

Concentrix Historical Financial Results
(in thousands)

	2019					2020				
GAAP Consolidated Income Statement	Q1	Q2	Q3	Q4	YTD 2019	Q1	Q2	Q3	Q4	YTD 2020
Revenue										
Industry vertical:										
Technology and consumer electronics	\$ 316,272	\$ 307,649	\$ 315,463	\$ 343,700	\$ 1,283,084	\$ 323,913	\$ 327,997	\$ 360,365		\$ 1,012,275
Communications and media	297,570	289,716	281,848	273,108	1,142,242	263,564	210,684	240,718		714,966
Retail, travel and ecommerce	189,089	185,126	190,302	198,749	763,265	198,914	168,380	191,118		558,412
Banking, financial services and insurance	162,797	172,160	163,926	177,362	676,246	192,703	168,283	165,961		526,948
Healthcare	93,504	86,869	87,655	101,159	369,187	97,325	84,965	91,838		274,128
Other	114,039	119,357	121,734	118,759	473,888	112,201	106,053	113,693		331,947
Total revenue	1,173,271	1,160,877	1,160,928	1,212,836	4,707,912	1,188,619	1,066,363	1,163,694		3,418,676
Revenue										
Customer experience services	\$ 1,168,769	\$ 1,155,816	\$ 1,155,690	\$ 1,207,052	\$ 4,687,327	\$ 1,183,173	\$ 1,061,711	\$ 1,158,421		\$ 3,403,305
Customer experience services to Parent	4,502	5,061	5,238	5,784	20,585	5,446	4,652	5,273		15,371
Total revenue	1,173,271	1,160,877	1,160,928	1,212,836	4,707,912	1,188,619	1,066,363	1,163,694		3,418,676
Cost of revenue										
Cost of revenue for customer experience services	737,415	727,327	731,470	750,452	2,946,664	739,482	718,965	747,809		2,206,256
Cost of revenue related to services to Parent	2,547	3,023	3,277	3,953	12,800	3,947	2,228	3,352		9,527
Gross profit	433,309	430,527	426,181	458,431	1,748,448	445,190	345,170	412,533		1,202,893
Selling, general and administrative expenses	(372,718)	(368,265)	(356,156)	(356,977)	(1,454,116)	(356,979)	(321,590)	(335,770)		(1,014,339)
Operating income	60,591	62,262	70,025	101,454	294,332	88,211	23,580	76,763		188,554
Interest expense (primarily related to borrowings from Parent) and finance charges, net	(23,099)	(23,702)	(25,169)	(20,226)	(92,196)	(17,585)	(12,928)	(9,002)		(39,515)
Other income (expense), net	(351)	582	2,450	(401)	2,280	3,235	1,641	(593)		4,283
Income before income taxes	37,141	39,142	47,306	80,827	204,416	73,861	12,293	67,168		153,322
Provision for income taxes	(3,417)	(17,903)	(16,975)	(48,957)	(87,252)	(21,544)	(9,823)	(21,771)		(53,138)
Net income	\$ 33,724	\$ 21,239	\$ 30,331	\$ 31,870	\$ 117,164	\$ 52,317	\$ 2,470	\$ 45,397		\$ 100,184
Non-GAAP Financial information *										
Operating income	\$ 60,591	\$ 62,262	\$ 70,025	\$ 101,454	\$ 294,332	\$ 88,211	\$ 23,580	\$ 76,763		\$ 188,554
Acquisition-related and integration expenses	27,517	15,714	9,200	18,042	70,473	15,352	3,704	4,163		23,219
Amortization of intangibles	41,863	41,889	41,429	41,425	166,606	36,978	36,379	36,833		110,190
Share-based compensation	2,212	2,162	2,106	4,074	10,554	4,262	3,840	3,929		12,031
Non-GAAP operating income	\$ 132,183	\$ 122,027	\$ 122,760	\$ 164,995	\$ 541,965	\$ 144,803	\$ 67,503	\$ 121,688		\$ 333,994
Net income										
Interest expense and finance charges, net	\$ 23,099	\$ 23,702	\$ 25,169	\$ 20,226	\$ 92,196	\$ 17,585	\$ 12,928	\$ 9,002		\$ 39,515
Provision for income taxes	3,417	17,903	16,975	48,957	87,252	21,544	9,823	21,771		53,138
Other (income) expense	351	(582)	(2,450)	401	(2,280)	(3,235)	(1,641)	593		(4,283)
Acquisition-related and integration expenses	27,517	15,714	9,200	18,042	70,473	15,352	3,704	4,163		23,219
Amortization of intangibles	41,863	41,889	41,429	41,425	166,606	36,978	36,379	36,833		110,190
Share-based compensation	2,212	2,162	2,106	4,074	10,554	4,262	3,840	3,929		12,031
Depreciation (excluding accelerated depreciation included in acquisition-related and integration expenses above)	35,987	33,417	32,722	32,697	134,823	31,661	30,161	31,509		93,331
Adjusted EBITDA	\$ 168,170	\$ 155,444	\$ 155,482	\$ 197,692	\$ 676,788	\$ 176,464	\$ 97,664	\$ 153,197		\$ 427,325
Operating margin	5.2%	5.4%	6.0%	8.4%	6.3%	7.4%	2.2%	6.6%		5.5%
Non-GAAP operating margin	11.3%	10.5%	10.6%	13.6%	11.5%	12.2%	6.3%	10.5%		9.8%
Adjusted EBITDA margin	14.3%	13.4%	13.4%	16.3%	14.4%	14.8%	9.2%	13.2%		12.5%
Net income										
Acquisition-related and integration expenses	\$ 27,517	\$ 15,714	\$ 9,200	\$ 18,042	\$ 70,473	\$ 15,352	\$ 3,704	\$ 4,163		\$ 23,219
Amortization of intangibles	41,863	41,889	41,429	41,425	166,606	36,978	36,379	36,833		110,190
Share-based compensation	2,212	2,162	2,106	4,074	10,554	4,262	3,840	3,929		12,031
Income taxes related to the above**	(17,471)	(14,482)	(12,712)	(15,453)	(60,118)	(13,469)	(11,125)	(11,379)		(35,973)
U.S. tax reform adjustments	-	-	-	-	-	-	-	-		-
Non-GAAP net income	\$ 87,845	\$ 66,522	\$ 70,354	\$ 79,958	\$ 304,679	\$ 95,440	\$ 35,268	\$ 78,943		\$ 209,651
Cash Flow Data										
Net cash provided by operating activities	\$ 109,519	\$ 108,177	\$ 65,192	\$ 166,848	\$ 449,736	\$ 54,886	\$ 242,315	\$ 91,376		\$ 388,577
Purchases of property and equipment	(19,742)	(23,788)	(27,444)	(40,148)	(111,122)	(43,888)	(25,353)	(37,008)		(106,249)
Free cash flow (a non-GAAP measure)	\$ 89,777	\$ 84,389	\$ 37,748	\$ 126,700	\$ 338,614	\$ 10,998	\$ 216,962	\$ 54,368		\$ 282,328
Net cash provided by operating activities										
Net cash used in investing activities	\$ (36,084)	\$ (38,379)	\$ (31,819)	\$ (44,732)	\$ (151,014)	\$ (34,669)	\$ (31,715)	\$ (50,555)		\$ (116,939)
Net cash used in financing activities	(128,359)	(78,721)	(18,700)	(113,859)	(339,639)	(17,238)	(195,698)	(47,242)		(260,178)

	2019					2020			
Balance sheet data	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4
SELECTED COMBINED BALANCE SHEET DATA									
Cash and cash equivalents				\$ 79,656		\$ 83,620	\$ 94,749	\$ 93,341	
Working capital				(1,398,703)		(1,458,411)	(1,404,146)	(1,299,933)	
Total assets				4,653,755		5,159,793	4,955,479	5,119,394	
Borrowings, current				-		-	-	-	
Total Parent equity				\$ 1,469,841		\$ 1,509,122	\$ 1,492,540	\$ 1,627,967	
COMBINED BALANCE SHEET									
ASSETS									
Current assets:									
Cash and cash equivalents				\$ 79,656		\$ 83,620	\$ 94,749	\$ 93,341	
Accounts receivable, net				931,082		968,750	868,831	940,091	
Receivable from SYNEX Corporation ("Parent")				17,495		19,191	20,725	26,298	
Loan receivable from Parent				67,676		58,456	62,183	73,425	
Other current assets				203,696		200,266	174,114	233,029	
Total current assets				1,299,605		1,330,283	1,220,602	1,366,184	
Property and equipment, net				411,465		416,675	403,720	423,438	
Goodwill				1,829,328		1,825,113	1,815,692	1,835,526	
Intangible assets, net				934,123		895,743	855,810	835,776	
Deferred tax assets				64,879		71,998	71,773	72,956	
Other assets				114,355		619,981	587,882	585,514	
Total assets				<u>\$ 4,653,755</u>		<u>\$ 5,159,793</u>	<u>\$ 4,955,479</u>	<u>\$ 5,119,394</u>	
LIABILITIES AND EQUITY									
Current liabilities:									
Accounts payable				106,147		106,252	102,610	117,796	
Payable to Parent				85,898		86,204	83,248	87,016	
Loans payable to Parent				1,981,385		1,964,146	1,768,449	1,721,207	
Accrued compensation and benefits				319,065		273,104	304,727	360,609	
Other accrued liabilities				189,605		320,636	358,384	354,040	
Income taxes payable				16,209		38,552	7,330	25,449	
Total current liabilities				2,698,309		2,788,694	2,624,748	2,666,117	
Other long-term liabilities				297,034		675,813	655,957	653,567	
Deferred tax liabilities				188,572		186,164	182,234	171,743	
Total liabilities				<u>3,183,914</u>		<u>3,650,671</u>	<u>3,462,939</u>	<u>3,491,427</u>	
Commitments and contingencies									
Equity:									
Parent company investment				1,519,923		1,578,184	1,588,748	1,638,529	
Accumulated other comprehensive income (loss)				(50,082)		(69,062)	(96,208)	(10,562)	
Total Parent equity				<u>1,469,841</u>		<u>1,509,122</u>	<u>1,492,540</u>	<u>1,627,967</u>	
Total liabilities and equity				<u>\$ 4,653,755</u>		<u>\$ 5,159,793</u>	<u>\$ 4,955,479</u>	<u>\$ 5,119,394</u>	

* Non-GAAP Financial Measures

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-related and integration expenses, including related restructuring costs, amortization of intangible assets and share-based compensation.
- Non-GAAP operating margin, which is non-GAAP operating income, as defined above, divided by revenue.
- Adjusted earnings before interest, taxes, depreciation, and amortization, or adjusted EBITDA, which is non-GAAP operating income, as defined above, plus depreciation.
- Adjusted EBITDA margin, which is adjusted EBITDA, as defined above, divided by revenue.
- Free cash flow, which is cash flows from operating activities less capital expenditures. We believe that free cash flow is a meaningful measure of cash flows since capital expenditures are a necessary component of ongoing operations. However, free cash flow has limitations because it does not represent the residual cash flow available for discretionary expenditures. For example, free cash flow does not incorporate payments for business acquisitions.

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. These non-GAAP financial measures exclude amortization of intangible assets. Although intangible assets contribute to our revenue generation, the amortization of intangible assets does not directly relate to the services performed for our clients. 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 its current performance and to analyze underlying business performance and trends. These non-GAAP financial measure also exclude share-based compensation expense. Given the subjective assumptions and the variety of award types that companies can use when calculating share-based compensation expense, management believes this additional information allows investors to make additional comparisons between our operating results and those of our peers. 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.

** The tax effect of taxable and deductible non-GAAP adjustments was calculated using the tax deductible portion of the expenses and applying the entity-specific, statutory tax rates applicable to each item during the respective fiscal years.