

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net sales	\$ 1,918.4	\$ 2,300.2	\$ 3,919.9	\$ 4,528.8
Cost of sales	1,301.2	1,617.0	2,611.0	3,209.3
Gross profit	617.2	683.2	1,308.9	1,319.5
Operating expenses:				
Selling, general and administrative	254.9	277.2	518.4	563.2
Research and development	153.2	165.4	306.6	336.1
Amortization of purchased intangible assets	101.4	139.0	227.8	279.7
Restructuring costs, net	35.5	38.5	31.4	50.6
Total operating expenses	545.0	620.1	1,084.2	1,229.6
Operating income	72.2	63.1	224.7	89.9
Other income, net	2.4	1.0	8.1	1.0
Interest expense	(168.5)	(140.1)	(333.6)	(276.6)
Interest income	1.9	0.5	4.4	1.2
Loss before income taxes	(92.0)	(75.5)	(96.4)	(184.5)
Income tax (expense) benefit	(8.4)	14.5	(0.6)	(16.4)
Net loss	(100.4)	(61.0)	(97.0)	(200.9)
Series A convertible preferred stock dividends	(15.3)	(14.7)	(30.4)	(29.2)
Net loss attributable to common stockholders	\$ (115.7)	\$ (75.7)	\$ (127.4)	\$ (230.1)
Loss per share:				
Basic	\$ (0.55)	\$ (0.36)	\$ (0.61)	\$ (1.11)
Diluted (a)	\$ (0.55)	\$ (0.36)	\$ (0.61)	\$ (1.11)
Weighted average shares outstanding:				
Basic	210.5	207.6	209.7	206.5
Diluted (a)	210.5	207.6	209.7	206.5
(a) Calculation of diluted loss per share:				
Net loss (basic and diluted)	\$ (115.7)	\$ (75.7)	\$ (127.4)	\$ (230.1)
Weighted average shares (basic)	210.5	207.6	209.7	206.5
Dilutive effect of equity-based awards	—	—	—	—
Denominator (diluted)	210.5	207.6	209.7	206.5

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 June 30, 2023	December 31, 2022
Assets		
Cash and cash equivalents	\$ 418.1	\$ 398.1
Accounts receivable, net of allowance for doubtful accounts of \$63.0 and \$82.8, respectively	1,354.1	1,523.6
Inventories, net	1,454.2	1,588.1
Prepaid expenses and other current assets	198.5	216.4
Total current assets	3,424.9	3,726.2
Property, plant and equipment, net of accumulated depreciation of \$908.9 and \$873.5, respectively	565.8	609.6
Goodwill	4,079.2	4,072.4
Other intangible assets, net	2,246.3	2,473.5
Other noncurrent assets	849.5	803.7
Total assets	<u>\$ 11,165.7</u>	<u>\$ 11,685.4</u>
Liabilities and Stockholders' Deficit		
Accounts payable	\$ 782.7	\$ 1,025.5
Accrued and other liabilities	906.9	1,050.0
Current portion of long-term debt	32.0	32.0
Total current liabilities	1,721.6	2,107.5
Long-term debt	9,380.9	9,469.6
Deferred income taxes	156.4	173.4
Other noncurrent liabilities	391.9	380.6
Total liabilities	11,650.8	12,131.1
Commitments and contingencies		
Series A convertible preferred stock, \$0.01 par value	1,130.8	1,100.3
Stockholders' deficit:		
Preferred stock, \$0.01 par value: Authorized shares: 200,000,000; Issued and outstanding shares: 1,130,776 and 1,100,310, respectively, Series A convertible preferred stock	—	—
Common stock, \$0.01 par value: Authorized shares: 1,300,000,000; Issued and outstanding shares: 211,912,464 and 208,371,426, respectively	2.3	2.2
Additional paid-in capital	2,558.7	2,542.9
Accumulated deficit	(3,599.2)	(3,502.2)
Accumulated other comprehensive loss	(276.2)	(296.3)
Treasury stock, at cost: 14,342,757 shares and 12,726,695 shares, respectively	(301.5)	(292.6)
Total stockholders' deficit	(1,615.9)	(1,546.0)
Total liabilities and stockholders' deficit	<u>\$ 11,165.7</u>	<u>\$ 11,685.4</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 June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Operating Activities:				
Net loss	\$ (100.4)	\$ (61.0)	\$ (97.0)	\$ (200.9)
Adjustments to reconcile net loss to net cash generated by (used in) operating activities:				
Depreciation and amortization	139.4	176.1	303.5	356.3
Equity-based compensation	10.7	12.3	24.2	28.9
Deferred income taxes	(31.9)	(28.5)	(61.9)	(26.2)
Changes in assets and liabilities:				
Accounts receivable	(0.9)	(25.9)	174.4	(86.4)
Inventories	167.5	(77.7)	135.6	(151.4)
Prepaid expenses and other assets	6.1	(27.5)	16.3	2.1
Accounts payable and other liabilities	(92.9)	(52.3)	(411.2)	(28.8)
Other	39.2	(10.1)	6.8	(2.7)
Net cash generated by (used in) operating activities	136.8	(94.6)	90.7	(109.1)
Investing Activities:				
Additions to property, plant and equipment	(20.8)	(27.7)	(35.2)	(55.1)
Proceeds from sale of property, plant and equipment	0.8	—	41.6	—
Other	11.2	4.5	20.5	15.9
Net cash generated by (used in) investing activities	(8.8)	(23.2)	26.9	(39.2)
Financing Activities:				
Long-term debt repaid	(8.0)	(83.0)	(16.0)	(176.0)
Long-term debt repurchases	(25.0)	—	(75.0)	—
Long-term debt proceeds	—	125.0	—	210.0
Tax withholding payments for vested equity-based compensation awards	(3.9)	(3.4)	(8.9)	(14.0)
Other	0.2	0.1	2.1	1.4
Net cash generated by (used in) financing activities	(36.7)	38.7	(97.8)	21.4
Effect of exchange rate changes on cash and cash equivalents	(0.5)	(6.3)	0.2	(4.1)
Change in cash and cash equivalents	90.8	(85.4)	20.0	(131.0)
Cash and cash equivalents at beginning of period	327.3	314.7	398.1	360.3
Cash and cash equivalents at end of period	<u>\$ 418.1</u>	<u>\$ 229.3</u>	<u>\$ 418.1</u>	<u>\$ 229.3</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		Six Months Ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Net loss, as reported	\$ (100.4)	\$ (61.0)	\$ (97.0)	\$ (200.9)
Income tax expense (benefit)	8.4	(14.5)	0.6	16.4
Interest income, as reported	(1.9)	(0.5)	(4.4)	(1.2)
Interest expense, as reported	168.5	140.1	333.6	276.6
Other income, net, as reported	(2.4)	(1.0)	(8.1)	(1.0)
Operating income, as reported	<u>\$ 72.2</u>	<u>\$ 63.1</u>	<u>\$ 224.7</u>	<u>\$ 89.9</u>
Adjustments:				
Amortization of purchased intangible assets	101.4	139.0	227.8	279.7
Restructuring costs, net	35.5	38.5	31.4	50.6
Equity-based compensation	10.7	12.3	24.2	28.9
Transaction, transformation and integration costs	6.5	14.9	9.1	30.5
Acquisition accounting adjustments	0.5	1.8	1.3	3.6
Patent claims and litigation settlements	—	1.0	(11.0)	2.2
Reserve (recovery) for Russian accounts receivable	(2.0)	(1.7)	(2.0)	3.8
Cyber incident costs	4.1	—	4.1	—
Depreciation	30.6	30.7	61.9	63.7
Total adjustments to operating income	<u>187.3</u>	<u>236.5</u>	<u>346.8</u>	<u>463.0</u>
Non-GAAP adjusted EBITDA	<u>\$ 259.5</u>	<u>\$ 299.6</u>	<u>\$ 571.5</u>	<u>\$ 552.9</u>
Net loss, as reported	\$ (100.4)	\$ (61.0)	\$ (97.0)	\$ (200.9)
Adjustments:				
Total pretax adjustments to adjusted EBITDA	156.7	205.8	284.9	399.3
Pretax amortization of debt issuance costs and OID ⁽¹⁾	6.9	6.4	13.8	12.9
Pretax gain on debt transactions ⁽²⁾	(2.9)	—	(10.4)	—
Tax effects of adjustments and other tax items ⁽³⁾	(13.0)	(50.8)	(55.0)	(46.4)
Non-GAAP adjusted net income	<u>\$ 47.3</u>	<u>\$ 100.5</u>	<u>\$ 136.3</u>	<u>\$ 164.9</u>
GAAP EPS, as reported ⁽⁴⁾	<u>\$ (0.55)</u>	<u>\$ (0.36)</u>	<u>\$ (0.61)</u>	<u>\$ (1.11)</u>
Non-GAAP adjusted diluted EPS ⁽⁵⁾	<u>\$ 0.19</u>	<u>\$ 0.41</u>	<u>\$ 0.54</u>	<u>\$ 0.67</u>

(1) Included in interest expense.

(2) Included in other income, 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 net loss attributable to common stockholders 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 253.1 million and 247.6 million for the three months ended June 30, 2023 and 2022, respectively, and 252.6 million and 247.5 million for the six months ended June 30, 2023 and 2022, respectively.

See "Non-GAAP Financial Measures" above.

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

Sales by Region

	Q2 2023	Q2 2022	% Change YOY
United States	\$ 1,105.4	\$ 1,424.3	(22.4) %
Europe, Middle East and Africa	369.8	378.4	(2.3)
Asia Pacific	195.0	223.1	(12.6)
Caribbean and Latin America	128.2	150.4	(14.8)
Canada	120.0	124.0	(3.2)
Total net sales	\$ 1,918.4	\$ 2,300.2	(16.6) %

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

Segment Net Sales

	Q2 2023	Q2 2022	% Change YOY
CCS	\$ 698.9	\$ 986.7	(29.2) %
NICS	327.6	205.4	59.5
OWN	228.8	390.9	(41.5)
ANS	333.5	293.3	13.7
Core net sales ⁽¹⁾	1,588.8	1,876.3	(15.3)
Home	329.6	423.9	(22.2)
Total net sales	\$ 1,918.4	\$ 2,300.2	(16.6) %

Segment Adjusted EBITDA ⁽²⁾

	Q2 2023	Q2 2022	% Change YOY
CCS	\$ 79.6	\$ 169.0	(52.9) %
NICS	74.9	(15.3)	NM
OWN	41.7	75.3	(44.6)
ANS	66.3	57.8	14.7
Core adjusted EBITDA ⁽¹⁾	262.5	286.8	(8.5)
Home	(3.0)	12.8	(123.4)
Total segment adjusted EBITDA	\$ 259.5	\$ 299.6	(13.4) %

NM – Not meaningful

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

(2) See "Non-GAAP Financial Measures" above.

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

Second Quarter 2023 Segment Adjusted EBITDA Reconciliation

	CCS	NICS	OWN	ANS	Home	Total
Operating income (loss), as reported	\$ 28.9	\$ 44.7	\$ 27.4	\$ 9.0	\$ (37.8)	\$ 72.2
Amortization of purchased intangible assets	18.9	14.3	5.0	37.4	25.8	101.4
Restructuring costs, net	13.2	9.0	3.8	9.3	0.2	35.5
Equity-based compensation	3.4	2.4	1.4	2.5	1.1	10.7
Transaction, transformation and integration costs	0.4	0.4	0.2	1.7	3.7	6.5
Acquisition accounting adjustments	—	0.3	—	—	0.3	0.5
Recovery of Russian accounts receivable	(2.0)	—	—	—	—	(2.0)
Cyber incident costs	1.7	0.5	0.7	0.7	0.5	4.1
Depreciation	15.1	3.3	3.3	5.6	3.3	30.6
Segment adjusted EBITDA	\$ 79.6	\$ 74.9	\$ 41.7	\$ 66.3	\$ (3.0)	\$ 259.5
Segment adjusted EBITDA % of sales	11.4%	22.9%	18.2%	19.9%	(0.9%)	13.5%

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
Recovery of 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%

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

	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Cash flow from operations	\$ (94.6)	\$ (87.6)	\$ 386.8	\$ (46.1)	\$ 136.8
Capital expenditures	(27.7)	(23.6)	(22.6)	(14.4)	(20.8)
Free cash flow	(122.3)	(111.2)	364.2	(60.5)	116.0
Transaction, transformation and integration costs	13.0	8.7	18.7	1.4	1.7
Restructuring costs, net	18.7	11.5	19.9	19.4	31.1
Adjusted free cash flow	<u>\$ (90.6)</u>	<u>\$ (91.0)</u>	<u>\$ 402.8</u>	<u>\$ (39.7)</u>	<u>\$ 148.8</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

	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Gross profit, as reported	\$ 683.2	\$ 736.3	\$ 748.3	\$ 691.7	\$ 617.2
Equity-based compensation	1.6	2.2	2.2	1.7	1.3
Acquisition accounting adjustments	1.8	1.8	1.7	0.8	0.5
Patent claims and litigation settlements	1.0	0.1	26.2	(11.0)	—
Adjusted gross profit	\$ 687.6	\$ 740.4	\$ 778.4	\$ 683.2	\$ 619.0
Adjusted gross profit as % of sales	29.9%	31.1%	33.6%	34.1%	32.3%

GAAP to Non-GAAP Adjusted Operating Expense

	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Selling, general and administrative, as reported	\$ 277.2	\$ 281.7	\$ 290.1	\$ 263.5	\$ 254.9
Research and development, as reported	165.4	161.9	159.4	153.4	153.2
Operating expenses	\$ 442.6	\$ 443.6	\$ 449.5	\$ 416.9	\$ 408.1
Equity-based compensation	10.7	14.2	13.7	11.8	9.4
Transaction, transformation and integration costs	14.9	5.9	1.9	2.6	6.5
Recovery for Russian accounts receivable	(1.7)	(1.1)	—	—	(2.0)
Cyber incident costs	—	—	—	—	4.1
Adjusted operating expense	\$ 418.7	\$ 424.6	\$ 433.9	\$ 402.5	\$ 390.1
Adjusted operating expense as % of sales	18.2%	17.8%	18.7%	20.1%	20.3%

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

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

Core Segment Adjusted EBITDA

	Outlook Range	
	2023	
Core segment operating income ⁽¹⁾	\$ 625	\$ 699
Adjustments:		
Amortization of purchased intangible assets	325	326
Equity-based compensation	46	48
Restructuring costs, net and transaction, transformation and integration costs	40	60
Acquisition accounting adjustments	1	1
Cyber incident costs	4	6
Recovery of Russian accounts receivable	(2)	(2)
Depreciation	111	112
Total adjustments to core operating income ⁽¹⁾	525	551
Core segment adjusted EBITDA	\$ 1,150	\$ 1,250

Adjusted Free Cash Flow

	Outlook Range	
	2023	
Cash flow from operations	\$ 200	\$ 290
Capital expenditures	(70)	(80)
Free cash flow	130	210
Cash paid for restructuring, transaction, transformation and integration costs	120	140
Adjusted free cash flow	\$ 250	\$ 350

(1) "Core" financial measures reflect the results of the CCS, NICS, OWN and ANS segments, in the aggregate, and exclude the results 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, additional transaction, transformation and integration costs and other gains or losses related to events that are not currently known or measurable.

See "Forward-Looking Statements" and "Non-GAAP Financial Measures" above.