



SYNNEX Corporation Reports Third Quarter Fiscal 2020 Results

Fremont, Calif., - September 29, 2020 - SYNNEX Corporation (NYSE: SNX), a leading business process services company, today announced financial results for the fiscal third quarter ended August 31, 2020.

	Q3 FY20	Q3 FY19	Net change
Revenue (\$M)	\$ 6,465	\$ 6,204	4.2%
Operating income (\$M)	\$ 209.1	\$ 208.9	0.1%
Non-GAAP operating income (\$M) ⁽¹⁾	\$ 260.1	\$ 270.5	-3.8%
Operating margin	3.24%	3.37%	-13 bps
Non-GAAP operating margin ⁽¹⁾	4.02%	4.36%	-34 bps
Net income (\$M)	\$ 134.5	\$ 123.1	9.2%
Non-GAAP net income (\$M) ⁽¹⁾	\$ 172.6	\$ 169.2	2.0%
Diluted earnings per common share ("EPS")	\$ 2.60	\$ 2.40	8.3%
Non-GAAP Diluted EPS ⁽¹⁾	\$ 3.33	\$ 3.30	0.9%

"Our strong third quarter performance is a reflection of our resiliency, our ongoing focus on serving our partners and clients and the continued dedication of our associates on the growth and improvement of our business during these unprecedented times," said Dennis Polk, SYNNEX President and CEO. "We remain on track with the proposed spin-off of Concentrix and believe this will result in incremental value for all of our stakeholders."

Third Quarter Fiscal 2020 Highlights

- **Technology Solutions:** Revenue was \$5.3 billion, up 5.1% over the prior fiscal year third quarter. Operating income was \$132 million, or 2.5% of segment revenue, compared to \$139 million, or 2.8% of segment revenue, in the prior fiscal year third quarter. Non-GAAP operating income was \$142 million, or 2.7% of segment revenue, compared to \$150 million, or 3.0% of segment revenue, in the prior fiscal year third quarter.
- **Concentrix:** Revenue was \$1.2 billion, up 0.2% from the prior fiscal year third quarter. Operating income was \$77 million, or 6.6% of segment revenue, compared to \$70 million, or 6.0% of segment revenue in the prior fiscal year third quarter. Non-GAAP operating income was \$118 million, or 10.1% of segment revenue, compared to \$121 million, or 10.4% of segment revenue, in the prior fiscal year third quarter.
- The trailing fiscal four quarters Return on Invested Capital ("ROIC") was 9.1% compared to 8.6% in the prior fiscal year third quarter. The adjusted trailing fiscal four quarters ROIC was 10.7%.
- Cash generated from operations was approximately \$321 million for the quarter.

Fourth Quarter Fiscal 2020 Outlook

The following statements are based on SYNnex current expectations for the fiscal 2020 fourth quarter. Non-GAAP financial measures exclude the impact of acquisition-related and integration expenses, the amortization of intangibles and the related tax effects thereon. These statements are forward-looking and actual results may differ materially.

- Revenue is expected to be in the range of \$6.45 billion to \$6.65 billion.
- Net income is expected to be in the range of \$153.0 million to \$166.0 million and on a non-GAAP basis, net income is expected to be in the range of \$190.5 million to \$203.5 million.
- Diluted earnings per share is expected to be in the range of \$2.95 to \$3.20 and on a non-GAAP basis, diluted earnings per share is expected to be in the range of \$3.68 to \$3.93, based on estimated outstanding diluted weighted average shares of 51.5 million.
- After-tax amortization of intangibles is expected to be \$35.2 million, or \$0.68 per share.
- After-tax acquisition-related and integration expense is expected to be \$2.3 million, or \$0.04 per share.

Conference Call and Webcast

SYNNEX will host a conference call to discuss third quarter fiscal 2020 results:

Tuesday, September 29, 2020

2:00 PM (PT) / 5:00 PM (ET)

Conference ID 8016677

Live call (866) 393-4306 or (763) 488-9145 (Int'l)

Live audio webcast of the earnings call will be accessible at ir.synnex.com, and a replay of the webcast will be available following the call.

About SYNnex

SYNNEX Corporation (NYSE: SNX) is a Fortune 200 corporation and a leading business process services company, providing a comprehensive range of distribution, logistics and integration services for the technology industry and providing outsourced services focused on customer engagement to a broad range of enterprises. SYNnex distributes a broad range of information technology systems and products, and also provides systems design and integration solutions. Founded in 1980, SYNnex Corporation operates in numerous countries throughout North and South America, Asia-Pacific and Europe. Additional information about SYNnex may be found online at synnex.com.

About Concentrix

Concentrix, a wholly-owned subsidiary of SYNnex Corporation (NYSE: SNX), is a technology-enabled global business services company specializing in customer engagement and improving business performance for some of the world's best brands. Every day, from more than 40 countries and across 6 continents, our staff delivers next generation customer experience and helps companies better connect with their customers. We create better business outcomes and help differentiate our clients through technology, design, data, process, and people. Concentrix provides services to clients in five primary industry verticals: technology and consumer electronics; communications and media; retail, travel and ecommerce; banking, financial services and insurance; and healthcare. We are Different by Design. Visit concentrix.com to learn more.

⁽¹⁾Use of Non-GAAP Financial Information

In addition to the financial results presented in accordance with GAAP, SYNEX also uses adjusted selling, general and administrative expenses, non-GAAP operating income, non-GAAP operating margin, non-GAAP net income, and non-GAAP diluted earnings per share, which are non-GAAP financial measures that exclude acquisition-related and integration expenses, restructuring costs, the amortization of intangible assets and the related tax effects thereon. The Company also uses adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") which excludes other income (expense), net and acquisition-related and integration expenses. In fiscal year 2019, non-GAAP net income and non-GAAP diluted earnings per share also exclude gains upon the settlement of contingent consideration and a contingent gain related to the Westcon-Comstor Americas acquisition. In fiscal year 2018, non-GAAP net income and non-GAAP diluted earnings per share also exclude the impact of an adjustment relating to the enactment of the Tax Cuts and Jobs Act of 2017. This adjustment includes a transition tax on accumulated overseas profits and the remeasurement of deferred tax assets and liabilities to the new U.S. tax rate.

SYNEX' acquisition activities have resulted in the recognition of intangible assets which consist primarily of customer relationships, vendor lists and technology. Definite-lived intangible assets are amortized over their estimated useful lives and are tested for impairment when events indicate that the carrying value may not be recoverable. The amortization of intangible assets is reflected in the Company's statements of operations within each segment. Although intangible assets contribute to the Company's revenue generation, the amortization of intangible assets does not directly relate to the sale of the Company's products and the services performed for the Company's clients. Additionally, intangible asset amortization expense typically fluctuates based on the size and timing of the Company's acquisition activity. Accordingly, the Company believes excluding the amortization of intangible assets, along with the other non-GAAP adjustments which neither relate to the ordinary course of the Company's business nor reflect the Company's underlying business performance, enhances the Company's and investors' ability to compare the Company's past financial performance with its current performance and to analyze underlying business performance and trends. Intangible asset amortization excluded from the related non-GAAP financial measure represents the entire amount recorded within the Company's GAAP financial statements, and the revenue generated by the associated intangible assets has not been excluded from the related non-GAAP financial measure. Intangible asset amortization is excluded from the related non-GAAP financial measure because the amortization, unlike the related revenue, is not affected by operations of any particular period unless an intangible asset becomes impaired or the estimated useful life of an intangible asset is revised.

Additionally, SYNEX refers to revenue at constant currency or adjusting for the translation effect of foreign currencies so that certain financial results can be viewed without the impact of fluctuations in foreign currency exchange rates, thereby facilitating period-to-period comparisons of SYNEX' business performance. Financial results adjusted for currency are calculated by translating current period activity in the transaction currency using the comparable prior year periods' currency conversion rate. Generally, when the dollar either strengthens or weakens against other currencies, revenue at constant currency rates or adjusting for currency will be higher or lower than revenue reported at actual exchange rates.

Trailing fiscal four quarters ROIC is defined as the last four quarters' tax effected operating income divided by the average of the last five quarterly balances of borrowings (excluding book overdraft) and equity, net of cash and cash equivalents in the United States. Adjusted ROIC is calculated by excluding the tax effected impact of acquisition-related and integration expenses, restructuring costs and the amortization of intangibles from operating income and equity and the impact of the contingent consideration gain and a contingent gain and the U.S. tax reform adjustment on equity.

SYNNEX also uses free cash flow, which is cash flow from operating activities, reduced by purchases of property and equipment. SYNNEX uses free cash flow to conduct and evaluate its business because, although it is similar to cash flow from operations, SYNNEX believes it is a more conservative measure of cash flows since purchases of fixed assets are a necessary component of ongoing operations. Free cash flow reflects an additional way of viewing SYNNEX' liquidity that, when viewed with its GAAP results, provides a more complete understanding of factors and trends affecting its cash flows. Free cash flow has limitations due to the fact that it does not represent the residual cash flow available for discretionary expenditures. For example, free cash flow does not incorporate payments for business acquisitions. Therefore, SYNNEX believes it is important to view free cash flow as a complement to its entire consolidated statements of cash flows.

SYNNEX management uses non-GAAP financial measures internally to understand, manage and evaluate the business, to establish operational goals, and in some cases for measuring performance for compensation purposes. These non-GAAP measures are intended to provide investors with an understanding of SYNNEX' operational results and trends that more readily enable investors to analyze SYNNEX' base financial and operating performance and to facilitate period-to-period comparisons and analysis of operational trends, as well as for planning and forecasting in future periods. Management believes these non-GAAP financial measures are useful to investors in allowing for greater transparency with respect to supplemental information used by management in its financial and operational decision-making. As these non-GAAP financial measures are not calculated in accordance with GAAP, they may not necessarily be comparable to similarly titled measures employed by other companies. These non-GAAP financial measures should not be considered in isolation or as a substitute for the comparable GAAP measures, and should be read only in conjunction with SYNNEX' consolidated financial statements prepared in accordance with GAAP. A reconciliation of SYNNEX' GAAP to non-GAAP financial information is set forth in the supplemental information section at the end of this press release.

Safe Harbor Statement

Statements in this news release regarding SYNNEX Corporation that are not historical facts are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements may be identified by terms such as believe, foresee, expect, may, will, provide, could and should and the negative of these terms or other similar expressions. These forward-looking statements include, but are not limited to, statements regarding the proposed spin-off of Concentrix, including status, timing, what shareholders will own immediately following the spin-off and shareholder value; our expectations and outlook for the fiscal 2020 fourth quarter as to revenue, net income, non-GAAP net income, diluted earnings per share, non-GAAP diluted earnings per share, outstanding diluted weighted average shares, tax rate, after-tax amortization of intangibles, after-tax acquisition-related and integration expenses; and the anticipated benefits of the non-GAAP financial measures.

The forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those discussed in the forward-looking statements. These risks and uncertainties include, but are not limited to: the impact of COVID-19 or coronavirus, or other pandemics, and the impact of related governmental, individual and business responses, including the ability of our staff to travel to work, our ability to maintain adequate inventories, delivery capabilities, the impact on our customers and supply chain, and the impact on demand in general; general economic and market conditions; the ability to realize the anticipated benefits of the previously-announced separation of SYNNEX and Concentrix and the disruption such transaction might cause to our business; negative effects of the transaction announcement or the consummation of the proposed separation on the market price of the capital stock of SYNNEX; the unfavorable outcome of any legal proceedings that have been or may be instituted against us; the ability to retain key personnel; any weakness in information technology and consumer electronics spending; the loss or

consolidation of one or more of our significant original equipment manufacturer, or OEM, suppliers or customers; market acceptance and product life of the products we assemble and distribute; competitive conditions in our industry and their impact on our margins; pricing, margin and other terms with our OEM suppliers; our ability to gain market share; variations in supplier-sponsored programs; changes in our costs and operating expenses; changes in foreign currency exchange rates; changes in tax laws; risks associated with our international operations; uncertainties and variability in demand by our reseller and integration customers; supply shortages or delays; any termination or reduction in our floor plan financing arrangements; credit exposure to our reseller customers and negative trends in their businesses; any future incidents of theft; and other risks and uncertainties detailed in our Form 10-K for the fiscal year ended November 30, 2019 and subsequent SEC filings. Statements included in this press release are based upon information known to SYNEX Corporation as of the date of this release, and SYNEX Corporation does not intend to update information contained in this press release, except as required by law.

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SYNNEX Corporation
Consolidated Balance Sheets
(currency and share amounts in thousands, except par value)
(Amounts may not add due to rounding)
(unaudited)

	August 31, 2020	November 30, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,452,273	\$ 225,529
Accounts receivable, net	3,580,970	3,926,709
Receivables from vendors, net	323,027	368,505
Inventories	2,832,607	2,547,224
Other current assets	375,273	385,024
Total current assets	8,564,151	7,452,992
Property and equipment, net	583,951	569,899
Goodwill	2,257,292	2,254,402
Intangible assets, net	1,031,168	1,162,212
Deferred tax assets	116,263	97,539
Other assets, net	710,283	160,917
Total assets	<u>\$ 13,263,107</u>	<u>\$ 11,697,960</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Borrowings, current	\$ 244,114	\$ 298,969
Accounts payable	3,655,215	3,149,443
Accrued compensation and benefits	447,661	402,771
Other accrued liabilities	1,257,160	723,716
Income taxes payable	27,998	32,223
Total current liabilities	5,632,148	4,607,122
Long-term borrowings	2,609,809	2,718,267
Other long-term liabilities	722,343	361,911
Deferred tax liabilities	205,225	222,210
Total liabilities	<u>9,169,525</u>	<u>7,909,510</u>
Stockholders' equity:		
Preferred stock, \$0.001 par value, 5,000 shares authorized, no shares issued or outstanding	—	—
Common stock, \$0.001 par value, 100,000 shares authorized, 53,380 and 53,154 shares issued as of August 31, 2020 and November 30, 2019, respectively	53	53
Additional paid-in capital	1,579,026	1,545,421
Treasury stock, 2,454 and 2,399 shares as of August 31, 2020 and November 30, 2019, respectively	(178,775)	(172,627)
Accumulated other comprehensive income (loss)	(224,628)	(209,077)
Retained earnings	2,917,906	2,624,680
Total stockholders' equity	<u>4,093,582</u>	<u>3,788,450</u>
Total liabilities and equity	<u>\$ 13,263,107</u>	<u>\$ 11,697,960</u>

SYNNEX Corporation
Consolidated Statements of Operations
(currency and share amounts in thousands, except per share amounts)
(Amounts may not add due to rounding)
(unaudited)

	Three Months Ended		Nine Months Ended	
	August 31, 2020	August 31, 2019	August 31, 2020	August 31, 2019
Revenue:				
Products	\$ 5,306,361	\$ 5,047,968	\$ 13,858,313	\$ 13,695,725
Services	1,158,421	1,155,690	3,403,305	3,480,275
Total revenue	6,464,782	6,203,659	17,261,619	17,176,000
Cost of revenue:				
Products	(5,008,881)	(4,746,197)	(13,031,113)	(12,876,410)
Services	(747,809)	(731,472)	(2,206,256)	(2,196,212)
Gross profit	708,092	725,990	2,024,249	2,103,379
Selling, general and administrative expenses	(498,956)	(517,135)	(1,514,734)	(1,557,906)
Operating income	209,136	208,855	509,515	545,473
Interest expense and finance charges, net	(28,749)	(42,945)	(99,046)	(127,695)
Other income (expense), net	(567)	(1,087)	3,280	19,764
Income before income taxes	179,819	164,823	413,748	437,542
Provision for income taxes	(45,356)	(41,691)	(99,740)	(112,831)
Net income	<u>\$ 134,464</u>	<u>\$ 123,132</u>	<u>\$ 314,008</u>	<u>\$ 324,711</u>
Earnings per common share:				
Basic	<u>\$ 2.61</u>	<u>\$ 2.41</u>	<u>\$ 6.10</u>	<u>\$ 6.35</u>
Diluted	<u>\$ 2.60</u>	<u>\$ 2.40</u>	<u>\$ 6.07</u>	<u>\$ 6.32</u>
Weighted-average common shares outstanding:				
Basic	<u>50,890</u>	<u>50,601</u>	<u>50,851</u>	<u>50,661</u>
Diluted	<u>51,241</u>	<u>50,845</u>	<u>51,172</u>	<u>50,903</u>

SYNNEX Corporation
Segment Information
(currency in thousands)
(Amounts may not add due to rounding)
(unaudited)

	Three Months Ended		Nine Months Ended	
	August 31, 2020	August 31, 2019	August 31, 2020	August 31, 2019
Revenue:				
Technology Solutions	\$ 5,306,361	\$ 5,047,970	\$ 13,858,313	\$ 13,695,729
Concentrix	1,163,694	1,160,928	3,418,676	3,495,076
Inter-segment elimination	(5,273)	(5,240)	(15,371)	(14,805)
Consolidated	<u>\$ 6,464,782</u>	<u>\$ 6,203,659</u>	<u>\$ 17,261,619</u>	<u>\$ 17,176,000</u>
Operating income:				
Technology Solutions	\$ 132,373	\$ 138,830	\$ 320,962	\$ 352,594
Concentrix	76,763	70,025	188,554	192,879
Consolidated	<u>\$ 209,136</u>	<u>\$ 208,855</u>	<u>\$ 509,515</u>	<u>\$ 545,473</u>

SYNNEX Corporation
Reconciliation of GAAP to Non-GAAP financial measures
(currency in thousands)
(Amounts may not add due to rounding)

	Three Months Ended		Nine Months Ended	
	August 31, 2020	August 31, 2019	August 31, 2020	August 31, 2019
Revenue in constant currency				
Consolidated				
Revenue	\$ 6,464,782	\$ 6,203,659	\$ 17,261,619	\$ 17,176,000
Foreign currency translation	35,239		111,756	
Revenue in constant currency	\$ 6,500,021	\$ 6,203,659	\$ 17,373,375	\$ 17,176,000

Technology Solutions				
Revenue	\$ 5,306,361	\$ 5,047,970	\$ 13,858,313	\$ 13,695,729
Foreign currency translation	32,798		79,488	
Revenue in constant currency	\$ 5,339,159	\$ 5,047,970	\$ 13,937,801	\$ 13,695,729

Concentrix				
Revenue	\$ 1,163,694	\$ 1,160,928	\$ 3,418,676	\$ 3,495,076
Foreign currency translation	2,441		32,268	
Revenue in constant currency	\$ 1,166,135	\$ 1,160,928	\$ 3,450,944	\$ 3,495,076

	Three Months Ended		Nine Months Ended	
	August 31, 2020	August 31, 2019	August 31, 2020	August 31, 2019
Selling, general and administrative expenses				
Consolidated				
GAAP selling, general and administrative expenses	\$ 498,956	\$ 517,135	\$ 1,514,734	\$ 1,557,906
Acquisition-related and integration expenses	4,163	9,200	22,701	53,582
Amortization of intangibles	46,533	52,066	139,435	156,964
Adjusted selling, general and administrative expenses	\$ 448,260	\$ 455,869	\$ 1,352,598	\$ 1,347,360

Technology Solutions				
GAAP selling, general and administrative expenses	\$ 165,107	\$ 162,944	\$ 506,239	\$ 466,725
Acquisition-related and integration expenses	—	—	—	981
Amortization of intangibles	9,995	10,999	30,130	32,968
Adjusted selling, general and administrative expenses	\$ 155,112	\$ 151,945	\$ 476,109	\$ 432,776

Concentrix				
GAAP selling, general and administrative expenses	\$ 335,770	\$ 356,155	\$ 1,014,339	\$ 1,097,139
Acquisition-related and integration expenses	4,163	9,200	22,701	52,601
Amortization of intangibles	36,538	41,067	109,305	123,996
Adjusted selling, general and administrative expenses	\$ 295,069	\$ 305,888	\$ 882,333	\$ 920,542

SYNNEX Corporation
Reconciliation of GAAP to Non-GAAP financial measures
(currency in thousands)
(Amounts may not add due to rounding)
(continued)

	Three Months Ended		Nine Months Ended	
	August 31, 2020	August 31, 2019	August 31, 2020	August 31, 2019
Operating income and Operating margin				
Consolidated				
Revenue	\$ 6,464,782	\$ 6,203,659	\$ 17,261,619	\$ 17,176,000
GAAP operating income	\$ 209,136	\$ 208,855	\$ 509,515	\$ 545,473
Acquisition-related and integration expenses	4,163	9,200	22,701	53,582
Amortization of intangibles	46,828	52,428	140,320	158,149
Non-GAAP operating income	\$ 260,127	\$ 270,483	\$ 672,536	\$ 757,204
GAAP operating margin	3.24%	3.37%	2.95%	3.18%
Non-GAAP operating margin	4.02%	4.36%	3.90%	4.41%
Technology Solutions				
Segment revenue	\$ 5,306,361	\$ 5,047,970	\$ 13,858,313	\$ 13,695,729
GAAP operating income	\$ 132,373	\$ 138,830	\$ 320,962	\$ 352,594
Acquisition-related and integration expenses	—	—	—	981
Amortization of intangibles	9,995	10,999	30,130	32,968
Non-GAAP operating income	\$ 142,368	\$ 149,829	\$ 351,092	\$ 386,543
GAAP operating margin	2.49%	2.75%	2.32%	2.57%
Non-GAAP operating margin	2.68%	2.97%	2.53%	2.82%
Concentrix				
Segment revenue	\$ 1,163,694	\$ 1,160,928	\$ 3,418,676	\$ 3,495,076
GAAP operating income	\$ 76,763	\$ 70,025	\$ 188,554	\$ 192,879
Acquisition-related and integration expenses	4,163	9,200	22,701	52,601
Amortization of intangibles	36,833	41,429	110,190	125,181
Non-GAAP operating income	\$ 117,759	\$ 120,654	\$ 321,445	\$ 370,661
GAAP operating margin	6.60%	6.03%	5.52%	5.52%
Non-GAAP operating margin	10.12%	10.39%	9.40%	10.61%

SYNNEX Corporation
Reconciliation of GAAP to Non-GAAP financial measures
(currency and share amounts in thousands, except per share amounts)
(Amounts may not add due to rounding)
(continued)

	Three Months Ended		Nine Months Ended	
	August 31, 2020	August 31, 2019	August 31, 2020	August 31, 2019
Adjusted EBITDA				
Consolidated				
Net income	\$ 134,464	\$ 123,132	\$ 314,008	\$ 324,711
Interest expense and finance charges, net	28,749	42,945	99,046	127,695
Provision for income taxes	45,356	41,691	99,740	112,831
Depreciation (excluding accelerated depreciation included in acquisition-related and integration expenses below)	37,446	38,597	110,981	119,004
Amortization of intangibles	46,828	52,428	140,320	158,149
EBITDA	\$ 292,843	\$ 298,793	\$ 764,095	\$ 842,390
Other (income) expense, net (excluding amounts included in acquisition-related and integration expenses below)	567	1,087	(3,798)	(19,593)
Acquisition-related and integration expenses	4,163	9,200	23,219	53,411
Adjusted EBITDA	\$ 297,573	\$ 309,080	\$ 783,516	\$ 876,208
Technology Solutions				
Net income	\$ 85,531	\$ 87,778	\$ 204,237	\$ 236,080
Interest expense and finance charges, net	19,747	17,775	59,531	55,725
Provision for income taxes	27,119	29,739	56,189	77,873
Depreciation	5,937	5,875	17,650	16,719
Amortization of intangibles	9,995	10,999	30,130	32,968
EBITDA	\$ 148,329	\$ 152,166	\$ 367,737	\$ 419,365
Other (income) expense, net	(25)	3,538	1,004	(17,083)
Acquisition-related and integration expenses	—	—	—	981
Adjusted EBITDA	\$ 148,304	\$ 155,704	\$ 368,741	\$ 403,263
Concentrix				
Net income	\$ 48,933	\$ 35,354	\$ 109,771	\$ 88,631
Interest expense and finance charges, net	9,002	25,170	39,515	71,970
Provision for income taxes	18,236	11,952	43,551	34,958
Depreciation (excluding accelerated depreciation included in acquisition-related and integration expenses below)	31,509	32,722	93,331	102,285
Amortization of intangibles	36,833	41,429	110,190	125,181
EBITDA	\$ 144,513	\$ 146,627	\$ 396,358	\$ 423,025
Other (income) expense, net (excluding amounts included in acquisition-related and integration expenses below)	592	(2,450)	(4,802)	(2,510)
Acquisition-related and integration expenses	4,163	9,200	23,219	52,430
Adjusted EBITDA	\$ 149,268	\$ 153,377	\$ 414,775	\$ 472,945

SYNNEX Corporation
Reconciliation of GAAP to Non-GAAP financial measures
(currency and share amounts in thousands, except per share amounts)
(Amounts may not add due to rounding)
(continued)

	Three Months Ended		Nine Months Ended	
	August 31, 2020	August 31, 2019	August 31, 2020	August 31, 2019
Net income				
Net income	\$ 134,464	\$ 123,132	\$ 314,008	\$ 324,711
Acquisition-related and integration expenses	4,163	9,200	23,219	53,411
Amortization of intangibles	46,828	52,428	140,320	158,149
Contingent consideration	—	—	—	(19,034)
Income taxes related to the above ⁽¹⁾	(12,899)	(15,548)	(41,407)	(55,328)
Non-GAAP net income	\$ 172,556	\$ 169,212	\$ 436,140	\$ 461,909
Diluted earnings per common share ("EPS")⁽²⁾				
Net income	\$ 134,464	\$ 123,132	\$ 314,008	\$ 324,711
Less: net income allocated to participating securities	1,481	1,066	3,602	2,883
Net income attributable to common stockholders	132,983	122,066	310,406	321,828
Acquisition-related and integration expenses attributable to common stockholders	4,117	9,121	22,960	52,938
Amortization of intangibles attributable to common stockholders	46,312	51,975	138,755	156,748
Contingent consideration attributable to common stockholders	—	—	—	(18,865)
Income taxes related to the above attributable to common stockholders ⁽¹⁾	(12,757)	(15,414)	(40,945)	(54,838)
Non-GAAP net income attributable to common stockholders	\$ 170,655	\$ 167,748	\$ 431,176	\$ 457,810
Weighted-average number of common shares - diluted:	51,241	50,845	51,172	50,903
Diluted EPS ⁽²⁾	\$ 2.60	\$ 2.40	\$ 6.07	\$ 6.32
Acquisition-related and integration expenses	0.08	0.18	0.45	1.04
Amortization of intangibles	0.90	1.02	2.71	3.08
Contingent consideration	—	—	—	(0.37)
Income taxes related to the above ⁽¹⁾	(0.25)	(0.30)	(0.80)	(1.08)
Non-GAAP diluted EPS	\$ 3.33	\$ 3.30	\$ 8.43	\$ 8.99

SYNNEX Corporation
Reconciliation of GAAP to Non-GAAP financial measures
(Amounts may not add due to rounding)
(continued)

(Amounts in thousands)	Three Months Ended		Nine Months Ended	
	August 31, 2020	August 31, 2019	August 31, 2020	August 31, 2019
Free cash flow				
Net cash provided by (used in) operating activities	\$ 320,617	\$ 249,853	\$ 1,547,098	\$ 202,473
Purchases of property and equipment	(42,705)	(33,020)	(127,326)	(93,432)
Free cash flow	\$ 277,912	\$ 216,833	\$ 1,419,772	\$ 109,041

(Amounts in millions, except per share amounts)	Forecast	
	Three Months Ending November 30, 2020	
	Low	High
Net income	\$ 153.0	\$ 166.0
Acquisition-related and integration expenses	3.0	3.0
Amortization of intangibles	47.0	47.0
Income taxes related to the above ⁽¹⁾	(12.5)	(12.5)
Non-GAAP net income	\$ 190.5	\$ 203.5
Diluted EPS ⁽²⁾	\$ 2.95	\$ 3.20
Acquisition-related and integration expenses	0.06	0.06
Amortization of intangibles	0.90	0.90
Income taxes related to the above ⁽¹⁾	(0.24)	(0.24)
Non-GAAP diluted EPS	\$ 3.68	\$ 3.93

⁽¹⁾The tax effect of taxable and deductible non-GAAP adjustments was calculated using the effective year-to-date tax rate during the respective periods.

⁽²⁾Diluted EPS is calculated using the two-class method. Unvested restricted stock awards granted to employees are considered participating securities. For purposes of calculating Diluted EPS, Net income allocated to participating securities was approximately 1.1% and 1.2% of Net income for the three and nine months ended August 31, 2020, respectively and approximately 0.9% for both the three and nine months ended August 31, 2019. Net income allocable to participating securities is estimated to be approximately 0.9% of the forecasted Net income for the three months ending November 30, 2020.

SYNNEX Corporation
Calculation of Financial Metrics
(currency in thousands)
(Amounts may not add or compute due to rounding)

Return on Invested Capital ("ROIC")

	August 31, 2020	August 31, 2019
ROIC		
Operating income (trailing fiscal four quarters)	\$ 777,803	\$ 746,368
Income taxes on operating income ⁽¹⁾	(193,398)	(201,002)
Operating income after taxes	\$ 584,405	\$ 545,366
Total borrowings, excluding book overdraft (last five quarters average)	\$ 3,019,573	\$ 3,126,339
Total equity (last five quarters average)	3,834,782	3,282,537
Less: U.S. cash and cash equivalents (last five quarters average)	(398,398)	(67,727)
Total invested capital	\$ 6,455,957	\$ 6,341,149
ROIC	9.1%	8.6%

Adjusted ROIC

Non-GAAP operating income (trailing fiscal four quarters)	\$ 1,011,028	\$ 1,024,961
Income taxes on Non-GAAP operating income ⁽¹⁾	(253,279)	(263,045)
Non-GAAP operating income after taxes	\$ 757,749	\$ 761,916
Total invested capital	\$ 6,455,957	\$ 6,341,149
Tax effected impact of cumulative non-GAAP adjustments (last five quarters average)	616,468	439,557
Total Non-GAAP invested capital	\$ 7,072,425	\$ 6,780,706
Adjusted ROIC	10.7%	11.2%

⁽¹⁾Income taxes on GAAP operating income was calculated using the effective year-to-date tax rates during the respective periods. Income taxes on non-GAAP operating income was calculated by excluding the tax effect of taxable and deductible non-GAAP adjustments using the effective year-to-date tax rate during the respective periods. In fiscal year 2018, the effective tax rate for non-GAAP operating income excludes the impact of the transition tax on accumulated overseas profits and the remeasurement of deferred tax assets and liabilities to the new U.S. tax rate related to the enactment of the Tax Cuts and Jobs Act of 2017.

Debt to Adjusted EBITDA leverage ratio

		August 31, 2020	August 31, 2019
Total borrowings, excluding book overdraft	(a)	\$ 2,851,890	\$ 3,323,416
Less: cash and cash equivalents	(b)	1,452,273	262,279
Net debt	(c)=(a)-(b)	\$ 1,399,617	\$ 3,061,137
Trailing four quarters Adjusted EBITDA	(d)	\$ 1,160,281	\$ 1,177,889
Debt to Adjusted EBITDA leverage ratio	(e)=(a)/(d)	2.5	2.8
Net debt to Adjusted EBITDA leverage ratio	(f)=(c)/(d)	1.2	2.6

SYNNEX Corporation
Calculation of Financial Metrics
(currency in thousands)
(Amounts may not add or compute due to rounding)
(continued)

Cash Conversion Cycle

		Three Months Ended	
		August 31, 2020	August 31, 2019
Days sales outstanding			
Revenue (products and services)	(a)	\$ 6,464,782	\$ 6,203,659
Accounts receivable, net	(b)	3,580,970	3,452,976
Days sales outstanding	(c) = (b)/((a)/the number of days during the period)	51	51
Days inventory outstanding			
Cost of revenue (products and services)	(d)	\$ 5,756,690	\$ 5,477,669
Inventories	(e)	2,832,607	2,787,159
Days inventory outstanding	(f) = (e)/((d)/the number of days during the period)	45	47
Days payable outstanding			
Cost of revenue (products and services)	(g)	\$ 5,756,690	\$ 5,477,669
Accounts payable	(h)	3,655,215	2,932,046
Days payable outstanding	(i) = (h)/((g)/the number of days during the period)	58	49
Cash conversion cycle	(j) = (c)+(f)-(i)	38	49