

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,	
	2021	2020	2021	2020
Net sales	\$ 2,185.3	\$ 2,102.8	\$ 4,257.3	\$ 4,136.0
Cost of sales	1,512.0	1,446.7	2,911.8	2,838.7
Gross profit	673.3	656.1	1,345.5	1,297.3
Operating expenses:				
Selling, general and administrative	302.3	290.9	595.0	602.0
Research and development	176.3	176.1	347.8	356.5
Amortization of purchased intangible assets	154.2	157.6	308.9	315.4
Restructuring costs, net	58.9	19.6	103.3	43.3
Asset impairments	—	206.7	—	206.7
Total operating expenses	691.7	850.9	1,355.0	1,523.9
Operating loss	(18.4)	(194.8)	(9.5)	(226.6)
Other income (expense), net	1.5	(0.8)	2.5	(13.3)
Interest expense	(138.0)	(141.4)	(275.5)	(290.5)
Interest income	0.5	0.8	1.0	2.9
Loss before income taxes	(154.4)	(336.2)	(281.5)	(527.5)
Income tax benefit	0.6	15.1	30.1	46.5
Net loss	(153.8)	(321.1)	(251.4)	(481.0)
Series A convertible preferred stock dividend	(14.3)	(13.9)	(28.7)	(27.7)
Net loss attributable to common stockholders	<u>\$ (168.1)</u>	<u>\$ (335.0)</u>	<u>\$ (280.1)</u>	<u>\$ (508.7)</u>
Loss per share:				
Basic	\$ (0.82)	\$ (1.71)	\$ (1.38)	\$ (2.60)
Diluted (a)	\$ (0.82)	\$ (1.71)	\$ (1.38)	\$ (2.60)
Weighted average shares outstanding:				
Basic	204.1	195.9	202.9	195.4
Diluted (a)	204.1	195.9	202.9	195.4
(a) Calculation of diluted loss per share:				
Net loss (basic and diluted)	\$ (168.1)	\$ (335.0)	\$ (280.1)	\$ (508.7)
Weighted average shares (basic)	204.1	195.9	202.9	195.4
Dilutive effect of equity-based awards	—	—	—	—
Denominator (diluted)	<u>204.1</u>	<u>195.9</u>	<u>202.9</u>	<u>195.4</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 June 30, 2021	December 31, 2020
Assets		
Cash and cash equivalents	\$ 446.2	\$ 521.9
Accounts receivable, less allowance for doubtful accounts of \$30.8 and \$40.3, respectively	1,653.9	1,487.4
Inventories, net	1,150.2	1,088.9
Prepaid expenses and other current assets	247.1	256.3
Total current assets	3,497.4	3,354.5
Property, plant and equipment, net of accumulated depreciation of \$759.1 and \$705.7, respectively	667.7	684.5
Goodwill	5,272.3	5,286.5
Other intangible assets, net	3,336.9	3,650.4
Other noncurrent assets	653.5	600.9
Total assets	<u>\$ 13,427.8</u>	<u>\$ 13,576.8</u>
Liabilities and Stockholders' Equity		
Accounts payable	\$ 1,080.1	\$ 1,010.8
Accrued and other liabilities	983.9	910.6
Current portion of long-term debt	32.0	32.0
Total current liabilities	2,096.0	1,953.4
Long-term debt	9,484.8	9,488.6
Deferred income taxes	202.5	206.2
Other noncurrent liabilities	533.8	531.8
Total liabilities	12,317.1	12,180.0
Commitments and contingencies		
Series A convertible preferred stock, \$0.01 par value	1,041.8	1,041.8
Stockholders' equity:		
Preferred stock, \$0.01 par value: Authorized shares: 200,000,000; Issued and outstanding shares: 1,041,819 Series A convertible preferred stock	—	—
Common stock, \$0.01 par value: Authorized shares: 1,300,000,000; issued and outstanding shares: 204,154,201 and 200,095,232, respectively	2.1	2.1
Additional paid-in capital	2,528.1	2,512.9
Retained earnings (accumulated deficit)	(2,004.1)	(1,752.7)
Accumulated other comprehensive loss	(181.2)	(155.9)
Treasury stock, at cost: 10,834,613 shares and 9,223,081 shares, respectively	(276.0)	(251.4)
Total stockholders' equity	68.9	355.0
Total liabilities and stockholders' equity	<u>\$ 13,427.8</u>	<u>\$ 13,576.8</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,	
	2021	2020	2021	2020
Operating Activities:				
Net loss	\$ (153.8)	\$ (321.1)	\$ (251.4)	\$ (481.0)
Adjustments to reconcile net loss to net cash generated by operating activities:				
Depreciation and amortization	193.6	203.5	392.8	408.9
Equity-based compensation	16.4	32.5	40.0	56.0
Deferred income taxes	(27.7)	(31.1)	(81.1)	(69.4)
Asset impairments	—	206.7	—	206.7
Changes in assets and liabilities:				
Accounts receivable	(9.7)	(35.5)	(173.9)	33.5
Inventories	(54.2)	(124.1)	(64.9)	(73.5)
Prepaid expenses and other assets	28.3	(3.5)	32.3	11.7
Accounts payable and other liabilities	192.9	279.9	169.0	62.7
Other	5.8	1.8	4.8	10.7
Net cash generated by operating activities	191.6	209.1	67.6	166.3
Investing Activities:				
Additions to property, plant and equipment	(33.8)	(23.8)	(60.2)	(47.7)
Proceeds from sale of property, plant and equipment	0.3	—	1.3	0.1
Payments upon settlement of net investment hedge	(18.0)	—	(18.0)	—
Net cash used in investing activities	(51.5)	(23.8)	(76.9)	(47.6)
Financing Activities:				
Long-term debt repaid	(8.0)	(8.0)	(16.0)	(116.0)
Long-term debt proceeds	—	250.0	—	250.0
Dividends paid on Series A convertible preferred stock	(14.3)	—	(28.7)	—
Proceeds from the issuance of common shares under equity-based compensation plans	—	—	3.9	0.9
Tax withholding payments for vested equity-based compensation awards	(0.3)	(0.4)	(24.6)	(6.3)
Net cash generated by (used in) financing activities	(22.6)	241.6	(65.4)	128.6
Effect of exchange rate changes on cash and cash equivalents	2.8	2.2	(1.0)	(22.1)
Change in cash and cash equivalents	120.3	429.1	(75.7)	225.2
Cash and cash equivalents at beginning of period	325.9	394.3	521.9	598.2
Cash and cash equivalents at end of period	<u>\$ 446.2</u>	<u>\$ 823.4</u>	<u>\$ 446.2</u>	<u>\$ 823.4</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,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net loss, as reported	\$ (153.8)	\$ (321.1)	\$ (251.4)	\$ (481.0)
Income tax benefit, as reported	(0.6)	(15.1)	(30.1)	(46.5)
Interest income, as reported	(0.5)	(0.8)	(1.0)	(2.9)
Interest expense, as reported	138.0	141.4	275.5	290.5
Other (income) expense, net, as reported	(1.5)	0.8	(2.5)	13.3
Operating loss, as reported	\$ (18.4)	\$ (194.8)	\$ (9.5)	\$ (226.6)
Adjustments:				
Amortization of purchased intangible assets	154.2	157.6	308.9	315.4
Restructuring costs, net	58.9	19.6	103.3	43.3
Equity-based compensation	16.4	32.5	40.0	56.0
Asset impairments	—	206.7	—	206.7
Transaction, transformation and integration costs	21.0	7.6	36.7	13.0
Acquisition accounting adjustments	3.0	5.2	6.2	10.7
Patent claims and litigation settlements	40.0	7.5	41.5	12.8
Depreciation	32.6	37.9	70.3	79.7
Total adjustments to operating loss	326.1	474.5	606.9	737.6
Non-GAAP adjusted EBITDA	\$ 307.7	\$ 279.8	\$ 597.4	\$ 511.0
Net loss, as reported	\$ (153.8)	\$ (321.1)	\$ (251.4)	\$ (481.0)
Adjustments:				
Total pretax adjustments to operating loss other than depreciation	293.5	436.7	536.6	657.9
Pretax amortization of debt issuance costs and OID ⁽¹⁾	6.7	6.7	13.5	13.7
Tax effects of adjustments and other tax items ⁽²⁾	(40.7)	(45.3)	(104.5)	(86.6)
Non-GAAP adjusted net income	\$ 105.7	\$ 76.9	\$ 194.0	\$ 104.0
GAAP EPS, as reported ⁽³⁾	\$ (0.82)	\$ (1.71)	\$ (1.38)	\$ (2.60)
Non-GAAP adjusted diluted EPS ⁽⁴⁾	\$ 0.43	\$ 0.32	\$ 0.79	\$ 0.44

(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 income (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>Q2 2021</u>	<u>Q2 2020</u>	<u>% Change YOY</u>
United States	\$ 1,254.2	\$ 1,353.6	(7.3) %
Europe, Middle East and Africa	408.8	359.0	13.9
Asia Pacific	244.1	201.9	20.9
Caribbean and Latin America	190.3	124.0	53.5
Canada	87.9	64.3	36.7
Total net sales	<u>\$ 2,185.3</u>	<u>\$ 2,102.8</u>	3.9 %

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

Segment Net Sales

	<u>Q2 2021</u>	<u>Q2 2020</u>	<u>% Change</u> <u>YOY</u>
Broadband	\$ 807.9	\$ 660.6	22.3 %
Outdoor Wireless	358.1	328.4	9.0
Venue and Campus	562.8	478.5	17.6
Core net sales ⁽¹⁾	1,728.8	1,467.5	17.8
Home	456.5	635.3	(28.1)
Total net sales	\$ 2,185.3	\$ 2,102.8	3.9 %

Segment Adjusted EBITDA ⁽²⁾

	<u>Q2 2021</u>	<u>Q2 2020</u>	<u>% Change</u> <u>YOY</u>
Broadband	\$ 154.0	\$ 127.2	21.1 %
Outdoor Wireless	80.0	76.0	5.3
Venue and Campus	59.1	38.2	54.7
Core adjusted EBITDA ⁽¹⁾	293.1	241.4	21.4
Home	14.6	38.4	(62.0)
Total segment adjusted EBITDA	\$ 307.7	\$ 279.8	10.0 %

⁽¹⁾ "Core" financial measures reflect the results or otherwise pertain to the performance of the Broadband Networks, Outdoor Wireless Networks and Venue and Campus Networks 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)

Second Quarter 2021 Segment Adjusted EBITDA Reconciliation

	Broadband	Outdoor Wireless	Venue and Campus	Home	Total
Operating income (loss), as reported	\$ (35.1)	\$ 64.0	\$ 6.1	\$ (53.4)	\$ (18.4)
Amortization of purchased intangible assets	80.7	8.3	39.3	26.0	154.2
Restructuring costs, net	62.7	0.5	(6.2)	1.9	58.9
Equity-based compensation	6.8	1.7	5.3	2.8	16.4
Transaction, transformation and integration costs	4.3	1.8	2.9	11.8	21.0
Acquisition accounting adjustments	1.2	—	1.3	0.5	3.0
Patent claims and litigation settlements	20.0	—	—	20.0	40.0
Depreciation	13.4	3.8	10.3	5.1	32.6
Segment adjusted EBITDA	\$ 154.0	\$ 80.0	\$ 59.1	\$ 14.6	\$ 307.7
Segment adjusted EBITDA % of sales	19.1%	22.3%	10.5%	3.2%	14.1%

Second Quarter 2020 Segment Adjusted EBITDA Reconciliation

	Broadband	Outdoor Wireless	Venue and Campus	Home	Total
Operating income (loss), as reported	\$ 11.0	\$ 54.8	\$ (24.9)	\$ (235.7)	\$ (194.8)
Amortization of purchased intangible assets	81.0	11.4	39.2	26.0	157.6
Restructuring costs, net	(0.2)	0.5	(1.2)	20.5	19.6
Equity-based compensation	12.5	3.8	9.9	6.2	32.5
Asset impairments	—	—	—	206.7	206.7
Transaction, transformation and integration costs	2.7	1.4	2.1	1.4	7.6
Acquisition accounting adjustments	3.0	—	1.7	0.5	5.2
Patent claims and litigation settlements	3.0	—	—	4.5	7.5
Depreciation	14.3	4.0	11.4	8.2	37.9
Segment adjusted EBITDA	\$ 127.2	\$ 76.0	\$ 38.2	\$ 38.4	\$ 279.8
Segment adjusted EBITDA % of sales	19.3%	23.1%	8.0%	6.0%	13.3%

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

	<u>Q2 2020</u>	<u>Q3 2020</u>	<u>Q4 2020</u>	<u>Q1 2021</u>	<u>Q2 2021</u>
Cash flow from operations	\$ 209.1	\$ 172.2	\$ 97.7	\$ (124.0)	\$ 191.6
Capital expenditures	(23.8)	(25.8)	(47.7)	(26.4)	(33.8)
Free cash flow	185.3	146.4	50.0	(150.4)	157.8
Transaction, transformation and integration costs	9.1	4.8	4.3	8.2	15.2
Restructuring costs, net	23.0	24.8	10.8	7.2	24.8
Adjusted free cash flow	<u>\$ 217.4</u>	<u>\$ 176.0</u>	<u>\$ 65.1</u>	<u>\$ (135.0)</u>	<u>\$ 197.8</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

	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
Gross profit, as reported	\$ 656.1	\$ 735.5	\$ 715.0	\$ 672.2	\$ 673.3
Equity-based compensation	5.2	5.5	4.0	3.9	2.7
Acquisition accounting adjustments	5.2	5.1	4.8	3.3	3.0
Patent claims and litigation settlements	7.5	(1.4)	5.0	1.5	40.0
Adjusted gross profit	\$ 674.0	\$ 744.7	\$ 728.8	\$ 680.9	\$ 719.0
Adjusted gross profit as % of sales	32.1%	34.3%	34.2%	32.9%	32.9%

GAAP to Non-GAAP Adjusted Operating Expense

	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
Selling, general and administrative, as reported	\$ 290.9	\$ 296.7	\$ 272.0	\$ 292.7	\$ 302.3
Research and development, as reported	176.1	184.6	162.2	171.5	176.3
Operating expenses	\$ 467.0	\$ 481.3	\$ 434.2	\$ 464.2	\$ 478.6
Equity-based compensation	27.3	28.5	21.0	19.6	13.7
Transaction, transformation and integration costs	7.6	4.8	7.1	15.7	21.0
Executive severance	—	6.3	—	—	—
Adjusted operating expense	\$ 432.1	\$ 441.7	\$ 406.1	\$ 428.9	\$ 443.9
Adjusted operating expense as % of sales	20.5%	20.4%	19.0%	20.7%	20.3%

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

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

Segment Net Sales ⁽¹⁾

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Full Year 2020	Full Year 2019
Broadband	\$ 598.1	\$ 660.6	\$ 811.0	\$ 778.2	\$ 2,848.2	\$ 2,324.0
Outdoor Wireless	348.9	328.4	271.8	294.8	1,243.7	1,475.0
Venue and Campus	469.5	478.5	511.8	476.8	1,936.5	1,967.3
Home	616.7	635.3	573.5	582.0	2,407.5	2,578.8
Total net sales	\$ 2,033.2	\$ 2,102.8	\$ 2,168.1	\$ 2,131.8	\$ 8,435.9	\$ 8,345.1

Segment Adjusted EBITDA ⁽¹⁾

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Full Year 2020	Full Year 2019
Broadband	\$ 85.3	\$ 127.2	\$ 202.3	\$ 210.5	\$ 625.4	\$ 456.5
Outdoor Wireless	88.9	76.0	53.6	60.1	278.5	361.2
Venue and Campus	37.7	38.2	55.6	48.4	180.0	269.3
Home	19.3	38.4	30.4	43.2	131.3	210.5
Total segment adjusted EBITDA	\$ 231.2	\$ 279.8	\$ 341.9	\$ 362.2	\$ 1,215.2	\$ 1,297.5

(1) In the second quarter of 2021, management shifted certain product lines from the Company's Broadband segment to its Home segment to better align with how the business is being managed in light of the planned spin-off of the Home Networks business. All prior period amounts have been recast to reflect these operating segment changes.

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