

# Synchronoss Technologies, Inc. Announces Fourth Quarter and Full Year 2016 Financial Results

February 8, 2017

- GAAP combined total revenue was \$145.6 million
- Non-GAAP combined total revenue was \$147.8 million
- GAAP total revenue from continuing operations for the fourth quarter was \$121.7 million
- Non-GAAP total revenue from continuing operations for the fourth quarter was \$123.9 million
- GAAP EPS from continuing operations for the fourth quarter was (\$0.51)
- Non-GAAP EPS from continuing operations for the fourth quarter was \$0.24

BRIDGEWATER, N.J.--(BUSINESS WIRE)--Feb. 8, 2017-- [Synchronoss Technologies, Inc.](#) (NASDAQ:SNCR), the leader in mobile cloud innovation for mobile carriers, enterprises, retailers and OEMs around the world, today announced financial results for the fourth quarter of 2016.

"Synchronoss has transformed its strategy with the Intralinks acquisition and divestiture of its traditional activation business as the company now looks to expand the scale and scope of its enterprise and cloud initiatives to drive the new SNCR 3.0 vision." said Ronald Hovsepian, Chief Executive Officer of Synchronoss. "The Synchronoss team is laying the foundation for the next chapter of growth."

"It has been an exciting time at Synchronoss over the past few months as we view the acquisition of Intralinks to be a major step forward in our enterprise strategy with Ron leading the team to successfully integrate both companies into a single portfolio," said Founder and Executive Chairman Stephen Waldis. "I look forward to working with Ron during this pivotal time for Synchronoss' employees, customers, and partners around the globe."

## **Financial Highlights for the Fourth Quarter of 2016:**

- **Total revenues from continuing operations:** \$121.7 million GAAP compared to \$121.2 million in the fourth quarter of 2015. \$123.9 million non-GAAP compared to \$121.8 million in the fourth quarter of 2015. Total combined revenue from continuing and discontinued operations was \$145.6 million. Non-GAAP combined total revenue from continuing and discontinued operations was \$147.8 million.
- **Gross profit from continuing operations:** \$71.5 million GAAP compared to \$75.7 million in the fourth quarter of 2015. \$78.1 million non-GAAP compared to \$83.4 million in the fourth quarter of 2015.
- **Operating (loss) income from continuing operations:** (\$30.4) million GAAP compared to \$1.5 million in the fourth quarter of 2015. \$13.1 million non-GAAP compared to \$29.9 million in the fourth quarter of 2015.
- **Net (loss) income from continuing operations attributable to Synchronoss:** (\$22.6) million GAAP compared to (\$3.2) million in the fourth quarter of 2015. \$11.0 million non-GAAP compared to \$20.0 million in the fourth quarter of 2015.
- **(Loss) earnings per diluted share from continuing operations:** (\$0.51) GAAP compared to (\$0.07) in the fourth quarter of 2015. \$0.24 non-GAAP compared to \$0.43 in the fourth quarter of 2015.
- **Operating cash flow:** \$86 million GAAP and non-GAAP compared to \$63.2 million GAAP and non-GAAP in the fourth quarter of 2015.

## **Financial Highlights for the Full Year 2016:**

- **Total revenues from continuing operations:** \$476.7 million GAAP compared to \$428.1 million in 2015. \$490.2 million non-GAAP compared to \$429.4 million in 2015.
- **Gross profit from continuing operations:** \$282.5 million GAAP compared to \$272.8 million in 2015. \$319.2 million non-GAAP compared to \$288.0 million in 2015.
- **Operating (loss) income from continuing operations:** (\$71.9) million GAAP compared to \$15.1 million in 2015. \$82 million non-GAAP compared to \$96.2 million in 2015.
- **Net (loss) income from continuing operations attributable to Synchronoss:** (\$55.7) million GAAP compared to \$1.3 million in 2015. \$59.8 million non-GAAP compared to \$63.6 million in 2015.
- **(Loss) earnings per diluted share from continuing operations:** (\$1.28) GAAP compared to \$0.03 in 2015. \$1.28 non-GAAP compared to \$1.38 in 2015.
- **Operating cash flow:** \$142.5 million GAAP compared to \$139.8 million in 2015. \$142.5 million non-GAAP compared to \$143.4 million in 2015.

A reconciliation of GAAP to non-GAAP results has been provided in the financial statement tables included in this press release. An explanation of these measures is also included below under the heading "Non-GAAP Financial Measures."

#### **Fourth Quarter and Recent Business Highlights:**

- GAAP Cloud Services revenue from continuing operations accounted for \$121.7 million in the fourth quarter. Non-GAAP Cloud Services revenue from continuing operations accounted for \$123.9 million in the fourth quarter. This was led by cloud deployments at new and existing customers.
- Completed the acquisition of Intralinks together with the closing of the \$1.1 Billion credit facility.
- Completed the divestiture of our carrier activation business to Sequential Technology International as well as the sale of our SpeechCycle and Mirapoint Software activation businesses.
- Strong progress at international customers in EMEA and APAC as they move towards scaling our Messaging and Personal Cloud Platforms.

#### **First Quarter Investor Conference Participation Schedule:**

- Raymond James Investor Conference March 7, 2017-Orlando, FL

#### **Conference Call Details**

In conjunction with this announcement, Synchronoss will host a conference call on Wednesday, February 8, 2017, at 5:00 p.m. (ET) to discuss the company's financial results. To access this call, dial 877-930-7767 (domestic) or 253-336-7416 (international). The pass code for the call is 52260549. Additionally, a live web cast of the conference call will be available on the "Investor Relations" page on the company's web site [www.synchronoss.com](http://www.synchronoss.com).

Following the conference call, a replay will be available for a limited time at 855-859-2056 (domestic) or 404-537-3406 (international). The replay pass code is 52260549. An archived webcast of this conference call will also be available on the "Investor Relations" page of the company's web site, [www.synchronoss.com](http://www.synchronoss.com).

#### **Non-GAAP Financial Measures**

Synchronoss has provided in this release selected financial information that has not been prepared in accordance with GAAP. This information includes historical non-GAAP revenues, gross profit, operating income (loss), net income (loss), effective tax rate, earnings (loss) per share and cash flows from operating activities. Synchronoss uses these non-GAAP financial measures internally in analyzing its financial results and believes they are useful to investors, as a supplement to GAAP measures, in evaluating Synchronoss' ongoing operational performance. Synchronoss believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends, and in comparing its financial results with other companies in Synchronoss' industry, many of which present similar non-GAAP financial measures to investors. As noted, the non-GAAP financial results discussed above add back the deferred revenue write-down associated with acquisitions, fair value stock-based compensation expense, acquisition-related costs which includes integration costs, changes in the contingent consideration obligation, deferred compensation expense related to earn outs and amortization of intangibles associated with acquisitions.

Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Investors are encouraged to review the reconciliation of these non-GAAP measures to their most directly comparable GAAP financial measures as detailed above. As previously mentioned, a reconciliation of GAAP to non-GAAP results has been provided in the financial statement tables included in this press release.

#### **About Synchronoss Technologies, Inc.**

Synchronoss (NASDAQ: SNCR) is an innovative software company that helps both service providers and enterprises realize and execute their goals for mobile transformation. Our simple, powerful and flexible solutions serve millions of mobile subscribers and a large portion of the Fortune 500 worldwide today. For more information, visit us at: [www.synchronoss.com](http://www.synchronoss.com).

#### **Forward-looking Statements**

This document may include certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, plans, objectives, expectations and intentions and other statements contained in this press release that are not historical facts and statements identified by words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "outlook" or words of similar meanings. These statements are based on our current beliefs or expectations and are inherently subject to various risks and uncertainties, including those set forth under the caption "Risk Factors" in Synchronoss' Annual Report on Form 10-K for the year ended December 31, 2015 and other documents filed with the U.S. Securities and Exchange Commission. Actual results may differ materially from these expectations due to changes in global political, economic, business, competitive, market and regulatory factors. Synchronoss does not undertake any obligation to update any forward-looking statements contained in this document as a result of new information, future events or otherwise.

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**SYNCHRONOSS TECHNOLOGIES, INC.**  
**BALANCE SHEETS**  
**(in thousands, except per share data)**

(Unaudited)

|  | <u>December 31,<br/>2016</u> | <u>December 31,<br/>2015</u> |
|--|------------------------------|------------------------------|
| <b>ASSETS</b>  |                              |                              |
| Current assets:  |                              |                              |
| Cash and cash equivalents  | \$ 181,018                   | \$ 147,634                   |
| Marketable securities  | 12,506                       | 66,357                       |
| Accounts receivable, net of allowance for doubtful accounts of \$1,756 and \$3,029 at December 31, 2016 and December 31, 2015, respectively  | 137,561                      | 136,117                      |
| Prepaid expenses and other assets  | 33,488                       | 48,127                       |
| Assets of discontinued operations, current   | —                            | 8,710                        |
| <b>Total current assets</b>  | <u>364,573</u>               | <u>406,945</u>               |
| Restricted cash  | 30,000                       | —                            |
| Marketable securities  | 2,974                        | 19,635                       |
| Property and equipment, net  | 155,599                      | 168,280                      |
| Goodwill   | 273,710                      | 182,000                      |
| Intangible assets, net   | 203,864                      | 174,322                      |
| Deferred tax assets  | 1,503                        | 3,560                        |
| Other assets   | 7,541                        | 10,350                       |
| Receivable from related party  | 83,000                       | —                            |
| Equity method investments  | 45,890                       | —                            |
| Assets of discontinued operations, non-current   | —                            | 45,136                       |
| <b>Total assets</b>  | <u>\$ 1,168,654</u>          | <u>\$ 1,010,228</u>          |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>  |                              |                              |
| Current liabilities:   |                              |                              |
| Accounts payable   | \$ 15,770                    | \$ 26,038                    |
| Accrued expenses   | 72,705                       | 45,819                       |
| Deferred revenues  | 22,602                       | 8,323                        |
| Contingent consideration obligation  | 11,860                       | —                            |
| Short term debt  | 29,000                       | —                            |
| <b>Total current liabilities</b>   | <u>151,937</u>               | <u>80,180</u>                |
| Lease financing obligation - long term   | 12,121                       | 13,343                       |
| Contingent consideration obligation - long-term  | —                            | 930                          |
| Convertible debt   | 226,291                      | 224,878                      |
| Deferred tax liability   | 50,838                       | 16,404                       |
| Deferred revenues  | 16,724                       | 559                          |
| Other liabilities  | 3,782                        | 2,668                        |
| Redeemable noncontrolling interest   | 49,856                       | 61,452                       |
| <b>Stockholders' equity:</b>   |                              |                              |
| Preferred stock, \$0.0001 par value; 10,000 shares authorized, 0 shares issued and outstanding at December 31, 2016 and December 31, 2015  | —                            | —                            |
| Common stock, \$0.0001 par value; 100,000 shares authorized, 49,317 and 48,084 shares issued; 45,323 and 44,405 outstanding at December 31, 2016 and December 31, 2015, respectively | 5                            | 4                            |
| Treasury stock, at cost (3,994 and 3,679 shares at December 31, 2016 and December 31, 2015, respectively)  | (95,183)                     | (65,651)                     |
| Additional paid-in-capital   | 575,093                      | 512,802                      |
| Accumulated other comprehensive loss   | (43,252)                     | (38,684)                     |
| Retained earnings  | 220,442                      | 201,343                      |
| <b>Total stockholders' equity</b>  | <u>657,105</u>               | <u>609,814</u>               |
| <b>Total liabilities and stockholders' equity</b>  | <u>\$ 1,168,654</u>          | <u>\$ 1,010,228</u>          |

**SYNCHRONOSS TECHNOLOGIES, INC.**  
**STATEMENT OF INCOME**  
(in thousands, except per share data)  
(Unaudited)\*\*

|              | <u>Three Months Ended December 31,</u> |             | <u>Year ended December 31,</u> |             |
|--------------|--|-------------|--------------------------------|-------------|
|              | <u>2016</u>                            | <u>2015</u> | <u>2016</u>                    | <u>2015</u> |
| Net Revenues | \$ 121,717                             | \$ 121,213  | \$ 476,671                     | \$ 428,117  |

**Costs and Expenses:**

|  |                    |                   |                    |                  |
|--|--------------------|-------------------|--------------------|------------------|
| Cost of services (1)(2)*   | 50,210             | 45,512            | 194,198            | 155,287          |
| Research and development (1)(2)  | 28,273             | 22,958            | 106,681            | 91,430           |
| Selling, general and administrative (1)(2)                                     | 43,297             | 29,539            | 131,106            | 88,411           |
| Net change in contingent consideration obligation                              | 3,631              | 760               | 10,930             | 760              |
| Restructuring charges  | 1,360              | (34)              | 6,333              | 4,946            |
| Depreciation and amortization  | 25,302             | 20,931            | 99,311             | 72,152           |
| <b>Total costs and expenses</b>  | <b>152,073</b>     | <b>119,666</b>    | <b>548,559</b>     | <b>412,986</b>   |
| (Loss) income from continuing operations                                       | (30,356)           | 1,547             | (71,888)           | 15,131           |
| Interest income  | 936                | 564               | 2,428              | 2,047            |
| Interest expense   | (2,007)            | (1,503)           | (7,013)            | (5,711)          |
| Other income (expense), net  | 2,117              | 973               | 1,931              | 372              |
| (Loss) income from continuing operations, before taxes                         | (29,310)           | 1,581             | (74,542)           | 11,839           |
| Provision for income taxes   | 3,996              | 1,310             | 7,290              | (4,477)          |
| Net income (loss) from continuing operations                                   | (25,314)           | 2,891             | (67,252)           | 7,362            |
| Net income (loss) from discontinued operations, net of taxes                   | 46,848             | 8,431             | 75,233             | 39,320           |
| Net income   | 21,534             | 11,322            | 7,981              | 46,682           |
| Net (loss) income attributable to noncontrolling interests                     | (2,760)            | 6,052             | (11,596)           | 6,052            |
| Net income attributable to Synchronoss   | <b>\$ 24,294</b>   | <b>\$ 5,270</b>   | <b>\$ 19,577</b>   | <b>\$ 40,630</b> |
| Net income (loss) from continuing operations attributable to Synchronoss       | \$ (22,554)        | \$ (3,161)        | \$ (55,656)        | \$ 1,310         |
| Income effect for interest on convertible debt, net of tax                     | —                  | —                 | —                  | 1,951            |
| Net income (loss) from continuing operations adjusted for the convertible debt | <b>\$ (22,554)</b> | <b>\$ (3,161)</b> | <b>\$ (55,656)</b> | <b>\$ 3,261</b>  |

**Basic:**

|                         |                |                |                |                |
|-------------------------|----------------|----------------|----------------|----------------|
| Continuing operations   | \$ (0.51)      | \$ (0.07)      | \$ (1.28)      | \$ 0.03        |
| Discontinued operations | 1.06           | 0.19           | 1.73           | 0.93           |
|                         | <b>\$ 0.55</b> | <b>\$ 0.12</b> | <b>\$ 0.45</b> | <b>\$ 0.96</b> |

**Diluted:**

|                         |                |                |                |                |
|-------------------------|----------------|----------------|----------------|----------------|
| Continuing operations   | \$ (0.51)      | \$ (0.07)      | \$ (1.28)      | \$ 0.03        |
| Discontinued operations | 1.06           | 0.19           | 1.73           | 0.93           |
|                         | <b>\$ 0.55</b> | <b>\$ 0.12</b> | <b>\$ 0.45</b> | <b>\$ 0.96</b> |

**Weighted-average common shares outstanding:**

|         |        |        |        |        |
|---------|--------|--------|--------|--------|
| Basic   | 43,814 | 42,817 | 43,571 | 42,284 |
| Diluted | 43,814 | 42,817 | 43,571 | 42,284 |

\* This presentation reflects the discontinued operations associated with the divestiture of our activation business.

\*\* Cost of services excludes depreciation and amortization which is shown separately.

(1) Amounts include fair value stock-based compensation as follows:

|  |                 |                  |                  |                  |
|--|-----------------|------------------|------------------|------------------|
| Cost of services   | \$ 1,076        | \$ 1,493         | \$ 5,669         | \$ 5,091         |
| Research and development                                 | 2,451           | 2,374            | 8,817            | 7,487            |
| Selling, general and administrative                      | 4,837           | 6,137            | 17,854           | 17,289           |
| <b>Total fair value stock-based compensation expense</b> | <b>\$ 8,364</b> | <b>\$ 10,004</b> | <b>\$ 32,340</b> | <b>\$ 29,867</b> |

(2) Amounts include acquisition costs as follows:

|                                     |                  |                 |                  |                  |
|-------------------------------------|------------------|-----------------|------------------|------------------|
| Cost of services                    | \$ 3,344         | \$ 5,612        | \$ 17,482        | \$ 8,814         |
| Research and development            | 4,030            | 2,375           | 13,751           | 7,307            |
| Selling, general and administrative | 9,253            | 963             | 14,739           | 1,412            |
| <b>Total acquisition costs</b>      | <b>\$ 16,627</b> | <b>\$ 8,950</b> | <b>\$ 45,972</b> | <b>\$ 17,533</b> |

**SYNCHRONOSS TECHNOLOGIES, INC.**  
**Reconciliation of GAAP to Non-GAAP Financial Measures**  
(in thousands, except per share data)  
(Unaudited)

|   | Three Months Ended December 31, |                   | Year ended December 31, |                   |
|---|---------------------------------|-------------------|-------------------------|-------------------|
|   | 2016                            | 2015              | 2016                    | 2015              |
| <b>Non-GAAP financial measures and reconciliation:</b>                        |                                 |                   |                         |                   |
| <b>GAAP Revenue</b>   | \$ 121,717                      | \$ 121,213        | \$ 476,671              | \$ 428,117        |
| Add: Deferred revenue write-down  | 2,151                           | 568               | 13,535                  | 1,260             |
| <b>Non-GAAP Revenue</b>   | <u>\$ 123,868</u>               | <u>\$ 121,781</u> | <u>\$ 490,206</u>       | <u>\$ 429,377</u> |
| GAAP Revenue  | \$ 121,717                      | \$ 121,213        | \$ 476,671              | \$ 428,117        |
| Less: Cost of services  | 50,210                          | 45,512            | 194,198                 | 155,287           |
| GAAP Gross Margin   | 71,507                          | 75,701            | 282,473                 | 272,830           |
| Add: Deferred revenue write-down  | 2,151                           | 568               | 13,535                  | 1,260             |
| Add: Fair value stock-based compensation                                      | 1,076                           | 1,493             | 5,669                   | 5,091             |
| Add: Acquisition and restructuring costs                                      | 3,344                           | 5,612             | 17,482                  | 8,814             |
| Non-GAAP Gross Margin   | <u>\$ 78,078</u>                | <u>\$ 83,374</u>  | <u>\$ 319,159</u>       | <u>\$ 287,995</u> |
| Non-GAAP Gross Margin %   | 63%                             | 68%               | 65%                     | 67%               |
| GAAP (loss) income from operations  | \$ (30,356)                     | \$ 1,547          | \$ (71,888)             | \$ 15,131         |
| Add: Deferred revenue write-down  | 2,151                           | 568               | 13,535                  | 1,260             |
| Add: Fair value stock-based compensation                                      | 8,364                           | 10,004            | 32,340                  | 29,867            |
| Add: Acquisition and restructuring costs                                      | 17,987                          | 8,916             | 52,305                  | 22,479            |
| Add: Net change in contingent consideration obligation                        | 3,631                           | 760               | 10,930                  | 760               |
| Add: Amortization expense   | 11,308                          | 8,150             | 44,738                  | 26,659            |
| Non-GAAP income from operations   | <u>\$ 13,085</u>                | <u>\$ 29,945</u>  | <u>\$ 81,960</u>        | <u>\$ 96,156</u>  |
| GAAP Net income (loss) from continuing operations attributable to Synchronoss | \$ (22,554)                     | \$ (3,161)        | \$ (55,656)             | \$ 1,310          |
| Add: Deferred revenue write-down  | 2,151                           | 568               | 13,535                  | 1,260             |
| Add: Fair value stock-based compensation                                      | 8,364                           | 10,004            | 32,340                  | 29,867            |
| Add: Acquisition and restructuring costs                                      | 17,987                          | 8,916             | 52,305                  | 22,479            |
| Add: Net change in contingent consideration obligation, net of Fx change      | 3,631                           | 760               | 10,930                  | 760               |
| Add: Amortization expense   | 11,308                          | 8,150             | 44,738                  | 26,659            |
| Less: Noncontrolling interest non-GAAP adjustments                            | (1,148)                         | (183)             | (5,523)                 | (183)             |
| Less: Tax effect  | (8,720)                         | (5,101)           | (32,904)                | (18,592)          |
| Non-GAAP Net income from continuing operations attributable to Synchronoss    | 11,019                          | 19,953            | 59,765                  | 63,560            |
| Income effect for interest on convertible debt, net of tax                    | 549                             | 669               | 2,197                   | 2,302             |
| Net income from continuing operations for diluted EPS calculation             | <u>\$ 11,568</u>                | <u>\$ 20,622</u>  | <u>\$ 61,962</u>        | <u>\$ 65,862</u>  |
| Diluted non-GAAP net income per share from continuing operations              | <u>\$ 0.24</u>                  | <u>\$ 0.43</u>    | <u>\$ 1.28</u>          | <u>\$ 1.38</u>    |
| Weighted shares outstanding - Diluted   | <u>49,012</u>                   | <u>47,862</u>     | <u>48,518</u>           | <u>47,653</u>     |

**SYNCHRONOSS TECHNOLOGIES, INC.**  
**STATEMENT OF CASH FLOWS**  
(in thousands)  
(Unaudited)

|   | December 31, |               |
|---|--------------|---------------|
|   | 2016         | 2015          |
| <b>Operating activities:</b>  |              | (As Adjusted) |
| Net income  | \$ 7,981     | \$ 46,682     |
| Adjustments to reconcile net income to net cash provided by operating activities: |              |               |
| Depreciation and amortization expense   | 99,311       | 72,152        |
| Amortization of debt issuance costs   | 1,607        | 1,501         |
| (Loss) gain on disposals  | (952)        | 16            |
| Gain on discontinued operations   | (95,311)     | —             |
| Amortization of bond premium  | 1,416        | 1,705         |
| Deferred income taxes   | 29,296       | 8,319         |
| Non-cash interest on leased facility  | 1,111        | 924           |
| Stock-based compensation  | 33,979       | 31,711        |
| Contingent consideration obligation   | 10,930       | (772)         |

|   |                   |                   |
|---|-------------------|-------------------|
| Changes in operating assets and liabilities:  |                   |                   |
| Accounts receivable, net of allowance for doubtful accounts                                 | (1,662)           | (27,577)          |
| Prepaid expenses and other current assets <sup>1</sup>                                      | 12,649            | (8,543)           |
| Other assets  | 10,054            | (4,282)           |
| Accounts payable  | (11,139)          | 6,185             |
| Accrued expenses <sup>1</sup>   | 25,479            | 16,333            |
| Other liabilities   | (6,546)           | (402)             |
| Deferred revenues   | 24,298            | (4,130)           |
| Net cash provided by operating activities   | 142,501           | 139,822           |
| <b>Investing activities:</b>  |                   |                   |
| Purchases of fixed assets   | (58,542)          | (59,960)          |
| Purchases of intangible assets  | —                 | (1,200)           |
| Purchases of marketable securities available-for-sale                                       | (13,445)          | (139,569)         |
| Maturities of marketable securities available-for-sale                                      | 82,904            | 106,210           |
| Change in restricted cash   | (30,000)          | —                 |
| Proceeds from the sale of discontinued operations   | 18,135            | —                 |
| Businesses acquired, net of cash  | (98,428)          | (131,592)         |
| Net cash used in investing activities   | (99,376)          | (226,111)         |
| <b>Financing activities:</b>  |                   |                   |
| Proceeds from the exercise of stock options   | 13,912            | 19,936            |
| Taxes paid on withholding shares <sup>1</sup>   | (8,885)           | (17,043)          |
| Payments on contingent consideration obligation   | —                 | (4,468)           |
| Debt issuance costs   | (1,346)           | —                 |
| Borrowings on revolving line of credit  | 144,000           | —                 |
| Repayment of revolving line of credit   | (115,000)         | —                 |
| Repurchases of common stock   | (40,025)          | —                 |
| Proceeds from the sale of treasury stock in connection with an employee stock purchase plan | 2,183             | 1,902             |
| Repayments of capital lease obligations   | (3,815)           | (2,021)           |
| Net cash used in financing activities   | (8,976)           | (1,694)           |
| Effect of exchange rate changes on cash   | (765)             | (350)             |
| Net increase (decrease) in cash and cash equivalents  | 33,384            | (88,333)          |
| Cash and cash equivalents at beginning of period  | 147,634           | 235,967           |
| Cash and cash equivalents at end of period  | <u>\$ 181,018</u> | <u>\$ 147,634</u> |

<sup>1</sup> Certain prior year amounts have been adjusted to conform with the adoption of ASU 2016-09.

#### SYNCHRONOSS TECHNOLOGIES, INC.

##### Reconciliation of GAAP to Non-GAAP Cash Provided by Operating Activities

(in thousands)

(Unaudited)

| December 31, |      |
|--------------|------|
| 2016         | 2015 |

Non-GAAP cash provided by operating activities and reconciliation:

|   |                  |                  |
|---|------------------|------------------|
| <b>Net cash provided by operating activities (GAAP)</b>               | \$142,501        | \$139,822        |
| Add: Cash payments on settlement of earn-out                          | —                | 3,532            |
| <b>Adjusted cash flow provided by operating activities (Non-GAAP)</b> | <u>\$142,501</u> | <u>\$143,354</u> |



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Source: Synchronoss Technologies, Inc.

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