

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

	Three Months Ended	
	March 31,	
	2024	2023
Net sales	\$ 1,168.4	\$ 1,664.4
Cost of sales	766.2	1,034.2
Gross profit	402.2	630.2
Transition service agreement income	9.6	—
Operating expenses:		
Selling, general and administrative	199.7	232.0
Research and development	104.4	125.6
Amortization of purchased intangible assets	74.2	100.6
Restructuring costs (credits), net	30.6	(11.1)
Total operating expenses	408.9	447.1
Operating income	2.9	183.1
Other income (expense), net	(1.1)	5.3
Interest expense	(167.7)	(165.1)
Interest income	3.6	2.5
Income (loss) from continuing operations before income taxes	(162.3)	25.8
Income tax (expense) benefit	(99.8)	4.0
Income (loss) from continuing operations	(262.1)	29.8
Loss from discontinued operations, net of income tax (expense) benefit of \$(17.6) and \$3.8, respectively	(97.1)	(26.4)
Net income (loss)	(359.2)	3.4
Series A convertible preferred stock dividends	(16.0)	(15.1)
Net loss attributable to common stockholders	\$ (375.2)	\$ (11.7)
Basic:		
Earnings (loss) from continuing operations per share	\$ (1.31)	\$ 0.07
Loss from discontinued operations per share	(0.46)	(0.13)
Loss per share	\$ (1.77)	\$ (0.06)
Diluted:		
Earnings (loss) from continuing operations per share	\$ (1.31)	\$ 0.07
Loss from discontinued operations per share	(0.46)	(0.12)
Loss per share	\$ (1.77)	\$ (0.05)
Weighted average shares outstanding:		
Basic	212.3	208.9
Diluted (a)	212.3	212.1
(a) Calculation of diluted loss per share:		
Net loss attributable to common stockholders (basic and diluted)	\$ (375.2)	\$ (11.7)
Weighted average shares (basic)	212.3	208.9
Dilutive effect of equity-based awards	—	3.2
Denominator (diluted)	212.3	212.1

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 March 31, 2024	December 31, 2023
Assets		
Cash and cash equivalents	\$ 357.2	\$ 543.8
Accounts receivable, net of allowance for doubtful accounts of \$30.0 and \$32.2, respectively	836.9	815.2
Inventories, net	1,044.1	1,079.7
Prepaid expenses and other current assets	169.2	145.4
Current assets held for sale	—	278.6
Total current assets	2,407.4	2,862.7
Property, plant and equipment, net of accumulated depreciation of \$880.9 and \$866.1, respectively	455.8	500.6
Goodwill	3,500.4	3,514.4
Other intangible assets, net	1,499.9	1,582.7
Deferred income taxes	480.2	615.6
Other noncurrent assets	309.9	295.9
Total assets	<u>\$ 8,653.6</u>	<u>\$ 9,371.9</u>
Liabilities and Stockholders' Deficit		
Accounts payable	\$ 454.6	\$ 435.9
Accrued and other liabilities	562.3	634.3
Current portion of long-term debt	32.0	32.0
Current liabilities held for sale	—	307.2
Total current liabilities	1,048.9	1,409.4
Long-term debt	9,244.6	9,246.6
Deferred income taxes	121.4	110.7
Other noncurrent liabilities	392.2	411.9
Total liabilities	10,807.1	11,178.6
Commitments and contingencies		
Series A convertible preferred stock, \$0.01 par value	1,178.1	1,162.1
Stockholders' deficit:		
Preferred stock, \$0.01 par value: Authorized shares: 200,000,000; Issued and outstanding shares: 1,178,063 and 1,162,085, respectively, Series A convertible preferred stock	—	—
Common stock, \$0.01 par value: Authorized shares: 1,300,000,000; Issued and outstanding shares: 212,264,754 and 212,108,634, respectively	2.3	2.3
Additional paid-in capital	2,545.6	2,550.4
Accumulated deficit	(5,312.3)	(4,953.1)
Accumulated other comprehensive loss	(265.3)	(266.7)
Treasury stock, at cost: 14,499,840 shares and 14,424,126 shares, respectively	(301.9)	(301.7)
Total stockholders' deficit	(3,331.6)	(2,968.8)
Total liabilities and stockholders' deficit	<u>\$ 8,653.6</u>	<u>\$ 9,371.9</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 ⁽¹⁾
(Unaudited -- In millions)

	Three Months Ended March 31,	
	2024	2023
Operating Activities:		
Net income (loss)	\$ (359.2)	\$ 3.4
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	112.7	164.1
Equity-based compensation	11.2	13.5
Deferred income taxes	87.4	(30.0)
Changes in assets and liabilities:		
Accounts receivable	(19.9)	175.3
Inventories	31.4	(31.9)
Prepaid expenses and other assets	(71.9)	10.2
Accounts payable and other liabilities	(26.8)	(318.3)
Other	57.4	(32.4)
Net cash used in operating activities	<u>(177.7)</u>	<u>(46.1)</u>
Investing Activities:		
Additions to property, plant and equipment	(6.0)	(14.4)
Proceeds from sale of property, plant and equipment	—	41.0
Other	8.6	9.3
Net cash generated by investing activities	<u>2.6</u>	<u>35.9</u>
Financing Activities:		
Long-term debt repaid	(8.0)	(8.0)
Long-term debt repurchases	—	(50.0)
Tax withholding payments for vested equity-based compensation awards	(0.2)	(5.0)
Other	—	1.9
Net cash used in financing activities	<u>(8.2)</u>	<u>(61.1)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(3.3)</u>	<u>0.5</u>
Change in cash and cash equivalents	<u>(186.6)</u>	<u>(70.8)</u>
Cash and cash equivalents at beginning of period	543.8	398.1
Cash and cash equivalents at end of period	<u><u>\$ 357.2</u></u>	<u><u>\$ 327.3</u></u>

(1) The cash flows related to discontinued operations have not been segregated. Accordingly, the Condensed Consolidated Statements of Cash Flows include the results of continuing and discontinued operations.

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	
	March 31,	
	2024	2023
Income (loss) from continuing operations, as reported	\$ (262.1)	\$ 29.8
Income tax expense (benefit), as reported	99.8	(4.0)
Interest income, as reported	(3.6)	(2.5)
Interest expense, as reported	167.7	165.1
Other (income) expense, as reported	1.1	(5.3)
Operating income, as reported	<u>\$ 2.9</u>	<u>\$ 183.1</u>
Adjustments:		
Amortization of purchased intangible assets	74.2	100.6
Restructuring costs (credits), net	30.6	(11.1)
Equity-based compensation	11.2	12.4
Transaction, transformation and integration costs	8.5	0.3
Acquisition accounting adjustments	0.1	0.5
Depreciation	25.5	27.9
Total adjustments to operating income	<u>150.1</u>	<u>130.6</u>
Non-GAAP adjusted EBITDA	<u>\$ 153.0</u>	<u>\$ 313.7</u>
Income (loss) from continuing operations, as reported	\$ (262.1)	\$ 29.8
Adjustments:		
Total pretax adjustments to adjusted EBITDA	124.6	102.7
Pretax amortization of debt issuance costs and OID ⁽¹⁾	6.6	6.9
Pretax gain on debt transactions ⁽²⁾	—	(7.5)
Tax effects of adjustments and other tax items ⁽³⁾	110.6	(45.2)
Non-GAAP adjusted net income (loss)	<u>\$ (20.3)</u>	<u>\$ 86.7</u>
GAAP EPS, as reported ⁽⁴⁾	\$ (1.31)	\$ 0.07
Non-GAAP adjusted diluted EPS ⁽⁵⁾	\$ (0.08)	\$ 0.34

(1) Included in interest expense.

(2) Included in other income (expense), net.

(3) 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.

(4) For all periods presented, GAAP EPS was calculated using income (loss) from continuing operations in the numerator, which includes the impact of the Series A convertible preferred stock dividend.

(5) Diluted shares used in the calculation of non-GAAP adjusted diluted EPS are 255.9 million and 252.1 million for the three months ended March 31, 2024 and 2023, respectively.

See “Non-GAAP Financial Measures” above.

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

Sales by Region

	Q1 2024	Q1 2023	% Change YOY
United States	\$ 757.1	\$ 1,147.6	(34.0) %
Europe, Middle East and Africa	203.5	264.6	(23.1)
Asia Pacific	135.5	144.5	(6.2)
Caribbean and Latin America	47.7	69.4	(31.3)
Canada	24.6	38.3	(35.8)
Total net sales	\$ 1,168.4	\$ 1,664.4	(29.8) %

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

Segment Net Sales

	Q1 2024	Q1 2023	% Change YOY
CCS	\$ 604.7	\$ 821.1	(26.4) %
NICS	180.3	284.5	(36.6)
OWN	196.0	258.4	(24.1)
ANS	187.4	300.4	(37.6)
Total net sales	\$ 1,168.4	\$ 1,664.4	(29.8) %

Segment Adjusted EBITDA ⁽¹⁾

	Q1 2024	Q1 2023	% Change YOY
CCS	\$ 95.1	\$ 151.0	(37.0) %
NICS	(1.1)	58.0	(101.9)
OWN	44.3	59.5	(25.5)
ANS	14.7	46.7	(68.5)
Corporate and other ⁽²⁾	—	(1.5)	NM
Total segment adjusted EBITDA	\$ 153.0	\$ 313.7	(51.2) %

NM – Not meaningful

(1) See “Non-GAAP Financial Measures” above.

(2) The prior year period includes general corporate costs that were previously allocated to the Home segment. These indirect costs have been classified as continuing operations for the prior year period, since they were not directly attributable to the discontinued operations of the Home segment. Beginning in the first quarter of 2024, these costs have been reallocated to CommScope's remaining segments and partially offset by income from the Company's transition service agreement with Vantiva SA.

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

First Quarter 2024 Segment Adjusted EBITDA Reconciliation

	CCS	NICS	OWN	ANS	Total
Operating income (loss), as reported	\$ 58.0	\$ (23.0)	\$ 33.6	\$ (65.7)	\$ 2.9
Amortization of purchased intangible assets	18.5	13.9	4.0	37.8	74.2
Restructuring costs, net	0.3	1.2	0.1	29.0	30.6
Equity-based compensation	3.8	3.0	1.6	2.9	11.2
Transaction, transformation and integration costs	0.4	0.8	2.4	4.9	8.5
Depreciation	13.8	3.1	2.7	5.9	25.5
Segment adjusted EBITDA	\$ 95.1	\$ (1.1)	\$ 44.3	\$ 14.7	\$ 153.0
Segment adjusted EBITDA % of sales	15.7%	(0.6%)	22.6%	7.8%	13.1%

First Quarter 2023 Segment Adjusted EBITDA Reconciliation

	CCS	NICS	OWN	ANS	Corporate and other ⁽¹⁾	Total
Operating income (loss), as reported	\$ 127.9	\$ 34.9	\$ 49.2	\$ (25.7)	\$ (3.2)	\$ 183.1
Amortization of purchased intangible assets	18.9	14.3	5.5	61.7	0.2	100.6
Restructuring costs (credits), net	(14.9)	1.9	—	1.4	0.5	(11.1)
Equity-based compensation	3.9	3.1	1.6	3.3	0.5	12.4
Transaction, transformation and integration costs	0.1	—	0.1	0.1	—	0.3
Acquisition accounting adjustments	—	0.4	—	—	—	0.5
Depreciation	15.2	3.4	3.2	5.9	0.2	27.9
Segment adjusted EBITDA	\$ 151.0	\$ 58.0	\$ 59.5	\$ 46.7	\$ (1.5)	\$ 313.7
Segment adjusted EBITDA % of sales	18.4%	20.4%	23.0%	15.5%	NM	18.8%

(1) Includes general corporate costs that were previously allocated to the Home segment and are now classified as continuing operations, since the costs were not directly attributable to the discontinued operations of the Home segment.

NM – Not meaningful

Components may not sum to total due to rounding.

See “Non-GAAP Financial Measures” above.

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

Adjusted Free Cash Flow

	<u>Q1</u> <u>2023</u>	<u>Q2</u> <u>2023</u>	<u>Q3</u> <u>2023</u>	<u>Q4</u> <u>2023</u>	<u>Q1</u> <u>2024</u>
Cash flow from operations	\$ (46.1)	\$ 136.8	\$ 138.8	\$ 60.4	\$ (177.7)
Capital expenditures	(14.4)	(20.8)	(8.7)	(9.4)	(6.0)
Free cash flow	(60.5)	116.0	130.1	51.0	(183.7)
Transaction, transformation and integration costs	1.4	1.7	11.5	13.4	20.3
Restructuring costs, net	19.4	31.1	40.1	27.1	9.3
Adjusted free cash flow	<u>\$ (39.7)</u>	<u>\$ 148.8</u>	<u>\$ 181.7</u>	<u>\$ 91.5</u>	<u>\$ (154.1)</u>

See “Non-GAAP Financial Measures” above.

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

GAAP to Non-GAAP Adjusted Gross Profit

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Gross profit, as reported	\$ 630.2	\$ 568.8	\$ 501.0	\$ 448.3	\$ 402.2
Equity-based compensation	1.6	1.3	1.1	1.2	1.1
Acquisition accounting adjustments	0.5	0.4	0.3	—	0.1
Patent claims and litigation settlements	—	—	(3.5)	—	—
Adjusted gross profit	\$ 632.3	\$ 570.5	\$ 498.9	\$ 449.5	\$ 403.4
Adjusted gross profit as % of sales	38.0%	35.9%	37.0%	37.9%	34.5%

GAAP to Non-GAAP Adjusted Operating Expense

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Selling, general and administrative, as reported	\$ 232.0	\$ 230.0	\$ 209.0	\$ 202.3	\$ 199.7
Research and development, as reported	125.6	128.3	102.6	103.2	104.4
Operating expenses	\$ 357.6	\$ 358.3	\$ 311.6	\$ 305.5	\$ 304.1
Equity-based compensation	10.8	8.6	9.4	9.6	10.1
Transaction, transformation and integration costs	0.3	2.8	14.6	9.4	8.5
Recovery for Russian accounts receivable	—	(2.0)	—	—	—
Cyber incident costs	—	3.6	1.5	0.4	—
Adjusted operating expense	\$ 346.5	\$ 345.3	\$ 286.1	\$ 286.1	\$ 285.5
Adjusted operating expense as % of sales	20.8%	21.7%	21.2%	24.1%	24.4%

Components may not sum to total due to rounding.
See “Non-GAAP Financial Measures” above.