
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant To Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of Earliest Event Reported): September 27, 2022

TD SYNEX CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or Other Jurisdiction of Incorporation)

001-31892

(Commission File Number)

94-2703333

(I.R.S. Employer Identification Number)

44201 Nobel Drive, Fremont, California
(Address of principal executive offices)

94538
(Zip Code)

(510) 656-3333

(Registrant's telephone number, including area code)

N/A

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

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. ☐

Item 2.02 Results of Operations and Financial Condition.

The information in this Item 2.02 is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”), or otherwise subject to the liabilities of that section. The information in this Item 2.02 shall not be incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

On September 27, 2022, TD SYNEX Corporation (“TD SYNEX”) issued a press release regarding TD SYNEX’ financial results for its fiscal third quarter ended August 31, 2022 and the announcement of a dividend in the amount of \$0.30 per common share in the fourth quarter of fiscal year 2022. The full text of TD SYNEX’ press release is furnished herewith as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.**(d) Exhibits.**

Exhibit No.	Description of Document
99.1	Press Release dated September 27, 2022 regarding financial results.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURE

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 hereunto duly authorized.

Date: September 27, 2022

TD SYNnex CORPORATION

By: /s/ Marshall Witt
Marshall Witt
Chief Financial Officer



TD SYNEX Reports Fiscal 2022 Third Quarter Results

FREMONT, CA and CLEARWATER, FL, September 27, 2022 – TD SYNEX (NYSE: SNX) today announced financial results for the fiscal third quarter ended August 31, 2022.

	Q3 FY22	Q2 FY22 ⁽²⁾	Q3 FY21	Net Change from Q2 FY22	Net Change from Q3 FY21
Revenue (\$M)	\$ 15,356	\$ 15,270	\$ 5,207	0.6 %	194.9 %
Operating income (\$M)	\$ 241.5	\$ 252.7	\$ 148.2	(4.4)%	63.0 %
Non-GAAP operating income (\$M) ⁽¹⁾	\$ 398.3	\$ 398.3	\$ 168.2	— %	136.7 %
Operating margin	1.57 %	1.66 %	2.85 %	(9) bps	(128) bps
Non-GAAP operating margin ⁽¹⁾	2.59 %	2.61 %	3.23 %	(2) bps	(64) bps
Net income (\$M)	\$ 148.8	\$ 148.9	\$ 94.7	(0.1)%	57.2 %
Non-GAAP net income (\$M) ⁽¹⁾	\$ 263.4	\$ 262.3	\$ 111.9	0.4 %	135.4 %
Diluted EPS	\$ 1.55	\$ 1.55	\$ 1.81	— %	(14.4)%
Non-GAAP Diluted EPS ⁽¹⁾	\$ 2.74	\$ 2.72	\$ 2.14	0.7 %	28.0 %

“The strength of our combined organization was evident in fiscal Q3, as our teams once again demonstrated solid execution, with revenue growth and increased profitability in an uncertain macroeconomic environment,” said Rich Hume, CEO of TD SYNEX. “During our first year together as TD SYNEX, we made significant progress on our merger integration, exceeding our targets for non-GAAP EPS accretion and cost synergy attainment. The rationale for our merger is even stronger today than one year ago, and we believe that we are well-positioned to continue raising the bar on the value we bring to our customers, vendors, and shareholders.”

Fiscal 2022 Third Quarter Highlights

- Revenue was \$15.4 billion in the fiscal third quarter of 2022, up 194.9% from the prior fiscal third quarter primarily due to the impact of the completion of the merger with Tech Data on September 1, 2021. On a sequential basis, revenue increased approximately 1% compared to the prior quarter.
- Operating income was \$242 million, compared to \$253 million in the prior quarter and \$148 million in the prior fiscal third quarter. Non-GAAP operating income was \$398 million in both the current and prior quarter, compared to \$168 million in the prior fiscal third quarter. Operating margin was 1.6%, compared to 1.7% in the prior quarter, and 2.9% in the prior fiscal third quarter. Non-GAAP operating margin was 2.6% in both the current and prior quarter, compared to 3.2% in the prior fiscal third quarter.
- Cash used in operations was approximately \$67 million for the quarter primarily due to working capital investments to support growth in the business.
- Repurchased \$30 million of our common stock in the quarter and \$83 million year to date.
- The trailing fiscal four quarters Return on Invested Capital (“ROIC”) was 7.6% compared to 8.4% in the prior quarter and 21.0% in the prior fiscal third quarter. The adjusted trailing fiscal four quarters ROIC was 12.0%, compared to 12.8% in the prior quarter and 21.8% in the prior fiscal third quarter.

The following statements are based on TD SYNEX’ current expectations for the fiscal 2022 fourth quarter. Non-GAAP financial measures exclude the impact of acquisition, integration and restructuring costs, amortization of intangible assets, share-based compensation, purchase accounting adjustments, and the related tax effects thereon. These statements are forward-looking and actual results may differ materially.

Fourth Quarter Fiscal 2022 Outlook

- Revenue is expected to be in the range of \$15.2 billion to \$16.2 billion.
- Net income is expected to be in the range of \$138 million to \$177 million and on a non-GAAP basis, net income is expected to be in the range of \$259 million to \$298 million.
- Diluted earnings per share is expected to be in the range of \$1.44 to \$1.84 and on a non-GAAP basis, diluted earnings per share is expected to be in the range of \$2.70 to \$3.10, based on estimated outstanding diluted weighted average shares of 95.2 million.

Dividend

TD SYNEX announced today that its Board of Directors declared a quarterly cash dividend of \$0.30 per common share. The dividend is payable on October 28, 2022 to stockholders of record as of the close of business on October 14, 2022.

Conference Call and Webcast

TD SYNEX will host a conference call today to discuss the fiscal 2022 third quarter results at 6:00 AM (PT)/9:00 AM (ET).

A live audio webcast of the earnings call will be accessible at ir.tdsynex.com and a replay of the webcast will be available following the call.

About TD SYNEX

TD SYNEX (NYSE: SNX) is a leading global distributor and solutions aggregator for the IT ecosystem. We're an innovative partner helping more than 150,000 customers in 100+ countries to maximize the value of technology investments, demonstrate business outcomes and unlock growth opportunities. Headquartered in Clearwater, Florida, and Fremont, California, TD SYNEX' 22,000 co-workers are dedicated to uniting compelling IT products, services and solutions from 1,500+ best-in-class technology vendors. Our edge-to-cloud portfolio is anchored in some of the highest-growth technology segments including cloud, cybersecurity, big data/analytics, IoT, mobility and everything as a service. TD SYNEX is committed to serving customers and communities, and we believe we can have a positive impact on our people and our planet, intentionally acting as a respected corporate citizen. We aspire to be a diverse and inclusive employer of choice for talent across the IT ecosystem. For more information, visit TDSYNEX.com.

⁽¹⁾Use of Non-GAAP Financial Information

In addition to the financial results presented in accordance with GAAP, TD SYNEX also uses adjusted selling, general and administrative expenses, non-GAAP operating income, non-GAAP operating margin, non-GAAP net income, and non-GAAP diluted earnings per share, which are non-GAAP financial measures that exclude acquisition, integration and restructuring costs, the amortization of intangible assets, share-based compensation expense, purchase accounting adjustments and the related tax effects thereon. The Company also uses adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") which excludes other income (expense), net, acquisition, integration and restructuring costs, share-based compensation expense and purchase accounting adjustments. In prior periods, TD SYNEX has excluded other items relevant to those periods for purposes of its non-GAAP financial measures.

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.

TD SYNEX' 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 the Company's Statements of Operations. Although intangible assets contribute to the Company's revenue generation, the amortization of intangible assets does not directly relate to the sale of the Company's products. Additionally, intangible asset amortization

expense typically fluctuates based on the size and timing of the Company's acquisition activity. Accordingly, the Company believes excluding the amortization of intangible assets, along with the other non-GAAP adjustments, which neither relate to the ordinary course of the Company's business nor reflect the Company's underlying business performance, enhances the Company's and investors' ability to compare the Company's past financial performance with its current performance and to analyze underlying business performance and trends. Intangible asset amortization excluded from the related non-GAAP financial measure represents the entire amount recorded within the Company's GAAP financial statements, and the revenue generated by the associated intangible assets has not been excluded from the related non-GAAP financial measure. Intangible asset amortization is excluded from the related non-GAAP financial measure because the amortization, unlike the related revenue, is not affected by operations of any particular period unless an intangible asset becomes impaired or the estimated useful life of an intangible asset is revised.

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, TD SYNEX believes 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 related to the merger with Tech Data 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.

Trailing fiscal four quarters ROIC is defined as the last four quarters' tax effected operating income divided by the average of the last five quarterly balances of borrowings and equity, net of cash. Adjusted ROIC is calculated by excluding the tax effected impact of non-GAAP adjustments from operating income and by excluding the cumulative tax effected impact of current and prior period non-GAAP adjustments on equity.

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

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

⁽²⁾ As the merger with Tech Data did not occur until September 1, 2021, the results for Tech Data are not included in the Q3 FY2021 numbers. We have provided the results for Q2 FY22 to enable investors to more readily analyze TD SYNnex' financial and operating performance and to facilitate period-to-period comparisons and analysis of operational trends.

Safe Harbor Statement

Statements in this news release regarding TD SYNnex that are not historical facts are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements are inherently uncertain, and shareholders and other potential investors must recognize that actual results may differ materially from TD SYNnex expectations as a result of a variety of factors. These forward-looking statements may be identified by terms such as believe, foresee, expect, may, will, provide, could and should and the negative of these terms or other similar expressions. These forward-looking statements include, but are not limited to, statements about our strategy, plans and positioning, as well as guidance related to the fourth quarter and the full fiscal year of 2022. Such forward-looking statements are based upon management's current expectations and include known and unknown risks, uncertainties and other factors, many of which TD SYNnex is unable to predict or control, that may cause TD SYNnex actual results, performance, or plans to differ materially from any future results, performance or plans expressed or implied by such forward-looking statements.

These risks and uncertainties include, but are not limited 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; ongoing effects of the COVID-19 pandemic; the unfavorable outcome of any legal proceedings that have been or may be instituted against us; the ability to retain key personnel; general economic and political conditions; any weakness in information technology and consumer electronics spending; seasonality; the loss or consolidation of one or more of our significant original equipment manufacturer, or OEM, suppliers or customers; market acceptance and product life of the products we assemble and distribute; competitive conditions in our industry and their impact on our margins; pricing, margin and other terms with our OEM suppliers; our ability to gain market share; variations in supplier-sponsored programs; changes in our costs and operating expenses; changes in foreign currency exchange rates; increased inflation; changes in tax laws; risks associated with our international operations; uncertainties and variability in demand by our reseller and integration customers; supply shortages or delays; any termination or reduction in our floor plan financing arrangements; credit exposure to our reseller customers and negative trends in their businesses; any incidents of theft; the declaration, timing and payment of dividends, and the Board's reassessment thereof; and other risks and uncertainties detailed in our Form 10-K for the fiscal year ended November 30, 2021 and subsequent SEC filings. Statements included in this press release are based upon information known to TD SYNnex as of the date of this release, and TD SYNnex assumes no obligation to update information contained in this press release unless otherwise required by law.

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Contacts:

Liz Morali
Investor Relations
510-668-8436
ir@tdsynnex.com

Bobby Eagle
Global Corporate Communications
727-538-5864
bobby.eagle@tdsynnex.com

TD SYNnex Corporation
Consolidated Balance Sheets
(Currency and share amounts in thousands, except par value)
(Amounts may not add due to rounding)
(Unaudited)

	August 31, 2022	November 30, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 350,810	\$ 993,973
Accounts receivable, net	8,114,004	8,310,032
Receivables from vendors, net	942,111	1,118,963
Inventories	9,755,228	6,642,915
Other current assets	720,298	668,261
Total current assets	19,882,451	17,734,144
Property and equipment, net	412,305	483,443
Goodwill	3,775,145	3,917,276
Intangible assets, net	4,455,198	4,913,124
Other assets, net	566,969	618,393
Total assets	<u>\$ 29,092,068</u>	<u>\$ 27,666,380</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Borrowings, current	\$ 252,190	\$ 181,256
Accounts payable	13,718,980	12,034,946
Other accrued liabilities	1,959,717	2,017,253
Total current liabilities	15,930,887	14,233,455
Long-term borrowings	3,882,247	3,955,176
Other long-term liabilities	496,038	556,134
Deferred tax liabilities	1,011,242	1,015,640
Total liabilities	21,320,414	19,760,405
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, 98,475 and 98,204 shares issued as of August 31, 2022 and November 30, 2021, respectively	98	98
Additional paid-in capital	7,339,802	7,271,337
Treasury stock, 3,511 and 2,633 shares as of August 31, 2022 and November 30, 2021, respectively	(290,161)	(201,139)
Accumulated other comprehensive loss	(793,878)	(336,194)
Retained earnings	1,515,793	1,171,873
Total stockholders' equity	7,771,654	7,905,975
Total liabilities and equity	<u>\$ 29,092,068</u>	<u>\$ 27,666,380</u>

TD SYNnex Corporation
Consolidated Statements of Operations
(Currency and share amounts in thousands, except per share amounts)
(Amounts may not add due to rounding)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	August 31, 2022	August 31, 2021	August 31, 2022	August 31, 2021
Revenue	\$ 15,356,085	\$ 5,207,064	\$ 46,095,853	\$ 16,002,904
Cost of revenue	(14,440,055)	(4,894,442)	(43,255,373)	(15,056,539)
Gross profit	916,030	312,622	2,840,480	946,365
Selling, general and administrative expenses	(628,078)	(160,285)	(1,951,503)	(498,443)
Acquisition, integration and restructuring costs	(46,418)	(4,133)	(172,266)	(10,068)
Operating income	241,534	148,204	716,711	437,853
Interest expense and finance charges, net	(52,119)	(26,365)	(142,430)	(71,766)
Other (expense) income, net	(1,852)	4,796	(12,375)	2,707
Income before income taxes	187,563	126,635	561,906	368,794
Provision for income taxes	(38,728)	(31,931)	(131,830)	(93,165)
Net income	\$ 148,835	\$ 94,705	\$ 430,076	\$ 275,628
Earnings per common share:				
Basic	\$ 1.55	\$ 1.82	\$ 4.48	\$ 5.32
Diluted	\$ 1.55	\$ 1.81	\$ 4.47	\$ 5.27
Weighted-average common shares outstanding:				
Basic	95,115	51,275	95,355	51,204
Diluted	95,407	51,766	95,648	51,679

TD SYNnex Corporation
Reconciliation of GAAP to Non-GAAP financial measures
(Currency in thousands)
(Amounts may not add due to rounding)

	Three Months Ended			Nine Months Ended	
	August 31, 2022	May 31, 2022	August 31, 2021	August 31, 2022	August 31, 2021
Selling, general and administrative expenses					
GAAP selling, general and administrative expenses	\$ 674,496	\$ 703,052	\$ 164,418	\$ 2,123,769	\$ 508,511
Acquisition, integration and restructuring costs	46,418	32,478	4,133	172,266	10,068
Amortization of intangibles	73,270	74,676	9,386	224,082	28,128
Share-based compensation	6,643	7,038	6,509	20,431	18,146
Purchase accounting adjustments	4,496	3,986	—	16,564	—
Adjusted selling, general and administrative expenses	\$ 543,669	\$ 584,874	\$ 144,390	\$ 1,690,426	\$ 452,169

	Three Months Ended			Nine Months Ended	
	August 31, 2022	May 31, 2022	August 31, 2021	August 31, 2022	August 31, 2021
Operating income and operating margin					
Revenue	\$ 15,356,085	\$ 15,269,791	\$ 5,207,064	\$ 46,095,853	\$ 16,002,904
GAAP operating income	\$ 241,534	\$ 252,737	\$ 148,204	\$ 716,711	\$ 437,853
Acquisition, integration and restructuring costs	46,418	32,478	4,133	172,266	10,068
Amortization of intangibles	73,270	74,676	9,386	224,082	28,128
Share-based compensation	6,643	7,038	6,509	20,431	18,146
Purchase accounting adjustments	30,418	31,392	—	94,971	—
Non-GAAP operating income	\$ 398,283	\$ 398,321	\$ 168,232	\$ 1,228,461	\$ 494,195

GAAP operating margin	1.57 %	1.66 %	2.85 %	1.55 %	2.74 %
Non-GAAP operating margin	2.59 %	2.61 %	3.23 %	2.67 %	3.09 %

	Three Months Ended			Nine Months Ended	
	August 31, 2022	May 31, 2022	August 31, 2021	August 31, 2022	August 31, 2021
Adjusted EBITDA					
Net income	\$ 148,835	\$ 148,917	\$ 94,705	\$ 430,076	\$ 275,628
Interest expense and finance charges, net	52,119	47,968	26,365	142,430	71,766
Provision for income taxes	38,728	49,597	31,931	131,830	93,165
Depreciation ⁽¹⁾	28,247	24,949	5,633	132,561	16,800
Amortization of intangibles	73,270	74,676	9,386	224,082	28,128
EBITDA	\$ 341,199	\$ 346,107	\$ 168,020	\$ 1,060,979	\$ 485,487
Other expense (income), net	1,852	6,255	(4,796)	12,375	(2,707)
Acquisition, integration and restructuring costs	42,025	32,478	7,258	115,002	13,193
Share-based compensation	6,643	7,038	6,509	20,431	18,146
Purchase accounting adjustments	30,418	31,392	—	94,971	—
Adjusted EBITDA	\$ 422,137	\$ 423,270	\$ 176,991	\$ 1,303,758	\$ 514,119

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

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

	Three Months Ended			Nine Months Ended	
	August 31, 2022	May 31, 2022	August 31, 2021	August 31, 2022	August 31, 2021
Net income and diluted EPS					
Net income	\$ 148,835	\$ 148,917	\$ 94,705	\$ 430,076	\$ 275,628
Acquisition, integration and restructuring costs	48,730	34,759	7,258	178,691	13,193
Amortization of intangibles	73,270	74,676	9,386	224,082	28,128
Share-based compensation	6,643	7,038	6,509	20,431	18,146
Purchase accounting adjustments	30,418	31,392	—	94,971	—
Income taxes related to the above	(39,419)	(34,525)	(5,933)	(121,827)	(15,191)
Income tax capital loss carryback benefit	(5,053)	—	—	(8,299)	—
Non-GAAP net income	\$ 263,424	\$ 262,257	\$ 111,925	\$ 818,125	\$ 319,904
Diluted EPS ⁽¹⁾	\$ 1.55	\$ 1.55	\$ 1.81	\$ 4.47	\$ 5.27
Acquisition, integration and restructuring costs	0.50	0.36	0.14	1.86	0.25
Amortization of intangibles	0.76	0.77	0.18	2.33	0.54
Share-based compensation	0.07	0.07	0.12	0.21	0.35
Purchase accounting adjustments	0.32	0.33	—	0.99	—
Income taxes related to the above	(0.41)	(0.36)	(0.11)	(1.27)	(0.29)
Income tax capital loss carryback benefit	(0.05)	—	—	(0.09)	—
Non-GAAP Diluted EPS ⁽¹⁾	\$ 2.74	\$ 2.72	\$ 2.14	\$ 8.50	\$ 6.12

⁽¹⁾ Diluted EPS is calculated using the two-class method. Unvested restricted stock awards granted to employees are considered participating securities. For purposes of calculating Diluted EPS, net income allocated to participating securities was approximately 0.6% of net income for both the three and nine months ended August 31, 2022, respectively, approximately 0.7% of net income for the three months ended May 31, 2022, and approximately 1.2% of net income for both the three and nine months ended August 31, 2021, respectively.

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

(in thousands)	Three Months Ended		Nine Months Ended	
	August 31, 2022	August 31, 2021	August 31, 2022	August 31, 2021
Free cash flow				
Net cash (used in) provided by operating activities	\$ (67,311)	\$ (55,525)	\$ (351,793)	\$ 248,791
Purchases of property and equipment	(32,021)	(4,997)	(78,522)	(14,111)
Free cash flow	<u>\$ (99,332)</u>	<u>\$ (60,522)</u>	<u>\$ (430,315)</u>	<u>\$ 234,680</u>

(in millions, except per share amounts)	Forecast	
	Three Months Ending November 30, 2022	
	Low	High
Net income	\$ 138	\$ 177
Acquisition, integration and restructuring costs	40	40
Amortization of intangibles	80	80
Share-based compensation	9	9
Purchase accounting adjustments	30	30
Income taxes related to the above	(38)	(38)
Non-GAAP net income	<u>\$ 259</u>	<u>\$ 298</u>
Diluted EPS ⁽¹⁾	\$ 1.44	\$ 1.84
Acquisition, integration and restructuring costs	0.42	0.42
Amortization of intangibles	0.83	0.83
Share-based compensation	0.09	0.09
Purchase accounting adjustments	0.31	0.31
Income taxes related to the above	(0.40)	(0.40)
Non-GAAP Diluted EPS	<u>\$ 2.70</u>	<u>\$ 3.10</u>

⁽¹⁾ Diluted EPS is calculated using the two-class method. Unvested restricted stock awards granted to employees are considered participating securities. Net income allocable to participating securities is estimated to be approximately 0.9% of the forecast net income for the three months ending November 30, 2022.

TD SYNnex Corporation
Calculation of Financial Metrics
Return on Invested Capital ("ROIC")
(Currency in thousands)
(Amounts may not add or compute due to rounding)

	August 31, 2022	May 31, 2022	August 31, 2021
ROIC			
Operating income (trailing fiscal four quarters)	\$ 902,076	\$ 808,746	\$ 638,233
Income taxes on operating income ⁽¹⁾	(152,953)	(140,351)	(162,054)
Operating income after taxes	\$ 749,123	\$ 668,395	\$ 476,179
Total invested capital comprising equity and borrowings, less cash (last five quarters average)	\$ 9,809,290	\$ 7,930,664	\$ 2,270,051
ROIC	7.6 %	8.4 %	21.0 %
Adjusted ROIC			
Non-GAAP operating income (trailing fiscal four quarters)	\$ 1,636,397	\$ 1,406,346	\$ 714,785
Income taxes on non-GAAP operating income ⁽¹⁾	(396,905)	(343,813)	(184,081)
Non-GAAP operating income after taxes	\$ 1,239,492	\$ 1,062,533	\$ 530,704
Total invested capital comprising equity and borrowings, less cash (last five quarters average)	\$ 9,809,290	\$ 7,930,664	\$ 2,270,051
Tax effected impact of cumulative non-GAAP adjustments (last five quarters average)	489,671	377,350	167,660
Total non-GAAP invested capital (last five quarters average)	\$ 10,298,961	\$ 8,308,014	\$ 2,437,711
Adjusted ROIC	12.0 %	12.8 %	21.8 %

⁽¹⁾ Income taxes on GAAP operating income was calculated using the effective year-to-date tax rates during the respective periods. Income taxes on non-GAAP operating income was calculated by excluding the tax effect of taxable and deductible non-GAAP adjustments using the effective year-to-date tax rate during the respective periods.

TD SYNnex Corporation
Calculation of Financial Metrics
Cash Conversion Cycle
(Currency in thousands)
(Amounts may not add or compute due to rounding)

		Three Months Ended		
		August 31, 2022	May 31, 2022	August 31, 2021
Days sales outstanding				
Revenue	(a) \$	15,356,085	\$ 15,269,791	\$ 5,207,064
Accounts receivable, net	(b)	8,114,004	7,851,536	2,229,640
Days sales outstanding	(c) = ((b)/(a))*the number of days during the period	49	47	39
Days inventory outstanding				
Cost of revenue	(d) \$	14,440,055	\$ 14,314,002	\$ 4,894,442
Inventories	(e)	9,755,228	8,433,997	2,866,212
Days inventory outstanding	(f) = ((e)/(d))*the number of days during the period	62	54	54
Days payable outstanding				
Cost of revenue	(g) \$	14,440,055	\$ 14,314,002	\$ 4,894,442
Accounts payable	(h)	13,718,980	12,521,137	3,222,284
Days payable outstanding	(i) = ((h)/(g))*the number of days during the period	88	80	61
Cash conversion cycle	(j) = (c)+(f)-(i)	23	21	32