

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

	Three Months Ended	
	March 31,	
	2023	2022
Net sales	\$ 2,001.5	\$ 2,228.6
Cost of sales	1,309.8	1,592.3
Gross profit	691.7	636.3
Operating expenses:		
Selling, general and administrative	263.5	286.0
Research and development	153.4	170.7
Amortization of purchased intangible assets	126.4	140.7
Restructuring costs (credits), net	(4.1)	12.1
Total operating expenses	539.2	609.5
Operating income	152.5	26.8
Other income, net	5.7	—
Interest expense	(165.1)	(136.5)
Interest income	2.5	0.7
Loss before income taxes	(4.4)	(109.0)
Income tax (expense) benefit	7.8	(30.9)
Net income (loss)	3.4	(139.9)
Series A convertible preferred stock dividends	(15.1)	(14.5)
Net loss attributable to common stockholders	\$ (11.7)	\$ (154.4)
Loss per share:		
Basic	\$ (0.06)	\$ (0.75)
Diluted (a)	\$ (0.06)	\$ (0.75)
Weighted average shares outstanding:		
Basic	208.9	205.4
Diluted (a)	208.9	205.4
(a) Calculation of diluted loss per share:		
Net loss attributable to common stockholders (basic and diluted)	\$ (11.7)	\$ (154.4)
Weighted average shares (basic)	208.9	205.4
Dilutive effect of equity-based awards	—	—
Denominator (diluted)	208.9	205.4

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, 2023	December 31, 2022
Assets		
Cash and cash equivalents	\$ 327.3	\$ 398.1
Accounts receivable, net of allowance for doubtful accounts of \$81.2 and \$82.8, respectively	1,352.5	1,523.6
Inventories, net	1,622.2	1,588.1
Prepaid expenses and other current assets	207.8	216.4
Total current assets	3,509.8	3,726.2
Property, plant and equipment, net of accumulated depreciation of \$905.8 and \$873.5, respectively	580.2	609.6
Goodwill	4,078.0	4,072.4
Other intangible assets, net	2,348.0	2,473.5
Other noncurrent assets	821.0	803.7
Total assets	<u>\$ 11,337.0</u>	<u>\$ 11,685.4</u>
Liabilities and Stockholders' Deficit		
Accounts payable	\$ 905.4	\$ 1,025.5
Accrued and other liabilities	864.9	1,050.0
Current portion of long-term debt	32.0	32.0
Total current liabilities	1,802.3	2,107.5
Long-term debt	9,410.5	9,469.6
Deferred income taxes	163.8	173.4
Other noncurrent liabilities	375.4	380.6
Total liabilities	11,752.0	12,131.1
Commitments and contingencies		
Series A convertible preferred stock, \$0.01 par value	1,115.4	1,100.3
Stockholders' deficit:		
Preferred stock, \$0.01 par value: Authorized shares: 200,000,000; Issued and outstanding shares: 1,115,439 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: 209,777,988 and 208,371,426, respectively	2.2	2.2
Additional paid-in capital	2,541.3	2,542.9
Accumulated deficit	(3,498.8)	(3,502.2)
Accumulated other comprehensive loss	(277.5)	(296.3)
Treasury stock, at cost: 13,427,361 shares and 12,726,695 shares, respectively	(297.6)	(292.6)
Total stockholders' deficit	(1,530.4)	(1,546.0)
Total liabilities and stockholders' deficit	<u>\$ 11,337.0</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 March 31,	
	2023	2022
Operating Activities:		
Net income (loss)	\$ 3.4	\$ (139.9)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	164.1	180.2
Equity-based compensation	13.5	16.5
Deferred income taxes	(30.0)	2.3
Changes in assets and liabilities:		
Accounts receivable	175.3	(60.5)
Inventories	(31.9)	(73.7)
Prepaid expenses and other assets	10.2	29.6
Accounts payable and other liabilities	(318.3)	23.5
Other	(32.4)	7.4
Net cash used in operating activities	(46.1)	(14.6)
Investing Activities:		
Additions to property, plant and equipment	(14.4)	(27.4)
Proceeds from sale of property, plant and equipment	41.0	—
Other	9.3	11.4
Net cash generated by (used in) investing activities	35.9	(16.0)
Financing Activities:		
Long-term debt repaid	(8.0)	(93.0)
Long-term debt repurchases	(50.0)	—
Long-term debt proceeds	—	85.0
Proceeds from the issuance of common shares under equity-based compensation plans	—	0.1
Tax withholding payments for vested equity-based compensation awards	(5.0)	(10.6)
Other	1.9	1.3
Net cash used in financing activities	(61.1)	(17.2)
Effect of exchange rate changes on cash and cash equivalents	0.5	2.2
Change in cash and cash equivalents	(70.8)	(45.6)
Cash and cash equivalents at beginning of period	398.1	360.3
Cash and cash equivalents at end of period	<u>\$ 327.3</u>	<u>\$ 314.7</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,	
	2023	2022
Net income (loss), as reported	\$ 3.4	\$ (139.9)
Income tax expense (benefit), as reported	(7.8)	30.9
Interest income, as reported	(2.5)	(0.7)
Interest expense, as reported	165.1	136.5
Other income, net, as reported	(5.7)	—
Operating income, as reported	\$ 152.5	\$ 26.8
Adjustments:		
Amortization of purchased intangible assets	126.4	140.7
Restructuring costs (credits), net	(4.1)	12.1
Equity-based compensation	13.5	16.5
Transaction, transformation and integration costs	2.6	15.6
Acquisition accounting adjustments	0.8	2.0
Patent claims and litigation settlements	(11.0)	1.2
Reserve for Russian accounts receivable	—	5.4
Depreciation	31.3	33.0
Total adjustments to operating income	159.5	226.5
Non-GAAP adjusted EBITDA	\$ 312.0	\$ 253.3
Net income (loss), as reported	\$ 3.4	\$ (139.9)
Adjustments:		
Total pretax adjustments to adjusted EBITDA	128.2	193.5
Pretax amortization of debt issuance costs and OID ⁽¹⁾	6.9	6.4
Pretax gain on debt transactions ⁽²⁾	(7.5)	—
Tax effects of adjustments and other tax items ⁽³⁾	(42.1)	4.5
Non-GAAP adjusted net income	\$ 88.9	\$ 64.4
GAAP EPS, as reported ⁽⁴⁾	\$ (0.06)	\$ (0.75)
Non-GAAP adjusted diluted EPS ⁽⁵⁾	\$ 0.35	\$ 0.26

(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 252.1 million and 247.4 million for the three months ended March 31, 2023 and 2022, respectively.

See Description of Non-GAAP Financial Measures

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

Sales by Region

	<u>Q1 2023</u>	<u>Q1 2022</u>	<u>% Change YOY</u>
United States	\$ 1,318.0	\$ 1,347.1	(2.2) %
Europe, Middle East and Africa	326.5	406.4	(19.7)
Asia Pacific	158.9	203.4	(21.9)
Caribbean and Latin America	107.9	162.3	(33.5)
Canada	90.2	109.4	(17.6)
Total net sales	<u>\$ 2,001.5</u>	<u>\$ 2,228.6</u>	(10.2) %

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

Segment Net Sales

	Q1 2023	Q1 2022	% Change YOY
CCS	\$ 822.8	\$ 838.0	(1.8) %
NICS	284.5	188.0	51.3
OWN	258.4	390.1	(33.8)
ANS	298.7	316.8	(5.7)
Core net sales ⁽¹⁾	1,664.4	1,732.9	(4.0)
Home	337.1	495.7	(32.0)
Total net sales	\$ 2,001.5	\$ 2,228.6	(10.2) %

Segment Adjusted EBITDA ⁽²⁾

	Q1 2023	Q1 2022	% Change YOY
CCS	\$ 147.7	\$ 98.6	49.8 %
NICS	58.0	(13.8)	NM
OWN	59.5	71.0	(16.2)
ANS	50.1	74.2	(32.5)
Core adjusted EBITDA ⁽¹⁾	315.3	230.0	37.1
Home	(3.3)	23.3	(114.2)
Total segment adjusted EBITDA	\$ 312.0	\$ 253.3	23.2 %

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 Description of Non-GAAP Financial Measures

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

First Quarter 2023 Segment Adjusted EBITDA Reconciliation

	CCS	NICS	OWN	ANS	Home	Total
Operating income (loss), as reported	\$ 124.0	\$ 34.9	\$ 49.2	\$ (21.9)	\$ (33.7)	\$ 152.5
Amortization of purchased intangible assets	18.9	14.3	5.5	61.7	26.0	126.4
Restructuring costs (credits), net	(14.9)	1.9	—	1.4	7.5	(4.1)
Equity-based compensation	4.0	3.1	1.6	3.1	1.7	13.5
Transaction, transformation and integration costs	0.1	—	0.1	—	2.4	2.6
Acquisition accounting adjustments	—	0.4	—	—	0.3	0.8
Patent claims and litigation settlements	—	—	—	—	(11.0)	(11.0)
Depreciation	15.4	3.4	3.2	5.7	3.6	31.3
Segment adjusted EBITDA	\$ 147.7	\$ 58.0	\$ 59.5	\$ 50.1	\$ (3.3)	\$ 312.0
Segment adjusted EBITDA % of sales	18.0%	20.4%	23.0%	16.8%	(1.0%)	15.6%

First Quarter 2022 Segment Adjusted EBITDA Reconciliation

	CCS	NICS	OWN	ANS	Home	Total
Operating income (loss), as reported	\$ 37.3	\$ (43.0)	\$ 52.9	\$ (6.6)	\$ (13.8)	\$ 26.8
Amortization of purchased intangible assets	29.4	15.5	8.1	61.7	26.0	140.7
Restructuring costs, net	2.9	3.6	2.2	2.6	0.8	12.1
Equity-based compensation	4.0	3.6	1.9	4.2	2.9	16.5
Transaction, transformation and integration costs	4.4	1.2	1.8	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	0.4	0.1	—	—	5.4
Depreciation	14.0	4.4	3.8	6.0	4.8	33.0
Segment adjusted EBITDA	\$ 98.6	\$ (13.8)	\$ 71.0	\$ 74.2	\$ 23.3	\$ 253.3
Segment adjusted EBITDA % of sales	11.8%	(7.3%)	18.2%	23.4%	4.7%	11.4%

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 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Cash flow from operations	\$ (14.6)	\$ (94.6)	\$ (87.6)	\$ 386.8	\$ (46.1)
Capital expenditures	(27.4)	(27.7)	(23.6)	(22.6)	(14.4)
Free cash flow	(42.0)	(122.3)	(111.2)	364.2	(60.5)
Transaction, transformation and integration costs	10.0	13.0	8.7	18.7	1.4
Restructuring costs, net	7.9	18.7	11.5	19.9	19.4
Adjusted free cash flow	<u>\$ (24.1)</u>	<u>\$ (90.6)</u>	<u>\$ (91.0)</u>	<u>\$ 402.8</u>	<u>\$ (39.7)</u>

See Description of Non-GAAP Financial Measures

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

GAAP to Non-GAAP Adjusted Gross Profit

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Gross profit, as reported	\$ 636.3	\$ 683.2	\$ 736.3	\$ 748.3	\$ 691.7
Equity-based compensation	2.2	1.6	2.2	2.2	1.7
Acquisition accounting adjustments	2.0	1.8	1.8	1.7	0.8
Patent claims and litigation settlements	1.2	1.0	0.1	26.2	(11.0)
Adjusted gross profit	\$ 641.7	\$ 687.6	\$ 740.4	\$ 778.4	\$ 683.2
Adjusted gross profit as % of sales	28.8%	29.9%	31.1%	33.6%	34.1%

GAAP to Non-GAAP Adjusted Operating Expense

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Selling, general and administrative, as reported	\$ 286.0	\$ 277.2	\$ 281.7	\$ 290.1	\$ 263.5
Research and development, as reported	170.7	165.4	161.9	159.4	153.4
Operating expenses	\$ 456.7	\$ 442.6	\$ 443.6	\$ 449.5	\$ 416.9
Equity-based compensation	14.3	10.7	14.2	13.7	11.8
Transaction, transformation and integration costs	15.6	14.9	5.9	1.9	2.6
Reserve (recovery) for Russian accounts receivable	5.4	(1.7)	(1.1)	—	—
Adjusted operating expense	\$ 421.4	\$ 418.7	\$ 424.6	\$ 433.9	\$ 402.5
Adjusted operating expense as % of sales	18.9%	18.2%	17.8%	18.7%	20.1%

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

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

	Outlook Range	
	2023	
Core segment operating income ⁽¹⁾	\$ 825	\$ 947
Adjustments:		
Amortization of purchased intangible assets	325	326
Equity-based compensation	55	60
Restructuring costs, net and transaction, transformation and integration costs	30	50
Acquisition accounting adjustments	1	1
Depreciation	114	116
Total adjustments to core operating income ⁽¹⁾	<u>525</u>	<u>553</u>
Core segment adjusted EBITDA	<u>\$ 1,350</u>	<u>\$ 1,500</u>

(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 Caution Regarding Forward-Looking Statements and Description of Non-GAAP Financial Measures.