

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended May 31, 2022

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-31892



TD SYNEX

TD SYNEX CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

44201 Nobel Drive, Fremont, California

(Address of principal executive offices)

94-2703333

(IRS Employer Identification Number)

94538

(Zip Code)

(510) 656-3333

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	SNX	The New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding as of June 29, 2022
Common Stock, \$0.001 par value	95,848,188

TD SYNnex CORPORATION

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PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements

TD SYNnex CORPORATION **CONSOLIDATED BALANCE SHEETS** (currency and share amounts in thousands, except par value) (unaudited)

	May 31, 2022	November 30, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 521,514	\$ 993,973
Accounts receivable, net	7,851,536	8,310,032
Receivables from vendors, net	1,032,892	1,118,963
Inventories	8,433,997	6,642,915
Other current assets	695,502	668,261
Total current assets	18,535,441	17,734,144
Property and equipment, net	418,083	483,443
Goodwill	3,856,807	3,917,276
Intangible assets, net	4,680,559	4,913,124
Other assets, net	566,939	618,393
Total assets	\$ 28,057,829	\$ 27,666,380
LIABILITIES AND EQUITY		
Current liabilities:		
Borrowings, current	\$ 208,575	\$ 181,256
Accounts payable	12,521,137	12,034,946
Other accrued liabilities	1,929,996	2,017,253
Total current liabilities	14,659,708	14,233,455
Long-term borrowings	3,902,627	3,955,176
Other long-term liabilities	479,735	556,134
Deferred tax liabilities	1,034,094	1,015,640
Total liabilities	20,076,164	19,760,405
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Preferred stock, \$0.001 par value, 5,000 shares authorized, no shares issued or outstanding	—	—
Common stock, \$0.001 par value, 200,000 shares authorized, 98,436 and 98,204 shares issued as of May 31, 2022 and November 30, 2021, respectively	98	98
Additional paid-in capital	7,315,664	7,271,337
Treasury stock, 3,201 and 2,633 shares as of May 31, 2022 and November 30, 2021, respectively	(259,800)	(201,139)
Accumulated other comprehensive loss	(469,816)	(336,194)
Retained earnings	1,395,519	1,171,873
Total stockholders' equity	7,981,665	7,905,975
Total liabilities and equity	\$ 28,057,829	\$ 27,666,380

(Amounts may not add due to rounding)

The accompanying Notes are an integral part of these Consolidated Financial Statements (unaudited).

TD SYNnex CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(currency and share amounts in thousands, except per share amounts)
(unaudited)

	Three Months Ended		Six Months Ended	
	May 31, 2022	May 31, 2021	May 31, 2022	May 31, 2021
Revenue	\$ 15,269,791	\$ 5,856,825	\$ 30,739,768	\$ 10,795,839
Cost of revenue	(14,314,002)	(5,527,650)	(28,815,318)	(10,162,097)
Gross profit	955,789	329,175	1,924,450	633,742
Selling, general and administrative expenses	(670,574)	(175,339)	(1,323,425)	(338,159)
Acquisition, integration and restructuring costs	(32,478)	(5,935)	(125,848)	(5,935)
Operating income	252,737	147,901	475,177	289,649
Interest expense and finance charges, net	(47,968)	(22,563)	(90,311)	(45,401)
Other expense, net	(6,255)	(755)	(10,523)	(2,089)
Income before income taxes	198,514	124,583	374,343	242,159
Provision for income taxes	(49,597)	(31,481)	(93,102)	(61,235)
Net income	\$ 148,917	\$ 93,102	\$ 281,241	\$ 180,924
Earnings per common share:				
Basic	\$ 1.55	\$ 1.79	\$ 2.93	\$ 3.49
Diluted	\$ 1.55	\$ 1.78	\$ 2.92	\$ 3.46
Weighted-average common shares outstanding:				
Basic	95,469	51,192	95,491	51,169
Diluted	95,742	51,707	95,784	51,636

(Amounts may not add due to rounding)

The accompanying Notes are an integral part of these Consolidated Financial Statements (unaudited).

TD SYNnex CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(currency in thousands)
(unaudited)

	Three Months Ended		Six Months Ended	
	May 31, 2022	May 31, 2021	May 31, 2022	May 31, 2021
Net income	\$ 148,917	\$ 93,102	\$ 281,241	\$ 180,924
Other comprehensive (loss) income:				
Unrealized gains (losses) on cash flow hedges during the period, net of tax (expense) benefit of (\$3,504) and \$579 for the three months ended May 31, 2022 and 2021, respectively, and (\$6,422) and \$541 for the six months ended May 31, 2022 and 2021, respectively	10,728	(1,821)	19,630	1,196
Reclassification of net losses on cash flow hedges to net income, net of tax (benefit) of (\$2,225) and (\$2,621) for the three months ended May 31, 2022, and 2021, respectively, and (\$4,684) and (\$5,159) for the six months ended May 31, 2022 and 2021, respectively	6,813	8,036	14,314	15,824
Total change in unrealized gains on cash flow hedges, net of taxes	17,541	6,215	33,944	17,020
Foreign currency translation adjustments, net of tax (expense) of (\$31) and (\$400) for the three months ended May 31, 2022 and 2021, respectively, and (\$106) and (\$1,244) for the six months ended May 31, 2022 and 2021, respectively	(170,342)	28,589	(167,566)	28,569
Other comprehensive (loss) income	(152,801)	34,804	(133,622)	45,589
Comprehensive (loss) income	\$ (3,884)	\$ 127,906	\$ 147,619	\$ 226,513

(Amounts may not add due to rounding)

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TD SYNnex CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(currency in thousands, except per share amounts)
(unaudited)

	Three Months Ended		Six Months Ended	
	May 31, 2022	May 31, 2021	May 31, 2022	May 31, 2021
Total Stockholders' equity, beginning balance	\$ 8,021,857	\$ 2,129,298	\$ 7,905,975	\$ 4,338,860
Common stock and additional paid-in capital:				
Beginning balance	7,293,878	1,596,652	7,271,435	1,591,590
Share-based compensation	19,928	6,750	40,255	11,637
Common stock issued for employee benefit plans	1,956	2,329	4,072	2,503
Ending balance	7,315,762	1,605,730	7,315,762	1,605,730
Treasury stock:				
Beginning balance	(230,374)	(192,010)	(201,139)	(191,216)
Repurchases of common stock for tax withholdings on equity awards	(403)	(161)	(5,881)	(955)
Repurchases of common stock	(29,023)	—	(52,780)	—
Ending balance	(259,800)	(192,171)	(259,800)	(192,171)
Retained earnings:				
Beginning balance	1,275,368	904,629	1,171,873	3,133,058
Separation of Concentrix	—	—	—	(2,305,982)
Net income	148,917	93,102	281,241	180,924
Cash dividends declared	(28,766)	(10,454)	(57,595)	(20,723)
Ending balance	1,395,519	987,277	1,395,519	987,277
Accumulated other comprehensive loss:				
Beginning balance	(317,015)	(179,973)	(336,194)	(194,572)
Separation of Concentrix	—	—	—	3,813
Other comprehensive (loss) income	(152,801)	34,804	(133,622)	45,589
Ending balance	(469,816)	(145,169)	(469,816)	(145,169)
Total stockholders' equity, ending balance	\$ 7,981,665	\$ 2,255,668	\$ 7,981,665	\$ 2,255,668
Cash dividends declared per share	\$ 0.30	\$ 0.20	\$ 0.60	\$ 0.40

(Amounts may not add due to rounding)

The accompanying Notes are an integral part of these Consolidated Financial Statements (unaudited).

TD SYNnex CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(currency in thousands)
(unaudited)

	Six Months Ended	
	May 31, 2022	May 31, 2021
Cash flows from operating activities:		
Net income	\$ 281,241	\$ 180,924
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	255,126	31,500
Share-based compensation	40,255	11,637
Provision for doubtful accounts	24,492	2,676
Other	5,167	4,749
Changes in operating assets and liabilities, net of the impact of Concentrix separation:		
Accounts receivable, net	301,882	376,523
Receivables from vendors, net	65,864	(5,532)
Inventories	(1,863,551)	8,314
Accounts payable	661,189	(268,522)
Other operating assets and liabilities	(56,147)	(37,952)
Net cash (used in) provided by operating activities	(284,482)	304,318
Cash flows from investing activities:		
Purchases of property and equipment	(46,501)	(9,114)
Other	(150)	1,599
Net cash used in investing activities	(46,651)	(7,515)
Cash flows from financing activities:		
Dividends paid	(57,595)	(20,723)
Repurchases of common stock	(52,780)	—
Net borrowings (repayments) on revolving credit loans	34,312	(53,976)
Principal payments on long term debt	(52,078)	—
Proceeds from issuance of common stock	4,072	2,503
Repurchases of common stock for tax withholdings on equity awards	(5,881)	(955)
Other	—	1,139
Net transfer of cash and cash equivalents to Concentrix	—	(149,948)
Net cash used in financing activities	(129,950)	(221,960)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(12,082)	13,740
Net (decrease) increase in cash, cash equivalents and restricted cash	(473,165)	88,583
Cash, cash equivalents and restricted cash at beginning of period	994,913	1,568,870
Cash, cash equivalents and restricted cash at end of period	\$ 521,748	\$ 1,657,454
Supplemental disclosure of non-cash financing activities:		
Net assets transferred to Concentrix	\$ —	\$ 2,322,598

(Amounts may not add due to rounding)

The accompanying Notes are an integral part of these Consolidated Financial Statements (unaudited).

TD SYNnex CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the three and six months ended May 31, 2022 and 2021
(Except per share amounts or as otherwise indicated, currency and share amounts in thousands)
(unaudited)

NOTE 1—ORGANIZATION AND BASIS OF PRESENTATION:

TD SYNnex Corporation (together with its subsidiaries, herein referred to as “SYNNEX”, “TD SYNnex” or the “Company”) is a leading global distributor and solutions aggregator for the information technology (“IT”) ecosystem, headquartered in Fremont, California and Clearwater, Florida and has operations in North and South America, Europe and Asia-Pacific and Japan.

On December 1, 2020, the Company completed the previously announced separation of its customer experience services business (the “Separation”), in a tax-free transaction for federal income tax purposes, which was accomplished by the distribution of one hundred percent of the outstanding common stock of Concentrix Corporation (“Concentrix”). SYNnex stockholders received one share of Concentrix common stock for every share of SYNnex common stock held at the close of business on the record date. The Company distributed 51.6 million shares of Concentrix common stock to its stockholders. Concentrix is now an independent public company trading under the symbol “CNXC” on the Nasdaq Stock Market. After the Separation, the Company does not beneficially own any shares of Concentrix’ common stock. Beginning December 1, 2020, the Company no longer consolidates Concentrix within its financial results or reflects the financial results of Concentrix within its continuing results of operations.

In connection with the Separation, the Company and Concentrix entered into a separation and distribution agreement as well as various other agreements that provide a framework for the relationships between the parties going forward, including among others an employee matters agreement, a tax matters agreement, and a commercial agreement, pursuant to which Concentrix will continue to provide certain limited services to the Company following the Separation.

On March 22, 2021, SYNnex entered into an agreement and plan of merger (the “Merger Agreement”) which provided that legacy SYNnex Corporation would acquire legacy Tech Data Corporation, a Florida corporation (“Tech Data”) through a series of mergers, which would result in Tech Data becoming an indirect subsidiary of TD SYNnex Corporation (collectively, the “Merger”). On September 1, 2021, pursuant to the terms of the Merger Agreement, the Company acquired all the outstanding shares of common stock of Tiger Parent (AP) Corporation, the parent corporation of Tech Data, for consideration of \$1.61 billion in cash (\$1.11 billion in cash after giving effect to a \$500 million equity contribution by Tiger Parent Holdings, L.P., Tiger Parent (AP) Corporation’s sole stockholder and an affiliate of Apollo Global Management, Inc., to Tiger Parent (AP) Corporation prior to the effective time of the Merger) and 44 million shares of common stock of SYNnex valued at approximately \$5.61 billion. The combined company is referred to as TD SYNnex. References to the “Company” indicate TD SYNnex for periods after the Merger and SYNnex for periods prior to the Merger.

The Consolidated Financial Statements include the accounts of the Company, its wholly-owned subsidiaries, majority-owned subsidiaries in which no substantive participating rights are held by minority stockholders and variable interest entities if the Company is the primary beneficiary. All intercompany accounts and transactions have been eliminated. The Company operates on a fiscal year that ends on November 30.

The accompanying interim unaudited Consolidated Financial Statements as of May 31, 2022 and for the three and six months ended May 31, 2022 and 2021 have been prepared by the Company, without audit, in accordance with the rules and regulations of the United States (“U.S.”) Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles (“GAAP”) in the United States have been condensed or omitted in accordance with such rules and regulations. In the opinion of management, the accompanying unaudited Consolidated Financial Statements reflect all adjustments, consisting only of normal recurring adjustments, necessary to state fairly the financial position of the Company and its results of operations and cash flows as of and for the periods presented. These financial statements should be read in conjunction with the annual audited financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended November 30, 2021.

Interim results of operations are not necessarily indicative of financial results for a full year, and the Company makes no representations related thereto. Certain columns and rows may not add due to the use of rounded numbers.

TD SYNnex CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the three and six months ended May 31, 2022 and 2021
(Except per share amounts or as otherwise indicated, currency and share amounts in thousands)
(unaudited)

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

For a discussion of the Company's significant accounting policies, refer to the discussion in the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 2021. Accounting pronouncements adopted during the six months ended May 31, 2022 are discussed below.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expense during the reporting period. The Company evaluates these estimates on a regular basis and bases them on historical experience and on various assumptions that the Company believes are reasonable.

The COVID-19 pandemic has negatively impacted the global economy, disrupted global supply chains and work force participation and created volatility and disruption of financial markets. Despite improvements in the global economy since the onset of the pandemic, the emergence of the Delta and Omicron variants and other mutations bring uncertainty to continued economic recovery. As a result, the Company cannot at this time accurately predict what effects these conditions will have on its operations and financial condition, including due to the uncertainties relating to the severity and duration of the pandemic, the effect on its customers and customer demand and the length of the restrictions and closures imposed by various governments, including recent restrictions and closures within the Asia-Pacific region. Consequently, many of the estimates and assumptions required increased judgment and carry a higher degree of variability and volatility. As events continue to evolve and additional information becomes available, these estimates may change in future periods. Actual results could differ from the estimates.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to significant concentration of credit risk consist principally of cash and cash equivalents, accounts receivable, receivables from vendors and derivative instruments.

The Company's cash and cash equivalents and derivative instruments are transacted and maintained with financial institutions with high credit standing, and their compositions and maturities are regularly monitored by management. The Company has not experienced any material credit losses on such deposits and derivative instruments.

Accounts receivable include amounts due from customers, including related party customers. Receivables from vendors, net, includes amounts due from original equipment manufacturer ("OEM") vendors. The Company performs ongoing credit evaluations of its customers' financial condition and limits the amount of credit extended when deemed necessary, but generally requires no collateral. The Company also maintains allowances for expected credit losses. In estimating the required allowances, the Company takes into consideration the overall quality and aging of its receivable portfolio, the existence of credit insurance and specifically identified customer and vendor risks. The Company also considers risks attributed to COVID-19 in establishing the required allowances.

The following table provides revenue generated from products purchased from vendors that exceeded 10% of our consolidated revenue for the periods indicated (as a percent of consolidated revenue):

	Three Months Ended		Six Months Ended	
	May 31, 2022	May 31, 2021	May 31, 2022	May 31, 2021
Apple, Inc.	10 %	N/A ⁽¹⁾	11 %	N/A ⁽¹⁾
HP Inc.	11 %	13 %	10 %	14 %
Lenovo, Inc.	10 %	N/A ⁽¹⁾	N/A ⁽¹⁾	N/A ⁽¹⁾

⁽¹⁾ Revenue generated from products purchased from this vendor was less than 10% of consolidated revenue during the period presented.

TD SYNnex CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the three and six months ended May 31, 2022 and 2021
(Except per share amounts or as otherwise indicated, currency and share amounts in thousands)
(unaudited)

No single customer accounted for more than 10% of the Company's total revenue during the three and six months ended May 31, 2022. One customer accounted for 25% and 22% of the Company's total revenue during the three and six months ended May 31, 2021, respectively. As of May 31, 2022 and November 30, 2021, no single customer comprised more than 10% of the consolidated accounts receivable balance.

Accounts Receivable

The Company maintains an allowance for doubtful accounts as an estimate to cover the future expected credit losses resulting from uncertainty regarding collections from customers or OEM vendors to make payments for outstanding balances. In estimating the required allowance, the Company takes into consideration historical credit losses, current conditions and reasonable and supportable forecasts. Adjustments to historical loss information are made for differences in current conditions as well as changes in forecasted macroeconomic conditions, such as changes in unemployment rates or gross domestic product growth. Expected credit losses are estimated on a pool basis when similar risk characteristics exist using an age-based reserve model. Receivables that do not share risk characteristics are evaluated on an individual basis.

The Company has uncommitted supply-chain financing programs with global financial institutions under which trade accounts receivable of certain customers and their affiliates may be acquired, without recourse, by the financial institutions. Available capacity under these programs is dependent on the level of the Company's trade accounts receivable with these customers and the financial institutions' willingness to purchase such receivables. In addition, certain of these programs also require that the Company continue to service, administer and collect the sold accounts receivable. As of May 31, 2022 and November 30, 2021, accounts receivable sold to and held by the financial institutions under these programs were \$947.6 million and \$759.9 million, respectively. Discount fees related to the sale of trade accounts receivable under these facilities are included in "Interest expense and finance charges, net" in the Consolidated Statements of Operations. Discount fees for these programs totaled \$3.9 million and \$6.9 million in the three and six months ended May 31, 2022, respectively, and \$0.7 million and \$1.2 million in the three and six months ended May 31, 2021, respectively.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is computed based on the weighted-average method. Inventories are comprised of finished goods and work-in-process. Finished goods include products purchased for resale, system components purchased for both resale and for use in the Company's projects and integration-based completed systems. Work-in-process inventories are not material to the Consolidated Financial Statements.

Segments

Operating segments are based on components of the Company that engage in business activities that earn revenues and incur expenses (a) whose operating results are regularly reviewed by the Company's chief operating decision maker to make decisions about resource allocation and performance and (b) for which discrete financial information is available.

Prior to the Separation, the Company had two reportable segments: Technology Solutions and Concentrix. After giving effect to the Separation of the Concentrix segment, the Company operated with one reportable segment: Technology Solutions. After completion of the Merger, the Company reviewed its reportable segments as there was a change in its chief executive officer, who is also the Company's chief operating decision maker. The Company's chief operating decision maker has a leadership structure aligned with the geographic locations of the Americas, Europe and Asia-Pacific and Japan ("APJ") and reviews and allocates resources based on these geographic locations. As a result, as of September 1, 2021 the Company began operating in three reportable segments based on its geographic locations: the Americas, Europe and APJ.

Seasonality

The Company's operating results are affected by the seasonality of the IT products industry. The Company has historically experienced higher sales in the first and fourth fiscal quarters due to patterns in capital budgeting, government spending and purchasing cycles of its customers and end-users. These historical patterns may not be repeated in subsequent periods.

TD SYNnex CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the three and six months ended May 31, 2022 and 2021
(Except per share amounts or as otherwise indicated, currency and share amounts in thousands)
(unaudited)

Revenue Recognition

The Company generates revenue primarily from the sale of various IT products.

The Company recognizes revenues from the sale of IT hardware and software as control is transferred to customers, which is at the point in time when the product is shipped or delivered. The Company accounts for a contract with a customer when it has written approval, the contract is committed, the rights of the parties, including payment terms, are identified, the contract has commercial substance and consideration is probable of collection. Binding purchase orders from customers together with agreement to the Company's terms and conditions of sale by way of an executed agreement or other signed documents are considered to be the contract with a customer. Products sold by the Company are delivered via shipment from the Company's facilities, drop-shipment directly from the vendor, or by electronic delivery of software products. In situations where arrangements include customer acceptance provisions, revenue is recognized when the Company can objectively verify the products comply with specifications underlying acceptance and the customer has control of the products. Revenue is presented net of taxes collected from customers and remitted to government authorities. The Company generally invoices a customer upon shipment, or in accordance with specific contractual provisions. Payments are due as per contract terms and do not contain a significant financing component. Service revenues represents less than 10% of the total revenue for the periods presented.

Provisions for sales returns and allowances are estimated based on historical data and are recorded concurrently with the recognition of revenue. A liability is recorded at the time of sale for estimated product returns based upon historical experience and an asset is recognized for the amount expected to be recorded in inventory upon product return. These provisions are reviewed and adjusted periodically by the Company. Revenue is reduced for early payment discounts and volume incentive rebates offered to customers, which are considered variable consideration, at the time of sale based on an evaluation of the contract terms and historical experience.

The Company recognizes revenue on a net basis on certain contracts, where the Company's performance obligation is to arrange for the products or services to be provided by another party or the rendering of logistics services for the delivery of inventory for which the Company does not assume the risks and rewards of ownership, by recognizing the margins earned in revenue with no associated cost of revenue. Such arrangements include supplier service contracts, post-contract software support services and extended warranty contracts.

The Company considers shipping and handling activities as costs to fulfill the sale of products. Shipping revenue is included in revenue when control of the product is transferred to the customer, and the related shipping and handling costs are included in cost of revenue.

Reclassifications

Certain reclassifications have been made to prior period amounts in the Consolidated Financial Statements to conform to the current period presentation. These reclassifications did not have a material impact on previously reported amounts.

Recently Adopted Accounting Pronouncements

In December 2019, the Financial Accounting Standards Board ("FASB") issued new guidance that simplifies the accounting for income taxes. The guidance is effective for annual reporting periods beginning after December 15, 2020, and interim periods within those reporting periods. Certain amendments should be applied prospectively, while other amendments should be applied retrospectively to all periods presented. The adoption of this new guidance did not have a material impact on the Company's Consolidated Financial Statements.

In October 2021, the FASB issued new guidance which requires contract assets and contract liabilities acquired in a business combination to be recognized and measured by the acquirer on the acquisition date in accordance with Accounting Standards Codification ("ASC") 606, "Revenue from Contracts with Customers." Generally, this new guidance will result in the acquirer recognizing contract assets and contract liabilities at the same amounts recorded by the acquiree. Historically, such amounts were recognized by the acquirer at fair value in acquisition accounting. The guidance is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years (the fiscal

TD SYNnex CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the three and six months ended May 31, 2022 and 2021
(Except per share amounts or as otherwise indicated, currency and share amounts in thousands)
(unaudited)

quarter ending February 28, 2023 for the Company), and should be applied prospectively to acquisitions occurring on or after the effective date. Early adoption is permitted. The Company adopted this standard during the fiscal quarter ended February 28, 2022 and will apply the guidance prospectively to future acquisitions.

Recently Issued Accounting Pronouncements

In March 2020, the FASB issued optional guidance for a limited time to ease the potential burden in accounting for or recognizing the effects of reference rate reform, particularly, the risk of cessation of the London Interbank Offered Rate (“LIBOR”) on financial reporting. The guidance provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments are elective and are effective upon issuance for all entities through December 31, 2022. The Company does not currently expect any material impacts from the adoption of this new guidance.

NOTE 3—ACQUISITIONS:

Tech Data Merger

On September 1, 2021, pursuant to the terms of the Merger Agreement, the Company acquired all the outstanding shares of common stock of Tiger Parent (AP) Corporation, the parent corporation of Tech Data, for an aggregate purchase price of \$7.22 billion, comprised of \$1.61 billion in cash (\$1.11 billion in cash after giving effect to a \$500 million equity contribution by Tiger Parent Holdings, L.P., Tiger Parent (AP) Corporation’s sole stockholder and an affiliate of Apollo Global Management, Inc., to Tiger Parent (AP) Corporation prior to the effective time of the Merger) and 44 million shares of common stock of SYNnex, valued at approximately \$5.61 billion based on the closing price of the Company’s common stock on September 1, 2021. The Merger created a leading global distributor and solutions aggregator for the IT ecosystem. The Company used the net proceeds from the issuance of new Senior Notes, borrowings under its new credit agreement and cash on hand to fund the above payments. Additionally, the Company repaid the majority of Tech Data’s outstanding debt after the Merger, including approximately \$2.4 billion outstanding under Tech Data’s existing Asset-Based Credit Agreement and approximately \$0.2 billion of outstanding Tech Data Senior Notes.

The Company has accounted for the Merger as a business combination and allocated the purchase price to the estimated fair values of Tiger Parent (AP) Corporation’s assets acquired and liabilities assumed. The Company has not yet completed its evaluation and determination of certain assets acquired and liabilities assumed, primarily (i) the final assessment and valuation of certain assets acquired and liabilities assumed, including accounts receivable, receivables from vendors, inventory, accrued expenses and other liabilities and (ii) the final assessment and valuation of certain income tax amounts. Therefore, the final fair values of the assets and liabilities may vary from the Company’s preliminary estimates. During the six months ended May 31, 2022, the Company updated its estimated fair values of certain assets acquired and liabilities assumed, including an increase in deferred tax liabilities of \$26 million, an increase in goodwill of \$16 million and an increase in inventory of \$11 million.

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The preliminary allocation of the purchase price is as follows:

Cash and cash equivalents	\$ 702,907
Accounts receivable, net	5,157,797
Receivables from vendors, net	727,175
Inventories	3,003,839
Other current assets	395,609
Property and equipment	347,532
Goodwill	3,560,973
Intangible assets	4,933,900
Other assets	475,424
Total assets	19,305,156
Borrowings, current	493,076
Accounts payable	6,613,145
Other accrued liabilities	1,252,507
Long-term borrowings	2,218,672
Other long-term liabilities	416,587
Deferred tax liabilities	1,086,769
Total liabilities	12,080,756
Purchase consideration	<u>\$ 7,224,400</u>

The allocation of the value of identifiable intangible assets is as follows:

	Fair value	Weighted average useful life
Customer relationships	\$ 3,860,200	14 years
Trade name	1,073,700	Indefinite lived
Total intangibles acquired	<u>\$ 4,933,900</u>	

Goodwill is the excess of the consideration transferred over the net assets recognized and primarily represents future economic benefits arising from assets acquired that are not individually identified and separately recognized, including synergies inherent in the acquired business, of which approximately \$500 million is expected to be deductible for tax purposes.

Included within the Company's Consolidated Statement of Operations are revenues for the six months ended May 31, 2022, of approximately \$19.0 billion from Tech Data. As the Company began integrating certain sales and other functions after the closing of the acquisition, these amounts represent an estimate of the Tech Data revenues for the six months ended May 31, 2022. It is not necessarily indicative of how the Tech Data operations would have performed on a stand-alone basis. As a result of certain integration activities subsequent to the date of acquisition, it is impracticable to disclose net income from Tech Data for the period subsequent to the acquisition date.

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The following table presents unaudited supplemental pro forma information as if the Merger had occurred at the beginning of fiscal 2020, after giving effect to certain adjustments related to the transaction. The pro forma results exclude any benefits that may result from potential cost savings and certain non-recurring costs. As a result, the pro forma information below does not purport to present what actual results would have been had the Merger been consummated on the date indicated and it is not necessarily indicative of the results of operations that may result in the future.

	Three Months Ended May 31, 2021	Six Months Ended May 31, 2021
Revenue	\$ 15,427,456	\$ 30,673,100
Net income	\$ 108,380	\$ 244,704

Adjustments reflected in the pro forma results include the following:

- Amortization of acquired intangible assets
- Interest costs associated with the Merger
- Tax effects of adjustments based on an estimated statutory tax rate

NOTE 4—ACQUISITION, INTEGRATION AND RESTRUCTURING COSTS:

Acquisition, integration and restructuring costs are primarily comprised of costs related to the Merger and costs related to the Global Business Optimization 2 Program initiated by Tech Data prior to the Merger (the “GBO 2 Program”).

The Merger

The Company incurred acquisition, integration and restructuring costs related to the completion of the Merger, including professional services costs, personnel and other costs, long-lived assets charges and stock-based compensation expense. Professional services costs are primarily comprised of legal expenses and tax and other consulting services. Personnel and other costs are primarily comprised of costs related to retention and other bonuses, as well as severance costs. Long-lived assets charges are comprised of accelerated depreciation and amortization expense of \$52.9 million recorded due to changes in asset useful lives in conjunction with the consolidation of certain IT systems. Stock-based compensation expense primarily relates to costs associated with the conversion of certain Tech Data performance-based equity awards issued prior to the Merger into restricted shares of TD SYNnex (refer to [Note 5](#) - Share-Based Compensation for further information) and expenses for certain restricted stock awards issued in conjunction with the Merger.

During the three and six months ended May 31, 2022 and May 31, 2021, acquisition and integration expenses related to the Merger were composed of the following:

	Three Months Ended		Six Months Ended	
	May 31, 2022	May 31, 2021	May 31, 2022	May 31, 2021
Professional services costs	\$ 5,793	\$ 3,995	\$ 13,941	\$ 3,995
Personnel and other costs	4,404	1,940	15,348	1,940
Long-lived assets charges	—	—	52,871	—
Stock-based compensation	12,889	—	26,465	—
Total	\$ 23,086	\$ 5,935	\$ 108,625	\$ 5,935

GBO 2 Program

Prior to the Merger, Tech Data implemented its GBO 2 Program that includes investments to optimize and standardize processes and apply data and analytics to be more agile in a rapidly evolving environment, increasing productivity, profitability and optimizing net-working capital. TD SYNnex plans to continue this program in conjunction with the Company’s integration activities. Acquisition, integration and restructuring expenses related to the GBO 2 Program are primarily comprised of restructuring costs and other costs. Restructuring costs are comprised of severance

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costs and other associated exit costs, including certain consulting costs. Other costs are primarily comprised of personnel costs, facilities costs and certain professional services fees not related to restructuring activities.

Acquisition, integration and restructuring costs under the GBO 2 Program for fiscal 2022 included the following:

	Three Months Ended May 31, 2022	Six Months Ended May 31, 2022
Restructuring costs	\$ 4,738	\$ 10,784
Other costs	4,654	6,439
Total	\$ 9,392	\$ 17,223

Restructuring costs under the GBO 2 Program for fiscal 2022 were composed of the following:

	Three Months Ended May 31, 2022	Six Months Ended May 31, 2022
Severance	\$ 742	\$ 1,101
Other exit costs	3,996	9,683
Total	\$ 4,738	\$ 10,784

Restructuring costs related to the GBO 2 Program by segment are as follows:

	Three Months Ended May 31, 2022	Six Months Ended May 31, 2022
Americas	\$ 1,582	\$ 3,422
Europe	3,073	6,945
APJ	83	417
Total	\$ 4,738	\$ 10,784

Restructuring activity during the six months ended May 31, 2022 related to the GBO 2 Program is as follows:

	Severance and Benefits	Other Exit Costs	Total
Accrued balance as of November 30, 2021	\$ 4,918	\$ 1,591	\$ 6,509
Expenses	1,101	9,683	10,784
Cash payments	(4,176)	(10,309)	(14,485)
Foreign currency translation	(89)	(242)	(331)
Accrued balance as of May 31, 2022	\$ 1,754	\$ 723	\$ 2,477

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NOTE 5—SHARE-BASED COMPENSATION:

Overview of TD SYNnex Stock Incentive Plans

The Company recognizes share-based compensation expense for all share-based awards made to employees and directors, including employee stock options, restricted stock awards ("RSA's"), restricted stock units ("RSU's"), performance-based RSU's and employee stock purchases, based on estimated fair values.

The following tables summarize the Company's share-based awards activity for TD SYNnex stock incentive plans during the six months ended May 31, 2022.

A summary of the changes in the Company's stock options is set forth below:

	Stock options
Balances, November 30, 2021	689
Granted	9
Exercised	(40)
Balances, May 31, 2022	658

A summary of the changes in the Company's non-vested RSA's and RSU's is presented below:

	RSA's and RSU's
Nonvested at November 30, 2021	1,066
Granted	254
Vested	(165)
Canceled	(47)
Nonvested at May 31, 2022	1,108

A summary of share-based compensation expense in the Consolidated Statements of Operations for TD SYNnex stock incentive plans is presented below:

	Three Months Ended		Six Months Ended	
	May 31, 2022	May 31, 2021	May 31, 2022	May 31, 2021
Selling, general and administrative expenses	\$ 7,038	\$ 6,750	\$ 13,788	\$ 11,637
Acquisition, integration and restructuring costs (on awards issued in connection with the Merger)	1,596	—	3,399	—
Total share-based compensation expense	\$ 8,634	\$ 6,750	\$ 17,187	\$ 11,637

Tech Data Equity Awards

Prior to the Merger, certain of Tech Data's employees were granted performance-based equity awards in Tiger Parent Holdings L.P., a partnership entity that was the parent company of Tiger Parent (AP) Corporation and Tech Data, that were unvested at the time of the closing of the Merger. Upon closing of the Merger, the unvested performance-based equity awards were converted into restricted shares of TD SYNnex that vest over two years.

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The following table summarizes the activity related to these restricted shares during the six months ended May 31, 2022:

	Restricted shares
Nonvested at November 30, 2021	751
Vested	(5)
Canceled	(30)
Nonvested at May 31, 2022	716

The restricted shares had a fair value of \$127.60 per share upon closing of the Merger which is being recorded as share-based compensation expense on a straight-line basis over the vesting period in “Acquisition, integration, and restructuring costs” in the Consolidated Statement of Operations. The Company recorded \$11.3 million and \$23.0 million of share-based compensation expense related to these restricted shares in “Acquisition, integration, and restructuring costs” during the three and six months ended May 31, 2022, respectively. As of May 31, 2022, there was \$57.1 million of total unamortized share-based compensation expense related to these restricted shares to be recognized over a weighted-average amortization period of 1.25 years.

NOTE 6—BALANCE SHEET COMPONENTS:

Cash, cash equivalents and restricted cash:

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the Consolidated Balance Sheets that sum to the total of the same amounts shown in the Consolidated Statements of Cash Flows:

	As of	
	May 31, 2022	November 30, 2021
Cash and cash equivalents	\$ 521,514	\$ 993,973
Restricted cash included in other current assets	234	940
Cash, cash equivalents and restricted cash	\$ 521,748	\$ 994,913

Accounts receivable, net:

	As of	
	May 31, 2022	November 30, 2021
Accounts receivable	\$ 7,981,356	\$ 8,424,868
Less: Allowance for doubtful accounts	(129,821)	(114,836)
Accounts receivable, net	\$ 7,851,536	\$ 8,310,032

Receivables from vendors, net:

	As of	
	May 31, 2022	November 30, 2021
Receivables from vendors	\$ 1,047,621	\$ 1,130,091
Less: Allowance for doubtful accounts	(14,729)	(11,128)
Receivables from vendors, net	\$ 1,032,892	\$ 1,118,963

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Allowance for doubtful trade receivables:

Balance at November 30, 2021	\$	114,836
Additions		24,492
Write-offs, reclassifications and foreign exchange translation		(9,507)
Balance at May 31, 2022	\$	129,821

Allowance for receivables from vendors:

Balance at November 30, 2021	\$	11,128
Additions		2,115
Write-offs, reclassifications and foreign exchange translation		1,486
Balance at May 31, 2022	\$	14,729

Accumulated other comprehensive income (loss):

The components of accumulated other comprehensive loss ("AOCI"), net of taxes, were as follows:

	Unrealized gains (losses) on cash flow hedges, net of taxes	Foreign currency translation adjustment and other, net of taxes	Total
Balance as of November 30, 2021	\$ (48,803)	\$ (287,391)	\$ (336,194)
Other comprehensive income (loss) before reclassification	19,630	(167,566)	(147,936)
Reclassification of losses from other comprehensive income (loss)	14,314	—	14,314
Balance as of May 31, 2022	\$ (14,859)	\$ (454,957)	\$ (469,816)

Refer to [Note 7](#) - Derivative Instruments for the location of gains and losses reclassified from other comprehensive income to the Consolidated Statements of Operations.

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NOTE 7—DERIVATIVE INSTRUMENTS:

In the ordinary course of business, the Company is exposed to foreign currency risk, interest rate risk, equity risk, commodity price changes and credit risk. The Company enters into transactions, and owns monetary assets and liabilities, that are denominated in currencies other than the legal entity's functional currency. The Company may enter into forward contracts, option contracts, swaps, or other derivative instruments to offset a portion of the risk on expected future cash flows, earnings, net investments in certain international subsidiaries and certain existing assets and liabilities. However, the Company may choose not to hedge certain exposures for a variety of reasons including, but not limited to, accounting considerations and the prohibitive economic cost of hedging particular exposures. There can be no assurance the hedges will offset more than a portion of the financial impact resulting from movements in foreign currency exchange or interest rates. The Company does not use derivative instruments to cover equity risk and credit risk. The Company's hedging program is not used for trading or speculative purposes.

All derivatives are recognized on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded in the Consolidated Statements of Operations, or as a component of AOCI in the Consolidated Balance Sheets, as discussed below.

Cash Flow Hedges

The Company uses interest rate swap derivative contracts to economically convert a portion of its variable-rate debt to fixed-rate debt. The swaps have maturities at various dates through October 2023. Gains and losses on cash flow hedges are recorded in AOCI until the hedged item is recognized in earnings. Deferred gains and losses associated with cash flow hedges of interest payments are recognized in "Interest expense and finance charges, net" in the same period as the related expense is recognized. Derivative instruments designated as cash flow hedges must be de-designated as hedges when it is probable the forecasted hedged transaction will not occur in the initially identified time period or within a subsequent two-month time period. Deferred gains and losses in AOCI associated with such derivative instruments are reclassified into earnings in the period of de-designation. Any subsequent changes in fair value of such derivative instruments are recorded in earnings unless they are re-designated as hedges of other transactions.

Non-Designated Derivatives

The Company uses short-term forward contracts to offset the foreign exchange risk of assets and liabilities denominated in currencies other than the functional currency of the respective entities. These contracts, which are not designated as hedging instruments, mature or settle within twelve months. Derivatives that are not designated as hedging instruments are adjusted to fair value through earnings in the financial statement line item to which the derivative relates.

Fair Values of Derivative Instruments in the Consolidated Balance Sheets

The fair values of the Company's derivative instruments are disclosed in [Note 8](#) - Fair Value Measurements and summarized in the table below:

Balance Sheet Line Item	Value as of	
	May 31, 2022	November 30, 2021
Derivative instruments not designated as hedging instruments:		
Foreign exchange forward contracts (notional value)	\$ 1,835,968	\$ 1,217,595
Other current assets	10,106	13,764
Other accrued liabilities	26,176	2,992
Derivative instruments designated as cash flow hedges:		
Interest rate swaps (notional value)	\$ 1,100,000	\$ 1,500,000
Other assets, net	106	—
Other accrued liabilities	6,111	38,670
Other long-term liabilities	—	24,151

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The Company terminated interest rate swaps with a notional value of \$400 million in December 2021. Cumulative losses on the terminated interest rate swaps of \$16 million will be reclassified from AOCI to “Interest expense and finance charges, net” over the period through September 2023.

Volume of Activity

The notional amounts of foreign exchange forward contracts represent the gross amounts of foreign currency, including, principally, the Australian dollar, Brazilian real, British pound, Canadian dollar, Chinese yuan, Czech koruna, Danish krone, Euro, Indian rupee, Indonesian rupiah, Japanese yen, Mexican peso, Norwegian krone, Philippine peso, Polish zloty, Singapore dollar, Swedish krona, Swiss franc and Turkish lira that will be bought or sold at maturity. The notional amounts for outstanding derivative instruments provide one measure of the transaction volume outstanding and do not represent the amount of the Company’s exposure to credit or market loss. The Company’s exposure to credit loss and market risk will vary over time as currency and interest rates change.

The Effect of Derivative Instruments on AOCI and the Consolidated Statements of Operations

The following table shows the gains and losses, before taxes, of the Company’s derivative instruments designated as cash flow hedges in Other Comprehensive Income (“OCI”) and not designated as hedging instruments in the Consolidated Statements of Operations for the periods presented:

	Location of Gains (Losses) in Income	Three Months Ended,		Six Months Ended,	
		May 31, 2022	May 31, 2021	May 31, 2022	May 31, 2021
Derivative instruments designated as cash flow hedges:					
Gains (losses) recognized in OCI on interest rate swaps		\$ 14,232	\$ (2,400)	\$ 26,051	\$ 655
Losses on interest rate swaps reclassified from AOCI into income	Interest expense and finance charges, net	\$ (9,038)	\$ (10,657)	\$ (18,998)	\$ (20,983)
Derivative instruments not designated as hedging instruments:					
Gains recognized from foreign exchange forward contracts, net ⁽¹⁾	Cost of revenue	\$ 14,013	\$ —	\$ 4,118	\$ —
Losses recognized from foreign exchange forward contracts, net ⁽¹⁾	Other income (expense), net	(949)	(8,431)	\$ (1,159)	\$ (9,128)
Losses recognized from interest rate swaps, net	Interest expense and finance charges, net	—	—	—	(128)
Total		\$ 13,064	\$ (8,431)	\$ 2,959	\$ (9,256)

(1) The gains and losses largely offset the currency gains and losses that resulted from changes in the assets and liabilities denominated in nonfunctional currencies.

There were no material gain or loss amounts excluded from the assessment of effectiveness. Existing net losses in AOCI that are expected to be reclassified into earnings in the normal course of business within the next twelve months are \$15 million.

Credit exposure for derivative financial instruments is limited to the amounts, if any, by which the counterparties’ obligations under the contracts exceed the Company’s obligations to the counterparties. The Company manages the

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potential risk of credit losses through careful evaluation of counterparty credit standing and selection of counterparties from a limited group of financial institutions.

NOTE 8—FAIR VALUE MEASUREMENTS:

The Company's fair value measurements are classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2: Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

The following table summarizes the valuation of the Company's investments and financial instruments that are measured at fair value on a recurring basis:

	As of May 31, 2022				As of November 30, 2021			
	Fair value measurement category				Fair value measurement category			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Assets:								
Forward foreign currency exchange contracts	\$ 10,106	\$ —	\$ 10,106	\$ —	\$ 13,764	\$ —	\$ 13,764	\$ —
Interest rate swaps	106	—	106	—	—	—	—	—
Liabilities:								
Forward foreign currency exchange contracts	\$ 26,176	\$ —	\$ 26,176	\$ —	\$ 2,992	\$ —	\$ 2,992	\$ —
Interest rate swaps	6,111	—	6,111	—	62,821	—	62,821	—

The fair values of forward exchange contracts are measured based on the foreign currency spot and forward rates quoted by the banks or foreign currency dealers. Fair values of interest rate swaps are measured using standard valuation models using inputs that are readily available in public markets, or can be derived from observable market transactions, including LIBOR spot and forward rates. The effect of nonperformance risk on the fair value of derivative instruments was not material as of May 31, 2022 and November 30, 2021.

The carrying values of accounts receivable, accounts payable and short-term debt approximate fair value due to their short maturities and interest rates which are variable in nature. The carrying value of the Company's term loans approximate their fair value since they bear interest rates that are similar to existing market rates. The estimated fair value of the Senior Notes was approximately \$2.22 billion and \$2.45 billion at May 31, 2022 and November 30, 2021, respectively.

During the six months ended May 31, 2022, there were no transfers between the fair value measurement category levels.

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NOTE 9—BORROWINGS:

Borrowings consist of the following:

	As of	
	May 31, 2022	November 30, 2021
Committed and uncommitted revolving credit facilities and borrowings	\$ 133,575	\$ 106,256
Current portion of TD SYNnex term loan	75,000	75,000
Borrowings, current	<u>\$ 208,575</u>	<u>\$ 181,256</u>
TD SYNnex term loan	\$ 1,387,500	\$ 1,425,000
TD SYNnex Senior Notes	2,500,000	2,500,000
Other credit agreements and long-term debt	53,323	72,258
Long-term borrowings, before unamortized debt discount and issuance costs	\$ 3,940,823	\$ 3,997,258
Less: unamortized debt discount and issuance costs	(38,196)	(42,082)
Long-term borrowings	<u>\$ 3,902,627</u>	<u>\$ 3,955,176</u>

TD SYNnex United States Accounts Receivable Securitization Arrangement

In the United States, the Company has an accounts receivable securitization program to provide additional capital for its operations (the “U.S. AR Arrangement”). Under the terms of the U.S. AR Arrangement, as amended in December 2021, the Company and its subsidiaries that are party to the U.S. AR Arrangement can borrow up to a maximum of \$1.5 billion based upon eligible trade accounts receivable. The U.S. AR Arrangement has a maturity date of December 2024. The effective borrowing cost under the U.S. AR Arrangement is a blended rate based upon the composition of the lenders, that includes prevailing dealer commercial paper rates and a rate based upon LIBOR. In addition, a program fee payable on the used portion of the lenders’ commitment accrues at 0.75% per annum. A facility fee is payable on the adjusted commitment of the lenders, to accrue at different tiers ranging between 0.30% per annum and 0.40% per annum depending on the amount of outstanding advances from time to time.

Under the terms of the U.S. AR Arrangement, the Company and certain of its U.S. subsidiaries sell, on a revolving basis, their receivables (other than certain excluded receivables) to a wholly-owned, bankruptcy-remote subsidiary. The borrowings are funded by pledging all of the rights, title and interest in the receivables acquired by the Company’s bankruptcy-remote subsidiary as security. Any amounts received under the U.S. AR Arrangement are recorded as debt on the Company’s Consolidated Balance Sheets.

There were no amounts outstanding under the U.S. AR Arrangement at May 31, 2022 or November 30, 2021.

TD SYNnex Credit Agreement

The Company is party to a credit agreement, dated as of April 16, 2021 (the “TD SYNnex Credit Agreement”) with the lenders party thereto and Citibank, N.A., as agent, pursuant to which the Company received commitments for the extension of a senior unsecured revolving credit facility not to exceed an aggregate principal amount of \$3.5 billion, which revolving credit facility (the “TD SYNnex revolving credit facility”) may, at the request of the Company but subject to the lenders’ discretion, potentially be increased by up to an aggregate amount of \$500.0 million. There were no amounts outstanding under the TD SYNnex revolving credit facility at May 31, 2022 or November 30, 2021. The TD SYNnex Credit Agreement also includes a fully funded senior unsecured term loan (the “TD SYNnex term loan” and, together with the TD SYNnex revolving credit facility, the “TD SYNnex credit facilities”) that had an original aggregate principal amount of \$1.5 billion and has begun amortizing as described below. The borrower under the TD SYNnex credit facilities is the Company. There are no guarantors of the TD SYNnex credit facilities. The maturity of the TD SYNnex credit facilities is on the fifth anniversary of the September 2021 closing date, to occur in September 2026, subject in the case of the revolving credit facility, to two one-year extensions upon the Company’s prior notice to the lenders and the agreement of the lenders to extend such maturity date.

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The outstanding principal amount of the TD SYNnex term loan is payable in quarterly installments in an amount equal to 1.25% of the original \$1.5 billion principal balance, with the outstanding principal amount of the term loans due in full on the maturity date. Loans borrowed under the TD SYNnex Credit Agreement bear interest, in the case of LIBOR (or successor) rate loans, at a per annum rate equal to the applicable LIBOR (or successor) rate, plus the applicable margin, which may range from 1.125% to 1.75%, based on the Company's public debt rating (as defined in the TD SYNnex Credit Agreement). The applicable margin on base rate loans is 1.00% less than the corresponding margin on LIBOR (or successor rate) based loans. In addition to these borrowing rates, there is a commitment fee which ranges from 0.125% to 0.300% on any unused commitment under the TD SYNnex revolving credit facility based on the Company's public debt rating. The effective interest rate for the TD SYNnex term loan was 2.44% and 1.49% as of May 31, 2022 and November 30, 2021, respectively.

The TD SYNnex Credit Agreement contains various loan covenants that are customary for similar facilities for similarly rated borrowers that restricts the ability of the Company and its subsidiaries to take certain actions. The TD SYNnex Credit Agreement also contains financial covenants which require compliance with a maximum debt to EBITDA ratio and a minimum interest coverage ratio, in each case tested on the last day of each fiscal quarter commencing with the first full fiscal quarter to occur after the closing date of the TD SYNnex credit facilities. The TD SYNnex Credit Agreement also contains various customary events of default, including with respect to a change of control of the Company.

TD SYNnex Senior Notes

On August 9, 2021, the Company completed its offering of \$2.5 billion aggregate principal amount of senior unsecured notes, consisting of \$700.0 million of 1.25% senior notes due August 9, 2024, \$700.0 million of 1.75% senior notes due August 9, 2026, \$600.0 million of 2.375% senior notes due August 9, 2028, and \$500.0 million of 2.65% senior notes due August 9, 2031 (collectively, the "Senior Notes," and such offering, the "Senior Notes Offering"). The Company incurred \$19.6 million towards issuance costs on the Senior Notes. The Company pays interest semi-annually on the notes on each of February 9 and August 9. The net proceeds from this offering were used to fund a portion of the aggregate cash consideration payable in connection with the Merger, refinance certain of the Company's existing indebtedness and pay related fees and expenses and for general purposes.

The interest rate payable on each series of the Senior Notes will be subject to adjustment from time to time if the credit rating assigned to such series of Senior Notes is downgraded (or downgraded and subsequently upgraded). The Company may redeem the Senior Notes, at any time in whole or from time to time in part, prior to (i) August 9, 2022 (the "2024 Par Call Date") in the case of the 2024 Senior Notes, (ii) July 9, 2026 (the "2026 Par Call Date") in the case of the 2026 Senior Notes, (iii) June 9, 2028 (the "2028 Par Call Date") in the case of the 2028 Senior Notes, and (iv) May 9, 2031 in the case of the 2031 Senior Notes (the "2031 Par Call Date" and, together with the 2024 Par Call Date, the 2026 Par Call Date and the 2028 Par Call Date, each, a "Par Call Date" and together, the "Par Call Dates"), at a redemption price equal to the greater of (x) 100% of the aggregate principal amount of the applicable Senior Notes to be redeemed and (y) the sum of the present values of the remaining scheduled payments of the principal and interest on the Senior Notes, discounted to the date of redemption on a semi-annual basis at a rate equal to the sum of the applicable treasury rate plus 15 basis points for the 2024 Senior Notes, 20 basis points for the 2026 Senior Notes and 25 basis points for the 2028 Senior Notes and 2031 Senior Notes, plus in each case, accrued and unpaid interest thereon to, but excluding, the redemption date. The Company may also redeem the Senior Notes of any series at its option, at any time in whole or from time to time in part, on or after the applicable Par Call Date, at a redemption price equal to 100% of the principal amount of the Senior Notes to be redeemed.

On June 14, 2022, the Company commenced an offer to exchange (the "Exchange Offer") its outstanding unregistered Senior Notes for new registered notes (the "Exchange Notes"). The purpose of the Exchange Offer is to fulfill the Company's obligations under the applicable registration rights agreement entered into in connection with the issuance of the Senior Notes. The Company will not receive any proceeds from the Exchange Offer, and the aggregate principal amount of Exchange Notes that will be issued will be equal to the aggregate principal amount of Senior Notes that are surrendered pursuant to the Exchange Offer. The terms of the Exchange Notes offered in the Exchange Offer are substantially identical to the terms of the respective series of the Senior Notes, except that the Exchange Notes will be registered under the Securities Act, and certain transfer restrictions, registration rights, and additional interest provisions

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relating to the Senior Notes will not apply to the Exchange Notes. The Exchange Offer will expire on July 14, 2022, unless extended. The settlement date for the Exchange Offer will occur promptly following the expiration of the Exchange Offer.

Other Borrowings and Term Debt

The Company has various other committed and uncommitted lines of credit with financial institutions, accounts receivable securitization arrangements, factoring of accounts receivable with recourse provisions, finance leases, short-term loans, term loans, credit facilities and book overdraft facilities, totaling approximately \$566.2 million as of May 31, 2022. Interest rates and other terms of borrowing under these lines of credit vary by country, depending on local market conditions. There was \$133.6 million outstanding on these facilities at May 31, 2022, at a weighted average interest rate of 5.53%, and there was \$106.3 million outstanding at November 30, 2021, at a weighted average interest rate of 4.59%. Borrowings under certain of these lines of credit facilities are guaranteed by the Company or secured by eligible accounts receivable.

At May 31, 2022, the Company was also contingently liable for reimbursement obligations with respect to issued standby letters of credit in the aggregate outstanding amount of \$98.5 million. These letters of credit typically act as a guarantee of payment to certain third parties in accordance with specified terms and conditions.

The maximum commitment amounts for local currency credit facilities have been translated into United States Dollars at May 31, 2022 exchange rates.

Covenant Compliance

The Company's credit facilities have a number of covenants and restrictions that require the Company to maintain specified financial ratios. The covenants also limit the Company's ability to incur additional debt, create liens, enter into agreements with affiliates, modify the nature of the Company's business and merge or consolidate. As of May 31, 2022, the Company was in compliance with all current and material financial covenant requirements for the above arrangements.

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NOTE 10—EARNINGS PER COMMON SHARE:

The following table sets forth the computation of basic and diluted earnings per common share for the periods indicated:

	Three Months Ended		Six Months Ended	
	May 31, 2022	May 31, 2021	May 31, 2022	May 31, 2021
Basic earnings per common share:				
Net income attributable to common stockholders ⁽¹⁾	\$ 147,944	\$ 91,869	\$ 279,533	\$ 178,807
Weighted-average number of common shares - basic	95,469	51,192	95,491	51,169
Basic earnings per common share	<u>\$ 1.55</u>	<u>\$ 1.79</u>	<u>\$ 2.93</u>	<u>\$ 3.49</u>
Diluted earnings per common share:				
Net income attributable to common stockholders ⁽¹⁾	\$ 147,947	\$ 91,879	\$ 279,538	\$ 178,823
Weighted-average number of common shares - basic	95,469	51,192	95,491	51,169
Effect of dilutive securities:				
Stock options and RSU's	273	516	293	467
Weighted-average number of common shares - diluted	<u>95,742</u>	<u>51,707</u>	<u>95,784</u>	<u>51,636</u>
Diluted earnings per common share	<u>\$ 1.55</u>	<u>\$ 1.78</u>	<u>\$ 2.92</u>	<u>\$ 3.46</u>
Anti-dilutive shares excluded from diluted earnings per share calculation	<u>244</u>	<u>3</u>	<u>244</u>	<u>11</u>

(1) RSA's granted by the Company are considered participating securities. Income available to participating securities was immaterial in all periods presented.

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NOTE 11—SEGMENT INFORMATION:

Segment results for all prior periods have been restated for comparability to the Company's current reportable segments (see Note 1 – Organization and Basis of Presentation for further discussion). Summarized financial information related to the Company's reportable business segments for the periods presented is shown below:

	Americas	Europe	APJ	Consolidated
Three Months Ended May 31, 2022				
Revenue	\$ 9,776,933	\$ 4,652,611	\$ 840,247	\$ 15,269,791
Operating income	192,823	40,525	19,389	252,737
Three Months Ended May 31, 2021				
Revenue	\$ 5,089,193	\$ 303,464	\$ 464,168	\$ 5,856,825
Operating income	120,613	17,567	9,721	147,901
Six Months Ended May 31, 2022				
Revenue	\$ 18,851,206	\$ 10,232,399	\$ 1,656,163	\$ 30,739,768
Operating income	326,360	105,857	42,960	475,177
Six Months Ended May 31, 2021				
Revenue	\$ 9,396,200	\$ 435,996	\$ 963,643	\$ 10,795,839
Operating income	241,048	23,802	24,799	289,649
	Americas	Europe	APJ	Consolidated
Total Assets				
As of:				
May 31, 2022	\$ 16,353,008	\$ 10,182,277	\$ 1,522,544	\$ 28,057,829
November 30, 2021	15,708,483	10,657,886	1,300,011	27,666,380

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NOTE 12—RELATED PARTY TRANSACTIONS:

The Company has a business relationship with MiTAC Holdings Corporation (“MiTAC Holdings”), a publicly-traded company in Taiwan, which began in 1992 when MiTAC Holdings became one of the Company's primary investors through its affiliates. As of both May 31, 2022 and November 30, 2021, MiTAC Holdings and its affiliates beneficially owned approximately 9.6% of the Company's outstanding common stock. Mr. Matthew Miao, Chairman Emeritus of the Company's Board of Directors and a director, is the Chairman of MiTAC Holdings and a director or officer of MiTAC Holdings' affiliates.

Beneficial Ownership of the Company's Common Stock by MiTAC Holdings

As noted above, MiTAC Holdings and its affiliates in the aggregate beneficially owned approximately 9.6% of the Company's outstanding common stock as of May 31, 2022. These shares are owned by the following entities:

	As of May 31, 2022
MiTAC Holdings ⁽¹⁾	5,300
Synnex Technology International Corp. ⁽²⁾	3,860
Total	9,160

- (1) Shares are held via Silver Star Developments Ltd., a wholly-owned subsidiary of MiTAC Holdings. Excludes 194 shares held directly by Mr. Miao, 217 shares indirectly held by Mr. Miao through a charitable remainder trust, and 190 shares held by his spouse.
- (2) Synnex Technology International Corp. (“Synnex Technology International”) is a separate entity from the Company and is a publicly-traded corporation in Taiwan. Shares are held via Peer Development Ltd., a wholly-owned subsidiary of Synnex Technology International. MiTAC Holdings owns a noncontrolling interest of 14.1% in MiTAC Incorporated, a privately-held Taiwanese company, which in turn holds a noncontrolling interest of 15.7% in Synnex Technology International. Neither MiTAC Holdings nor Mr. Miao is affiliated with any person(s), entity, or entities that hold a majority interest in MiTAC Incorporated.

The following table presents the Company's transactions with MiTAC Holdings and its affiliates for the periods indicated:

	Three Months Ended		Six Months Ended	
	May 31, 2022	May 31, 2021	May 31, 2022	May 31, 2021
Purchases of inventories and services	\$ 54,474	\$ 48,602	\$ 101,050	\$ 89,759
Sale of products to MiTAC Holdings and affiliates	1,076	242	1,136	460
Payments made for rent and overhead costs for use of facilities of MiTAC Holdings and affiliates, net	45	47	81	79

The following table presents the Company's receivable from and payable to MiTAC Holdings and its affiliates for the periods presented:

	May 31, 2022	November 30, 2021
Receivable from related parties (included in Accounts receivable, net)	\$ 18,090	\$ 21,841
Payable to related parties (included in Accounts payable)	26,727	32,802

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NOTE 13—EQUITY:
Share Repurchase Program

In June 2020, the Board of Directors authorized a three-year \$400 million share repurchase program, effective July 1, 2020, pursuant to which the Company may repurchase its outstanding common stock from time to time in the open market or through privately negotiated transactions. As of May 31, 2022, the Company had \$347.2 million available for future repurchases of its common stock under the authorized share repurchase program.

The Company's common share repurchase activity for the six months ended May 31, 2022 is summarized as follows:

	Shares	Weighted-average price per share
Treasury stock balance at November 30, 2021	2,633	\$ 76.40
Shares of treasury stock repurchased under share repurchase program	511	103.21
Shares of treasury stock repurchased for tax withholdings on equity awards	57	102.85
Treasury stock balance at May 31, 2022	3,201	\$ 81.16

Dividends

On June 28, 2022, the Company announced that its Board of Directors declared a quarterly cash dividend of \$0.30 per common share payable on July 29, 2022 to stockholders of record as of the close of business on July 15, 2022. Future dividends are subject to continued capital availability and declaration by the Board of Directors that the dividend is in the best interest of the Company's stockholders.

NOTE 14—COMMITMENTS AND CONTINGENCIES:

As is customary in the technology industry, to encourage certain customers to purchase products from us, the Company also has other financing agreements with financial institutions to provide inventory financing facilities to the Company's customers and allow certain customers of the Company to finance their purchases directly with the financial institutions. The Company is contingently liable to repurchase inventory sold under these agreements in the event of any default by its customers under the agreement and such inventory being repossessed by the financial institutions. As the Company does not have access to information regarding the amount of inventory purchased from the Company still on hand with the customer at any point in time, the Company's repurchase obligations relating to inventory cannot be reasonably estimated. Losses, if any, would be the difference between the repossession cost and the resale value of the inventory. Repurchases under these arrangements have been insignificant to date and the Company is not aware of any pending customer defaults or repossession obligations. The Company believes that, based on historical experience, the likelihood of a material loss pursuant to these inventory repurchase obligations is remote.

The French Autorité de la Concurrence ("Competition Authority") began in 2013 an investigation into the French market for certain products of Apple, Inc. ("Apple") for which the Company is a distributor. In March 2020, the Competition Authority imposed fines on Tech Data, on another distributor, and on Apple, finding that Tech Data entered into an anticompetitive agreement with Apple regarding volume allocations of Apple products. The fine imposed on Tech Data was €76 million (approximately \$82 million as of May 31, 2022). The Company has vigorously contested the arguments of the Competition Authority, and the Company has appealed its determination to the French courts, seeking to set aside or reduce the fine. Although the Company believes it has strong arguments on appeal, the Company has determined that the best estimate of probable loss related to this matter as of May 31, 2022 is €36 million (approximately \$39 million as of May 31, 2022). Under French law, the pendency of the Company's appeal does not suspend the obligation to pay the fine. Tech Data agreed with the French authorities to make eight equal installment payments in relation to the fine assessed for a total amount of €22.8 million on a quarterly basis from January 2021 through October 2022. As of May 31, 2022, the Company has an accrual established for this matter of €18.9 million (\$20.4 million as of May 31, 2022) that represents the total estimate of probable loss less installment payments made to date. If the appeal

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process is not completed prior to the end of December 2022, the Company may be required to pay further amounts towards the full fine assessed by the Competition Authority before the Company's appeal is finally determined. However, any additional amounts that may need to be paid have not yet been determined. Additionally, the Company has provided a third-party surety bond to the Competition Authority to guarantee the payment of the amount of the fine and interest, if applicable. A civil lawsuit related to this matter, alleging anticompetitive actions in association with the established distribution networks for Apple, Tech Data and another distributor was filed by eBizcuss. The Company is currently evaluating this matter and cannot currently estimate the probability or amount of any potential loss.

From time to time, the Company receives notices from third parties, including customers and suppliers, seeking indemnification, payment of money or other actions in connection with claims made against them. Also, from time to time, the Company has been involved in various bankruptcy preference actions where the Company was a supplier to the companies now in bankruptcy. In addition, the Company is subject to various other claims, both asserted and unasserted, that arise in the ordinary course of business. The Company evaluates these claims and records the related liabilities. It is possible that the ultimate liabilities could differ from the amounts recorded.

Under the Separation and Distribution agreement with Concentrix that was entered into in connection with the Separation, SYNnex agreed to indemnify Concentrix, each of its subsidiaries and each of their respective directors, officers and employees from and against all liabilities relating to, arising out of or resulting from, among other matters, the liabilities allocated to SYNnex as part of the Separation. Similarly, Concentrix agreed to indemnify SYNnex, each of its subsidiaries and each of their respective directors, officers and employees from and against all liabilities relating to, arising out of or resulting from, among other matters, the liabilities allocated to Concentrix as part of the Separation. The Company expects Concentrix to fully perform under the terms of the Separation and Distribution agreement.

Under the Separation and Distribution agreement, SYNnex and Concentrix agreed to cooperate with each other in managing litigation related to both companies' businesses. The Separation and Distribution agreement also included provisions that assign to each company responsibility for managing pending and future litigation related to the general corporate matters of SYNnex arising prior to the Separation.

The Company does not believe that the above commitments and contingencies will have a material adverse effect on the Company's results of operations, financial position or cash flows.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the Consolidated Financial Statements and related Notes included elsewhere in this Report. Amounts in certain tables may not add or compute due to rounding.

When used in this Quarterly Report on Form 10-Q, or this "Report", the words "anticipates," "believes," "estimates," "expects," "intends," "allows," "can," "may," "could," "designed," "will," and similar expressions are intended to identify forward-looking statements. These are statements that relate to future periods and include statements about market trends, our business model and our services, our business and market strategy, future growth, including expansion of our product and service lines, our infrastructure, our investment in our information technology, or IT, systems, our employee hiring and retention, the ownership interest of MiTAC Holdings Corporation or MiTAC Holdings, in us and its impact, the ownership interest of Apollo Global Management, Inc., or Apollo, in us and its impact, the impact of the Merger, our integration plans, our plans with respect to the GBO 2 Program, our revenue, sources of revenue, our gross margins, our operating costs and results, timing of payment, the value of our inventory, our competition, including with Synnex Technology International Corp., our future needs for additional financing, the likely sources for such funding and the impact of such funding, concentration of customers and suppliers, customer and supplier contract terms, customer forecasts and its impact on us, relationships with our suppliers, adequacy of our facilities, ability to obtain comparable leases, ability to manage and communicate with international resources, ability to meet demand, managing inventory and our shipping costs, our legal proceedings, including the investigation by the Competition Authority, our operations and trends related thereto, our international operations, foreign currency exchange rates and hedging activities, expansion of our operations and related effects, our strategic acquisitions including anticipated cost savings and other benefits, divestitures of businesses and assets, revenue, cost of revenue and gross margin, our goodwill, seasonality of sales, changes in share price, adequacy of our cash resources to meet our capital needs, our debt and financing arrangements, including the impact of any change to our credit rating, interest rate risk and impact thereof, cash held by our international subsidiaries and repatriation, changes in fair value of derivative instruments, our tax liabilities, adequacy of our disclosure controls and procedures, dependency on personnel, pricing pressures, cybersecurity and compliance with related rules and regulations, impact of rules and regulations affecting public companies, the replacement of LIBOR, impact of our pricing policies, impact of economic and industry trends, changes to the markets in which we compete, impact of our accounting policies and recently issued accounting pronouncements, our estimates and assumptions, impact of inventory repurchase obligations and commitments and contingencies, our effective tax rates, impact of any impairment of our goodwill and intangible assets, our share repurchase and dividend program, our securitization programs, term loans and revolving credit lines, our investments in working capital, personnel, our succession planning and various environmental, social and governance initiatives and attention, our purchase accounting adjustments, plans with respect to our controls and procedures, and the impact of global economic, political and social conditions. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected. These risks and uncertainties include, but are not limited to, those risks discussed herein and risks related to the risk that the legacy SYNnex and legacy Tech Data businesses will not be integrated successfully or realize the anticipated benefits of the combined company, the COVID-19 global pandemic, the ability to retain key personnel, the seasonality of the buying patterns of our customers, concentration of sales to large customers, 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 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, dependence upon and trends in capital spending budgets in the IT industry, fluctuations in general economic conditions including impacts from Russia's invasion of Ukraine, change in the market for our customers' products, employee turnover, 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, changes in value of foreign currencies and interest rates and other risk factors contained in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended November 30, 2021 and below under Part II, Item 1A, "Risk Factors." These forward-looking statements speak only as of the date hereof. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based, unless otherwise required by law.

In the Management's Discussion and Analysis of Financial Condition and Results of Operations, all references to "TD SYNnex," "we," "us," "our" or the "Company" mean TD SYNnex Corporation and its subsidiaries for periods after the acquisition of Tech Data, except where it is made clear that the term means only the parent company or one of its segments while all references to "SYNnex," "we," "us," "our" or the "Company" mean SYNnex Corporation and its subsidiaries for periods prior to the acquisition of Tech Data, except where it is made clear that the term means only the parent company or one of its segments.

TD SYNnex, the TD SYNnex Logo and all other TD SYNnex company, product and services names and slogans are trademarks or registered trademarks of TD SYNnex Corporation. Other names and marks are the property of their respective owners.

Overview

We are a Fortune 200 corporation and a leading global distributor and solutions aggregator for the information technology ("IT") ecosystem.

On December 1, 2020, we completed the previously announced separation of our customer experience services business (the "Separation"), which was accomplished by the distribution of one hundred percent of the outstanding common stock of Concentrix Corporation ("Concentrix"). Our stockholders received one share of Concentrix common stock for every share of our common stock held at the close of business on the record date. Concentrix is now an independent public company trading under the symbol "CNXC" on the Nasdaq Stock Market. After the Separation, we do not beneficially own any shares of Concentrix' common stock and beginning December 1, 2020, we no longer consolidate Concentrix within our financial results or reflect the financial results of Concentrix within our continuing results of operations. We distributed a total of approximately 51.6 million shares of Concentrix common stock to our stockholders. In connection with the Separation, we have entered into a separation and distribution agreement, as well as various other agreements with Concentrix that provide a framework for the relationships between the parties going forward, including among others an employee matters agreement, a tax matters agreement, and a commercial agreement, pursuant to which Concentrix will continue to provide certain limited services to us following the Separation.

On March 22, 2021, SYNnex entered into an agreement and plan of merger (the "Merger Agreement") which provided that legacy SYNnex Corporation would acquire legacy Tech Data Corporation, a Florida corporation ("Tech Data") through a series of mergers, which would result in Tech Data becoming an indirect subsidiary of TD SYNnex Corporation (collectively, the "Merger"). On September 1, 2021, pursuant to the terms of the Merger Agreement, SYNnex acquired all the outstanding shares of common stock of Tiger Parent (AP) Corporation, the parent corporation of Tech Data, for consideration of \$1.61 billion in cash (\$1.11 billion in cash after giving effect to a \$500 million equity contribution by Tiger Parent Holdings, L.P., Tiger Parent (AP) Corporation's sole stockholder and an affiliate of Apollo Global Management, Inc., to Tiger Parent (AP) Corporation prior to the effective time of the Merger) and 44 million shares of common stock of SYNnex, valued at approximately \$5.61 billion. See [Note 3](#) – Acquisitions to the Consolidated Financial Statements in Part I, Item 1 of this Report for further information.

We previously had two reportable segments as of November 30, 2020: Technology Solutions and Concentrix. After giving effect to the Separation on December 1, 2020, we operated in a single reportable segment. After completion of the Merger, we reviewed our reportable segments as there was a change in our chief executive officer, who is also our chief operating decision maker. Our chief operating decision maker has a leadership structure aligned with the geographic locations of the Americas, Europe and Asia-Pacific and Japan ("APJ") and reviews and allocates resources based on these geographic locations. As a result, as of September 1, 2021 we began operating in three reportable segments based on our geographic locations: the Americas, Europe and APJ. Segment results for all prior periods have been restated for comparability to the Company's current reportable segments. For financial information by segment, refer to [Note 11](#) – Segment Information, to the Consolidated Financial Statements in Part I, Item 1 of this Report. We have presented limited information by reportable segment within the Management's Discussion and Analysis of Financial Condition and Results of Operations due to the lack of comparability between periods resulting from the Merger on September 1, 2021.

We distribute technology products from original equipment manufacturers ("OEM"), as well as suppliers of next-generation technologies and delivery models, to resellers, system integrators, and retailers. We purchase PC systems, mobile phones and accessories, printers, peripherals, IT systems, system components, software, networking, communications and security equipment, consumer electronics and complementary products from our suppliers and sell them to our reseller and retail customers. We perform a similar function for our distribution of licensed software products. Our reseller customers include value-added resellers, corporate resellers, government resellers, system integrators, direct marketers, retailers and managed service providers. We combine our core strengths in distribution with demand generation, supply chain management and design and integration solutions to help our customers achieve greater efficiencies in time to market, cost minimization, real-time linkages in the supply chain and aftermarket product support. We also provide comprehensive IT solutions in key vertical markets such as government and healthcare and we provide specialized service offerings that increase efficiencies in the areas of global computing components, logistics services and supply chain management. Additionally, we provide our customers with systems design and integration solutions for data center servers and networking solutions built specific to our customers' workloads and data center environments.

Our business is characterized by low gross profit as a percentage of revenue, or gross margin, and low income from operations as a percentage of revenue, or operating margin. The market for IT products is generally characterized by declining unit prices and short product life cycles. We set our sales price based on the market supply and demand characteristics for each particular product or bundle of products we distribute and services we provide.

We are highly dependent on the end-market demand for IT products, and on our partners' strategic initiatives and business models. This end-market demand is influenced by many factors including the introduction of new IT products and software by OEMs, replacement cycles for existing IT products, trends toward cloud computing, overall economic growth and general business activity. A difficult and challenging economic environment may also lead to consolidation or decline in the IT industries and increased price-based competition.

In December 2019, there was an outbreak of a new strain of coronavirus ("COVID-19"), which was characterized as a pandemic by the World Health Organization in March 2020. The COVID-19 pandemic has negatively impacted the global economy, disrupted global supply chains and workforce participation, including our own, and created significant volatility and disruption of financial markets. The disruptions due to COVID-19 have impacted our business including logistics operations. Despite improvements in the global economy since the onset of the pandemic, the emergence of the Delta and Omicron variants and other mutations bring uncertainty to continued economic recovery. As a result, the Company cannot at this time accurately predict what effects these conditions will have on its operations and financial condition, including due to the uncertainties relating to the severity and duration of the pandemic, the effect on its customers and customer demand and the length of the restrictions and closures imposed by various governments, including recent restrictions and closures within the Asia-Pacific region. As a result, many of the estimates and assumptions involved in the preparation of the financial statements included in this report on Form 10-Q, required increased judgment and carry a higher degree of variability and volatility. As events continue to evolve with respect to the pandemic, our estimates may change in future periods.

Critical Accounting Policies and Estimates

During the six months ended May 31, 2022, there were no material changes to our critical accounting policies and estimates previously disclosed in our Annual Report on Form 10-K for the fiscal year ended November 30, 2021.

During the six months ended May 31, 2022, we adopted certain other new accounting pronouncements. The impact of adoption of these pronouncements was not material to our consolidated financial statements. See [Note 2](#) - Summary of Significant Accounting Policies to our Consolidated Financial Statements in Part I, Item 1 of this Report for further information.

Acquisitions

We continually seek to augment organic growth in our business with strategic acquisitions of businesses and assets that complement and expand our existing capabilities. We also divest businesses that we deem no longer strategic to our ongoing operations. We seek to acquire new OEM relationships, enhance our supply chain and integration capabilities, the services we provide to our customers and OEM suppliers, and expand our geographic footprint. We are also strategically focused on further increasing our scale to support our customers.

Results of Operations

The following table sets forth, for the indicated periods, data as percentages of total revenue:

Statements of Operations Data:	Three Months Ended		Six Months Ended	
	May 31, 2022	May 31, 2021	May 31, 2022	May 31, 2021
Revenue	100.00 %	100.00 %	100.00 %	100.00 %
Cost of revenue	(93.74)%	(94.38)%	(93.74)%	(94.13)%
Gross profit	6.26 %	5.62 %	6.26 %	5.87 %
Selling, general and administrative expenses	(4.39)%	(3.00)%	(4.31)%	(3.14)%
Acquisition, integration and restructuring costs	(0.21)%	(0.10)%	(0.41)%	(0.05)%
Operating income	1.66 %	2.53 %	1.55 %	2.68 %
Interest expense and finance charges, net	(0.31)%	(0.39)%	(0.30)%	(0.42)%
Other expense, net	(0.05)%	(0.01)%	(0.03)%	(0.02)%
Income before income taxes	1.30 %	2.13 %	1.22 %	2.24 %
Provision for income taxes	(0.32)%	(0.54)%	(0.31)%	(0.57)%
Net income	0.98 %	1.59 %	0.91 %	1.68 %

Due to the ongoing impact of the COVID-19 pandemic, current results and financial condition discussed herein may not be indicative of future operating results and trends.

Certain Non-GAAP Financial Information

In addition to disclosing financial results that are determined in accordance with GAAP, we also disclose certain non-GAAP financial information, including:

- Non-GAAP operating income, which is operating income, adjusted to exclude acquisition, integration and restructuring costs, amortization of intangible assets, share-based compensation expense and purchase accounting adjustments.
- Non-GAAP operating margin, which is non-GAAP operating income, as defined above, divided by revenue.
- Adjusted earnings before interest, taxes, depreciation and amortization (“Adjusted EBITDA”) which is net income before interest, taxes, depreciation and amortization, adjusted to exclude other income (expense), net, acquisition, integration and restructuring costs, share-based compensation expense, and purchase accounting adjustments.
- Non-GAAP net income, which is net income, adjusted to exclude acquisition, integration and restructuring costs, amortization of intangible assets, share-based compensation expense, purchase accounting adjustments, income taxes related to the aforementioned items, as well as a capital loss carryback benefit.
- Non-GAAP diluted earnings per common share (“EPS”), which is diluted EPS excluding the per share impact of acquisition, integration and restructuring costs, amortization of intangible assets, share-based compensation expense, purchase accounting adjustments, income taxes related to the aforementioned items, as well as a capital loss carryback benefit.

Acquisition, integration and restructuring costs typically consist of acquisition, integration, restructuring and divestiture related costs and are expensed as incurred. These expenses primarily represent professional services costs for legal, banking, consulting and advisory services, severance and other personnel related costs, share-based compensation expense and debt extinguishment fees. From time to time, this category may also include transaction-related gains/losses on divestitures/spin-off of businesses, costs related to long-lived assets including impairment charges and accelerated depreciation and amortization expense due to changes in asset useful lives, as well as various other costs associated with the acquisition or divestiture.

Our acquisition activities have resulted in the recognition of finite-lived intangible assets which consist primarily of customer relationships and lists and vendor lists. Finite-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 our statements of operations. Although intangible assets contribute to our revenue generation, the amortization of intangible assets does not directly relate to the sale of our products. Additionally, intangible asset amortization expense typically fluctuates based on the size and timing of our acquisition activity. Accordingly, we believe excluding the amortization of intangible assets, along with the other non-GAAP adjustments which neither relate to the ordinary course of our business nor reflect our underlying business performance, enhances our and our investors' ability to compare our past financial performance with our 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 our 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.

Share-based compensation expense is a non-cash expense arising from the grant of equity awards to employees based on the estimated fair value of those awards. Although share-based compensation is an important aspect of the compensation of our employees, the fair value of the share-based awards may bear little resemblance to the actual value realized upon the vesting or future exercise of the related share-based awards and the expense can vary significantly between periods as a result of the timing of grants of new stock-based awards, including grants in connection with acquisitions. Given the variety and timing of awards and the subjective assumptions that are necessary when calculating share-based compensation expense, we believe this additional information allows investors to make additional comparisons between our operating results from period to period.

Purchase accounting adjustments are primarily related to the impact of recognizing the acquired vendor and customer liabilities from the Merger at fair value. The Company expects the duration of these adjustments to benefit our non-GAAP operating income through fiscal 2022 and through a portion of fiscal 2023 based on historical settlement patterns with our vendors and in accordance with the timing defined in our policy for releasing vendor and customer liabilities we deem remote to be paid.

We believe that providing this additional information is useful to the reader to better assess and understand our base operating performance, especially when comparing results with previous periods and for planning and forecasting in future periods, primarily because management typically monitors the business adjusted for these items in addition to GAAP results. Management also uses these non-GAAP measures to establish operational goals and, in some cases, for measuring performance for compensation purposes. 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 used as a complement to, and in conjunction with data presented in accordance with GAAP.

Non-GAAP Financial Information:

The following tables provide the reconciliations of our most comparable GAAP measures to our non-GAAP measures presented:

	Three Months Ended		Six Months Ended	
	May 31, 2022	May 31, 2021	May 31, 2022	May 31, 2021
Operating Income and Operating Margin - Consolidated	(in thousands)			
Revenue	\$ 15,269,791	\$ 5,856,825	\$ 30,739,768	\$ 10,795,839
Operating income	\$ 252,737	\$ 147,901	\$ 475,177	\$ 289,649
Acquisition, integration and restructuring costs	32,478	5,935	125,848	5,935
Amortization of intangibles	74,676	9,373	150,812	18,742
Share-based compensation	7,038	6,750	13,788	11,637
Purchase accounting adjustments	31,392	—	64,553	—
Non-GAAP operating income	\$ 398,321	\$ 169,959	\$ 830,178	\$ 325,963
Operating margin	1.66 %	2.53 %	1.55 %	2.68 %
Non-GAAP operating margin	2.61 %	2.90 %	2.70 %	3.02 %

	Three Months Ended		Six Months Ended	
	May 31, 2022	May 31, 2021	May 31, 2022	May 31, 2021
Operating Income and Operating Margin - Americas	(in thousands)			
Revenue	\$ 9,776,933	\$ 5,089,193	\$ 18,851,206	\$ 9,396,200
Operating income	\$ 192,823	\$ 120,613	\$ 326,360	\$ 241,048
Acquisition, integration and restructuring costs	17,889	5,935	69,419	5,935
Amortization of intangibles	43,568	9,373	87,096	18,742
Share-based compensation	4,340	6,750	11,090	11,637
Purchase accounting adjustments	18,830	—	36,568	—
Non-GAAP operating income	\$ 277,450	\$ 142,671	\$ 530,533	\$ 277,362
GAAP operating margin	1.97 %	2.37 %	1.73 %	2.57 %
Non-GAAP operating margin	2.84 %	2.80 %	2.81 %	2.95 %

	Three Months Ended		Six Months Ended	
	May 31, 2022	May 31, 2021	May 31, 2022	May 31, 2021
Operating Income and Operating Margin - Europe	(in thousands)			
Revenue	\$ 4,652,611	\$ 303,464	\$ 10,232,399	\$ 435,996
Operating income	\$ 40,525	\$ 17,567	\$ 105,857	\$ 23,802
Acquisition, integration and restructuring costs	11,070	—	50,799	—
Amortization of intangibles	30,470	—	62,440	—
Share-based compensation	2,080	—	2,080	—
Purchase accounting adjustments	12,562	—	27,985	—
Non-GAAP operating income	\$ 96,707	\$ 17,567	\$ 249,161	\$ 23,802
GAAP operating margin	0.87 %	5.79 %	1.03 %	5.46 %
Non-GAAP operating margin	2.08 %	5.79 %	2.44 %	5.46 %

	Three Months Ended		Six Months Ended	
	May 31, 2022	May 31, 2021	May 31, 2022	May 31, 2021
Operating Income and Operating Margin - APJ				
	(in thousands)			
Revenue	\$ 840,247	\$ 464,168	\$ 1,656,163	\$ 963,643
Operating income	\$ 19,389	\$ 9,721	\$ 42,960	\$ 24,799
Acquisition, integration and restructuring costs	3,519	—	5,630	—
Amortization of intangibles	638	—	1,276	—
Share-based compensation	618	—	618	—
Non-GAAP operating income	\$ 24,164	\$ 9,721	\$ 50,484	\$ 24,799
GAAP operating margin	2.31 %	2.09 %	2.59 %	2.57 %
Non-GAAP operating margin	2.88 %	2.09 %	3.05 %	2.57 %

	Three Months Ended		Six Months Ended	
	May 31, 2022	May 31, 2021	May 31, 2022	May 31, 2021
Adjusted EBITDA - Consolidated				
	(in thousands)			
Net income	\$ 148,917	\$ 93,102	\$ 281,241	\$ 180,924
Interest expense and finance charges, net	47,968	22,563	90,311	45,401
Provision for income taxes	49,597	31,481	93,102	61,235
Depreciation ⁽¹⁾	24,949	5,668	104,314	11,167
Amortization of intangibles	74,676	9,373	150,812	18,742
EBITDA	\$ 346,107	\$ 162,187	\$ 719,780	\$ 317,469
Other expense, net	6,255	755	10,523	2,089
Acquisition, integration and restructuring costs	32,478	5,935	72,977	5,935
Share-based compensation	7,038	6,750	13,788	11,637
Purchase accounting adjustments	31,392	—	64,553	—
Adjusted EBITDA	\$ 423,270	\$ 175,627	\$ 881,621	\$ 337,130

⁽¹⁾ Includes depreciation recorded in acquisition, integration and restructuring costs.

	Three Months Ended		Six Months Ended	
	May 31, 2022	May 31, 2021	May 31, 2022	May 31, 2021
Net Income - Consolidated				
	(in thousands)			
Net income	\$ 148,917	\$ 93,102	\$ 281,241	\$ 180,924
Acquisition, integration and restructuring costs	34,759	5,935	129,961	5,935
Amortization of intangibles	74,676	9,373	150,812	18,742
Share-based compensation	7,038	6,750	13,788	11,637
Purchase accounting adjustments	31,392	—	64,553	—
Income taxes related to the above	(34,525)	(5,733)	(82,408)	(9,258)
Income tax capital loss carryback benefit	—	—	(3,246)	—
Non-GAAP net income	\$ 262,257	\$ 109,427	\$ 554,701	\$ 207,980

Diluted Earnings per Common Share	Three Months Ended		Six Months Ended	
	May 31, 2022	May 31, 2021	May 31, 2022	May 31, 2021
Diluted EPS	\$ 1.55	\$ 1.78	\$ 2.92	\$ 3.46
Acquisition, integration and restructuring costs	0.36	0.11	1.35	0.11
Amortization of intangibles	0.77	0.18	1.56	0.36
Share-based compensation	0.07	0.13	0.14	0.22
Purchase accounting adjustments	0.33	—	0.67	—
Income taxes related to the above	(0.36)	(0.11)	(0.86)	(0.18)
Income tax capital loss carryback benefit	—	—	(0.03)	—
Non-GAAP diluted EPS	<u>\$ 2.72</u>	<u>\$ 2.09</u>	<u>\$ 5.75</u>	<u>\$ 3.98</u>

Three and Six Months Ended May 31, 2022 and May 31, 2021

Revenue

	Three Months Ended		Percent Change	Six Months Ended		Percent Change
	May 31, 2022	May 31, 2021		May 31, 2022	May 31, 2021	
	(in thousands)			(in thousands)		
Revenue	\$ 15,269,791	\$ 5,856,825	160.7 %	\$ 30,739,768	\$ 10,795,839	184.7 %

We distribute a comprehensive range of products for the technology industry and design and integrate data center equipment. The prices of our products are highly dependent on the volumes purchased within a product category. The products we sell from one period to the next are often not comparable due to changes in product models, features and customer demand requirements.

Revenue increased during the three and six months ended May 31, 2022, as compared to the prior year period, primarily due to an increase in sales resulting from the impact of the Merger of approximately \$9 billion and \$19 billion, respectively, as well as broad-based demand for technology equipment.

Gross Profit

	Three Months Ended		Percent Change	Six Months Ended		Percent Change
	May 31, 2022	May 31, 2021		May 31, 2022	May 31, 2021	
	(in thousands)			(in thousands)		
Gross profit	\$ 955,789	\$ 329,175	190.4 %	\$ 1,924,450	\$ 633,742	203.7 %
Gross margin	6.26 %	5.62 %		6.26 %	5.87 %	

Our gross margin is affected by a variety of factors, including competition, selling prices, mix of products, product costs along with rebate and discount programs from our suppliers, reserves or settlement adjustments, freight costs, inventory losses and fluctuations in revenue.

Our gross profit increased, during the three and six months ended May 31, 2022, as compared to the prior year period, primarily due to an increase in sales resulting from the impact of the Merger. The increase in gross margin during the three and six months ended May 31, 2022, as compared to the prior year period, is primarily due to product mix.

Selling, General and Administrative Expenses

	Three Months Ended		Percent Change	Six Months Ended		Percent Change
	May 31, 2022	May 31, 2021		May 31, 2022	May 31, 2021	
	(in thousands)			(in thousands)		
Selling, general and administrative expenses	\$ 670,574	\$ 175,339	282.4 %	\$ 1,323,425	\$ 338,159	291.4 %
Percentage of revenue	4.39 %	3.00 %		4.31 %	3.14 %	

Our selling, general and administrative expenses consist primarily of personnel costs such as salaries, commissions, bonuses, share-based compensation and temporary personnel costs. Selling, general and administrative expenses also include cost of warehouses, delivery centers and other non-integration facilities, utility expenses, legal and professional fees, depreciation on certain of our capital equipment, bad debt expense, amortization of our intangible assets, and marketing expenses.

During the three and six months ended May 31, 2022, selling, general and administrative expenses increased, compared to the prior year period, primarily due to an increase in personnel costs resulting from the Merger and an increase in amortization of intangible assets acquired in connection with the Merger. Selling, general and administrative expenses increased as a percentage of revenue, compared to the prior year period, primarily due to the impact of the Merger including an increase in personnel costs and amortization of intangible assets.

Acquisition, Integration and Restructuring Costs

Acquisition, integration and restructuring costs are primarily comprised of costs related to the Merger and costs related to the Global Business Optimization 2 Program initiated by Tech Data prior to the Merger (the “GBO 2 Program”).

The Merger

We incurred acquisition, integration and restructuring costs related to the completion of the Merger, including professional services costs, personnel and other costs, long-lived assets charges and stock-based compensation expense. Professional services costs are primarily comprised of legal expenses and tax and other consulting services. Personnel and other costs are primarily comprised of costs related to retention and other bonuses, as well as severance costs. Long-lived assets charges are comprised of accelerated depreciation and amortization expense of \$52.9 million recorded due to changes in asset useful lives in conjunction with the consolidation of certain IT systems. Stock-based compensation expense primarily relates to costs associated with the conversion of certain Tech Data performance-based equity awards issued prior to the Merger into restricted shares of TD SYNEX (refer to [Note 5](#) – Share-Based Compensation to the Consolidated Financial Statements in Part I, Item 1 of this Report for further information) and expenses for certain restricted stock awards issued in conjunction with the Merger.

During the three and six months ended May 31, 2022 and 2021, acquisition and integration expenses related to the Merger were composed of the following:

	Three Months Ended		Six Months Ended	
	May 31, 2022	May 31, 2021	May 31, 2022	May 31, 2021
	(in thousands)			
Professional services costs	\$ 5,793	\$ 3,995	\$ 13,941	\$ 3,995
Personnel and other costs	4,404	1,940	15,348	1,940
Long-lived assets charges	—	—	52,871	—
Stock-based compensation	12,889	—	26,465	—
Total	\$ 23,086	\$ 5,935	\$ 108,625	\$ 5,935

During the three and six months ended May 31, 2022, acquisition and integration expenses related to the Merger increased, compared to the prior year period, due to the timing of the Merger as it was completed on September 1, 2021.

GBO 2 Program

Prior to the Merger, Tech Data implemented its GBO 2 Program that includes investments to optimize and standardize processes and apply data and analytics to be more agile in a rapidly evolving environment, increasing productivity, profitability and optimizing net-working capital. TD SYNnex plans to continue this program in conjunction with the Company's integration activities. Acquisition, integration and restructuring expenses related to the GBO 2 Program are primarily comprised of restructuring costs and other costs. Restructuring costs are comprised of severance costs and other associated exit costs, including certain consulting costs. Other costs are primarily comprised of personnel costs, facilities costs and certain professional services fees not related to restructuring activities.

There were no acquisition, integration and restructuring costs incurred under the GBO 2 Program during the three and six months ended May 31, 2021 due to the timing of the completion of the Merger. Acquisition, integration and restructuring costs under the GBO 2 Program for the three and six months ended May 31, 2022 included the following:

	Three Months Ended		Six Months Ended	
	May 31, 2022		May 31, 2022	
	(in thousands)			
Restructuring costs	\$	4,738	\$	10,784
Other costs		4,654		6,439
Total	\$	9,392	\$	17,223

Restructuring costs under the GBO 2 Program for the three and six months ended May 31, 2022 were composed of the following:

	Three Months Ended		Six Months Ended	
	May 31, 2022		May 31, 2022	
	(in thousands)			
Severance	\$	742	\$	1,101
Other exit costs		3,996		9,683
Total	\$	4,738	\$	10,784

Restructuring costs related to the GBO 2 Program by segment are as follows:

	Three Months Ended		Six Months Ended	
	May 31, 2022		May 31, 2022	
	(in thousands)			
Americas	\$	1,582	\$	3,422
Europe		3,073		6,945
APJ		83		417
Total	\$	4,738	\$	10,784

Operating Income

	<u>Three Months Ended</u>		<u>Percent Change</u>	<u>Six Months Ended</u>		<u>Percent Change</u>				
	<u>May 31, 2022</u>	<u>May 31, 2021</u>		<u>May 31, 2022</u>	<u>May 31, 2021</u>					
	(in thousands)			(in thousands)						
Operating income	\$	252,737	\$	147,901	70.9 %	\$	475,177	\$	289,649	64.1 %
Operating margin		1.66 %		2.53 %			1.55 %		2.68 %	

Operating income increased during the three and six months ended May 31, 2022 compared to the prior year period, primarily due to increased sales as a result of the Merger, partially offset by an increase in personnel costs resulting from the Merger, an increase in amortization of intangible assets acquired in connection with the Merger and an increase in acquisition, integration and restructuring costs. Operating margin decreased during the three and six months ended May 31,

2022, compared to the prior year period, primarily due to an increase in personnel costs resulting from the Merger, an increase in amortization of intangible assets acquired in connection with the Merger and an increase in acquisition, integration and restructuring costs, partially offset by an increase in gross margin primarily due to product mix.

Interest Expense and Finance Charges, Net

	Three Months Ended		Percent Change	Six Months Ended		Percent Change
	May 31, 2022	May 31, 2021		May 31, 2022	May 31, 2021	
	(in thousands)			(in thousands)		
Interest expense and finance charges, net	\$ 47,968	\$ 22,563	112.6 %	\$ 90,311	\$ 45,401	98.9 %
Percentage of revenue	0.31 %	0.39 %		0.30 %	0.42 %	

Amounts recorded in interest expense and finance charges, net, consist primarily of interest expense paid on our Senior Notes (as defined below), our lines of credit and term loans and fees associated with the sale or pledge of accounts receivable through our securitization facilities, offset by income earned on our cash investments.

The increase in our interest expense and finance charges, net during the three and six months ended May 31, 2022, compared to the prior year, was due to an increase in interest expense from higher average outstanding borrowings primarily due to the issuance of the Senior Notes.

Other Expense, Net

	Three Months Ended		Percent Change	Six Months Ended		Percent Change
	May 31, 2022	May 31, 2021		May 31, 2022	May 31, 2021	
	(in thousands)			(in thousands)		
Other expense, net	\$ 6,255	\$ 755	728.5 %	\$ 10,523	\$ 2,089	403.7 %
Percentage of revenue	0.05 %	0.01 %		0.03 %	0.02 %	

Amounts recorded as other expense, net include foreign currency transaction gains and losses on certain financing transactions and the related derivative instruments used to hedge such financing transactions, the cost of hedging, investment gains and losses, and other non-operating gains and losses, such as settlements received from class actions lawsuits.

The increase in other expense, net during the three and six months ended May 31, 2022, as compared to the prior year period, was primarily related to increased costs for foreign exchange hedges coupled with an expanded program.

Provision for Income Taxes

	Three Months Ended		Percent Change	Six Months Ended		Percent Change
	May 31, 2022	May 31, 2021		May 31, 2022	May 31, 2021	
	(in thousands)			(in thousands)		
Provision for income taxes	\$ 49,597	\$ 31,481	57.5 %	\$ 93,102	\$ 61,235	52.0 %
Percentage of income before income taxes	24.98 %	25.27 %		24.87 %	25.29 %	

Income taxes consist of our current and deferred tax expense resulting from our income earned in domestic and foreign jurisdictions. Income taxes for the interim periods presented have been included in the accompanying Consolidated Financial Statements on the basis of an estimated annual effective tax rate.

During the three and six months ended May 31, 2022, our income tax expense increased compared to the prior year period, primarily due to higher income during the three and six months ended May 31, 2022, including the impacts of the Merger. The effective tax rate was slightly lower during the three and six months ended May 31, 2022 as compared to

the three and six months ended May 31, 2021, primarily due to the relative mix of earnings and losses within the taxing jurisdictions in which we operate.

Liquidity and Capital Resources

Cash Conversion Cycle

		Three Months Ended		
		May 31, 2022	November 30, 2021	May 31, 2021
		(Amounts in thousands)		
Days sales outstanding ("DSO")				
Revenue	(a)	\$ 15,269,791	\$ 15,611,266	\$ 5,856,825
Accounts receivable, net	(b)	7,851,536	8,310,032	2,451,877
Days sales outstanding	(c) = ((b)/(a))*the number of days during the period	47	48	39
Days inventory outstanding ("DIO")				
Cost of revenue	(d)	\$ 14,314,002	\$ 14,668,096	\$ 5,527,650
Inventories	(e)	8,433,997	6,642,915	2,684,681
Days inventory outstanding	(f) = ((e)/(d))*the number of days during the period	54	41	45
Days payable outstanding ("DPO")				
Cost of revenue	(g)	\$ 14,314,002	\$ 14,668,096	\$ 5,527,650
Accounts payable	(h)	12,521,137	12,034,946	3,503,036
Days payable outstanding	(i) = ((h)/(g))*the number of days during the period	80	75	58
Cash conversion cycle ("CCC")	(j) = (c)+(f)-(i)	21	14	26

Cash Flows

Our business is working capital intensive. Our working capital needs are primarily to finance accounts receivable and inventory. We rely heavily on term loans, accounts receivable arrangements, our securitization programs, our revolver programs and trade credit from vendors for our working capital needs. We have financed our growth and cash needs to date primarily through cash generated from operations and financing activities. As a general rule, when sales volumes are increasing, our net investment in working capital dollars typically increases, which generally results in decreased cash flow generated from operating activities. Conversely, when sales volumes decrease, our net investment in working capital dollars typically decreases, which generally results in increases in cash flows generated from operating activities. We calculate CCC as days of the last fiscal quarter's revenue outstanding in accounts receivable plus days of supply on hand in inventory, less days of the last fiscal quarter's cost of revenue outstanding in accounts payable. Our CCC was 21 days and 26 days as of May 31, 2022 and May 31, 2021, respectively. The decrease was primarily due to our DPO, which was impacted by the increase in the payment timing of accounts payable in our business primarily due to the impact of the Merger. Our CCC was 21 days and 14 days as of May 31, 2022 and November 30, 2021, respectively. The increase was primarily due to our DIO, which was impacted by increases to support growth in our business.

To increase our market share and better serve our customers, we may further expand our operations through investments or acquisitions. We expect that any such expansions would require an initial investment in working capital, personnel, facilities and operations. These investments or acquisitions would likely be funded primarily by our existing cash and cash equivalents, additional borrowings, or the issuance of securities.

Operating Activities

Net cash used in operating activities was \$284.5 million during the six months ended May 31, 2022, primarily due to an increase in inventories to support growth in our business, partially offset by an increase in accounts payable due to timing of payments and net income.

Net cash provided by operating activities was \$304.3 million during the six months ended May 31, 2021, primarily due to net income and a decrease in accounts receivable, which was partially offset by a decrease in accounts payable. The decrease in accounts receivable was primarily due to efficient collections during the three months ended May 31, 2021 as well as lower revenue compared to a seasonally high fourth quarter of fiscal year 2020. The decrease in accounts payable was primarily due to timing of payments.

Investing Activities

Net cash used in investing activities during the six months ended May 31, 2022 and 2021 was \$46.7 million and \$7.5 million, respectively, primarily due to capital expenditures related to infrastructure investments to support growth in our business.

Financing Activities

Net cash used in financing activities during the six months ended May 31, 2022 was \$130.0 million, driven primarily by the payment of stockholder dividends of \$57.6 million and the payment of \$52.8 million to repurchase common stock under our share repurchase program.

Net cash used in financing activities during the six months ended May 31, 2021 was \$222.0 million, representing primarily the net transfer of cash and cash equivalents of \$149.9 million to Concentrix in connection with the Separation, along with \$54.0 million representing a paydown of our revolving lines of credit, and a return of cash to stockholders in the form of dividends of \$20.7 million.

Capital Resources

Our cash and cash equivalents totaled \$521.5 million and \$994.0 million as of May 31, 2022 and November 30, 2021, respectively. Our cash and cash equivalents held by international subsidiaries are no longer subject to U.S. federal tax on repatriation into the United States. Repatriation of some foreign balances is restricted by local laws. Historically, we have fully utilized and reinvested all foreign cash to fund our foreign operations and expansion. If in the future our intentions change, and we repatriate the cash back to the United States, we will report in our Consolidated Financial Statements the impact of state and withholding taxes depending upon the planned timing and manner of such repatriation. Presently, we believe we have sufficient resources, cash flow and liquidity within the United States to fund current and expected future working capital, investment and other general corporate funding requirements.

We believe that our available cash and cash equivalents balances, cash flows from operations and our existing sources of liquidity, including available capacity under our borrowing facilities, will be sufficient to satisfy our current and planned working capital and investment needs for the next twelve months in all geographies. We also believe that our longer-term working capital, planned capital expenditures, anticipated stock repurchases, dividend payments and other general corporate funding requirements will be satisfied through cash flows from operations and, to the extent necessary, from our borrowing facilities and future financial market activities.

Historically, we have renewed our accounts receivable securitization program and our parent company credit facilities on, or prior to, their respective expiration dates. We have no reason to believe that these and other arrangements will not be renewed or replaced as we continue to be in good credit standing with the participating financial institutions. We have had similar borrowing arrangements with various financial institutions throughout our years as a public company.

TD SYNnex United States Accounts Receivable Securitization Agreement

In the United States, we have an accounts receivable securitization program to provide additional capital for our operations (the “U.S. AR Arrangement”). Under the terms of the U.S. AR Arrangement, as amended in December 2021, we and our subsidiaries that are party to the U.S. AR Arrangement can borrow up to a maximum of \$1.5 billion based upon eligible trade accounts receivable. The U.S. AR Arrangement has a maturity date of December 2024. The effective borrowing cost under the U.S. AR Arrangement is a blended rate based upon the composition of the lenders, that includes prevailing dealer commercial paper rates and a rate based upon LIBOR. In addition, a program fee payable on the used portion of the lenders’ commitment, accrues at 0.75% per annum. A facility fee is payable on the adjusted commitment of

the lenders, to accrue at different tiers ranging between 0.30% per annum and 0.40% per annum depending on the amount of outstanding advances from time to time. There were no amounts outstanding under the U.S. AR Arrangement at May 31, 2022 or November 30, 2021.

Under the terms of the U.S. AR Arrangement, we and certain of our U.S. subsidiaries sell, on a revolving basis, our receivables (other than certain excluded receivables) to a wholly-owned, bankruptcy-remote subsidiary. The borrowings are funded by pledging all of the rights, title and interest in the receivables acquired by our bankruptcy-remote subsidiary as security. Any amounts received under the U.S. AR Arrangement are recorded as debt on our Consolidated Balance Sheets.

TD SYNnex Credit Agreement

The Company is party to a credit agreement, dated as of April 16, 2021 (the “TD SYNnex Credit Agreement”) with the lenders party thereto and Citibank, N.A., as agent, pursuant to which we received commitments for the extension of a senior unsecured revolving credit facility not to exceed an aggregate principal amount of \$3.5 billion, which revolving credit facility (the “TD SYNnex revolving credit facility”) may, at our request but subject to the lenders’ discretion, potentially be increased by up to an aggregate amount of \$500 million. There were no amounts outstanding under the TD SYNnex revolving credit facility at May 31, 2022 or November 30, 2021. The TD SYNnex Credit Agreement also includes a fully funded senior unsecured term loan (the “TD SYNnex term loan” and, together with the TD SYNnex revolving credit facility, the “TD SYNnex credit facilities”) that had an original aggregate principal amount of \$1.5 billion and has begun amortizing as described below. The borrower under the TD SYNnex credit facilities is the Company. There are no guarantors of the TD SYNnex credit facilities. The maturity of the TD SYNnex credit facilities is on the fifth anniversary of the September 2021 closing date, to occur in September 2026, subject in the case of the revolving credit facility, to two one-year extensions upon our prior notice to the lenders and the agreement of the lenders to extend such maturity date.

The outstanding principal amount of the TD SYNnex term loan is payable in quarterly installments in an amount equal to 1.25% of the original \$1.5 billion principal balance, with the outstanding principal amount of the term loans due in full on the maturity date. Loans borrowed under the TD SYNnex Credit Agreement bear interest, in the case of LIBOR (or successor) rate loans, at a per annum rate equal to the applicable LIBOR (or successor) rate, plus the applicable margin, which may range from 1.125% to 1.75%, based on our public debt rating (as defined in the TD SYNnex Credit Agreement). The applicable margin on base rate loans is 1.00% less than the corresponding margin on LIBOR (or successor rate) based loans. In addition to these borrowing rates, there is a commitment fee that ranges from 0.125% to 0.300% on any unused commitment under the TD SYNnex revolving credit facility based on our public debt rating. The effective interest rate for the TD SYNnex term loan was 2.44% and 1.49% as of May 31, 2022 and November 30, 2021, respectively.

The TD SYNnex Credit Agreement contains various loan covenants that are customary for similar facilities for similarly rated borrowers that restrict our ability to take certain actions. The TD SYNnex Credit Agreement also contains financial covenants that require compliance with a maximum debt to EBITDA ratio and a minimum interest coverage ratio, in each case tested on the last day of each fiscal quarter commencing with the first full fiscal quarter to occur after the closing date of the TD SYNnex credit facilities. The TD SYNnex Credit Agreement also contains various customary events of default, including with respect to a change of control of the Company.

TD SYNnex Senior Notes

On August 9, 2021, we completed our offering of \$2.5 billion aggregate principal amount of senior unsecured notes, consisting of \$700.0 million of 1.25% senior notes due 2024, \$700.0 million of 1.75% senior notes due 2026, \$600.0 million of 2.375% senior notes due 2028, and \$500.0 million of 2.65% senior notes due 2031 (collectively, the “Senior Notes,” and such offering, the “Senior Notes Offering”). We incurred \$19.6 million towards issuance costs for the Senior Notes. We pay interest semi-annually on the notes on each of February 9 and August 9. The net proceeds from this offering were used to fund a portion of the aggregate cash consideration payable in connection with the Merger, refinance certain of our existing indebtedness and pay related fees and expenses and for general corporate purposes.

The interest rate payable on each series of the Senior Notes will be subject to adjustment from time to time if the credit rating assigned to such series of Senior Notes is downgraded (or downgraded and subsequently upgraded). We may redeem the Senior Notes, at any time in whole or from time to time in part, prior to (i) August 9, 2022 (the “2024 Par Call Date”) in the case of the 2024 Senior Notes, (ii) July 9, 2026 (the “2026 Par Call Date”) in the case of the 2026 Senior Notes, (iii) June 9, 2028 (the “2028 Par Call Date”) in the case of the 2028 Senior Notes, and (iv) May 9, 2031 in the case of the 2031 Senior Notes (the “2031 Par Call Date”) and, together with the 2024 Par Call Date, the 2026 Par Call Date and

the 2028 Par Call Date, each, a “Par Call Date” and together, the “Par Call Dates”), at a redemption price equal to the greater of (x) 100% of the aggregate principal amount of the applicable Senior Notes to be redeemed and (y) the sum of the present values of the remaining scheduled payments of the principal and interest on the Senior Notes, discounted to the date of redemption on a semi-annual basis at a rate equal to the sum of the applicable treasury rate plus 15 basis points for the 2024 Senior Notes, 20 basis points for the 2026 Senior Notes and 25 basis points for the 2028 Senior Notes and 2031 Senior Notes, plus in each case, accrued and unpaid interest thereon to, but excluding, the redemption date. We may also redeem the Senior Notes of any series at our option, at any time in whole or from time to time in part, on or after the applicable Par Call Date, at a redemption price equal to 100% of the principal amount of the Senior Notes to be redeemed.

On June 14, 2022, we commenced an offer to exchange (the “Exchange Offer”) our outstanding unregistered Senior Notes for new registered notes (the “Exchange Notes”). The purpose of the Exchange Offer is to fulfill our obligations under the applicable registration rights agreement entered into in connection with the issuance of the Senior Notes. The Company will not receive any proceeds from the Exchange Offer, and the aggregate principal amount of Exchange Notes that will be issued will be equal to the aggregate principal amount of Senior Notes that are surrendered pursuant to the Exchange Offer. The terms of the Exchange Notes offered in the Exchange Offer are substantially identical to the terms of the respective series of the Senior Notes, except that the Exchange Notes will be registered under the Securities Act, and certain transfer restrictions, registration rights, and additional interest provisions relating to the Senior Notes will not apply to the Exchange Notes. The Exchange Offer will expire on July 14, 2022, unless extended. The settlement date for the Exchange Offer will occur promptly following the expiration of the Exchange Offer.

Other Borrowings and Term Debt

The Company has various other committed and uncommitted lines of credit with financial institutions, accounts receivable securitization arrangements, factoring of accounts receivable with recourse provisions, finance leases, short-term loans, term loans, credit facilities and book overdraft facilities, totaling approximately \$566.2 million as of May 31, 2022. Interest rates and other terms of borrowing under these lines of credit vary by country, depending on local market conditions. There was \$133.6 million outstanding on these facilities at May 31, 2022, at a weighted average interest rate of 5.53%, and there was \$106.3 million outstanding at November 30, 2021, at a weighted average interest rate of 4.59%. Borrowings under certain of these lines of credit facilities are guaranteed by the Company or secured by eligible accounts receivable.

At May 31, 2022, we were also contingently liable for reimbursement obligations with respect to issued standby letters of credit in the aggregate outstanding amount of \$98.5 million. These letters of credit typically act as a guarantee of payment to certain third parties in accordance with specified terms and conditions.

The maximum commitment amounts for local currency credit facilities have been translated into United States dollars at May 31, 2022 exchange rates.

Accounts Receivable Purchase Agreements

We have uncommitted supply-chain financing programs with global financial institutions under which trade accounts receivable owed by certain customers may be acquired, without recourse, by the financial institutions. Available capacity under these programs is dependent upon the level of our trade accounts receivable eligible to be sold into these programs and the financial institutions’ willingness to purchase such receivables. In addition, certain of these programs also require that we continue to service, administer and collect the sold accounts receivable. At May 31, 2022 and November 30, 2021, we had a total of \$947.6 million and \$759.9 million, respectively, of trade accounts receivable sold to and held by the financial institutions under these programs. Discount fees for these programs totaled \$3.9 million and \$6.9 million in the three and six months ended May 31, 2022, respectively, and \$0.7 million and \$1.2 million in the three and six months ended May 31, 2021, respectively.

Covenant Compliance

Our credit facilities have a number of covenants and restrictions that require us to maintain specified financial ratios. They also limit our ability to incur additional debt, create liens, enter into agreements with affiliates, modify the nature of our business, and merge or consolidate. As of May 31, 2022, we were in compliance with all current and material covenants for the above arrangements.

Related Party Transactions

We have a business relationship with MiTAC Holdings Corporation (“MiTAC Holdings”), a publicly-traded company in Taiwan, which began in 1992 when MiTAC Holdings became our primary investor through its affiliates. As of

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both May 31, 2022 and November 30, 2021, MiTAC Holdings and its affiliates beneficially owned approximately 9.6% of our outstanding common stock. Mr. Matthew Miao, the Chairman Emeritus of our Board of Directors and a director, is the Chairman of MiTAC Holdings' and a director or officer of MiTAC Holdings' affiliates.

The shares owned by MiTAC Holdings are held by the following entities:

	As of May 31, 2022 (in thousands)
MiTAC Holdings ⁽¹⁾	5,300
Synnex Technology International Corp. ⁽²⁾	3,860
Total	9,160

- (1) Shares are held via Silver Star Developments Ltd., a wholly-owned subsidiary of MiTAC Holdings. Excludes 194 thousand shares held directly by Mr. Miao, 217 thousand shares indirectly held by Mr. Miao through a charitable remainder trust, and 190 thousand shares held by his spouse.
- (2) Synnex Technology International Corp. ("Synnex Technology International") is a separate entity from us and is a publicly-traded corporation in Taiwan. Shares are held via Peer Development Ltd., a wholly-owned subsidiary of Synnex Technology International. MiTAC Holdings owns a noncontrolling interest of 14.1% in MiTAC Incorporated, a privately-held Taiwanese company, which in turn holds a noncontrolling interest of 15.7% in Synnex Technology International. Neither MiTAC Holdings nor Mr. Miao is affiliated with any person(s), entity, or entities that hold a majority interest in MiTAC Incorporated.

The following table presents the Company's transactions with MiTAC Holdings and its affiliates for the periods indicated:

	Three Months Ended		Six Months Ended	
	May 31, 2022	May 31, 2021	May 31, 2022	May 31, 2021
	(in thousands)		(in thousands)	
Purchases of inventories and services	\$ 54,474	\$ 48,602	\$ 101,050	\$ 89,759
Sale of products to MiTAC Holdings and affiliates	1,076	242	1,136	460
Payments made for rent and overhead costs for use of facilities of MiTAC Holdings and affiliates, net	45	47	81	79

The following table presents the Company's receivable from and payable to MiTAC Holdings and its affiliates for the periods presented:

	May 31, 2022	November 30, 2021
	(in thousands)	
Receivable from related parties (included in Accounts receivable, net)	\$ 18,090	\$ 21,841
Payable to related parties (included in Accounts payable)	26,727	32,802

Recently Issued Accounting Pronouncements

For a summary of recent accounting pronouncements and the anticipated effects on our consolidated financial statements, see [Note 2](#) - Summary of Significant Accounting Policies to the Consolidated Financial Statements, which can be found under Part I, Item 1 of this Report.

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

For a description of the Company's market risks, see "Part II, Item 7A. Quantitative and Qualitative Disclosures About Market Risk" in our Annual Report on Form 10-K for the fiscal year ended November 30, 2021.

No material changes have occurred in our market risks since November 30, 2021.

ITEM 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures. We maintain "disclosure controls and procedures," as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act"), that are designed

to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures. In designing and evaluating our disclosure controls and procedures, management recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Our disclosure controls and procedures have been designed to meet reasonable assurance standards. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Based on their evaluation as of the end of the period covered by this Quarterly Report on Form 10-Q, our Chief Executive Officer (our principal executive officer) and Chief Financial Officer (our principal financial officer) have concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

(b) Changes in internal control over financial reporting. Except as described below, there was no change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) identified in connection with management's evaluation during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

On September 1, 2021 we completed the Merger. As a result, we are currently integrating legacy Tech Data into our control environment. In executing this integration, we are analyzing, evaluating, and where necessary, making changes in controls and procedures related to the legacy Tech Data business, which is expected to be completed in the fiscal year ended November 30, 2022.

PART II - OTHER INFORMATION**ITEM 1A. Risk Factors**

You should carefully review and consider the information regarding certain factors that could materially affect our business, financial condition or future results set forth under Part I, Item 1A "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended November 30, 2021. Except as set forth below, there have been no material changes to the risk factors disclosed in our 2021 Annual Report on Form 10-K.

Global health and economic, political and social conditions may harm our ability to do business, increase our costs and negatively affect our stock price.

Worldwide economic conditions remain uncertain due to adverse consequences concerning the United States and China trade negotiations, market volatility as a result of political leadership in certain countries and other disruptions to global and regional economies and markets, including increases in inflation. External factors, such as potential terrorist attacks, acts of war, geopolitical and social turmoil or epidemics and other similar outbreaks in many parts of the world, could prevent or hinder our ability to do business, increase our costs and negatively affect our stock price. Russia's invasion of Ukraine and the subsequent economic sanctions imposed by the U.S., NATO and other countries may impact the economic conditions in or our ability to sell products to customers in the affected region. In addition, the conflict could have broader implications on economies outside the region, such as the global inflationary impact of a potential boycott of Russian oil and gas by other countries. More generally, these geopolitical, social and economic conditions could result in increased volatility in the United States and the worldwide financial markets and economy. For example, increased instability may enhance volatility in currency exchange rates, cause our customers or potential customers to delay or reduce spending on our products or services, and limit our suppliers' access to credit. It could also adversely impact our ability to obtain adequate insurance at reasonable rates and may require us to incur increased costs for security measures for our domestic and international operations. We are predominantly uninsured for losses and interruptions caused by terrorism, acts of war and similar events. These uncertainties make it difficult for us and our suppliers and customers to accurately plan future business activities.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

In June 2020, our Board of Directors authorized a three-year \$400 million share repurchase program, effective July 1, 2020, pursuant to which we may repurchase our outstanding common stock from time to time in the open market or through privately negotiated transactions.

The following table presents information with respect to purchases of common stock by the Company under the share repurchase program during the quarter ended May 31, 2022:

Period	Issuer Purchases of Equity Securities (amounts in thousands except for per share amounts)			
	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or program	Maximum dollar value of shares that may yet be purchased under the plans or programs
March 1 - March 31, 2022	92	\$ 108.08	92	\$ 366,267
April 1 - April 30, 2022	94	101.11	94	356,754
May 1 - May 31, 2022	96	99.30	96	347,220
Total	282	\$ 102.77	282	

ITEM 6. Exhibits

Exhibit Number	Description of Document
2.1+	Agreement and Plan of Merger, dated as of March 22, 2021, by and among SYNnex, Spire Sub I, Inc., Spire Sub II, LLC, and Tiger Parent (AP) Corporation (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on March 22, 2021).
3(i).1	Restated Certificate of Incorporation, as amended (incorporated by reference to Exhibit 3(i).1 to the Company's Quarterly Report on Form 10-Q for the quarter ended February 28, 2022).
3(ii).1	Amended and Restated Bylaws (incorporated by reference to Exhibit 3(ii).1 to the Company's Annual Report on Form 10-K filed on January 28, 2022).
31.1	Rule 13a-14(a) Certification of Chief Executive Officer.
31.2	Rule 13a-14(a) Certification of Chief Financial Officer.
32.1*	Statement of the Chief Executive Officer and Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release Nos. 33-8238 and 34-47986, Final Rule: Management's Reports on Internal Control Over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports, the certifications furnished in Exhibit 32.1 hereto are deemed to accompany this Form 10-Q and will not be deemed "filed" for purpose of Section 18 of the Exchange Act. Such certifications will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.

+Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. TD SYNnex hereby undertakes to furnish supplementally a copy of any omitted schedule or exhibit to such agreement to the U.S. Securities and Exchange Commission upon request; provided, however, that TD SYNnex may request confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended, for any schedules so furnished.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: July 7, 2022

TD SYNEX CORPORATION

By: /s/ Richard T. Hume
Richard T. Hume
President and Chief Executive Officer
(Duly authorized officer and principal executive officer)

By: /s/ Marshall W. Witt
Marshall W. Witt
Chief Financial Officer
(Duly authorized officer and principal financial officer)

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER

I, Richard Hume, certify that:

1. I have reviewed this Form 10-Q of TD SYNEX Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 7, 2022

/s/ Richard T. Hume

Richard T. Hume
President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER

I, Marshall Witt, certify that:

1. I have reviewed this Form 10-Q of TD SYNEX Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 7, 2022

/s/ Marshall W. Witt

Marshall W. Witt
Chief Financial Officer
(Principal Financial Officer)

**STATEMENT OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
UNDER 18 U.S.C. § 1350**

We, Richard Hume, the president and chief executive officer of TD SYNEX Corporation (the “Company”), and Marshall Witt, the chief financial officer of the Company, certify for the purposes of section 1350 of chapter 63 of title 18 of the United States Code that, to the best of our knowledge,

- (i) the Quarterly Report of the Company on Form 10-Q for the period ended May 31, 2022 (the “Report”), fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934, and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: July 7, 2022

/s/ Richard T. Hume

Richard T. Hume
(Principal Executive Officer)

/s/ Marshall W. Witt

Marshall W. Witt
(Principal Financial Officer)