Synchronoss: (SNCR)

A Pure-Play Cloud-Centric Business Following Sale of Non-Core Assets

October 31, 2023

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Transaction Overview

SNCR announced the sale of Messaging & NetworkX businesses to Lumine Group

TOTAL CONSIDERATION:

UP TO $41.8M

TRANSACTION CLOSE:

10.31.23

USE OF PROCEEDS

- **Improve Capital Structure**
- **Invest in Cloud Business**
- **Fund Restructuring to enable further margin improvements**

NON-CORE ASSETS

messaging

White-label consumer email & RCS-based advanced messaging

networkX

EXPAND. EXCHANGE. EXPENSE.

ExpenseNX/ConnectNX
Integrated order lifecycle and network expense management platform

SpatialNX
Manages the planning, design, construction, and delivery of physical network assets

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First Step in Ongoing Strategic Alternatives Process Complete

CORE ASSETS

personal cloud

68%* OF REVENUE

NON-CORE ASSETS

messaging

19%* OF REVENUE

network EXPAND. EXCHANGE. EXPENSE.

13%* OF REVENUE

Sale to Lumine Group for UP TO $41.8M

synchronoss | **Pure-play Cloud Business**

TIER 1 CUSTOMERS

verizon | AT&T | SoftBank | TRACFONE | BT | ASSURANT

>75% of revenues under 4+ year contracts

- Divesting non-core assets allows Synchronoss to solely focus on industry-leading, Cloud-centric business
- Higher subscriber revenues expected to deliver YoY GAAP revenue growth in 2024**
- SaaS-driven model and subscriber growth expected to drive high incremental margin expansion and free cash flow
- Commercial foundation anchored by Tier one global customers, including Verizon contract extension to 2030

*Revenue % Q2 2023

**Proforma Cloud GAAP Revenue Growth

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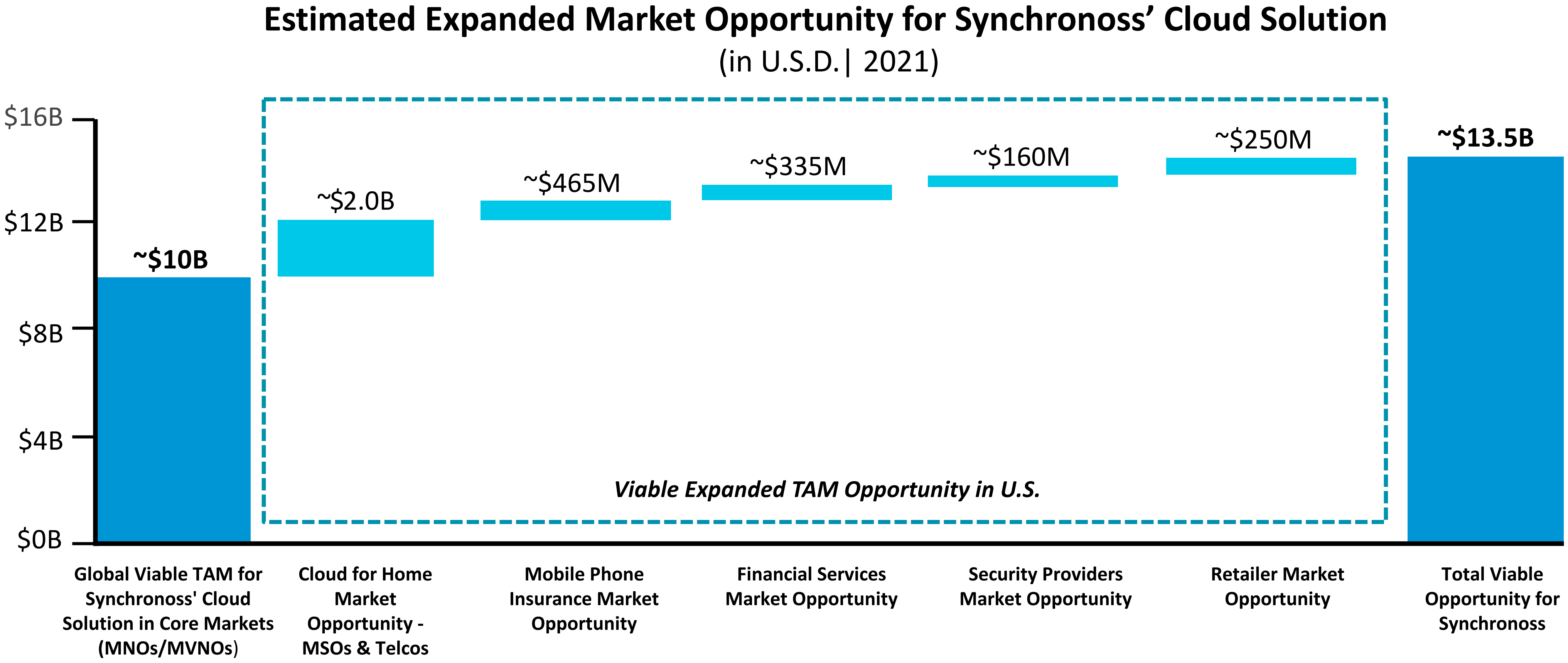
Transaction Results in a Pure-Play Cloud Business with Compelling Projected Financial and Operating Metrics

	2020 – Q2 2023[1]	2024 Target[2]	2-3 Year Targets [2]
GAAP Revenue Growth	Declining	**5-8% growth**	**Double digit growth**
Recurring revenue %	80-85%	**85-90%**	**90%+**
Adjusted Gross Margin %[3]	59-65%	**70-75%**	**75%+**
Adjusted EBITDA Margin %[4]	9-19%	**25%+**	**30%+**
Free Cash Flow	Negative	**Positive**	**Positive**

Note: Adjusted Gross Margin and Adjusted EBITDA Margin are Non-GAAP measures.
[1] 2020 – 2023 metrics based on reported Synchronoss results.
[2] Growth projections based on Pro Forma Cloud business.
[3] Refer to Appendix 1 for Adjusted Gross Margin calculations.
[4] Refer to Appendix 2 for Adjusted EBITDA Margin calculations.

Additional Growth Attainable by Further Penetration of $13.5B Market Opportunity



Source: Stax interviews, web survey, and analysis, May-June 2022; Synchronoss Internal Data; Wireless Provider 10Ks and Investor Publications; FED; Pew Research Center.
Note: Total market opportunity assumes maximum adoption, which was determined from Stax's web survey. Maximum adoption represents current adoption and subscribers that are interested in purchasing/using a cloud solution from each segment.

Key Areas of Focus to Achieve Operating Model

SHORT TERM:

- **Improve capital structure** through reduction of outstanding preferred stock
- **Restructure** organization to improve go-forward margin profile and Free Cash Flow
- **Enhance growth with SoftBank Cloud launch**

LONG TERM:

- **Continue subscriber growth** and penetration of existing accounts
- Selectively **expand global customer base**
- Additional **reductions in preferred stock** leveraging expected IRS refund and Free Cash Flow

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Appendix

APPENDIX 1
Adjusted Gross Margin (as reported)

	Six Months Ended June 30, 2023	Twelve Months Ended December 31, 2022	Twelve Months Ended December 31, 2021	Twelve Months Ended December 31, 2020
Non-GAAP financial measures and reconciliation:				
GAAP Revenue	**$ 117,421,000**	**$ 252,628,000**	**$ 280,615,000**	**$ 291,670,000**
Less: Cost of revenues	42,163,000	91,702,000	109,050,000	121,817,000
Less: Restructuring[1]	92,000	356,000	574,000	1,106,000
Less: Depreciation and Amortization[2]	13,737,000	29,045,000	31,894,000	35,479,000
Gross Profit	**$ 61,429,000**	**$ 131,525,000**	**$ 139,097,000**	**$ 133,268,000**
Add / (Less):				
Stock-based compensation expense	413,000	788,000	1,593,000	2,409,000
Restructuring, transition and cease-use lease expense	597,000	1,452,000	1,071,000	1,478,000
Depreciation and amortization[2]	13,737,000	29,045,000	31,894,000	35,479,000
Adjusted Gross Profit	**$ 76,176,000**	**$ 162,810,000**	**$ 173,655,000**	**$ 172,634,000**
Adjusted Gross Margin	**64.9%**	**64.4%**	**61.9%**	**59.2%**

[1] Amounts associated with cost of revenues

[2] Depreciation and Amortization contains a reasonable allocation for expenses associated with cost of revenues

Presented for purpose of reconciling GAAP to Non-GAAP financial metrics previously reported in the Company's 8-K filings.

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APPENDIX 2
Adjusted EBITDA Margin (as reported)

	Six Months Ended June 30, 2023	Twelve Months Ended December 31, 2022	Twelve Months Ended December 31, 2021	Twelve Months Ended December 31, 2020
Net (loss) income attributable to Synchronoss	$ (24,370,000)	(17,468,000)	$ (58,451,000)	$ (48,683,000)
Add / (Less):		-		
Stock-based compensation expense	3,364,000	5,461,000	9,305,000	11,137,000
Restructuring, cease-use lease expense and change in contingent consideration	4,020,000	4,273,000	10,242,000	16,503,000
Change in contingent consideration	-	3,638,000	-	-
Litigation, remediation and refiling costs, net	4,343,000	1,665,000	12,828,000	4,645,000
Depreciation and amortization	14,459,000	31,753,000	36,065,000	43,685,000
Interest income	(222,000)	(465,000)	(39,000)	(1,597,000)
Interest expense	6,915,000	13,640,000	6,420,000	476,000
Loss (gain) on sale of DXP Business	-	(2,549,000)	-	-
Other expense (income), net	3,385,000	(3,447,000)	4,877,000	(9,535,000)
Provision (benefit) for income taxes	1,842,000	1,859,000	(7,177,000)	(27,108,000)
Net (income) loss attributable to noncontrolling interests	(28,000)	200,000	(156,000)	344,000
Preferred dividend	4,949,000	9,552,000	35,509,000	37,981,000
Reclassification of expenses	-	-	-	-
Adjusted EBITDA (non-GAAP)	**$ 18,657,000**	**$ 48,112,000**	**$ 49,423,000**	**$ 27,848,000**
Adjusted EBITDA Margin	**15.9%**	**19.0%**	**17.6%**	**9.5%**

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Thank You

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