

Registration number: 11701061

CommScope UK Holdings Limited

Annual Report and Financial Statements
for the Year Ended 31 December 2020



CommScope UK Holdings Limited

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CommScope UK Holdings Limited

Company Information

| | |
|--------------------------|---|
| Directors | Brooke Bare Clark Michael David Coppin |
| Registered office | 100 New Bridge Street London EC4V 6JA |
| Auditors | Ernst & Young LLP 1 Bridgewater Place Water Lane Leeds LS11 5QR |

CommScope UK Holdings Limited

Strategic Report for the Year Ended 31 December 2020

The directors present their strategic report for the year ended 31 December 2020.

Review of the business

The company was incorporated on 28 November 2018 for the purpose of enabling CommScope Group's acquisition of ARRIS Group of entities. The company acts as an intermediary holding company within the CommScope group of companies.

Current year profit after tax for the period of \$4,134,000 is generated from interest income. Prior period profit of \$486,224,000 was derived from dividend income. On 18 November 2020 \$81.3 million loan receivable from CommScope Technologies LLC was fully repaid, as disclosed in note 9. On the same day, the Company subscribed 1 ordinary share in the capital of ARRIS International Limited for total cash consideration of \$81.3 million.

Going forward the Company will continue as an intermediary holding company within the CommScope group of companies with no debt or debtors and minimal activity through the profit and loss resulting from its holdings in investments. The members of the company are satisfied to the long-term projected performance of the company and do not consider it necessary to use other key performance indicators to measure the performance of the company.

Principal risks and uncertainties

The Board reviews and where possible mitigate known business risks. The principal risks of the group are detailed in the financial statements of CommScope Holding Company, Inc. The main principal risk and uncertainty for the company relates to the performance of its subsidiaries.

S172(1) Statement

The Directors have ensured compliance with their duties under s.172(1) in relation to the Company and its various stakeholders, including its shareholders and subsidiary. As a wholly-owned subsidiary of the wider CommScope Group, the Company has a sole member.

The Directors follow the Group's policies and procedures in all business interactions using four guiding values: act with integrity, innovate for customer success, continuously improve and win as one team. The Directors believe that corporate responsibility and sustainability means making decisions that have a positive impact on our people, planet and bottom line. The group-wide sustainability mission is to enable faster, smarter and more sustainable solutions while demonstrating the utmost respect for our human and natural resources.

In executing their duties and in order to promote the success of the Company for the benefit of its members as a whole, the Directors always consider, among other things, the following factors:

- I. The likely consequences of any decision in the long term;
- II. The impact of the Company's operations on the community and environment;
- III. The desirability of the Company maintaining a reputation for high standards of business conduct; and
- IV. The need to act fairly as between members of the Company.

As a holding company, the Company's principal activity is aligned with the CommScope Group. The Directors of the Company are therefore guided by the Group's culture, policies and strategies. The Directors of the Company however recognise that their statutory duties are owed to the Company and believe when taking Board decisions during the period ended 31 December 2020 that they have acted in a way that they consider, in good faith, would be most likely to promote the success of the Company, having regard to those matters set out in section 172 of the Companies Act 2006 ("CA 2006"). As a holding company with effectively no employees, third party suppliers or customers, the Directors do not consider the factors listed in sections 172(1)(b), interests of employees, 172 (1)(c) relationships with suppliers and customers, or 172(1)(d), impact of operations on the community and environment,

CommScope UK Holdings Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

S172(1) Statement (continued)

as relevant to the proper discharge of their duties pursuant to sections 172 of the CA 2006.

The nature of the Company's activities during the period were such to achieve the Company's long term success and were aligned with the CommScope Group, which has policies and procedures in place with have guided and informed the Directors during the period, when considering the likely consequences in the long term outcome of their decisions. Board meetings were held as required to enable the Directors to execute plans directed by the Group. The Directors rely on the Group's functional experts, such as Legal, Accounting, Treasury and Tax, guidance and have their approvals as appropriate before authorising any board resolutions. The Directors are kept informed on any matters of significance related to the business activities of the Company by the relevant functions.

A specific example of how the Directors have had regard to the matters set out in section 172 when discharging their duties during the period with regards to the Company is a capital contribution made to the subsidiary, ARRIS International Limited, using cash received from a loan note repayment. The capital contribution was part of a group wide debt simplification initiative enabling the subsidiary to reduce the debt it carries on the statement financial position and to better to meet its future financial obligations.

Approved by the Board on 30 September 2021 and signed on its behalf by:

DocuSigned by:

Brooke Clark

5685E9045ADF491
Brooke Bare Clark
Director

CommScope UK Holdings Limited

Directors' Report for the Year Ended 31 December 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Directors of the company

The directors who held office during the year were as follows:

Frank Burkhead Wyatt II (resigned 13 May 2021)

Brooke Bare Clark

The following director was appointed after the year end:

Michael David Coppin (appointed 13 May 2021)

Results

The profit for the period, after taxation, amounted to \$4,134,000 (period ended 31 December 2019: \$486,224,000).

Dividends

The directors do not recommend the payment of dividend at year end (period ended 31 December 2019: \$Nil). The directors did not pay any interim dividends during the year (period ended 31 December 2019: \$Nil).

Future developments

There are no planned changes to the principal activities of the business.

Going concern

The Company is an intermediate holding company within the CommScope Holdings Company Inc Group. At the 31 December 2020, the Company has a net current liability of \$0.2m. This net current liability position arises from intercompany payables, which is repayable on demand.

Consequently, the Company has obtained a letter of support by the ultimate parent, CommScope Holdings Company, Inc. The letter confirms that CommScope Holdings Company, Inc will provide financial support to the company to assist in meeting its liabilities to the extent that money is not otherwise available to the company to meet such liabilities. CommScope Holding Company, Inc. has confirmed its ability to provide such support for a period of at least until 30 September 2022 from the date of approval of the company's statement of financial position. The Directors have assessed the level of financial support, and are satisfied the support is available taking into account the Parent Company's available liquidity, consisting of a \$729.7m revolver and \$446.2m cash in hand at the end of June 2021, and its financial plan driven by the CommScope NEXT initiative that is expected to generate at least \$500 million in forecasted non-GAAP adjusted EBITDA and cashflow forecast for 2022.

The Directors have reviewed the impact of COVID-19 outbreak which is impacting the Company's investments in terms of a reduction in international turnover due to lower customer demand and supply chain issues, which in turn will reduce the profit earned by the subsidiaries of the Company impacting future dividend receipts. The directors have analysed the business operations of the Company in terms of its ability to continue as a going concern for at least until 30 September 2022, and have determined that there is no significant uncertainty regarding the ability to continue as a going concern.

On this basis, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least until 30 September 2022 from the date of approval of the financial statements. Thus, the Directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

CommScope UK Holdings Limited

Directors' Report for the Year Ended 31 December 2020 (continued)

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

Important non adjusting events after the financial period

Proposal to Spin off Home Networks business

On 8 April 2021 the Company's owner has completed a strategic review and concluded that the Home Networks business globally, of which a portion is contained within the indirect subsidiaries of the company, is expected to be spun off as an independent group in 2022. The plans are not yet concluded as to the structure and financing of the new group arising from the spin transaction. Whilst the full impact is unknown at this stage the expectation is that the change will not materially impact the company.

Approved by the Board on 30 September 2021 and signed on its behalf by:

DocuSigned by:

Brooke Clark

Brooke Clark
Director

CommScope UK Holdings Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of CommScope UK Holdings Limited

Opinion

We have audited the financial statements of CommScope UK Holdings Limited for the year ended 31 December 2020, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and related notes 1 to 12, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period from when the financial statements are authorised for issue to 30 September 2022.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

Independent Auditor's Report to the Members of CommScope UK Holdings Limited (continued)

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

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Independent Auditor's Report to the Members of CommScope UK Holdings Limited (continued)

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant tax laws and regulations in the UK.
- We understood how CommScope UK Holdings Limited is complying with those frameworks by making enquiries of those charged with governance and management, including those responsible for legal and compliance procedures, to understand how the company maintains and communicates its policies and procedures in these areas. We corroborated our enquiries through our review of board minutes and papers provided to the Board, and made inquiries of management to identify if there are matters where there is a risk of breach of such frameworks that could have a material adverse impact on the company, as well as consideration of the results of our audit procedures across the company.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management and those charged with governance to understand where it considered there was a susceptibility to fraud. We considered the programmes and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit to procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements are free from fraud and error.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. In addition to those set out above, we completed procedures to conclude on the compliance of the disclosures in the Annual Report and Financial Statements with the requirements of the relevant accounting standards and UK legislation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Tim Helm (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor

1 Bridgewater Place
Water Lane
Leeds
LS11 5QR

30 September 2021

CommScope UK Holdings Limited

Profit and Loss Account for the Year Ended 31 December 2020

| | Note | 2020 \$ 000 | Period ended 31 December 2019 \$ 000 |
|--|------|----------------|---|
| Turnover | | - | - |
| Other expense - acquisition related equity expense | | - | (8,338) |
| Other expense - investment impairment charge | | - | (4,582,578) |
| Other income - dividends received | | - | 5,124,435 |
| Operating profit | | - | 533,519 |
| Other interest receivable and similar income | 3 | 4,134 | 2,760 |
| Interest payable and similar expenses | 4 | - | (50,055) |
| | | 4,134 | (47,295) |
| Profit before tax | | 4,134 | 486,224 |
| Taxation | 7 | - | - |
| Profit for the financial year | | 4,134 | 486,224 |

The notes on pages 14 to 25 form an integral part of these financial statements.

CommScope UK Holdings Limited

Statement of Comprehensive Income for the Year Ended 31 December 2020

| | 2020 | Period ended |
|---|---------------|---------------------|
| | \$ 000 | 31 December |
| | | 2019 |
| | | \$ 000 |
| Profit for the year | 4,134 | 486,224 |
| Total comprehensive income for the year | 4,134 | 486,224 |

The notes on pages 14 to 25 form an integral part of these financial statements.

CommScope UK Holdings Limited
(Registration number: 11701061)
Balance Sheet as at 31 December 2020

| | | 2020 \$ 000 | Period ended 31 December 2019 \$ 000 |
|---|------|------------------|---|
| | Note | | |
| Fixed assets | | | |
| Investments | 8 | 1,090,603 | 1,009,328 |
| Current assets | | | |
| Debtors - due within one year | 9 | 8,093 | 85,234 |
| Creditors: Amounts falling due within one year | 10 | <u>(8,338)</u> | <u>(8,338)</u> |
| Net current (liabilities)/assets | | <u>(245)</u> | <u>76,896</u> |
| Net assets | | <u>1,090,358</u> | <u>1,086,224</u> |
| Capital and reserves | | | |
| Called up share capital | 11 | 600,000 | 600,000 |
| Profit and loss account | | <u>490,358</u> | <u>486,224</u> |
| Total equity | | <u>1,090,358</u> | <u>1,086,224</u> |

Approved and authorised by the Board on 30 September 2021 and signed on its behalf by:

DocuSigned by:
Brooke Clark

 56B5F9045ADF4B1...
 Brooke Bare Clark
 Director

The notes on pages 14 to 25 form an integral part of these financial statements.

CommScope UK Holdings Limited

Statement of Changes in Equity for the Year Ended 31 December 2020

| | Share capital \$ 000 | Profit and loss account \$ 000 | Total \$ 000 |
|------------------------------|-------------------------|--------------------------------------|-----------------|
| At 1 January 2020 | 600,000 | 486,224 | 1,086,224 |
| Profit for the year | - | 4,134 | 4,134 |
| Total comprehensive income | - | 4,134 | 4,134 |
| At 31 December 2020 | 600,000 | 490,358 | 1,090,358 |
| | Share capital \$ 000 | Profit and loss account \$ 000 | Total \$ 000 |
| At 28 November 2018 | - | - | - |
| Profit for the year | - | 486,224 | 486,224 |
| Total comprehensive income | - | 486,224 | 486,224 |
| New share capital subscribed | 600,000 | - | 600,000 |
| At 31 December 2019 | 600,000 | 486,224 | 1,086,224 |

The notes on pages 14 to 25 form an integral part of these financial statements.

CommScope UK Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

100 New Bridge Street

London

EC4V 6JA

United Kingdom

The Company's ultimate parent undertaking, CommScope Holding Company, Inc, includes the Company in its consolidated financial statements. The consolidated financial statements of CommScope Holding Company, Inc are prepared in accordance with US GAAP and are available to the public and may be obtained from the Secretary, CommScope Holding Company, Inc, 1100 COMMScope PLACE, SE, HICKORY NC 28602, United States of America.

These financial statements were authorised for issue by the Board on 30 September 2021.

The nature of the company's operation and its principle activities are set out in the Strategic report on page 2.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Monetary amounts in these financial statements are rounded to the nearest whole \$1,000, except where otherwise indicated.

CommScope UK Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions

The company is considered to be a qualifying entity (under FRS 102) due to it being a subsidiary of CommScope Holding Company, Inc. at the reporting date. As a qualifying entity, the company has adopted the following disclosure exemptions:

- (i) the requirements of Section 3 Financial Statement Presentation paragraph 3.17 (d) and the requirements of Section 7 Statement of Cash Flows;
- (ii) the requirements of Section 11 Basic Financial Instruments, paragraphs 11.39 to 11.48A and the requirements of Section 12 Other Financial Instruments Issues paragraphs 12.26 to 12.29;
- (iii) the requirements of Section 26 Share based Payment, paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- (iv) the requirement of Section 33 Related Party Disclosures paragraph 33.7.

The company has also adopted the disclosure exemption in respect of related party transactions between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Group accounts not prepared

The financial statements present information about the company as an individual undertaking and not about the group because the company qualifies for the exemption from the obligation to prepare and deliver group financial statements under Section 401 of the Companies Act 2016. Details of the ultimate parent and availability of consolidated financial statements are included in note 12.

CommScope UK Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Going concern

The Company is an intermediate holding company within the CommScope Holdings Company Inc Group. At the 31 December 2020, the Company has a net current liability of \$0.2m. This net current liability position arises from intercompany payables, which is repayable on demand.

Consequently, the Company has obtained a letter of support by the ultimate parent, CommScope Holdings Company, Inc. The letter confirms that CommScope Holdings Company, Inc will provide financial support to the company to assist in meeting its liabilities to the extent that money is not otherwise available to the company to meet such liabilities. CommScope Holding Company, Inc. has confirmed its ability to provide such support for a period of at least until 30 September 2022 from the date of approval of the company's statement of financial position. The Directors have assessed the level of financial support, and are satisfied the support is available taking into account the Parent Company's available liquidity, consisting of a \$729.7m revolver and \$446.2m cash in hand at the end of June 2021, and its financial plan driven by the CommScope NEXT initiative that is expected to generate at least \$500 million in forecasted non-GAAP adjusted EBITDA and cashflow forecast for 2022.

The Directors have reviewed the impact of COVID-19 outbreak which is impacting the Company's investments in terms of a reduction in international turnover due to lower customer demand and supply chain issues, which in turn will reduce the profit earned by the subsidiaries of the Company impacting future dividend receipts. The directors have analysed the business operations of the Company in terms of its ability to continue as a going concern for at least until 30 September 2022, and have determined that there is no significant uncertainty regarding the ability to continue as a going concern.

On this basis, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least until 30 September 2022 from the date of approval of the financial statements. Thus, the Directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

Interest income and expense policy

Interest income and expense is recognised as it accrues in profit or loss, using the effective interest method.

Tax

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

CommScope UK Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Investments and impairment of investments

Investments are recognised initially at fair value which is normally the transaction price (but excludes any transaction costs, where the investment is subsequently measured at fair value through profit and loss). Where there are indicators of impairment of individual investments, the company performs impairment tests based on a value in use calculation. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next four years. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividends from subsidiaries are recognised when the Company's right to receive payment is established, which is generally when shareholders approve the dividend. Cash dividend is measured at the amount of cash paid and non-cash dividend at the fair value of the consideration received.

Financial instruments

Recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

Key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities as at the balance sheet date and the amounts reported for income and expenses during the period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods..

CommScope UK Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Impairment of non-financial assets

Where there are indicators of impairment of individual assets, the Company performs impairment tests based on a value in use calculation. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from Company's short-term budget and longer-term forecasts and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

3 Other interest receivable and similar income

| | 2020 \$ 000 | Period ended 31 December 2019 \$ 000 |
|---|----------------|---|
| Interest receivable on loans to group undertakings - parent | <u>4,134</u> | <u>2,760</u> |

4 Interest payable and similar expenses

| | 2020 \$ 000 | Period ended 31 December 2019 \$ 000 |
|--|----------------|---|
| Interest payable on loans from group undertakings - parent | <u>-</u> | <u>50,055</u> |

5 Directors' remuneration

There were no emoluments received or receivable by the Directors in respect of their services to the Company during the current period.

The Company has no employees other than the directors.

6 Auditors' remuneration

Auditor's remuneration for the period ending 31 December 2020 and 2019 has been borne by a fellow Group company.

CommScope UK Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

7 Taxation

Tax charged/(credited) in the income statement

| | 2020 \$ 000 | Period ended 31 December 2019 \$ 000 |
|--|----------------|---|
| Current taxation | | |
| | - | - |
| Total current income tax | - | - |
| Deferred taxation | | |
| Total deferred taxation | - | - |
| Total tax on profit on ordinary activities | - | - |

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2019 - the same as the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

| | 2020 \$ 000 | Period ended 31 December 2019 \$ 000 |
|---|----------------|---|
| Profit before tax | 4,134 | 486,224 |
| Corporation tax at standard rate | 785 | 92,383 |
| Income not deductible in determining taxable profit | - | (973,643) |
| Expense not deductible in determining taxable profit | - | 872,274 |
| Surrender of group relief for no consideration | (785) | 8,986 |
| Total tax charge/(credit) | - | - |
| The company has no recognised or unrecognised deferred tax. | | |

8 Investments in subsidiaries, joint ventures and associates

| | 2020 \$ 000 | Period ended 31 December 2019 \$ 000 |
|-----------------------------|----------------|---|
| Investments in subsidiaries | 1,090,603 | 1,009,328 |

CommScope UK Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

8 Investments in subsidiaries, joint ventures and associates (continued)

| Subsidiaries | \$ 000 |
|--|------------------|
| Cost or valuation | |
| At 1 January 2020 | 5,591,906 |
| Additions | <u>81,275</u> |
| At 31 December 2020 | <u>5,673,181</u> |
| Provision | |
| At 1 January 2020 and 31 December 2020 | <u>4,582,578</u> |
| Carrying amount | |
| At 31 December 2020 | <u>1,090,603</u> |
| At 31 December 2019 | <u>1,009,328</u> |

On 18 November 2020 \$81.3 million loan receivable from CommScope Technologies LLC was fully repaid, as disclosed in note 9. On the same day, the Company subscribed 1 ordinary share in the capital of ARRIS International Limited for total cash consideration of \$81.3 million.

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

| Undertaking | Registered office | Owner Entity | Proportion of voting rights and shares held | |
|-----------------------------|---|-------------------------------|---|------|
| | | | 2020 | 2019 |
| Subsidiary undertakings | | | | |
| ARRIS International Limited | 100 New Bridge Street, London, EC4V 6JA United Kingdom | CommScope UK Holdings Limited | 100% | 100% |
| ARRIS Global Ltd | 100 New Bridge Street, London, EC4V 6JA United Kingdom | ARRIS International Limited | 100% | 100% |
| ARRIS Solutions UK Ltd, | 710 Wharfedale Road, Winnersh, Wokingham, Berkshire, RG41 5TP United Kingdom | ARRIS International Limited | 100% | 100% |

CommScope UK Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

8 Investments in subsidiaries, joint ventures and associates (continued)

| | | | | |
|-----------------------------------|--|---|--------|--------|
| Pace Australia Pty Ltd | C/o Company Matters Pty Limited Level 12, George Street, Sydney NSW 2000 Australia | ARRIS Global Ltd. | 100% | 100% |
| ARRIS Group India Private Limited | "The Senate", Ground, 1st and 2nd Floor, No. 33/1, Ulsoor Road, Bangalore - 560042 Karnataka India | ARRIS Global Ltd. | 99.99% | 99.99% |
| Pace Asia Pacific Ltd. | 1607C-09, Block 2, 16/F Two Harbourfront, 22 Tak Fung Street, Hung Hom, KL Hong Kong | ARRIS Global Ltd. | 100% | 100% |
| Latens Systems Ltd | Victoria Road, Saltaire, West Yorkshire, BD18 3LF United Kingdom | ARRIS Global Ltd. | 100% | 100% |
| ARRIS International IP Ltd | Victoria Road, Saltaire, West Yorkshire, BD18 3LF United Kingdom | ARRIS Global Ltd. | 100% | 100% |
| ARRIS Solutions France | 5 Boulevard Gallieni, 10 rue Camille Desmoulins, Immeuble DUEO 92130 Issy-les Moulineaux France | ARRIS Global Ltd. | 100% | 100% |
| Pace Overseas Distribution Ltd | Victoria Road, Saltaire, West Yorkshire, BD18 3LF United Kingdom | Pace Distribution (Overseas) Ltd | 99.71% | 99.71% |
| ARRIS South Africa (Pty) Ltd | Building 11A, Woodland Office Park, Woodlands Drive, Woodmead, Gauteng, 2191 South Africa | Pace Overseas Distribution Ltd | 99.71% | 99.71% |

CommScope UK Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

8 Investments in subsidiaries, joint ventures and associates (continued)

| | | | | |
|--|---|---|------|------|
| ARRIS Indústria Eletrônica do Brasil Ltda. | Avenida Torquato Tapajós, 9475. Bairro tarumã Manaus, Amazonas, CEP 69048-660 Brazil | ARRIS International IP Ltd | 100% | 100% |
| Pace Asia Home Networks Sdn Bhd | 19-3, Jalan Puteri 2/7, Bandar Puteri, 47100 Puchong, Selangor Malaysia | ARRIS Solutions France | 100% | 100% |
| ARRIS STB Mexico S.A. de C.V. | Blvd Manuel Avila Camacho 126, Piso 2, Colonia Lomas de Chapultepec, Delegacion Miguel Hidalgo, CP 11000, Ciudad de Mexico Mexico | ARRIS Global Ltd & ARRIS Solutions France | 100% | 100% |
| ARRIS Sweden A.B. | Teknikringen 2, 583 30, Linköping Sweden | ARRIS Solutions UK Ltd | 100% | 100% |
| ARRIS Taiwan Ltd. | No.1, Lane 232, Baoqiao Rd., Xindian District, New Taipei City 231, Taipei Taiwan | ARRIS Solutions UK Ltd | 100% | 100% |
| ARRIS Canada, Inc. | 160 Elgin Street, Suite 2600, Ottawa, Ontario, K1P 1C3 Canada | ARRIS Solutions UK Ltd | 100% | 100% |
| GIC International Holdco LLC | c/o Corporation Service Company, 2711 Centerville Rd., Suite 400, Wilmington, DE 19808 USA | ARRIS Solutions UK Ltd | 100% | 100% |
| GIC International Capital LLC | c/o Corporation Service Company, 2711 Centerville Rd., Suite 400, Wilmington, DE 19808 USA | ARRIS Solutions UK Ltd | 100% | 100% |
| ARRIS Solutions Saudi Arabia Ltd. | 1409, 28th Floor Kingdom Tower, 2239 Orouba Road, Olaya District, 12214-9597 Riyadh Saudi Arabia | ARRIS Solutions UK Ltd | 100% | 100% |

CommScope UK Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

8 Investments in subsidiaries, joint ventures and associates (continued)

| | | | | | |
|--------------------------------------|-------------|--|--|------|------|
| ARRIS Solutions GmbH | Switzerland | Linvo Ag Gartenstrasse 23, Zurich, 8002 | ARRIS Solutions UK Ltd | 100% | 100% |
| | | Switzerland | | | |
| ARRIS Solutions Unipessoal LDA | Portugal | Rua 7 de Junho de 1759 no.1 Lagol, 2760-110, Caxias | GIC International Holdco LLC | 100% | 100% |
| | | Portugal | | | |
| ARRIS Group Russia Liability Company | Russia | 11 Gogolevsky Boulevard, Moscow, 119019 | GIC International Holdco LLC & GIC International Capital LLC | 100% | 100% |
| | | Russia | | | |
| ARRIS Telekomunikasyon Sirketi | Turkey | Astoria İş Merkezi Büyükdere Cad. A Blok no:127, Kat:8-9-10 Esentepe, Istanbul 34394 | GIC International Holdco LLC & GIC International Capital LLC | 100% | 100% |
| | | Turkey | | | |
| ARRIS del Ecuador S.A. | Ecuador | Av. Republica de El Salvador No.1082 y Naciones Unidas, Quito | GIC International Holdco LLC | 100% | 100% |
| | | Ecuador | | | |
| ARRIS de Guatemala S.A | Guatemala | C/o Consortium Diagonal 6, 10-01 zona 10, Centro Gerencial Las Margaritas, Torre II, Oficina 1101, Guatemala | GIC International Holdco LLC & GIC International Capital LLC | 100% | 100% |
| | | Guatemala | | | |
| ARRIS New Zealand Ltd | New Zealand | Trident Trust Company (NZ) Limited, Level 2, 41 Bath Street, Parnell, Auckland 1052 | GIC International Holdco LLC | 100% | 100% |

The following indirect subsidiary has liquidated post period end: Pace Asia Home Networks Sdn Bhd on 11 January 2021.

CommScope UK Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

9 Debtors

| | 2020 \$ 000 | Period ended 31 December 2019 \$ 000 |
|---|----------------|---|
| Amounts owed by group undertakings due within one year - parent | 8,093 | 85,234 |
| | <u>8,093</u> | <u>85,234</u> |

During the prior year the company entered into a loan agreement with parent company, CommScope Technologies LLC, for the amount of \$74,381,000 representing the difference between borrowings from the same entity to fund ARRIS group acquisition and the settlement made during the period. The loan note is interest bearing at annual rate of 6.3%, unsecured and repayable 31 December 2020. The loan note including accrued interest was repaid in November 2020. The remaining amount falling due within one year owed by group undertakings in the prior year are unsecured, repayable on demand and do not attract interest.

10 Creditors

| | 2020 \$ 000 | Period ended 31 December 2019 \$ 000 |
|---|----------------|---|
| Due within one year | | |
| Amounts owed to group undertakings - parent | 8,338 | 8,338 |

The amount falling due within one year owed to group undertakings is unsecured, repayable on demand and does not attract interest.

11 Share capital

Allotted, called up and fully paid shares

| | 2020 | | 2019 | |
|-----------------------------|---------|---------|---------|---------|
| | No. 000 | \$ 000 | No. 000 | \$ 000 |
| Ordinary Shares of \$1 each | 600,000 | 600,000 | 600,000 | 600,000 |

The company's initial share capital at incorporation on 28 November 2018 was 1 ordinary share at nominal value of £1. On 21 March 2019 this was cancelled and 1 ordinary share at nominal value of \$1 was issued.

On 4 April 2019 the company issued 600,000,000 ordinary shares at nominal value of \$1.

CommScope UK Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

12 Controlling party

The immediate parent undertaking is CommScope UK Intermediate Holdings II LP, a company registered in England and Wales. At the end of the year the ultimate parent undertaking, and controlling party, is CommScope Holding Company, Inc, a company registered in the United States of America.

The largest and smallest group in which the results of the partnership are consolidated is that headed by CommScope Holding Company, Inc, whose consolidated financial statements may be obtained from the Company Secretary, CommScope Holding Company, Inc, 1100 COMMScope PLACE, SE, HICKORY NC 28602, United States of America.

13 Non adjusting events after the financial period

Proposal to Spin off Home Networks business

On 8 April 2021 the Company's owner has completed a strategic review and concluded that the Home Networks business globally, of which a portion is contained within the indirect subsidiaries of the company, is expected to be spun off as an independent group in 2022. The plans are not yet concluded as to the structure and financing of the new group arising from the spin transaction. Whilst the full impact is unknown at this stage the expectation is that the change will not materially impact the company.