—	—
Cash repayment of financial liabilities to Adtran Holdings, Inc.	(11)	—	(53,034)
Proceeds from liabilities to banks	(11)	—	69,176
Cash repayment of liabilities to bank	(11)	(21,158)	—
Increase in financial liabilities from factoring agreements	(11)	(1,311)	2,943
Cash inflow from loss assumption by Adtran Holdings, Inc.		33,241	—
Interest paid		(2,352)	(1,611)
Net cash used in financing activities		**5,423**	**14,584**
Net effect of foreign currency translation on cash and cash equivalents		(511)	(45)
Net change in cash and cash equivalents		**7,349**	**10,922**
Cash and cash equivalents at the beginning of the period		27,040	30,554
Cash and cash equivalents at the end of the period		**34,389**	**41,476**

*) The prior period information on net cash provided by operating activities and net cash used in investing activities was corrected in according with an IAS 8 adjustment reported in the 2024 consolidated Annual Report.

Consolidated statement of changes in stockholders’ equity (unaudited)

	Share capital					
(in thousands of EUR, except number of shares)	Number of shares	Par value	Capital reserve	Net income (loss) and accumulated deficit	Accumulated other comprehensive income (loss)	Total stockholders' equity entitled to the owners of the parent company
Balance on January 1, 2024	**52,054,500**	**52,055**	**335,352**	**(7,564)**	**(1,853)**	**377,990**
Capital increase, including exercise of stock options	—	—	—	—	—	—
Stock options outstanding	—	—	732	—	—	732
Profit transfer/loss absorption by Adtran Holdings, Inc.	—	—	—	—	—	—
Net loss *)	—	—	—	(5,090)	—	(5,090)
Exchange differences on translation of foreign operations	—	—	—	—	3,428	3,428
Remeasurement of defined benefit plans	—	—	—	—	—	—
Comprehensive income *)	—		—	(5,090)	3,428	(1,662)
Balance on June 30, 2024	**52,054,500**	**52,055**	**336,084**	**(12,654)**	**1,575**	**377,059**
Balance on January 1, 2025	**52,054,500**	**52,055**	**337,158**	**(4,822)**	**3,776**	**388,166**
Capital increase, including exercise of stock options	—	—	—	—	—	—
Stock options outstanding	—	—	996	—	—	996
Profit transfer/loss absorption by Adtran Holdings, Inc.	—	—	—	—	—	—
Net loss	—	—	—	(31,311)		(31,311)
Exchange differences on translation of foreign operations	—	—	—	—	(12,022)	(12,022)
Remeasurement of defined benefit plans	—	—	—	—	—	—
Comprehensive income	—	—	—	(31,311)	(12,022)	(43,333)
Balance on June 30, 2025	**52,054,500**	**52,055**	**338,154**	**(36,133)**	**(8,247)**	**345,829**

*) The previous year's figures have been adjusted retroactively in line with a correction made in the 2024 consolidated financial statements.

Details on changes in stockholders’ equity are presented in note (16).

Notes to the condensed interim financial statements (unaudited)

(1) Information about the company and the group

Adtran Networks SE (hereinafter also referred to as the “company” or “Adtran Networks SE”) is a Societas Europaea domiciled in Meiningen, Germany, with its registered office at Märzenquelle 1–3, 98617 Meiningen, and is registered as HRB 508155 at the commercial register in Jena.

The Adtran Networks group (hereinafter also referred to as “Adtran Networks” or “the group”) develops, manufactures and sells optical and Ethernet-based networking solutions to telecommunications carriers and enterprises to deliver data, storage, voice and video services.

Telecommunications service providers, private companies, universities and government agencies worldwide use the group’s systems. Adtran Networks sells its product portfolio both directly and through an international network of distribution partners.

(2) Basis of preparation and accounting policies

The group’s consolidated interim financial statements for the period ended June 30, 2025, are prepared in accordance with IAS 34. The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the group’s annual financial statements per December 31, 2024.

Neither the interim consolidated financial statements nor the interim Group management report have been audited in accordance with Section 317 of the German Commercial Code (HGB) or reviewed by an auditor in accordance with Section 115 (5) of the German Securities Trading Act (WpHG).

The interim consolidated financial statements are presented in EUR. Unless otherwise stated, all amounts quoted are in thousands of EUR. The balance sheet is broken down into current and non-current assets and liabilities. The classification of income and expenses in the income statement is based on their function within the entity. Where items on the consolidated statement of financial position and in the consolidated income statement are summarized in the interest of clarity, this is explained in the notes to the consolidated financial statements.

The interim financial statements of the individual subsidiaries of the holding company Adtran Networks SE, as subsumed in the condensed interim consolidated financial statements, are all prepared using the same accounting and valuation policies and the same balance sheet date. The preparation of consolidated financial statements in accordance with IFRS requires discretionary decisions, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities as well as income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied to the consolidated financial statements as at December 31, 2024.

There were no changes to the scope of consolidation in the first half of 2025.

The result of the six-month period through June 30, 2025, cannot be extrapolated to the result of the full year 2025.

Economic influences on business activities

Society, politics and the economy are currently facing complex, sometimes interdependent macroeconomic challenges. The slowdown in inflation and foreseeable cuts in key interest rates should lead to a moderate economic recovery in the current year. Nevertheless, the economic outlook remains subject to significant downside risks. The current geopolitical crises in particular harbor high risks for economic growth and inflation. The management of Adtran Networks is aware that extrapolating past experience into the future is only possible to a limited extent, especially in the current climate. The effects of these challenges are analyzed on an ongoing basis and taken into account in the accounting and reporting in the consolidated financial statements.

The business activities of Adtran Networks are not subject to significant seasonal or cyclical fluctuations.

Update on uncertainties identified as of December 31, 2024 in connection with the continuation of business operations

The annual report of Adtran Networks SE published on April 28, 2025, referred to events and circumstances that indicated uncertainties in connection with the continuation of the company's operations.

Adtran Networks SE's financing is closely connected with the financing of its parent company, Adtran Holdings, Inc. In addition to the existing domination and profit and loss transfer agreement, a joint credit facility agreement was concluded in 2023, which makes Adtran Networks SE dependent on the development of the parent company.

Adtran Networks SE participates together with Adtran Holdings, Inc. in a credit facility agreement (Senior Secured Credit Facility) concluded with a banking syndicate. Financial covenants relating to key financial figures from the consolidated financial statements of the parent company (Adtran Holdings, Inc.) are part of this credit agreement. In case of a breach of the financial covenants, there is a risk that Adtran Networks SE's credit facility may become due.

As noted in the risk report section of Adtran Holdings, Inc.'s annual financial report as of December 31, 2024, published on March 4, 2025, minority shareholders of Adtran Networks SE have the option, under the domination and profit and loss transfer agreement pursuant to Section 305 of the German Stock Corporation Act (AktG), to transfer shares to Adtran Holdings, Inc. in return for a cash settlement of EUR 17.21 per share. A number of minority shareholders initiated a review of the amount of the cash settlement offered as part of so-called award proceedings. The conclusion of these proceedings is not expected within the forecast period of twelve months. The market price of Adtran Networks SE shares is currently significantly higher than the amount of the cash settlement offered, which makes a cash settlement currently unprofitable for investors. Therefore, the management of Adtran Holdings, Inc. does not currently expect a high redemption rate with regard to the cash settlement claim pursuant to Section 305 of the AktG.

In the unlikely event that all minority shareholders would simultaneously exercise their right to cash compensation, a payment obligation of approximately EUR 326.8 million, including interest, would arise, as stated in the half year financial report of Adtran Holdings, Inc. Although its cash situation improved in the first half year 2025, Adtran Holdings inc. does not have sufficient liquidity to settle all cash compensations at the time of the publication of this report.

Adtran Networks SE's cash and cash equivalents as of June 30, 2025, amounted to EUR 34,389 thousand. In addition, at the same time, loans to Adtran, Inc., a subsidiary of Adtran Holdings, Inc., amounting to EUR 15,068 thousand and receivables from the profit transfer 2024 amounting to EUR 14,699 thousand were recorded against Adtran Holdings, Inc. The liability under Adtran Networks SE's Senior Secured Credit Facility amounted to EUR 21,360 thousand as of June 30, 2025.

As outlined in the risk and opportunity report of the combined management report in the Annual Report 2024 of the Adtran Networks group, a higher-than-expected redemption of the cash compensation claim could pose risks for Adtran Networks SE, as this could lead to a breach of credit conditions at the level of Adtran Holdings, Inc., resulting in the credit line granted to Adtran Networks SE becoming due.

However, given the current stable net cash situation of Adtran Networks SE this would not result in a liquidity gap in the second half year 2025 or the first half year 2026. Management still considers the risks described above to be low and thus the consolidated 6M financial statements were prepared on the going concern assumption.

(3) Effects of new standards and interpretations

With the exception of the application of new and revised IFRS and interpretations (IFRIC) in the past financial year, the accounting and valuation methods of the consolidated financial statements as of December 31, 2024 will be continued unchanged.

Standards, amendments and interpretations applicable for the first time in 2025

In 2025, following standards and interpretations have been adopted for the first time.

Standard	Topic	First-time adoption*	Expected impact on the financial position and performance
Amendments to IAS 21	Lack of exchangeability - New disclosures on the usage of estimated exchange rate	Jan. 1, 2025	not relevant

New accounting requirements not yet applicable for first-time adoption in 2025

The IASB and the IFRIC have issued further Standards and Interpretations in 2025 and previous years that were either not applicable for the financial year 2025 or whose first-time adoption is still subject to endorsement by the EU.

Standard	Topic	First-time adoption*	Expected impact on the financial position and performance
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	Jan. 1, 2026	under review
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	Jan. 1, 2026	not applicable
Annual Improvements to IFRS – Volume 11	Annual Improvements to IFRS – Volume 11	Jan. 1, 2026	under review
IFRS 18	Presentation and disclosure in the financials statements	Jan. 1, 2027	under review
IFRS 19	Subsidiaries without Public Accountability: Disclosures	Jan. 1, 2027	under review
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	not defined	not applicable

* To be applied in the first reporting period of a financial year beginning on or after this date.

(4) 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.

Gross and net trade accounts receivable are as follows:

(in thousands of EUR)	Jun. 30, 2025	Dec. 31, 2024
Gross trade accounts receivable	**104,292**	**111,169**
Allowance for expected credit losses	(2,783)	(2,594)
Net trade accounts receivable	**101,510**	**108,575**

A reconciliation of the risk provision for trade accounts receivable carried at amortized cost is included in the table below:

(in thousands of EUR)	6M 2025	6M 2024
Jan. 1	**2,594**	**3,487**
Increase of risk provision	—	65
Release of risk provision	(18)	—
Addition of specific allowances	418	61
Usage	—	—
Foreign currency translation effects	(211)	59
Jun. 30	**2,783**	**3,672**

The current revolving factoring agreement results in the requirement to consolidate a special purpose entity. On June 30, 2025, the consolidation resulted in the recognition of trade receivables of EUR 13,171 thousand (December 31, 2024: EUR 13,340 thousand).

(5) Inventories

The increase in inventories by EUR 4,697 thousand to EUR 95,839 thousand reported at June 30, 2025 is driven by the forecasted increase in customer shipments in Q3 2025 and the extended lead-time of certain components.

In 6M 2025, impairment of inventories amounting to EUR 4,597 thousand (6M 2024: EUR 3,474 thousand) was recognized as an expense within cost of goods sold. This amount includes reversals of earlier write-downs amounting to EUR 1,400 thousand (6M 2024: EUR 1,775 thousand) due to higher selling and input prices.

(6) Other current and non-current assets

Other current assets are as follows:

(in thousands of EUR)	Jun. 30, 2025	Dec. 31, 2024
Non-financial assets		
Advance payments to contract manufacturers	25,795	37,088
Prepaid expenses	5,634	5,182
Receivables due from tax authorities	5,140	4,884
Other	456	272
Total current non-financial assets	**37,024**	**47,425**
Financial assets		
Receivables from Adtran Holdings, Inc. from loss absorption	14,699	47,103
Government grant allowances for research projects	27,928	24,043
Receivables from sale of debt instruments of Adtran, Inc.	7,748	9,184
Positive fair values of derivative financial instruments	—	545
Duty refund	862	1,505
Insurance reimbursements	—	1,113
Other	2,159	1,537
Total current financial assets	**53,397**	**85,032**
Total current assets	**90,421**	**132,457**

Other current assets are non-interest-bearing and are generally due within 0 to 60 days.

Other non-current assets are as follows:

(in thousands of EUR)	Jun. 30, 2025	Dec. 31, 2024
Financial assets		
Government grant allowances for research projects	7,454	15,187
Rent deposits	1,900	1,839
Other	119	95
Total non-current assets	**9,473**	**17,120**

Advance payments to contract manufacturers decreased due to lower business volumes with selected contract manufacturers. The decline in receivables from loss absorption resulted from payments initiated by Adtran Holdings, Inc. during 6M 2025.

On June 30, 2025, government grants for 25 research projects are recognized (December 31, 2024: 26 research projects). These public grants relate to programs promoted by the EU and national governments. Due to the high credit ratings of the funding providers, which are exclusively state institutions, Adtran Networks does not expect any defaults. Reclassifications are made between short-term and long-term government grant allowances depending on the expected duration of the funding projects. Overall, receivables from government grants allowances for research projects have decreased due to reduced funding volumes as research projects have been finalized.

The rent deposits are mainly assets held in trust. Adtran Networks does not expect any defaults.

On June 30, 2025 and December 31, 2024, no non-financial non-current assets have been reported.

(7) Right-of-use assets

Right-of-use assets can be analyzed as follows:

(in thousands of EUR)	Jun. 30, 2025	Dec. 31, 2024
Leased cars	1,680	1,862
Leased premises	22,800	23,663
Total right-of-use assets	**24,480**	**25,525**

In 6M 2025 no impairment losses were recognized on right-of-use assets (6M 2024: EUR 387 thousand). However, a reversal of write-downs amounting to EUR 101 thousand was recognized in 6M 2025.

(8) Property, plant and equipment

Property, plant and equipment can be analyzed as follows:

(in thousands of EUR)	Jun. 30, 2025	Dec. 31, 2024
Land and buildings	13,044	13,131
Technical equipment and machinery	17,953	19,512
Factory and office equipment	2,629	2,600
Assets under construction	219	144
Total property, plant and equipment	**33,845**	**35,388**

The decrease in technical equipment and machinery is mainly due to regular depreciation of the period exceeding additions.

In 6M 2025 and 6M 2024, there were neither impairments nor write-backs of property, plant and equipment impaired in prior years.

(9) Intangibles assets

The decrease in goodwill is exclusively due to foreign currency revaluation.

Capitalized development projects of EUR 96,314 thousand as of June 30, 2025 (December 31, 2024: EUR 100,608 thousand) include expenses related to the development of technologies and products for connectivity solutions for cloud and mobile services, synchronization technology and network management software. Capitalized development projects decreased in the first half of 2025, mainly due to higher amortization compared to additions during the reporting period.

Other purchased and internally generated intangible assets amounting to EUR 42,748 thousand as of June 30, 2025 (December 31, 2024: EUR 38,107 thousand) include software and hardware development costs and have increased due to the ongoing development of existing projects. In 6M 2025, the group received government grants amounting to EUR 430 thousand for other purchased and internally generated intangible assets 6M 2024: none). Acquisition costs were reduced in 6M 2025 accordingly.

In 6M 2025 and 6M 2024 no impairment of intangible assets with finite or indefinite useful economic lives was recognized.

(10) Loans granted

On June 4, 2024, Adtran Networks SE granted a loan to Adtran, Inc. amounting to USD 17,121 thousand. The loan matures latest on July 18, 2027 and bears interest of 3M Term SOFR + 1.0 % margin set at the beginning of each quarter. After taking into account the interest accrued up to the end of the quarter and deducting the upfront fees, arrangement fees and legal fees charged on by Adtran, Inc. as part of a joint loan agreement with Wells Fargo, the carrying amount of the loan on June 30, 2025 was EUR 15,068 thousand.

(11) Liabilities to banks

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 June 30, 2025, Adtran Networks SE has drawn EUR 21,360 thousand (USD 25,000 thousand) out of the subline allocated to Adtran Networks (December 31, 2024: EUR 46,917 thousand (USD 49,000 thousand). The total subline amounts to USD 50,000 thousand at the end of 6M 2025.

The loan matures on July 18, 2027 and can be repaid fully or in part at any time. As early repayment cannot be demanded by the lender as long as no covenants are breached, the loan is reported as non-current financial liability. At June 30, 2025, the variable interest rate for 6M 2025 amounts to 8.51% p.a. Interest of USD 1,755 thousand (EUR 1,610 thousand) has been paid in the current reporting period.

Aside from customary covenants related to representations and warranties, information requirements, among others, Adtran Holdings Inc. is subject to specific financial covenants which are tested on a group, consolidated basis at the Adtran Holdings, Inc. level. Adtran Holdings, Inc. must maintain a net leverage ratio, defined as senior secured indebtedness less up to USD 75 million in cash, divided by adjusted EBITDA for the past 12 months, not exceeding 3.25 at each measurement date. As of June 30, 2025, Adtran Holdings, Inc.'s net leverage ratio was 2.08. Additionally, Adtran Holdings, Inc. is required to maintain a fixed charge coverage ratio of at least 1.25, calculated as adjusted EBITDA minus taxes, divided by interest and amortization charges. As of June 30, 2025, this ratio stood at 2.60. Management expects continued compliance with all loan agreements throughout the term.

In December 2023, Adtran Networks concluded a new factoring agreement. The recognition of this agreement resulted in a current financial liability of EUR 20,192 thousand as at June 30, 2025 (prior year-end: EUR 21,503 thousand).

(12) Trade accounts payable and other current and non-current liabilities

The trade accounts payable are non-interest-bearing and generally due within 30 to 90 days. The increase in trade accounts payable mainly results from demand-oriented purchases of materials.

Other current liabilities are as follows:

(in thousands of EUR)	Jun. 30, 2025	Dec. 31, 2024
Non-financial liabilities		
Liabilities to employees for variable compensation and payroll	5,337	6,620
Liabilities to employees for vacation	4,536	2,077
Liabilities due to withheld wage income tax and social security contribution	5,428	4,802
Liabilities due to tax authorities	2,439	3,771
Obligations from subsidized research projects	23,845	22,348
Total current non-financial liabilities	**41,585**	**39,617**
Financial liabilities		
Negative fair value of derivatives	88	—
Liabilities in connection with the consolidation of a special purpose entity	1,167	1,422
Liabilities to Adtran Holdings, Inc. from recharge of share-based payment instruments	1,681	354
Other	4,556	3,472
Total current financial liabilities	**7,492**	**5,249**
Total current liabilities	**49,077**	**44,866**

Other non-current liabilities include:

(in thousands of EUR)	Jun. 30, 2025	Dec. 31, 2024
Non-financial liabilities		
Obligations from subsidized research projects	6,963	14,846
Total non-current non-financial liabilities	**6,963**	**14,846**
Financial liabilities		
Other	593	579
Total non-current financial liabilities	**593**	**579**
Total non-current liabilities	**7,556**	**15,425**

Liabilities to employees for vacation increased due to regular addition of untaken vacation days in the first half of the year.

The measurement of the assets and liabilities at fair value through profit or loss is based on fair values of Level 2.

Forward rate agreements are measured using quoted forward exchange rates and yield curves derived from quoted interest rates according to the maturities of the contract.

For all financial liabilities the fair value corresponds with the book value of the respective positions on June 30, 2025 The classification is in line with the disclosure in the group's annual financial statements per December 31, 2024.

(13) Pension obligations and other provisions

Additions to pension provisions are made during the year on the basis of a forecast value determined as part of the actuarial valuation as of December 31, 2024.

Other provisions are as follows:

(in thousands of EUR)	Jun. 30, 2025	Dec. 31, 2024
Current provisions		
Warranty provision	134	158
Personnel provisions	3,016	3,010
Consulting fees	441	1,918
Supplier obligations	1,813	7,794
Other current provisions	1,597	1,572
Total current provisions	**7,001**	**14,451**
Non-current provisions		
Warranty provision	856	1,068
Other non-current provisions	78	78
Total non-current provisions	**934**	**1,146**
Total provisions	**7,934**	**15,598**

The estimated expenses related to warranty claims reflect both past experience and current developments and are based on a percentage of sales revenues. Any differences between actual amounts and anticipated amounts are treated as changes in accounting estimates and affect earnings in the period in which the change occurs.

Current personnel provisions mainly include severance payments as well as expenses for employee's accident insurance and other expenses resulting from legal requirements.

The decrease in supplier obligations is mainly driven by an increasing turnover rate reducing the risk of obsolescence at contract manufacturers. Consulting fee provisions decreased due to the final settlement of two legal cases in 6M 2025.

Other current provisions primarily include provisions for outstanding invoices of uncertain amount and timing.

The reversals of provisions from previous years are reported in the respective operating costs. Other operating income only includes reversals of provisions from special items (see note (18)).

(14) Contract liabilities and refund liabilities

Contract and refund liabilities are as follows:

(in thousands of EUR)	Jun. 30, 2025	Dec. 31, 2024
Current contract liabilities		
Advance payments received	641	1,170
Current contract liabilities related to customer loyalty programs	527	411
Current deferred revenues related to service level agreements	32,177	24,146
Total current contract liabilities	**33,345**	**25,727**
Current refund liabilities	280	364
Total refund liabilities	**280**	**364**
Non-current contract liabilities		
Non-current deferred revenues related to service level agreements	12,765	13,220
Total non-current contract liabilities	**12,765**	**13,220**
Total contract liabilities	**46,390**	**39,310**

The revenues generated in the reporting period from contract liabilities existing at the beginning of the period amounted to EUR 16,197 thousand (6M 2024: EUR 19,745 thousand).

Current deferred revenues related to service level agreements typically increase at the beginning of the year as new contracts become effective for the 12-months period.

(15) Financial instruments

The following tables analyze carrying amounts and fair values according to measurement categories. Only assets and liabilities, which fall into the categories defined by IFRS 7, are presented, so that the total amounts disclosed do not correspond to the balance sheet totals of each year.

			Categories recognized according to IFRS 9			
(in thousands of EUR, on June 30, 2025)	Measurement category in accordance with IFRS 9	Carrying amount	Amortized cost or no category, respectively	Fair value recognized in profit and loss	Fair value	Hierarchy of fair values
Assets						
Cash and cash equivalents	AC	34,389	34,389	—	n/a	n/a
Trade accounts receivable without underlying factoring agreement	AC	101,510	101,510	—	n/a	n/a
Trade accounts receivable with underlying factoring agreement	FVTPL	—	—	—	—	Level 2
Receivables from Adtran Holdings, Inc. due to loss absorption	AC	14,699	14,699	—	n/a	n/a
Loans granted	AC	15,068	15,068	—	15,068	n/a
Other current financial assets	AC	38,698	38,698	—	n/a	n/a
Other non-current financial assets	AC	9,473	9,473	—	9,473	Level 2
Derivatives	FVTPL	—	—	—	—	Level 2
Total financial assets		**213,837**	**213,837**	**—**	**24,541**	
Liabilities						
Current lease liabilities	n/a	5,792	5,792	—	n/a	n/a
Non-current lease liabilities	n/a	21,349	21,349	—	n/a	n/a
Current liabilities to banks	FLAC	20,192	20,192	—	20,192	Level 2
Non-current liabilities to banks	FLAC	21,360	21,360	—	21,360	Level 2
Non-current financial liabilities to Adtran Holdings, Inc.	FLAC	—	—	—	—	Level 2
Trade accounts payable	FLAC	54,898	54,898	—	n/a	n/a
Other current financial liabilities	FLAC	7,404	7,404	—	n/a	n/a
Other non-current financial liabilities	FLAC	593	593	—	593	Level 2
Derivatives	FVTPL	88	—	88	88	Level 2
Total financial liabilities		**131,676**	**131,589**	**88**	**42,233**	

* Due to the short-term nature, it was assumed that the book value as of the reporting date approximates the fair value.

(in thousands of EUR, on Dec. 31, 2024)	Measurement category in accordance with IFRS 9	Carrying amount	Categories recognized according to IFRS 9		Fair value	Hierarchy of fair values
			Amortized cost or no category, respectively	Fair value recognized in profit and loss		
Assets						
Cash and cash equivalents	AC	27,040	27,040	—	n/a	n/a
Trade accounts receivable without underlying factoring agreement	AC	108,575	108,575	—	n/a	n/a
Trade accounts receivable with underlying factoring agreement	FVTPL	—	—	—	—	Level 2
Receivables from Adtran Holdings, Inc. due to loss absorption	AC	47,103	47,103	—	n/a	n/a
Loans granted	AC	16,429	16,429	—	16,429	n/a
Other current financial assets	AC	37,383	37,383	—	n/a	n/a
Other non-current financial assets	AC	17,120	17,120	—	17,120	Level 2
Derivatives	FVTPL	545	—	545	545	Level 2
Total financial assets		**254,195**	**253,650**	**545**	**34,094**	
Liabilities						
Current lease liabilities	n/a	6,047	6,047	—	n/a	n/a
Non-current lease liabilities	n/a	22,753	22,753	—	n/a	n/a
Current liabilities to banks	FLAC	19,036	19,036	—	19,036	Level 2
Non-current liabilities to banks	FLAC	46,917	46,917	—	46,917	Level 2
Non-current financial liabilities to Adtran Holdings, Inc.	FLAC	—	—	—	—	Level 2
Trade accounts payable	FLAC	48,578	48,578	—	n/a	n/a
Other current financial liabilities	FLAC	3,472	3,472	—	n/a	n/a
Other non-current financial liabilities	FLAC	579	579	—	579	Level 2
Derivatives	FVTPL	—	—	—	—	Level 2
Total financial liabilities		**147,382**	**147,382**	**—**	**66,532**	

* Due to the short-term nature, it was assumed that the book value as of the reporting date approximates the fair value.

The group uses the following hierarchy for determining the fair value of financial instruments:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques, which use inputs that are not based on observable market data.

At the end of the reporting period it is analyzed whether transfers between the hierarchy levels need to be considered. In 6M 2025 and 2024, there were no such transfers.

In the case of cash and cash equivalents, trade receivables measured at amortized cost, other current financial assets and liabilities as well as trade accounts payable, the carrying amounts represent reasonable approximations for the fair values.

Forward rate agreements are measured using the discounted cash flow method based on quoted forward rates and yield curves derived from quoted interest rates according to the maturities of the contract.

The fair values of financial liabilities as well as other non-current financial assets and liabilities have been calculated based on future cash flows by using arm's length, risk-adjusted interest rates.

The fair value of the balance sheet items measured at Level 3 on June 30, 2025 totaled nil (December 31, 2024: nil).

(16) Stockholders' equity

On June 30, 2025 the share capital amounts to EUR 52,054,500 (on December 31, 2024: EUR 52,054,500).

In 6M 2025, no shares were issued to employees and management board of the company and its group companies from exercise of stock options.

In the annual shareholder´s meeting on June 27, 2025, cancellation of the conditional capital 2011/I in the amount of EUR 3,491 thousand was approved. The authorized capital 2024/I remains unchanged at EUR 26,027 thousand on June 30, 2025.

Further details on stockholders' equity are included in the consolidated statement of changes in stockholders' equity.

(17) Revenues

In 6M 2025 and 6M 2024, revenues included EUR 52,710 thousand and EUR 49,402 thousand for services, respectively. The remaining revenues relate mainly to product sales.

In 6M 2025, revenues amounting to EUR 187,457 thousand (prior year: EUR 178,155 thousand) relate to performance obligations that were performed at a specific point in time, and revenues of EUR 36,402 thousand (6M 2024: EUR 39,740 thousand) relate to performance obligations that were delivered over a period of time.

A segmentation of revenues by geographic region is provided in the section on segment reporting under note (20).

(18) Other operating income and expenses

Other operating income and expenses are as follows:

(in thousands of EUR)	6M 2025	6M 2024
Other operating income		
Government grants received	4,303	3,775
Income from the provision of services to Adtran Holdings, Inc. and its subsidiaries	7,821	4,710
Income for the supply of development services	—	124
Income from royalties	603	—
Other	128	98
Total other operating income	**12,855**	**8,707**
Other operating expenses		
Reduction of outstanding credit notes	—	(129)
Other	(242)	(138)
Total other operating expenses	**(242)**	**(267)**
Other operating income and expenses, net	**12,613**	**8,440**

Details on income from the provision of services to Adtran Holdings, Inc. and its subsidiaries are provided in note (24).

The increase in income from the provision of services to Adtran Holdings, Inc. and its subsidiaries mainly relates to service contracts for research and development activities as described in note (24).

(19) Income tax

The tax expenses in 6M 2025 and 6M 2024 result from the application of the expected tax rate of the group to the current IFRS result. The expected tax rate is calculated based on a tax planning for the financial year. The tax expense of EUR 15,360 thousand in the current reporting period is largely driven by the reversal of deferred tax assets on loss carryforwards and additional taxable temporary differences from capitalized R&D expenses (6M 2024: tax income of EUR 13,985 thousand).

(20) Segment reporting

In accordance with IFRS 8, operating segments are identified based on the way information is reported internally to the chief operating decision maker, i.e. the management board, and regularly reviewed to make decisions about resources to be assigned to the segment and assess its performance. The internal organizational and management structure and the structure of internal financial reporting activities are the key factors in determining what information is reported. For making decisions about resource allocation and performance assessment, management does not monitor the operating results separately on the level of business units. Therefore the reporting on individual business segment does not apply.

Within the Adtran Networks group, management decisions are based on pro forma EBIT. Pro forma financial information excludes non-cash charges related to share-based compensation plans and amortization and impairment of goodwill and acquisition-related intangible assets. Additionally, non-recurring expenses related to M&A, integration, an investigation in the US and restructuring measures are not included. Income from capitalization of development expenses is shown as a separate line item and not deducted from research and development expenses.

Reconciliation of key performance measures to the consolidated financial income on June 30, 2025 presents as follows:

(in thousands of EUR)	Pro forma financial information	Intangible assets from acquisitions	Goodwill	Compensation expenses	Expenses related to M&A, integration, other non-recurring and restructuring measures	Disclosure of R&D expenses	Consolidated financial information
Revenues	223,859	—	—	—	—	—	223,859
Cost of goods sold	(148,514)	—	—	(349)	—	—	(148,863)
Gross profit	**75,345**	**—**	**—**	**(349)**	**—**	**—**	**74,996**
Gross margin	**33.7 %**						**33.5 %**
Selling and marketing expenses	(29,382)	(660)	—	(415)	—	—	(30,457)
General and administrative expenses	(15,175)	—	—	(666)	(802)	—	(16,642)
Research and development expenses	(74,165)	—	—	(1,248)	—	18,583	(56,829)
Income from capitalization of development expenses	18,583	—	—	—	—	(18,583)	—
Other operating income	12,855	—	—	—	—	—	12,855
Other operating expenses	(242)	—	—	—	—	—	(242)
Operating income	**(12,181)**	**(660)**	**—**	**(2,677)**	**(802)**	**—**	**(16,319)**
Operating margin	**(5.4)%**						**(7.3)%**
Segment assets	**567,759**	**3,041**	**45,503**	**—**	**—**	**—**	**616,303**

Reconciliation of key performance measures to the consolidated financial income on June 30, 2024 presents as follows:

(in thousands of EUR)	Pro forma financial information	Intangible assets from acquisitions	Goodwill	Compensation expenses	Expenses related to M&A, integration, other non-recurring and restructuring measures	Disclosure of R&D expenses	Consolidated financial information
Revenues	217,771	—	—	—	—	—	217,771
Cost of goods sold *)	(142,910)	—	—	(328)	(908)	—	(144,146)
Gross profit *)	**74,861**	**—**	**—**	**(328)**	**(908)**	**—**	**73,625**
Gross margin *)	**34.4 %**						**33.8 %**
Selling and marketing expenses	(28,683)	(696)	—	(436)	(661)	—	(30,476)
General and administrative expenses	(13,514)	—	—	(849)	(699)	—	(15,062)
Research and development expenses	(70,636)	—	—	(1,178)	(2,412)	20,454	(53,772)
Income from capitalization of development expenses	20,454	—	—	—	—	(20,454)	—
Other operating income	8,707	—	—	—	—	—	8,707
Other operating expenses	(129)	—	—	—	(138)	—	(267)
Operating income *)	**(8,940)**	**(696)**	**—**	**(2,791)**	**(4,818)**	**—**	**(17,245)**
Operating margin *)	**(4.1)%**						**(7.9)%**
Segment assets *)	**591,572**	**4,707**	**64,370**	**—**	**—**	**—**	**660,649**

*) The previous year's figures have been adjusted retroactively in line with a correction made in the 2024 consolidated financial statements.

Additional information on revenues by geographical regions:

(in thousands of EUR)	6M 2025	6M 2024
Germany	24,567	28,962
Rest of Europe, Middle East and Africa	95,976	82,117
Americas	79,206	79,244
Asia-Pacific	24,110	27,448
Total revenues	**223,859**	**217,771**

Revenue information is based on the shipment location of the customers.

(21) Other financial obligations and financial commitments

On June 30, 2025, the group had purchase commitments totaling EUR 54,487 thousand (December 31, 2024: EUR 60,385 thousand) in respect to suppliers.

Group entities have issued guarantees in favor of customers. On June 30, 2025, performance bonds with a maximum guaranteed amount of EUR 215 thousand were issued (December 31, 2024: EUR 200 thousand). Based on experience from prior periods, Adtran Networks does not expect claims from these guarantees at the end of 6M 2025.

The Senior Secured Credit Facility described in note (11) requires that Adtran Networks SE's material subsidiaries provide a guarantee solely for the borrowings by Adtran Networks SE ("subline"). In addition, Adtran Networks SE and its material subsidiaries are required to grant security interests in favor of Wells Fargo Bank over substantially all of their tangible and intangible assets pursuant to applicable security agreements, solely to secure the obligations in respect of the subline, with the exception of the excluded assets, which include any real property ownership and leasehold interests in real property.

(22) Contingent liabilities

In the normal course of business, claims may be asserted, or lawsuits filed against the company and its subsidiaries from time to time. On June 30, 2025, Adtran Networks does not expect potential titles or litigations that will in detail or in total have a material impact on its financial position or operating performance.

(23) Stock option programs

In 6M 2025, Adtran Holdings, Inc. granted Restricted stock units (RSU) and Performance stock units (PSU) to employees of Adtran Networks as well as members of the Adtran Networks SE management board.

All accounting principles and assumptions remain unchanged from the previous period. For information on the individual stock option programs and the accounting policies applied, please refer to Note (40) in our Annual Report as of December 31, 2024.

The total development of the number of the share-based payment instruments issued to employees is explained in the following table:

	Stock options of Adtran Holdings, Inc.	RSU	PSU
Share-based payment instruments outstanding on Dec. 31, 2024	**1,354,061**	**375,778**	**244,871**
Instruments transferred from Adtran, Inc.	—	9,066	—
Granted instruments	—	373,310	14,536
Exercised / converted (vested) instruments	(91,640)	(92,450)	—
Forfeited instruments	(82,546)	(23,081)	(54,763)
Expired instruments	(2,473)	—	—
Share-based payment instruments outstanding on June 30, 2025	**1,177,402**	**642,623**	**204,644**
Of which exercisable	863,504	62	42,129

The development of the number of the share-based payment instruments issued to active and former members of the management board is as follows:

	Stock options of Adtran Holdings, Inc.	RSU	Number of annual PSU	Number of 3-year plan PSU
Share-based payment instruments outstanding on Dec. 31, 2024	**514,453**	**278,969**	**204,750**	**264,902**
Granted instruments	—	190,100	150,139	72,246
Exercised / converted (vested) instruments	—	(90,291)	—	—
Forfeited instruments	—	—	—	—
Expired instruments	—	—	—	—
Share-based payment instruments outstanding on June 30, 2025	**514,453**	**378,778**	**354,889**	**337,148**
Of which exercisable	304,429	—	—	—

The following computation parameters apply for RSUs and PSUs issued in 6M 2025 by Adtran:

	Employees		Management board		
	RSUs	PSUs	RSUs	Annual PSUs	3-year plan PSUs
Weighted average share price (in USD)	10.31	10.31	10.31	10.31	8.50
Weighted expected volatility (in % per year)	n/a	54.85	n/a	54.85	n/a
Term (in years)	4.00	3.00	4.00	3.00	1.00
Weighted risk-free interest rate (in % per year)	n/a	4.28	n/a	4.28	n/a
Average fair value of RSUs and PSUs (in USD)	10.31	12.52	10.31	12.52	8.50

The volatility is specified as fluctuation of the share price compared to the average share price of the period. In each case, expected volatility is calculated based on historic share prices (historic volatility). The risk-free interest rate is based on information on risk-free investments with corresponding terms.

The valuation assumed that the PSUs vest after the end of the vesting period (early vesting). PSU and RSU programs do not contain an exercise price.

Compensation expenses arising from share-based compensation programs included in operating income were as follows:

(in thousands of EUR)	6M 2025	6M 2024
Stock options of Adtran Holdings, Inc. for employees	601	1,320
RSUs of Adtran Holdings, Inc. for employees	1,345	660
PSUs of Adtran Holdings, Inc. for employees	133	89
Stock option program of Adtran Holdings, Inc. for the management board	384	515
RSUs of Adtran Holdings, Inc. for the management board	107	78
PSUs of Adtran Holdings, Inc. for the management board	107	129
Total	**2,677**	**2,791**

Share-based compensation expenses result primarily from the granting of share-based compensation instruments by Adtran Holdings, Inc. to employees and management board members of Adtran Networks SE and its subsidiaries, in accordance with IFRS 2.43B (b). Due to the stock compensation recharge agreement with Adtran Holdings, Inc., EUR 1,681 thousand was charged (previous year: EUR 2,058 thousand).

(24) Related party transactions

Adtran Holdings, Inc. and its subsidiaries qualify as related parties to Adtran Networks SE and its subsidiaries on June 30, 2025, in the sense of IAS 24. On June 30, 2025, Adtran Holdings, Inc. held a 68.59 % share in the equity of Adtran Networks SE.

On June 30, 2025 trade accounts payables amounting to EUR 1,659 thousand (December 31, 2024: EUR 516 thousand) and trade accounts receivables amounting to EUR 9,171 thousand (December 31, 2024: EUR 7,162 thousand) are reported in respect to Adtran Holdings, Inc. and and its sister company, Adtran, Inc. and its subsidiaries. The receivables relate to the service contracts described below. Moreover, liabilities regarding the recharged costs of share-based payment instruments issued by Adtran Holdings, Inc. to employees of Adtran Networks SE and its subsidiaries amounting to EUR 1,681 thousand (December 31, 2024: EUR 354 thousand) are reported in other liabilities. In addition, employees of Adtran, Inc. have provided services in connection with the creation of an intangible asset of Adtran Networks in the amount of USD 1.346 thousand. Furthermore, receivables from Adtran Inc. amounting to EUR 7,748 thousand were purchased as part of a factoring agreement. In this context, Adtran Holdings, Inc. issued an independent guarantee to the buyer for the receivables of Adtran Networks SE and Adtran Network North America, Inc.

On June 30, 2025, mutual reseller agreements between Adtran Networks SE and Adtran, Inc. as well as a stock compensation recharges agreement between Adtran Networks SE and Adtran Holdings, Inc. were in place. No expenses or income resulted from the reseller agreements for the reported period. For the expenses incurred in connection with the stock compensation recharge agreement, please refer to note (23). Moreover, Adtran Networks SE has recharged EUR 276 thousand to Adtran Inc. for the use of a shared license. In addition, Adtran Networks Poland and Adtran Networks IT India have concluded R&D and service agreements with Adtran, Inc. The resulting income amounts to EUR 5,211 thousand for Adtran Networks Poland and EUR 1,773 thousand for Adtran Networks IT India. Furthermore, intercompany service agreements were concluded between Adtran Networks SE and Adtran GmbH as well as between Adtran Networks UK and Adtran Europe, Ltd. The total value of the income from these agreements amounts to EUR 560 thousand.

Adtran Networks has on June 30, 2025, a receivable from the profit and loss transfer agreement amounting to EUR 14,699 thousand (December 31, 2024: EUR 47,103 thousand). The interest income resulting from the receivable amounts to EUR 837 thousand at an interest rate of 5.0 % (December 31, 2024: EUR 1,187 thousand at an interest rate of 5.0 %).

Moreover, Adtran Networks reports a loan granted to Adtran, Inc. as described in note (10). In 6M 2025, the interest income accrued amounts to EUR 425 thousand.

All transactions with the related parties listed above are conducted on an arm's-length basis.

(25) Governing boards

Management board

On June 30, 2025, the members of the management board were Thomas R. Stanton, Chief Executive Officer, Christoph Glingener, Chief Technology Officer and Timothy Santo, Chief Financial Officer. Ulrich Dopfer notified Company of his resignation from his position as Chief Financial Officer on May 18, 2025.

Apart from the remuneration based on the management board contracts and disclosed in the group's annual remuneration report, there are no other transactions between the group and the management board in the first half of 2025.

Supervisory board

On June 30, 2025, the members of the supervisory board were Eduard Scheiterer, chairman, Frank Fischer, vice chairman, and Heike Kratzenstein.

The members of the supervisory board receive a fixed remuneration and did not hold shares, stock options or other share-based payment instruments of the company on June 30, 2025 and December 31, 2024, respectively. Apart from the remuneration based on the agreements as disclosed in the group's annual remuneration report, there are no other transactions between the group and the supervisory board in the first half of 2025.

(26) Events after the balance sheet date

According to the announcements end of July 2025, an agreement between the USA and the EU regarding the tariff situation is emerging. Adtran is closely monitoring the situation while actively seeking solutions. We have established a communication channel with our suppliers and customers that will remain open and active as we work to keep all stakeholders informed on how recent tariff actions may affect Adtran products used in building and expanding your networks.

Adtran Networks operates a production facility at the headquarters of its parent company in Huntsville, Alabama, and collaborates with manufacturers outside the USA. This approach ensures an efficient, flexible, and cost-effective supply chain. Adtran Networks will continue to monitor and adjust global production processes as needed to minimize potential tariff impacts. To avoid additional tariffs, the relocation of inventory is being considered to continue meeting customers' short-term needs. Furthermore, Adtran Networks works closely with all suppliers to adapt business models and thereby reduce potential tariff burdens.

The financial impact of the customs changes and the resulting uncertainties in global trade on the net assets, financial position and results of operations of Adtran Networks SE cannot be fully assessed at this time.

There were no events after the balance sheet date that materially impacted the net assets and financial position of the group and Adtran Networks SE on June 30, 2025, or the group’s and the company’s financial performance for 6M 2025. Also, there were no events considered material for disclosure.

Affirmative declaration of the legal representatives

We, the members of the management board of Adtran Networks SE, to the best of our knowledge affirm that, in accordance with the applicable reporting principles, the management report and the consolidated financial statements of the Adtran Networks group represent a true and fair view of the net assets, financial position and performance of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Meiningen, August 12, 2025

Thomas R. Stanton Christoph Glingener

Timothy Santo

Financial calendar

Q3 2025 quarterly statement	November 12, 2025 Martinsried/Munich, Germany

Forward-looking statements

This document contains forward-looking statements using words such as “believes”, “anticipates” and “expects” to describe expected revenues and earnings, anticipated demand for optical networking solutions, internal estimates and liquidity. 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. Adtran Networks’ supply chain has been affected by the global semiconductor crisis: component delivery times have increased significantly and, despite many countermeasures, Adtran Networks’ delivery times to customers are also increasing. Although potential future component bottlenecks are systematically identified and analyzed, and supply chain management actively counteracts them, the risk remains that not all customers can be supplied within a timeframe that is satisfactory to them. In addition, the management board sees short-term risks on the purchasing side, as delivery times have already been reduced and customers are actively managing their own inventories. There is therefore a risk that customers will currently order less and reduce their inventories. All risks and uncertainties remain unchanged and are explained in the "risk and opportunity report" section of the Group Management Report 2024.

Corporate information

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Adtran Networks on the web

More information about Adtran Networks, including solutions, technologies and products, can be found on the company's website at www.adtran.com.

PDF files of this six-month report as well as previous annual reports, quarterly reports, presentations and general investor information, are also located on the company's website and can be downloaded in both English and German. Quarterly conference calls are conducted on the day of earnings announcements. Related PDF, audio and transcript files are available for download in the investor relations section of the group's website, www.adva.com.

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