

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,	
	2023	2022	2023	2022
Net sales	\$ 1,599.5	\$ 2,381.4	\$ 5,519.4	\$ 6,910.2
Cost of sales	1,053.3	1,645.1	3,664.3	4,854.4
Gross profit	546.2	736.3	1,855.1	2,055.8
Operating expenses:				
Selling, general and administrative	229.7	281.7	748.1	844.9
Research and development	125.5	161.9	432.1	498.0
Amortization of purchased intangible assets	101.3	134.6	329.1	414.3
Restructuring costs, net	20.4	2.5	51.8	53.1
Asset impairments	895.1	—	895.1	—
Total operating expenses	1,372.0	580.7	2,456.2	1,810.3
Operating income (loss)	(825.8)	155.6	(601.1)	245.5
Other income, net	6.4	5.4	14.5	6.4
Interest expense	(171.3)	(150.9)	(504.9)	(427.5)
Interest income	3.4	0.6	7.8	1.8
Income (loss) before income taxes	(987.3)	10.7	(1,083.7)	(173.8)
Income tax (expense) benefit	158.6	12.2	158.0	(4.2)
Net income (loss)	(828.7)	22.9	(925.7)	(178.0)
Series A convertible preferred stock dividends	(15.5)	(14.9)	(45.9)	(44.1)
Net income (loss) attributable to common stockholders	<u>\$ (844.2)</u>	<u>\$ 8.0</u>	<u>\$ (971.6)</u>	<u>\$ (222.1)</u>
Earnings (loss) per share:				
Basic	\$ (3.98)	\$ 0.04	\$ (4.62)	\$ (1.07)
Diluted (a)	\$ (3.98)	\$ 0.04	\$ (4.62)	\$ (1.07)
Weighted average shares outstanding:				
Basic	211.9	208.2	210.4	207.1
Diluted (a)	211.9	211.3	210.4	207.1
(a) Calculation of diluted income (loss) per share:				
Net income (loss) (basic and diluted)	\$ (844.2)	\$ 8.0	\$ (971.6)	\$ (222.1)
Weighted average shares (basic)	211.9	208.2	210.4	207.1
Dilutive effect of equity-based awards	—	3.1	—	—
Denominator (diluted)	<u>211.9</u>	<u>211.3</u>	<u>210.4</u>	<u>207.1</u>

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, 2023	December 31, 2022
Assets		
Cash and cash equivalents	\$ 518.9	\$ 398.1
Accounts receivable, net of allowance for doubtful accounts of \$66.3 and \$82.8, respectively	1,144.5	1,523.6
Inventories, net	1,364.6	1,588.1
Prepaid expenses and other current assets	186.7	216.4
Total current assets	<u>3,214.7</u>	<u>3,726.2</u>
Property, plant and equipment, net of accumulated depreciation of \$918.6 and \$873.5, respectively	539.1	609.6
Goodwill	3,635.7	4,072.4
Other intangible assets, net	1,673.2	2,473.5
Other noncurrent assets	1,002.9	803.7
Total assets	<u>\$ 10,065.6</u>	<u>\$ 11,685.4</u>
Liabilities and Stockholders' Deficit		
Accounts payable	\$ 795.3	\$ 1,025.5
Accrued and other liabilities	719.2	1,050.0
Current portion of long-term debt	32.0	32.0
Total current liabilities	<u>1,546.5</u>	<u>2,107.5</u>
Long-term debt	9,353.3	9,469.6
Deferred income taxes	105.2	173.4
Other noncurrent liabilities	404.4	380.6
Total liabilities	<u>11,409.4</u>	<u>12,131.1</u>
Commitments and contingencies		
Series A convertible preferred stock, \$0.01 par value	1,146.3	1,100.3
Stockholders' deficit:		
Preferred stock, \$0.01 par value: Authorized shares: 200,000,000; Issued and outstanding shares: 1,146,324 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: 211,918,754 and 208,371,426, respectively	2.3	2.2
Additional paid-in capital	2,554.4	2,542.9
Accumulated deficit	(4,427.9)	(3,502.2)
Accumulated other comprehensive loss	(317.4)	(296.3)
Treasury stock, at cost: 14,345,829 shares and 12,726,695 shares, respectively	(301.5)	(292.6)
Total stockholders' deficit	<u>(2,490.1)</u>	<u>(1,546.0)</u>
Total liabilities and stockholders' deficit	<u>\$ 10,065.6</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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Operating Activities:				
Net income (loss)	\$ (828.7)	\$ 22.9	\$ (925.7)	\$ (178.0)
Adjustments to reconcile net income (loss) to net cash generated by (used in) operating activities:				
Depreciation and amortization	138.7	172.8	442.2	529.1
Equity-based compensation	11.3	16.4	35.5	45.3
Deferred income taxes	(188.0)	(49.0)	(249.9)	(75.2)
Asset impairments	895.1	—	895.1	—
Changes in assets and liabilities:				
Accounts receivable	200.6	(104.6)	375.0	(191.0)
Inventories	82.4	(1.9)	218.0	(153.3)
Prepaid expenses and other assets	(3.1)	(6.8)	13.2	(4.7)
Accounts payable and other liabilities	(113.6)	(126.0)	(524.8)	(154.8)
Other	(55.9)	(11.4)	(49.1)	(14.1)
Net cash generated by (used in) operating activities	138.8	(87.6)	229.5	(196.7)
Investing Activities:				
Additions to property, plant and equipment	(8.7)	(23.6)	(43.9)	(78.7)
Proceeds from sale of property, plant and equipment	0.1	0.1	41.8	0.1
Other	—	0.1	20.4	16.0
Net cash generated by (used in) investing activities	(8.6)	(23.4)	18.3	(62.6)
Financing Activities:				
Long-term debt repaid	(8.0)	(76.0)	(24.0)	(252.0)
Long-term debt repurchases	(17.1)	—	(92.1)	—
Long-term debt proceeds	—	123.0	—	333.0
Dividends paid on Series A convertible preferred stock	—	(14.9)	—	(14.9)
Proceeds from the issuance of common shares under equity-based compensation plans	—	0.1	—	0.1
Tax withholding payments for vested equity-based compensation awards	—	(0.1)	(8.9)	(14.0)
Other	—	0.8	2.1	2.2
Net cash generated by (used in) financing activities	(25.1)	32.9	(122.9)	54.4
Effect of exchange rate changes on cash and cash equivalents	(4.3)	(5.7)	(4.1)	(9.9)
Change in cash and cash equivalents	100.8	(83.8)	120.8	(214.8)
Cash and cash equivalents at beginning of period	418.1	229.3	398.1	360.3
Cash and cash equivalents at end of period	<u>\$ 518.9</u>	<u>\$ 145.5</u>	<u>\$ 518.9</u>	<u>\$ 145.5</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		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Net income (loss), as reported	\$ (828.7)	\$ 22.9	\$ (925.7)	\$ (178.0)
Income tax expense (benefit)	(158.6)	(12.2)	(158.0)	4.2
Interest income, as reported	(3.4)	(0.6)	(7.8)	(1.8)
Interest expense, as reported	171.3	150.9	504.9	427.5
Other income, net, as reported	(6.4)	(5.4)	(14.5)	(6.4)
Operating income (loss), as reported	<u>\$ (825.8)</u>	<u>\$ 155.6</u>	<u>\$ (601.1)</u>	<u>\$ 245.5</u>
Adjustments:				
Amortization of purchased intangible assets	101.3	134.6	329.1	414.3
Restructuring costs, net	20.4	2.5	51.8	53.1
Equity-based compensation	11.3	16.4	35.5	45.3
Asset impairments	895.1	—	895.1	—
Transaction, transformation and integration costs	16.8	5.9	25.9	36.4
Acquisition accounting adjustments	0.6	1.8	1.9	5.4
Patent claims and litigation settlements	(3.5)	0.1	(14.5)	2.3
Reserve (recovery) for Russian accounts receivable	—	(1.1)	(2.0)	2.7
Cyber incident costs	1.7	—	5.8	—
Depreciation	30.7	31.8	92.7	95.5
Total adjustments to operating income (loss)	<u>1,074.4</u>	<u>192.0</u>	<u>1,421.3</u>	<u>655.0</u>
Non-GAAP adjusted EBITDA	<u>\$ 248.6</u>	<u>\$ 347.6</u>	<u>\$ 820.2</u>	<u>\$ 900.5</u>
Net income (loss), as reported	\$ (828.7)	\$ 22.9	\$ (925.7)	\$ (178.0)
Adjustments:				
Total pretax adjustments to adjusted EBITDA	1,043.7	160.2	1,328.6	559.5
Pretax amortization of debt issuance costs and OID ⁽¹⁾	6.7	6.4	20.5	19.3
Pretax gain on debt transactions ⁽²⁾	(8.6)	—	(19.1)	—
Tax effects of adjustments and other tax items ⁽³⁾	(179.1)	(64.9)	(234.0)	(111.3)
Non-GAAP adjusted net income	<u>\$ 34.0</u>	<u>\$ 124.6</u>	<u>\$ 170.3</u>	<u>\$ 289.5</u>
GAAP EPS, as reported ⁽⁴⁾	<u>\$ (3.98)</u>	<u>\$ 0.04</u>	<u>\$ (4.62)</u>	<u>\$ (1.07)</u>
Non-GAAP adjusted diluted EPS ⁽⁵⁾	<u>\$ 0.13</u>	<u>\$ 0.50</u>	<u>\$ 0.67</u>	<u>\$ 1.16</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 income (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 253.7 million and 250.8 million for the three months ended September 30, 2023 and 2022, respectively, and 253.0 million and 248.6 million for the nine months ended September 30, 2023 and 2022, respectively.

See "Non-GAAP Financial Measures" above.

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

Sales by Region

	Q3 2023	Q3 2022	% Change YOY
United States	\$ 957.4	\$ 1,495.1	(36.0) %
Europe, Middle East and Africa	297.8	396.0	(24.8)
Asia Pacific	172.2	210.9	(18.3)
Caribbean and Latin America	74.9	148.6	(49.6)
Canada	97.2	130.8	(25.7)
Total net sales	\$ 1,599.5	\$ 2,381.4	(32.8) %

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

Segment Net Sales

	Q3 2023	Q3 2022	% Change YOY
CCS	\$ 632.5	\$ 1,007.7	(37.2) %
NICS	289.0	257.9	12.1
OWN	210.3	382.1	(45.0)
ANS	218.3	342.3	(36.2)
Core net sales ⁽¹⁾	1,350.1	1,990.0	(32.2)
Home	249.4	391.4	(36.3)
Total net sales	\$ 1,599.5	\$ 2,381.4	(32.8) %

Segment Adjusted EBITDA ⁽²⁾

	Q3 2023	Q3 2022	% Change YOY
CCS	\$ 78.7	\$ 188.2	(58.2) %
NICS	63.0	24.7	155.1
OWN	45.3	82.2	(44.9)
ANS	58.5	57.8	1.2
Core adjusted EBITDA ⁽¹⁾	245.5	352.9	(30.4)
Home	3.1	(5.3)	NM
Total segment adjusted EBITDA	\$ 248.6	\$ 347.6	(28.5) %

(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)

Third Quarter 2023 Segment Adjusted EBITDA Reconciliation

	CCS	NICS	OWN	ANS	Home	Total
Operating income (loss), as reported	\$ 23.6	\$ 43.9	\$ 34.0	\$ (427.1)	\$ (500.2)	\$ (825.8)
Amortization of purchased intangible assets	18.9	14.3	5.0	37.4	25.8	101.3
Restructuring costs (credits), net	16.2	(1.0)	1.3	2.8	1.1	20.4
Equity-based compensation	3.8	2.4	1.5	2.5	1.1	11.3
Asset impairments	—	—	—	425.9	469.2	895.1
Transaction, transformation and integration costs	0.1	3.1	—	11.3	2.3	16.8
Acquisition accounting adjustments	—	0.2	—	—	0.3	0.6
Patent claims and litigation settlements	—	(3.5)	—	—	—	(3.5)
Cyber incident costs	0.7	0.2	0.3	0.3	0.2	1.7
Depreciation	15.6	3.3	3.1	5.3	3.4	30.7
Segment adjusted EBITDA	\$ 78.7	\$ 63.0	\$ 45.3	\$ 58.5	\$ 3.1	\$ 248.6
Segment adjusted EBITDA % of sales	12.4%	21.8%	21.5%	26.8%	1.2%	15.5%

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
Recovery of 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%

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

	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Cash flow from operations	\$ (87.6)	\$ 386.8	\$ (46.1)	\$ 136.8	\$ 138.8
Capital expenditures	(23.6)	(22.6)	(14.4)	(20.8)	(8.7)
Free cash flow	(111.2)	364.2	(60.5)	116.0	130.1
Transaction, transformation and integration costs	8.7	18.7	1.4	1.7	11.5
Restructuring costs, net	11.5	19.9	19.4	31.1	40.1
Adjusted free cash flow	<u>\$ (91.0)</u>	<u>\$ 402.8</u>	<u>\$ (39.7)</u>	<u>\$ 148.8</u>	<u>\$ 181.7</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

	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Gross profit, as reported	\$ 736.3	\$ 748.3	\$ 691.7	\$ 617.2	\$ 546.2
Equity-based compensation	2.2	2.2	1.7	1.3	1.2
Acquisition accounting adjustments	1.8	1.7	0.8	0.5	0.6
Patent claims and litigation settlements	0.1	26.2	(11.0)	—	(3.5)
Adjusted gross profit	\$ 740.4	\$ 778.4	\$ 683.2	\$ 619.0	\$ 544.5
Adjusted gross profit as % of sales	31.1%	33.6%	34.1%	32.3%	34.0%

GAAP to Non-GAAP Adjusted Operating Expense

	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Selling, general and administrative, as reported	\$ 281.7	\$ 290.1	\$ 263.5	\$ 254.9	\$ 229.7
Research and development, as reported	161.9	159.4	153.4	153.2	125.5
Operating expenses	\$ 443.6	\$ 449.5	\$ 416.9	\$ 408.1	\$ 355.2
Equity-based compensation	14.2	13.7	11.8	9.4	10.1
Transaction, transformation and integration costs	5.9	1.9	2.6	6.5	16.8
Recovery for Russian accounts receivable	(1.1)	—	—	(2.0)	—
Cyber incident costs	—	—	—	4.1	1.7
Adjusted operating expense	\$ 424.6	\$ 433.9	\$ 402.5	\$ 390.1	\$ 326.6
Adjusted operating expense as % of sales	17.8%	18.7%	20.1%	20.3%	20.4%

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⁾	\$ 25	\$ 55
Adjustments:		
Amortization of purchased intangible assets	325	326
Equity-based compensation	43	45
Restructuring costs, net and transaction, transformation and integration costs	70	85
Asset impairments	426	426
Acquisition accounting adjustments	1	1
Patent claims and litigation settlements	(4)	(4)
Cyber incident costs	6	6
Recovery of Russian accounts receivable	(2)	(2)
Depreciation	110	112
Total adjustments to core operating income ⁽¹⁾	975	995
Core segment adjusted EBITDA	\$ 1,000	\$ 1,050

Adjusted Free Cash Flow

	Outlook Range	
	2023	
Cash flow from operations	\$ 230	\$ 270
Capital expenditures	(70)	(80)
Free cash flow	160	190
Cash paid for restructuring, transaction, transformation and integration costs	140	160
Adjusted free cash flow	\$ 300	\$ 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.