

# Synchronoss Completes Cloud-Only Transformation, Reaffirms 2023 and 2024 Financial Projections

December 11, 2023

*Emphasizing Expected Long-Term Financial Outlook and Strong Cash Flow Generation in 2024 and Beyond*

*Identifies Significant Cost Savings for Immediate Positive Impact on Free Cash Flow*

BRIDGEWATER, N.J., Dec. 11, 2023 (GLOBE NEWSWIRE) -- [Synchronoss Technologies, Inc.](#) ("**Synchronoss**" or the "**Company**") (Nasdaq: **SNCR**), a leading global provider of personal cloud software and services, today provided the following updates enabled by the completion of its cloud-only transformation.

In November, the Company [announced](#) the divestiture of its Messaging and NetworkX operations in conjunction with its Cloud-only business transformation. Post-transaction, management shared its initial expectation to improve the Company cost profile by eliminating approximately \$10 million to \$15 million of stranded and other costs from the standalone Cloud operations.

In line with its prior communications, management expects to achieve positive cash flow on an unadjusted basis for 2023, and it still expects 2023 adjusted EBITDA to range between \$27 million and \$30 million. This projection includes restructuring-related expenses and certain stranded costs, which the Company is actively removing from its standalone Cloud business.

Looking to 2024, the Company is also reiterating its expectation to achieve between 5% and 8% revenue growth, gross margins of greater than 75%, and adjusted EBITDA margins surpassing 25%. These projections position Synchronoss within the recognized 'Rule of 30' and on the path to 'Rule of 40' in the coming years. Additionally, after factoring in anticipated revenue growth and the expiration of certain existing payment obligations and other general costs, management expects a significant improvement in cash flow generation for 2024, building upon its expectations of unadjusted positive free cash flow in 2023. This anticipated increase in free cash flow results from the combination of:

- 1) the return to growth of the overall business.
- 2) higher corporate gross margins following the divestiture of non-core assets.
- 3) the removal of approximately \$15 million of annualized operating expenses by year-end, enabled by that sale.

"Synchronoss' transformation to a Cloud-only business is now complete," stated Jeff Miller, CEO of Synchronoss. "As previously highlighted, we have established long-term contracts with our largest customers, providing us with significant visibility into future revenues and upside opportunities to expand our offerings with these established customers and new ones. The launch of our latest cloud offering with SoftBank in Asia is proceeding better than our original expectations, and we believe that the insights gained from this engagement can translate into additional growth opportunities with existing and future customers. As we move into 2024, we anticipate the continuation of the positive trends we observed with our customers throughout 2023, which we firmly believe will result in a significant improvement in our financial performance and the generation of free cash flows."

CFO Lou Ferraro added: "We are actively assessing all costs across our simplified Cloud business. To date, we have identified approximately \$15M of annualized costs which we will have acted on by the end of 2023. The reductions include stranded costs following the divestiture, headcount reductions, operational expenses, and other costs that reflect our narrowed Cloud focus. Our ongoing review is focused on optimizing the efficiency of our Cloud business while judiciously investing for growth. These actions, in combination with our expectations for continued subscriber and revenue growth, provide us confidence that we're on track to deliver meaningful improvements in cash flow, gross margins of over 75%, and adjusted EBITDA margins of over 25% in 2024."

## Forward-Looking Statements

*This press release includes statements concerning Synchronoss and its future expectations, plans and prospects that constitute "forward-looking statements" within the meaning of federal securities law. These forward-looking statements reflect our current views with respect to, among other things, future events and our financial performance and prospects. These statements are often, though not always made through the use of words or phrases such as "may," "might," "should," "could," "predict," "will," "seek," "estimate," "project," "projection," "annualized," "strive," "goal," "target," "outlook," "aim," "expect," "plan," "anticipate," "intends," "believes," "potential" or "continue" or other similar expressions are intended to identify forward-looking statements. These forward-looking statements are not historical facts and are based on current expectations and projections about future events and financial trends that management believes may affect its business, financial condition and results of operations, any of which, by their nature, are uncertain and beyond our control. Accordingly, we caution you that any such forward looking statements are not guarantees of future performance and are subject to risks, assumptions, estimates and uncertainties that are difficult to predict. Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements. Except as otherwise indicated, these forward-looking statements speak only as of the date of this press release and are subject to a number of risks, uncertainties and assumptions including, without limitation, risks relating to the Company's ability to sustain or increase revenue from its larger customers and generate revenue from new customers, the Company's expectations regarding expenses and revenue, the sufficiency of the Company's cash resources, the impact of legal proceedings involving the Company, including the litigation by the Securities and Exchange Commission against certain former employees of the Company described in the Company's most recent SEC filings, and other risks and factors that are described in the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of the Company's Annual Report on Form 10-K for the year ended December 31, 2022, and the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2023, which are on file with the SEC and available on the SEC's website at [www.sec.gov](http://www.sec.gov).*

## About Synchronoss

Synchronoss Technologies (Nasdaq: SNCR), a global leader in personal Cloud solutions, empowers service providers to establish secure and meaningful connections with their subscribers. Our SaaS Cloud platform simplifies onboarding processes and fosters subscriber engagement, resulting in enhanced revenue streams, reduced expenses, and faster time-to-market. Millions of subscribers trust Synchronoss to safeguard their most cherished memories and important digital content. Explore how our Cloud-focused solutions redefine the way you connect with your digital world at [www.synchronoss.com](http://www.synchronoss.com).

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