



ADVA Optical Networking SE

Meiningen

– ISIN DE 000 510 300 6 –

(Securities Identification Number [Wertpapierkennnummer – WKN] 510 300)

### Invitation to the Annual General Meeting

The shareholders of our Company are hereby invited to the

### Annual General Meeting

taking place as a virtual annual general meeting without the physical presence of shareholders or their proxies at 2:00 pm CEST on Wednesday, 19 May 2021.

The Annual General Meeting will be broadcast live on the Internet for our shareholders. Shareholders' voting rights will be exercised exclusively by way of an electronic postal vote or by issuing proxies to the representatives appointed by the Company to exercise voting rights. The location of the Annual General Meeting within the meaning of the German Stock Corporation Act [*Aktiengesetz – AktG*] is the Company's registered office, Märzenquelle 1–3, 98617 Meiningen.

### Agenda

1. Submission of the adopted annual financial statements as of 31 December 2020, the approved consolidated financial statements as of 31 December 2020, the combined management report for ADVA Optical Networking SE and the group for financial year 2020, the explanatory report of the Management Board on the disclosures pursuant to secs 289a and 315a of the German Commercial Code [*Handelsgesetzbuch – HGB*], the report of the Supervisory Board for financial year 2020 and the combined separate non-financial report for ADVA Optical Networking SE and the group for financial year 2020.

The Supervisory Board has approved the annual financial statements and consolidated financial statements prepared by the Management Board. The annual financial statements are thus adopted. No adoption by the Annual General Meeting is therefore required. The annual financial statements, the combined management report, the consolidated financial statements, the report of the Management Board on the disclosures pursuant to secs. 289a and 315a *HGB* and the report of the Supervisory Board must be made available to the Annual General Meeting. No resolution on this agenda item will be adopted.

2. Resolution on the appropriation of the net retained profits for financial year 2020

The annual financial statements of ADVA Optical Networking SE as of 31 December 2020 show net retained profits of EUR 96,155,192.61. However, due to a restriction on distribution pursuant to sec. 268 para. 8 *HGB*, only up to EUR 24,164,519.58 is currently permitted as a profit distribution.

The Management Board and the Supervisory Board propose that the net retained profits for financial year 2020 of EUR 96,155,192.61 be carried forward in full to new account.

3. Formal approval of the actions of the members of the Management Board for financial year 2020

The Management Board and the Supervisory Board propose that the actions of all the members of the Management Board of ADVA Optical Networking SE who were in office in financial year 2020 be formally approved for that financial year.

4. Formal approval of the actions of the members of the Supervisory Board for financial year 2020

The Management Board and the Supervisory Board propose that the actions of all the members of the Supervisory Board of ADVA Optical Networking SE who were in office in financial year 2020 be formally approved for that financial year.

5. Election of the auditor of the financial statements and of the consolidated financial statements for financial year 2021

The Supervisory Board proposes that PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Munich, be elected as auditor of the financial statements and of the consolidated financial statements for financial year 2021.

The proposal for election is based on the recommendation of the Audit Committee. The Audit Committee has stated that its recommendation is free from influence by a third party and that no clause has been imposed on it that restricted the choice of the Annual General Meeting to a particular auditor as regards the appointment, cf. art. 16(6) of the EU Audit Regulation (Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC).

6. Resolution on the extension of the authorisation to issue stock option rights (2011 Stock Option Plan) and the creation of further conditional capital; amendment of the Articles of Association

The Annual General Meeting of the Company on 16 May 2011 authorised the Management Board under agenda item 8b, with the Supervisory Board's consent, to grant subscription rights on one or more occasions, or repeatedly in the event that issued option rights are released, e.g. as a result of the termination or other cessation of the granting of subscription rights, for the subscription of up to 920,000 ordinary bearer shares of the Company to members of the Management Board, members of the management of affiliated companies, employees of the Company and employees of affiliated companies in accordance with the requirements set out in detail in the aforementioned resolution ("2011 Stock Option Plan"). If subscription rights are granted to members of the Management Board, the authorisation is issued to the Supervisory Board instead of the Management Board. By the same resolution, conditional capital in the amount of EUR 920,000 was created.

The original authorisation and the conditional capital created to service the stock option plan was extended in each case by resolutions of the Annual General Meeting on 24 May 2012 under agenda item 8, on 4 June 2013 under agenda item 10, on 5 June 2014 under agenda item 8, on 20 May 2015 under agenda item 7, on 11 May 2016 under agenda item 6, on 13 June 2018 under agenda item 6, on 22 May 2019 under agenda item 7 and on 13 May 2020 under agenda item 6.

The number of subscription rights to be issued under the stock option plan was increased most recently by 276,112 from 4,742,084 to 5,018,196 by resolution of the Annual General Meeting on 13 May 2020 under agenda item 6. Furthermore, the share capital was conditionally increased by a total of EUR 5,018,196.

In the period from 1 January 2020 to the end of financial year 2020, 314,726 subscription rights from the 2011 Stock Option Plan were exercised and 314,726 new no-par value shares of the Company with a notional interest in the share capital of EUR 314,726 were issued.

The Conditional Capital 2011/I currently still amounts to EUR 4,703,470.

The portion of capital released as a result of the reduction of the Conditional Capital 2011/I governed by art. 4 para. 5k) of the Articles of Association is to be used to extend the 2011 Stock Option Plan.

The proposed authorisation amends the existing authorisation merely in terms of the volume and the definition of the group of beneficiaries. Nevertheless, for reasons of transparency and greater clarity, all the provisions of the existing authorisation will be included in the following extension resolution.

The Management Board and the Supervisory Board therefore propose that the following resolution be adopted:

- (a) Resolution on an extension of the authorisation to issue stock option rights (2011 Stock Option Plan)

The authorisation of the Management Board and/or – insofar as subscription rights are issued to members of the Management Board – of the Supervisory Board to issue stock option rights, which was resolved by the Annual General Meeting on 16 May 2011 under agenda item 8b and amended by resolution of the Annual General Meeting on 24 May 2012 under agenda item 8b, by resolution of the Annual General Meeting on 4 June 2013 under agenda item 10b, by resolution of the Annual General Meeting on 5 June 2014 under agenda item 8b, by resolution of the Annual General Meeting on 20 May 2015 under agenda item 7b, by resolution of the Annual General Meeting on 11 May 2016 under agenda item 6b, by resolution of the Annual General Meeting on 13 June 2018 under agenda item 6b, by resolution of the Annual General Meeting of 22 May 2019 under agenda item 7a and by resolution of the Annual General Meeting on 13 May 2020 under agenda item 6a, is amended to the extent that the number of subscription rights to be issued is increased by 346,199 from currently 4,703,470 to 5,049,669.

Furthermore, the group of beneficiaries will be redefined as follows: 35% of the option rights, i.e. a total of 1,767,384 subscription rights, can be issued to members of the Management Board, 5%, i.e. a total of 252,483 subscription rights, to members of the management of affiliated companies, 22.5%, i.e. a total of 1,136,176 subscription rights, to employees of the Company and 37.5%, i.e. a total of 1,893,626 subscription rights, to employees of affiliated companies. The exact group of beneficiaries and the scope of the respective offer will be determined by the Management Board. If subscription rights are to be issued to members of the Management Board, the Supervisory Board is authorised to do so in place of the Management Board.

In all other respects, the resolution of the Annual General Meeting on 16 May 2011 under agenda item 8b, taking into consideration the amendments due to the resolution of the Annual General Meeting on 24 May 2012 under agenda item 8b, the resolution of the Annual General Meeting on 4 June 2013 under agenda item 10b, the resolution of the Annual General Meeting on 5 June 2014 under agenda item 8b, the resolution of the Annual General Meeting on 20 May 2015 under agenda item 7b, the resolution of the Annual General Meeting on 11 May 2016 under agenda item 6b, the resolution of the Annual General Meeting on 13 June 2018 under agenda item 6b, the resolution of the Annual General Meeting on 22 May 2019 under agenda item 7a and the resolution of the Annual General Meeting on 13 May 2020 under agenda item 6a, remains unaffected and applies in this respect to the option rights to be issued in accordance with the resolution under this agenda item 6a.

Accordingly, the full authorisation reads as follows in its entirety:

The Management Board is authorised to grant subscription rights on one or more occasions, or repeatedly in the event that issued option rights are released, e.g. as a result of the termination or other cessation of the granting of subscription rights, for the subscription of up to 5,049,669 ordinary bearer shares of the Company to beneficiaries in accordance with the following provisions. If subscription rights are to be granted to members of the Management Board, the authorisation to do so is issued to the Supervisory Board instead of the Management Board.

It is clarified that the authorisation of the Management Board and/or the Supervisory Board to issue subscription rights on one or more occasions or repeatedly also comprises the possibility to offer some or all beneficiaries – as far as legally permitted – the opportunity to waive already issued but as yet unutilised subscription rights concurrently in return for being granted the same or a lower number of new subscription rights at the option terms and conditions that are valid at that time.

aa) Group of beneficiaries

The option rights can be issued to the following groups of beneficiaries: 35%, i.e. a total of 1,767,384 subscription rights, to members of the Management Board, 5%, i.e. a total of 252,483 subscription rights, to members of the management of affiliated companies, 22.5%, i.e. a total of 1,136,176 subscription rights, to employees of the Company and 37.5%, i.e. a total of 1,893,626 subscription rights, to employees of affiliated companies. The exact group of beneficiaries and the scope of the respective offer will be determined by the Management Board. If subscription rights are to be issued to members of the Management Board, the authorisation to do so is granted to the Supervisory Board instead of the Management Board.

The subscription rights are not transferable. The subscription rights may only be exercised as long as the beneficiary is not under notice of termination of their employment relationship with the Company or with a company in which the Company has a direct or indirect interest. Subscription rights issued to trainees may only be exercised if, at the end of the traineeship, the trainee is granted an indefinite employment contract by the Company or by an affiliated company. Special arrangements can be made in the event that

beneficiaries die, are unable to practice their profession [*berufsunfähig*] or are unable to work [*erwerbsunfähig*], or retire.

bb) Subscription price

In accordance with the option term and conditions to be defined, each subscription right entitles the holder to subscribe for one no-par value share of the Company. The subscription price to be paid upon exercising the right to subscribe for one no-par value share ("exercise price") corresponds to the volume-weighted average of the closing prices of the Company's shares on the ten stock exchange trading days before the date of issue of the respective option right.

The "closing price" in this context is, with regard to each individual stock exchange trading day, the final price determined in the closing auction in XETRA trading (or a successor system) on the Frankfurt Stock Exchange or, if no such closing price is determined on the trading day in question, the last price of the Company's shares determined in continuous XETRA trading (or a successor system) on the Frankfurt Stock Exchange. In any case, the lowest issue price within the meaning of sec. 9 para. 1 *AktG* must be paid as the minimum exercise price.

cc) Performance target

The subscription rights may be exercised only if the volume-weighted average of the closing prices of the Company's shares on the ten stock exchange trading days before the first day of the exercise period in which the option is exercised amounts to at least 120% of the exercise price. Provided that this condition has been met for a specific exercise period, it is possible to exercise the rights during this exercise period irrespective of the further performance of the Company's shares (performance target).

dd) Adjustment of the subscription rights/exercise price

In the event that, during the term of the subscription rights, the Company increases its share capital, sells treasury shares or issues new bonds with conversion or warrant rights, while granting direct or indirect subscription rights to its shareholders, the option terms and conditions can provide for the exercise price to be adjusted accordingly. Furthermore, the option terms and conditions can provide for the subscription rights to be adjusted in the event of a capital increase from company funds and a capital reduction, in the event of a share split and reverse share split as well as in the case of bonuses or extraordinary distributions in cash and/or in kind. In this respect, the Company is to choose whether to adjust the exercise price according to the change in value and/or – together with an additional adjustment of the subscription price if necessary – the number of shares to be granted when the options are exercised. Moreover, the option terms and conditions may include provisions on the adjustment and exercise of the subscription rights in the event of a merger or transformation, a squeeze-out, the sale of the majority of the Company's shares or assets, a delisting or similar measures.

ee) Acquisition periods

Option rights can be issued in multiple tranches in the period until 12 May 2025, but at the earliest after the conditional capital has been entered in the commercial register. The issue

date must be within a period of two to eight weeks of the publication of the final quarterly report for the first, second and third quarter or the final annual results.

ff) Term

The term of the subscription rights can be up to seven years.

gg) Qualifying period/exercise

Subscription rights that have been issued can be exercised for the first time after four years have elapsed. After the qualifying period has elapsed, subscription rights may be exercised only during exercise phases and only on days on which the commercial banks in Frankfurt are open.

All exercise phases commence after an Annual General Meeting of the Company or after the publication of the results for the second and third quarters and have a term of four weeks. If and insofar as exercise days fall within a period that commences on the day on which the Company publishes an offer to its shareholders to subscribe for new shares or partial bonds with conversion or subscription rights in the Electronic Federal Gazette [*Elektronischer Bundesanzeiger*], and ends on the day, both days included, on which the shares of the Company carrying subscription rights are listed "ex-rights" for the first time in a market segment of the stock exchange in Frankfurt am Main, it is not permitted to exercise the subscription rights and the exercise period in question is extended by a corresponding number of exercise days immediately after the freeze period ends. Exercise is not possible in the period from the date of publication of the convening of an Annual General Meeting of the Company to the date of the Annual General Meeting or within a period of 14 days before the close of a financial year of the Company.

The Management Board or, if the latter is affected, the Supervisory Board is authorised to determine the further details of the option terms and conditions as well as the issuance and features of the new shares.

(b) Creation of further conditional capital

The conditional capital resolved by the Annual General Meeting on 16 May 2011 under agenda item 8c and amended by resolution of the Annual General Meeting on 24 May 2012 under agenda item 8c, by resolution of the Annual General Meeting on 4 June 2013 under agenda item 10c, by resolution of the Annual General Meeting on 5 June 2014 under agenda item 8c, by resolution of the Annual General Meeting on 20 May 2015 under agenda item 7c, by resolution of the Annual General Meeting on 11 May 2016 under agenda item 6c, by resolution of the Annual General Meeting on 13 June 2018 under agenda item 6c, by resolution of the Annual General Meeting of 22 May 2019 under agenda item 7b and by resolution of the Annual General Meeting on 13 May 2020 under agenda item 6b is amended as follows:

The Company's share capital will be conditionally increased by EUR 5,049,669 by issuing up to 5,049,669 no-par value bearer shares (ordinary shares) (Conditional Capital 2011/I). The

conditional capital serves solely to grant subscription rights to members of the Management Board and employees of the Company as well as members of the management and employees of affiliated companies in accordance with the resolutions of the Annual General Meeting on 16 May 2011 under agenda item 8b, the Annual General Meeting on 24 May 2012 under agenda item 8b, the Annual General Meeting on 4 June 2013 under agenda item 10b, the Annual General Meeting on 5 June 2014 under agenda item 8b, the Annual General Meeting on 20 May 2015 under agenda item 7b, the Annual General Meeting on 11 May 2016 under agenda item 6b, the Annual General Meeting on 13 June 2018 under agenda item 6b, the Annual General Meeting of 22 May 2019 under agenda item 7a, the Annual General Meeting on 13 May 2020 under agenda item 6a and the Annual General Meeting on 19 May 2021 under agenda item 6a. The conditional capital increase will be implemented only to the extent that the holders of subscription rights make use of their right. The new shares will – if they have been issued by the beginning of the Annual General Meeting of the Company – participate in the profit from the beginning of the preceding financial year, otherwise from the beginning of the financial year in which they are issued.

(c) Amendment of the Articles of Association

Art. 4 para. 5k of the Articles of Association is amended as follows:

"The Company's share capital is conditionally increased by EUR 5,049,669 by issuing up to 5,049,669 no-par value bearer shares (ordinary shares) (Conditional Capital 2011/I). The conditional capital serves solely to grant subscription rights to members of the Management Board and employees of the Company as well as members of the management and employees of affiliated companies in accordance with the resolutions of the Annual General Meeting on 16 May 2011 under agenda item 8b, the Annual General Meeting on 24 May 2012 under agenda item 8b, the Annual General Meeting on 4 June 2013 under agenda item 10b, the Annual General Meeting on 5 June 2014 under agenda item 8b, the Annual General Meeting on 20 May 2015 under agenda item 7b, the Annual General Meeting on 11 May 2016 under agenda item 6b, the Annual General Meeting on 13 June 2018 under agenda item 6b, the Annual General Meeting of 22 May 2019 under agenda item 7a, the Annual General Meeting on 13 May 2020 under agenda item 6a and the Annual General Meeting on 19 May 2021 under agenda item 6a. The conditional capital increase will be implemented only to the extent that the holders of subscription rights make use of their right. The new shares will – if they have been issued by the beginning of the Annual General Meeting of the Company – participate in the profit from the beginning of the preceding financial year, otherwise from the beginning of the financial year in which they are issued."

**7.** Resolution on new elections to the Supervisory Board

The term of office of the current members of the Supervisory Board of ADVA Optical Networking SE ends at the close of the Annual General Meeting that resolves on the formal approval of the actions of the members of the Supervisory Board for financial year 2020.

Pursuant to art. 40(2) and (3) of Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European company (SE), sec. 17 of the German SE Implementation Act [*SE-Ausführungsgesetz*] and art. 8 para. 1 sentence 2 of the Company's Articles of Association, the

Supervisory Board is composed of three members who are elected by the Annual General Meeting. The Annual General Meeting is not bound by election nominations.

The following nominations for election to the Supervisory Board are based on recommendations of the Nomination and Remuneration Committee.

The Supervisory Board nominates as shareholder representatives

- (a) Nikos Theodosopoulos, resident in Manhasset, New York, USA, managing member of NT Advisors LLC,
- (b) Prof. Dr Johanna Hey, resident in Cologne, professor of tax law at the University of Cologne, and
- (c) Michael Aquino, resident in Peachtree City, Georgia, USA, freelance strategy consultant in the area of technology strategy,

for election to the Supervisory Board for the period up to the end of the Annual General Meeting that resolves on the formal approval of their actions for financial year 2024.

It is intended to have the Annual General Meeting decide on the elections to the Supervisory Board by way of individual voting.

Prof. Dr Johanna Hey meets the criteria of sec. 100 para. 5 half-sentence 1 *AktG*, which requires that at least one Supervisory Board member have expertise in the areas of accounting and auditing.

It should be noted that, in the event that Mr Theodosopoulos is elected to the Supervisory Board, it is intended for him to be nominated as a candidate for the position of Chair of the Supervisory Board.

The following disclosures are made with regard to the nominees' memberships of other supervisory boards that are required to be established by law and of comparable domestic and foreign supervisory bodies of commercial enterprises:

Nikos Theodosopoulos is not a member of any other supervisory board that is required to be established under German law. However, he is a member of a supervisory body that is comparable with a supervisory board at the following commercial enterprises:

- member of the Board of Directors of Arista Networks Inc., Santa Clara, California, USA,
- member of the Board of Directors of Columbia Engineering Entrepreneurship, New York, NY, USA,
- member of the Board of Directors of Harmonic, Inc., San Jose, California, USA,
- member of the Board of Directors of Driving Management Systems, Inc., San Francisco, California, USA.

Prof. Johanna Hey is a member of the following other supervisory boards that are required to be established under German law:

- member of the supervisory board of Gothaer Versicherungsbank VVaG, Cologne, Germany,



- member of the supervisory board of Gothaer Finanzholding AG, Cologne, Germany,
- member of the supervisory board of Cologne Executive School GmbH, Cologne, Germany,
- member of the supervisory board of Flossbach von Storch AG, Cologne, Germany,

She is not a member of a comparable supervisory body of a commercial enterprise.

Michael Aquino is not a member of any other supervisory boards of domestic companies that are required to be established by law or of comparable domestic or foreign supervisory bodies of commercial enterprises.

The election nominations take into account the objectives resolved by the Supervisory Board for its composition and reflect the aim of fulfilling the skills profile that has also been resolved for the body as a whole. At the same time, the Supervisory Board has ensured diversity (recommendation C.1 of the German Corporate Governance Code in its current version resolved by the Government Commission on 20 March 2020, hereinafter "GCGC"). In addition, the Supervisory Board has satisfied itself that the nominated candidates for the Supervisory Board can devote the expected amount of time needed to perform their roles.

In the assessment of the Supervisory Board, there are no personal or business relationships between the candidates and ADVA Optical Networking SE, its group companies, the governing bodies of ADVA Optical Networking SE or a shareholder with a material interest in ADVA Optical Networking SE that a shareholder making an objective judgement would deem to be decisive for their voting decision and therefore would have to be disclosed in accordance with recommendation C.13 GCGC. Furthermore, the minimum proportion of independent shareholder representatives provided for in recommendations C.6 and C.7 GCGC has been complied with. However, it should be noted that Prof. Johanna Hey has been a member of the Supervisory Board since 16 May 2011 and, consequently, will exceed the threshold of more than twelve years' service on the Supervisory Board during her next term of office. This means that, from that point, the criteria for one of the indicators of a lack of independence specified in recommendation C.7 GCGC will be met.

In the section entitled "Details on agenda item 7: information on the candidates nominated for election to the Supervisory Board" of this invitation, the curriculum vitae of the candidates nominated for election are enclosed, in each case supplemented by an overview of the key activities that they perform alongside the Supervisory Board position and that provide information on the candidates' relevant knowledge, skills and professional experience (recommendation C.14 GCGC). The curriculum vitae are also available on the Company's website at <https://www.adva.com/de-de/about-us/investors/shareholders-meetings>.

**8.** Resolution on the approval of the system of remuneration for the Management Board members

The German Act Implementing the Second Shareholder Rights Directive [*Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie – ARUG II*] led to the introduction of a new sec. 120a AktG. Sec. 120a para. 1 sentence 1 AktG stipulates that, whenever there is a material change, but at least every four years, the annual general meeting of listed stock corporations should resolve on the approval of the system of remuneration for the management board members submitted by the supervisory board.

On the basis of the preliminary work of the Nomination and Remuneration Committee, the Supervisory Board resolved a new remuneration system on 23 February 2021, which replaces the remuneration system approved by the Annual General Meeting on 5 June 2014. The new remuneration system is described in the supplementary information below regarding agenda item 8 and will be submitted to the Annual General Meeting for approval.

The Supervisory Board proposes that the system of remuneration for the Management Board members resolved by the Supervisory Board on 23 February 2021 be approved.

**9.** Resolution on the remuneration of the Supervisory Board members

Under sec. 113 para. 3 sentences 1 and 2 *AktG*, the annual general meeting of a listed company must adopt a resolution on the remuneration of the supervisory board members at least every four years, although a resolution confirming the remuneration is permitted.

The current remuneration of the members of the Supervisory Board is governed by art. 12 of the Articles of Association and the resolution of the Company's Annual General Meeting on 4 June 2013 under agenda item 8.

Art. 12 of the Company's Articles of Association reads as follows:

"Article 12

Remuneration of the Supervisory Board

In addition to the reimbursement of the expenses incurred by them in the performance of their office, all members of the Supervisory Board receive remuneration that is determined by a resolution adopted by the Annual General Meeting and that complies with the provisions of sec. 113 *AktG*. Value added taxes incurred on the reimbursement of expenses and the remuneration will be refunded."

The following remuneration was determined by resolution of the Annual General Meeting on 4 June 2013 under agenda item 8:

"All members of ADVA Optical Networking SE's Supervisory Board receive a fixed annual remuneration in addition to the reimbursement of their expenses. The fixed remuneration amounts to EUR 100,000 for the Chair of the Supervisory Board and EUR 45,000 for the other members. The Chair of the Audit Committee additionally receives EUR 45,000 for this role. The annual remuneration is paid in four instalments, in each case at the end of the quarter. In the event of changes on the Supervisory Board and/or its committees, the remuneration is paid *pro rata temporis*. Furthermore, the Company pays the premiums of a D&O insurance policy to the extent that it has taken out such insurance for the members of the Supervisory Board.

The underlying abstract remuneration system, including the information pursuant to sec. 113 para. 3 sentence 2 *AktG*, sec. 87a para. 1 sentence 2 *AktG*, is outlined in the information for agenda item 9 below (hereinafter "System of remuneration for Supervisory Board members").

The Management Board and the Supervisory Board propose that the following be resolved:

The remuneration of the Supervisory Board members determined by art. 12 of the Articles of Association and the resolution of the Annual General Meeting on 4 June 2013 under agenda item 8 and the system of remuneration for Supervisory Board members are confirmed.

- 10.** Resolution on the cancellation of the Authorised Capital 2019/I and the creation of a new Authorised Capital 2021/I with authorisation to exclude subscription rights; amendment of the Articles of Association

By resolution of the Annual General Meeting on 22 May 2019, the Management Board was authorised to increase the share capital, with the Supervisory Board's consent, in the period until 21 May 2024 by a total of EUR 24,965,477 against contributions in cash or in kind by issuing a total of up to 24,965,477 new no-par value bearer shares on one or several occasions, whereby the shareholders' subscription rights can be excluded under certain conditions (Authorised Capital 2019/I). The aforementioned authorisation has not yet been utilised. The Company's current share capital permits an increase in the authorised capital. In addition, the term is to be extended and the provisions regarding the exclusion of subscription rights are to be modified. Therefore, the entire Authorised Capital 2019/I is to be cancelled and replaced by a new Authorised Capital 2021/I.

The proposed cancellation of the Authorised Capital 2019/I is to become effective only if it is replaced in an effective manner by the Authorised Capital 2021/I.

The Management Board and the Supervisory Board therefore propose that the following resolution be adopted:

- (a) Cancellation of the Authorised Capital 2019/I

The Authorised Capital 2019/I pursuant to the existing art. 4 para. 4 of the Articles of Association is cancelled effective as of the date of entry in the commercial register of the Authorised Capital 2021/I resolved pursuant to (b) and (c).

- (b) Creation of a new Authorised Capital 2021/I

The Management Board is authorised to increase the share capital, with the Supervisory Board's consent, in the period until 18 May 2026 by a total of up to EUR 25,248,346 (in words: twenty-five million two hundred and forty-eight thousand three hundred and forty-six) against contributions in cash or in kind by issuing a total of up to 25,248,346 (in words: twenty-five million two hundred and forty-eight thousand three hundred and forty-six) new no-par value bearer shares (ordinary shares) on one or several occasions (Authorised Capital 2021/I).

This authorisation may be utilised in partial amounts. The Management Board is authorised, with the Supervisory Board's consent, to determine the further details of the rights attached to the shares and the conditions of the share issue.

In principle, the shareholders must be granted a subscription right to the new shares. The new shares are to be underwritten by at least one credit institution or at least one entity operating pursuant to sec. 53 para. 1 sentence 1 or sec. 53b para. 1 sentence 1 or para. 7

of the German Banking Act [*Gesetz über das Kreditwesen*] with the obligation to offer them to the shareholders for subscription.

However, the Management Board will be authorised, with the Supervisory Board's consent, to exclude the shareholders' subscription rights in the case of capital increases against contributions in kind and to exclude the shareholders' subscription rights in the case of a capital increase against contributions in cash

- (i) to the extent that the new shares of the Company are placed on a foreign stock exchange in the course of an initial public offering, including the allotment of the shares to one credit institution or several credit institutions or one or several comparable institutions, subject to the proviso that the new shares are placed in the form of American Depositary Receipts (ADRs) as part of the initial listing of the Company on the US capital market and, in connection with the aforementioned cases, also for the purpose of covering an over-allotment option granted to the issuing banks; or
- (ii) if the subscription rights are excluded in order to make use of any fractional amounts; or
- (iii) to the extent that the exclusion of subscription rights is necessary for anti-dilution protection in order to grant holders of conversion or warrant rights, which were or will be issued by the Company or by companies in which the Company directly or indirectly holds a majority interest, subscription rights for new shares in the amount to which they would be entitled after exercising the conversion or warrant rights or after fulfilling conversion obligations; or
- (iv) if the issue price of the new shares does not significantly fall below the stock exchange price and the shares issued pursuant to or in analogous application of sec. 186 para. 3 sentence 4 *AktG* against contributions in cash subject to the exclusion of subscription rights during the term of this authorisation do not exceed a total of 10% of the share capital either at the time this authorisation becomes effective or at the time it is utilised. The following must be counted towards the limit of 10% of the share capital:
  - treasury shares that are sold subject to the exclusion of the shareholders' subscription rights during the term of this authorisation in analogous application of sec. 186 para. 3 sentence 4 *AktG* and
  - shares that are issued or must be issued in order to service bonds with conversion or warrant rights, if and to the extent that the bonds are issued subject to the exclusion of subscription rights during the term of this authorisation in analogous application of sec. 186 para. 3 sentence 4 *AktG*.

In the case of capital increases against contributions in cash and/or in kind, the shares issued in total under the above authorisation subject to the exclusion of subscription rights may not exceed 20% of the share capital either at the time this authorisation becomes effective or at the time it is utilised. Treasury shares that are sold after this authorisation becomes effective and subject to the exclusion of the shareholders' subscription rights must be counted towards the 20% limit unless they are used to service claims of Management Board members and/or employees under employee share ownership programmes. If, during the effective period of this authorisation, an authorisation to issue convertible bonds and/or bonds with warrants is resolved and, for the purpose of servicing

these bonds, shares are issued subject to the exclusion of subscription rights, these shares must also be counted towards the aforementioned 20% limit.

(c) Amendment of the Articles of Association

Art. 4 para. 4 of the Articles of Association is amended and revised as follows:

"The Management Board is authorised to increase the share capital, with the Supervisory Board's consent, in the period until 18 May 2026 by a total of up to EUR 25,248,346 (in words: twenty-five million two hundred and forty-eight thousand three hundred and forty-six) against contributions in cash or in kind by issuing a total of up to 25,248,346 (in words: twenty-five million two hundred and forty-eight thousand three hundred and forty-six) new no-par value bearer shares (ordinary shares) on one or several occasions (Authorised Capital 2021/I).

This authorisation may be utilised in partial amounts. The Management Board is authorised, with the Supervisory Board's consent, to determine the further details of the rights attached to the shares and the conditions of the share issue.

In principle, the shareholders must be granted a subscription right to the new shares. The new shares are to be underwritten by at least one credit institution or at least one entity operating pursuant to sec. 53 para. 1 sentence 1 or sec. 53b para. 1 sentence 1 or para. 7 of the German Banking Act [*Gesetz über das Kreditwesen*] with the obligation to offer them to the shareholders for subscription.

However, the Management Board is authorised, with the Supervisory Board's consent, to exclude the shareholders' subscription rights in the case of capital increases against contributions in kind and to exclude the shareholders' subscription rights in the case of a capital increase against contributions in cash

- (i) to the extent that the new shares of the Company are placed on a foreign stock exchange in the course of an initial public offering, including the allotment of the shares to one credit institution or several credit institutions or one or several comparable institutions, subject to the proviso that the new shares are placed in the form of American Depositary Receipts (ADRs) as part of the initial listing of the Company on the US capital market and, in connection with the aforementioned cases, also for the purpose of covering an over-allotment option granted to the issuing banks; or
- (ii) if the subscription rights are excluded in order to make use of any fractional amounts; or
- (iii) to the extent that the exclusion of subscription rights is necessary for anti-dilution protection in order to grant holders of conversion or warrant rights, which were or will be issued by the Company or by companies in which the Company directly or indirectly holds a majority interest, subscription rights for new shares in the amount to which they would be entitled after exercising the conversion or warrant rights or after fulfilling conversion obligations; or
- (iv) if the issue price of the new shares does not significantly fall below the stock exchange price and the shares issued pursuant to or in analogous application of sec. 186 para. 3 sentence 4 *AktG* against contributions in cash subject to the exclusion of subscription rights during the term of this authorisation do not exceed a total of 10% of the share capital either at the time this authorisation

becomes effective or at the time it is utilised. The following must be counted towards the limit of 10% of the share capital:

- treasury shares that are sold subject to the exclusion of the shareholders' subscription rights during the term of this authorisation in analogous application of sec. 186 para. 3 sentence 4 *AktG* and
- shares that are issued or must be issued in order to service bonds with conversion or warrant rights, if and to the extent that the bonds are issued subject to the exclusion of subscription rights during the term of this authorisation in analogous application of sec. 186 para. 3 sentence 4 *AktG*.

In the case of capital increases against contributions in cash and/or in kind, the shares issued in total under the above authorisation subject to the exclusion of subscription rights may not exceed 20% of the share capital either at the time this authorisation becomes effective or at the time it is utilised. Treasury shares that are sold after this authorisation becomes effective and subject to the exclusion of the shareholders' subscription rights must be counted towards the 20% limit unless they are used to service claims of Management Board members and/employees under employee share ownership programmes. If, during the effective period of this authorisation, an authorisation to issue convertible bonds and/or bonds with warrants is resolved and, for the purpose of servicing these bonds, shares are issued subject to the exclusion of subscription rights, these shares must also be counted towards the aforementioned 20% limit."

Supplementary information on individual agenda items

Report of the Management Board on agenda item 6; resolution on an extension of the authorisation to issue stock option rights (2011 Stock Option Plan) and the creation of further conditional capital; amendment of the Articles of Association

The Annual General Meeting of the Company on 16 May 2011 authorised the Management Board under agenda item 8b, with the Supervisory Board's consent, to grant subscription rights on one or more occasions, or repeatedly in the event that issued option rights are released, e.g. as a result of the termination or other cessation of the granting of subscription rights, for the subscription of up to 920,000 ordinary bearer shares of the Company to members of the Management Board, members of the management of affiliated companies, employees of the Company and employees of affiliated companies in accordance with the requirements set out in detail in the aforementioned resolution (2011 Stock Option Plan). If subscription rights are granted to members of the Management Board, the authorisation is issued to the Supervisory Board instead of the Management Board. By the same resolution, conditional capital in the amount of EUR 920,000 was created.

The original authorisation and the conditional capital created to service the stock option plan was extended in each case by resolutions of the Annual General Meeting on 24 May 2012 under agenda item 8, on 4 June 2013 under agenda item 10, on 5 June 2014 under agenda item 8, on 20 May 2015 under agenda item 7, on 11 May 2016 under agenda item 6, on 13 June 2018 under agenda item 6, on 22 May 2019 under agenda item 7 and on 13 May 2020 under agenda item 6.

The number of subscription rights to be issued under the stock option plan was increased most recently by 276,112 from 4,742,084 to 5,018,196 by resolution of the Annual General Meeting on 13 May 2020 under agenda item 6. Furthermore, the share capital was conditionally increased by a total of EUR 5,018,196.

In the period from 1 January 2020 to the end of financial year 2020, 314,726 subscription rights from the 2011 Stock Option Plan were exercised and 314,726 new no-par value shares of the Company with a notional interest in the share capital of EUR 314,726 were issued.

The Conditional Capital 2011/I currently still amounts to EUR 4,703,470. On the basis of this authorisation, 3,037,567 subscription rights issued are outstanding as of 31 March 2021.

The Management Board and the Supervisory Board of ADVA Optical Networking SE continue to believe that, today, stock options are an important and usual component of a modern remuneration system. Therefore, the number of subscription rights to be issued by the Management Board is to be increased by 346,199 from currently 4,703,470 to 5,049,669 and the conditional capital intended for servicing the subscription rights is also to be adjusted accordingly. In the opinion of the Management Board and the Supervisory Board, the extension of the authorisation to issue stock options is urgently required so that, in the future, the Company can continue to attract and retain the qualified Management Board members and employees as well as the managers and employees of affiliated companies that it requires. Furthermore, by granting stock options, the Company creates a special performance incentive for all beneficiaries to increase the value of the Company, with the goal of achieving a positive share price performance.

According to the proposed extension of the programme, the total number of options to be issued under the 2011 Stock Option Plan is broken down into the groups of beneficiaries as follows:

- members of the Management Board: option rights to subscribe for 1,767,384 shares,
- members of the management of affiliated companies: option rights to subscribe for 252,483 shares,
- employees of the Company: option rights to subscribe for 1,136,176 shares,
- employees of affiliated companies: option rights to subscribe for 1,893,626 shares,

The option price to be paid upon exercising the option ("Exercise Price") corresponds to the volume-weighted average of the closing prices of the Company's shares on the ten stock exchange trading days before the date of issue of the respective option rights. The "Closing Price" in this context is, with regard to each individual stock exchange trading day, the final price determined in the closing auction in XETRA trading (or a successor system) on the Frankfurt Stock Exchange or, if no such closing price is determined on the trading day in question, the last price of the Company's shares determined in continuous XETRA trading (or a successor system) on the Frankfurt Stock Exchange. In any case, the lowest issue price within the meaning of sec. 9 para. 1 *AktG* must be paid as the minimum Exercise Price.

The option rights have a maximum term of seven years from the issue date. Option rights can be issued in multiple tranches in the period until 12 May 2025, but at the earliest after the conditional capital required for servicing the option rights has been entered in the commercial register. The issue date must be within a period of two to eight weeks of the publication of the final quarterly report for the first, second and third quarter or the final annual results.

Subscription rights that have been issued can be exercised for the first time after four years have elapsed. After the qualifying period has elapsed, subscription rights may be exercised only during exercise phases and only on days on which the commercial banks in Frankfurt/Main are open.

All exercise phases commence after an Annual General Meeting of the Company or after the publication of the results for the second and third quarters and have a term of four weeks. If and insofar as exercise days fall within a period that commences on the day on which the Company publishes an offer to its shareholders to subscribe for new shares or partial bonds with conversion or subscription rights in the

Federal Gazette, and ends on the day, both days included, on which the shares of the Company carrying subscription rights are listed "ex-rights" for the first time in a market segment of the stock exchange in Frankfurt am Main, it is not permitted to exercise the subscription rights and the exercise period in question is extended by a corresponding number of exercise days immediately after the freeze period ends. Exercise is not possible in the period from the date of publication of the convening of an Annual General Meeting of the Company to the date of the Annual General Meeting or within a period of 14 days before the close of a financial year of the Company.

As a performance target, the exercise of the option rights is possible only if the volume-weighted average of the Closing Prices (as defined above) of the Company's shares on the ten stock exchange trading days before the first day of the respective exercise period amounts to at least 120% of the Exercise Price. Provided that this condition has been met for a specific exercise period, it is possible to exercise the rights during this exercise period irrespective of the further performance of the Company's shares.

The Management Board and the Supervisory Board are convinced that the stock option plan will have a positive effect on ADVA Optical Networking SE and its shareholders due to the incentives that the programme creates for members of the Management Board, managers and other employees and the loyalty that it promotes among them.

Details on agenda item 7: information on the candidates nominated for election to the Supervisory Board

Nikos Theodosopoulos

Year of birth: 1962

Place of birth: New York City, New York

Nationality: American

Place of residence: Manhasset, New York, USA

Profession: Engineer and businessman (graduate in both disciplines)

Nikos Theodosopoulos is the managing member of NT Advisors LLC, a technology consulting firm. Prior to founding NT Advisors LLC in September 2012, Nikos spent 18 years as an equity research analyst covering the technology sector, primarily at UBS Investment Bank.

During his time as an equity research analyst, he was voted onto the All-America Research Team 15 times by Institutional Investor magazine. Nikos was also Global Technology Strategist and Head of US Technology Sector Research at UBS Investment Bank. Before starting his career on Wall Street, he spent ten years at AT&T Network Systems and Bell Laboratories. Nikos holds an MBA from New York University, a Master of Science from Stanford University and a Bachelor of Science from Columbia University. He is also a member of the Advisory Board of Columbia Engineering Entrepreneurship.

External board positions:

- member of the Board of Directors of Arista Networks Inc., Santa Clara, California, USA,
- member of the Board of Directors of Columbia Engineering Entrepreneurship, New York, NY, USA,
- member of the Board of Directors of Harmonic, Inc., San Jose, California, USA,
- member of the Board of Directors of Driving Management Systems, Inc., San Francisco, California, USA,
- major shareholder of Mornos Realty LLC, USA
- major shareholder of Sunnyside Buildings LLC, USA
- major shareholder of CMG Brooklyn LLC., USA
- major shareholder of West64 LLC



Prof. Dr Johanna Hey

Year of birth: 1970

Place of birth: Hamburg

Nationality: German

Place of residence: Cologne, Germany

Profession: Professor of tax law

Johanna Hey is one of the most well-known authorities on tax law in Germany. She is head of the Institute of Tax Law at the University of Cologne and is a member of several bodies, including the Advisory Board of the German Federal Ministry of Finance.

At the end of 2002, she took over the Chair of Corporate Tax Law at Heinrich Heine University in Dusseldorf. Since October 2006, Johanna has been Director of the Institute of Tax Law at the University of Cologne.

From 2004 to 2012, Johanna was a member of the Executive Board and 1st Vice President of the German Association of University Professors and Lecturers [*Deutscher Hochschulverband*]. Since 2006, she has been a member of the Advisory Board of the German Federal Ministry of Finance. In 2010, she became Scientific Director of the Institute of Finance and Taxation [*Institut Finanzen und Steuern e.V.*] in Berlin and, in the same year, was elected to the Permanent Deputation of the Association of German Jurists [*Deutscher Juristentag*]. From 2011 to 2016, she was Chair of the Advisory Board of the German Society of Tax Lawyers [*Deutsche Steuerjuristische Gesellschaft e.V.*] Since 2011, Johanna has been a member of the Advisory Board of the Centre for European Economic Research [*Zentrum für Europäische Wirtschaftsforschung – ZEW*]. In 2015 and 2018, she was a member of the Global Faculty at the Law School of New York University.

External board positions:

- member of the supervisory board of Gothaer Versicherungsbank VVaG, Cologne, Germany,
- member of the supervisory board of Gothaer Finanzholding AG, Cologne, Germany,
- member of the supervisory board of Cologne Executive School GmbH, Cologne, Germany,
- member of the supervisory board of Flossbach von Storch AG, Cologne, Germany,

Michael Aquino

Year of birth: 1956

Place of birth: New York City, New York, USA

Nationality: American

Place of residence: Peachtree City, Georgia, USA

Profession: Technology Strategy Consultant

In his last role, Michael Aquino was CSO of ADVA. Prior to that, he was President, CEO and a member of the Board of Directors of Overture Networks, delivering solutions for the market in the areas of the cloud, virtualisation and software-driven services. Michael contributed over 33 years of experience in the telecommunications and IT sector to this role and made the company the market leader for cloud software.

Michael has extensive global market experience with communication service providers (mobile, fixed and cable network operators, Internet content providers) and network operators from the areas of research and science, public authorities, financial services and healthcare. He has worked with global and regional integrators and VARs (value added resellers) to develop solutions for these different market segments.

For 11 years he worked for Ciena, where he was initially responsible for business in the areas of enterprise and government and developed this segment into a significant source of income. He also held the positions

of VP Sales North America as well as SVP and GM Global Field Operations, ultimately being appointed to the Board of Directors, where he remained until 2012.

Michael began his career at IBM in 1981. In 1992 he joined SynOptics, which became Bay Networks (taken over by Nortel Networks in 1998). He held various managerial positions at both of these companies.

He has a Bachelor of Arts in Psychology from Cathedral College, New York.

External board positions:

- None

Details on agenda item 8: System of remuneration for the members of ADVA Optical Networking SE's Management Board

System of remuneration for Management Board members of ADVA Optical Networking SE

Preamble

As part of its regular review of the system of remuneration for members of ADVA Optical Networking SE's ("ADVA SE") Management Board, ADVA SE's Supervisory Board resolved at its meeting on 23 February 2021 that the system of remuneration for Management Board members approved on 5 June 2014 is to be adjusted and enhanced in accordance with the requirements of the German Act Implementing the Second Shareholder Rights Directive and the German Corporate Governance Code (GCGC) as amended on 16 December 2019. For the first time, the remuneration system therefore applies to remuneration components resolved by the Supervisory Board and/or agreed with the Management Board members from 23 February 2021. This ensures that ADVA SE will continue to be able to attract suitable and qualified candidates for the Management Board in the future.

The Supervisory Board has resolved that the amount of the target total remuneration of Management Board members for 2021 is to remain unchanged compared with 2020. This means that the main adjustments relate primarily to the structure of the long-term variable remuneration.

The adjustments regarding the individual remuneration components can be summarised as follows:

- The previous variable remuneration component with a short-term one-year assessment period (short-term bonus) will be renamed the short-term incentive (STI), and the cap on the 4 individual targets will be raised from 200% to 250% in order to increase the possibility of reaching the unchanged cap on the STI of a maximum of 200% of the target annual bonus. The STI is based on the achievement of financial, operational and strategic targets for the respective calendar year.
- The previous variable remuneration, which was already based on a long-term and sustainable development of the Group and which, as it covered a 3-year assessment period, could only be granted every 3 years if achieved (long-term bonus), will be replaced by a new, more flexible long-term incentive (LTI) with a 4-year assessment period, which is to be granted annually and is based on the development of the share price.
- The granting of stock options to the Management Board under the stock option plan (SOP) will remain as a further long-term variable remuneration component; the procedure for granting and exercising the stock options will merely be defined in more detail.

- Furthermore, the Company is to adopt share ownership guidelines that oblige members of the Management Board in future to hold a defined number of ADVA shares during their term of office on the Management Board.

## 1. Principles of the system of remuneration for Management Board members

The Management Board's remuneration is based on the size, complexity and economic position of the Company as well as on the performance of the Management Board as a whole. The remuneration system for ADVA SE's Management Board is focused on a sustainable and long-term development of the Company and, due to the structure of the variable remuneration components, promotes the Company's strategic objectives, responsible conduct as well as sustainable and profitable growth, taking into account the interests of shareholders, customers, employees and other stakeholders. It is characterised by a high degree of variability and depends on the performance of the Management Board as a whole and the success of the ADVA Group.

The Supervisory Board therefore determines the remuneration system and the level of remuneration primarily according to the following guidelines:

### Situation of the Company

The remuneration system is based on the operational, financial and economic situation of the Company, as well as on its successes and future prospects.

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### Duties and performance of the Management Board

The remuneration system takes into account the duties and performance of the Management Board as a whole and the individual Management Board members.

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### Pay for performance

By defining adequate performance criteria as part of the performance-related variable remuneration, which accounts for the majority of the total remuneration, the remuneration system ensures that the performance of the Management Board is appropriately rewarded and that any missed targets are equally taken into account (pay for performance).

## Appropriateness

The structure and level of the Management Board's remuneration are customary in the market and competitive. This is ensured by regular comparisons of the Management Board's remuneration with relevant peer groups. In addition, the remuneration of Management Board members is appropriate in relation to the remuneration of managers and employees.

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## Regulatory compliance

The new remuneration system for the Management Board complies with the German Stock Corporation Act and takes into account the recommendations and suggestions of the German Corporate Governance Code.

The remuneration system outlined here applies to Supervisory Board remuneration resolutions that were resolved, and remuneration agreements with Management Board members that were entered into, after 23 February 2021. In the absence of an agreement to the contrary, remuneration claims established before that day continue to be governed by the contractual provisions on which they are based. For each Management Board member, the Supervisory Board determines a target total remuneration for the next financial year. When determining and regularly reviewing the fixed and variable remuneration, the Remuneration and Nomination Committee as well as the Supervisory Board ensure that the remuneration is appropriate in relation to the duties and performance of the Management Board member and the situation of the Company. They also ensure that the remuneration does not exceed that which is customary in the market unless there are special reasons for this.

The level of variable remuneration depends on the achievement of financial, operational and strategic targets as well as on the development of the share price – indirectly with regard to the LTI and directly with regard to the stock options.

The strategic Company targets and key performance indicators constitute important performance metrics for both the short-term and long-term variable remuneration components.

The structure and level of the Management Board's remuneration will be determined by the Supervisory Board upon the proposal of the Remuneration and Nomination Committee. All members of the Supervisory Board are obliged to act in the Company's interests and are therefore not permitted to pursue personal or third-party interests. The applicable rules on preventing conflicts of interests govern all decisions regarding the remuneration system and its implementation. In particular, each member is obliged to disclose possible conflicts of interests without undue delay to the Chair of the Supervisory Board; possible conflicts of interests affecting the Chair of the Supervisory Board must be disclosed to the Remuneration and Nomination Committee. Any conflicts of interests that are material and not merely temporary are described by the Supervisory Board each year in its report to the Annual General Meeting.

When determining the specific target total remuneration and in order to review the appropriateness thereof, the Supervisory Board refers to relevant peer groups, which are selected on the basis of ADVA's market position. The following twelve companies, preferentially from the TecDax/SDax, will be used as an external reference in future reviews of the appropriateness of the remuneration: GFT Technologies SE,

Jenoptik AG, Manz AG, Einhell Germany AG, Aixtron SE, LPKF Laser & Electronics AG, Schaltbau Holding AG, R. Stahl AG, Eckert & Ziegler Strahlen- und Medizintechnik AG, Vossloh AG, S&T AG and Pfeiffer Vacuum Technology AG. The Supervisory Board can make changes to the peer group according to its duly exercised discretion if – for whatever reason – there is a material change in the comparability of individual companies. The objective of a horizontal comparison is to ensure that the Management Board receives competitive remuneration that is customary in the market.

In addition to this horizontal – external – comparison, a vertical – internal – comparison of the Management Board's remuneration is also performed in the case of reviews of appropriateness and/or changes in the target remuneration. This entails looking at the remuneration of the Management Board members in comparison with each other as well as with senior management and the relevant total workforce within the Company. When doing so, the Supervisory Board takes into account not only the current remuneration ratios between the different levels, but also in particular how the remuneration of the aforementioned groups has changed over time. The external and internal appropriateness is reviewed at regular intervals. When engaging external remuneration advisors, the Supervisory Board ensures that they are independent of the Management Board and the Company.

The system of remuneration for the Management Board is determined by the Supervisory Board upon the proposal of the Remuneration and Nomination Committee. If required, the Supervisory Board may consult external, independent advisors. Furthermore, the Remuneration and Nomination Committee performs the preparatory work for the Supervisory Board's regular review of the system and of the level of remuneration of Management Board members. Here, too, the Remuneration and Nomination Committee and the Supervisory Board consult an external remuneration expert, if necessary, and ensure that this person is independent in respect of the Management Board and the Company. If required, the expert recommends to the Supervisory Board that changes be made. The provisions of the German Stock Corporation Act and the GCGC that apply to the handling of conflicts of interests are complied with here. In the event of material changes and, in the future, at least every four years, the remuneration system resolved by the Supervisory Board will be submitted to a vote by the Annual General Meeting. If the Annual General Meeting rejects the submitted remuneration system, a remuneration system that has been reviewed by an independent external advisor and updated if necessary will be submitted at the latest to the following Annual General Meeting for approval.

If required in the interests of the Company and its long-term well-being, the Supervisory Board can, upon the recommendation of the Remuneration and Nomination Committee, resolve to temporarily depart from the existing remuneration system (procedure and rules regarding the structure and level of remuneration as well as in respect of the individual remuneration components). In particular, this may affect the variable components in terms of their structure and the level determined. This allows the Supervisory Board to appropriately take into account extraordinary developments such as a major economic crisis, key acquisitions or disposals of key business units, but not generally unfavourable market developments. Even in the event of a departure from the existing remuneration system, the remuneration must still be focused on a sustainable and long-term development of the Company and must not overstretch the latter's financial capability. Any departure from the remuneration system requires a corresponding Supervisory Board resolution, in which the extraordinary circumstances and the need for the departure are established.

The system of remuneration for Management Board members outlined here applies as of 23 February 2021 to all amendments of current contracts of Management Board members, the extension of these contracts as well as new contracts to be entered into with Management Board members.

## 2. Overview of the remuneration components

The remuneration of ADVA SE's Management Board members consists of non-performance-related (fixed) and performance-related (variable) components.

### Fixed remuneration components

The fixed remuneration components comprise the basic remuneration and fringe benefits.

### Variable (i.e. performance-related) remuneration components

The variable remuneration components consist of short-term variable remuneration (the STI) and two long-term variable remuneration components (the LTI and stock options).

#### Short-term incentive (STI)

Performance criteria	<i>pro forma</i> operating result of the Group (40%) consolidated revenue (20%) free cash flow (20%) personal, individually agreed targets for each Management Board member (20%)
Assessment period	one year
Cap	200% of the allocated amount
Payment	in cash, after the end of the performance period

#### Long-term incentive (LTI)

Performance criteria	80% 1–2 financial targets, e.g. <i>pro forma</i> operating result of the Group 20% 1–2 non-financial sustainability targets, e.g. CSAT, NPS, emission reduction, SBTi
Share performance	1) conversion of LTI amount into virtual shares at the share price of the previous quarter at the time of issue 2) multiplication of the virtual shares by percentage of target achievement determines final number of virtual shares 3) conversion of final number of virtual shares at the share price of the previous quarter after end of assessment period
Assessment period	four years
Cap	200% of the allocated amount
Payment	in cash, after the end of the assessment period

#### Stock option plan

Exercise period	starts after a waiting period of 4 years and ends after expiry of year 7 after the stock options are granted
Exercise threshold	120% of the share price at the time the stock options are granted
Limit on profit	EUR 20 per option

Other contractual components

Malus & clawback      STI and LTI reduced partially or to zero or clawed back in the case of serious breaches of contract, the code of conduct or the law

Share ownership guidelines (SOG)

Investment amount      each Management Board member invests 100% of the gross annual fixed salary in shares of ADVA SE, and  
the Chair of the Management Board invests 200% (total) of the gross annual fixed salary in shares of ADVA SE

Build-up phase    4 years for 100%  
8 years for 200%

Maximum annual remuneration\*

EUR 2,000,000 for the Chair of the Management Board  
EUR 1,700,000 for each ordinary member of the Management Board

\*The maximum remuneration is composed of the basic remuneration and fringe benefits, the variable (i.e. performance-related) remuneration components in the case of maximum target achievement of 200% STI and 200% LTI, as well as 1/7 of the stock options that are exercisable for a maximum of 7 years being sold in the amount of the limit on profit.

The Supervisory Board caps not only the amount of the maximum remuneration (total remuneration) for the respective financial year, but also the amount of all variable remuneration components, i.e. the STI, LTI and SOP.

3. The remuneration components in detail:

3.1. Basic remuneration

The basic remuneration is a fixed, i.e. not variable, remuneration for the entire year which is paid out in equal instalments. It is agreed in individual agreements with Management Board members upon their appointment or an extension of their appointment. No distinction is made between the Chair and the other Management Board members with regard to the amount of the basic remuneration. It ensures that all Management Board members receive an appropriate income.

3.2. Short-term incentive (STI)

As short-term variable remuneration, the STI incentivises the operational development of ADVA, which depends on the Company's business performance in the respective financial year. In this regard, the Supervisory Board ensures that the STI targets are based on ambitious financial, operational and strategic performance parameters, with their degree of achievement determining the actual amount paid out. Thus, for each financial year, an STI with a one-year assessment period is granted on the basis of four targets. The four STI targets are divided into three common – i.e. identical for all Management Board members – financial targets as well as one individual target for each Management Board member, which is composed of several different financial, operational and strategic targets.

The STI always relates to one financial year. At the beginning of the respective financial year, the Supervisory Board sets an individual target remuneration for each Management Board member on the

basis of 100% overall target achievement. The overall target achievement for each Management Board member comprises three individual targets applicable to all Management Board members and one personal target, which are weighted as follows for the purpose of assessing the degree of overall target achievement:

- 40%: *pro forma* operating result of the Group
- 20%: consolidated revenue
- 20%: free cash flow
- 20%: personal, individually agreed target for each Management Board member

Any amounts that exceed or fall short of the individual targets are taken into account on a linear basis when assessing the degree of overall target achievement. The minimum target achievement for each of the 4 individual targets is 0% and the maximum target achievement is 250%.

However, the overall target achievement for the STI is limited to a maximum of 200% of the annual target bonus.

In order to allow for performance-based differentiation between the individual members and to take into account the work of the Management Board as a whole, the Supervisory Board assesses the performance of the members of the Management Board after the end of each financial year. As a rule, at its first meeting in the following financial year, the Supervisory Board will, upon the proposal of the Remuneration and Nomination Committee, determine the degree of achievement of the respective individual STI targets and the overall STI target for each Management Board member as a discretionary bonus. Generally, the amount of the STI is to be determined by the Supervisory Board for payment in March, but not before the approval of the annual and consolidated financial statements for the incentivised financial year.

If a Management Board member retires, the STI is determined *pro rata temporis* for the relevant financial year and is paid in accordance with the system.

### 3.3 Long-term incentive (LTI)

Previously, the Company and the Management Board members agreed on a long-term bonus as the long-term variable remuneration component, payment of which depended on the achievement of the *pro forma* operating result of the Group over a period of three years ("assessment period"). This meant that while the long-term bonus was forfeited in full if the *pro forma* operating result was not achieved in one of the three calendar years of the assessment period, the bonus was not increased if the *pro forma* operating result was exceeded in one or several years. The long-term bonus was therefore based on sustainable Group development, while following the all-or-nothing principle. It took into account a three-year period, but not the development of the share price. This is another reason why, going forward, the existing long-term bonus will be replaced by the long-term incentive (LTI).

Unlike the existing long-term bonus, the new LTI is based not only on financial targets, but also on non-financial sustainable targets and the development of the share price. Thus, the LTI increases the incentives to achieve a sustainable and long-term increase in the Company's value, taking into account internal and external value development over a four-year period (instead of a three-year period), and with the desired variability.

For each financial year, the Supervisory Board determines an LTI for a four-year assessment period. To this end, the target remuneration in EUR defined by the Supervisory Board is converted into a provisional number of virtual shares referred to as performance share units (PSUs) by dividing the target remuneration by the average price of ADVA shares in the fourth quarter of the respective prior year before the start of the LTI in question.



Furthermore, the Supervisory Board determines up to two financial targets at the start of the assessment period, e.g. *pro forma* EBIT, revenue, free cashflow, ROCE and/or TSR. The Supervisory Board also selects up to two non-financial sustainability targets per LTI, such as customer satisfaction according to CSAT/NPS, reduction of greenhouse gases in line with the objectives of the Science Based Targets Initiative (SBTi), e.g. emissions of the company car fleet, electricity purchased and products sold, employee satisfaction, employee development, diversity, succession planning, innovation and compliance. Financial and non-financial targets are weighted at a ratio of 80% to 20%, irrespective of whether one or two targets that must be deemed equal to each other are selected.

At the beginning of the four-year assessment period, the Supervisory Board defines target values that correspond to target achievement of 100%, as well as minimum values and maximum values corresponding to target achievement of 0% and 200% and, if necessary, target achievement curves, for all LTI targets for each calendar year.

At the end of the four-year assessment period, the arithmetic mean of the four 12-month-based degrees of target achievement is calculated. The average degrees of target achievement for the individual LTI targets determined in this manner are combined, in accordance with the defined weighting, to produce a weighted target achievement. The provisional number of PSUs calculated at the start of the LTI is then multiplied by this weighted target achievement to determine the final number of PSUs.

After the end of the LTI, in the year following the assessment period, the final number of PSUs determined using the average target achievement is multiplied by the average price of ADVA shares in the fourth quarter of the prior year. This ensures that the long-term variable remuneration of each Management Board member is granted in share-based form. Lastly, payment of the LTI is capped at 200% of the LTI target amount.

No LTI is granted for calendar year 2021 to current members of the Management Board because the existing long-term bonus is still in effect.

### 3.4 Ratio of the variable remuneration components to each other

When defining the target total remuneration, the Supervisory Board will endeavour to ensure that variable remuneration components resulting from the achievement of long-term targets exceed those resulting from short-term targets. However, deviations may occur in individual cases (due to e.g. the availability of the options in a given financial year, the value of options at the time of their issuance, etc.), that should be balanced out over the period of work activity of the respective member of the Management Board.

### 4. Benefits in kind and other additional remuneration (fringe benefits)

In addition to the aforementioned cash remuneration, the members of the Management Board receive various fringe benefits, some of which are granted on an ad hoc basis. Fringe benefits that are usually granted include a company car for business and private use or a corresponding fixed allowance.

In principle, all Management Board members have an equal entitlement to the fringe benefits. However, their amount in particular may vary in individual cases, depending on personal situation and utilisation. The Supervisory Board may grant other or additional fringe benefits that are customary in the market.

The members of the Management Board are covered by a D&O insurance policy taken out by the Company which includes a deductible. For the Management Board, this insurance policy provides for the deductible stipulated in sec. 93 para. 2 sentence 3 *AktG*. The Management Board members must pay tax on some of these benefits as cash benefits.

## 5. Company pension

The remuneration system does not provide for a company pension for the members of the Management Board.

## 6. Stock option plan

As a further long-term variable remuneration component, Management Board members have, for many years, been granted stock options at the Supervisory Board's discretion. The stock options entitle the respective Management Board member to acquire an equal number of no-par value shares of the Company as soon as the respective vesting period expires, the agreed performance targets are reached and an increase in the share price of at least 20% is achieved. The other conditions are governed by the respective provisions of the stock option plan under which the options were issued. The stock option plans for Management Board members include profit-limiting clauses of EUR 20 per stock option (cap).

The Supervisory Board can agree that the Management Board members will exercise the stock options at pre-defined times and possibly sell the new shares. This pre-arranged exercise of stock options is intended to prevent the sale of large volumes at particular times. Furthermore, such an arrangement can ensure to a certain extent that decisions on the exercise of options and any related sale of new shares do not have to be made at a time when inside information might exist.

## 7. Share ownership guidelines

From calendar year 2021, the Management Board members are obliged to build up a self-financed investment in ADVA shares and to hold it for the duration of their appointment (personal investment). This personal investment means that the interests of the Management Board and of the shareholders are even further aligned and the sustainable and long-term development of ADVA is further strengthened. The amount to be invested is based on the respective Management Board member's gross annual fixed salary.

The personal investment by each Management Board member is equal to 100% of the (gross) basic remuneration after a build-up phase of 4 years, while the Chair of the Management Board invests 200% (total) of the basic remuneration after an extended build-up phase of 8 years. An annual minimum amount to be invested until the full investment volume is reached has deliberately not been set.

The build-up phase also applies to members of the Management Board who were already members of the Management Board on 1 January 2021, regardless of when they were initially appointed, with the proviso that the build-up phase for reaching 100% of the basic remuneration ends on 31 December 2024. The additional build-up phase that enables the Chair of the Management Board to reach 200% of the basic remuneration ends at the close of the eighth calendar year following the Chair's initial appointment, or on 31 December 2028 for the Chair of the Management Board appointed on 1 January 2021.

Proof of compliance with the share ownership guidelines must be provided each year as of 31 December.

The shares must be acquired by Management Board members from their taxed net income.

## 8. Malus and clawback clause

Management Board members' contracts of service also include the following malus and clawback provisions, which enable variable remuneration components that have already been paid out and/or have not yet been paid out to be clawed back and/or reduced subject to certain criteria. This clawback/reduction option covers all variable components of Management Board remuneration, i.e. both the STI and the LTI and stock options granted after the effective date of this remuneration system.

In the event of serious breaches of duty or compliance violations or serious unethical conduct, the Supervisory Board can, in future, both review the amount of the STI or LTI paid out and, according to its duly exercised discretion, reduce the amount down to zero depending on the extent of the transgression. In these cases, the Supervisory Board likewise has the option – depending on the severity of the breach/violation – to cancel without replacement all or part of the STI, LTI and stock options granted after the effective date of this remuneration system.

In the event of a grossly negligent or wilful breach of the duty of diligence of a prudent and conscientious manager pursuant to sec. 93 para. 1 AktG by a Management Board member, the Company is entitled to claw back from that person all or part of the variable remuneration components (STI, LTI and/or stock options granted) paid out for the respective assessment period in which the breach of duty took place, and/or to cancel the stock options.

If the variable remuneration components were wrongly paid out on the basis of incorrect data, the Company is entitled to claw back the difference resulting from the recalculation of the amount of the variable remuneration in comparison with the amount paid out. The Company must demonstrate that the data used as the basis for calculating the remuneration were incorrect and that, as a result, the Management Board member's variable remuneration was too high.

The clawback options exist even if the Management Board member's term of office or employment relationship has already ended at the time the clawback right is determined. Claims for damages against the Management Board member remain unaffected. The clawback right expires at the latest three years after the remuneration is paid out.

#### 9. Relative proportions of the remuneration components and remuneration caps

The individual remuneration components account for approximately the following relative proportions of the target total remuneration of Management Board members\*:

Fixed remuneration	31–43%
Regular fringe benefits	1–3%
Short-term incentive (STI)	27–36%
Long-term incentive (LTI)	9–12%
Stock options	17–26%

\* The remuneration is composed of the basic remuneration and fringe benefits, the variable (i.e. performance-related) remuneration components in the case of maximum target achievement of 100% STI and 100% LTI, as well as 1/7 of the stock options that are exercisable for a maximum of 7 years being sold. Minor differences could arise due to rounding.

The ratio of fixed and variable remuneration components is not fixed exactly, but should be within the ranges given. The system provides for function-specific differentiation according to the duly exercised discretion of the Supervisory Board based on the following criteria: market conditions, experience, function and area of responsibility of the Management Board member. For example, a senior Management Board member such as the Chair of the Management Board may receive remuneration that is, in total, higher than the other Management Board members' remuneration. Furthermore, a Management Board member appointed for the first time may receive lower overall remuneration or may have their remuneration components reduced during their first term of office. In addition, it is possible for the Supervisory Board to adjust individual remuneration components instead of all remuneration components if necessary, as part of the review of the Management Board remuneration, taking into account the market and the

appropriateness of the remuneration components. For example, this could enable the short-term or long-term variable remuneration to be specifically adjusted to reflect changes in what is customary in the market, and therefore allow the total target remuneration to be optimized according to market requirements. The possibilities for differentiation described above mean that the individual remuneration components can account for varying proportions of the total target remuneration.

When defining the target total remuneration, the Supervisory Board will endeavour to ensure that variable remuneration components resulting from the achievement of long-term targets exceed those resulting from short-term targets. However, deviations may occur in individual cases (due to e.g. the availability of the options in a given financial year, the value of options at the time of their issuance, etc.), that should be balanced out over the period of work activity of the respective member of the Management Board.

#### Maximum annual remuneration

Pursuant to sec. 87a para. 1 sentence 2 number 1 AktG, the Supervisory Board has determined a maximum level of remuneration for the Chair of the Management Board and an ordinary Management Board member. As of the effective date of this remuneration system, this maximum level amounts to EUR 2,000,000 for the Chair of the Management Board and EUR 1,700,000 for an ordinary Member of the Management Board.

The Supervisory Board points out that these amounts do not constitute the total target remuneration deemed appropriate by the Supervisory Board, but merely an absolute upper limit that could be achieved by a member of the Management Board at most in the event of optimum target achievement (including an increase of the share price of the company of EUR 20 between the grant and the exercise of the option).

The maximum remuneration is composed of the basic remuneration and fringe benefits, the variable (i.e. performance-related) remuneration components in the case of maximum target achievement of 200% STI and 200% LTI, as well as 1/7 of the stock options that are exercisable for a maximum of 7 years being sold in the amount of the limit on profit. Minor differences could arise due to rounding.

The amount of the annual remuneration of a Management Board member is capped not only by the setting of the maximum level of remuneration. Setting a cap for the STI and LTI as well as a maximum profit per stock option means that the amount of all variable remuneration components is limited, too.

#### 10. Term of office on the Management Board and termination benefits

The Supervisory Board ensures that, when Management Board members are initially appointed, both the duration of the appointment and the term of the Management Board member's contract of service are generally no longer than two years. As a rule, at the first ordinary meeting of the Supervisory Board in the calendar year, the proposals by the Nomination and Remuneration Committee are discussed and reappointments and/or extensions of contracts of service are resolved for the following year. Therefore, the maximum duration is generally shorter than the requirement of five years under stock corporation law.

Severance payment arrangements that refer to the following provisions are agreed in the contracts of service entered into with Management Board members:

If a service relationship is terminated by way of ordinary termination in accordance with the contractual term agreed in the contract of service, the Management Board member receives a severance payment in the amount of an STI whose term has ended, but which has not yet been paid out, for the past financial year as well as an LTI whose term has ended, but which has not yet been paid out, and additionally, for LTIs whose terms have not yet ended, calendar-based *pro rata* amounts that must be granted if the target is achieved.

If a service relationship is terminated prematurely by the Company before the expiry of the agreed contractual term and if the termination is not due to a breach or violation that enables a malus/clawback (see above), the Management Board member receives a severance payment in the amount of an STI whose term has ended, but which has not yet been paid out, for the past financial year as well as an LTI whose term has ended, but which has not yet been paid out, and additionally, for LTIs whose terms have not yet ended, calendar-based *pro rata* amounts that must be granted if the target is achieved, as well as the basic remuneration up to the end of the agreed contractual term.

If a service relationship is terminated prematurely at the instigation of a Management Board member prior to the expiry of the agreed contractual term, the Management Board member receives a severance payment in the amount of an STI whose term has ended, but which has not yet been paid out, for the past financial year as well as an LTI whose term has ended, but which has not yet been paid out.

In all the aforementioned cases, any forfeiture of stock options is governed by the terms and conditions of the SOP.

Each of the aforementioned severance payments is capped with regard to the STI and the LTI in such a manner that, taking into account any outstanding basic remuneration including fringe benefits and other non-cash benefits, neither the value of two annual salaries nor the remuneration for the remaining term of the contract of service is exceeded under any circumstances (severance payment caps).

The total remuneration for the past financial year and, if appropriate, the expected total remuneration for the current financial year are used as the basis for calculating the severance payment caps.

#### 11. Change of control

No benefits arising from the early termination of contracts of service by Management Board members as a result of a change of control are agreed in Management Board members' contracts.

#### 12. Deduction for secondary activities

As a rule, the Supervisory Board may not approve more than two supervisory board positions or similar functions of Management Board members at listed companies outside the ADVA Group. The Supervisory Board decides at its own discretion on a case-by-case basis whether and to what extent the remuneration for approved positions held by Management Board members at listed companies outside the ADVA Group leads to the reduction of the respective Management Board member's remuneration.

Details on agenda item 9: System of remuneration for the members of ADVA Optical Networking SE's Supervisory Board

Pursuant to art. 12 of ADVA Optical Networking SE's Articles of Association, the members of the Supervisory Board receive remuneration that is determined by a resolution of the Annual General Meeting. According to the rules on remuneration recently resolved by the Annual General Meeting and proposed for confirmation by the Annual General Meeting, the Supervisory Board members receive fixed remuneration for their activities, the amount of which specifically depends on the duties assumed on the Supervisory Board and/or its committees. No variable remuneration is provided for.

The system of remuneration for the Supervisory Board members, on which the proposed resolution is based, is described in detail below (information pursuant to sec. 113 para. 3 sentence 2 in conjunction with sec. 87a para. 1 sentence 2 AktG):

a) The system of remuneration for the Supervisory Board members provides for purely fixed remuneration without any variable components or share-based remuneration. Granting purely fixed remuneration is in line with the common prevailing practice of other listed companies and has proved worthwhile. The Management Board and Supervisory Board take the view that purely fixed remuneration of the Supervisory Board members is the most suitable way of strengthening the Supervisory Board's independence and of taking into account the advisory and supervisory role of the Supervisory Board to be fulfilled regardless of the Company's performance. Purely fixed remuneration is also provided for in the recommendation under margin no. G. 18 sentence 1 of the German Corporate Governance Code.

b) The Supervisory Board's remuneration consists of the following components:

The annual fixed remuneration amounts to EUR 100,000 for the Chair of the Supervisory Board and EUR 45,000 for each of the other Supervisory Board members. The Chair of the Audit Committee additionally receives EUR 45,000 for this role. This appropriately takes into account the increased time needed to perform the duties of Chair of the Supervisory Board and of the Audit Committee.

The Supervisory Board members are included in a D&O insurance policy for officers that is maintained by the Company. The premiums for this policy are paid by the Company to the extent that it has taken out such insurance for the Supervisory Board members. In addition to being reimbursed the expenses incurred by them in the course of their duties and receiving their remuneration, the Supervisory Board members are refunded any value added taxes incurred on these payments.

The cap for the remuneration of the Supervisory Board members amounts to the total fixed remuneration, the amount of which specifically depends on the duties assumed on the Supervisory Board and/or its committees.

c) The amount and structure of the Supervisory Board's remuneration reflects market conditions and ensures that the Company will remain able to attract and retain outstandingly qualified candidates for the Supervisory Board in the future. This is a prerequisite for the best possible fulfilment of the Supervisory Board's advisory and supervisory activities, which in turn make a key contribution to promoting the Company's business strategy and long-term development.

d) The annual remuneration is paid in four instalments, in each case at the end of the quarter. In the event of changes on the Supervisory Board and/or its committees, the remuneration is paid *pro rata temporis*.

e) The remuneration of the Supervisory Board members is definitively set by art. 12 of the Articles of Association and when the Annual General Meeting has adopted the approval resolutions. There are no ancillary or additional agreements. The remuneration is linked to the duration of the appointment of a Supervisory Board member. No commitments have been made regarding the payment of compensation for dismissal, nor do any pension or early retirement benefit arrangements exist.

f) As the advisory and supervisory activities of the Supervisory Board members differ fundamentally from the duties of the Company's employees, a vertical comparison with employee remuneration is not a suitable criterion for determining whether the Supervisory Board remuneration is appropriate.

- g) The remuneration of the Supervisory Board is resolved by the Annual General Meeting upon the proposal of the Management Board and the Supervisory Board. At regular intervals, at the latest every four years, the Management Board and the Supervisory Board conduct a review as to whether the amount and the structure of remuneration still reflect market conditions and are still appropriate in relation to the duties of the Supervisory Board and the situation of the Company. In the course of this review, they may seek advice from an external remuneration expert. If there is reason to change the remuneration of the Supervisory Board, the Management Board and the Supervisory Board will submit a proposed resolution to this effect to the Annual General Meeting. Any conflicts of interest during the review of the remuneration system are prevented by the statutory distribution of powers, as the final decision-making authority regarding the remuneration of the Supervisory Board members lies with the Annual General Meeting, to which the Management Board and the Supervisory Board submit a proposed resolution. This means that a system of reciprocal control is already provided for under the law.

Report of the Management Board on agenda item 10; resolution on the cancellation of the Authorised Capital 2019/I and the creation of a new Authorised Capital 2021/I with authorisation to exclude subscription rights; amendment of the Articles of Association

On 22 May 2019, the Annual General Meeting resolved the Authorised Capital 2019/I. The Authorised Capital 2019/I has not yet been utilised.

The Management Board and the Supervisory Board propose that the Authorised Capital 2019/I be cancelled and that the management be authorised to issue new shares of the Company on the basis of a new authorised capital. This is intended to enable the management to continue to procure new equity for the Company at any time and, above all, to acquire companies, parts of companies or interests in companies, new technologies or products in return for shares. Furthermore, the management is to have the option to also use the authorised capital for the purpose of listing the Company's shares on a foreign stock exchange, while excluding the shareholders' subscription rights.

In principle, the Company's shareholders have a subscription right for shares that are to be newly issued, i.e. each shareholder has a right to subscribe for the number of new shares that enables them to maintain their existing interest in the Company's share capital.

However, the proposed resolution provides for an authorisation to exclude subscription rights – which exist in principle if authorised capital is utilised – for certain purposes specified in the resolution's subject matter pursuant to the applicable statutory provisions.

In the opinion of the Management Board and the Supervisory Board, this authorisation to exclude shareholders' subscription rights is objectively justified and appropriate in relation to the shareholders, taking into account and weighing up all circumstances, for the reasons explained below.

The envisaged exclusion of subscription rights in the case of capital increases against contributions in kind is primarily intended to enable the acquisition of companies, parts of companies, interests in companies, new technologies and products against the granting of shares. Consideration in the form of shares of the Company is often requested by the seller in such transactions. Equally, it may be advisable to offer the respective seller new shares of the Company as consideration for a company, part of or an interest in a company, a new technology or a product, in particular in order to avoid drawing on liquidity resources, if particular interests of the Company require this.

The Authorised Capital enables the Company to react quickly and flexibly to any such opportunities that arise so that, in suitable individual cases, it can acquire companies, parts of companies or interests in companies, new technologies or products in return for new shares. The proposed authorisation thus allows

individual acquisitions to be financed in an optimum manner by issuing shares of the Company, while strengthening the Company's equity base.

The Management Board and the Supervisory Board will make use of the option to increase the Company's capital against contributions in kind by drawing on the Authorised Capital, subject to the exclusion of subscription rights, only if the value of the new shares and the value of the consideration are reasonably proportionate to each other. This prevents any financial losses for the shareholders whose subscription rights are excluded. These shareholders can maintain their ownership interests by purchasing additional shares on the stock exchange at largely identical prices.

Another reason to enable the exclusion of shareholders' subscription rights is for the purpose of the listing of the Company's shares on a foreign stock exchange, including the allotment of the shares to one credit institution or several credit institutions or one or several comparable institutions, subject to the proviso that the new shares are placed in the form of American Depositary Receipts (ADRs) as part of the initial listing of the Company on the US capital market and, in this connection, also for the purpose of covering an over-allotment option granted to the issuing banks. This significantly increases the Company's potential to raise new equity. The placement of shares on foreign stock exchanges can provide access to new markets. Moreover, a listing on foreign stock exchanges considerably enhances awareness of the Company. In turn, this offers considerable competitive advantages on the limited market for qualified staff and opens up paths to other sales markets. When setting the selling price, the Management Board will take equal account of the situation on the foreign stock exchange and the interests of existing shareholders. If orderly stock exchange trading in the offered shares can be ensured only by selling them at a discount compared with the stock exchange price in Germany, the Management Board will make particular efforts to keep the discount low.

The authorisation to exclude subscription rights for the purpose of making use of fractional amounts is necessary to always ensure a viable subscription ratio in the case of a capital increase. Therefore, it merely serves to enable the Authorised Capital to be utilised in round amounts. Without this authorisation, the technical implementation of the capital increase would be much more complicated, particularly if the capital is increased by a round amount. The new shares created as free fractions due to the exclusion of the shareholders' subscription rights will be used in the best possible manner either by sale on the stock exchange (if possible) or by other means. The potential dilution effect is minor because of the limitation to fractional amounts.

The advantage of excluding subscription rights in favour of the holders of conversion or warrant rights – to the extent that such exclusion is necessary to protect them against dilution – is that if the authorisation is utilised, the conversion or warrant price does not have to be reduced for the holders of existing conversion or warrant rights according to the terms and conditions of the convertible bonds or warrants and that no additional cash payment must be made to the holders of such rights.

Furthermore, in the case of capital increases against contributions in cash of up to a total of 10% of the Company's share capital, the management is generally authorised to exclude subscription rights if the issue price of the new shares does not significantly fall below the stock exchange price of the Company's shares. The following must be counted towards the limit of 10% of the share capital:

- treasury shares that are sold subject to the exclusion of the shareholders' subscription rights during the term of this authorisation in analogous application of sec. 186 para. 3 sentence 4 *AktG* and
- shares that are issued or must be issued in order to service bonds with conversion or warrant rights, if and to the extent that the bonds are issued subject to the exclusion of subscription rights during the term of this authorisation in analogous application of sec. 186 para. 3 sentence 4 *AktG*.

This authorisation enables the Company to take advantage of favourable situations on the stock exchange at short notice and to strengthen its equity base. Setting an issue price that does not differ significantly



from the stock exchange price means that the interests of the Company's existing shareholders are not unduly adversely affected. They have the economically equivalent option to maintain their ownership interests – if they wish – by purchasing additional shares on the stock exchange at largely identical conditions.

Apart from the volume-related limit that applies to this special case of the exclusion of subscription rights, an exclusion of subscription rights according to the proposed authorisation is to be possible in general only if the shares issued during the term of this authorisation against contributions in cash or in kind subject to the exclusion of the shareholders' subscription rights do not exceed a total of 20% of the share capital either at the time this authorisation becomes effective or at the time it is utilised. By defining this limit, the Company intends to restrict the exclusion of subscription rights in the case of capital increases from the Authorised Capital and to include exclusions of subscription rights, for example based on an authorisation to acquire own shares or any authorisation created in the future to issue convertible bonds and/or bonds with warrants. This is aimed at limiting the possibility of shareholder dilution additionally in terms of volume.

#### Information on the conduct of the virtual Annual General Meeting

On the basis of the German Act on Measures under Corporate, Cooperative, Association, Foundation and Condominium Law to Combat the Effects of the Covid-19 Pandemic [*Gesetz über Maßnahmen im Gesellschafts-, Genossenschafts-, Vereins-, Stiftungs- und Wohnungseigentumsrecht zur Bekämpfung der Auswirkungen der Covid-19-Pandemie*] (art. 2 of the German Act to Mitigate the Consequences of the Covid-19 Pandemic under Civil, Insolvency and Criminal Procedure Law [*Gesetz zur Abmilderung der Folgen der Covid-19 Pandemie im Zivil-, Insolvenz- und Strafverfahrensrecht*] of 27 March 2020, Federal Law Gazette [*Bundesgesetzblatt*] I 2020, p. 569 ff), which was amended by the German Act to Amend the Act on Measures under Corporate, Cooperative, Association, Foundation and Condominium Law to Combat the Effects of the Covid-19 Pandemic [*Gesetz zur Änderung des Gesetzes über Maßnahmen im Gesellschafts-, Genossenschafts-, Vereins-, Stiftungs- und Wohnungseigentumsrecht zur Bekämpfung der Auswirkungen der Covid-19-Pandemie*] (art. 11 of the German Act to Further Shorten the Residual Debt Discharge Procedure and to Adjust Pandemic-Related Provisions under Corporate, Cooperative, Association and Foundation Law as well as Rental and Tenancy Law [*Gesetz zur weiteren Verkürzung des Restschuldbefreiungsverfahrens und zur Anpassung pandemiebedingter Vorschriften im Gesellschafts-, Genossenschafts-, Vereins- und Stiftungsrechts sowie im Miet- und Pachtrecht*] of 22 December 2020, Federal Law Gazette I 2020, p. 3328 ff.) ("Covid-19 Act"), the Management Board has decided, with the Supervisory Board's consent, that the Annual General Meeting will be held as a virtual Annual General Meeting without the physical presence of the shareholders or their proxies.

The Annual General Meeting will be broadcast live in sound and vision on 19 May 2020 at 2:00 pm (CEST) on our shareholder portal, which can be accessed via a link on the Company's website at <https://www.adva.com/de-de/about-us/investors/shareholders-meetings>. Shareholders who wish to attend the virtual Annual General Meeting must register in advance (see "Registration for the virtual Annual General Meeting" below).

Physical attendance by the shareholders or their proxies is not possible. The voting rights of shareholders or their proxies will therefore be exercised exclusively by way of an electronic postal vote or by the issuing of proxies to the representatives appointed by the Company to exercise voting rights.

#### Information on attending the virtual Annual General Meeting and exercising voting rights

##### Registration for the virtual Annual General Meeting

In accordance with art. 16 para. 1 sentence 1 of the Company's Articles of Association, shareholders who register with the Company by presenting proof of their share ownership are entitled to attend the virtual

Annual General Meeting and to exercise their voting rights. Pursuant to sec. 123 para. 4 sentence 2 *AktG*, this proof must refer to the beginning of the 21st day before the Annual General Meeting, i.e. 28 April 2021, 00:00 hrs ("Record Date") and must be provided in text form (sec. 126b of the German Civil Code [*Bürgerliches Gesetzbuch – BGB*]) in German or English. Corresponding proof from the last intermediary pursuant to sec. 67c para. 3 *AktG* is sufficient. The registration and the proof must be received by the Company at least six days before the Annual General Meeting, i.e. at the latest on

12 May 2021, 24:00 hrs

at

ADVA Optical Networking SE  
c/o Deutsche Bank AG  
Securities Production  
General Meetings  
P.O. Box 20 01 07  
60605 Frankfurt am Main  
Germany  
or by fax: +49 69 12012 86045  
or by email: [wp.hv@db-is.com](mailto:wp.hv@db-is.com).

After the registration and the proof of share ownership are received, the shareholders who have registered in the proper manner will be sent access cards. These contain the access data for the shareholder portal and further information on the virtual Annual General Meeting. Shareholders who would like to attend the virtual Annual General Meeting are requested to inform their custodian bank as early as possible so that the bank can send the registration and the proof of share ownership to the registration office.

Authorisation to attend the virtual Annual General Meeting and the number of voting shares are based solely on the share ownership as of the Record Date. Only a person who has furnished proof of share ownership as of the Record Date will be regarded as a shareholder vis-à-vis the Company for the purpose of attending the virtual Annual General Meeting and exercising voting rights. Changes in shareholdings after the Record Date are of no significance for the existence and extent of the statutory attendance and voting rights. Shareholders who have only acquired shares in the Company after the Record Date cannot attend the Annual General Meeting. Shareholders who have registered in the proper manner and furnished proof are entitled, vis-à-vis the Company, to attend the Annual General Meeting and to exercise voting rights even if they have sold their shares after the Record Date. Partial sales and additional acquisitions of shares after the Record Date have no effect on the number of the voting rights. The Record Date has no effect on the saleability of the shares and is not a relevant date for a possible dividend entitlement.

#### Proxy voting

Within the scope of the statutory provisions, shareholders have the opportunity to exercise their voting rights through a proxy, e.g. a shareholders' association, an intermediary within the meaning of sec. 67a para. 4 *AktG* (e.g. a custodian bank) ("Intermediary") or another person of their choice. Please note that proper registration and proper proof of share ownership are also required if a proxy is used (see "Registration for the virtual Annual General Meeting" above).

If a proxy is not issued to an Intermediary or a shareholders' association or another institution or person regarded as equivalent pursuant to sec. 135 para. 8 *AktG*, it must be issued in text form to ADVA Optical Networking SE or in text form directly to the party acting as proxy. The same form applies to the revocation and proof of the proxy issued to the Company.

If a proxy is issued to an Intermediary or a shareholders' association or another institution or person regarded as equivalent pursuant to sec. 135 para. 8 *AktG*, the special provisions of sec. 135 *AktG* apply, which, among other things, require that a verifiable record of the proxy be kept (sec. 135 para. 1 sentence 2 *AktG*). We therefore request that shareholders who wish to issue a proxy to an Intermediary, a shareholders' association or another institution or person regarded as equivalent pursuant to sec. 135 para. 8 *AktG* request information from the proxy to be appointed regarding the particularities to be observed in this respect.

The issue, proof or revocation of the proxy can be sent to the following address, fax number or email address:

UBJ. GmbH  
w/ HV ADVA Optical Networking SE  
Haus der Wirtschaft  
Kapstadtring 10  
22297 Hamburg  
Germany  
or by fax: +49 40 6378 5423  
or by email: [hv@ubj.de](mailto:hv@ubj.de)

Please use the proxy form enclosed with the access cards. The proxy form can also be sent by the Company on request. The proxy and instruction form is also available to download on the Company's website at <https://www.adva.com/de-de/about-us/investors/shareholders-meetings>. However, it is also possible for shareholders to issue a separate proxy in text form.

Proxies may not physically attend the Annual General Meeting. They may exercise the voting rights of the shareholders they represent merely by way of an electronic postal vote or, if this is possible under the proxy, by issuing a (sub-)proxy to the representatives appointed by the Company to exercise voting rights.

We are offering our shareholders the opportunity to be represented at the Annual General Meeting by representatives appointed by the Company to exercise voting rights. The proxies can be issued by writing to the address, fax number or email address below by no later than 18 May 2021, 24:00 hrs (CEST) (time of receipt):

UBJ. GmbH  
w/ HV ADVA Optical Networking SE  
Haus der Wirtschaft  
Kapstadtring 10  
22297 Hamburg  
Germany  
or by fax: +49 40 6378 5423  
or by email: [hv@ubj.de](mailto:hv@ubj.de)

The shareholder portal, which can be accessed via the following link on the Company's website, is also available as a means of issuing proxies to representatives appointed by the Company to exercise voting rights:

<https://www.adva.com/de-de/about-us/investors/shareholders-meetings>

Proxies and instructions issued in this way to the representatives appointed by the Company to exercise voting rights must be issued in full by the end of the voting at the latest. Until this time, it is also possible to revoke proxies issued via the shareholder portal or to change the instructions issued via the shareholder portal to the representatives appointed by the Company to exercise voting rights.

If shareholders wish to issue proxies to representatives appointed by the company to exercise voting rights, they must always issue instructions to the representatives on how their voting rights are to be exercised. If no instructions are issued, the representatives appointed by the Company will not exercise the voting rights. The representatives appointed by the Company to exercise voting rights are obliged to vote in accordance with the instructions issued to them. If an individual vote is held on an agenda item without this being communicated in advance of the virtual Annual General Meeting, an instruction on this agenda item will also be deemed overall to be a corresponding instruction for each item of the individual vote. Please note that the representatives appointed by the Company to exercise voting rights cannot accept instructions on procedural motions either before or during the virtual General Meeting. Likewise, the representatives appointed by the Company to exercise voting rights will not accept requests or instructions to speak, to file objections against resolutions of the Annual General Meeting or to ask questions or propose motions.

Forms for issuing proxies and instructions, which can be used by shareholders, will be sent to them together with the access cards. The proxy form can also be sent by the Company on request. The proxy and instruction form is also available to download on the Company's website at <https://www.adva.com/de-de/about-us/investors/shareholders-meetings>. Proper and in particular timely registration and proof of share ownership are also required when issuing proxies to the representatives appointed by the Company to exercise voting rights (see "Registration for the virtual Annual General Meeting" above).

#### Voting by electronic postal vote

Shareholders or their proxies can cast their votes by a postal vote held by means of electronic communication. Only those shareholders who have registered in a timely manner in accordance with the requirements specified above under "Registration for the virtual Annual General Meeting" are entitled to exercise their voting rights by way of an electronic postal vote.

The shareholder portal, which can be accessed via a link on the Company's website at

<https://www.adva.com/de-de/about-us/investors/shareholders-meetings>

will be available before and during the Annual General Meeting for the purpose of exercising voting rights by way of an electronic postal vote. Any exercise of voting rights in this way by electronic postal vote must be completed in full by the end of voting at the Annual General Meeting at the latest. Up to this time, it is also possible to revoke or change the exercise of voting rights taking place by this means. To exercise voting rights by postal vote via the shareholder portal, the access card with the access data is required.

If, in addition to votes cast in the electronic postal vote, a proxy authorisation or instructions to the proxies appointed by the Company are received for the same shareholding, the votes cast in the electronic postal vote will always be deemed to take priority; the representatives appointed by the Company will therefore not make use of any proxy issued to them and will not represent the shares. If an individual vote is held on an agenda item without this being communicated in advance of the virtual general meeting, a vote on this agenda item will also be deemed overall to be a corresponding vote for each item of the individual vote.

#### Shareholders' rights

*Addition to the agenda pursuant to art. 56 sentences 2 and 3 of (EU) Regulation No 2157/2001 ("SE Reg"), sec. 50 para. 2 of the German SE Implementation Act ("SEAG"), sec. 122 para. 2 AktG*

Shareholders whose shares collectively account for one twentieth of the share capital or EUR 500,000 thereof may request that items be placed on the agenda and announced. Each new item must be accompanied by reasons for raising the item or a proposed resolution.

Requests for additional agenda items must be received by the Company at least 30 days before the meeting, i.e. by 18 April 2021, 24:00 hrs. The request must be addressed in writing to the Management Board of ADVA Optical Networking SE. Corresponding requests can be sent to the following address:

ADVA Optical Networking SE  
Management Board  
- attn. Ms Romy Opitz -  
Märzenquelle 1–3  
98617 Meiningen-Dreißigacker  
Germany

*Counter-motions/election nominations pursuant to art. 53 SE Reg, secs. 126 para. 1, 127 AktG in conjunction with sec. 1 para. 2 sentence 3 Covid-19 Act*

Furthermore, any shareholder is entitled to file counter-motions with regard to the agenda items as well as to make election nominations.

The Company will make any motions from shareholders, including the name of the shareholder, the reasons and any comments by the management, available on the Company's website at <https://www.adva.com/de-de/about-us/investors/shareholders-meetings>, if the shareholder has, at least 14 days before the meeting, i.e. by 4 May 2021, 24:00 hrs, sent the Company a permissible counter-motion with regard to a proposal by the Management Board and the Supervisory Board or a proposal by the Supervisory Board concerning a specific agenda item, including reasons, to the following address, fax number or email:

ADVA Optical Networking SE  
- attn. Ms Romy Opitz -  
Märzenquelle 1–3  
98617 Meiningen-Dreißigacker  
Germany  
or by fax: +49 89 890665 199  
or by email: ropitz@adva.com

A counter-motion does not need to be published if one of the exclusion criteria under sec. 126 para. 2 *AktG* has been met. The reasons do not need to be published if they consist of more than 5,000 characters in total.

Shareholders are requested to furnish proof that they are shareholders at the time they submit the counter-motion.

These provisions apply *mutatis mutandis* to election nominations by shareholders. However, reasons do not need to be stated for election nominations. Moreover, election nominations do not have to be published if the election nomination does not contain the name, the practiced profession and the place of residence of the proposed candidate, as well as, in the event of the election of Supervisory Board members, information about their membership of other supervisory boards that must be established by law. Furthermore, a nomination for the election of members of the Supervisory Board must contain information concerning their membership of comparable German and foreign supervisory bodies.

No counter-motions or election nominations can be made during the virtual Annual General Meeting. Counter-motions and election nominations that are received in the proper manner by the Company by 4 May 2021, 24:00 hrs, and must be made available by the Company pursuant to sec. 126 or sec. 127 *AktG* are deemed to be submitted to the meeting if the identity of the shareholder submitting the motion or the election nomination has been authenticated in the proper manner and the shareholder has registered for the Annual General Meeting (sec. 1 para. 2 sentence 3 Covid-19 Act).

*Shareholders' right to ask questions pursuant to art. 53 SE Reg, sec. 131 para. 1 AktG in conjunction with sec. 1 para. 2 sentence 1 no. 3, sentence 2 Covid-19 Act*

Pursuant to sec. 131 para. 1 AktG, each shareholder or shareholder representative may, at an in-person annual general meeting, ask the Management Board to provide information with regard to the Company's affairs and the legal and business relationships of the Company towards affiliated companies as well as on the situation of the Group and the companies included in the consolidated financial statements, if the information is required for the proper assessment of the item of the agenda.

The above right to information does not exist at the virtual Annual General Meeting taking place on 19 May 2021. However, on the basis of sec. 1 para. 2 sentence 1 no. 3, sentence 2 Covid-19 Act, the shareholders must be granted a right to ask questions by means of electronic communication.

With the Supervisory Board's consent, the Management Board of ADVA Optical Networking SE has decided that shareholders who have registered in the proper manner or their proxies have the opportunity to submit questions by means of electronic communication at the latest by 17 May 2021, 24:00 hrs (CEST) (time of receipt). Questions must be submitted by using the access data via the shareholder portal, which can be accessed via the link

<https://www.adva.com/de-de/about-us/investors/shareholders-meetings>

After this time, and in particular during the virtual Annual General Meeting, no questions can be asked.

The Management Board will decide at its own duly exercised discretion how to answer questions.

#### Declaring an objection to a resolution of the Annual General Meeting

An objection to be put on record in respect of a resolution of the Annual General Meeting in accordance with sec. 245 no. 1 AktG in conjunction with sec. 1 para. 2 sentence 1 no. 4 Covid-19 Act may be declared by shareholders, or by proxies who have exercised voting rights, from the beginning of the virtual Annual General Meeting until the end of the virtual Annual General Meeting on 19 May 2021 by means of electronic communication, stating the access data provided (access card number and PIN code), to the email address

[ropitz@adva.com](mailto:ropitz@adva.com).

#### Information on the Company's website

The following information will be available on the Company's website at <https://www.adva.com/de-de/about-us/investors/shareholders-meetings> as soon as the Annual General Meeting is convened:

- the content of this invitation, including the explanation of agenda item 1 (on which no resolution is to be adopted at the Annual General Meeting), the report of the Management Board on agenda item 6, the curriculum vitae of the candidates for election to the Supervisory Board, the description of the system of remuneration for the Management Board members, the description of the system of remuneration for the Supervisory Board members, the report of the Management Board on agenda item 10, information on the total number of shares and voting rights at the time of convening the Annual General Meeting, including separate information on the total number for every share class and explanations of the following shareholder rights: making additions to the agenda, submitting counter-motions and/or nominations for election, the right to information,

- the further information on the convening of the Annual General Meeting pursuant to blocks D to F of table 3 of the Annex to Implementing Regulation (EU) 2018/1212, i.e. information on participation in the general meeting (block D), the agenda (block E) and the specification of the deadlines regarding the exercise of other shareholders' rights (block F),
- the adopted annual financial statements of ADVA Optical Networking SE as of 31 December 2020,
- the combined management report of ADVA Optical Networking SE and the Group for financial year 2020,
- the report of the Supervisory Board for financial year 2020,
- the approved consolidated annual financial statements as of 31 December 2020,
- the combined separate non-financial report of ADVA Optical Networking SE and the Group for financial year 2020,
- the explanatory report of the Management Board on the information pursuant to secs. 289a, 315a *HGB*,
- the proposal of the Management Board on the appropriation of the net profit,
- the forms that can be used to issue a proxy for the Annual General Meeting.

From the time the Annual General Meeting is convened, the aforementioned documents will also be available for inspection at the business premises of the company at Fraunhoferstr. 9a, 82152 Planegg-Martinsried and Märzenquelle 1–3, 98617 Meiningen-Dreißigacker, as well as at the Annual General Meeting itself.

#### Total number of shares and voting rights at the time of convening the Annual General Meeting

At the time of convening the Annual General Meeting, the Company's share capital is divided into 50,496,692 no-par value shares as ordinary shares. Each share grants the holder one vote. At the time of convening the Annual General Meeting, the Company does not hold any treasury shares and is not entitled to any rights from such shares. The total number of shares entitling shareholders to attend and vote thus amounts to 50,496,692 at the time of convening the Annual General Meeting.

#### Data privacy notice

The protection of your data and its processing in conformity with the law are extremely important to us. We process the personal data provided by you in your registration for the Annual General Meeting in order to enable you to exercise your rights at the Annual General Meeting. Detailed information on the processing of your personal data is available in a clearly summarised form in one place in our data protection statement, which is available to inspect and download on the Company's website at <https://www.adva.com/de-de/about-us/investors/shareholders-meetings>.

[Translation from the German language]

Simultaneous interpretation

For those attending the Annual General Meeting of ADVA Optical Networking SE on 19 May 2021, a simultaneous interpretation of the event will be available in English.

Meiningen, April 2021

ADVA Optical Networking SE  
The Management Board