UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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): **August 9, 2022 (August 9, 2022)**

Synchronoss Technologies, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**001-40574**	**06-1594540**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

200 Crossing Boulevard, 3rd Floor	
Bridgewater, New Jersey	**08807**
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: **(866) 620-3940**

Not Applicable
(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 obligation 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))

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. ☐

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 $.0001 par value	SNCR	The Nasdaq Stock Market, LLC
8.375% Senior Notes due 2026	SNCRL	The Nasdaq Stock Market, LLC

Item 2.02. Results of Operations and Financial Condition.

On August 9, 2022, Synchronoss Technologies, Inc. (the “Company”) issued a press release (the “Press Release”) relating to its results of operations and financial condition for the quarter and year ended June 30, 2022. The full text of this press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference herein.

Various statements to be made during the conference call concerning Synchronoss and its future expectations, plans and prospects that constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. For this purpose, any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words “may,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “believes,” “potential” or “continue” or other similar expressions are intended to identify forward-looking statements. Synchronoss has based these forward-looking statements largely on its current expectations and projections about future events and financial trends that it believes may affect its business, financial condition and results of operations. These forward-looking statements speak only as of the date of the conference call 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 investigations by the Securities and Exchange Commission and the Department of Justice 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, 2021 and the Company’s Quarterly Report on Form 10-Q for the period ended March 31, 2022, which are on file with the SEC and available on the SEC’s website at www.sec.gov. Additional factors may be described in those sections of the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, expected to be filed with the SEC in the third quarter of 2022. The Company does not undertake any obligation to update any forward-looking statements made during the conference call as a result of new information, future events or otherwise.

The information in Item 2.02 of this Current Report on Form 8-K and Exhibit 99.1 attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On August 9, 2022, Taylor Greenwald, Chief Financial Officer of the Company, and the Company agreed that Mr. Greenwald will commence an unpaid leave of absence to address health matters affecting a family member on August 12, 2022. As a result of Mr. Greenwald’s leave of absence, the Company’s Board of Directors (the “Board”) has appointed Lou Ferraro, the Company’s Executive Vice President, Financial Operations and Chief Human Resources Officer, as the Company’s acting Chief Financial Officer and EVP, principal financial officer, principal accounting officer and treasurer, effective August 12, 2022.

Mr. Ferraro, age 65, has served as the Company’s Executive Vice President Financial Operations and Chief Human Resources Officer since November 2021, and as the Company’s Acting Chief Financial Officer from August 2021 to November 2021. Prior to August 2021, Mr. Ferraro served as the Company’s Executive Vice President Financial Operations and Chief Human Resources Officer since May 2021, and as the Company’s Senior Vice President of Financial Operations from January 2018, when he joined the Company, until May 2021. Before joining the Company, Mr. Ferraro was a business consultant with the Populus Group, a company providing financial and economic consultants to various businesses from June 2016 until October 2017. From 2014 through 2016, Mr. Ferraro was the Chief Operating Officer and Chief Financial Officer of BrandYourself.com, Inc. where he led the finance and operations team during a period of intense growth. From 2010 to 2014, Mr. Ferraro served as Chief Financial Officer of AWI/iMobile as well as Chief Executive Officer of the Magicpins.com business unit. From 2008 to 2019 he served as the Chief Financial Officer of Vitaltrax.com. From 2004 to 2008, Mr. Ferraro was a senior vice president for IDT where he founded TuYo Mobile, a wireless MVNO. From 1991 to 2004, he held various positions with AT&T Mobility and prior to that he held various finance and operations positions at Verizon Wireless. Mr. Ferraro graduated with a Bachelor of Science degree from Montclair State University and earned his CPA in New Jersey. On August 9, 2022, in connection with Mr. Ferraro’s appointment, the Company and Mr. Ferraro entered into an appointment letter agreement (the “Appointment Letter"). The foregoing description of the Appointment Letter does not purport to be complete and is qualified in its entirety by reference to the copy of the Appointment Letter filed as Exhibit 10.1 to this Current Report on Form 8-K.

There are no arrangements or understandings between Mr. Ferraro and any other person pursuant to which Mr. Ferraro was appointed to serve as acting Chief Financial Officer. There are no family relationships between Mr. Ferraro and any of the

Company's directors or executive officers and Mr. Ferraro does not have any direct or indirect material interest in any transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K.

In connection with Mr. Ferraro's appointment, the Compensation Committee of the Board (the "Compensation Committee") increased Mr. Ferraro's annual base salary to $375,000, effective as of August 1, 2022, and his target incentive cash bonus to $262,500 during his tenure as acting Chief Financial Officer. The Compensation Committee also granted Mr. Ferraro an initial award of 25,000 time-based restricted stock awards (the "RSAs"), time-based stock options to purchase 25,000 shares of the Company's common stock (the "Options") and 50,000 performance-based cash units (the "Performance Units", together with the RSAs and Options, the "Initial Award"), effective on August 9, 2022. The RSAs were issued under the Company's 2015 Equity Incentive Plan (the "Plan") and will vest in equal installments on each anniversary of the grant date over a period of three years. The Options were issued under the Plan and have an exercise price per share equal to the closing price of the Company's common stock on the Nasdaq Global Select Market on August 9, 2022, and will vest in equal installments on each anniversary of the grant date over a period of three years. The Performance Units will vest upon the approval of the Board or its Compensation Committee based upon whether the Company has met the required performance goals for the Company's three year performance period. At the time of vesting of the Performance Units, the Compensation Committee will pay Mr. Ferarro in either cash or shares of the Company's common stock. The three year performance goals shall be established by the Board or its Compensation Committee at the time the Company's business plan for such period is determined.

In addition, if Mr. Ferraro's tenure as acting Chief Financial Officer is greater than 90 days, the Company has agreed to grant Mr. Ferraro an additional equity award consisting of 25,000 time-based restricted stock awards, time-based stock options to purchase 25,000 shares of the Company's common stock and 50,000 performance-based cash units, with vesting terms and conditions similar to the Initial Award.

Mr. Greenwald's equity vesting will be paused during the leave of absence. On August 9, 2022, in connection with Mr. Greenwald's leave of absence and related reduction of duties, the Company and Mr. Greenwald entered into an amendment (the "Greenwald Amendment") to the employment agreement entered into as of November 1, 2021 between the Company and Mr. Greenwald (the "Employment Agreement") which provides for his continued employment during his leave of absence, modifies the definition of a termination for good reason to exclude changes in employment responsibilities and provides that the leave of absence will be for a period of 60 days. Pursuant to the terms of the Greenwald Amendment, in the event that Mr. Greenwald does not return to his position as Chief Financial Officer on a full-time basis prior to the expiration of the initial 60-day period and the Company and Mr. Greenwald do not mutually agree to an extension of the leave of absence, then Mr. Greenwald has agreed to resign from his positions with the Company without the Company being obligated to pay any termination or severance benefits that otherwise may have been owed pursuant to the terms and conditions of the Employment Agreement or otherwise. The foregoing description of the Greenwald Amendment does not purport to be complete and is qualified in its entirety by reference to the copy of the Greenwald Amendment filed as Exhibit 10.2 to this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description
99.1	Press Release of Synchronoss Technologies, Inc. announcing second quarter 2022 results, dated August 9, 2022.
10.1	Appointment Letter, dated August 9, 2022 between the Registrant and Lou Ferraro.
10.2	Amendment to Employment Agreement, dated August 9, 2022 between the Registrant and Taylor Greenwald.

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 hereunto duly authorized.

Date: August 9, 2022

	Synchronoss Technologies, Inc.
	/s/ Taylor Greenwald
Name:	Taylor Greenwald
Title:	Chief Financial Officer

August, 2022

Lou Ferraro
(delivered electronically)
Re: Appointment Acting Position

Dear Lou,

On behalf of Synchronoss Technologies, Inc. (the "Company"), I am pleased to advise you that the Board of Directors of the Company (the "Board") has appointed you as **Acting Chief Financial Officer and EVP** effective as of **August 12, 2022**. You shall serve as the Company's **Acting Chief Financial Officer and EVP**, reporting to the Company's Chief Executive Officer during the period (the "Interim Period") commencing as of the date hereof and ending on the date that the Company appoints a full-time Chief Financial Officer, or until such other date as the Company determines in its sole discretion. Upon the conclusion of the Interim Period, you shall continue your employment with the Company as its Executive Vice President Financial Operations and Chief Human Resources Officer.

Effective **August 1, 2022** and through the Interim Priod**,** your **annual base salary** will be **increased** to **$375,000** less all applicable taxes and withholdings.

Your annual **target bonus opportunity** ("TBO") will be **increased t**o **70%** of your annual base salary for the Interim Period.

In addition, we are pleased to award you the following equity awards:

You will receive **25,000** shares in the form of a **restricted stock award ("RSAs**") under the Company's Amended 2015 Equity Incentive Plan (the "Incentive Plan") pursuant to the Company's RSA agreement (the "RSA Agreement"). Subject to your continued employment on each vesting date, the RSAs shall vest with respect to 1/3rd of the shares on each anniversary of the grant date.

You will also receive an option to purchase **25,000** shares **("Stock Options")** under the Incentive Plan pursuant to the Company's Stock Option Award agreement (the "Stock Option Agreement"). Subject to your continued employment on each vesting date, the Stock Options shall vest with respect to 1/3rd of the shares on each anniversary of the grant date. The Stock Option strike price will be determined by the stock close price on the grant date**.**

You will receive **50,000 Performance-Based Cash Units ("PBCUs")** pursuant to the Company's Performance-Based Cash Units agreement (the "PBCU Agreement") which represent the target award of performance-based cash units with the opportunity to earn up to 200% of the target number upon over-performance of the financial parameters outlined in your PBCU Agreement. Vesting of earned performance-based cash units will occur at the end of the 3-year performance period after the Company's Compensation Committee of the Board (the "Compensation Committee") or the Board ratifies the performance results of the metrics of the plan. The Compensation Committee reserves the discretion to pay out the performance-based cash units in cash or shares issued from the Incentive Plan.

The grant date for the RSAs and Stock Options will be **August 9, 2022**.

Furthermore, if the Interim Period is **greater than 90 days,** you will be granted an **additional equity award.** This award consists of another **25,000 RSAs, 25,000 Stock Options, and 50,000 PBCUs** similar to the terms and conditions as outlined above with a new grant date governed by the approval date of the Compensation Committee.

During the Interim Period, you shall perform those services customary to the position of Chief Financial Officer and such other lawful duties that the Chief Executive Officer may reasonably assign to you.

In addition, you and the Company agree that your ceasing to be Acting Chief Financial Officer and EVP following the Interim Period and the return to your prior role at the Company (including the related reduction in base salary) will not constitute “Good Reason” or an “Involuntary Termination” under your offer letter or employment agreement with the Company, the Company’s Tier One Executive Employment Plan or any other agreement with the Company or Company plan.

Congratulations on this appointment, and I want to thank you for your contributions and dedication on behalf of our customers, shareholders, and employees. I look forward to continuing to work with you as we build a stronger and more successful company.

Sincerely,

Jeffrey S. Miller

Jeff Miller
President & Chief Executive Officer

ACKNOWLEDGED AND AGREED:

____
Lou Ferraro

Exhibit 10.2

AMENDMENT NO. 1 TO EMPLOYMENT AGREEMENT

This Amendment No. 1 (the "Amendment") to the Employment Agreement, previously entered into and dated as of November 21, 2021, (the "Employment Agreement") by and between Synchronoss Technologies, Inc., a Delaware corporation (the "Company"), and Taylor Greenwald, an individual (the "Executive"), is made and entered into this 9th day of August, 2022.

WHEREAS, as mutually agreed between the Company the Executive, the Executive will be taking an unpaid leave of absence from his role as the Company's Chief Financial Officer during the 60-day period beginning on August 12, 2022 (the "Leave Start Date") through and ending on October 10, 2022 or such later date as mutually agreed by the Company and the Executive in writing (the "Leave of Absence Period");

WHEREAS, pursuant to Section 11(b) of the Employment Agreement, the Employment Agreement may be amended by written consent of the Company and the Executive; and

WHEREAS, the Company and the Executive wish to amend the Employment Agreement as set forth below.

NOW THEREFORE, in consideration of the promises, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Amendment: Effective as of the date of this Amendment, Subsection 10(t)(iii) of the Employment Agreement is hereby amended and restated in its entirety to read as follows:

    "(iii) [Reserved]; and"

2. Vesting. Notwithstanding anything to the contrary contained in the Employment Agreement (as amended by this Amendment) or in any stock option agreement or stock purchase agreement between the Executive and the Company (collectively, the "Equity Agreements"), the Company and the Executive agree and acknowledge that the vesting of any outstanding equity awards granted by the Company and held by the Executive (the "Executive Awards") shall pause on the Leave Start Date, such that the Executive shall not receive vesting credit during the Leave of Absence Period. The Executive Awards shall continue to vest pursuant to the terms of the Equity Agreements upon the expiration of the Leave of Absence Period, subject to Section 3 of this Amendment.

3. Leave of Absence. Notwithstanding anything to the contrary contained in the Employment Agreement (as amended by this Amendment), the Executive will remain an employee of the Company in good standing during the Leave of Absence Period; provided that the Executive will not be paid any salary or other compensation during the Leave of Absence Period. If the Executive does not return to his position as the Company's Chief Financial Officer on a full-time basis prior to the expiration of the Leave of Absence Period, then the Company and the Executive agree and acknowledge that (a) the Executive's employment shall terminate effective immediately upon the expiration of the Leave of Absence Period, (b) the Executive Awards shall not vest with respect to any unvested portion of such awards following the Leave Start Date, and (c) the Company shall not be obligated to pay or provide the Executive any termination or severance benefits pursuant to Section 6 of the Employment Agreement or otherwise.

4. Except for the modifications set forth in this Amendment, the Employment Agreement and the Equity Agreements shall continue in full force and effect. All capitalized terms

used herein and not otherwise defined shall have the meanings assigned to them in the Employment Agreement. This Amendment shall be modified or changed only in accordance with the terms of the Employment Agreement as they relate to amendments thereof.

5. This Amendment shall be governed by and construed under the laws of the State of New Jersey (except their provisions governing the choice of law).

6. If one or more provisions of this Amendment are held to be unenforceable under applicable law, such provision shall be excluded from this Amendment and the balance of this Amendment shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

7. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. This Amendment may be executed by electronic or facsimile signature which shall be considered originals.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date recited above.

COMPANY:

Synchronoss Technologies, Inc.

By:__
Name:__
Title:__

EXECUTIVE:

By:__
Name: Taylor Greenwald

Exhibit 99.1

Synchronoss Technologies Reports Second Quarter 2022 Results

Cloud Subscriber Growth of 18% Drives Cloud Revenue Increase of 12%

Net Income of $5.3 million versus Loss of $23.9 million in Prior Year

Adjusted EBITDA of $14.2 million*, 21.8% Adjusted EBITDA Margin, Up from 18.6% in the Prior Year*

Free Cash Flow of $3.6 million*, Adjusted Free Cash Flow of* $6.7 million

Company Maintains 2022 EBITDA Expectations, Narrows Revenue Guidance Range

BRIDGEWATER, NJ - August 9, 2022 - Synchronoss Technologies Inc. **("Synchronoss" or the "Company") (NASDAQ: SNCR)**, a global leader and innovator in cloud, messaging, and digital products and platforms, today reported financial results for its second quarter ended June 30, 2022.

Second Quarter and Recent Operational Highlights:

- **Announced 18% year-over-year Cloud subscriber growth for the second quarter of 2022**, an improvement from a 16% increase for the second quarter of 2021. The strong growth has been driven by continued adoption of the Company's Cloud product with existing customers and newly launched customers, including Verizon and AT&T.
- **Launched two new premium Personal Cloud solutions with Telkomsigma**, the IT and digital services arm of Telkomsel, Indonesia's largest mobile operator. Following an announced agreement in November, Telkomsigma is now making its Floudrive service, powered by Synchronoss Personal Cloud, available to university students and 170 million Telkomsel mobile customers in Indonesia, another key APAC market in the Company's geographic expansion of its core offering.
- **Signed a new Personal Cloud Letter of Intent with Street Cred Capital**, a leading fintech solutions provider in the mobile industry that has customers at major North American carriers, MVNOs, and retailers. The new relationship allows subscribers to finance Synchronoss Cloud, along with other products and accessories.
- **Recognized as a 2022 'Product of the Year' winner for Synchronoss Personal Cloud** from Cloud Computing Magazine, underscoring the quality of innovation and service in the Company's core business. The 2022 Cloud Computing Product of the Year Award recognizes vendors with the most innovative and beneficial cloud products and services that have been available to deploy within the past year.
- **Certified and deployed the Synchronoss Personal Cloud and Email Suite on the Alibaba and Google Cloud Hosting Platforms,** respectively. These platform extensions provide customers with the flexibility to select the hosting platform of their choice to deploy and scale Synchronoss solutions.
- **Completed sale to iQmetrix of the Company's Digital Experience Platform ("DXP") and Activation Solutions ("Activation") businesses**. This transaction supports the Company's goals of enhanced operating flexibility through a leaner business model focusing on its Cloud and Messaging portfolios and provides additional liquidity to support an improved capital structure.

Management Commentary

“Our double-digit Cloud revenue increase in the second quarter marked the fourth consecutive period of year-over-year growth in Cloud, denoting twelve months of consistent topline improvement and accelerated growth in our core business,” stated Jeff Miller, President and CEO of Synchronoss. “Our resilient performance continues to be driven by healthy subscriber growth, which hit 18% for the second straight quarter, leading to record gross margins and an improved cash flow profile. Operationally, we are continuing to drive growth with existing customers while also expanding into new markets and verticals. In just the last few weeks, we successfully launched two new premium Personal Cloud solutions with Telkomsel, marking the first phase of our deployment and opening the door to an additional 170 million potential customers. Early today, we also announced a Letter of Intent signing with Street Cred Capital, which further highlights the market expansion opportunities we are realizing for Synchronoss Cloud.

“While the global economic environment has caused delays in some customer decision making, our overall pipeline remains strong. The ongoing proliferation of 5G deployments should drive greater access to fixed wireless solutions enabling wider adoption of our Cloud for Home offering. We also continue to have significant expansion opportunities within our existing and newly launched customers. Collectively, we believe Synchronoss stands at the nexus of several major tailwinds that support our vision of sustainable, high-margin revenue growth now and in the years to come.”

Key Performance Indicators ("KPIs"):

- Strong Cloud subscriber growth of 18% was the key catalyst to a 12% year-over-year increase in second quarter Cloud revenue, continuing the Company’s trend of double-digit subscriber growth.
- Invoiced Cloud revenue increased 10.3% year-over-year to $37.4 million in the second quarter. This non-GAAP measure is reconciled within the financial statements below. This KPI is intended to provide greater transparency in the underlying Cloud revenue trends as it is not impacted by changes in deferred and unbilled revenue.
- Quarterly recurring revenue was 86.6% of total revenue, an increase from 84.9% of total revenue in the first quarter.
- GAAP revenue breakdown by product is included below:

	Q2 2022 vs Q2 2021			
(in thousands)	**Q2 2022 Revenue**	**Q2 2021 Revenue**	**% Increase/ (Decrease)**	**% of Total Q2 2022 Revenue**
Cloud	$43,477	$38,891	11.8%	66.6%
Digital	10,437	12,131	(14.0)%	16.0%
Messaging	11,322	20,510	(44.8)%	17.4%
	$65,236	$71,532		100.0%

Second Quarter 2022 Financial Results:

- **Total revenue** decreased 9% to $65.2 million from $71.5 million in the prior year period. Revenue growth in the Cloud business was offset by one-time, accelerated revenue received from the Company’s CCMI contract in the previous year as well as the Company’s divestiture of the DXP and Activation assets in the quarter.
- **Gross profit** decreased 3% to $42.9 million (65.8% of total revenue) from $44.4 million (62.1% of total revenue) in the prior year period, primarily attributable to decreased revenue in the Company’s Messaging business from the CCMI dissolution and the previously noted sale of the DXP and Activation assets. The increase in gross margin was primarily attributable to increased revenue from high-margin Cloud subscriber growth, a license sale during the quarter and ongoing benefits from cost saving initiatives.
- **Income (loss) from operations** was $4.9 million compared to a loss of $(4.1) million in 2021. The improvement in operating income was a result of increased high margin Cloud revenue, reduced SG&A expenses and greater efficiency of R&D resources and other cost saving initiatives.

- **Net income (loss)** improved to $5.3 million, or $0.06 per share, compared to net loss of $(23.9) million, or $(0.54) per share, in the prior year period. The significant improvement in net income was primarily attributable to operational improvements and lower preferred stock dividends resulting from the Company's June 2021 recapitalization.
- **Adjusted EBITDA** (a non-GAAP metric reconciled below) increased 7% to $14.2 million from $13.3 million in the prior year period. The increase in adjusted EBITDA resulted from increased revenue from high-margin Cloud subscriber growth and cost saving initiatives implemented throughout the prior year.
- **Cash and cash equivalents** were $25.5 million at June 30, 2022, compared to $21.7 million at March 31, 2022 and $31.5 million at December 31, 2021. Free cash flow was $3.6 million and adjusted free cash flow was $6.7 million. Contributing to positive cash flow during the second quarter was $4.3 million received in tax refunds.

Financial Commentary

Company CFO Taylor Greenwald added, "The second quarter was highlighted by meaningful profitability improvements in several key metrics as we increased gross margin to an all-time-high 65.8%, delivered net income of $5.3 million and recorded adjusted EBITDA of $14.2 million or 21.8% of revenue. The Company also produced $3.6 million in positive, unadjusted cash flow and $6.7 million of adjusted free cash flow, thanks in part to a $4.3 million tax refund received during the period. The strong quarterly performance resulted from the underlying strength of the Cloud business, which will continue to be a catalyst for growth."

2022 Financial Outlook

Compared to the second quarter of 2022, management expects third quarter revenue and adjusted EBITDA to be down slightly after factoring in an approximate $2 million impact from the sale of the DXP and Activation assets in the second quarter and recognition of approximately $4 million in deferred, non-cash revenue from the Cloud business, which benefited the second quarter and will not repeat in the third quarter. While the Company still expects to be free cash flow positive, on an adjusted basis, for the year, management expects third and fourth quarter cash flow results to decline moderately compared to the second quarter due to the non-recurring tax refund and timing of cash receipts and expenses. Looking to 2023, the Company expects to be free cash flow positive, on an unadjusted basis, given the trajectory of its Cloud business and the actions taken to drive down its cost structures.

Based on the financial performance in the first half of 2022 and better visibility into the remainder of the year, the Company is narrowing the range of its full year 2022 adjusted EBITDA expectations to between $48.0 million and $55.0 million from a previous range of $45.0 million to $55.0 million.

Additionally, the Company now expects GAAP revenue for the fiscal year ending December 31, 2022 to range between $260.0 million and $270.0 million. The comparable 2021 revenue is $265.0 million after adjusting for the divestiture of the Company's DXP and Activation assets. Despite delay in some customer decision making and expectations due to the macroeconomic environment, the sales pipeline remains healthy and subscriber growth continues to be strong. Synchronoss is reiterating its projection for Cloud subscriber growth to continue at a double-digit rate on a year-over-year basis in 2022.

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 included below under the heading "Non-GAAP Financial Measures."

Conference Call

Synchronoss will hold a conference call today, August 9, 2022, at 4:30 p.m. Eastern time (1:30 p.m. Pacific time) to discuss these results.

Synchronoss management will host the call, followed by a question-and-answer period.

Registration Link: https://register.vevent.com/register/BIcc92c646ecc94181a5f9718229dd0aaa

Please register online at least 10 minutes prior to the start time. Upon registration, the webcast platform will provide dial-in numbers and a unique access code. If you have any difficulty with registration or connecting to the conference call, please contact Gateway Investor Relations at 949-574-3860.

The conference call will be broadcast live and available for replay at: https://edge.media-server.com/mmc/p/uk9abcwi and via the Investor Relations section of Synchronoss's website at 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 although this non-GAAP financial information is derived from numbers that have been prepared in accordance with GAAP. This information includes historical non-GAAP revenues, gross profit, adjusted EBITDA, operating income (loss), net income (loss), effective tax rate, and earnings (loss) per share. 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 fair value stock-based compensation expense, acquisition-related costs, which include restructuring and cease-use lease expense, litigation, remediation and refiling costs 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. Investors are encouraged to also review the Balance Sheet, Statement of Operations, and Statement of Cash Flow. As previously mentioned, a reconciliation of GAAP to non-GAAP results has been provided in the financial statement tables included in this press release.

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 the Private Securities Litigation Reform Act of 1995. For this purpose, any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words "may," "should," "expects," "plans," "anticipates," "could," "intends," "believes," "potential" or "continue" or other similar expressions are intended to identify forward-looking statements. Synchronoss has based these forward-looking statements largely on its current expectations and projections about future events and financial trends that it believes may affect its business, financial condition and results of operations. 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 investigations by the Securities and Exchange Commission and the Department of Justice 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, 2021, which is on file with the SEC and available on the SEC's website at www.sec.gov. The company does not undertake any obligation to update any forward-looking statements contained in this press release as a result of new information, future events or otherwise.

About Synchronoss

Synchronoss Technologies (NASDAQ: SNCR) builds software that empowers companies around the world to connect with their subscribers in trusted and meaningful ways. The company's collection of products helps streamline networks, simplify onboarding, and engage subscribers to unleash new revenue streams, reduce costs and increase speed to market. Hundreds of millions of subscribers trust Synchronoss products to stay in sync with the people, services, and content they love. Learn more at www.synchronoss.com.

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-Financial Tables to Follow-

SYNCHRONOSS TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited) (In thousands)

	June 30, 2022	December 31, 2021
ASSETS		
Cash and cash equivalents	$ 25,512	$ 31,504
Accounts receivable, net	43,306	47,586
Operating lease right-of-use assets	22,791	26,399
Goodwill	209,806	224,577
Other assets	115,453	120,668
Total assets	$ 416,868	$ 450,734
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued expenses	$ 64,032	$ 73,013
Deferred revenues	19,233	22,916
Debt, non-current	133,826	133,104
Operating lease liabilities, non-current	32,442	36,095
Other liabilities	8,124	9,778
Preferred stock	68,348	72,505
Redeemable noncontrolling interest	12,500	12,500
Stockholders' equity	78,363	90,823
Total liabilities and stockholders' equity	$ 416,868	$ 450,734

SYNCHRONOSS TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited) (In thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	**2021**	**2022**	**2021**
Net revenues	$ 65,236	$ 71,532	$ 131,102	$ 137,031
Costs and expenses:				
Cost of revenues[1]	22,316	27,142	47,155	55,779
Research and development	13,460	17,197	29,251	34,594
Selling, general and administrative	15,288	21,909	33,185	39,837
Restructuring charges	1,019	877	1,704	1,590
Depreciation and amortization	8,259	8,485	16,293	18,352
Total costs and expenses	60,342	75,610	127,588	150,152
Income (loss) from operations	4,894	(4,078)	3,514	(13,121)
Interest income	118	25	210	30
Interest expense	(3,343)	(144)	(6,668)	(239)
Gain on divestiture	2,622	—	2,622	—
Other income (expense), net	4,065	1,576	5,769	(1,820)
Income (loss) from operations, before taxes	8,356	(2,621)	5,447	(15,150)
(Provision) benefit for income taxes	(435)	201	(563)	364
Net income (loss) from operations	7,921	(2,420)	4,884	(14,786)
Net (loss) income attributable to redeemable noncontrolling interests	(75)	(50)	(190)	286
Preferred stock dividend	(2,519)	(21,476)	(4,957)	(32,006)
Net income (loss) attributable to Synchronoss	$ 5,327	$ (23,946)	$ (263)	$ (46,506)
Earnings (loss) per share:				
Basic	$ 0.06	$ (0.54)	$ —	$ (1.07)
Diluted	$ 0.06	$ (0.54)	$ —	$ (1.07)
Weighted-average common shares outstanding:				
Basic	87,124	44,131	86,031	43,438
Diluted	89,249	44,131	86,031	43,438

1 Cost of revenues excludes depreciation and amortization which are shown separately.

SYNCHRONOSS TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited) (In thousands)

	Six Months Ended June 30,	
	2022	**2021**
Net income (loss) from continuing operations	$ 4,884	$ (14,786)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Non-cash items	17,432	22,584
Changes in operating assets and liabilities	(15,588)	369
Net cash provided by operating activities	6,728	8,167
Investing activities:		
Purchases of fixed assets	(573)	(1,250)
Purchases of intangible assets and capitalized software	(10,695)	(10,959)
Other investing activities	7,500	550
Net cash used in investing activities	(3,768)	(11,659)
Net cash (used in) provided by financing activities	(8,517)	2,687
Effect of exchange rate changes on cash	(435)	(296)
Net decrease in cash and cash equivalents	(5,992)	(1,101)
Cash and cash equivalents, beginning of period	31,504	33,671
Cash and cash equivalents, end of period	$ 25,512	$ 32,570

SYNCHRONOSS TECHNOLOGIES, INC.
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(Unaudited) (In thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Non-GAAP financial measures and reconciliation:				
GAAP Revenue	$ 65,236	$ 71,532	$ 131,102	$ 137,031
Less: Cost of revenues	22,316	27,142	47,155	55,779
Gross Profit	42,920	44,390	83,947	81,252
Add / (Less):				
Stock-based compensation expense	139	379	360	857
Restructuring, transition and cease-use lease expense	148	—	971	27
Adjusted Gross Profit	$ 43,207	$ 44,769	$ 85,278	$ 82,136
Adjusted Gross Margin	66.2 %	62.6 %	65.0 %	59.9 %

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
GAAP Net loss attributable to Synchronoss	$ 5,327	$ (23,946)	$ (263)	$ (46,506)
Add / (Less):				
Stock-based compensation expense	964	2,345	2,891	5,066
Restructuring, transition and cease-use lease expense	1,381	2,918	3,392	4,975
Amortization expense	2,490	3,206	5,033	6,815
Litigation, remediation and refiling costs, net	(1,292)	3,607	(315)	3,542
Non-GAAP Net income (loss) attributable to Synchronoss	$ 8,870	$ (11,870)	$ 10,738	$ (26,108)
Diluted Non-GAAP Net income (loss) per share	$ 0.10	$ (0.27)	$ 0.12	$ (0.60)
Weighted shares outstanding - Dilutive	89,249	44,131	86,031	43,438

SYNCHRONOSS TECHNOLOGIES, INC.
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(Unaudited) (In thousands)

	Three Months Ended					Six Months Ended	
	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Jun 30, 2022	Jun 30, 2021
Net loss attributable to Synchronoss	$ 5,327	$ (5,590)	$ (2,114)	$ (9,831)	$ (23,946)	$ (263)	$ (46,506)
Add / (Less):							
Stock-based compensation expense	964	1,927	1,950	2,289	2,345	2,891	5,066
Restructuring, transition and cease-use lease expense	1,381	2,011	2,286	2,981	2,918	3,392	4,975
Litigation, remediation and refiling costs, net	(1,292)	977	(30)	9,316	3,607	(315)	3,542
Depreciation and amortization	8,259	8,034	9,498	8,215	8,485	16,293	18,352
Interest income	(118)	(92)	15	(24)	(25)	(210)	(30)
Interest expense	3,343	3,325	3,248	2,933	144	6,668	239
Gain on divestiture	(2,622)	—	—	—	—	(2,622)	—
Other expense (income), net	(4,065)	(1,704)	1,388	1,669	(1,576)	(5,769)	1,820
(Benefit) provision for income taxes	435	128	169	(6,982)	(201)	563	(364)
Net loss (income) attributable to noncontrolling interests	75	115	130	—	50	190	(286)
Preferred dividend[1]	2,519	2,438	1,781	1,722	21,476	4,957	32,006
Adjusted EBITDA (non-GAAP)	$ 14,206	$ 11,569	$ 18,321	$ 12,288	$ 13,277	$ 25,775	$ 18,814

[1] Includes preferred stock amortization costs accelerated due to Series A Preferred stock redemption in the second quarter of 2021.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net cash provided by operating activities	$ 9,421	$ 5,906	$ 6,728	$ 8,167
Add / (Less):				
Capitalized software	(5,450)	(5,917)	(10,695)	(10,959)
Property and equipment	(419)	(529)	(573)	(1,250)
Free Cashflow	3,552	(540)	(4,540)	(4,042)
Add / (Less): Litigation and remediation costs, net	1,471	(482)	674	741
Add: Restructuring	1,642	2,238	4,433	4,509
Adjusted Free Cashflow	$ 6,665	$ 1,216	$ 567	$ 1,208

SYNCHRONOSS TECHNOLOGIES, INC.
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(Unaudited) (In thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
GAAP Cloud Revenue	$ 43,477	$ 38,891	$ 84,978	$ 77,787
Increase / (Decrease) Change in Deferred Revenue	(4,074)	(4,895)	(7,721)	(10,200)
(Increase) / Decrease: Change in Unbilled Receivables & Contract Assets	(2,012)	(83)	(3,837)	192
Invoiced Cloud Revenue	$ 37,391	$ 33,913	$ 73,420	$ 67,779

Invoiced Cloud Revenue is defined as GAAP revenue for Cloud disaggregated revenue stream, plus the period change in deferred revenue balance related to the Cloud revenue stream, less the period change in Unbilled Receivables and Contract Assets balance related to the Cloud revenue stream.

NON-PRINTING SECTION BELOW - for mapping and calculations only
(Unaudited) (In thousands, except per share data)

SYNCHRONOSS TECHNOLOGIES, INC.
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
ADJUSTED GROSS MARGIN
(Unaudited) (In thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	**2021**	**2022**	**2021**
Non-GAAP financial measures and reconciliation:				
GAAP Revenue	$ 65,236	$ 71,532	$ 131,102	$ 137,031
Less: Cost of revenues	22,316	27,142	47,155	55,779
Gross Profit	42,920	44,390	83,947	81,252
Gross Profit as % of Revenue	**65.8%**	**62.1%**	**64.0%**	**59.3%**
Gross Profit increase (decrease) %	**(3.3)%**		**3.3%**	
Add / (Less):				
Stock-based compensation expense	139	379	360	857
Restructuring, transition and cease-use lease expense	148	—	971	27
Adjusted Gross Profit	$ 43,207	$ 44,769	$ 85,278	$ 82,136
Adjusted Gross Margin	66.2 %	62.6 %	65.0 %	59.9 %

SYNCHRONOSS TECHNOLOGIES, INC.
FINANCIAL KEY PERFORMANCE INDICATORS
(Unaudited) (In thousands)

	Three Months Ended June 30,			
	2022	**2021**	**$ Change**	**% Change**
Revenues	$ 65,236	$ 71,532	$ (6,296)	(8.8)%
Income (loss) from operations	4,894	(4,078)	8,972	220.0 %
Net income (loss) attributable to Synchronoss	5,327	(23,946)	29,273	122.2 %
Adjusted EBITDA	$ 14,206	$ 13,277	$ 929	7.0 %
Adjusted EBITDA Margin	21.8 %	18.6 %		

	Six Months Ended June 30,			
	2022	**2021**	**$ Change**	**% Change**
Revenues	$ 131,102	$ 137,031	$ (5,929)	(4.3)%
Income (loss) from operations	3,514	(13,121)	16,635	126.8 %
Net loss attributable to Synchronoss	(263)	(46,506)	46,243	99.4 %
Adjusted EBITDA	$ 25,775	$ 18,814	$ 6,961	37.0 %
Adjusted EBITDA Margin	19.7 %	13.7 %		

Disaggregation of revenue

The Company disaggregates revenue from contracts with customers into the nature of the products and services. The majority of the Company's revenue is from the Technology, Media and Telecom (collectively, "TMT") sector.

SYNCHRONOSS TECHNOLOGIES, INC.
REVENUE BY SERVICE LINE
(Unaudited) (In thousands)

Q2 2022 vs Q2 2021

	Three Months Ended June 30, 2022				Three Months Ended June 30, 2021				$ Change				% Change			
	Cloud	Digital	Messaging	Total	Cloud	Digital	Messaging	Total	Cloud	Digital	Messaging	Total	Cloud	Digital	Messaging	Total
Service Line																
Professional Services	$ 3,234	$ 1,380	$ 2,642	$ 7,256	$ 3,884	$ 2,118	$ 2,587	$ 8,589	$ (650)	$ (738)	$ 55	$(1,333)	(16.7)%	(34.8)%	2.1 %	(15.5)%
Transaction Services	210	1,721	33	1,964	1,321	945	2	2,268	(1,111)	776	31	(304)	(84.1)%	82.1 %	1550.0 %	(13.4)%
Subscription Services	40,033	6,438	8,037	54,508	33,686	8,546	17,921	60,153	6,347	(2,108)	(9,884)	(5,645)	18.8 %	(24.7)%	(55.2)%	(9.4)%
License	—	898	610	1,508	—	522	—	522	—	376	610	986	— %	72.0 %	— %	188.9 %
Total	$43,477	$10,437	$ 11,322	$65,236	$38,891	$12,131	$ 20,510	$71,532	$4,586	$(1,694)	$ (9,188)	$(6,296)	11.8 %	(14.0)%	(44.8)%	(8.8)%
Recurring Revenue	$40,243	$ 8,159	$ 8,070	$56,472	$35,007	$ 9,491	$ 17,923	$62,421	$5,236	$(1,332)	$ (9,853)	$(5,949)	15.0 %	(14.0)%	(55.0)%	(9.5)%
Recurring Revenue % of Total	92.6 %	78.2 %	71.3 %	86.6 %	90.0 %	78.2 %	87.4 %	87.3 %	2.5 %	(0.1)%	(16.1)%	(0.7)%	2.8 %	(0.1)%	(18.4)%	(0.8)%

Q2 2022 vs Q1 2022

	Three Months Ended June 30, 2022				Three Months Ended March 31, 2022				$ Change				% Change			
	Cloud	Digital	Messaging	Total	Cloud	Digital	Messaging	Total	Cloud	Digital	Messaging	Total	Cloud	Digital	Messaging	Total
Service Line																
Professional Services	$ 3,234	$ 1,380	$ 2,642	$ 7,256	$ 3,354	$ 1,636	$ 3,141	$ 8,131	$ (120)	$ (256)	$ (499)	$ (875)	(3.6)%	(15.6)%	(15.9)%	(10.8)%
Transaction Services	210	1,721	33	1,964	336	1,028	23	1,387	(126)	693	10	577	(37.5)%	67.4 %	43.5 %	41.6 %
Subscription Services	40,033	6,438	8,037	54,508	37,811	8,210	8,515	54,536	2,222	(1,772)	(478)	(28)	5.9 %	(21.6)%	(5.6)%	(0.1)%
License	—	898	610	1,508	—	1,290	522	1,812	—	(392)	88	(304)	— %	(30.4)%	16.9 %	(16.8)%
Total	$43,477	$10,437	$ 11,322	$65,236	$41,501	$12,164	$ 12,201	$65,866	$1,976	$(1,727)	$ (879)	$ (630)	4.8 %	(14.2)%	(7.2)%	(1.0)%
Recurring Revenue	$40,243	$ 8,159	$ 8,070	$56,472	$38,147	$ 9,238	$ 8,538	$55,923	$2,096	$(1,079)	$ (468)	$ 549	5.5 %	(11.7)%	(5.5)%	1.0 %
Recurring Revenue % of Total	92.6 %	78.2 %	71.3 %	86.6 %	91.9 %	75.9 %	70.0 %	84.9 %	0.6 %	2.2 %	1.3 %	1.7 %	0.7 %	2.9 %	1.9 %	2.0 %

YTD 2022 vs YTD 2021

	Six Months Ended June 30, 2022				Six Months Ended June 30, 2021				$ Change				% Change			
	Cloud	Digital	Messaging	Total	Cloud	Digital	Messaging	Total	Cloud	Digital	Messaging	Total	Cloud	Digital	Messaging	Total
Service Line																
Professional Services	$ 6,588	$ 3,016	$ 5,783	$ 15,387	$ 7,809	$ 4,229	$ 5,198	$ 17,236	$(1,221)	$(1,213)	$ 585	$(1,849)	(15.6)%	(28.7)%	11.3 %	(10.7)%
Transaction Services	546	2,749	56	3,351	3,296	3,213	3	6,512	(2,750)	(464)	53	(3,161)	(83.4)%	(14.4)%	1766.7 %	(48.5)%
Subscription Services	77,844	14,648	16,552	109,044	66,682	16,979	28,535	112,196	11,162	(2,331)	(11,983)	(3,152)	16.7 %	(13.7)%	(42.0)%	(2.8)%
License	—	2,188	1,132	3,320	—	687	400	1,087	—	1,501	732	2,233	— %	218.5 %	183.0 %	205.4 %
Total	$84,978	$22,601	$ 23,523	$131,102	$77,787	$25,108	$ 34,136	$137,031	$ 7,191	$(2,507)	$(10,613)	$(5,929)	9.2 %	(10.0)%	(31.1)%	(4.3)%
Recurring Revenue	$78,390	$17,397	$ 16,608	$112,395	$69,978	$20,192	$ 28,538	$118,708	$ 8,412	$(2,795)	$(11,930)	$(6,313)	12.0 %	(13.8)%	(41.8)%	(5.3)%
Recurring Revenue % of Total	92.2 %	77.0 %	70.6 %	85.7 %	90.0 %	80.4 %	83.6 %	86.6 %	2.3 %	(3.4)%	(13.0)%	(0.9)%	2.5 %	(4.3)%	(15.5)%	(1.0)%

SYNCHRONOSS TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited) (In thousands)

	Six Months Ended June 30,		Three Months Ended June 30,	
	2022	**2021**	**2022**	**2021**
Operating activities:				
Net income (loss) from continuing operations	$ 4,884	$ (14,786)	$ 7,921	$ (2,420)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	16,293	18,352	8,259	8,485
Amortization of debt issuance costs	678	—	343	—
(Gain) loss on disposals of fixed assets	1	(18)	1	(9)
Gain on sale of DXP & Activations Solutions	(2,622)	—	(2,622)	—
(Gain) loss on disposals of intangible assets	—	(550)	—	(550)
Amortization of bond discount (premium)	44	—	22	—
Deferred income taxes	(28)	(1,471)	(17)	(434)
Stock-based compensation	2,891	5,066	964	2,345
Operating lease impairment, net	175	1,205	(268)	650
Changes in operating assets and liabilities:				
Accounts receivable, net	3,661	4,743	4,364	1,529
Prepaid expenses and other current assets	(314)	(648)	3,655	(203)
Accounts payable	(5,237)	686	(6,256)	(3,066)
Accrued expenses	(2,650)	(4,151)	(294)	(389)
Deferred revenues	(3,015)	(5,539)	(398)	1,109
Other liabilities	(8,033)	5,278	(6,253)	(1,141)
Net cash provided by operating activities	$ 6,728	$ 8,167	$ 9,421	$ 5,906
Investing activities:				
Purchases of fixed assets	(573)	(1,250)	(419)	(529)
Additions to capitalized software	(10,695)	(10,959)	(5,450)	(5,917)
Proceeds from the sale of intangibles	—	550	—	550
Proceeds from the sale of DXP & Activations Solutions	7,500	—	7,500	—
Net cash used in investing activities	$ (3,768)	$ (11,659)	$ 1,631	$ (5,896)
Financing activities:				
Share-based compensation-related proceeds, net of taxes paid on withholding shares	—	(1)	—	(1)
Taxes paid on withholding shares	80	(1)	80	(1)
Debt issuance costs related to long term debt	—	(7,811)	—	(7,811)
Proceeds from issuance of long term debt	—	125,000	—	125,000
Repayment of revolving line of credit	—	(10,000)	—	(10,000)
Proceeds from issuance of common stock	—	110,000	—	110,000
Common stock issuance costs	—	(8,340)	—	(8,340)
Proceeds from issuance of Series B preferred stock	—	75,000	—	75,000
Series B preferred stock issuance costs	—	(2,495)	—	(2,495)
Series B preferred dividend paid in the form of cash	(1,859)	—	(78)	—
Redemption of Series B Preferred stock	(6,738)	—	(6,738)	—
Redemption of Series A Preferred stock	—	(278,665)	—	(278,665)
Net cash (used in) provided by financing activities	$ (8,517)	$ 2,687	$ (6,736)	$ 2,687
Effect of exchange rate changes on cash	(435)	(296)	(531)	55
Net (decrease) increase in cash and cash equivalents	$ (5,992)	$ (1,101)	$ 3,785	$ 2,752
Cash and cash equivalents, beginning of period	$ 31,504	$ 33,671	$ 21,727	$ 29,818
Cash and cash equivalents, end of period	$ 25,512	$ 32,570	$ 25,512	$ 32,570
Supplemental disclosures of non-cash investing and financing activities:				
Paid in kind dividends on Series A Preferred Stock	$ —	$ 31,277	$ —	$ 21,076
Paid in kind dividends on Series B Preferred Stock	$ 2,581	$ —		$ —

Full Year 2022 Financial Results:

(in thousands)	FY 2022 Revenue	FY 2021 Revenue	Increase/ (Decrease)	% of Total Revenue
	2022 vs 2021			
Cloud	$84,978	$77,787	9.2%	64.8%
Digital	22,601	25,108	(10.0)%	17.2%
Messaging	23,523	34,136	(31.1)%	17.9%
	$131,102	$137,031		100.0%

- **Total revenue** decreased 4.3% to $131.1 million from $137.0 million in 2020. Increased Cloud subscriber growth was more than offset by a decline in the Advanced Messaging business largely as a result of a non-recurring license sale and professional services revenue recorded during the prior year.
- **Gross profit** remained consistent at $83.9 million (64.0% of total revenue) compared to $81.3 million (59.3% of total revenue) in 2020. The increases in gross profit and gross margin on lower revenue were primarily attributable to a shift toward a more profitable revenue mix and cost savings initiatives implemented throughout the year.
- **Income (loss) from operations** was $3.5 million compared to $(13.1) million in 2020. The improvement was driven by operating expense savings in addition to a reduction in depreciation and amortization expense as a result of utilizing cost-effective third-party data center providers.
- **Net loss** was $(0.3) million, or $— per share, compared to net loss of $(46.5) million, or $(1.07) per share, in 2020. The change in net loss was primarily attributable to a larger tax benefit related to the CARES Act received in 2020 as well as favorable non-cash foreign currency translations recorded in the prior year.
- **Adjusted EBITDA** (a non-GAAP metric reconciled below) increased 37% to $25.8 million from $18.8 million in 2020. The increase in adjusted EBITDA was primarily attributable to cost saving initiatives implemented throughout the year.