



Explanatory Report of the Management Board of Adtran Networks SE

to the information in the (group) annual report 2024 pursuant to Section 289a and Section 315a German Commercial Code (*Handelsgesetzbuch, HGB*)

According to Sec. 176 para. 1 sentence 1 of the German Stock Corporation Act (*Aktiengesetz, AktG*), the management board has to make accessible to the general meeting an explanatory report on the information provided pursuant to Sec. 289a and Sec. 315a of the German Commercial Code. The aforementioned provisions of the German Commercial Code require stock corporations whose voting shares are admitted to stock market trading on an organized market to provide some additional information in the management report, e.g. on the composition of the subscribed capital, on any restrictions on voting rights and on participations in capital exceeding 10% of the voting rights. For this information in the (group) management report, we hereby provide the following explanations:

Subscribed capital and shareholder structure

As of March 31, 2025, Adtran Networks SE has issued 52,054,500 ordinary no-par-value bearer shares (March 31, 2024: 52,054,500). During the reporting period, no other classes of shares were issued. All shares have the same rights and obligations. Each share grants one vote.

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

At the end of 2024, ADTRAN Holdings Inc. held 34,856,232 shares or 66.96% of the share capital and voting rights of Adtran Networks SE.

According to the voting rights notifications published until the end of 2024 in accordance with the German Securities Trading Act (*Wertpapierhandelsgesetz, WpHG*), Raphael Kain held a total of 10.27% of the voting rights (including instruments), whereby Samson Rock Event Driven Master Fund Limited, Camana Bay, Cayman Islands, was specified as the dissenting shareholder directly holding at least 3% of the voting rights. In the voting rights notification, Raphael Kain and Samson Rock Capital LLP are named in the full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity. The Goldman Sachs Group, Inc., Wilmington, Delaware, United States of America, held a total of 10.70% of the voting rights (including instruments), whereby 10.36% of the voting rights (including instruments) are held directly by Goldman Sachs International. The full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity indicated in the voting rights notification includes the following companies: The Goldman Sachs Group, Inc., Goldman Sachs (UK) L.L.C., Goldman Sachs Group UK Limited, Goldman Sachs International Bank, The Goldman Sachs Group, Inc., Goldman Sachs &

Co. LLC, The Goldman Sachs Group, Inc., Goldman Sachs (UK) L.L.C., Goldman Sachs Group UK Limited, Goldman Sachs International. No other shareholder notified the company to hold more than 10 % of the company's voting rights on December 31, 2024.

There are no classes of shares with special rights conferring control powers.

The company does not have an employee stock option program that provides for the direct issue of shares to employees. However, stock option programs enabled employees to participate in the company's share capital. As of December 31, 2024, there were no more subscription rights outstanding.

Voting Rights and Stock Transfer Restrictions

Neither the voting rights per share nor the transferability of the shares of the company are subject to company law restrictions. In addition, at the end of 2024, the management board of Adtran Networks SE was not aware of any shareholder agreements concerning the voting rights or the transfer of shares in the company.

Appointment and dismissal of the members of the management board

The appointment and dismissal of the members of the management board of Adtran Networks SE follows the provisions of the Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European company (SE) ("SE Regulation") (Art. 39 para. 2, 46 para. 1 SE Regulation), of the German Stock Corporation Act (Secs. 84, 85 AktG in connection with Art. 9 para. 1 lit. c) (ii) SE Regulation) as well as the provisions in Sec. 6 of the current Articles of Association of the Company (last amended by resolution of the Annual General Meeting on June 28, 2024, which was entered in the commercial register on July 9, 2024). According to these articles, the supervisory board appoints the members of the management board and does so for a maximum of five years. However, it is the company's practice to appoint the members of the management board for two years only. Repeated appointment is possible. According to the company's Articles of Association, the management board of Adtran Networks SE shall regularly consist of two individuals and the supervisory board shall have the right to determine and appoint a higher number of persons. If the management board consists of more than one individual, the supervisory board may appoint one member of the management board as chief executive officer or speaker of the management board, and another member as his or her deputy. The supervisory board can only revoke an existing appointment for good cause (Sec. 84 para. 4 AktG in conjunction with Art. 9 para. 1 lit. c) (ii) SE Regulation).

In the 2024 financial year, no new member of the management board was appointed and no member of the management board was dismissed. Throughout the entire financial year, the management board of Adtran Networks SE consisted of Thomas Richard Stanton (Chief Executive Officer), Christoph Glingener (Chief Technology Officer) and Ulrich Dopfer (Chief Financial Officer).

Changes to the Articles of Association

Amendments to the Articles of Association of Adtran Networks SE are subject to the provisions of Art. 59 SE Regulation and Sec. 179 AktG. According to Art. 59 para. 1 SE Regulation, amendments to the articles of association of a SE generally require a resolution of the general meeting passed by a majority of not less than two-thirds of the votes cast, unless the legal provisions for stock corporations provide for or permit higher majorities. Pursuant to Sec. 179 para. 2 sentence 1 AktG, amendments to the articles of association of an SE domiciled in Germany generally require

a majority of at least three quarters of the share capital represented when the resolution is passed. The reference figure here is the number of votes validly cast in the vote on the resolution to amend the articles of association. Amendments to the articles of association must therefore be adopted by the general meeting with a majority of at least three quarters of the valid votes cast.

The articles of association of Adtran Networks SE do not make use of the possibility to deviate from the aforementioned provisions to allow certain resolutions amending the articles of association to be passed by a simple majority of votes, provided that at least half of the share capital is represented (Art. 59 para. 2 SE Regulation in conjunction with Sec. 51 para. 1 of the German SE Implementation Act (*Gesetz zur Ausführung der Verordnung (EG) Nr. 2157/2001 des Rates vom 8. Oktober 2001 über das Statut der Europäischen Gesellschaft (SE), SEAG*).

In addition, according to the provisions in Sec. 4 para. 6 and Sec. 13 para. 3 of the company's Articles of Association, the supervisory board is authorized to resolve certain amendments to the wording of the Articles of Association, in particular to amend the wording of the Articles of Association in accordance with the scope of capital increases from authorized capital and the effectiveness of conditional capital.

Issue and buy-back of shares

The rights of the management board to issue new shares are regulated in Sec. 4 para. 4 and para. 5k of the articles of association of Adtran Networks SE. In accordance with Sec. 4 para. 4 of the Articles of Association of Adtran Networks SE, the management board, with the consent of the supervisory board, may currently issue up to 26,027,250 shares from authorized capital, amounting to a total of EUR 26,027,250, against cash or contribution in kind with possible exclusion of subscription rights (authorized capital 2024/I). As of 31 December 2024, the authorized capital amounted to EUR 26,027,250, so that the authorization of the management board to issue new shares against cash or contribution in kind amounted to 26,027,250 or 50.00% of the outstanding shares as of that date.

In detail, in accordance with Sec. 4 para. 4 of the current Articles of Association, the management board, with the consent of the supervisory board, is authorized until June 27, 2029 to increase the capital stock by issuing a total of up to 26,027,250 new no-par-value bearer shares (ordinary shares) against contribution in cash or kind by up to EUR 26,027,250.

The authorisation can be exercised in partial amounts. The management board is authorised, with the consent of the supervisory board, to determine further details of the share rights and the terms and conditions of the share issuance.

The management board is authorized, with the consent of the supervisory board, to exclude the subscription right in the case of capital increases against contributions in kind, provided that the shares issued during the term of this authorization with the exclusion of the subscription right of the shareholders against contributions in cash or in kind do not exceed a total of 20% of the share capital neither at the time this authorization becomes effective nor at the time this authorization is exercised.

In the case of capital increases against cash contributions, the shareholders must in principle 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 company operating in accordance with 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.

In addition, the management board is authorized, with the consent of the supervisory board, to exclude the subscription rights of shareholders in the event of capital increases against cash contributions, provided that the shares issued during the term of this authorization under exclusion of the shareholders' subscription rights against cash contributions or contributions in kind do not exceed a total of 20% of the share capital neither at the time this authorization becomes effective nor at the time when this authorization is used,

- (i) if the subscription right is excluded in order to realize any fractional amounts, or
- (ii) if the issue price of the new shares does not significantly fall below the stock exchange price and the shares issued in accordance with or in analogous application of Sec. 186 para. 3 sentence 4 AktG against cash contributions excluding subscription rights during the term of this authorization do not exceed a maximum of 20% of the share capital, neither at the time this authorization becomes effective nor at the time this authorization is exercised. The following are to be counted towards the limit of 20% of the share capital:
 - treasury shares that are sold during the term of this authorization in accordance with the application of Sec 186 para. 3 sentence 4 AktG, excluding the subscription right of the shareholders, and
 - shares that are or are to be issued to service bonds with conversion or option rights if and to the extent that the bonds are issued with the exclusion of subscription rights during the term of this authorization in analogous application of Sec. 186 para. 3 sentence 4 AktG.

The authorization of the management board to issue new shares from authorized capital enables the management board to cover a capital requirement in a timely, flexible and cost-effective manner and to use – depending on the market situation – attractive financing options. In particular, by being able to issue new shares for the purpose of acquiring companies or stakes in companies against contributions in kind and thereby excluding shareholders' subscription rights up to an amount of 20% of the share capital, the company can carry out acquisitions without burdening liquidity.

In accordance with Sec. 4 para. 5k of the Articles of Association of Adtran Networks SE, the company's share capital is conditionally increased by up to EUR 3,491,861 by issuing up to 3,491,861 no-par value bearer shares (ordinary shares) (conditional capital 2011/I). The conditional capital increase solely serves to grant share purchase and similar rights to members of the management board, employees of the company and members of the management and employees of affiliated companies. This capital increase will only be carried out to the extent that the holders of the subscription rights exercise their right. In 2024, no new shares were created in this way. However, as a result of the exercise of share options, 50,000 new shares were created in 2023. Their issuance was entered in the commercial register on February 13, 2024. As a result, the conditional capital 2011/I was reduced from EUR 3,541,861 to EUR 3,491,861 and the number of shares that can be issued from the conditional capital by the management board was reduced from 3,541,861 to 3,491,861.

Besides, at year-end 2024, according to Sec. 71 para. 1 no. 8 AktG the management board was authorized to buy back a maximum of 10% of the existing share capital at the date of the resolution of the general meeting or, if lower, at the time the authorization is exercised. This right was granted to the management board by resolution of the general meeting on June 28, 2024 until June 27, 2029. The shares may be used for all legally permissible purposes; in particular, with the approval of the supervisory board, the shares may be redeemed in whole or in part or transferred in return for contributions in kind, especially in connection with the acquisition of facilities, companies, parts of companies or equity interests in companies. In addition, the shares may be offered to employees of the company or its group companies for purchase or be transferred or, with the approval of the supervisory board, may also be sold in ways other than via the stock exchange under certain conditions.

Significant agreements subject to a change of control

The company is party to a credit agreement under which the company had liabilities of USD 49,000,000 as of December 31, 2024. In the event of a change of control, the credit agreement grants the lenders the right to declare the outstanding amounts immediately due and payable and to terminate the credit facility.

The company is party to a factoring agreement that can be terminated by the buyer of the receivables with immediate effect in the event of a change of control.

As of December 31, 2024, for the event of a change of control as result of a takeover offer, there were no compensation agreements in place with any of the members of the management board or with any of the group's employees.

Other mandatory disclosures

All employees participating in the capital of Adtran Networks SE were able to exercise their control rights directly during the 2024 financial year.

Meiningen, in May 2025

Adtran Networks SE
The Management Board

Thomas R. Stanton

Christoph Glingener

Ulrich Dopfer