

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

	Three Months Ended	
	March 31,	
	2022	2021
Net sales	\$ 2,228.6	\$ 2,072.0
Cost of sales	1,592.3	1,399.8
Gross profit	636.3	672.2
Operating expenses:		
Selling, general and administrative	286.0	292.7
Research and development	170.7	171.5
Amortization of purchased intangible assets	140.7	154.7
Restructuring costs, net	12.1	44.4
Total operating expenses	609.5	663.3
Operating income	26.8	8.9
Other income, net	—	1.0
Interest expense	(136.5)	(137.5)
Interest income	0.7	0.5
Loss before income taxes	(109.0)	(127.1)
Income tax (expense) benefit	(30.9)	29.5
Net loss	(139.9)	(97.6)
Series A convertible preferred stock dividends	(14.5)	(14.3)
Net loss attributable to common stockholders	\$ (154.4)	\$ (111.9)
Loss per share:		
Basic	\$ (0.75)	\$ (0.55)
Diluted (a)	\$ (0.75)	\$ (0.55)
Weighted average shares outstanding:		
Basic	205.4	201.7
Diluted (a)	205.4	201.7
(a) Calculation of diluted loss per share:		
Net loss (basic and diluted)	\$ (154.4)	\$ (111.9)
Weighted average shares (basic)	205.4	201.7
Dilutive effect of equity-based awards	—	—
Denominator (diluted)	205.4	201.7

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, 2022	December 31, 2021
Assets		
Cash and cash equivalents	\$ 314.7	\$ 360.3
Accounts receivable, less allowance for doubtful accounts of \$64.8 and \$63.7, respectively	1,590.1	1,532.6
Inventories, net	1,507.5	1,435.8
Prepaid expenses and other current assets	231.1	251.0
Total current assets	3,643.4	3,579.7
Property, plant and equipment, net of accumulated depreciation of \$806.0 and \$787.4, respectively	646.1	656.3
Goodwill	5,220.5	5,231.7
Other intangible assets, net	2,884.4	3,027.3
Other noncurrent assets	724.9	764.5
Total assets	<u>\$ 13,119.3</u>	<u>\$ 13,259.5</u>
Liabilities and Stockholders' Deficit		
Accounts payable	\$ 1,272.6	\$ 1,160.7
Accrued and other liabilities	917.3	989.8
Current portion of long-term debt	32.0	32.0
Total current liabilities	2,221.9	2,182.5
Long-term debt	9,476.3	9,478.5
Deferred income taxes	201.0	208.2
Other noncurrent liabilities	463.6	490.8
Total liabilities	12,362.8	12,360.0
Commitments and contingencies		
Series A convertible preferred stock, \$0.01 par value	1,070.7	1,056.1
Stockholders' deficit:		
Preferred stock, \$0.01 par value: Authorized shares: 200,000,000; Issued and outstanding shares: 1,070,666 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: 207,052,122 and 204,567,294, respectively	2.2	2.2
Additional paid-in capital	2,542.8	2,540.7
Accumulated deficit	(2,355.2)	(2,215.3)
Accumulated other comprehensive loss	(215.6)	(206.4)
Treasury stock, at cost: 12,201,824 shares and 10,970,585 shares, respectively	(288.4)	(277.8)
Total stockholders' deficit	(314.2)	(156.6)
Total liabilities and stockholders' deficit	<u>\$ 13,119.3</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 March 31,	
	2022	2021
Operating Activities:		
Net loss	\$ (139.9)	\$ (97.6)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	180.2	199.2
Equity-based compensation	16.5	23.5
Deferred income taxes	2.3	(53.4)
Changes in assets and liabilities:		
Accounts receivable	(60.5)	(164.2)
Inventories	(73.7)	(10.7)
Prepaid expenses and other assets	29.6	4.1
Accounts payable and other liabilities	23.5	(23.9)
Other	7.4	(1.0)
Net cash used in operating activities	(14.6)	(124.0)
Investing Activities:		
Additions to property, plant and equipment	(27.4)	(26.4)
Proceeds from sale of property, plant and equipment	—	1.0
Other	11.4	—
Net cash used in investing activities	(16.0)	(25.4)
Financing Activities:		
Long-term debt repaid	(93.0)	(8.0)
Long-term debt proceeds	85.0	—
Dividends paid on Series A convertible preferred stock	—	(14.3)
Proceeds from the issuance of common shares under equity-based compensation plans	0.1	3.9
Tax withholding payments for vested equity-based compensation awards	(10.6)	(24.3)
Other	1.3	—
Net cash used in financing activities	(17.2)	(42.7)
Effect of exchange rate changes on cash and cash equivalents	2.2	(3.9)
Change in cash and cash equivalents	(45.6)	(196.0)
Cash and cash equivalents at beginning of period	360.3	521.9
Cash and cash equivalents at end of period	<u>\$ 314.7</u>	<u>\$ 325.9</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 March 31,	
	2022	2021
Net loss, as reported	\$ (139.9)	\$ (97.6)
Income tax expense (benefit), as reported	30.9	(29.5)
Interest income, as reported	(0.7)	(0.5)
Interest expense, as reported	136.5	137.5
Other income, as reported	—	(1.0)
Operating income, as reported	<u>\$ 26.8</u>	<u>\$ 8.9</u>
Adjustments:		
Amortization of purchased intangible assets	140.7	154.7
Restructuring costs, net	12.1	44.4
Equity-based compensation	16.5	23.5
Transaction, transformation and integration costs	15.6	15.7
Acquisition accounting adjustments	2.0	3.3
Patent claims and litigation settlements	1.2	1.5
Reserve for Russian accounts receivable	5.4	—
Depreciation	33.0	37.7
Total adjustments to operating income	<u>226.5</u>	<u>280.8</u>
Non-GAAP adjusted EBITDA	<u>\$ 253.3</u>	<u>\$ 289.7</u>
Net loss, as reported	\$ (139.9)	\$ (97.6)
Adjustments:		
Total pretax adjustments to adjusted EBITDA	193.5	243.1
Pretax amortization of debt issuance costs and OID ⁽¹⁾	6.4	6.8
Tax effects of adjustments and other tax items ⁽²⁾	4.5	(64.0)
Non-GAAP adjusted net income	<u>\$ 64.4</u>	<u>\$ 88.3</u>
GAAP EPS, as reported ⁽³⁾	<u>\$ (0.75)</u>	<u>\$ (0.55)</u>
Non-GAAP adjusted diluted EPS ⁽⁴⁾	\$ 0.26	\$ 0.36

(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) The Company's definition of non-GAAP adjusted diluted EPS is non-GAAP adjusted net income, excluding the Series A convertible preferred stock dividend, divided by weighted average shares outstanding assuming the if-converted method, which reflects the conversion of the Series A convertible preferred stock.

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>Q1 2022</u>	<u>Q1 2021</u>	<u>% Change</u> <u>YOY</u>
United States	\$ 1,347.1	\$ 1,191.9	13.0 %
Europe, Middle East and Africa	406.4	385.7	5.4
Asia Pacific	203.4	225.4	(9.8)
Caribbean and Latin America	162.3	192.1	(15.5)
Canada	109.4	76.9	42.3
Total net sales	<u>\$ 2,228.6</u>	<u>\$ 2,072.0</u>	7.6 %

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

Segment Net Sales

	Q1 2022	Q1 2021	% Change
			YOY
Connectivity and Cable Solutions	\$ 838.0	\$ 676.9	23.8 %
Outdoor Wireless Networks	390.1	324.2	20.3
Networking, Intelligent Cellular and Security Solutions	188.0	191.2	(1.7)
Access Network Solutions	316.8	378.7	(16.3)
Core net sales ⁽¹⁾	1,732.9	1,571.0	10.3
Home Networks	495.7	501.0	(1.1)
Total net sales	\$ 2,228.6	\$ 2,072.0	7.6 %

Segment Adjusted EBITDA ⁽²⁾

	Q1 2022	Q1 2021	% Change
			YOY
Connectivity and Cable Solutions	\$ 98.6	\$ 106.0	(7.0) %
Outdoor Wireless Networks	71.0	73.7	(3.7)
Networking, Intelligent Cellular and Security Solutions	(13.8)	(17.4)	(20.7)
Access Network Solutions	74.2	108.0	(31.3)
Core adjusted EBITDA ⁽¹⁾	230.0	270.3	(14.9)
Home Networks	23.3	19.4	20.1
Total segment adjusted EBITDA	\$ 253.3	\$ 289.7	(12.6) %

(1) "Core" financial measures reflect the results or otherwise pertain to the performance of the Connectivity and Cable Solutions, Outdoor Wireless Networks, Networking, Intelligent Cellular and Security Solutions and Access Network Solutions segments, in the aggregate. Core financial measures exclude the results of our Home Networks segment.

(2) See Description of Non-GAAP Financial Measures

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

First Quarter 2022 Segment Adjusted EBITDA Reconciliation

	Connectivity and Cable Solutions	Outdoor Wireless Networks	Networking, Intelligent Cellular and Security Solutions	Access Network Solutions	Home Networks	Total
Operating income (loss), as reported	\$ 37.3	\$ 52.9	\$ (43.0)	\$ (6.6)	\$ (13.8)	\$ 26.8
Amortization of purchased intangible assets	29.4	8.1	15.5	61.7	26.0	140.7
Restructuring costs, net	2.9	2.2	3.6	2.6	0.8	12.1
Equity-based compensation	4.0	1.9	3.6	4.2	2.9	16.5
Transaction, transformation and integration costs	4.4	1.8	1.2	5.5	2.6	15.6
Acquisition accounting adjustments	—	—	0.6	0.8	0.4	2.0
Patent claims and litigation settlements	1.6	—	—	—	(0.4)	1.2
Reserve for Russian accounts receivable	4.9	0.1	0.4	—	—	5.4
Depreciation	14.0	3.8	4.4	6.0	4.8	33.0
Segment adjusted EBITDA	\$ 98.6	\$ 71.0	\$ (13.8)	\$ 74.2	\$ 23.3	\$ 253.3
Segment adjusted EBITDA % of sales	11.8%	18.2%	(7.3%)	23.4%	4.7%	11.4%

First Quarter 2021 Segment Adjusted EBITDA Reconciliation

	Connectivity and Cable Solutions	Outdoor Wireless Networks	Networking, Intelligent Cellular and Security Solutions	Access Network Solutions	Home Networks	Total
Operating income (loss), as reported	\$ 26.1	\$ 50.8	\$ (60.4)	\$ 23.9	\$ (31.5)	\$ 8.9
Amortization of purchased intangible assets	40.2	8.8	18.0	61.7	26.0	154.7
Restructuring costs, net	16.7	5.8	11.2	4.8	5.9	44.4
Equity-based compensation	5.7	2.5	5.1	6.3	3.9	23.5
Transaction, transformation and integration costs	4.2	1.9	1.4	2.2	6.0	15.7
Acquisition accounting adjustments	—	—	1.5	1.2	0.5	3.3
Patent claims and litigation settlements	—	—	0.3	—	1.2	1.5
Executive severance	—	—	—	—	—	—
Depreciation	13.0	3.9	5.5	7.8	7.5	37.7
Segment adjusted EBITDA	\$ 106.0	\$ 73.7	\$ (17.4)	\$ 108.0	\$ 19.4	\$ 289.7
Segment adjusted EBITDA % of sales	15.7%	22.7%	(9.1%)	28.5%	3.9%	14.0%

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

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Cash flow from operations	\$ (124.0)	\$ 191.6	\$ 67.1	\$ (12.4)	\$ (14.6)
Capital expenditures	(26.4)	(33.8)	(36.0)	(35.1)	(27.4)
Free cash flow	(150.4)	157.8	31.1	(47.5)	(42.0)
Transaction, transformation and integration costs	8.2	15.2	26.3	16.9	10.0
Restructuring costs, net	7.2	24.8	6.9	3.7	7.9
Adjusted free cash flow	\$ (135.0)	\$ 197.8	\$ 64.3	\$ (26.9)	\$ (24.1)

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

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Gross profit, as reported	\$ 672.2	\$ 673.3	\$ 653.0	\$ 685.8	\$ 636.3
Equity-based compensation	3.9	2.7	3.5	3.0	2.2
Acquisition accounting adjustments	3.3	3.0	2.8	2.4	2.0
Patent claims and litigation settlements	1.5	40.0	5.0	(14.8)	1.2
Adjusted gross profit	\$ 680.9	\$ 719.0	\$ 664.3	\$ 676.4	\$ 641.7
Adjusted gross profit as % of sales	32.9%	32.9%	31.6%	30.4%	28.8%

GAAP to Non-GAAP Adjusted Operating Expense

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Selling, general and administrative, as reported	\$ 292.7	\$ 302.3	\$ 314.3	\$ 324.6	\$ 286.0
Research and development, as reported	171.5	176.3	167.8	167.6	170.7
Operating expenses	\$ 464.2	\$ 478.6	\$ 482.1	\$ 492.2	\$ 456.7
Equity-based compensation	19.6	13.7	17.5	15.6	14.3
Transaction, transformation and integration costs	15.7	21.0	26.2	27.6	15.6
Reserve for Russian accounts receivable	—	—	—	—	5.4
Adjusted operating expense	\$ 428.9	\$ 443.9	\$ 438.4	\$ 449.0	\$ 421.4
Adjusted operating expense as % of sales	20.7%	20.3%	20.8%	20.2%	18.9%

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

CommScope Holding Company, Inc.
New Segment Information ⁽¹⁾
(Unaudited -- In millions)

Segment Net Sales

	<u>Q1 2021</u>	<u>Q2 2021</u>	<u>Q3 2021</u>	<u>Q4 2021</u>	<u>Full Year 2021</u>	<u>Full Year 2020</u>
Cable and Connectivity Solutions	\$ 676.9	\$ 783.4	\$ 787.6	\$ 805.9	\$ 3,053.9	\$ 2,551.7
Outdoor Wireless Networks	324.2	360.1	357.5	375.3	1,417.1	1,250.4
Networking, Indoor Cellular & Security Solutions	191.2	223.7	207.1	239.9	861.9	847.1
Access Network Solutions	378.7	361.6	338.0	326.3	1,404.6	1,379.1
Home Networks	501.0	456.5	415.1	476.7	1,849.3	2,407.5
Total net sales	<u>\$ 2,072.0</u>	<u>\$ 2,185.3</u>	<u>\$ 2,105.3</u>	<u>\$ 2,224.1</u>	<u>\$ 8,586.7</u>	<u>\$ 8,435.9</u>

Segment Adjusted EBITDA ⁽²⁾

	<u>Q1 2021</u>	<u>Q2 2021</u>	<u>Q3 2021</u>	<u>Q4 2021</u>	<u>Full Year 2021</u>	<u>Full Year 2020</u>
Cable and Connectivity Solutions	\$ 106.0	\$ 124.5	\$ 121.1	\$ 97.3	\$ 448.9	\$ 447.6
Outdoor Wireless Networks	73.7	79.6	60.3	53.2	266.8	277.3
Networking, Indoor Cellular & Security Solutions	(17.4)	4.5	(8.6)	6.3	(15.3)	12.8
Access Network Solutions	108.0	84.5	101.8	96.8	391.1	346.3
Home Networks	19.4	14.6	(15.5)	7.0	25.5	131.3
Total segment adjusted EBITDA	<u>\$ 289.7</u>	<u>\$ 307.7</u>	<u>\$ 259.1</u>	<u>\$ 260.6</u>	<u>\$ 1,117.0</u>	<u>\$ 1,215.2</u>

(1) Represents our recasting of net sales and segment adjusted EBITDA to conform to our new segment reporting structure effective January 1, 2022.

(2) See Description of Non-GAAP Financial Measures

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

First Quarter 2021 Segment Adjusted EBITDA Reconciliation

	Connectivity and Cable Solutions	Outdoor Wireless Networks	Networking, Intelligent Cellular and Security Solutions	Access Network Solutions	Home Networks	Total
Operating income (loss)	\$ 26.1	\$ 50.8	\$ (60.4)	\$ 23.9	\$ (31.5)	\$ 8.9
Amortization of purchased intangible assets	40.2	8.8	18.0	61.7	26.0	154.7
Restructuring costs, net	16.7	5.8	11.2	4.8	5.9	44.4
Equity-based compensation	5.7	2.5	5.1	6.3	3.9	23.5
Transaction, transformation and integration costs	4.2	1.9	1.4	2.2	6.0	15.7
Acquisition accounting adjustments	—	—	1.5	1.2	0.5	3.3
Patent claims and litigation settlements	—	—	0.3	—	1.2	1.5
Depreciation	13.0	3.9	5.5	7.8	7.5	37.7
Segment adjusted EBITDA	\$ 106.0	\$ 73.7	\$ (17.4)	\$ 108.0	\$ 19.4	\$ 289.7

Second Quarter 2021 Segment Adjusted EBITDA Reconciliation

	Connectivity and Cable Solutions	Outdoor Wireless Networks	Networking, Intelligent Cellular and Security Solutions	Access Network Solutions	Home Networks	Total
Operating income (loss)	\$ 5.5	\$ 63.4	\$ (21.7)	\$ (12.3)	\$ (53.4)	\$ (18.4)
Amortization of purchased intangible assets	40.2	8.3	18.0	61.7	26.0	154.2
Restructuring costs, net	57.4	0.5	(2.6)	1.8	1.9	58.9
Equity-based compensation	4.1	1.8	3.6	4.3	2.8	16.4
Transaction, transformation and integration costs	3.9	1.8	1.3	2.0	11.8	21.0
Acquisition accounting adjustments	—	—	1.3	1.2	0.5	3.0
Patent claims and litigation settlements	—	—	—	20.0	20.0	40.0
Depreciation	13.3	3.8	4.5	5.9	5.1	32.6
Segment adjusted EBITDA	\$ 124.5	\$ 79.6	\$ 4.5	\$ 84.5	\$ 14.6	\$ 307.7

Third Quarter 2021 Segment Adjusted EBITDA Reconciliation

	Connectivity and Cable Solutions	Outdoor Wireless Networks	Networking, Intelligent Cellular and Security Solutions	Access Network Solutions	Home Networks	Total
Operating income (loss)	\$ 61.9	\$ 42.9	\$ (38.8)	\$ 23.4	\$ (68.4)	\$ 21.0
Amortization of purchased intangible assets	39.1	8.2	18.0	61.7	26.0	153.0
Restructuring costs, net	(4.6)	0.4	(0.1)	1.0	0.2	(3.1)
Equity-based compensation	5.1	2.2	4.6	5.6	3.5	21.0
Transaction, transformation and integration costs	5.8	2.7	2.0	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	13.7	3.9	4.7	6.0	5.0	33.2
Segment adjusted EBITDA	\$ 121.1	\$ 60.3	\$ (8.6)	\$ 101.8	\$ (15.5)	\$ 259.1

Fourth Quarter 2021 Segment Adjusted EBITDA Reconciliation

	Connectivity and Cable Solutions	Outdoor Wireless Networks	Networking, Intelligent Cellular and Security Solutions	Access Network Solutions	Home Networks	Total
Operating income (loss)	\$ 44.9	\$ 40.2	\$ (22.6)	\$ 36.2	\$ (61.5)	\$ 37.1
Amortization of purchased intangible assets	37.2	8.2	18.0	61.7	26.0	151.0
Restructuring costs, net	(7.4)	(3.1)	(0.1)	1.7	0.6	(8.3)
Equity-based compensation	4.6	2.0	4.1	4.8	3.1	18.6
Asset impairments	—	—	—	—	13.7	13.7
Transaction, transformation and integration costs	4.5	2.1	1.5	2.3	17.2	27.6
Acquisition accounting adjustments	—	—	0.8	1.2	0.5	2.4
Patent claims and litigation settlements	—	—	—	(17.2)	2.3	(14.8)
Depreciation	13.6	3.9	4.6	6.0	5.1	33.2
Segment adjusted EBITDA	\$ 97.3	\$ 53.2	\$ 6.3	\$ 96.8	\$ 7.0	\$ 260.6

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

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

Year Ended December 31, 2020 Segment Adjusted EBITDA Reconciliation

	Connectivity and Cable Solutions	Outdoor Wireless Networks	Networking, Intelligent Cellular and Security Solutions	Access Network Solutions	Home Networks	Total
Operating income (loss), as reported	\$ 169.3	\$ 179.3	\$ (136.7)	\$ 11.6	\$ (275.4)	\$ (51.8)
Amortization of purchased intangible assets	161.6	45.8	72.2	247.0	103.9	630.5
Restructuring costs, net	25.9	15.7	8.0	8.8	30.0	88.4
Equity-based compensation	28.6	13.8	22.6	27.8	22.1	115.0
Asset impairments	—	—	—	—	206.7	206.7
Transaction, transformation and integration costs	7.9	4.2	2.5	4.1	6.2	24.9
Acquisition accounting adjustments	—	—	7.3	11.4	1.9	20.6
Patent claims and litigation settlements	(1.3)	—	15.0	3.0	(0.3)	16.3
Executive severance	1.7	1.2	0.8	1.5	1.2	6.3
Depreciation	54.0	17.2	21.0	31.1	35.1	158.3
Segment adjusted EBITDA	\$ 447.6	\$ 277.3	\$ 12.8	\$ 346.3	\$ 131.3	\$ 1,215.2

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