

CommScope Holding Company, Inc.
Condensed Consolidated Statements of Operations
(Unaudited -- In millions, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net sales	\$ 2,381.4	\$ 2,105.3	\$ 6,910.2	\$ 6,362.6
Cost of sales	1,645.1	1,452.3	4,854.4	4,364.1
Gross profit	736.3	653.0	2,055.8	1,998.5
Operating expenses:				
Selling, general and administrative	281.7	314.3	844.9	909.3
Research and development	161.9	167.8	498.0	515.6
Amortization of purchased intangible assets	134.6	153.0	414.3	461.9
Restructuring costs (credits), net	2.5	(3.1)	53.1	100.2
Total operating expenses	580.7	632.0	1,810.3	1,987.0
Operating income	155.6	21.0	245.5	11.5
Other income (expense), net	5.4	(32.3)	6.4	(29.8)
Interest expense	(150.9)	(148.6)	(427.5)	(424.1)
Interest income	0.6	0.5	1.8	1.5
Income (loss) before income taxes	10.7	(159.4)	(173.8)	(440.9)
Income tax (expense) benefit	12.2	35.2	(4.2)	65.3
Net income (loss)	22.9	(124.2)	(178.0)	(375.6)
Series A convertible preferred stock dividends	(14.9)	(14.3)	(44.1)	(43.0)
Net income (loss) attributable to common stockholders	\$ 8.0	\$ (138.5)	\$ (222.1)	\$ (418.6)
Earnings (loss) per share:				
Basic	\$ 0.04	\$ (0.68)	\$ (1.07)	\$ (2.06)
Diluted (a)	\$ 0.04	\$ (0.68)	\$ (1.07)	\$ (2.06)
Weighted average shares outstanding:				
Basic	208.2	204.2	207.1	203.3
Diluted (a)	211.3	204.2	207.1	203.3
(a) Calculation of diluted income (loss) per share:				
Net income (loss) (basic and diluted)	\$ 8.0	\$ (138.5)	\$ (222.1)	\$ (418.6)
Weighted average shares (basic)	208.2	204.2	207.1	203.3
Dilutive effect of equity-based awards	3.1	—	—	—
Denominator (diluted)	211.3	204.2	207.1	203.3

See notes to unaudited condensed consolidated financial statements included in our Form 10-Q.

CommScope Holding Company, Inc.
Condensed Consolidated Balance Sheets
(In millions, except share amounts)

	Unaudited September 30, 2022	December 31, 2021
Assets		
Cash and cash equivalents	\$ 145.5	\$ 360.3
Accounts receivable, net of allowance for doubtful accounts of \$60.9 and \$63.7, respectively	1,675.9	1,532.6
Inventories, net	1,543.9	1,435.8
Prepaid expenses and other current assets	252.1	251.0
Total current assets	3,617.4	3,579.7
Property, plant and equipment, net of accumulated depreciation of \$835.0 and \$787.4, respectively	611.8	656.3
Goodwill	5,149.6	5,231.7
Other intangible assets, net	2,594.5	3,027.3
Other noncurrent assets	784.5	764.5
Total assets	<u>\$ 12,757.8</u>	<u>\$ 13,259.5</u>
Liabilities and Stockholders' Deficit		
Accounts payable	\$ 999.2	\$ 1,160.7
Accrued and other liabilities	990.0	989.8
Current portion of long-term debt	32.0	32.0
Total current liabilities	2,021.2	2,182.5
Long-term debt	9,576.8	9,478.5
Deferred income taxes	180.8	208.2
Other noncurrent liabilities	431.6	490.8
Total liabilities	12,210.4	12,360.0
Commitments and contingencies		
Series A convertible preferred stock, \$0.01 par value	1,085.4	1,056.1
Stockholders' deficit:		
Preferred stock, \$0.01 par value: Authorized shares: 200,000,000; Issued and outstanding shares: 1,085,386 and 1,056,144, respectively, Series A convertible preferred stock	—	—
Common stock, \$0.01 par value: Authorized shares: 1,300,000,000; Issued and outstanding shares: 208,198,243 and 204,567,294, respectively	2.2	2.2
Additional paid-in capital	2,542.0	2,540.7
Accumulated deficit	(2,393.3)	(2,215.3)
Accumulated other comprehensive loss	(397.1)	(206.4)
Treasury stock, at cost: 12,645,562 shares and 10,970,585 shares, respectively	(291.8)	(277.8)
Total stockholders' deficit	(538.0)	(156.6)
Total liabilities and stockholders' deficit	<u>\$ 12,757.8</u>	<u>\$ 13,259.5</u>

See notes to unaudited condensed consolidated financial statements included in our Form 10-Q.

CommScope Holding Company, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited -- In millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Operating Activities:				
Net income (loss)	\$ 22.9	\$ (124.2)	\$ (178.0)	\$ (375.6)
Adjustments to reconcile net income (loss) to net cash generated by (used in) operating activities:				
Depreciation and amortization	172.8	203.0	529.1	595.8
Equity-based compensation	16.4	21.0	45.3	61.0
Deferred income taxes	(49.0)	(77.0)	(75.2)	(158.1)
Changes in assets and liabilities:				
Accounts receivable	(104.6)	137.7	(191.0)	(36.2)
Inventories	(1.9)	(108.6)	(153.3)	(173.5)
Prepaid expenses and other assets	(6.8)	(21.3)	(4.7)	11.0
Accounts payable and other liabilities	(126.0)	1.5	(154.8)	170.5
Other	(11.4)	35.0	(14.1)	39.8
Net cash generated by (used in) operating activities	(87.6)	67.1	(196.7)	134.7
Investing Activities:				
Additions to property, plant and equipment	(23.6)	(36.0)	(78.7)	(96.2)
Proceeds from sale of property, plant and equipment	0.1	1.3	0.1	2.6
Payments upon settlement of net investment hedge	—	—	—	(18.0)
Other	0.1	—	16.0	—
Net cash used in investing activities	(23.4)	(34.7)	(62.6)	(111.6)
Financing Activities:				
Long-term debt repaid	(76.0)	(1,258.0)	(252.0)	(1,274.0)
Long-term debt proceeds	123.0	1,250.0	333.0	1,250.0
Debt issuance costs	—	(9.6)	—	(9.6)
Debt extinguishment costs	—	(34.4)	—	(34.4)
Dividends paid on Series A convertible preferred stock	(14.9)	(14.3)	(14.9)	(43.0)
Proceeds from the issuance of common shares under equity-based compensation plans	0.1	1.6	0.1	5.5
Tax withholding payments for vested equity-based compensation awards	(0.1)	(0.1)	(14.0)	(24.7)
Other	0.8	2.6	2.2	2.5
Net cash generated by (used in) financing activities	32.9	(62.2)	54.4	(127.7)
Effect of exchange rate changes on cash and cash equivalents	(5.7)	(4.9)	(9.9)	(5.8)
Change in cash and cash equivalents	(83.8)	(34.7)	(214.8)	(110.4)
Cash and cash equivalents at beginning of period	229.3	446.2	360.3	521.9
Cash and cash equivalents at end of period	<u>\$ 145.5</u>	<u>\$ 411.5</u>	<u>\$ 145.5</u>	<u>\$ 411.5</u>

See notes to unaudited condensed consolidated financial statements included in our Form 10-Q.

CommScope Holding Company, Inc.
Reconciliation of GAAP Measures to Non-GAAP Adjusted Measures
(Unaudited -- In millions, except per share amounts)

	Three Months Ended June 30,	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2022	2021	2022	2021
Net income (loss), as reported	\$ (61.0)	\$ 22.9	\$ (124.2)	\$ (178.0)	\$ (375.6)
Income tax expense (benefit)	(14.5)	(12.2)	(35.2)	4.2	(65.3)
Interest income, as reported	(0.5)	(0.6)	(0.5)	(1.8)	(1.5)
Interest expense, as reported	140.1	150.9	148.6	427.5	424.1
Other (income) expense, as reported	(1.0)	(5.4)	32.3	(6.4)	29.8
Operating income, as reported	\$ 63.1	\$ 155.6	\$ 21.0	\$ 245.5	\$ 11.5
Adjustments:					
Amortization of purchased intangible assets	139.0	134.6	153.0	414.3	461.9
Restructuring costs (credits), net	38.5	2.5	(3.1)	53.1	100.2
Equity-based compensation	12.3	16.4	21.0	45.3	61.0
Transaction, transformation and integration costs	14.9	5.9	26.2	36.4	62.7
Acquisition accounting adjustments	1.8	1.8	2.8	5.4	9.0
Patent claims and litigation settlements	1.0	0.1	5.0	2.3	46.5
Reserve (recovery) for Russian accounts receivable	(1.7)	(1.1)	—	2.7	—
Depreciation	30.7	31.8	33.2	95.5	103.6
Total adjustments to operating income	236.5	192.0	238.1	655.0	844.9
Non-GAAP adjusted EBITDA	\$ 299.6	\$ 347.6	\$ 259.1	\$ 900.5	\$ 856.4
Net income (loss), as reported	\$ (61.0)	\$ 22.9	\$ (124.2)	\$ (178.0)	\$ (375.6)
Adjustments:					
Total pretax adjustments to adjusted EBITDA	205.8	160.2	204.9	559.5	741.3
Pretax amortization of debt issuance costs and OID ⁽¹⁾	6.4	6.4	16.7	19.3	30.2
Pretax loss on debt transactions ⁽²⁾	—	—	34.4	—	34.4
Tax effects of adjustments and other tax items ⁽²⁾	(50.8)	(64.9)	(59.5)	(111.3)	(164.1)
Non-GAAP adjusted net income	\$ 100.5	\$ 124.6	\$ 72.3	\$ 289.5	\$ 266.2
GAAP EPS, as reported ⁽³⁾	\$ (0.36)	\$ 0.04	\$ (0.68)	\$ (1.07)	\$ (2.06)
Non-GAAP adjusted diluted EPS ⁽⁴⁾	\$ 0.41	\$ 0.50	\$ 0.29	\$ 1.16	\$ 1.08

(1) Included in interest expense.

(2) The tax rates applied to adjustments reflect the tax expense or benefit based on the tax jurisdiction of the entity generating the adjustment. There are certain items for which we expect little or no tax effect.

(3) For all periods presented, GAAP EPS was calculated using net loss attributable to common stockholders in the numerator, which includes the impact of the Series A convertible preferred stock dividend.

(4) Diluted shares used in the calculation of non-GAAP adjusted diluted EPS are 247.6 million for the three months ended June 30, 2022, 250.8 million and 247.1 million for the three months ended September 30, 2022 and 2021, respectively, and 248.6 million and 246.5 million for the nine months ended September 30, 2022 and 2021, respectively.

Note: Components may not sum to total due to rounding
See Description of Non-GAAP Financial Measures

CommScope Holding Company, Inc.
Sales by Region
(Unaudited -- In millions)

Sales by Region

	<u>Q3 2022</u>	<u>Q2 2022</u>	<u>Q3 2021</u>	<u>% Change</u> <u>Sequential</u>	<u>% Change</u> <u>YOY</u>
United States	\$ 1,495.1	\$ 1,424.3	\$ 1,201.8	5.0 %	24.4 %
Europe, Middle East and Africa	396.0	378.4	418.8	4.7	(5.4)
Asia Pacific	210.9	223.1	228.4	(5.5)	(7.7)
Caribbean and Latin America	148.6	150.4	156.2	(1.2)	(4.9)
Canada	130.8	124.0	100.1	5.5	30.7
Total net sales	<u>\$ 2,381.4</u>	<u>\$ 2,300.2</u>	<u>\$ 2,105.3</u>	3.5 %	13.1 %

CommScope Holding Company, Inc.
Segment Information
(Unaudited -- In millions)

Segment Net Sales

	<u>Q3 2022</u>	<u>Q2 2022</u>	<u>Q3 2021</u>	<u>% Change</u> <u>Sequential</u>	<u>% Change</u> <u>YOY</u>
CCS	\$ 1,007.7	\$ 986.7	\$ 787.6	2.1 %	27.9 %
NICS	257.9	205.4	207.1	25.6	24.5
OWN	382.1	390.9	357.5	(2.3)	6.9
ANS	342.3	293.3	338.0	16.7	1.3
Core net sales ⁽¹⁾	1,990.0	1,876.3	1,690.2	6.1	17.7
Home	391.4	423.9	415.1	(7.7)	(5.7)
Total net sales	\$ 2,381.4	\$ 2,300.2	\$ 2,105.3	3.5 %	13.1 %

Segment Adjusted EBITDA ⁽²⁾

	<u>Q3 2022</u>	<u>Q2 2022</u>	<u>Q3 2021</u>	<u>% Change</u> <u>Sequential</u>	<u>% Change</u> <u>YOY</u>
CCS	\$ 188.2	\$ 169.0	\$ 121.1	11.4 %	55.4 %
NICS	24.7	(15.3)	(8.6)	(261.4)	NM
OWN	82.2	75.3	60.3	9.2	36.3
ANS	57.8	57.8	101.8	—	(43.2)
Core adjusted EBITDA ⁽¹⁾	352.9	286.8	274.6	23.0	28.5
Home	(5.3)	12.8	(15.5)	(141.4)	(65.8)
Total segment adjusted EBITDA	\$ 347.6	\$ 299.6	\$ 259.1	16.0 %	34.2 %

NM - Not Meaningful

(1) "Core" financial measures reflect the results of the CCS, NICS, OWN and ANS segments, in the aggregate. Core financial measures exclude the results of our Home segment.

(2) See Description of Non-GAAP Financial Measures

CommScope Holding Company, Inc.
Reconciliation of GAAP to Segment Adjusted EBITDA
(Unaudited -- In millions)

Third Quarter 2022 Segment Adjusted EBITDA Reconciliation

	CCS	NICS	OWN	ANS	Home	Total
Operating income (loss), as reported	\$ 143.2	\$ 1.2	\$ 66.7	\$ (15.8)	\$ (39.7)	\$ 155.6
Amortization of purchased intangible assets	24.1	14.7	8.1	61.7	26.0	134.6
Restructuring costs, net	0.7	0.4	1.1	0.2	0.1	2.5
Equity-based compensation	4.0	3.7	1.9	4.3	2.5	16.4
Transaction, transformation and integration costs	2.2	0.6	0.9	0.9	1.2	5.9
Acquisition accounting adjustments	—	0.5	—	0.8	0.4	1.8
Patent claims and litigation settlements	0.1	—	—	—	—	0.1
Reserve for Russian accounts receivable	(1.0)	—	—	—	—	(1.1)
Depreciation	14.8	3.6	3.5	5.7	4.2	31.8
Segment adjusted EBITDA	\$ 188.2	\$ 24.7	\$ 82.2	\$ 57.8	\$ (5.3)	\$ 347.6
Segment adjusted EBITDA % of sales	18.7%	9.6%	21.5%	16.9%	(1.4%)	14.6%

Second Quarter 2022 Segment Adjusted EBITDA Reconciliation

	CCS	NICS	OWN	ANS	Home	Total
Operating income (loss), as reported	\$ 111.7	\$ (43.7)	\$ 43.5	\$ (25.7)	\$ (22.7)	\$ 63.1
Amortization of purchased intangible assets	27.4	15.2	8.2	62.0	26.2	139.0
Restructuring costs, net	10.3	5.8	17.3	4.8	0.3	38.5
Equity-based compensation	3.0	2.7	1.4	3.2	2.0	12.3
Transaction, transformation and integration costs	3.5	1.0	1.5	7.4	1.6	14.9
Acquisition accounting adjustments	—	0.5	—	0.8	0.4	1.8
Patent claims and litigation settlements	—	—	—	—	1.0	1.0
Reserve for Russian accounts receivable	(1.2)	(0.3)	(0.1)	—	—	(1.7)
Depreciation	14.3	3.5	3.6	5.4	3.9	30.7
Segment adjusted EBITDA	\$ 169.0	\$ (15.3)	\$ 75.3	\$ 57.8	\$ 12.8	\$ 299.6
Segment adjusted EBITDA % of sales	17.1%	(7.4%)	19.3%	19.7%	3.0%	13.0%

Third Quarter 2021 Segment Adjusted EBITDA Reconciliation

	CCS	NICS	OWN	ANS	Home	Total
Operating income (loss), as reported	\$ 61.9	\$ (38.8)	\$ 42.9	\$ 23.4	\$ (68.4)	\$ 21.0
Amortization of purchased intangible assets	39.1	18.0	8.2	61.7	26.0	153.0
Restructuring costs (credits), net	(4.6)	(0.1)	0.4	1.0	0.2	(3.1)
Equity-based compensation	5.1	4.6	2.2	5.6	3.5	21.0
Transaction, transformation and integration costs	5.8	2.0	2.7	3.0	12.8	26.2
Acquisition accounting adjustments	—	1.0	—	1.2	0.5	2.8
Patent claims and litigation settlements	—	—	—	—	5.0	5.0
Depreciation	13.6	4.7	3.9	6.0	5.0	33.2
Segment adjusted EBITDA	\$ 121.1	\$ (8.6)	\$ 60.3	\$ 101.8	\$ (15.5)	\$ 259.1
Segment adjusted EBITDA % of sales	15.4%	(4.2%)	16.9%	30.1%	(3.7%)	12.3%

Components may not sum to total due to rounding
See Description of Non-GAAP Financial Measures

CommScope Holding Company, Inc.
Adjusted Free Cash Flow
(Unaudited -- In millions)

Adjusted Free Cash Flow

	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Cash flow from operations	\$ 67.1	\$ (12.4)	\$ (14.6)	\$ (94.6)	\$ (87.6)
Capital expenditures	(36.0)	(35.1)	(27.4)	(27.7)	(23.6)
Free cash flow	31.1	(47.5)	(42.0)	(122.3)	(111.2)
Transaction, transformation and integration costs	26.3	16.9	10.0	13.0	8.7
Restructuring costs, net	6.9	3.7	7.9	18.7	11.5
Adjusted free cash flow	<u>\$ 64.3</u>	<u>\$ (26.9)</u>	<u>\$ (24.1)</u>	<u>\$ (90.6)</u>	<u>\$ (91.0)</u>

See Description of Non-GAAP Financial Measures

CommScope Holding Company, Inc.
Quarterly Adjusted Gross Profit and Adjusted Operating Expense
(Unaudited -- In millions)

GAAP to Non-GAAP Adjusted Gross Profit

	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Gross profit, as reported	\$ 653.0	\$ 685.8	\$ 636.3	\$ 683.2	\$ 736.3
Equity-based compensation	3.5	3.0	2.2	1.6	2.2
Acquisition accounting adjustments	2.8	2.4	2.0	1.8	1.8
Patent claims and litigation settlements	5.0	(14.8)	1.2	1.0	0.1
Adjusted gross profit	\$ 664.3	\$ 676.4	\$ 641.7	\$ 687.6	\$ 740.4
Adjusted gross profit as % of sales	31.6%	30.4%	28.8%	29.9%	31.1%

GAAP to Non-GAAP Adjusted Operating Expense

	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Selling, general and administrative, as reported	\$ 314.3	\$ 324.6	\$ 286.0	\$ 277.2	\$ 281.7
Research and development, as reported	167.8	167.6	170.7	165.4	161.9
Operating expenses	\$ 482.1	\$ 492.2	\$ 456.7	\$ 442.6	\$ 443.6
Equity-based compensation	17.5	15.6	14.3	10.7	14.2
Transaction, transformation and integration costs	26.2	27.6	11.8	14.9	5.9
Reserve (recovery) for Russian accounts receivable	—	—	5.4	(1.7)	(1.1)
Adjusted operating expense	\$ 438.4	\$ 449.0	\$ 425.2	\$ 418.7	\$ 424.6
Adjusted operating expense as % of sales	20.8%	20.2%	18.9%	18.2%	17.8%

Components may not sum to total due to rounding
See Description of Non-GAAP Financial Measures

CommScope Holding Company, Inc.
Reconciliation of GAAP Measures to Non-GAAP Adjusted Measures
(Unaudited -- In millions)

	2022		Outlook Range 2023		2024	
	\$	\$	\$	\$	\$	\$
Core segment operating income ⁽¹⁾	\$ 457	\$ 525	\$ 825	\$ 947	\$ 1,135	\$ 1,305
Adjustments:						
Amortization of purchased intangible assets	442	442	325	326	255	255
Equity-based compensation	50	55	55	60	60	65
Restructuring costs, net and transaction, transformation and integration costs	85	110	30	50	30	50
Acquisition accounting adjustments	5	6	1	1	—	—
Depreciation	111	112	114	116	120	125
Total adjustments to core operating income ⁽¹⁾	693	725	525	553	465	495
Core segment adjusted EBITDA	\$ 1,150	\$ 1,250	\$ 1,350	\$ 1,500	\$ 1,600	\$ 1,800

(1) “Core” financial measures reflect the results of the CCS, NICS, OWN and ANS segments, in the aggregate. Core financial measures exclude the results and performance of the Home segment.

Our actual results may be impacted by additional events for which information is not currently available, such as additional restructuring activities, asset impairments, debt extinguishments, additional transaction, transformation and integration costs, foreign exchange rate fluctuations and other gains or losses related to events that are not currently known or measurable.

See Caution Regarding Forward-Looking Statements and Description of Non-GAAP Financial Measures.