



Unlocking the future network

REMUNERATION REPORT 2023

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Remuneration for management board and supervisory board

The present remuneration report prepared by the management board and the supervisory board reports on the compensation of the present and former members of the management board and the supervisory board of Adtran Networks SE in the fiscal year 2023 pursuant to the requirements of Section 162 German Stock Corporation Act (Aktiengesetz, AktG). Granted and owed compensation as well as promised allowances are stated individually for the members of the corporate bodies.

At the beginning of the fiscal year under review, the essential change in the company's structure since the latest resolution of the annual general meeting regarding the management board compensation system required an extensive revision of the system for the compensation of the members of the management board. On July 15, 2022, Adtran Holdings, Inc. ("Adtran Holdings") acquired a controlling interest in our company. On November 30, 2022, the annual general meeting approved a control and profit transfer agreement with Adtran Holdings as the controlling entity and Adtran Networks SE as the dependent entity; with its entry in the commercial register on January 16, 2023, this contract became effective. Due to this control and profit transfer agreement, the incentive effect of several variable compensation components stipulated in the previous compensation system could no longer be achieved. This applied, in particular, to the compensation instruments that are dependent upon the development of the share price of Adtran Networks SE. However, considering the control and profit transfer agreement, even the performance criteria of the short-term variable compensation based on the stand-alone development of Adtran Networks SE turned out to be no longer appropriate. Consequently, in its meeting on March 15, 2023, the supervisory board of Adtran Networks SE resolved to adjust or further develop the system for the compensation of the members of the management board approved by the annual general meeting on May 19, 2021, in accordance with the stipulations of the Act Implementing the Second Shareholders' Rights Directive [Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie] (ARUG II) and the German Corporate Governance Code [Deutscher Corporate Governance Kodex - DCGK] as amended on April 28, 2022. The annual general meeting approved this system on May 24, 2023. The annual general meeting approved the new system on May 24, 2023, with an approval rate of 91.30%.

The currently applicable compensation system approved by the annual general meeting on May 24, 2023 is available on the website <https://www.adva.com/en/about-us/investors>.

On May 24, 2023, the annual general meeting approved the Compensation Report on the individually granted and owed compensation for the members of the management board and the supervisory board of Adtran Networks SE in the fiscal year 2022 with a 98.38% majority.

Due to the high approval rate for both above-mentioned resolutions, it was not necessary to question the compensation system per se, its implementation, or the manner of reporting.

Management board compensation in the fiscal year 2023

This report requires disclosures about the compensation granted and owed to the current and former members of the management board in the fiscal year 2023. In the fiscal year 2023, Thomas Richard Stanton, Dr. Christoph Glingener, Ulrich Dopfer and Scott St. John were members of the management board of the company. Effective as of January 21, 2023, Scott St. John resigned from his position. Brian Protiva, former chairman, had already left the company's management board on August 31, 2022.

Effective as of July 1, 2023, Thomas Richard Stanton was appointed as a member and chairman of the board. The company's management board compensation system stipulates that the supervisory board can arrange for the board activities at the company to be completely or partially uncompensated if a senior manager of the Adtran group, in particular, a member of the board of Directors of Adtran Holdings, held a seat on the management board at Adtran Networks SE at the same time. The supervisory board used this power when it appointed Mr. Stanton. Due to his compensation as CEO and chairman of the board of Adtran Holdings which was already promised to him prior to and independent of his appointment as a member of the board of our company, no compensation was paid at Adtran Networks SE. Nevertheless, this report discloses the compensation granted and owed to him by the group parent in the fiscal year 2023.

Furthermore, variable compensation was paid to the former member of the management board, Brian Protiva, in the fiscal year 2023 due to his former board activities.

Other than those mentioned above, no current or former members of the management board were granted or owed compensation in the fiscal year 2023.

Principles of the compensation system

The management board compensation considers not only the performance of the entire management board but also the economic position of the company and its size and complexity. The management board compensation system of Adtran Networks SE focuses on the sustainable and long-term development of the company. Strategic targeting, responsible action, and sustainable profitable growth including the interests of shareholders, customers, employees, and other stakeholders are promoted as part of the variable compensation. The system is characterized by a pronounced variability dependent on the performance of the entire board and the success of the group.

Adequate performance criteria as part of the performance-related variable compensation of the management board ensure that performance and variable compensation are appropriately related and that missed targets are considered accordingly under the pay for performance principle. Therefore, variable compensation components indirectly depend on financial, operational, and strategic targets. Strategic corporate targets and key performance indicators are decisive performance parameters for variable compensation.

Procedure for reviewing compensation

The supervisory board as a whole determines and reviews the management board compensation. According to the rules of procedure of the supervisory board, its Nomination and Compensation Committee prepares these decisions. It is essential that both the compensation structure and its amount are customary in the market and competitive. Regular compensation comparisons with peer groups relevant to Adtran Networks SE ensure this. Furthermore, an appropriate relationship between the management board compensation and the compensation of senior managers as well as employees is guaranteed.

The supervisory board considers relevant peer groups for a horizontal comparison of the specific total target compensation and for reviewing its appropriateness. To this end, 18 enterprises from the company's industry are used as external reference in appropriateness tests which are listed in the management board compensation system published on the company's website. This horizontal comparison serves to ensure that the members of the management board receive compensation that is customary in the market and competitive.

In addition, a vertical comparison reviews the compensation of the members of the management board among each other, as well as compared to the senior management circle and to the total workforce of the company. The external as well as the internal appropriateness are reviewed at regular intervals.

Changes in the compensation system

Based on the proposal by the Nomination and Review Committee, on March 15, 2023, the supervisory board decided on the current system for the compensation of the members of the management board which was then approved by the annual general meeting on May 24, 2023.

The revision was required because due to the control and profit transfer agreement between the company and Adtran Holdings entered into the Commercial Register on January 16, 2023, the variable compensation instruments of the old management board compensation system could no longer achieve an incentive effect. Where individual compensation components deviated from the former compensation system, these only replaced the former compensation instruments after the new compensation system was approved.

Complete overview of the components of the management board compensation

The following table shows the basic components of the compensation system and its structure. All components are explained individually below.

Compensation component	Calculation basis/parameters
Non-performance-related compensation	
Base salary	The base salary is paid to the members of the management board as a monthly salary on a prorated basis.
Fringe benefits	Company car, employer's share of any statutory social security contributions, health insurance, and a standard employer retirement plan
Performance-related compensation	
Annual Target Incentive Cash Bonus	<ul style="list-style-type: none"> Performance criteria: Adjusted EBIT of the Adtran Group with the simultaneous achievement of a minimum threshold for the sales of the Adtran Group The target amount is set for one year and the targets are set and reviewed regularly quarterly Cap: 200% of the target value Regular quarterly disbursement at the end of the respective quarter
Annual Restricted Stock Units (annual RSUs) (Restricted Stock Units are hereinafter also referred to as "RSUs")	<ul style="list-style-type: none"> For four years, 25% of the allocation will be converted into shares on each respective anniversary of the allocation. Requirement: Existing employment relationship on the respective exercise date Cap: Exercise restriction in case of a value increase to 300% Conversion into Adtran Holdings shares after vesting
Annual Performance Stock Units (annual PSUs) (Performance Stock Units are hereinafter also referred to as "PSUs")	<ul style="list-style-type: none"> Performance criterion: Development of the Total Shareholder Return ("TSR") of Adtran Holdings compared to the NASDAQ Telecommunications Index Assessment period: 3 years Cap: Exercise restriction in case of achievement of the maximum 150% target and a share value increase to 200% between allocation and conversion Delivery of Adtran Holdings shares and disbursement of dividend credits in money
3-Year Plan Performance Stock Units (Three-Year Plan PSUs)	<ul style="list-style-type: none"> Performance criterion: Adjusted EBIT of the Adtran group Assessment period: 3 years Cap: Exercise restriction in case of a share value increase to 200% of the value at allocation between allocation and conversion Delivery of Adtran Holdings shares and disbursement of dividend credits in money
2-Year Integration One-Time Bonus (Integration bonus)	<ul style="list-style-type: none"> Performance criteria: Synergy savings, individual targets Assessment period: Through the end of 2024 Cap: Regarding the monetary share of a maximum amount of 66% of the annual salary and regarding the PSU share exercise restriction in case of achievement of the maximum target and share value increase to 200% between allocation and conversion Disbursement: Payment in money and delivery of Adtran Holdings shares and disbursement of dividend credits in money

Compensation structure

The management board compensation system approved by the annual general meeting on May 24, 2023, includes non-performance-related (fixed) and performance-related (variable) compensation components and consists of basic compensation, fringe benefits, the Annual Target Incentive Cash Bonus, and long-term variable compensation components (annual RSUs and PSUs, Three-Year Plan PSUs, integration bonus). The long-term variable compensation components have different periods under review, some of which last several years, and can be paid annually. The RSUs and PSUs are based on the development of Adtran Holdings' share price.

In the fiscal year 2023, some members of the management board were still granted compensation from variable compensation instruments that were promised based on the old compensation system before the current compensation system entered into force. These are disbursements from the Short-Term Incentive ("STI"¹) for the fiscal year 2022 and the disbursement of a long-term variable pay ("LTVP"²) for the assessment period 2020 to 2022. Both components are shown below.

The basic compensation of the active board members is between 22-36% and the fringe benefits are around 1-3 % of the total target compensation.

¹ The short-term incentive (STI) is the annual variable remuneration for the members of the management board as described in the remuneration framework.

² The LTVP is an annual 3-year long-term variable remuneration component for the members of the management board and will be replaced by the LTI. It is described in the remuneration framework.

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Additional elements of the compensation of the active board members are variable components, namely the Annual Target Incentive Cash Bonus at 11-18 %, the annual RSUs at 8-15 %, the annual PSUs at 8-15 %, the Three-Year Plan PSUs at 15-30%, and the integration bonus at 7-10%.

The remuneration system is based on USD values. The annual average exchange rate (EUR/USD 1.08105) was used for the conversion to EUR values in the following tables. Due to rounding, figures in tables may not add up exactly to the totals shown. The percentages shown may not exactly reflect the absolute figures to which they relate.

If 100% of the target is achieved, in the fiscal year 2023, the management board compensation would amount to what is shown in the following table. For the three-year plan PSUs and the integration bonus, the amounts achievable with 100 % target achievement are distributed over the individual years of the term.

	Thomas R. Stanton (from July 1, 2023)		Christoph Glingener		Ulrich Dopfer		Scott St. John (until January 21, 2023)	
	Chief executive officer		Chief technology officer		Chief financial officer		Chief marketing and sales officer	
	2023	in % of total remuneration	2023	in % of total remuneration	2023	in % of total remuneration	2023	in % of total remuneration
(in thousands of EUR)								
Base salary	845	15 %	310	24 %	330	23 %	253	57 %
Fringe benefits	15	— %	15	1 %	12	1 %	14	3 %
Total fixed compensation	860	15 %	325	25 %	342	24 %	267	60 %
Annual target incentive cash bonus 2023	1,295	23 %	194	15 %	228	16 %	—	— %
Annual RSUs	1,480	26 %	130	10 %	152	11 %	—	— %
Annual PSUs	1,110	19 %	130	10 %	152	11 %	—	— %
3-year plan PSUs	370	6 %	308	24 %	308	22 %	—	— %
2-year integration one-time bonus	611	11 %	214	16 %	251	17 %	—	— %
STI 2023	—	— %	—	— %	—	— %	180	40 %
Total variable compensation	4,866	85 %	976	75 %	1,091	76 %	180	40 %
100 % target compensation total	5,726		1,301		1,433		447	

In 2023, the following members of the management board have voluntarily agreed to the following temporary reductions in base salary:

- 50% reduction in base salary for Thomas R. Stanton effective from October 30, 2023 through July 31, 2024
- 25% reduction in base salary for each of Ulrich Dopfer and Christoph Glingener effective from November 1, 2023 through July 31, 2024.

These temporary salary reductions were implemented in connection with the Business Efficiency Program that was developed during the second half of 2023 as a result of ongoing uncertainty around the current macroeconomic environment and its impact on customer spending levels.

Ulrich Dopfer's base salary was increased from USD 266,407 to USD 300,000 on January 1, 2023, and then was increased to USD 410,000 commencing May 1, 2023. The revised remuneration system has been approved by the Adtran Networks shareholders at the Annual Shareholder Meeting on May 24, 2023.

Total compensation granted and owed to the members of the management board in the fiscal year 2023

For the former members of the management board and those active as of December 31, 2023, the following table shows the individual compensation granted and owed for the fiscal year 2023.

Compensation has been granted within the meaning of Section 162 para. 1 sentence 1 AktG if the performance criteria are achieved during the relevant financial year and the remuneration elements have thus been earned. The compensation is owed if it has become due pursuant to the legal definition, but has not been paid, within the fiscal year.

For the compensation system of Adtran Networks SE, this understanding of the terms means that the year in which the member of the management board rendered the performance and the reporting year may not be the same.

Subsequently, the non-performance-related compensation components were both paid and accrued in the fiscal year 2023. For the Annual Target Incentive Cash Bonus, no remuneration was granted or owed in the fiscal year 2023. The RSUs and PSUs are reported with a market value at the date of vesting. No compensation was owed or granted for the annual as well as 3-year plan PSUs and the integration bonus in the 2023 fiscal year. In the case of variable compensation based on the old

compensation system for benefits from the period up to the end of 2023, the amounts stated are those that will be due and paid out in the fiscal year 2024 as a result of the determination of earnings.

For the fiscal year 2023, the total compensation of the members of the management board of Adtran Networks SE amounts to EUR 2,410 thousand.

The compensation for active and former members of the management board pursuant to Section 162 para. 1 sentence 2 no. 1 AktG consists of the following:

	Thomas R. Stanton (from July 1, 2023)		Christoph Glingener		Ulrich Dopfer		Scott St. John (until January 21, 2023)	
	Chief executive officer		Chief technology officer		Chief financial officer		Chief marketing and sales officer	
	2023	in % of total remuneration	2023	in % of total remuneration	2023	in % of total remuneration	2023	in % of total remuneration
(in thousands of EUR)								
Base salary	845		310		330		253	
Fringe benefits	15		15		12		14	
Total fixed compensation	860	66 %	325	100 %	342	100 %	267	60 %
Annual target incentive cash bonus 2023	—		—		—		—	
Annual RSUs	436		—		—		—	
Annual PSUs	—		—		—		—	
3-year plan PSUs	—		—		—		—	
2-year integration one-time bonus	—		—		—		—	
Stock option plans	—		—		—		—	
STI 2023	—		—		—		180	
Total variable compensation	436	34 %	—	— %	—	— %	180	40 %
Total compensation	1,296		325		342		447	

Effective as of the end of January 21, 2023, Scott St. John resigned from his position as a member of the management board of Adtran Networks SE. In the fiscal year 2023, compensation was not owed or granted to other members of the management board apart from those listed in the table.

Maximum annual compensation

The maximum compensation established by the supervisory board pursuant to Section 87a para. 1 sentence 2 no. 1 AktG for the fiscal year 2023 is EUR 2.9 million for the chairman of the management board and EUR 2.8 million for an ordinary member of the management board.

The maximum compensation is comprised of the basic compensation and the fringe benefits, the variable (i.e., performance-related) compensation components for maximum target achievement and considers applicable caps. If members of the board of Directors or other senior managers of Adtran Holdings also hold a seat on the management board at the company at the same time, any amounts that are not paid by the company or its dependent companies and that are not paid specifically for the service on the management board at the company will not be considered (see Clause 2 of the management board compensation systems of March 15, 2023). For these reasons, the compensation received by Mr. Thomas Richard Stanton as CEO and chairman of the board of the parent company is not being considered when reviewing compliance with the maximum compensation.

In the fiscal year 2023, both the total maximum compensation and the limits for the individual variable compensation components were observed.

Below, the relevant total compensation for 2023 based on the received compensation is compared with the defined maximum compensation:

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	Thomas R. Stanton (from July 1, 2023)	Christoph Glingener	Ulrich Dopfer	Scott St. John (until Jan. 21, 2023)	Brian Protiva (until Aug. 31, 2022)
	Chief executive officer	Chief technology officer	Chief financial officer	Chief marketing and sales officer	Former chief executive officer
(in thousands of EUR)					
Base salary	845	310	330	253	—
Fringe benefits	15	15	12	14	—
Annual target incentive cash bonus 2023	—	—	—	—	—
Annual RSUs	436	—	—	—	—
Annual PSUs	—	—	—	—	—
3-year plan PSUs	—	—	—	—	—
2-year integration one-time bonus	—	—	—	—	—
STI 2022	—	147	106	128	207
LTVP 2020-2022	—	190	170	180	268
Stock options	—	—	—	96	—
Total compensation	1,296	662	618	671	671
Maximum compensation	n/a	2,800	2,800	2,800	2,900

Effective as of the end of August 31, 2022, Brian Protiva resigned from his position as member of the management board and chairman of the board.

Non-performance-related compensation components and fringe benefits

The members of the management board receive an agreed non-performance-related basic compensation each year, which is paid out in equal installments. In an individual agreement from November/December 2023, the members of the management board Christoph Glingener and Ulrich Dopfer waived 25% of their basic compensation for the period from November 1, 2023 to July 31, 2024. The CEO Thomas R. Stanton has waived 50% of his fixed salary granted by the parent company with effect from October 30, 2023 until July 31, 2024.

Compensation in kind and other additional compensation

In addition to cash compensation, the members of the management board employed by the company are granted various fringe benefits, some of which are event-related. They received the usual employer's share of any statutory social security contributions, health insurance, and a standard employer retirement plan (e.g., US 401k). In the fiscal year 2023, a company car for business and private use was available to one member of the management board. Two members of the management board received a corresponding lump-sum payment for a company car.

Furthermore, the members of the management board are included in the coverage provided by a financial loss liability insurance policy (directors & officers insurance), subject to a deductible, taken out by the company. This insurance provides for a statutory deductible for the management board required according to Section 93 para. 2 sentence 3 German Stock Corporation Act (AktG).

Company pension plan

The compensation system does not include any company pension plan for the former and active members of the management board.

Annual Target Incentive Cash Bonus

The Annual Target Incentive Cash Bonus is established by the Variable Incentive Compensation Plan or Variable Incentive Cash Compensation (VICC) of Adtran group. The Annual Target Incentive Cash Bonus rewards the success of the operative development in the respective fiscal year. This ensures that targets are based on demanding financial, operative, and strategic success parameters, and the amount of the actual disbursement depends on their achievement.

At the beginning of a respective fiscal year, the supervisory board establishes an individual target compensation for 100% of the total target achievement for each member of the management board. This amount is calculated by multiplying the fixed annual salary of the members of the management board with the individually set incentive target in percent. Furthermore, performance criteria are established according to the VICC at the beginning of each fiscal year. According to previous and current practice,

the Adjusted EBIT³ of the Adtran group and the sales of the Adtran group⁴ are used as relevant criteria. The Adjusted EBIT is the EBIT shown in the audited financial statements of Adtran Holdings, adjusted by restructuring costs, acquisition-related costs, amortizations of intangible assets, costs for share-based compensation, non-cash changes in the value of investments within the framework of the Deferred Compensation Plan, and other exceptions established in the individual case. However, according to the VICC, other key figures can also be used as performance criteria.

In principle, at the beginning of each quarter, a minimum, target, and maximum amount is established for each performance criterion for the respective quarter. In order to receive the pro rata bonus for the respective quarter, the minimum target has to be achieved for both performance criteria. The member of the management board receives 100 % of the annual target bonus if the target amount is achieved for all four quarters. If the maximum targets are achieved for all four quarters, the member of the management board receives 200 % of the annual target bonus. Values between the thresholds are not calculated by means of linear interpolation. After target achievement has been determined in the respective subsequent quarter, the payments owed for the respective previous quarter become due. The disbursement is made after target achievement has been established for the respective previous quarter.

The annual bonus is paid out by the company with which the management board service agreement exists.

The targets established for the members of the management board were achieved as follows in the fiscal year 2023:

Goal (in millions of USD)	Goal period	Minimum goal	Target goal	Maximum goal	Actual value	Goal achievement (in %)
	Q1 2023	355.1	365.1	380.1	323.9	— %
Revenue of Adtran Holdings group	Q2 2023	350.0	360.0	375.0	327.4	— %
	2nd half of 2023	600.0	650.0	700.0	497.8	— %
	Q1 2023	1.0	20.2	30.2	(5.2)	— %
Adjusted EBIT of Adtran Holdings group	Q2 2023	10.0	22.5	32.5	3.6	— %
	2nd half of 2023	1.0	15.0	33.0	(8.3)	— %

Long-term variable compensation components

Based on the current compensation system and within the scope of the incentive plans of the Adtran Group, Adtran Holdings pays the members of the management board time-related RSUs, market-related PSUs, and company-related PSUs as part of a three-year plan. The long-term variable compensation instruments serve to establish the right incentives in order to achieve sustainable corporate development. Adtran bears the costs for the allocations and their management.

Annual Restricted Stock Units

The members of the management board receive a certain sum for the allocation of Restricted Stock Units or RSUs each year. The allocation takes place regularly during the first quarter of the fiscal year. The number of RSUs to be allocated is calculated by dividing this sum by the value of the Adtran Holdings shares according to the NASDAQ closing price on the day when the decision regarding the allocation is made.

As a general rule, the allocations will be converted into Adtran Holdings shares over the course of four years in equal installments (25 % per year) after the time has lapsed (on the respective anniversary of the allocation). Within the four-year vesting period, the members of the management board earn a quarter of the originally allocated RSUs for each full year they have been on the management board of the company since the allocation of the RSUs. In order for the member of the management board to receive the shares on each exchange date, the member must have entered into a current service agreement with the company or any other group company of the Adtran group. The RSUs motivate the members of the management board to maintain the service relationship with the company and to promote the growth of the group.

Aside from general restrictions, such as insider trading rules and “blackout periods” existing pursuant to the guidelines of the Adtran group, there are, in principle, no further disposal restrictions after the acquisition of the shares.

According to the compensation system, the ceiling of a possible conversion of the RSUs in the event of an increase in the value of the shares is defined as 300% between allocation and conversion, considering all RSUs within a tranche (i.e., 100 % of the RSUs allocated for a total of four years). Until this upper limit is reached, the management board member can receive Adtran Holdings shares for the RSUs. Should the ceiling be reached, any RSUs exceeding the ceiling have to be returned.

In the fiscal year 2023, the members of the management board received or exercised the following RSUs.

³ Adjusted EBIT is defined as the Adtran Holdings group earnings before interest and tax, determined based on the audited financial results, and adjusted to remove any restructuring expenses; acquisition-related expenses and amortization of intangibles; stock-based compensation expense; the non-cash change in fair value of equity investments held in the deferred compensation plan; and any other non-GAAP exclusions approved by the compensation committee of Adtran Holdings, Inc..

⁴ Sales of the the Adtran Group: Revenues reported in the audited US GAAP consolidated financial statements of Adtran Holdings.

The following table shows the development of the portfolio of RSUs held by members of the management board:

	RSUs outstanding on Jan. 1, 2023	Granted RSUs	Vested RSUs	Market value at vesting date	Forfeited/ expired RSUs	RSUs outstanding on Dec. 31, 2023
	Number	Number	Number	in thousands of USD	Number	Number
Thomas R. Stanton (since July 1, 2023)	349,282	87,146	(87,049)	471	—	349,379
Christoph Glingener	—	7,625	—	—	—	7,625
Ulrich Dopfer	—	8,932	—	—	—	8,932
Total	349,282	103,703	(87,049)	471	—	365,936

The outstanding RSUs of the members of the management board at Adtran on the reporting date are divided between the different issue tranches as follows:

	Grant date	Number of outstanding RSUs	Market value December 31, 2023 (in thousands of USD)
Thomas R. Stanton (since July 1, 2023)	November 16, 2020	12,563	92
	November 17, 2021	15,127	111
	November 17, 2021	30,253	222
	July 13, 2022	204,290	1,499
	January 20, 2023	87,146	640
Christoph Glingener	May 24, 2023	7,625	56
Ulrich Dopfer	May 24, 2023	8,932	66
Total		365,936	2,686

Annual Performance Stock Units

A certain sum is established each year for the allocation of market-related Performance Stock Units for the members of the management board. The allocation takes place regularly during the first quarter of the fiscal year. A later allocation is also possible in case of entry during the year, changes in the duties, or for other factual reasons. The number of market-related PSUs to be allocated is calculated by dividing this sum by the value of the Adtran Holdings shares according to the NASDAQ closing price on the day when the decision regarding the allocation is made.

The term of the market-related PSUs is three years. The earnings of the PSUs are determined based on a comparison of the development of the TSR of Adtran Holdings compared to the development of the Total Shareholder Return (TSR) of the NASDAQ Telecommunications Index.

The respective member of the management board earns 0% of the target number of the market-related PSUs if the relative TSR performance of Adtran Holdings does not correspond to at least the 20th percentile of the benchmark index, and up to 150 % of the target number of PSUs if the relative TSR performance of Adtran Holdings corresponds to, or exceeds, the 80th percentile of the benchmark index. If the TSR Performance of Adtran Holdings corresponds to a value in between, the earned market-related PSUs are established based on the company's management board compensation system shown in the following table (which is published in the invitation for the annual general meeting on May 24, 2023, in the German Federal Gazette).

The member of the management board receives a corresponding number of Adtran shares based on the PSUs earned at the end of the three-year period in each case. The member of the management board receives credits in each case for dividends paid on the shares that correspond to the market-related PSUs during the term of the PSUs. The credits are earned and become due together with the PSUs and are paid out in money. Aside from general restrictions, such as insider trading rules and "blackout periods" existing pursuant to the guidelines of the Adtran group, there are, in principle, no further disposal restrictions after the acquisition of the shares.

The market-related PSUs reward, in particular, a better performance of the Adtran Holdings shares compared to the benchmark index and promote long-term development during their multi-year assessment period.

According to the compensation system, the exercise of the PSUs is restricted and only possible until a maximum amount is reached, i.e. when the maximum 150 % TSR target is achieved and the shares additionally increase in value to 200 % between allocation and conversion, considering all PSUs allocated within a tranche. Should the ceiling be reached, any PSUs exceeding the ceiling have to be returned.

The following table shows the development of the portfolio of Annual PSUs held by members of the management board:

	Annual PSUs outstanding on Jan. 1, 2023	Granted Annual PSUs	Vested Annual PSUs	Market value at vesting date	Forfeited/ expired Annual PSUs	Annual PSUs outstanding on Dec. 31, 2023
	Number	Number	Number	in thousands of USD	Number	Number
Thomas R. Stanton (since July 1, 2023)	97,991	65,359	—	—	—	163,350
Christoph Glingener	—	7,625	—	—	—	7,625
Ulrich Dopfer	—	8,932	—	—	—	8,932
Total	97,991	81,916	—	—	—	179,907

The outstanding Annual PSUs of the members of the management board at Adtran on the reporting date are divided between the different issue tranches as follows:

	Grant date	Number of outstanding annual PSUs	Market value December 31, 2023 (in thousands of USD)
Thomas R. Stanton (since July 1, 2023) ^{*)}	November 16, 2022	97,991	719
	January 20, 2023	65,359	480
Christoph Glingener	May 24, 2023	7,625	56
Ulrich Dopfer	May 24, 2023	8,932	66
Total		179,907	1,321

^{*)} The annual PSUs granted to Thomas R. Stanton on November 16, 2022 have an assessment period of two years.

3-Year Plan Performance Stock Units (Three-Year Plan)

As part of a Three-Year Plan, the members of the management board receive a certain sum for the allocation of company-related PSUs. PSUs allocated in the first year will be converted after three years; PSUs allocated in the second year can be converted after two years, and PSUs allocated in the third year can be converted after one year. In principle, the value of the PSUs allocated in the respective fiscal year corresponds to a certain percentage of the fixed annual salary. The number of PSUs to be allocated is calculated by dividing this amount by the value of the Adtran Holdings shares according to the NASDAQ closing price on the day when the decision regarding the allocation is made.

The earning of the PSUs depends on the target achievement for the Adjusted EBIT through the end of the three-year term.

- If the Adjusted EBIT equals more than 51 % and less than 100 % of the target amount, the entitled individuals receive 50% of the target number of PSUs.
- If the Adjusted EBIT reaches or exceeds 100 % of the target amount, but stays below 110 % of the target amount, the entitled individuals receive 100 % of the target number of PSUs.
- If the Adjusted EBIT reaches or exceeds 110 % of the target amount, but remains below 120 % of the target amount, the entitled individuals receive 121.4 % of the target number of PSUs.
- If the Adjusted EBIT reaches or exceeds 120 % of the target amount, the entitled individuals receive 142.9 % of the target number of PSUs.

The member of the management board receives a corresponding number of Adtran shares based on the PSUs earned at the end of the three-year period in each case.

According to the compensation system, the exercise of the PSUs is restricted and only possible until a maximum amount is reached, i.e., when the shares increase in value to 200 % between allocation and conversion, considering all PSUs allocated within a tranche. Should the ceiling be reached, any PSUs exceeding the ceiling have to be returned.

Remuneration report

The following table shows the development of the portfolio of 3-year PSUs held by members of the management board:

	3-year plan PSUs outstanding on Jan. 1, 2023	Granted 3-year plan PSUs	Vested 3-year plan PSUs	Market value at vesting date	Forfeited/ expired 3-year plan PSUs	3-year plan PSUs outstanding on Dec. 31, 2023
	Number	Number	Number	in thousands of USD	Number	Number
Thomas R. Stanton (since July 1, 2023)	—	72,246	—	—	—	72,246
Christoph Glingener	—	60,205	—	—	—	60,205
Ulrich Dopfer	—	60,205	—	—	—	60,205
Total	—	192,656	—	—	—	192,656

The outstanding 3-year PSUs of the members of the management board at Adtran on the reporting date are divided between the different issue tranches as follows:

	Grant date	Number of outstanding 3-year plan PSUs	Market value December 31, 2023 (in thousands of USD)
Thomas R. Stanton (since July 1, 2023)	March 1, 2023	72,246	530
Christoph Glingener	May 24, 2023	60,205	442
Ulrich Dopfer	May 24, 2023	60,205	442
Total		192,656	1,414

2-Year Integration One-Time Bonus

For the period through the end of the fiscal year 2024, in order to promote successful integration, the members of the management board once receive a so-called 2-Year Integration One-Time Bonus for an integration of Adtran Networks SE into the Adtran group. It is required that the targets defined in more detail below have been achieved by the end of the fiscal year 2024. The 2-Year Integration One-Time Bonus has a PSU-based component and a monetary component.

The members of the management board receive a certain sum for the allocation of company-related PSUs; their value corresponds to a certain percentage of the fixed annual salary of the member of the management board. The number of PSUs to be allocated is calculated by dividing this sum by the value of the Adtran shares according to the NASDAQ closing price on the day when the decision regarding the allocation is made. The PSUs are earned if specific synergies are achieved by the end of the fiscal year 2024. A target value and a threshold value were established for this purpose.

- No PSUs are earned if the achieved synergies are below the threshold value, which means that conversion into shares is not possible.
- If the synergies reach or exceed the threshold value, but remain below the target amount, any PSUs that correspond to 33 % of the fixed annual salary at the time of allocation are earned and can be converted into shares.
- If the synergies reach or exceed the target value, any PSUs that correspond to 66% of the fixed annual salary at the time of allocation are earned and can be converted into shares.

According to the management board compensation system, the conversion of the PSUs is restricted and only possible until a maximum amount is reached, i.e., if the maximum target is simultaneously achieved and the shares additionally increase in value to 200% between allocation and conversion, considering all PSUs allocated. Aside from general restrictions, such as insider trading rules and “blackout periods” existing pursuant to the guidelines of the Adtran group, there are, in principle, no disposal restrictions after the acquisition of the shares.

On the other hand, the members of the management board receive a payment in money if both the established threshold value for the synergy savings is reached by the end of the fiscal year 2024 and the individual targets established with the respective member of the management board are achieved.

This component to be paid in money amounts to a maximum of 66 % of the fixed annual salary owed by the Company if all individual targets are achieved (see above in the section on the total management board compensation paid and owed in the fiscal year 2023). The individual targets are assigned percentage amounts in each case that are used to calculate the amount to be disbursed when the synergy savings threshold value is reached and some, but not all, individual targets are achieved.

For the CTO, the individual targets come from the areas of IT integration, employee satisfaction, integrated product offerings and integration of certain teams. The individual targets for the CFO relate to the implementation of group-wide integration measures, IT integration, employee satisfaction and the achievement of certain financial synergy targets.

For the CEO, the bonus is based on the synergies achieved.

In the financial year 2023, no remuneration was owed or granted under the integration bonus as the synergy threshold was not reached.

Compensation components from the prior remuneration system

In the fiscal year 2023, due to their activities before the beginning of the reporting period, the current and former members of the management board Christoph Glingener, Ulrich Dopfer as well as Brian Protiva and Scott St. John were paid variable compensation based on the old management board compensation system.

Short-term incentive

As a short-term variable compensation, the Short Term Incentive (STI) incentivized the operational development of Adtran Networks SE subject to the business success in the respective fiscal year. In doing so, the supervisory board ensured that targets for the STI are based on demanding financial, operative, and strategic success parameters, the degree of the achievement of which determines the amount of the actual disbursement. Therefore, an STI was paid for each fiscal year with a one-year assessment period based on four targets. The four STI targets were divided into three common, i.e., identical financial targets for all members of the management board regarding the pro forma EBIT, sales, and the group's net liquidity as well as several individual targets established for each member of the management board. The individual targets are derived from the strategic corporate targets of growth and profitability, innovation, operational excellence, customer satisfaction, and employees. The strategic target of growth and profitability is a medium-term strategy for increasing sales and profitability. Innovation considers measures for innovation leadership in the relevant technology segments. Operational excellence includes various targets for increasing quality, delivery capacity, and sustainability. The target 'Customer experience' is intended to contribute to increasing customer satisfaction. The target 'Employees' considers various concepts for employee development, diversification, and employee satisfaction.

Brian Protiva's individual targets in the fiscal year 2022 included targets in the categories of growth and profitability, employees, and customer satisfaction

Christoph Glingener's individual targets in the fiscal year 2022 included targets in the categories of growth and profitability, innovation, operational excellence, sustainability, employees, and customer satisfaction.

Ulrich Dopfer's individual targets in the fiscal year 2022 included targets in the categories of growth and profitability, operational excellence, employees, and customer satisfaction.

Scott St. John's individual targets in the fiscal year 2022 included targets in the categories of growth and profitability, innovation, and customer satisfaction.

The degree of achievement for these targets determined the amount of the actual disbursement and was monitored by the supervisory board. The range of possible target achievement for each of the four individual targets was between 0 % and 250 %.

The STI was disbursed in cash at the end of the performance period. Surpluses or shortfalls of the individual targets were considered on a straight-line basis according to the overall target achievement level. The overall STI target achievement was limited to a maximum of 200 %.

The targets established for the active and former members of the management board were achieved as follows in the fiscal year 2022:

Goal		weighting	Goal achievement	2022 actual value	100 % goal	250 % goal
Pro forma EBIT of the group	in %	40 %	70 %	7.1 %	8.0 %	12.5 %
Consolidated revenues	in millions of EUR	20 %	157 %	712.1	655.0	805.0
Net cash of the group *	in millions of EUR	20 %	— %	2.0	68.9	91.4
Individual goals	in %	20 %				
Brian Protiva			90 %			
Christoph Glingener			90 %			
Ulrich Dopfer			100 %			
Scott St. John			140 %			

*Net cash as a goal for compensation did not take into account lease liabilities under IFRS 16.

Long-term variable pay (LTVP)

To disburse a bonus payment after the three-year LTVP assessment period, a pro forma operating result established at the beginning of the period under review had to be achieved. While failing to achieve the pro forma EBIT in one of the three calendar years of the assessment period already led to the complete elimination of the LTVP, exceeding the pro forma EBIT in one or more years did not increase the bonus. Thus, the LTVP was designed for sustainable group development but followed the all-or-nothing principle.

In 2020, the members of the management board were paid an LTVP with a term of three years. The group's pro forma EBIT targets for the years 2020, 2021, and 2022 were set at 5.0 %, 6.0 % and 7.0 % respectively. The LTVP 2020 - 2022 was fully earned with an actual pro forma EBIT of 6.0 % in 2020, 9.1 % in 2021, and 7.1 % in 2022. Therefore, the agreed long-term compensation component was disbursed in the fiscal year 2023.

Share options from older programs

Adtran Networks SE had granted its management board members share options in previous periods. As part of the business combination with Adtran, the members of the management board and employees of Adtran Networks SE were given the opportunity to exchange their share options for Adtran Holdings share options at an exchange ratio of 0.8244 in the 2022. All members of the management board exchanged their outstanding share options in full. As a result, there were no outstanding Adtran Networks SE share options for the members of the management board as at December 31, 2023.

Due to the aforementioned exchange, former and current members of the company's management board held options on shares in Adtran Holdings, Inc. in 2023. The management board member Thomas R. Stanton also held corresponding options on shares in Adtran Holdings, Inc., which were granted to him in previous financial years. Options create an incentive for the for the members of the management board to increase the long-term development of the company's value.

The options grant the right to acquire Adtran Holdings shares at a fixed subscription price. Each subscription right from share options entitles the members of the management board to subscribe to one share in Adtran Holdings, Inc. in accordance with the respective option terms and conditions.

The options grant the right to acquire Adtran Holdings shares at a fixed subscription price. Each subscription right from share options entitles the members of the management board to subscribe to one share in Adtran Holdings, Inc. in accordance with the respective option conditions. The option conditions stipulate the term, the relevant exercise price (subscription price) and waiting periods.

The option conditions do not provide for any special exercise phases. The options can be exercised at any time after expiry of the waiting period until the end of the term.

As part of the exchange of options on shares in Adtran Networks SE for options on shares in Adtran Holdings, Inc., it was agreed that the waiting periods of the old options issued by Adtran Networks SE would also apply to the Adtran Holdings options replacing them. Accordingly, the option rights can be exercised at the earliest four years after the issue of the options (vesting period). The term of the subscription rights is seven years. Option rights not exercised by the end of the term of seven years from issue expire with immediate effect. The exercise prices are shown in the table below. The option rights of Thomas R. Stanton have a vesting period of between one to four years and a term of ten years. The vesting period for all of Thomas R. Stanton's option rights has already expired.

The exercise of the options is dependent on continued employment. There are no other conditions for exercising the options.

Based on the program described here, no further options were issued to current and former members of the management board in 2023 .

The following table shows the development of the portfolio of share options from the Adtran Holdings, Inc. share option program (ESP 15 management board) held by current and former members of the management board:

	Options outstanding on Jan. 1, 2023	Granted options 2023	Fair value at the grant date	Exercised options 2023	Forfeited/ expired options 2023	Options outstanding on Dec. 31, 2023
	Number	Number	in thousands of Euro	Number	Number	Number
Thomas R. Stanton (since July 1, 2023)	263,780	—	—	—	(75,366)	188,414
Christoph Glingener	233,775	—	—	—	—	233,775
Ulrich Dopfer	189,922	—	—	—	(3,451)	186,471
Scott St. John (until January 21, 2023)	178,434	—	—	(15,000)	—	163,434
Brian Protiva (until August 31, 2022)	232,007	—	—	—	—	232,007
Total	1,097,918	—	—	(15,000)	(78,817)	1,004,101

The outstanding options of the active and former members of the management board at Adtran on the reporting date are divided between the different issue tranches as follows:

	Strike price	Thomas R. Stanton	Christoph Glingener	Ulrich Dopfer	Scott St. John	Brian Protiva
Tranche	in USD	Number of outstanding options	Number of outstanding options	Number of outstanding options	Number of outstanding options	Number of outstanding options
November 14, 2014	18.97	94,207	—	—	—	—
November 14, 2015	15.33	94,207	—	—	—	—
November 15, 2017	6.06	—	—	—	80,994	—
May 15, 2018	7.04	—	—	—	82,440	52,997
May 15, 2020	7.01	—	41,220	—	—	41,220
May 15, 2021	12.17	—	107,172	61,830	—	49,464
May 15, 2022	19.08	—	85,383	124,641	—	88,326
Total		188,414	233,775	186,471	163,434	232,007

Other compensation

Special compensation was not granted to any members of the management board in the fiscal year 2023. Moreover, apart from the above-described compensation by options, RSUs and PSUs on shares in Adtran Holdings and the compensation of Thomas Richard Stanton by Adtran Holdings, no third parties promised or paid any compensation for management board activities in the fiscal year.

Withholding and recovery clause (malus and clawback clause)

The variable compensation components include withholding and recovery clauses. In case of serious duty or compliance violations or serious unethical conduct, the supervisory board can review both the amount of the disbursement of the variable compensation and, depending on the extent of the violation, possibly even reduce it to zero or abolish it without compensation at its due discretion. This also applies in cases of a grossly negligent or intentional violation of the duty of care of a prudent and conscientious business manager by a member of the management board. Furthermore, the applicability of the Adtran Holdings guideline on the reimbursement of erroneously paid compensation was agreed with the members of the management board in November 2023. According to this guideline, as far as they were disbursed in excess due to incorrect financial accounting documents, variable compensation components must be repaid if significant corrections to financial accounting documents are required.

In the fiscal year 2023, the supervisory board did not use the above-described withholding and recovery clauses, and there was also no reason to use the corresponding provisions.

Benefits upon termination of the management board mandate

Regular termination

In case of an ordinary termination of the service relationship, the variable compensation components owed to the member of the management board on the basis of temporally completed assessment periods are paid out to the member of the management board on the regular due date. In case of temporally not completed assessment periods, a pro-rata disbursement for the lapsed portion of the assessment period is made on the regular due date, assuming complete target achievement (100 %).

Early termination

If the company terminates the service relationship prior to expiration of the agreed contract term, and such termination is not due to a violation that allows to apply the withholding and recovery clause, the variable compensation components owed on the basis of temporally completed assessment periods are paid out to the member of the management board on the regular due date. In case of temporally not completed assessment periods, a pro-rata disbursement for the lapsed portion of the assessment period is made on the regular due date, assuming complete target achievement (100 %). In addition, the member of the management board receives the basic compensation through the end of the agreed contract term.

Apart from the basic compensation, which is no longer paid, this also applies if a member of the management board terminates the service relationship prematurely prior to the expiration of the agreed contract term.

In all aforementioned cases, the expiry of RSUs and PSUs is subject to the conditions of the respectively applicable plans.

All aforementioned severance payments as well as any severance payment agreed in case of mutually agreed resignation are limited to the extent that they neither exceed the value of two annual basic compensations nor the compensation for the remaining term of the employment contract in any case, taking into consideration the basic compensation including fringe benefits yet to be disbursed and any other non-cash benefits (Severance Caps).

Calculation of the Severance Caps is based on the total compensation of the previous fiscal year and, if applicable, also on the expected total compensation of the current fiscal year.

Total salaries of the former members of the management board

In the fiscal year 2023, the former member of the management board, Brian Protiva, was paid the variable compensation components which are based on his former activities as a member of the management board, but only became due in the fiscal year 2023 (STI and LTVP).

According to the above regulations, the member of the management board, Scott St. John, who resigned in the fiscal year 2023, received his fixed compensation until the end date of his service contract.

In the fiscal year 2023, no amounts were paid to further former members of the management board or their heirs. In addition, further pension obligations or obligations arising from these do not exist.

Comparative presentation

The following table illustrates the annual change in management board and supervisory board compensation, the earnings performance of Adtran Networks SE, measured in terms of net profit for the year, sales, pro forma EBIT, and net liquidity at group level, and the average employee compensation and the compensation of senior management on a full-time equivalent basis:

Change in %	2021 vs. 2020	2022 vs. 2021	2023 vs. 2022
Total compensation of current and former members of the management board			
Thomas R. Stanton (from July 1, 2023)	n/a	n/a	n/a
Christoph Glingener	75 %	1 %	(68)%
Ulrich Dopfer	61 %	47 %	(71)%
Scott St. John (until January 21, 2023)	38 %	6 %	(26)%
Total compensation of current and former members of the supervisory board			
Eduard Scheiterer (from October 5, 2022) Chairmen (from July 10, 2023)	n/a	n/a	545 %
Johanna Hey Chairwoman (until June 30, 2023)	— %	3 %	(46)%
Frank Fischer Vice Chairman (from September 14, 2022)	n/a	n/a	233 %
Heike Kratzenstein (since July 10, 2023)	n/a	n/a	n/a
Earnings development of the company			
Net income/loss of Adtran Networks SE according to HGB prior to transfer of profit/loss	5 %	(58)%	(200)%
Development of the group's key figures **			
Consolidated revenues	7 %	18 %	(14)%
Pro forma EBIT of the group	62 %	(8)%	(21)%
Net cash/(debt) of the group *	2,607 %	(97)%	(1,202)%
Average annual compensation of employees **			
Average annual compensation of senior management	0 %	7 %	18 %
Average annual compensation of the total workforce	3 %	5 %	(3)%

* Net cash as a target for remuneration does not take into account lease liabilities under IFRS 16 and receivables and liabilities from the domination and profit and loss transfer agreement.

** The key figures and employee remuneration relate to the Adtran Networks group.

The comparison of the relative development of the management board compensation is shown based on the total compensation paid and owed pursuant to Section 162 AktG. When comparing the average employee compensation, the compensation of the members of the management board among each other and compared to the senior management circle and to the relevant total workforce of the company are reviewed. In doing so, the supervisory board considers, aside from the current relations of the compensation of the different levels to each other, in particular also the development of the compensation of the described groups over time. The compensation components include the total annual compensation.

Compensation of the members of the supervisory board in the fiscal year 2023

According to Section 12 of the Articles of Association, the members of the supervisory board shall receive compensation established by a resolution of the annual general meeting in addition to the reimbursement of the expenses incurred while performing their official activities. On May 19, 2021, the annual general meeting decided on the determination of the compensation and approved the current system for the compensation of members of the supervisory board.

The compensation system for members of the supervisory board provides for purely fixed compensation without variable components and without share-based compensation. The management board and supervisory board take the view that a purely fixed compensation of the members of the supervisory board is the most suitable way of strengthening the independence of the supervisory board and consider the advisory and monitoring function of the supervisory board, which is to be fulfilled independently of the company's success. A purely fixed compensation is also provided for in recommendation G. 18 sentence 1 of the German Corporate Governance Code. Accordingly, in the fiscal year 2023, the members of the supervisory board received neither shares nor share options.

Remuneration report

Due to the larger area of responsibility, the fixed compensation of the Chairperson of the supervisory board for the fiscal year 2023 amounts to EUR 100,000. The total fixed salary for the other members of the supervisory board for 2023 is EUR 45,000 each. The Chairperson of the Review Committee receives an additional EUR 45,000 per year for their work. This appropriately considers the greater time commitment involved in chairing the supervisory board and the Review Committee. supervisory board compensation is disbursed quarterly, at the beginning of the following quarter, and exclusively by Adtran Networks SE. In case of changes in the supervisory board and its committees, compensation is paid pro rata temporis. For further information, we refer to the description of the compensation system for members of the supervisory board in the invitation to the annual general meeting of the company on May 19, 2021, which was published in the German Federal Gazette and on the company's website.

The following table shows the compensation components paid and owed to the current and former members of the supervisory board in the fiscal year 2023 including the respective relative share, pursuant to Section 162 AktG. On June 22, 2023, Johanna Hey resigned from her position as Chairwoman and member of the supervisory board of Adtran Networks SE. Effective as of July 1, 2023, Eduard Scheiterer took over as chairman and member of the supervisory board of Adtran Networks SE. Effective as of July 1, 2023, Heike Kratzenstein became a member of the supervisory board of Adtran Networks SE.

	Fixed compensation		Committee compensation		Total compensation
	in thousands of EUR	in %	in thousands of EUR	in %	in thousands of EUR
Johanna Hey Chairwoman (until June 30, 2023)	50	100 %	—	— %	50
Eduard Scheiterer Chairman (since July 10, 2023)	71	100 %	—	— %	71
Frank Fischer Vice chairman	45	50 %	45	50 %	90
Heike Kratzenstein (since July 10, 2023)	23	100 %	—	— %	23

The members of the supervisory board are included in a financial loss liability insurance policy, the company pays the premiums for this insurance policy.

In the fiscal year 2023, the active members of the supervisory board did not receive any loans from Adtran Networks. Moreover, pension commitments for active supervisory board members do not exist.

Former members of the supervisory board did not receive any payments in 2023.

Meiningen, April 16, 2024

The management board:

Thomas R. Stanton

Christoph Glingener

Ulrich Dopfer

On behalf of the supervisory board:

Dr. Eduard Scheiterer

Chairman of the supervisory board

Auditor's Report

To Adtran Networks SE, Meiningen

We have audited the remuneration report of Adtran Networks SE, Meiningen, for the financial year from January 1, 2023 to December 31, 2023 including the related disclosures, which was prepared to comply with § [Article] 162 AktG [Aktiengesetz: German Stock Corporation Act].

Responsibilities of the Executive Directors and the Supervisory Board

The executive directors and the supervisory board of Adtran Networks SE are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of § 162 AktG. The executive directors and the supervisory board are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on this remuneration report, including the related disclosures, based on our audit. We conducted our audit in accordance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report, including the related disclosures, is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts including the related disclosures stated in the remuneration report. The procedures selected depend on the auditor's judgment. This includes the assessment of the risks of material misstatement of the remuneration report including the related disclosures, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the preparation of the remuneration report including the related disclosures. The objective of this is to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the executive directors and the supervisory board, as well as evaluating the overall presentation of the remuneration report including the related disclosures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, based on the findings of our audit, the remuneration report for the financial year from January 1, 2023 to December 31, 2023, including the related disclosures, complies in all material respects with the accounting provisions of § 162 AktG.

Reference to an Other Matter – Formal Audit of the Remuneration Report according to § 162 AktG

The audit of the content of the remuneration report described in this auditor's report includes the formal audit of the remuneration report required by § 162 Abs. [paragraph] 3 AktG, including the issuance of a report on this audit. As we express an unqualified audit opinion on the content of the remuneration report, this audit opinion includes that the information required by § 162 Abs. 1 and 2 AktG has been disclosed in all material respects in the remuneration report.

Restriction on use

We issue this auditor's report on the basis of the engagement agreed with Adtran Networks SE. The audit has been performed only for purposes of the company and the auditor's report is solely intended to inform the company as to the results of the audit. Our responsibility for the audit and for our auditor's report is only towards the company in accordance with this engagement. The auditor's report is not intended for any third parties to base any (financial) decisions thereon. We do not assume any responsibility, duty of care or liability towards third parties; no third parties are included in the scope of protection of the underlying engagement. § 334 BGB [Bürgerliches Gesetzbuch: German Civil Code], according to which objections arising from a contract may also be raised against third parties, is not waived.

Munich, April 16, 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Jürgen Schumann

Wirtschaftsprüfer
(German Public Auditor)

ppa. Ralph Jakobi

Wirtschaftsprüfer
(German Public Auditor)