



On behalf of Nextgen Communications, Inc. (subsidiary)

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April 22, 2022

VIA Alternative eFile

Mr. Reece McAlister
Executive Secretary
Georgia Public Service Commission
244 Washington Street, SW
Atlanta GA, 30334-9052

RE: Ga Comp. R. & Regs. 515-3-1-.04
NextGen Communication, Inc. Annual Report

Dear Mr. McAlister:

NextGen Communications, Inc. (“NextGen”) hereby respectfully submits its 2021 Annual Report. Throughout 2021, NextGen did not operate or provide any relevant telecommunications services in the State of Georgia, and did not have any relevant revenue in Georgia in 2021.

NextGen, a wholly-owned subsidiary of TeleCommunication Systems, Inc., does not produce separate annual financial reports. TeleCommunication Systems, Inc. is a wholly-owned subsidiary of Comtech Telecommunications Corp. Pursuant to Rule 15-3-1-.04(1), a telephone company, “...may substitute to the Commission their annual certified report to their stockholders, if any is so issued, for the financial schedules specified in this rule.”

Please find the most recent income statement and balance sheet for Comtech Telecommunications Corp. attached. The entire annual report may be found online at: <http://www.comtech.com/>.

Respectfully submitted,

Susan Ornstein

Enclosure

Please find the financial statement for NextGen Communication, Inc.'s ultimate parent company below. NextGen Co. is an indirect wholly-owned subsidiary of Comtech Telecommunications Corp. and does not maintain separate financial statements

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

Assets	<u>January 31, 2022</u>	<u>July 31, 2021</u>
Current assets:		
Cash and cash equivalents	\$ 30,918,000	30,861,000
Accounts receivable, net	138,767,000	158,110,000
Inventories, net	90,274,000	80,358,000
Prepaid expenses and other current assets	21,443,000	18,167,000
Total current assets	<u>281,402,000</u>	<u>287,496,000</u>
Property, plant and equipment, net	42,445,000	35,286,000
Operating lease right-of-use assets, net	54,328,000	44,486,000
Goodwill	347,692,000	347,698,000
Intangibles with finite lives, net	258,001,000	268,699,000
Deferred financing costs, net	1,419,000	1,824,000
Other assets, net	9,567,000	7,622,000
Total assets	<u>\$ 994,854,000</u>	<u>993,111,000</u>
Liabilities, Convertible Preferred Stock and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 32,550,000	36,193,000
Accrued expenses and other current liabilities	96,899,000	89,601,000
Operating lease liabilities, current	9,531,000	8,841,000
Dividends payable	2,640,000	2,601,000
Contract liabilities	77,732,000	66,130,000
Interest payable	138,000	195,000
Total current liabilities	<u>219,490,000</u>	<u>203,561,000</u>
Non-current portion of long-term debt	114,500,000	201,000,000
Operating lease liabilities, non-current	48,892,000	39,569,000
Income taxes payable	3,204,000	2,717,000
Deferred tax liability, net	19,248,000	21,230,000
Long-term contract liabilities	10,823,000	9,808,000
Other liabilities	8,966,000	14,507,000
Total liabilities	<u>425,123,000</u>	<u>492,392,000</u>
Commitments and contingencies (See Note 19)		
Convertible preferred stock, par value \$0.10 per share; authorized 125,000 shares; issued 100,000 at January 31, 2022 (includes accrued dividends of \$549,000)	101,867,000	—
Stockholders' equity:		
Preferred stock, par value \$0.10 per share; authorized and unissued 1,875,000 shares	—	—
Common stock, par value \$0.10 per share; authorized 100,000,000 shares; issued 41,553,244 and 41,281,812 shares at January 31, 2022 and July 31, 2021, respectively	4,155,000	4,128,000
Additional paid-in capital	612,780,000	605,439,000
Retained earnings	292,778,000	333,001,000
	<u>909,713,000</u>	<u>942,568,000</u>
Less:		
Treasury stock, at cost (15,033,317 shares at January 31, 2022 and July 31, 2021)	<u>(441,849,000)</u>	<u>(441,849,000)</u>
Total stockholders' equity	<u>467,864,000</u>	<u>500,719,000</u>
Total liabilities, convertible preferred stock and stockholders' equity	<u>\$ 994,854,000</u>	<u>993,111,000</u>

See accompanying notes to condensed consolidated financial statements.

Please find the financial statement for NextGen Communication, Inc.'s ultimate parent company below. NextGen Co. is an indirect wholly-owned subsidiary of Comtech Telecommunications Corp. and does not maintain separate financial statements

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three months ended January 31,		Six months ended January 31,	
	2022	2021	2022	2021
Net sales	\$ 120,381,000	161,292,000	\$ 237,140,000	296,510,000
Cost of sales	74,523,000	105,612,000	149,547,000	190,622,000
Gross profit	45,858,000	55,680,000	87,593,000	105,888,000
Expenses:				
Selling, general and administrative	29,827,000	29,462,000	58,069,000	57,002,000
Research and development	12,632,000	12,664,000	25,129,000	24,299,000
Amortization of intangibles	5,349,000	4,795,000	10,698,000	10,361,000
CEO transition costs	13,554,000	—	13,554,000	—
Proxy solicitation costs	9,086,000	—	11,248,000	—
Acquisition plan expenses	—	3,357,000	—	94,540,000
	70,448,000	50,278,000	118,698,000	186,202,000
Operating (loss) income	(24,590,000)	5,402,000	(31,105,000)	(80,314,000)
Other expenses (income):				
Interest expense	988,000	1,418,000	2,595,000	3,715,000
Interest (income) and other	(30,000)	(66,000)	189,000	—
Change in fair value of convertible preferred stock purchase option liability	(398,000)	—	(702,000)	—
(Loss) income before benefit from income taxes	(25,150,000)	4,050,000	(33,187,000)	(84,029,000)
Benefit from income taxes	(3,276,000)	(155,000)	(5,329,000)	(2,394,000)
Net (loss) income	\$ (21,874,000)	4,205,000	\$ (27,858,000)	(81,635,000)
Adjustments to reflect redemption value of convertible preferred stock:				
Convertible preferred stock issuance costs	—	—	(4,007,000)	—
Establishment of initial convertible preferred stock purchase option liability	—	—	(1,005,000)	—
Dividend on convertible preferred stock	(1,632,000)	—	(1,867,000)	—
Net (loss) income attributable to common stockholders	\$ (23,506,000)	4,205,000	\$ (34,737,000)	(81,635,000)
Net (loss) income per common share (See Note 6):				
Basic	\$ (0.89)	0.17	\$ (1.31)	(3.22)
Diluted	\$ (0.89)	0.17	\$ (1.31)	(3.22)
Weighted average number of common shares outstanding – basic				
	26,472,000	25,337,000	26,449,000	25,321,000
Weighted average number of common and common equivalent shares outstanding – diluted				
	26,472,000	25,420,000	26,449,000	25,321,000

See accompanying notes to condensed consolidated financial statements.

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY
(Unaudited)

	Three months ended January 31, 2022 and 2021								
	Series A Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock		Stockholders' Equity
	Shares	Amount	Shares	Amount			Shares	Amount	
Balance as of October 31, 2020	—	\$ —	40,043,753	\$ 4,004,000	\$ 569,422,000	\$ 328,575,000	15,033,317	\$(441,849,000)	\$ 460,152,000
Equity-classified stock award compensation	—	—	—	—	1,287,000	—	—	—	1,287,000
Proceeds from issuance of employee stock purchase plan shares	—	—	15,857	2,000	185,000	—	—	—	187,000
Net settlement of stock-based awards	—	—	367	—	(3,000)	—	—	—	(3,000)
Cash dividends declared, net (\$0.10 per share)	—	—	—	—	—	(2,495,000)	—	—	(2,495,000)
Accrual of dividend equivalents, net of reversal (\$0.10 per share)	—	—	—	—	—	(49,000)	—	—	(49,000)
Net income	—	—	—	—	—	4,205,000	—	—	4,205,000
Balance as of January 31, 2021	—	\$ —	40,059,977	\$ 4,006,000	\$ 570,891,000	\$ 330,236,000	15,033,317	\$(441,849,000)	\$ 463,284,000
Balance as of October 31, 2021	100,000	\$ 100,235,000	41,380,241	\$ 4,138,000	\$ 604,452,000	\$ 319,053,000	15,033,317	\$(441,849,000)	\$ 485,794,000
Equity-classified stock award compensation	—	—	—	—	1,983,000	—	—	—	1,983,000
CEO transition costs related to equity-classified stock-based awards (See Note 1)	—	—	—	—	7,388,000	—	—	—	7,388,000
Proceeds from issuance of employee stock purchase plan shares	—	—	11,136	1,000	224,000	—	—	—	225,000
Issuance of restricted stock	—	—	119,426	12,000	(12,000)	—	—	—	—
Net settlement of stock-based awards	—	—	42,441	4,000	(1,255,000)	—	—	—	(1,251,000)
Adjustment to reflect redemption value of convertible preferred stock (including accrued dividends)	—	1,632,000	—	—	—	(1,632,000)	—	—	(1,632,000)
Cash dividends declared, net (\$0.10 per share)	—	—	—	—	—	(2,640,000)	—	—	(2,640,000)
Accrual of dividend equivalents, net of reversal (\$0.10 per share)	—	—	—	—	—	(129,000)	—	—	(129,000)
Net loss	—	—	—	—	—	(21,874,000)	—	—	(21,874,000)
Balance as of January 31, 2022	100,000	\$ 101,867,000	41,553,244	\$ 4,155,000	\$ 612,780,000	\$ 292,778,000	15,033,317	\$(441,849,000)	\$ 467,864,000

See accompanying notes to condensed consolidated financial statements.

Please find the financial statement for NextGen Communication, Inc.'s ultimate parent company above. NextGen Co. is an indirect wholly-owned subsidiary of Comtech Telecommunications Corp. and does not maintain separate financial statements

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY
(Unaudited)

	Six months ended January 31, 2022 and 2021								
	Series A Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock		Stockholders' Equity
	Shares	Amount	Shares	Amount			Shares	Amount	
Balance as of July 31, 2020	—	\$ —	39,924,439	\$ 3,992,000	\$ 569,891,000	\$ 417,265,000	15,033,317	\$ (441,849,000)	\$ 549,299,000
Equity-classified stock award compensation	—	—	—	—	1,986,000	—	—	—	1,986,000
Proceeds from issuance of employee stock purchase plan shares	—	—	31,122	3,000	366,000	—	—	—	369,000
Issuance of restricted stock	—	—	35,975	4,000	(4,000)	—	—	—	—
Net settlement of stock-based awards	—	—	68,441	7,000	(1,348,000)	—	—	—	(1,341,000)
Cash dividends declared, net (\$0.20 per share)	—	—	—	—	—	(4,988,000)	—	—	(4,988,000)
Accrual of dividend equivalents, net of reversal (\$0.20 per share)	—	—	—	—	—	(191,000)	—	—	(191,000)
Adoption of current expected credit loss standard	—	—	—	—	—	(215,000)	—	—	(215,000)
Net loss	—	—	—	—	—	(81,635,000)	—	—	(81,635,000)
Balance as of January 31, 2021	—	\$ —	40,059,977	\$ 4,006,000	\$ 570,891,000	\$ 330,236,000	15,033,317	\$ (441,849,000)	\$ 463,284,000
Balance as of July 31, 2021	—	\$ —	41,281,812	\$ 4,128,000	\$ 605,439,000	\$ 333,001,000	15,033,317	\$ (441,849,000)	\$ 500,719,000
Equity-classified stock award compensation	—	—	—	—	2,904,000	—	—	—	2,904,000
CEO transition costs related to equity-classified stock-based awards (See Note 1)	—	—	—	—	7,388,000	—	—	—	7,388,000
Proceeds from issuance of employee stock purchase plan shares	—	—	21,676	2,000	452,000	—	—	—	454,000
Issuance of restricted stock	—	—	132,854	13,000	(13,000)	—	—	—	—
Net settlement of stock-based awards	—	—	116,902	12,000	(3,390,000)	—	—	—	(3,378,000)
Issuance of convertible preferred stock	100,000	100,000,000	—	—	—	—	—	—	—
Convertible preferred stock issuance costs	—	(4,007,000)	—	—	—	—	—	—	—
Establishment of initial convertible preferred stock purchase option liability	—	(1,005,000)	—	—	—	—	—	—	—
Adjustment to reflect redemption value of convertible preferred stock (including accrued dividends)	—	6,879,000	—	—	—	(6,879,000)	—	—	(6,879,000)
Cash dividends declared, net (\$0.20 per share)	—	—	—	—	—	(5,269,000)	—	—	(5,269,000)
Accrual of dividend equivalents, net of reversal (\$0.20 per share)	—	—	—	—	—	(217,000)	—	—	(217,000)
Net loss	—	—	—	—	—	(27,858,000)	—	—	(27,858,000)
Balance as of January 31, 2022	100,000	\$ 101,867,000	41,553,244	\$ 4,155,000	\$ 612,780,000	\$ 292,778,000	15,033,317	\$ (441,849,000)	\$ 467,864,000

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COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Six months ended January 31,	
	2022	2021
Cash flows from operating activities:		
Net loss	\$ (27,858,000)	(81,635,000)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization of property, plant and equipment	4,575,000	5,009,000
Amortization of intangible assets with finite lives	10,698,000	10,361,000
Amortization of stock-based compensation	2,904,000	1,986,000
CEO transition costs related to equity-classified stock-based awards	7,388,000	—
Amortization of deferred financing costs	405,000	368,000
Change in fair value of convertible preferred stock purchase option liability	(702,000)	—
Changes in other liabilities	(2,066,000)	(3,756,000)
(Gain) / loss on disposal of property, plant and equipment	(147,000)	29,000
Provision for allowance for doubtful accounts	12,000	204,000
Provision for excess and obsolete inventory	2,241,000	2,444,000
Deferred income tax benefit	(2,049,000)	(287,000)
Other	—	(225,000)
Changes in assets and liabilities, net of effects of business acquisitions:		
Accounts receivable	19,337,000	(23,736,000)
Inventories	(12,157,000)	(1,772,000)
Prepaid expenses and other current assets	602,000	2,124,000
Other assets	(765,000)	(115,000)
Accounts payable	(4,501,000)	14,481,000
Accrued expenses and other current liabilities	7,028,000	(6,734,000)
Contract liabilities	12,617,000	15,210,000
Other liabilities, non-current	(3,443,000)	3,687,000
Interest payable	(56,000)	102,000
Income taxes payable	(4,512,000)	(1,117,000)
Net cash provided by (used in) operating activities	<u>9,551,000</u>	<u>(63,372,000)</u>
Cash flows from investing activities:		
Payment for acquisition of CGC, net of cash acquired	—	(750,000)
Purchases of property, plant and equipment	(8,811,000)	(3,686,000)
Net cash used in investing activities	<u>(8,811,000)</u>	<u>(4,436,000)</u>
Cash flows from financing activities:		
Proceeds from issuance of convertible preferred stock	100,000,000	—
Net (payments) borrowings of long-term debt under Credit Facility	(86,500,000)	58,500,000
Remittance of employees' statutory tax withholding for stock awards	(4,724,000)	(2,740,000)
Cash dividends paid on common stock	(5,755,000)	(5,237,000)
Payment of convertible preferred stock issuance costs	(4,007,000)	—
Payment of deferred financing costs	(140,000)	—
Repayment of principal amounts under finance lease liabilities	(11,000)	(28,000)
Proceeds from issuance of employee stock purchase plan shares	454,000	369,000
Net cash (used in) provided by financing activities	<u>(683,000)</u>	<u>50,864,000</u>
Net increase (decrease) in cash and cash equivalents	57,000	(16,944,000)
Cash and cash equivalents at beginning of period	30,861,000	47,878,000
Cash and cash equivalents at end of period	<u>\$ 30,918,000</u>	<u>30,934,000</u>

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COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(Unaudited)

	Six months ended January 31,	
	2022	2021
<u>Supplemental cash flow disclosures:</u>		
Cash paid (received) during the period for:		
Interest	\$ 2,101,000	3,208,000
Income taxes, net	\$ 1,205,000	(991,000)
Non-cash investing and financing activities:		
Unpaid additions to property, plant and equipment	\$ 2,904,000	1,132,000
Cash dividends declared on common stock but unpaid (including accrual of dividend equivalents)	\$ 2,857,000	2,686,000
Issuance of restricted stock	\$ 13,000	4,000
Accrued remittance of employees' statutory tax withholdings	\$ 1,250,000	—
Establishment of initial convertible preferred stock purchase option liability	\$ 1,005,000	—
Adjustment to reflect redemption value of convertible preferred stock	\$ 6,879,000	—

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