

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
**FORM 10-Q**  
(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **June 30, 2022**

Or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from        to

Commission file number 001-40574

**SYNCHRONOSS TECHNOLOGIES, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**06-1594540**

(I.R.S. Employer  
Identification No.)

**200 Crossing Boulevard, 3rd Floor  
Bridgewater, New Jersey**

(Address of principal executive offices)

**08807**

(Zip Code)

**(866) 620-3940**

(Registrant's telephone number, including area code)

(Former name, former address, and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes x No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No x

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

As of August 8, 2022, there were 91,181,635 shares of common stock issued and outstanding.

**SYNCHRONOSS TECHNOLOGIES, INC.**  
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**PART I. FINANCIAL INFORMATION**
**ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES**

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

ASSETS	June 30, 2022	December 31, 2021
Current assets:		
Cash and cash equivalents	\$ 25,512	\$ 31,504
Accounts receivable, net	43,306	47,586
Prepaid & other current assets	47,763	42,901
Total current assets	116,581	121,991
Non-current assets:		
Property and equipment, net	4,911	6,979
Operating lease right-of-use assets	22,791	26,399
Goodwill	209,806	224,577
Intangible assets, net	52,348	60,335
Loan receivable	4,834	4,834
Other assets, non-current	5,597	5,619
Total non-current assets	300,287	328,743
Total assets	\$ 416,868	\$ 450,734
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 5,659	\$ 11,097
Accrued expenses	58,373	61,916
Deferred revenues, current	18,739	22,368
Total current liabilities	82,771	95,381
Long-term debt, net of debt issuance costs	133,826	133,104
Deferred tax liabilities	579	560
Deferred revenues, non-current	494	548
Leases, non-current	32,442	36,095
Other non-current liabilities	7,545	9,218
Total liabilities	257,657	274,906
Commitments and contingencies:		
Series B Non-Convertible Perpetual Preferred Stock, \$0.0001 par value; 150 shares authorized, 71 and 75 shares issued and outstanding at June 30, 2022 and December 31, 2021, respectively	68,348	72,505
Redeemable noncontrolling interest	12,500	12,500
Stockholders' equity:		
Common stock, \$0.0001 par value; 150,000 shares authorized, 89,045 and 88,305 issued and outstanding at June 30, 2022 and December 31, 2021, respectively	9	9
Additional paid-in capital	490,594	492,512
Accumulated other comprehensive loss	(48,221)	(32,985)
Accumulated deficit	(364,019)	(368,713)
Total stockholders' equity	78,363	90,823
Total liabilities and stockholders' equity	\$ 416,868	\$ 450,734

See accompanying notes to condensed consolidated financial statements.

**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 <sup>1</sup>	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)	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

<sup>1</sup> Cost of revenues excludes depreciation and amortization which are shown separately.

See accompanying notes to condensed consolidated financial statements.

**SYNCHRONOSS TECHNOLOGIES, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME**  
**(Unaudited) (In thousands)**

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Net income (loss)	\$ 7,921	\$ (2,420)	\$ 4,884	\$ (14,786)
Other comprehensive loss, net of tax:				
Foreign currency translation adjustments	(12,157)	120	(15,316)	(1,768)
Net income (loss) on inter-company foreign currency transactions	62	(213)	80	539
Total other comprehensive loss	(12,095)	(93)	(15,236)	(1,229)
Comprehensive loss	(4,174)	(2,513)	(10,352)	(16,015)
Comprehensive (loss) income attributable to redeemable noncontrolling interests	(75)	(50)	(190)	286
Comprehensive loss attributable to Synchronoss	<u>\$ (4,249)</u>	<u>\$ (2,563)</u>	<u>\$ (10,542)</u>	<u>\$ (15,729)</u>

See accompanying notes to condensed consolidated financial statements.

**SYNCHRONOSS TECHNOLOGIES, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(Unaudited) (In thousands)

	Three Months Ended June 30, 2022								
	Common Stock		Treasury Stock		Additional	Accumulated Other		Total	
	Shares	Amount	Shares	Amount	Paid-In Capital	Comprehensive Income (Loss)	Accumulated deficit	Stockholders' Equity	
<b>Balance at March 31, 2022</b>	88,244	\$ 9	—	\$ —	\$ 491,966	\$ (36,126)	\$ (371,865)	\$ 83,984	
Stock based compensation	—	—	—	—	1,152	—	—	1,152	
Issuance of restricted stock	868	—	—	—	—	—	—	—	
Preferred stock dividend	—	—	—	—	(2,376)	—	—	(2,376)	
Amortization of preferred stock issuance costs	—	—	—	—	(143)	—	—	(143)	
Shares withheld for taxes in connection with issuance of restricted stock	(67)	—	—	—	(80)	—	—	(80)	
Net income (loss) attributable to Synchronoss	—	—	—	—	—	—	7,921	7,921	
Non-controlling interest	—	—	—	—	75	—	(75)	—	
Total other comprehensive income (loss)	—	—	—	—	—	(12,095)	—	(12,095)	
<b>Balance at June 30, 2022</b>	<u>89,045</u>	<u>\$ 9</u>	<u>—</u>	<u>\$ —</u>	<u>\$ 490,594</u>	<u>\$ (48,221)</u>	<u>\$ (364,019)</u>	<u>\$ 78,363</u>	

	Three Months Ended June 30, 2021								
	Common Stock		Treasury Stock		Additional	Accumulated Other		Total	
	Shares	Amount	Shares	Amount	Paid-In Capital	Comprehensive Income (Loss)	Accumulated deficit	Stockholders' Equity	
<b>Balance at March 31, 2021</b>	51,331	\$ 5	(7,162)	\$ (82,087)	\$ 491,295	\$ (29,349)	\$ (357,801)	\$ 22,063	
Stock based compensation	—	—	—	—	2,221	—	—	2,221	
Issuance of restricted stock	1,644	—	—	—	1	—	—	1	
Preferred stock dividends accrued	—	—	—	—	(9,808)	—	—	(9,808)	
Amortization of preferred stock issuance costs	—	—	—	—	(11,668)	—	—	(11,668)	
Issuance of common stock related to acquisition	42,308	4	—	—	109,996	—	—	110,000	
Common Stock - Issuance Costs	—	—	—	—	(8,340)	—	—	(8,340)	
Retirement of treasury stock	(7,162)	—	7,162	82,087	(82,087)	—	—	—	
Net income attributable to Synchronoss	—	—	—	—	—	—	(2,420)	(2,420)	
Non-controlling interest	—	—	—	—	50	—	(50)	—	
Total other comprehensive income (loss)	—	—	—	—	—	(93)	—	(93)	
<b>Balance at June 30, 2021</b>	<u>88,121</u>	<u>\$ 9</u>	<u>—</u>	<u>\$ —</u>	<u>\$ 491,660</u>	<u>\$ (29,442)</u>	<u>\$ (360,271)</u>	<u>\$ 101,956</u>	

See accompanying notes to condensed consolidated financial statements.

	Six Months Ended June 30, 2022								
	Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated deficit	Total	
	Shares	Amount	Shares	Amount				Stockholders' Equity	
<b>Balance at December 31, 2021</b>	88,305	\$ 9	—	\$ —	\$ 492,512	\$ (32,985)	\$ (368,713)	\$	90,823
Stock based compensation	—	—	—	—	2,929	—	—	—	2,929
Issuance of restricted stock	807	—	—	—	—	—	—	—	—
Preferred stock dividend	—	—	—	—	(4,814)	—	—	—	(4,814)
Amortization of preferred stock issuance costs	—	—	—	—	(143)	—	—	—	(143)
Shares withheld for taxes in connection with issuance of restricted stock	(67)	—	—	—	(80)	—	—	—	(80)
Net income (loss) attributable to Synchronoss	—	—	—	—	—	—	4,884	—	4,884
Non-controlling interest	—	—	—	—	190	—	(190)	—	—
Total other comprehensive income (loss)	—	—	—	—	—	(15,236)	—	—	(15,236)
<b>Balance at June 30, 2022</b>	<u>89,045</u>	<u>\$ 9</u>	<u>—</u>	<u>\$ —</u>	<u>\$ 490,594</u>	<u>\$ (48,221)</u>	<u>\$ (364,019)</u>	<u>\$</u>	<u>78,363</u>

	Six Months Ended June 30, 2021								
	Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated deficit	Total	
	Shares	Amount	Shares	Amount				Stockholders' Equity	
<b>Balance at December 31, 2020</b>	51,177	\$ 5	(7,162)	\$ (82,087)	\$ 499,348	\$ (28,213)	\$ (345,771)	\$	43,282
Stock based compensation	—	—	—	—	5,034	—	—	—	5,034
Issuance of restricted stock	1,798	—	—	—	1	—	—	—	1
Preferred stock dividends accrued	—	—	—	—	(19,215)	—	—	—	(19,215)
Amortization of preferred stock issuance costs	—	—	—	—	(12,791)	—	—	—	(12,791)
Issuance of common stock related to acquisition	42,308	4	—	—	109,996	—	—	—	110,000
Common Stock - Issuance Costs	—	—	—	—	(8,340)	—	—	—	(8,340)
Retirement of treasury stock	(7,162)	—	7,162	82,087	(82,087)	—	—	—	—
Net income attributable to Synchronoss	—	—	—	—	—	—	(14,786)	—	(14,786)
Non-controlling interest	—	—	—	—	(286)	—	286	—	—
Total other comprehensive income (loss)	—	—	—	—	—	(1,229)	—	—	(1,229)
<b>Balance at June 30, 2021</b>	<u>88,121</u>	<u>\$ 9</u>	<u>—</u>	<u>\$ —</u>	<u>\$ 491,660</u>	<u>\$ (29,442)</u>	<u>\$ (360,271)</u>	<u>\$</u>	<u>101,956</u>

See accompanying notes to condensed consolidated financial statements.

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

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

See accompanying notes to condensed consolidated financial statements.



**SYNCHRONOSS TECHNOLOGIES, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — UNAUDITED**  
**(Amounts in tables in thousands, except for per share data or unless otherwise noted)**

**1. Description of Business**

*General*

Synchronoss Technologies, Inc. (“Synchronoss” or the “Company”) is a leading provider of white label cloud, messaging, and digital solutions that enable our customers to keep subscribers, systems, networks and content in sync.

The Synchronoss Personal Cloud™ platform is a secure and highly scalable white label platform designed to store and sync subscriber’s personally created content seamlessly to and from current and new devices. This allows a carrier’s customers to protect, engage with and manage their personal content and gives the Company’s Operator customers the ability to increase average revenue per user (“ARPU”) through a new monthly recurring charge (“MRC”) and opportunities to mine valuable data that will give subscribers access to new, beneficial services.

The Synchronoss Personal Cloud™ platform is specifically designed to support smartphones, tablets and wirelessly enabled consumer electronics such as wearables for health and wellness, cameras, tablets, e-readers, personal navigation devices, and GPS enabled devices, as well as connected automobiles and homes.

The Synchronoss Messaging Platform powers mobile messaging and mailboxes for hundreds of millions of telecommunication subscribers. The Advanced Messaging platform is a powerful, secure, intelligent, white-label messaging platform that expands capabilities for communications service provider and multi-service providers to offer P2P messaging via Rich Communications Services (“RCS”). The Mobile Messaging Platform (“MMP”) provides a single standard ecosystem for onboarding and management to brands, advertisers and message wholesalers.

The Synchronoss Digital Portfolio includes the Total Network Management application which provides operators with the tools and software to design their physical network, streamline their infrastructure purchases, and manage and optimize comprehensive network expense for leading top tier carriers around the globe.

**SYNCHRONOSS TECHNOLOGIES, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — UNAUDITED**  
**(Amounts in tables in thousands, except for per share data or unless otherwise noted)**

## 2. Basis of Presentation and Consolidation

### *Basis of Presentation and Consolidation*

The accompanying interim unaudited condensed consolidated financial statements have been prepared by Synchronoss and in the opinion of management, include all adjustments necessary for a fair presentation of the Company's financial position, results of operations and cash flows for the interim periods. They do not include all of the information and footnotes required by U.S. generally accepted accounting principles ("GAAP") for complete financial statements and should be read in conjunction with the Company's audited consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021. The results of operations for the three and six months ended June 30, 2022 are not necessarily indicative of the results to be expected for the year ending December 31, 2022.

The condensed consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries and variable interest entities ("VIE") in which the Company is the primary beneficiary and entities in which the Company has a controlling interest. Investments in less than majority-owned companies in which the Company does not have a controlling interest, but does have significant influence, are accounted for as equity method investments. Investments in less than majority-owned companies in which the Company does not have the ability to exert significant influence over the operating and financial policies of the investee are accounted for using the cost method. All material intercompany transactions and accounts are eliminated in consolidation.

For further information about the Company's basis of presentation and consolidation or its significant accounting policies, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

### *Risks and Uncertainties*

There continue to be uncertainties regarding the current coronavirus ("COVID-19") pandemic, and the Company is closely monitoring the impact of the pandemic on all aspects of its business, including how it will impact its customers, employees, suppliers, vendors, business partners and distribution channels. While the pandemic did not materially affect the Company's financial results and business operations for the three and six months ended June 30, 2022, the Company is unable to predict the impact that COVID-19 will have on its financial position and operating results due to numerous uncertainties. The Company will continue to assess the evolving impact of the COVID-19 pandemic and will make adjustments to its operations as necessary.

### *Recently Issued Accounting Standards*

#### Recent accounting pronouncements adopted

Standard	Description	Effect on the financial statements
ASU 2021-04 Earnings Per Share (Topic 260), Debt— Modifications and Extinguishments (Subtopic 470-50), Compensation— Stock Compensation (Topic 718), and Derivatives and Hedging — Contracts in Entity's Own Equity (Subtopic 815-40)	The amendments in this Update provide guidance for a modification or an exchange of a freestanding equity-classified written call option that is not within the scope of another Topic.	We adopted this standard on January 2022. The Company evaluated the changes and concluded that they did not have any material impact on the Company's consolidated financial position or results of operations upon adoption.
Date of adoption: January 1, 2022.		

**SYNCHRONOSS TECHNOLOGIES, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — UNAUDITED**  
**(Amounts in tables in thousands, except for per share data or unless otherwise noted)**

<p>ASU 2021-05 Leases (Topic 842). Lessors— Certain Leases with Variable Lease Payments</p>	<p>The amendments in this Update affect lessors with lease contracts that (1) have variable lease payments that do not depend on a reference index or a rate and (2) would have resulted in the recognition of a selling loss at lease commencement if classified as sales-type or direct financing. FASB amends lessor classification guidance to prevent selling losses on leases with variable payments.</p>	<p>We adopted this standard on January 1, 2022. The Company evaluated these changes and concluded that they did not have any material impact on the Company’s consolidated financial position or results of operations upon adoption.</p>
<p>Date of adoption: January 1, 2022.</p>		
<p>ASU 2021-08 Business Combinations (Topic 805). Accounting for Contract Assets and Contract Liabilities from Contracts with Customers</p>	<p>The amendments in this Update primarily address the accounting for contract assets and contract liabilities from revenue contracts with customers in a business combination. However, the amendments also apply to contract assets and contract liabilities from other contracts to which the provisions of Topic 606 apply, such as contract liabilities from the sale of nonfinancial assets within the scope of Subtopic 610-20, Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets.</p>	<p>We adopted this standard on January 1, 2022. The Company evaluated these changes and concluded that they did not have any material impact on the Company’s consolidated financial position or results of operations upon adoption.</p>
<p>Date of adoption: January 1, 2022.</p>		

***Digital Experience Platform and Activation Solutions Sale***

On March 7, 2022, Synchronoss Technologies, Inc. and iQmetrix Global Ltd. (“iQmetrix ”), entered into an Asset Purchase Agreement, pursuant to which Synchronoss has agreed to sell its Digital Experience Platform and activation solutions (the “DXP Business”) to iQmetrix for up to a total purchase price of \$14 million. The purchase price is payable as follows: (i) \$7.5 million on the closing date of the Transaction, (ii) \$0.5 million deposited into an escrow account on the Closing Date, (iii) \$1 million paid twelve (12) months from the Closing Date, and (iv) \$5 million that may be payable as an earn-out.

This transaction closed on May 11, 2022. The Company received the \$7.5 million cash payment on the transaction close date and recorded the \$0.5 million and \$1 million escrow payments into other current assets noting this consideration is not contingent on any further actions. The Company determined the fair value of the earn-out provision was \$3.6 million of which \$3.0 million was recorded as an other current asset and the remaining portion was recorded as non-current other asset.

The book value of the divested intangible assets associated with the DXP Business was \$2.3 million. For the goodwill allocation, the fair value of the core reporting unit was estimated using a combination of the income approach, which incorporates the use of the discounted cash flow method, and the market approach, which incorporates the use of earnings and revenue multiples based on market data. Based on the fair value of the core reporting unit and the aggregate consideration received in the transaction, the Company determined the attributable fair value of goodwill to the DXP Business was \$7.6 million. The transaction resulted in a \$2.6 million gain in the second quarter of 2022.

***Accounts Receivable Securitization Facility***

On June 23, 2022 (the “Closing Date”), the Company and certain of its subsidiaries (together with the Company, the “Company Group”) entered into a \$15 million accounts receivable securitization facility (the “A/R Facility”) with Norddeutsche Landesbank Girozentrale.

The A/R Facility transaction includes (i) Receivables Purchase Agreements (the “Receivables Purchase Agreements”) dated as of the Closing Date, among the Company, as initial servicer, SN Technologies, LLC, a wholly owned special purpose subsidiary of the Company (“SN Technologies”), as seller, Norddeutsche Landesbank Girozentrale, as administrative agent (the “Administrative Agent”), and the purchasers party thereto, the group agents party thereto and the originators party thereto; (ii) Purchase and Sale Agreements (the “Purchase and Sale Agreements”) dated as of the Closing Date, between the Company

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Group, as originators (the “Originators”), and SN Technologies, as purchaser; (iii) the Administration Agreement (the “Administration Agreement”) dated as of the Closing Date, between the Company, as servicer, and Finacity Corporation, as administrator; and (iv) the Performance Guaranty (the “Performance Guaranty”) dated as of the Closing Date made by the Company in favor of the Administrative Agent.

Pursuant to the Purchase and Sale Agreements, the Originators will sell existing and future accounts receivable [and related assets] (the “Receivables”) to SN Technologies in exchange for cash and/or subordinated notes. The Originators and SN Technologies intend the transactions contemplated by the Purchase and Sale Agreements to be true sales to SN Technologies by the respective Originators. Pursuant to the Receivables Purchase Agreement, SN Technologies will in turn grant an undivided security interest to the Administrative Agent in the Receivables in exchange for a credit facility permitting borrowings of up to \$15 million outstanding from time to time. Yield is payable to the Administrative Agent under the Receivables Purchase Agreements at a variable rate based on the Norddeutsche Landesbank Girozentrale’s Hanover funding rate plus a 2.35% margin. The Company pays a commitment fee shall equal 0.85% per annum on the average daily unused outstanding capital. Pursuant to the Performance Guaranty, the Company guarantees the performance of the Originators of their obligations under the Purchase and Sale Agreements.

The Company has not agreed to guarantee any obligations of SN Technologies or the collection of any of the receivables and will not be responsible for any obligations to the extent the failure to perform such obligations by the Company or any Originators results from receivables being uncollectible on account of the insolvency, bankruptcy or lack of creditworthiness or other financial inability to pay of the related obligor.

Unless earlier terminated or subsequently extended pursuant to the terms of the Receivables Purchase Agreement, the A/R Facility will expire on June 23, 2025.

The foregoing description of the A/R Facility and the respective transactions contemplated thereby does not purport to be complete and is qualified in its entirety by reference to the full text of the Receivables Purchase Agreements, Purchase and Sale Agreements, Administration Agreement and Performance Guaranty, copies of which are filed as Exhibits 10.1, 10.2, 10.3 and 10.4, respectively, on Form 8-K filed with Securities and Exchange Commission on June 23, 2022.

The Company has not drawn on the A/R Facility as of June 30, 2022.

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### 3. Revenue

#### Disaggregation of revenue

The Company disaggregates revenue from contracts with customers into the nature of the products and services and geographical regions. The Company's geographic regions are the Americas, Europe, the Middle East and Africa ("EMEA"), and Asia Pacific ("APAC"). The majority of the Company's revenue is from the TMT sector.

	Three Months Ended June 30, 2022				Three Months Ended June 30, 2021			
	Cloud	Digital	Messaging	Total	Cloud	Digital	Messaging	Total
<b>Geography:</b>								
Americas	\$ 41,843	\$ 8,985	\$ 2,309	\$ 53,137	\$ 37,071	\$ 10,603	\$ 11,265	\$ 58,939
APAC	7	907	6,345	7,259	—	915	6,249	7,164
EMEA	1,627	545	2,668	4,840	1,820	613	2,996	5,429
<b>Total</b>	<b>\$ 43,477</b>	<b>\$ 10,437</b>	<b>\$ 11,322</b>	<b>\$ 65,236</b>	<b>\$ 38,891</b>	<b>\$ 12,131</b>	<b>\$ 20,510</b>	<b>\$ 71,532</b>

<b>Service Line:</b>								
Professional Services	\$ 3,234	\$ 1,380	\$ 2,642	\$ 7,256	\$ 3,884	\$ 2,118	\$ 2,587	\$ 8,589
Transaction Services	210	1,721	33	1,964	1,321	945	2	2,268
Subscription Services	40,033	6,438	8,037	54,508	33,686	8,546	17,921	60,153
License	—	898	610	1,508	—	522	—	522
<b>Total</b>	<b>\$ 43,477</b>	<b>\$ 10,437</b>	<b>\$ 11,322</b>	<b>\$ 65,236</b>	<b>\$ 38,891</b>	<b>\$ 12,131</b>	<b>\$ 20,510</b>	<b>\$ 71,532</b>

	Six Months Ended June 30, 2022				Six Months Ended June 30, 2021			
	Cloud	Digital	Messaging	Total	Cloud	Digital	Messaging	Total
<b>Geography:</b>								
Americas	\$ 81,558	\$ 19,440	\$ 5,001	\$ 105,999	\$ 74,102	\$ 21,843	\$ 14,781	\$ 110,726
APAC	63	1,666	13,161	14,890	—	2,043	12,949	14,992
EMEA	3,357	1,495	5,361	10,213	3,685	1,222	6,406	11,313
<b>Total</b>	<b>\$ 84,978</b>	<b>\$ 22,601</b>	<b>\$ 23,523</b>	<b>\$ 131,102</b>	<b>\$ 77,787</b>	<b>\$ 25,108</b>	<b>\$ 34,136</b>	<b>\$ 137,031</b>

<b>Service Line:</b>								
Professional Services	\$ 6,588	\$ 3,016	\$ 5,783	\$ 15,387	\$ 7,809	\$ 4,229	\$ 5,198	\$ 17,236
Transaction Services	546	2,749	56	3,351	3,296	3,213	3	6,512
Subscription Services	77,844	14,648	16,552	109,044	66,682	16,979	28,535	112,196
License	—	2,188	1,132	3,320	—	687	400	1,087
<b>Total</b>	<b>\$ 84,978</b>	<b>\$ 22,601</b>	<b>\$ 23,523</b>	<b>\$ 131,102</b>	<b>\$ 77,787</b>	<b>\$ 25,108</b>	<b>\$ 34,136</b>	<b>\$ 137,031</b>

#### Trade Accounts Receivable and Contract balances

The Company classifies its right to consideration in exchange for deliverables as either a receivable or a contract asset. A receivable is a right to consideration that is unconditional (i.e. only the passage of time is required before payment is due). For example, the Company recognizes a receivable for revenues related to its time and materials and transaction or volume-based contracts. The Company presents such receivables in Trade accounts receivable, net in its Condensed Consolidated Statements of Financial Position at their net estimated realizable value. The Company maintains an allowance for credit losses to provide

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for the estimated amount of receivables that may not be collected. The allowance is based upon an assessment of customer creditworthiness, historical payment experience, the age of outstanding receivables and other economic indicators.

A contract asset is a right to consideration that is conditional upon factors other than the passage of time. For example, the Company would record a contract asset if it records revenue on a professional services engagement but are not entitled to bill until the Company achieves specified milestones. Contract assets balance at June 30, 2022 is \$15.5 million.

Amounts collected in advance of services being provided are accounted for as contract liabilities, which are presented as deferred revenue on the accompanying Condensed Consolidated Balance Sheets and are realized with the associated revenue recognized under the contract. Nearly all of the Company's contract liabilities balance is related to services revenue, primarily subscription services contracts.

The Company's contract assets and liabilities are reported in a net position on a customer basis at the end of each reporting period.

Significant changes in the contract liabilities balance (current and non-current) during the period are as follows:

	<b>Contract Liabilities<sup>1</sup></b>
Balance - January 1, 2022	\$ 22,916
Revenue recognized in the period	(130,691)
Amounts billed but not recognized as revenue	127,008
Balance - June 30, 2022	\$ 19,233

<sup>1</sup> Comprised of Deferred Revenue

Transaction price allocated to the remaining performance obligations

Topic 606 requires that the Company disclose the aggregate amount of transaction price that is allocated to performance obligations that have not yet been satisfied as of June 30, 2022. The Company has elected not to disclose transaction price allocated to remaining performance obligations for:

1. Contracts with an original duration of one year or less, including contracts that can be terminated for convenience without a substantive penalty;
2. Contracts for which the Company recognizes revenues based on the right to invoice for services performed;
3. Variable consideration allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied promise to transfer a distinct good or service that forms part of a single performance obligation in accordance with Topic 606 Section 10-25-14(b), for which the criteria in Topic 606 Section 10-32-40 have been met. This applies to a limited number of situations where the Company is dependent upon data from a third party or where fees are highly variable.

Many of the Company's performance obligations meet one or more of these exemptions. Specifically, the Company has excluded the following from the Company's remaining performance obligations, all of which will be resolved in the period in which amounts are known:

- consideration for future transactions, above any contractual minimums
- consideration for success-based transactions contingent on third party data
- credits for failure to meet future service level requirements

As of June 30, 2022, the aggregate amount of transaction price allocated to remaining performance obligations, other than those meeting the exclusion criteria above, was \$156.9 million, of which approximately 91.5 percent is expected to be recognized as revenues within 2 years, and the remainder thereafter.

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Estimates of revenue expected to be recognized in future periods also exclude unexercised customer options to purchase services that do not represent material rights to the customer. Customer options that do not represent a material right are only accounted for in accordance with Topic 606 when the customer exercises its option to purchase additional goods or services.

#### 4. Fair Value Measurements

In accordance with accounting principles generally accepted in the United States, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-level hierarchy prioritizes the inputs used to measure fair value as follows:

- Level 1 - Observable inputs - quoted prices in active markets for identical assets and liabilities;
- Level 2 - Observable inputs other than the quoted prices in active markets for identical assets and liabilities includes quoted prices for similar instruments, quoted prices for identical or similar instruments in inactive markets, and amounts derived from valuation models where all significant inputs are observable in active markets; and
- Level 3 - Unobservable inputs - includes amounts derived from valuation models where one or more significant inputs are unobservable and require the Company to develop relevant assumptions.

The following is a summary of assets, liabilities and redeemable noncontrolling interests and their related classifications under the fair value hierarchy:

	<b>June 30, 2022</b>			
	<b>Total</b>	<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 25,512	\$ 25,512	\$ —	\$ —
<b>Total assets</b>	<b>\$ 25,512</b>	<b>\$ 25,512</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Temporary equity</b>				
Redeemable noncontrolling interests <sup>1</sup>	\$ 12,500	\$ —	\$ —	\$ 12,500
<b>Total temporary equity</b>	<b>\$ 12,500</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 12,500</b>
<b>December 31, 2021</b>				
	<b>Total</b>	<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 31,504	\$ 31,504	\$ —	\$ —
<b>Total assets</b>	<b>\$ 31,504</b>	<b>\$ 31,504</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Temporary Equity</b>				
Redeemable noncontrolling interests <sup>1</sup>	\$ 12,500	\$ —	\$ —	\$ 12,500
<b>Total temporary equity</b>	<b>\$ 12,500</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 12,500</b>

<sup>1</sup> Put arrangements held by the noncontrolling interests in certain of the Company's joint venture.

#### ***Redeemable Noncontrolling Interests***

The redeemable noncontrolling interests recorded at fair value are put arrangements held by the noncontrolling interests in certain of the Company's joint ventures. The Company recognizes changes in the redemption value immediately as they occur and adjusts the carrying value of the noncontrolling interest to the greater of the estimated redemption value, which approximates fair value, at the end of each reporting period or the initial carrying amount.

The fair value of the redeemable noncontrolling interests was estimated by applying an income approach using a discounted cash flow analysis. This fair value measurement is based on significant inputs that are not observable in the market and thus represents a Level 3 measurement. Significant changes in the underlying assumptions used to value the redeemable

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noncontrolling interests could significantly increase or decrease the fair value estimates recorded in the Condensed Consolidated Balance Sheets.

The changes in fair value of the Company's Level 3 redeemable noncontrolling interests during the six months ended June 30, 2022 were as follows:

	<b>Redeemable noncontrolling interests</b>
Balance at December 31, 2021	\$ 12,500
Fair value adjustment	(190)
Net loss attributable to redeemable noncontrolling interests	190
Balance at June 30, 2022	<u>\$ 12,500</u>

## 5. Leases

The Company has entered into contracts with third parties to lease a variety of assets, including certain real estate, equipment, automobiles and other assets. The Company's leases frequently allow for lease payments that could vary based on factors such as inflation or the degree of utilization of the underlying asset. For example, certain of the Company's real estate leases could require us to make payments that vary based on common area maintenance charges, insurance and other charges. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Company is party to certain sublease arrangements, primarily related to the Company's real estate leases, where it acts as the lessee and intermediate lessor.

The Company reflects finance leases as a component of Leases, non-current on the Condensed Consolidated Balance Sheet. The finance leases were not material for the period ended June 30, 2022.



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The following table presents information about the Company's Right of Use (ROU) assets and lease liabilities at June 30, 2022:

ROU assets:	
Non-current operating lease ROU assets	\$ 22,791
Operating lease liabilities:	
Current operating lease liabilities <sup>1</sup>	\$ 6,099
Non-current operating lease liabilities	32,047
Total operating lease liabilities	<u>\$ 38,146</u>

<sup>1</sup> Amounts are included in Accrued Expenses on the Condensed Consolidated Balance Sheet.

The following table presents information about lease expense and sublease income for the three and six months ended June 30, 2022:

	Three Months Ended June 30, 2022	Six Months Ended June 30, 2022
Operating lease cost <sup>1</sup>	\$ 1,972	\$ 4,014
Other lease costs and income:		
Variable lease costs <sup>1</sup>	736	1,171
Operating lease impairments <sup>1</sup>	(268)	175
Sublease income <sup>1</sup>	(713)	(1,359)
Total net lease cost	<u>\$ 1,727</u>	<u>\$ 4,001</u>

<sup>1</sup> Amounts are included in Cost of revenues, Selling, general and administrative and/or Research and development based on the function that the underlying leased asset supports which are reflected in the Condensed Consolidated Statements of Operations.

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The following table provides the undiscounted amount of future cash flows included in our lease liabilities at June 30, 2022 for each of the five years subsequent to December 31, 2021 and thereafter, as well as a reconciliation of such undiscounted cash flows to our lease liabilities at June 30, 2022:

	<b>Operating Leases</b>
2022	\$ 4,828
2023	8,035
2024	8,174
2025	8,021
2026	7,859
Thereafter	10,448
Total future lease payments	47,365
Less: amount representing interest	(9,219)
Present value of future lease payments (lease liability)	\$ 38,146

The following table provides the weighted-average remaining lease term and weighted-average discount rates for our leases as of June 30, 2022:

<b>Operating Leases:</b>	
Weighted-average remaining lease term (years), weighted based on lease liability balances	5.67
Weighted-average discount rate (percentages), weighted based on the remaining balance of lease payments	7.9%

The following table provides certain cash flow and supplemental noncash information related to our lease liabilities for the six months ended June 30, 2022:

<b>Operating Leases:</b>	
Cash paid for amounts included in the measurement of lease liabilities	\$ 5,039

## 6. Investments in Affiliates and Related Transactions

### *Sequential Technology International, LLC*

In connection with the divestiture of the exception handling business of the Company in 2017, Synchronoss entered into a three-year Cloud Telephony and Support services agreement (“CTS Agreement”) to grant Sequential Technology International, LLC (“STIN”) access to certain Synchronoss software and private branch exchange systems to facilitate exception handling operations required to support STIN customers.

The CTS agreement expired in the first quarter of 2020. At the time of the expiration, the Company entered into an Asset Purchase Agreement with STIN. As part of the agreement, the Company received \$1.6 million in exchange for certain hardware and system assets for the cloud telephony and remaining support service business.

During the second quarter of 2020, the Company entered into an agreement with STIN and AP Capital Holdings II, LLC (“APC”) to divest its remaining equity interest in STIN as well as settle its paid-in-kind purchase money note (“PIK note”) and certain amounts due as of December 31, 2019 in consideration for a \$9.0 million secured promissory note (the “Note”), which includes contingent consideration of up to \$16.0 million. The Note has an 8% interest rate and a 3-year stated term. As part of the arrangement, APC acquired a majority stake of STIN. Additionally, in the event of a sale of STIN by APC and STIN at a future date, the Company shall receive 5% of such sale proceeds, after reducing the sale proceeds by any outstanding amounts of the above Note, including any earned contingent consideration. The Company determined the fair value of the Note as of the transaction date to be approximately \$4.8 million. The Company determined the fair value of the Note using a discounted cash

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flow analysis, which discounts the expected future cash flows of the asset to determine its fair value. The fair value measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement. No gain or loss was recognized as a result of the transaction. As of June 30, 2022, the Company reassessed the fair value of the Note and there were no material changes.

In accordance with the terms of the agreement, STIN has made the required payments to the Company as of June 30, 2022.

## **7. Debt**

### ***Offering of Senior Notes***

On June 30, 2021, the Company closed its underwritten public offering of \$120.0 million aggregate principal amount of 8.375% senior notes due 2026 at a par value of \$25.00 per senior note (the “Senior Notes”). The offering was conducted pursuant to an underwriting agreement (the “Notes Underwriting Agreement”) dated June 25, 2021, by and among the Company and B. Riley Securities, Inc., as representative of the several underwriters (the “Notes Underwriters”). At the closing, the Company issued \$125.0 million aggregate principal amount of Senior Notes, inclusive of \$5.0 million aggregate principal amount of Senior Notes issued pursuant to the full exercise of the Notes Underwriters’ option to purchase additional Senior Notes.

The Notes Underwriting Agreement contains customary representations, warranties and covenants of the Company, customary conditions to closing, indemnification obligations of the Company and the Notes Underwriters, including for liabilities under the Securities Act, other obligations of the parties and termination provisions.

On June 30, 2021, the Company entered into an indenture (the “Base Indenture”) and a supplemental indenture (the “First Supplemental Indenture” and, together with the Base Indenture, the “Indenture”) with The Bank of New York Mellon Trust Company National Association, as trustee (the “Trustee”), between the Company and the Trustee. The Indenture establishes the form and provides for the issuance of the Senior Notes.

The Senior Notes are senior unsecured obligations of the Company and rank equally in right of payment with all of the Company’s existing and future senior unsecured and unsubordinated indebtedness. The Senior Notes are effectively subordinated in right of payment to all of the Company’s existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness and structurally subordinated to all existing and future indebtedness of the Company’s subsidiaries, including trade payables. The Senior Notes bear interest at the rate of 8.375% per annum. Interest on the Senior Notes is payable quarterly in arrears on January 31, April 30, July 31 and October 31 of each year, commencing on July 31, 2021. The Senior Notes will mature on June 30, 2026, unless redeemed prior to maturity.

The Company may, at its option, at any time and from time to time, redeem the Senior Notes for cash in whole or in part (i) on or after June 30, 2022 and prior to June 30, 2023, at a price equal to \$25.75 per Senior Note, plus accrued and unpaid interest to, but excluding, the date of redemption, (ii) on or after June 30, 2023 and prior to June 30, 2024, at a price equal to \$25.50 per Senior Note, plus accrued and unpaid interest to, but excluding, the date of redemption, (iii) on or after June 30, 2024 and prior to June 30, 2025, at a price equal to \$25.25 per Senior Note, plus accrued and unpaid interest to, but excluding, the date of redemption, and (iv) on or after June 30, 2025 and prior to maturity, at a price equal to 100% of their principal amount, plus accrued and unpaid interest to, but excluding, the date of redemption. On and after any redemption date, interest will cease to accrue on the redeemed Senior Notes.

The Indenture contains customary events of default and cure provisions. If an uncured default occurs and is continuing, the Trustee or the holders of at least 25% of the principal amount of the Senior Notes may declare the entire amount of the Senior Notes, together with accrued and unpaid interest, if any, to be immediately due and payable. In the case of an event of default involving the Company’s bankruptcy, insolvency or reorganization, the principal of, and accrued and unpaid interest on, the principal amount of the Senior Notes, together with accrued and unpaid interest, if any, will automatically, and without any declaration or other action on the part of the Trustee or the holders of the Senior Notes, become due and payable.

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On October 25, 2021, the Company entered into an At Market Issuance Sales Agreement (the “Sales Agreement”) between the Company and B. Riley Securities, Inc. (the “Agent”), a related party, pursuant to which the Company may offer and sell, from time to time, up to \$18.0 million of the Company’s 8.375% Senior Notes due 2026. Sales of the additional Senior Notes pursuant to the Sales Agreement, if any, may be made in transactions that are deemed to be “at the market offerings” as defined in Rule 415 under the Securities Act of 1933, as amended (the “Securities Act”). Under the Sales Agreement, the Agent will be entitled to compensation of 2.0% of the gross proceeds of all notes sold through it as the Company’s agent.

During the fourth quarter of 2021, the Company sold an additional \$16.1 million aggregate principal amount of Senior Notes pursuant to the Sales Agreement. The additional Senior Notes sold have terms identical to the initial Senior Notes and are fungible and vote together with, the initial Senior Notes. The Senior Notes are listed and trade on The Nasdaq Global Market under the symbol “SNCR.L.”

The carrying amounts of the Company’s borrowings were as follows:

<b>Senior Notes</b>	<b>June 30, 2022</b>	<b>December 31, 2021</b>
8.375% Senior Notes due 2026	\$ 141,077	\$ 141,077
Unamortized discount and debt issuance cost <sup>1</sup>	(7,251)	(7,973)
Carrying value of Senior Notes	<u>\$ 133,826</u>	<u>\$ 133,104</u>

<sup>1</sup> Debt issuance costs are deferred and amortized into interest expense using the effective interest method.

The total fair value of the outstanding Senior Notes was \$107.4 million as of June 30, 2022. The Company is in compliance with its debt covenants as of June 30, 2022.

#### ***2019 Revolving Credit Facility***

On October 4, 2019, the Company entered into a Credit Agreement with Citizens Bank, N.A., for a \$10.0 million Revolving Credit Facility. Borrowings under the Revolving Credit Facility bore interest at a rate equal to, at the Company’s option, either (1) the arithmetic average of the LIBOR rate determined by reference to the costs of funds for U.S. dollar deposits for the interest period (one, three or six months (or 12 months if agreed to by all applicable Lenders)) as selected by the Company relevant to such borrowing plus the applicable margin, or (2) a base rate determined by reference to the greatest of the federal funds rate plus 0.5%, the prime commercial lending rate as determined by the Agent, and the daily LIBOR rate plus 1.0%, in each case plus an applicable margin and subject to a floor of 0.5%.

On June 30, 2021, the Company paid off the outstanding balance and closed the Revolving Credit Facility.

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**Interest expense**

The following table summarizes the Company's interest expense:

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>2021 Non-Convertible Senior Notes due 2026:</b>				
Amortization of debt issuance costs	\$ 343	\$ —	\$ 678	\$ —
Interest on borrowings	2,954	—	5,908	—
Amortization of debt discount	22	—	44	—
<b>2019 Revolving Credit Facility:</b>				
Amortization of debt issuance costs	—	72	—	84
Interest on borrowings	—	63	—	126
Other	24	9	38	29
<b>Total</b>	<b>\$ 3,343</b>	<b>\$ 144</b>	<b>\$ 6,668</b>	<b>\$ 239</b>

**8. Accumulated Other Comprehensive (Loss) / Income**

The changes in accumulated other comprehensive (loss) income during the six months ended June 30, 2022 were as follows:

	<b>Balance at December 31, 2021</b>	<b>Other comprehensive loss</b>	<b>Tax effect</b>	<b>Balance at June 30, 2022</b>
Foreign currency	\$ (29,350)	\$ (15,316)	\$ —	\$ (44,666)
Unrealized income (loss) on intercompany foreign currency transactions	(3,635)	128	(48)	(3,555)
Unrealized holding losses on marketable debt securities	—	—	—	—
<b>Total</b>	<b>\$ (32,985)</b>	<b>\$ (15,188)</b>	<b>\$ (48)</b>	<b>\$ (48,221)</b>

**9. Capital Structure****Common Stock**

Each holder of common stock is entitled to vote on all matters and is entitled to one vote for each share held. Dividends on common stock will be paid when, and if, declared by the Company's Board of Directors. No dividends have ever been declared or paid by the Company.

**Common Stock Offering**

On June 29, 2021, the Company closed its underwritten public offering of common stock, par value \$0.0001 per share. The offering was conducted pursuant to an underwriting agreement (the "Underwriting Agreement") dated June 24, 2021, by and between the Company and B. Riley Securities, Inc., as representative of the several underwriters (the "Underwriters") for net proceeds of \$102.3 million. At the closing, the Company issued 42,307,692 shares of common stock, inclusive of 3,846,154

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shares of common stock issued pursuant to the full exercise of the Underwriters' option to purchase additional shares of common stock. The Company used the net proceeds for the redemption of the Series A Convertible Preferred Stock.

### ***Shelf Registration Statement***

On August 19, 2020, the Company filed a universal shelf registration statement with the SEC for the issuance of common stock, preferred stock, debt securities, guarantees of debt securities, warrants and units up to an aggregate amount of \$250.0 million ("the 2020 Shelf Registration Statement"). On August 28, 2020, the 2020 Shelf Registration Statement was declared effective by the SEC. As of June 30, 2022, except for the Common Stock offering and the issuance of Senior Notes, the Company has not raised additional capital using the 2020 Shelf Registration Statement.

### ***Preferred Stock***

The Company's Board of Directors (the "Board") is authorized to issue preferred shares and has the discretion to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences of preferred stock.

### ***Series B Non-Convertible Preferred Stock***

On June 30, 2021, the Company closed a private placement of 75,000 shares of its Series B Perpetual Non-Convertible Preferred Stock, par value \$0.0001 per share, with an initial liquidation preference of \$1,000 per share (the "Series B Preferred Stock"), for net proceeds of \$72.5 million (the "Series B Transaction"). The sale of the Series B Preferred Stock was pursuant to the Series B Preferred Stock Purchase Agreement, dated as of June 24, 2021 (the "Series B Purchase Agreement"), between the Company and B. Riley Principal Investments, LLC ("BRPI").

In connection with the closing of the Series B Transaction, the Company (i) filed a Certificate of Designation with the State of Delaware setting forth the rights, preferences, privileges, qualifications, restrictions and limitations on the Series B Preferred Stock (the "Series B Certificate") and (ii) entered into an Investor Rights Agreement with B. Riley Financial, Inc. ("B. Riley Financial") and BRPI setting forth certain governance and registration rights of B. Riley Financial with respect to the Company.

### **Certificate of Designation of the Series B Preferred Stock**

The rights, preferences, privileges, qualifications, restrictions and limitations of the shares of Series B Preferred Stock are set forth in the Series B Certificate. Under the Series B Certificate, the holders of the Series B Preferred Stock are entitled to receive, on each share of Series B Preferred Stock on a quarterly basis, an amount equal to the dividend rate, as described in the following sentence, divided by four and multiplied by the then-applicable Liquidation Preference per share of Series B Preferred Stock (collectively, the "Preferred Dividends"). The dividend rate is (1) 9.5% per annum for the period commencing on June 30, 2021 and ending on and including December 31, 2021, (2) 13% per annum for the year commencing on January 1, 2022 and ending on and including December 31, 2022; and (3) 14% per annum for the year commencing on January 1, 2023 and thereafter. The Preferred Dividends will be due in cash on January 1, April 1, July 1 and October 1 of each year (each, a "Series B Dividend Payment Date"). The Company may choose to pay the Series B Preferred Dividends in cash or in additional shares of Series B Preferred Stock. In the event the Company does not declare and pay a dividend in cash on any Series B Dividend Payment Date, the unpaid amount of the Preferred Dividend will be added to the Liquidation Preference. As of June 30, 2022, the Liquidation Value and Redemption Value of the Series B Preferred Shares was \$73.0 million.

On and after the fifth anniversary of the date of issuance, holders of shares of Series B Preferred Stock will have the right to cause the Company to redeem each share of Series B Preferred Stock for cash in an amount equal to the sum of the current liquidation preference and any accrued dividends. Each share of Series B Preferred Stock will also be redeemable at the option of the holder upon the occurrence of a "Fundamental Change" at (i) par in the case of a payment in cash or (ii) 1.5 times par in the case of payment in shares of Common Stock (such shares being, "Registrable Securities"), subject to certain limitations on the amount of stock that could be issued to the holders of Series B Stock. In addition, the Company will be permitted to redeem outstanding shares of the Series B Preferred Stock at any time for the sum of the then-applicable Liquidation Preference and the accrued but unpaid dividends. Pursuant to the Series B Certificate, the Company will be required to use (i) the first \$50.0 million of proceeds from certain transactions (i.e., disposition, sale of assets, tax refunds) received by the Company to

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redeem for cash, shares of the Series B Preferred Stock, on a pro rata basis among each holder of Series B Preferred Stock and (ii) the next \$25.0 million of proceeds from certain transactions received by the Company may be used by the Company to buy back shares of Common Stock and to the extent, not used for such purpose by the Company, to redeem, for cash, shares of the Series B Preferred Stock, on a pro rata basis among each holder of the Series B Preferred Stock.

The Company shall be required to obtain the prior written consent of the holders holding at least a majority of the outstanding shares of the Series B Preferred Stock before taking certain actions, including: (i) certain dividends, repayments and redemptions; (ii) any amendment to the Company's certificate of incorporation that adversely affects the rights, preferences, privileges or voting powers of the Series B Preferred Stock; and (iii) issuances of stock ranking senior or equivalent to shares of the Series B Preferred Stock (including additional shares of the Series B Preferred Stock) in the priority of payment of dividends or in the distribution of assets upon any liquidation, dissolution or winding up of the Company. Other than with respect to the foregoing consent rights, the Series B Preferred Stock is non-voting stock.

#### Investor Rights Agreement

On June 30, 2021, the Company, B. Riley Financial and BRPI entered into an Investor Rights Agreement (the "Investor Rights Agreement"). Pursuant to the Investor Rights Agreement, for so long as affiliates of B. Riley Financial beneficially own at least 10% of the outstanding shares of common stock (unless such equity threshold percentage is not met due to dilution from equity issuances), B. Riley Financial is entitled to nominate one Class II director (the "B. Riley Nominee") to the Company's board of directors (the "Board"), who shall be an employee of B. Riley Financial or its affiliates and is approved by the Board, such approval not to be unreasonably withheld. For so long as affiliates of B. Riley Financial beneficially own 5% or more but less than 10% of the outstanding shares of common stock (unless such equity threshold percentage is not met due to dilution from equity issuances), B. Riley Financial is entitled to certain board observer rights.

A summary of the Company's Series B Perpetual Non-Convertible Preferred Stock balance at June 30, 2022 and changes during the six months ended June 30, 2022, are presented below:

	<b>Series B Preferred Stock</b>	
	<b>Shares</b>	<b>Amount</b>
Balance at December 31, 2021	75	\$ 72,505
Issuance of Series B preferred stock	—	—
Issuance costs related to preferred stock	—	—
Amortization of preferred stock issuance costs	—	143
Issuance of preferred PIK dividend	3	2,438
Redemption of Series B preferred shares	(7)	(6,738)
Balance at June 30, 2022	<u>71</u>	<u>\$ 68,348</u>

On April 1, 2022 the Company paid in-kind the accrued Series B Perpetual Non-Convertible Preferred Stock dividend of \$2.4 million. On April 18, 2022, the Company made a \$2.5 million principal and interest payment to redeem 2,438 shares of Series B Preferred Stock. On May 10, 2022, the Company made an additional \$4.4 million principal and interest payment to redeem 4,300 shares of Series B Preferred Stock.

On July 1, 2022 the Company paid the accrued Series B Perpetual Non-Convertible Preferred Stock dividend of \$2.3 million in form of cash.

#### ***Series A Convertible Preferred Stock***

In accordance with the terms of the Share Purchase Agreement dated as of October 17, 2017 (the "PIPE Purchase Agreement"), with Silver Private Holdings I, LLC, an affiliate of Siris ("Silver"), on February 15, 2018, the Company issued to Silver 185,000 shares of its newly issued Series A Convertible Participating Perpetual Preferred Stock (the "Series A Preferred Stock"), par value \$0.0001 per share, with an initial liquidation preference of \$1,000 per share, in exchange for \$97.7 million in

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cash and the transfer from Silver to the Company of the 5,994,667 shares of the Company's common stock held by Silver (the "Preferred Transaction").

**Redemption of Series A Preferred Stock**

The net proceeds from the common stock public offering, Senior Note offering and the Series B transaction was used in part to fully redeem all outstanding shares of the Company's Series A Preferred Stock on June 30, 2021 (the "Redemption"). The Company redeemed in full all of the 268,917 outstanding shares of the Series A Preferred Stock for an aggregate Redemption Price of \$278.7 million and all rights under the Investor Rights Agreement relating to the Series A Preferred Stock were terminated effective with the Redemption. No Series A Preferred Stock remain outstanding or authorized as of June 30, 2022.

***Registration Rights***

The Investor Rights Agreement entered into on June 30, 2021 provides that in the event Synchronoss issues Registrable Securities to the holders of Series B Preferred Stock, such holders will have certain demand and piggy-back registration rights with respect to such Registrable Securities. In addition, on June 30, 2021, in connection with the redemption of the Series A Preferred Stock, the Investor Rights Agreement between the Company and Silver terminated.

***Stock Plans***

At the annual meeting of stockholders the Company held on June 16, 2022, the stockholders of the Company approved and adopted the Certificate of Amendment of the Company's restated certificate of incorporation to increase the total number of shares of authorized common stock from 100 million shares to 150 million shares.

As of June 30, 2022, there were 12.7 million shares available for the grant or award under the Company's 2015 Equity Incentive Plan and 0.5 million shares available for the grant or award under the Company's 2017 New Hire Equity Incentive Plan.

The Company's performance cash awards granted to executives under the Long Term Incentive ("LTI") Plans have been accounted for as liability awards, due to the Company's intent and the ability to settle such awards in cash upon vesting and the Company has reflected such awards in accrued expenses. As of June 30, 2022, the liability for such awards is approximately \$0.5 million.



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**Stock-Based Compensation**

The following table summarizes stock-based compensation expense related to all of the Company's stock awards included by operating expense categories, as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Cost of revenues	\$ 139	\$ 379	\$ 360	\$ 857
Research and development	316	696	872	1,551
Selling, general and administrative	509	1,270	1,659	2,658
Total stock-based compensation expense	<u>\$ 964</u>	<u>\$ 2,345</u>	<u>\$ 2,891</u>	<u>\$ 5,066</u>

The following table summarizes stock-based compensation expense related to all of the Company's stock awards included by award type, as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Stock options	\$ 446	\$ 893	\$ 1,240	\$ 1,848
Restricted stock awards	509	1,329	1,387	3,039
Performance Based Cash Units	9	123	264	179
Total stock-based compensation before taxes	<u>\$ 964</u>	<u>\$ 2,345</u>	<u>\$ 2,891</u>	<u>\$ 5,066</u>
Tax benefit	<u>\$ 190</u>	<u>\$ 440</u>	<u>\$ 567</u>	<u>\$ 937</u>

The total stock-based compensation cost related to unvested equity awards as of June 30, 2022 was approximately \$8.1 million. The expense is expected to be recognized over a weighted-average period of approximately 2.0 years.

The total stock-based compensation cost related to unvested performance based cash units as of June 30, 2022 was approximately \$0.5 million. The expense is expected to be recognized over a weighted-average period of approximately 1.1 years.

**Stock Options**

The Company uses the Black-Scholes option pricing model for determining the estimated fair value for stock options. The weighted-average assumptions used in the Black-Scholes option pricing model are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Expected stock price volatility	74.1 %	83.1 %	74.1 %	83.1 %
Risk-free interest rate	3.2 %	0.6 %	3.2 %	0.6 %
Expected life of options (in years)	4.13	4.25	4.13	4.24
Expected dividend yield	0.0 %	0.0 %	0.0 %	0.0 %
Weighted-average fair value (PSV) of the options	\$ 0.73	\$ 1.81	\$ 0.73	\$ 1.89

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The following table summarizes information about stock options outstanding as of June 30, 2022:

<b>Options</b>	<b>Number of Options</b>	<b>Weighted-Average Exercise Price</b>	<b>Weighted-Average Remaining Contractual Term (Years)</b>	<b>Aggregate Intrinsic Value</b>
Outstanding at December 31, 2021	4,715	\$ 6.53		
Options Granted	1,198	1.26		
Options Exercised	—	—		
Options Cancelled	(532)	12.57		
Outstanding at June 30, 2022	<u>5,381</u>	<u>\$ 4.76</u>	5.25	\$ —
Vested and exercisable at June 30, 2022	<u>2,036</u>	<u>\$ 8.12</u>	3.94	\$ —

The total intrinsic value of stock options exercisable was nil at June 30, 2022 and 2021, respectively. The total intrinsic value of stock options exercised was nil and \$0.6 thousand during the six months ended June 30, 2022 and 2021, respectively.

***Awards of Restricted Stock and Performance Stock***

A summary of the Company's unvested restricted stock at June 30, 2022, and changes during the six months ended June 30, 2022, is presented below:

<b>Unvested Restricted Stock</b>	<b>Number of Awards</b>	<b>Weighted- Average Grant Date Fair Value</b>
Unvested at December 31, 2021	2,574	\$ 3.57
Granted	979	1.41
Vested	(718)	4.30
Forfeited	(173)	3.41
Unvested at June 30, 2022	<u>2,662</u>	<u>\$ 2.56</u>

Restricted stock awards are granted subject to other service conditions or service and performance conditions ("Performance-Based Awards"). Restricted stock and Performance-Based Awards are measured at the closing stock price at the date of grant and are recognized straight line over the requisite service period.

***Performance Based Cash Units***

Performance based cash units generally vest at the end of a three-year period based on service and achievement of certain performance objectives determined by the Company's Board of Directors.

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A summary of the Company's unvested performance-based cash units at June 30, 2022 and changes during the six months ended June 30, 2022, is presented below:

<b>Unvested Cash Units</b>	<b>Number of Units</b>	<b>Period End Fair Value</b>
Unvested at December 31, 2021	1,996	\$ 2.44
Granted	—	—
Granted adjustment <sup>1</sup>	(73)	—
Vested	—	—
Forfeited	(91)	—
Unvested at June 30, 2022	<u>1,832</u>	<u>\$ 1.15</u>

<sup>1</sup> Includes changes in the unvested units due to performance adjustments

Performance based cash units are measured at the closing stock price at the reporting period end date and are recognized straight line over the requisite service period. The expense for the period will increase or decrease based on updated fair values of these awards at each reporting date. Unvested units fluctuations are shown as adjustments to units granted in the table above. These fluctuations are based on the percentage achievement of the performance metrics at the end of each reporting period.

## 10. Income Taxes

The Company recognized an income tax expense of approximately \$0.6 million and an income tax benefit of approximately \$0.4 million during the six months ended June 30, 2022 and 2021, respectively. The effective tax rate was approximately 10.3% for the six months ended June 30, 2022, which was lower than the U.S. federal statutory rate primarily due to pre-tax losses in jurisdictions where full valuation allowances have been recorded. Additionally, the Company recognized a discrete income tax benefit in the period associated with the release of certain reserves for uncertain tax benefits. The Company's effective tax rate was approximately 2.4% for the six months ended June 30, 2021, which was lower than the U.S. federal statutory rate primarily due to pre-tax losses in jurisdictions where full valuation allowances have been recorded, pre-tax losses in jurisdictions which have a zero tax rate, and certain foreign jurisdictions projecting current income tax expense. The Company also recognized a discrete tax benefit associated with the release of certain reserves for uncertain tax benefits during the period. The Company continues to consider all available evidence, including historical profitability and projections of future taxable income together with new evidence, both positive and negative, that could affect the view of the future realization of deferred tax assets. As a result of the assessment, no change was recorded by the Company to the valuation allowance during the six months ended June 30, 2022.

On March 11, 2021 the American Rescue Plan Act ("ARPA") was signed into law which is aimed at addressing the continuing economic and health impacts of the COVID-19 pandemic. This legislation relief, along with the previous governmental relief packages provide for numerous changes to current tax law. The ARPA does not have a material impact on the Company's financial statements in the period ending June 30, 2022.

During 2021 the Internal Revenue Service commenced an audit of certain of the Company's prior year U.S. federal income tax filings, including the 2013 through 2020 tax years. The audit is currently ongoing and the while receipt of the associated refunds would materially improve its financial position, the Company does not believe that the results of this audit will have a material effect on its results of operations.

During the period ended June 30, 2022, the Company received \$4.3 million in federal tax refunds. There is no change to the Company's position on the remaining tax refunds.

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**11. Restructuring**

The Company continues to execute certain restructurings to identify workforce optimization opportunities to better align the Company's resources with its key strategic priorities. A summary of the Company's restructuring accrual at June 30, 2022 and changes during the six months ended June 30, 2022, are presented below:

	<b>Balance at December 31, 2021</b>		<b>Charges</b>		<b>Payments</b>		<b>Other Adjustments</b>		<b>Balance at June 30, 2022</b>
Employment termination costs	\$ 3,247	\$	1,704	\$	(2,736)	\$	(87)	\$	2,128

**12. Earnings per Common Share ("EPS")**

Basic EPS is computed based upon the weighted average number of common shares outstanding for the year. Diluted EPS is computed based upon the weighted average number of common shares outstanding for the year plus the dilutive effect of common stock equivalents using the treasury stock method and the average market price of the Company's common stock for the year. The Company includes participating securities (Redeemable Convertible Preferred Stock - Participation with Dividends on Common Stock that contain preferred dividend) in the computation of EPS pursuant to the two-class method. The two-class method of computing earnings per share is an allocation method that calculates earnings per share for common stock and participating securities. During periods of net loss, no effect is given to the participating securities because they do not share in the losses of the Company.

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The following table provides a reconciliation of the numerator and denominator used in computing basic and diluted net income attributable to common stockholders per common share from operations.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
<b>Numerator - Basic:</b>				
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	<u>\$ 5,327</u>	<u>\$ (23,946)</u>	<u>\$ (263)</u>	<u>\$ (46,506)</u>
<b>Numerator - Diluted:</b>				
Net income (loss) from operations attributable to Synchronoss	\$ 5,327	\$ (23,946)	\$ (263)	\$ (46,506)
Net income (loss) attributable to Synchronoss	<u>\$ 5,327</u>	<u>\$ (23,946)</u>	<u>\$ (263)</u>	<u>\$ (46,506)</u>
<b>Denominator:</b>				
Weighted average common shares outstanding — basic	87,124	44,131	86,031	43,438
Dilutive effect of:				
Shares from assumed conversion of Performance Based Cash Units	1,832	—	—	—
Options and unvested restricted shares	293	—	—	—
Weighted average common shares outstanding — diluted	<u>89,249</u>	<u>44,131</u>	<u>86,031</u>	<u>43,438</u>
<b>Earnings (loss) per share:</b>				
Basic	<u>\$ 0.06</u>	<u>\$ (0.54)</u>	<u>\$ —</u>	<u>\$ (1.07)</u>
Diluted	<u>\$ 0.06</u>	<u>\$ (0.54)</u>	<u>\$ —</u>	<u>\$ (1.07)</u>
<b>Anti-dilutive stock options excluded</b>				
Unvested shares of restricted stock awards	<u>2,662</u>	<u>2,586</u>	<u>2,662</u>	<u>2,586</u>

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### 13. Commitments, Contingencies and Other

#### *Non-cancelable agreements*

The Company has various non-cancelable arrangements such as services for hosting, support, and software that expire at various dates, with the latest expiration in 2025.

Aggregate annual future minimum payments under non-cancelable agreements as of June 30, 2022 are as follows:

Year	Non-cancelable agreements
2022	\$ 10,022
2023	16,315
2024	13,425
2025	9,740
Total	<u>\$ 49,502</u>

#### *Legal Matters*

In the ordinary course of business, the Company is regularly subject to various claims, suits, regulatory inquiries and investigations. The Company records a liability for specific legal matters when it determines that the likelihood of an unfavorable outcome is probable, and the loss can be reasonably estimated. Management has also identified certain other legal matters where they believe an unfavorable outcome is not probable and, therefore, no reserve is established. Although management currently believes that resolving claims against the Company, including claims where an unfavorable outcome is reasonably possible, will not have a material impact on the Company's business, financial position, results of operations, or cash flows, these matters are subject to inherent uncertainties and management's view of these matters may change in the future. The Company also evaluates other contingent matters, including income and non-income tax contingencies, to assess the likelihood of an unfavorable outcome and estimated extent of potential loss. It is possible that an unfavorable outcome of one or more of these lawsuits or other contingencies could have a material impact on the liquidity, results of operations, or financial condition of the Company.

In the third quarter of 2017, the SEC and Department of Justice initiated investigations in connection with the June 2017 Announcement and certain transactions that the Company restated in the third quarter of 2018. The Company has received subpoenas, produced documents, and provided additional information to the government in connection with those investigations. On June 22, 2021, the Securities and Exchange Commission ("SEC") staff verbally notified the Company that the staff has made a preliminary determination to recommend that the SEC initiate an enforcement action against the Company. This is in connection with certain financial transactions that the Company effected in 2015 and 2016 and its disclosure of and accounting for such transactions, which the Company restated in the third quarter of 2018 in its restated annual and quarterly financial statements for 2015 and 2016. That restatement followed the Company's announcement, on June 13, 2017 (the "June 2017 Announcement"), that certain of its prior financial statements would need to be restated. Certain individuals, including certain former members of the Company's management team, received similar notifications. On June 7, 2022 the SEC approved the Offer of Settlement and filed an Order Instituting Cease-And-Desist Proceedings pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-And-Desist Order (the "SEC Order"). Pursuant to the terms of the SEC Order, the Company consented to pay a civil penalty in the amount of \$12.5 million in equal quarterly installments over two years and to cease and desist from committing or causing any violations of Sections 10(b), 13(a), 13(b)(2) (A) and 13(b)(2)(B) of the Exchange Act and the associated rules thereunder. The expense associated with this settlement of the SEC Order has previously been accrued in the Company's financial statements. The SEC filed similar orders as to the SEC Order with respect to certain former members of the Company's management team contemporaneously. Also on June 7, 2022, the SEC filed a civil action against two former members of the Company's management team, alleging misconduct arising out of the restated transactions that took place in 2015 and 2016 investigated by the SEC in connection with the June 2017 Announcement. The Company may be required to indemnify the former members of management in that action. Due to the

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inherent uncertainty of litigation, the Company cannot predict the outcome of the litigation and can give no assurance that the asserted claims will not have a material adverse effect on its financial position, prospects, or results of operations.

Except as set forth above, the Company is not currently subject to any other legal proceedings that could have a material adverse effect on its operations; however, the Company may from time to time become a party to various legal proceedings arising in the ordinary course of our business.

#### 14. Additional Financial Information

##### *Other Income (expense), net*

The following table sets forth the components of Other Income (expense), net included in the Condensed Consolidated Statements of Operations:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
FX gains (losses) <sup>1</sup>	\$ 3,896	\$ 969	\$ 5,614	\$ (2,304)
Government refunds	93	5	93	5
Income from sale of intangible assets <sup>2</sup>	—	550	—	550
Other <sup>2</sup>	76	52	62	(71)
Total	\$ 4,065	\$ 1,576	\$ 5,769	\$ (1,820)

<sup>1</sup> Fair value of foreign exchange gains and losses

<sup>2</sup> Represents an aggregate of individually immaterial transactions

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to provide a reader of our financial statements with a narrative from the perspective of our management on our financial condition, results of operations, liquidity and certain other factors that may affect our future results. The following discussion and analysis should be read in conjunction with our Condensed Consolidated Financial Statements and the related notes included in Item 1 "Financial Information" of this Form 10-Q.*

*The words "Synchronoss," "we," "our," "ours," "us," and the "Company" refer to Synchronoss Technologies, Inc. and its consolidated subsidiaries. This quarterly report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties and are based on the beliefs and assumptions of our management based on information currently available to our management. Use of words such as "believes," "expects," "anticipates," "intends," "plans," "hopes," "should," "continues," "seeks," "likely" or similar expressions, indicate a forward-looking statement. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions, including, but not limited to, risks, uncertainties and assumptions relating to the duration and severity of the COVID-19 pandemic and its impact on our business and financial performance. Actual results may differ materially from the forward-looking statements we make. We caution investors not to place substantial reliance on the forward-looking statements included in this quarterly report. These statements speak only as of the date of this quarterly report, and we undertake no obligation to update or revise the statements in light of future developments. All numbers are expressed in thousands unless otherwise stated.*

### Overview

Synchronoss is a leading provider of white label cloud, messaging, digital and network management solutions that enable our customers to keep subscribers, systems, networks and content in sync. We help our customers to connect, engage and monetize subscribers in more meaningful ways by providing trusted platforms through which end users can sync and store

content and connect with one another and the brands they love. Our mission is to help our customers create new revenue streams, reduce the cost of innovation, and captivate their subscribers.

Our core product sets allow our customers to create a positive experience throughout their subscribers' lifecycle by engaging, onboarding and managing the network to ensure reliable service.

- **ENGAGE:**
  - Personal Cloud: Backup, manage and engage with content.
  - Advanced Messaging: multi-channel messaging, peer-to-peer ("P2P") communications and application-to-person ("A2P") commerce solutions.
  - Email Suite: White label consumer email solutions.
- **ONBOARD:**
  - Backup and Restore: Backup, view and restore subscriber content across operating systems and devices.
  - Content Transfer: Effortlessly move content between mobile devices.
- **NETWORK:**
  - Total Network Management ("TNM"): integrated application suite that designs, procures, manages and optimizes telecom network infrastructure.

The Company currently operates in and markets its solutions and services directly through its sales organizations in North America, Europe and Asia-Pacific.

### **Revenues**

We generate most of our revenues on a per transaction or subscription basis, which is derived from contracts that extend up to 60 months from execution.

The future success of our business depends on the continued growth of Business-to-Business and Business-to-Business-to-Consumer driving customer transactions, and continued expansion of our platforms into the TMT Market globally through Cloud, Messaging and Digital markets. As such, the volume of transactions and our ability to expand our footprint in TMT and globally may result in revenue fluctuations on a quarterly basis.

Most of our revenues are recorded in U.S. dollars but as we continue to expand our footprint with international carriers, we will become subject to currency translation that could affect our future net sales as reported in U.S. dollars.

Our top five customers accounted for 68.6% and 70.2% of net revenues for the six months ended June 30, 2022 and June 30, 2021, respectively. Contracts with these customers typically run for three to five years. Of these customers, Verizon accounted for more than 10% of our revenues in 2022 and 2021. The loss of Verizon as a customer would have a material negative impact on our company. However, we believe that the costs incurred and subscriber disruption by Verizon to replace Synchronoss' solutions would be substantial.

### **Current Trends Affecting Our Results of Operations**

Business from our Synchronoss Personal Cloud™ solution has been driven by the growth in mobile devices globally that are becoming content rich. As these devices replace other traditional devices like PCs, the ability to securely back up content from mobile devices, sync it with other devices and share it with family, friends and business associates have become an essential need and subscriber expectation. Such devices include smartphones, connected cars, personal health and wellness devices and connected home devices. The need for the content from these devices to be stored in a common cloud is also expected to drive our business in the longer term.



Business from our traditional Synchronoss Messaging business (Email) has been driven by a resurgence in the need for white label secure messaging platforms that favor the Mobile Network Operator's ("MNO") business objectives and are not beholden to the objectives of a sponsoring over-the-top ("OTT") platform. We believe that advanced messaging drives higher subscriber engagement than any other application in the market today and holds the potential to stimulate new revenue from traditional services and third-party brands. OTT global success has driven MNOs to look at opportunities to preempt and compete with the OTTs which provides a potential opportunity for Synchronoss' future growth to be driven by the need of TMT companies including (and especially) MNOs to embrace Messaging as a Platform ("MaaP"). MaaP will allow TMT and MNOs to converse with subscribers in an efficient, automated way by streamlining the costs and increasing the effectiveness of self-care, as well as yielding cross-sell upselling of service plans, devices, bundles, etc. The Synchronoss Advanced Messaging Platform provides state of the art RCS-driven features including the ability to support advanced Peer to Peer communications and introduce new revenue streams driven by commerce and advertising via Application-to-Person capabilities.

To support our growth, which we expect to be driven by these favorable industry trends mentioned above, we plan to leverage modular components from our existing software platforms to build new products. We believe that these opportunities will continue to provide future benefits and position us for future revenue growth. We are also making investments in research and development of new products designed to enable us to grow rapidly in the mobile wireless market. Our purchase of capital assets and equipment may also increase based on aggressive deployment, subscriber growth and promotional offers for free or bundled storage by our major Tier 1 carrier customers.

We continue to expand our platforms into the converging TMT, MNO, and Digital spaces to enable connected devices to do more things across multiple networks, brands and communities. Our initiatives with our customers continue to grow both with regard to our current business as well as our new product offerings. We are also exploring additional opportunities to support our customer, product and geographic diversification strategies.

## Discussion of the Condensed Consolidated Statements of Operations

### Three months ended June 30, 2022 compared to the three months ended June 30, 2021

The following table presents an overview of our results of operations for the three months ended June 30, 2022 and 2021 (in thousands):

	Three Months Ended June 30,		\$ Change
	2022	2021	2022 vs 2021
Net revenues	\$ 65,236	\$ 71,532	\$ (6,296)
Cost of revenues <sup>1</sup>	22,316	27,142	(4,826)
Research and development	13,460	17,197	(3,737)
Selling, general and administrative	15,288	21,909	(6,621)
Restructuring charges	1,019	877	142
Depreciation and amortization	8,259	8,485	(226)
Total costs and expenses	60,342	75,610	(15,268)
Income (loss) from operations	\$ 4,894	\$ (4,078)	\$ 8,972

<sup>1</sup> Cost of revenues excludes depreciation and amortization which are shown separately.

**Net revenues** decreased \$6.3 million to \$65.2 million for the three months ended June 30, 2022, compared to the same period in 2021. The change in revenue is mainly attributable to increased cloud revenue driven by continued subscriber growth which was more than offset by revenue received from a non-recurring advanced messaging contract in the prior year and the divestiture of the DXP and Activation assets in the quarter.

**Cost of revenues** decreased \$4.8 million to \$22.3 million for the three months ended June 30, 2022, compared to the same period in 2021. The 2022 decrease was primarily attributable to continued efforts to streamline our business operations and reduce costs as well as the continued realization of a more profitable revenue mix.

**Research and development** expense decreased \$3.7 million to \$13.5 million for the three months ended June 30, 2022, compared to the same period in 2021. The research and development costs decreased year over year mainly as a result of executed cost savings initiatives to streamline our workforce and reduce vendor spend and overhead costs.

**Selling, general and administrative** expense decreased \$6.6 million to \$15.3 million for the three months ended June 30, 2022, compared to the same period in 2021. We executed significant strategic cost reductions by optimizing our workforce, reducing vendor spend and lowering facility costs. These strategic cost savings have favorably impacted our current and prior period selling, general and administrative costs.

**Restructuring charges** were \$1.0 million and \$0.9 million for the three months ended June 30, 2022 and 2021, respectively, which primarily related to employment termination costs as a result of the work-force reductions initiated to reduce operating costs and align our resources with our key strategic priorities.

**Depreciation and amortization** expense decreased \$0.2 million to \$8.3 million for the three months ended June 30, 2022, compared to the same period in 2021. The 2022 decrease was primarily attributable to the expiration of amortizable acquired assets in combination with reduced capital expenditures mainly as a result of efforts to streamline business operations, partially offset by the increased amortization of capitalized software.

**Income tax.** The Company recognized an income tax expense of approximately \$0.4 million and an income tax benefit of approximately \$0.2 million during the three months ended June 30, 2022 and 2021, respectively. The effective tax rate was approximately 5.2% for the three months ended June 30, 2022, which was lower than the U.S. federal statutory rate primarily due to pre-tax losses in jurisdictions where full valuation allowances have been recorded. Additionally, the Company recognized a discrete income tax benefit in the period associated with the release of certain reserves for uncertain tax benefits. The Company's effective tax rate was approximately 7.7% for the three months ended June 30, 2021, which was lower than the U.S. federal statutory rate primarily due to pre-tax losses in jurisdictions where full valuation allowances have been recorded, pre-tax losses in jurisdictions which have a zero tax rate, and certain foreign jurisdictions projecting current income tax expense. The Company also recognized a discrete tax benefit associated with the release of certain reserves for uncertain tax benefits during the period.

## Discussion of the Condensed Consolidated Statements of Operations

### Six months ended June 30, 2022 compared to the six months ended June 30, 2021

The following table presents an overview of our results of operations for the six months ended June 30, 2022 and 2021 (in thousands):

	Six Months Ended June 30,		\$ Change 2022 vs 2021
	2022	2021	
Net revenues	\$ 131,102	\$ 137,031	\$ (5,929)
Cost of revenues <sup>1</sup>	47,155	55,779	(8,624)
Research and development	29,251	34,594	(5,343)
Selling, general and administrative	33,185	39,837	(6,652)
Restructuring charges	1,704	1,590	114
Depreciation and amortization	16,293	18,352	(2,059)
Total costs and expenses	127,588	150,152	(22,564)
Income (loss) from operations	\$ 3,514	\$ (13,121)	\$ 16,635

<sup>1</sup> Cost of revenues excludes depreciation and amortization which are shown separately.

**Net revenues** decreased \$5.9 million to \$131.1 million for the six months ended June 30, 2022, compared to the same period in 2021. The change in revenue is mainly attributable to increased cloud revenue driven by continued subscriber growth which was more than offset by revenue received from a non-recurring advanced messaging contract in the prior year and the divestiture of the DXP and Activation assets and sunseting certain legacy products in the current period.

**Cost of revenues** decreased \$8.6 million to \$47.2 million for the six months ended June 30, 2022, compared to the same period in 2021. The 2022 decrease was primarily attributable to continued efforts to streamline our business operations and reduce costs as well as the continued realization of a more profitable revenue mix.

**Research and development** expense decreased \$5.3 million to \$29.3 million for the six months ended June 30, 2022, compared to the same period in 2021. The research and development costs decreased year over year mainly as a result of executed cost savings initiatives to streamline our workforce and reduce vendor spend.

**Selling, general and administrative** expense decreased \$6.7 million to \$33.2 million for the six months ended June 30, 2022, compared to the same period in 2021. The 2022 decrease was primarily driven by cost savings initiatives that resulted in a decrease in employee costs, facilities, and external costs related to outside consultants and legal fees.

**Restructuring charges** increased \$0.1 million to \$1.7 million for the six months ended June 30, 2022, compared to the same period in 2021, which primarily related to employment termination costs as a result of the work-force reductions initiated to reduce operating costs and align our resources with our key strategic priorities.

**Depreciation and amortization** expense decreased \$2.1 million to \$16.3 million for the six months ended June 30, 2022, compared to the same period in 2021. The 2022 decrease was primarily attributable to the expiration of amortizable acquired assets in combination with reduced capital expenditures mainly as a result of the data center consolidation project and efforts to streamline business operations, partially offset by the increased amortization of capitalized software.

**Income tax.** The Company recognized an income tax expense of \$0.6 million and an income tax benefit of \$0.4 million during the six months ended June 30, 2022 and 2021, respectively. The effective tax rate was 10.3% for the six months ended June 30, 2022, which was lower than the U.S. federal statutory rate primarily due to pre-tax losses in jurisdictions where full valuation allowances have been recorded. Additionally, the Company recognized a discrete income tax benefit in the period associated with the release of certain reserves for uncertain tax benefits. The Company's effective tax rate was approximately 2.4% for the six months ended June 30, 2021, which was lower than the U.S. federal statutory rate primarily due to pre-tax losses in jurisdictions where full valuation allowances have been recorded, pre-tax losses in jurisdictions which have a zero tax rate, and certain foreign jurisdictions projecting current income tax expense. The Company also recognized a discrete tax benefit associated with the release of certain reserves for uncertain tax benefits during the period.

## **Liquidity and Capital Resources**

As of June 30, 2022, our principal sources of liquidity were cash provided by operations and the remaining proceeds from the financing transactions. Our cash and cash equivalents balance was \$25.5 million at June 30, 2022. We anticipate that our principal uses of cash and cash equivalents will be to fund our business, including technology expansion and working capital.

At June 30, 2022, our non-U.S. subsidiaries held approximately \$4.4 million of cash and cash equivalents that are available for use by our operations around the world. At this time, we believe the funds held by all non-U.S. subsidiaries will be permanently reinvested outside of the U.S. However, if these funds were repatriated to the U.S. or used for U.S. operations, certain amounts could be subject to U.S. tax for the incremental amount in excess of the foreign tax paid. Due to the timing and circumstances of repatriation of these earnings, if any, it is not practical to determine the unrecognized deferred tax liability related to the amount.

We believe that our cash, cash equivalents, financing sources, and our ability to manage working capital and expected positive cash flows generated from operations in combination with continued expense reductions will be sufficient to fund our operations for the next twelve months from the filing date of this Form 10-Q based on our current business plans. However, given the impact of the COVID-19 pandemic on the economy and our operations as well as geopolitical developments, we will continue to assess our liquidity needs. Given the economic uncertainty as a result of the pandemic, we have taken actions to

improve our current liquidity position, including, reducing working capital, reducing operating costs and substantially reducing discretionary spending. Even with these actions however, an extended period of economic disruption could materially affect our business, results of operations, ability to meet debt covenants, access to sources of liquidity and financial condition. Our liquidity plans are subject to a number of risks and uncertainties, including those described in the "Forward-Looking Statements" section of this MD&A and Part I, Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2021, some of which are outside of our control.

For further details, see *Note 7. Debt* and *Note 9. Capital Structure* of the Notes to Condensed Consolidated Financial Statements in Item 1 of this Form 10-Q.

### Discussion of Cash Flows

A summary of net cash flows follows (in thousands):

	Six Months Ended June 30,	
	2022	2021
Net cash provided by (used in):		
Operating activities	\$ 6,728	\$ 8,167
Investing activities	(3,768)	(11,659)
Financing activities	\$ (8,517)	\$ 2,687

Our primary source of cash is receipts from revenue. The primary uses of cash are personnel and related costs, telecommunications and facility costs related primarily to our cost of revenue and general operating expenses including professional service fees, consulting fees, building and equipment maintenance and marketing expense.

**Cash provided by operating activities** for the six months ended June 30, 2022 was \$6.7 million as compared to \$8.2 million of cash provided by operating activities for the same period in 2021. In the current period, the Company generated cash from operations mainly driven by continued growth in cloud revenue, certain annual maintenance and support renewals paid in the second quarter and a \$4.3 million tax refund received in the second quarter. The prior years cash provided from operations was positively impacted by a non-recurring cash payment for a advanced messaging contract.

**Cash used in investing activities** for the six months ended June 30, 2022 was \$3.8 million as compared to \$11.7 million in cash used in investing activities during the same period in 2021. The cash used for investing activities in the current year and prior year was primarily related to increased investment in product development for our Cloud offering and capitalization of associated labor costs, in addition to annual vendor payments made in the current period. This investment was offset in the current period by the \$7.5 million of cash received as part of the DXP and Activation sale.

**Cash (used in) provided by financing activities** for the six months ended June 30, 2022 was \$8.5 million of cash used primarily due to principal and interest payments associated with the redemption of Series B Preferred Stock. In 2021, the net proceeds from our public offering of common stock, Senior Note offering and Series B Preferred Stock transaction was primarily used to fully redeem all outstanding shares of the Company's Series A Preferred Stock and repay and close the Revolving Credit Facility on June 30, 2021.

### Effect of Inflation

Inflationary increases in certain input costs, such as occupancy, labor and benefits, and general administrative costs, have not significantly impacted our results of operations during the six months June 30, 2022 and 2021. We cannot assure you, however, that we will not be affected by general inflation in the future.

## Contractual Obligations

Our contractual obligations consist of contingent consideration, office equipment and colocation services and contractual commitments under third-party hosting, software licenses and maintenance agreements. The following table summarizes our long-term contractual obligations as of June 30, 2022 (in thousands):

	Payments Due by Period				
	Total	2022	2023-2025	2026-2027	Thereafter
Finance lease obligations	\$ 791	\$ 182	\$ 590	\$ 19	\$ —
Interest	50,215	5,908	35,446	8,861	—
Operating lease obligations	47,365	4,829	24,230	14,036	4,270
Purchase obligations <sup>1</sup>	49,502	10,022	39,480	—	—
Senior Note Payable	141,077	—	—	141,077	—
Total	\$ 288,950	\$ 20,941	\$ 99,746	\$ 163,993	\$ 4,270

<sup>1</sup> Amount represents obligations associated with colocation agreements and other customer delivery related purchase obligations.

## Uncertain Tax Positions

Unrecognized tax positions of \$4.0 million at June 30, 2022 are excluded from the table above as we are not able to reasonably estimate when we would make any cash payments required to settle these liabilities, but we do not believe that the ultimate settlement of our obligations will materially affect our liquidity. We anticipate that the balance of unrecognized tax benefits will decrease by approximately \$0.5 million over the next twelve months.

## Critical Accounting Policies and Estimates

Our condensed consolidated financial statements and accompanying notes have been prepared in accordance with U.S. GAAP. The preparation of these condensed consolidated financial statements in accordance with U.S. GAAP requires us to utilize accounting policies and make certain estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies as of the date of the financial statements and the reported amounts of revenues and expenses during a fiscal period. The SEC considers an accounting policy to be critical if it is important to a company's financial condition and results of operations, and if it requires significant judgment and estimates on the part of management in its application.

These estimates and assumptions take into account historical and forward looking factors that the Company believes are reasonable, including but not limited to the potential impacts continuing to arise from COVID-19 and public and private sector policies and initiatives aimed at reducing its transmission. As the extent and duration of the impacts from COVID-19 remain unclear, the Company's estimates and assumptions may evolve as conditions change. Actual results could differ significantly from those estimates. If actual results or events differ materially from those contemplated by us in making these estimates, our reported financial condition and results of operations for future periods could be materially affected. See Part II, "Item 1A. Risk Factors" in this Form 10-Q for certain matters bearing risks on our future results of operations.

During the six months ended June 30, 2022, there were no significant changes in our critical accounting policies and estimates discussed in our Form 10-K for the year ended December 31, 2021. Please refer to Management's Discussion and Analysis of Financial Condition and Results of Operations contained in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2021 for a more complete discussion of our critical accounting policies and estimates.

## Recently Issued Accounting Standards

For a discussion of recently issued accounting standards see *Note 2. Basis of Presentation and Consolidation* included in Part I, Item 1. "Notes to Condensed Consolidated Financial Statements (unaudited)" of this Quarterly Report on Form 10-Q.

### **Off-Balance Sheet Arrangements**

We had no off-balance sheet arrangements as of June 30, 2022 and December 31, 2021 that have, or are reasonably likely to have, a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

### **ITEM 3. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK***

#### **Market Risk**

The following discussion about market risk disclosures involves forward-looking statements. Actual results could differ materially from those projected in the forward-looking statements. We deposit our excess cash in what we believe are high-quality financial instruments, primarily money market funds and certificates of deposit and, we may be exposed to market risks related to changes in interest rates. We do not actively manage the risk of interest rate fluctuations on our marketable securities; however, such risk is mitigated by the relatively short-term nature of these investments. These investments are denominated in United States dollars.

The primary objective of our investment activities is to preserve our capital for the purpose of funding operations, while at the same time maximizing the income, we receive from our investments without significantly increasing risk. To achieve these objectives, our investment policy allows us to maintain a portfolio of cash equivalents and short- and long-term investments in a variety of securities, which could include commercial paper, money market funds and corporate and government debt securities. Our cash, cash equivalents and marketable securities at June 30, 2022 and December 31, 2021 were invested in liquid money market accounts, certificates of deposit and government securities. All market-risk sensitive instruments were entered into for non-trading purposes.

#### **Foreign Currency Exchange Risk**

We are exposed to translation risk because certain of our foreign operations utilize the local currency as their functional currency and those financial results must be translated into U.S. dollars. As currency exchange rates fluctuate, translation of the financial statements of foreign businesses into U.S. dollars affects the comparability of financial results between years.

We do not hold any derivative instruments and do not engage in any hedging activities. Although our reporting currency is the U.S. dollar, we may conduct business and incur costs in the local currencies of other countries in which we may operate, make sales and buy materials and services. As a result, we are subject to foreign currency transaction risk. Further, changes in exchange rates between foreign currencies and the U.S. dollar could affect our future net sales, cost of sales and expenses and could result in foreign currency transaction gains or losses.

We cannot accurately predict future exchange rates or the overall impact of future exchange rate fluctuations on our business, results of operations and financial condition. To the extent that our international activities recorded in local currencies increase in the future, our exposure to fluctuations in currency exchange rates will correspondingly increase and hedging activities may be considered if appropriate.

#### **Interest Rate Risk**

We are exposed to the risk of interest rate fluctuations on the interest income earned on our cash and cash equivalents. A hypothetical 100 basis point movement in interest rates applicable to our cash and cash equivalents outstanding at June 30, 2022 would increase interest income by approximately \$0.3 million on an annual basis.

#### **ITEM 4. CONTROLS AND PROCEDURES**

##### **Evaluation of Disclosure Controls and Procedures**

Our Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the registrant's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934), as of the end of the period covered by this quarterly report, that ensure that information relating to the registrant which is required to be disclosed in this report is recorded, processed, summarized and reported within required time periods using the criteria for effective internal control established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that the registrant's disclosure controls and procedures were effective as of June 30, 2022.

##### **Changes in Internal Control Over Financial Reporting**

There were no changes in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the period covered by this Quarterly Report on Form 10-Q that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

##### **Limitations on Effectiveness of Controls and Procedures**

In designing and evaluating the disclosure controls and procedures and internal control over financial reporting, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures and internal control over financial reporting must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

## **PART II – OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

For a discussion of our material pending legal proceedings that could impact our results of operations, financial condition or cash flows see *Note 13. Commitments, Contingencies and Other* included in Part I, Item 1. “Notes to Condensed Consolidated Financial Statements (unaudited)” of this Quarterly Report on Form 10-Q.

### **ITEM 1A. RISK FACTORS**

Other than set forth below, there have been no material changes to our risk factors as previously disclosed in Part I, Item 1A. included in our Annual Report on Form 10-K for the year ended December 31, 2021.

***We are subject to credit risk and other risks associated with our accounts receivable securitization facility (the “A/R Facility”).***

We entered into the A/R Facility with Norddeutsche Landesbank Girozentrale (“NLG”) in June 2022 that permits borrowings of up to \$15.0 million outstanding from time to time through June 2025 against our existing and future account receivables. As of June 30, 2022, there were no outstanding obligations under the A/R Facility.

The amounts available under the A/R Facility depend the size of our accounts receivable. If these amounts are less than we forecast, this could negatively affect our expected borrowing capacity and our ability to satisfy any obligations as they become due.

The willingness of NLG to make advances to us is subject to customary conditions for financings of this nature. If we are unable to satisfy those conditions, NLG could refrain from providing financing to us, and we may experience a material and adverse loss of liquidity. The A/R Facility contains representations and warranties, affirmative and negative covenants, and events of default that are customary for financings of this type. If we breach certain of our debt covenants under the A/R Facility, we will be unable to utilize the full borrowing capacity under the A/R Facility and our lenders could require us to repay the debt immediately and could immediately take possession of the receivables securing such debt. In addition, because our Senior Notes and A/R Facility contain cross-default and cross-acceleration provisions with other debt, if any debtholder were to declare its loan due and payable as a result of a default, the holders of the Senior Notes or NLG, might be able to require us to pay those debts immediately.

If NLG terminates the A/R Facility, we may experience a material and adverse loss of our liquidity, which could have a material adverse effect on financial, results of operations and cash flows.

***Due to the global nature of our operations, political or economic changes or other factors in a specific country or region could harm our operating results and financial condition.***

We conduct significant sales and customer support operations in countries around the world. As such, our growth depends in part on our increasing sales into emerging countries. We also depend on, and many of our customers depend on, non-U.S. operations of our contract manufacturers, component suppliers and distribution partners. Emerging countries in the aggregate experienced a decline in orders during fiscal 2021 and certain prior periods. We continue to assess the sustainability of any improvements in these countries and there can be no assurance that our investments in these countries will be successful. Our future results could be materially adversely affected by a variety of political, economic or other factors relating to our operations inside and outside the United States, including impacts from global central bank monetary policy; issues related to the political relationship between the United States and other countries that can affect the willingness of customers in those countries to purchase products from companies headquartered in the United States; business interruptions resulting from regional or larger scale conflicts or geo-political actions; the impact of the COVID-19 or other public health epidemics or concerns on our customer’s component suppliers, and the challenging and inconsistent global macroeconomic environment, any



or all of which could have a material adverse effect on our operating results and financial condition, including, among others things:

- Current or future supply chain interruptions;
- Foreign currency exchange rates;
- Political or social unrest or instability, including effects of the recent conflict between Russia and Ukraine, and the possibility of a wider European or global conflict, and global sanctions imposed in response thereto;
- Economic instability or weakness, including inflation, or natural disasters in a specific country or region, including the current economic or health challenges in China and global economic ramifications of Chinese economic difficulties;
- Environmental and trade protection measures and other legal and regulatory requirements, some of which may affect our ability to import our products, to export our products from, or sell our products in various countries;
- Political considerations that affect service provider and government spending patterns;
- Health or similar issues and the responses thereto, such as a pandemic or epidemic, including the COVID-19 pandemic and responses taken thereto;
- Natural disasters, terrorism, war or other military conflict, telecommunication and electrical failures;
- Difficulties in staffing and managing international operations; or
- Adverse tax consequences, including imposition of withholding or other taxes on our global operations.

Concerns over economic recession, the COVID-19 pandemic, interest rate increases and inflation, supply chain delays and disruptions, policy priorities of the U.S. presidential administration, trade wars, unemployment, or prolonged government shutdown may contribute to increased volatility and diminished expectations for the economy and markets. Additionally, concern over geopolitical issues may also contribute to prolonged market volatility and instability. For example, the conflict between Russia and Ukraine could lead to disruption, instability and volatility in global markets and industries. The U.S. government and other governments in jurisdictions have imposed severe economic sanctions and export controls against Russia and Russian interests, have removed Russia from the Society for Worldwide Interbank Financial Telecommunication system, and have threatened additional sanctions and controls. The impact of these measures, as well as potential responses to them by Russia, is unknown.

***We must recruit and retain our key management and other key personnel and our failure to recruit and retain qualified employees could have a negative impact on our business.***

We believe that our success depends in part on the continued contributions of our senior management and other key personnel to generate business and execute programs successfully. In addition, the relationships and reputation that these individuals have established and maintain with our customers and within the industries in which we operate contribute to our ability to maintain good relations with our customers and others within those industries. The loss of any members of senior management or other key personnel could materially impair our ability to identify and secure new contracts and otherwise effectively manage our business. In order to attract and retain executives and other key employees in a competitive marketplace, we must provide a competitive compensation package, including cash- and equity-based compensation. If we do not obtain the stockholder approval needed to continue granting equity compensation in a competitive manner, our ability to attract, retain, and motivate executives and key employees could be weakened. Further, in the technology industry, there is substantial and continuous competition for highly skilled business, product development, technical and other personnel. We may be unable to attract or retain qualified personnel because their salaries and other compensation may increase to levels that we are unwilling or unable to provide. Competition for qualified personnel at times can be intense and as a result we may not be successful in attracting and retaining the personnel we require, which could have a material adverse effect on our ability to meet our commitments and new product delivery objectives. If we are unable to maintain or expand our direct sales capabilities, we may not be able to generate anticipated revenues. In addition, if we are unable to maintain or expand our product development capabilities, we may not be able to meet our product development goals. Further, we rely on the expertise and experience of our senior management team. Although we have employment agreements with our executive officers, none of them or any of our other management personnel is obligated to remain employed by us. The loss of services of any key management personnel could lower productive output, interrupt our strategic vision and make it more difficult to pursue our business goals successfully.

***Economic, political and market conditions can adversely affect our results of operations, financial condition and business.***

Our business is influenced by a range of factors that are beyond our control and that we have no comparative advantage in forecasting. These include but are not limited to general economic and business conditions, the overall demand for cloud-based products and services, general political developments and currency exchange rate fluctuations. Economic uncertainty, including interest rate increases and inflation, may exacerbate negative trends in consumer spending and may negatively impact the businesses of certain of our customers, which may cause a reduction in their use of our platforms or increase the likelihood of defaulting on their payment obligations, and therefore cause a reduction in our revenues. These conditions and uncertainty about future economic conditions may make it challenging for us to forecast our operating results, make business decisions and identify the risks that may affect our business, financial conditions and results of operations and may result in a more competitive environment, resulting in possible pricing pressures. Our business could be affected by acts of war or other military actions, terrorism, natural disasters and the widespread outbreak of infectious diseases. Current world tensions could escalate, and this could have unpredictable consequences on the world economy and on our business.

The COVID-19 pandemic has created significant uncertainty in the global economy. The COVID-19 pandemic and health measures taken by governments and private industry in response to the pandemic, including stay-at-home orders, restrictions on business operations, and travel restrictions, have had significant negative effects on the economy, including disruptions impacting various supply chains. Continued uncertainty about the pandemic, associated economic consequences, and potential relief measures may have a long-term adverse effect on the economy, our sellers, customers, suppliers, and our business. For example, we are currently subletting some of our office space. An economic downturn or our work from home practices may cause us to need less office space than we are contractually committed to leasing and prevent us from finding subtenants for such unused office space, causing us to pay for unused office space. Rising tensions in the geopolitical climate, including effects of the recent conflict between Russia and Ukraine, and the possibility of a wider European or global conflict, and global sanctions imposed in response thereto, have created significant uncertainty in the global economy. These or any further political or governmental developments or health concerns in countries could result in social, economic and labor instability. If, as a result of such events, we experience a reduction in demand for our products, platforms or services, or the supply of products or components to our customers, our business, results of operations and financial condition may be materially and adversely affected.

***We have, and in the future may be, the target of stockholder derivative complaints or other securities related legal actions that could adversely affect our results of operations and our business.***

We have, and in the future may be, the target of stockholder derivative complaints or other securities related legal actions. The existence of any litigation may have an adverse effect on our reputation with referral sources and our customers themselves, which could have an adverse effect on our results of operations and financial condition. The outcome and amount of resources needed to respond to, defend or resolve lawsuits is unpredictable and may remain unknown for long periods of time. Our exposure under these matters may also include our indemnification obligations, to the extent we have any, to current and former officers and directors and, in some cases former underwriters, against losses incurred in connection with these matters, including reimbursement of legal fees and other expenses. For instance, on June 7, 2022, the SEC filed a civil action against two former members of the Company's management team, alleging misconduct arising out of the restated transactions that took place in 2015 and 2016 investigated by the SEC in connection with the June 2017 Announcement. We may be required to indemnify these individuals in connection with such action. Although we maintain insurance for claims of this nature, our insurance coverage does not apply in all circumstances and may be denied or insufficient to cover the costs related to the class action and stockholder derivative lawsuits. In addition, future lawsuits or legal claims involving us may increase our insurance premiums, deductibles or co-insurance requirements or otherwise make it more difficult for us to maintain or obtain adequate insurance coverage on acceptable terms, if at all. Moreover, adverse publicity associated with negative developments in any such legal proceedings could decrease customer demand for our services. As a result, future lawsuits involving us, or our officers or directors, could have a material adverse effect on our business, reputation, financial condition, results of operations, liquidity and the trading price of our common stock.

***Our stock price may continue to experience significant fluctuations and could subject us to litigation.***

Our stock price, like that of other technology companies, continues to fluctuate greatly. Our stock price, and demand for our stock, can be affected by many factors, such as unanticipated changes in management, quarterly increases or decreases in our earnings, speculation in the investment community about our financial condition or results of operations and changes in

revenue or earnings estimates, announcement of new services, technological developments, alliances, or acquisitions by us. Additionally, the price of our common stock may continue to fluctuate greatly in the future due to factors that are non-company specific, such as the decline in the United States and/or international economies, acts of terror against the United States or other jurisdictions where we conduct business, war or other military conflict or due to a variety of company specific factors, including quarter to quarter variations in our operating results, shortfalls in revenue, gross margin or earnings from levels projected by securities analysts and the other factors discussed in these risk factors. Concerns over economic recession, the COVID-19 pandemic, interest rate increases and inflation, supply chain delays and disruptions, policy priorities of the U.S. presidential administration, trade wars, unemployment, or prolonged government shutdown may contribute to increased volatility and diminished expectations for the economy and markets. Additionally, concern over geopolitical issues may also contribute to prolonged market volatility and instability. The U.S. government and other governments in jurisdictions have imposed severe economic sanctions and export controls against Russia and Russian interests, have removed Russia from the SWIFT system, and have threatened additional sanctions and controls. The impact of these measures, as well as potential responses to them by Russia, is unknown. In addition, if the market for technology stocks or the stock market in general experiences uneven investor confidence, the market price of our common stock could decline for reasons unrelated to our business, operating results or financial condition. Fluctuation in market price and demand for our common stock may limit or prevent investors from readily selling their shares of common stock and may otherwise negatively affect the liquidity of our common stock. Causes of volatility in the market price of our stock could subject us to securities class action litigation. We were previously, and may in the future be, the subject of lawsuits that could require us to incur substantial costs defending against those lawsuits and divert the time and attention of our management.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

None.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not Applicable.

**ITEM 5. *OTHER INFORMATION***

None.

**ITEM 6. EXHIBITS**

Exhibit No.	Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	<a href="#">Restated Certificate of Incorporation of the Registrant.</a>	S-1	333-132080	3.2	May 9, 2006	
3.2	<a href="#">Certificate of Amendment to the Restated Certificate of Incorporation of the Registrant.</a>	8-K	001-40574	3.1	June 23, 2022	
3.3	<a href="#">Amended and Restated Bylaws of the Registrant.</a>	S-1	333-132080	3.4	May 9, 2006	
3.4	<a href="#">Amendment No. 1 to Amended and Restated Bylaws of the Registrant.</a>	8-K	000-52049	3.2	February 20, 2018	
3.5	<a href="#">Amendment No. 2 to the Amended and Restated Bylaws of the Registrant.</a>	8-K	000-52049	3.3	June 30, 2021	
10.1	<a href="#">Order Instituting Cease-And-Desist Proceedings pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-And-Desist Order, dated June 7, 2022, between the United States Securities and Exchange Commission and Synchronoss Technologies, Inc.</a>					X
10.2	<a href="#">Receivables Purchase Agreements, dated as of June 22, 2022, among Synchronoss Technologies, Inc., SN Technologies, LLC, Norddeutsche Landesbank Girozentrale, the purchasers party thereto, the group agents party thereto and the originators party thereto.</a>	8-K	001-40574	10.1	June 23, 2022	
10.3	<a href="#">Purchase and Sale Agreements, dated as of June 22, 2022, between Synchronoss Technologies, Inc. and SN Technologies, LLC.</a>	8-K	001-40574	10.2	June 23, 2022	
10.4	<a href="#">Administration Agreement, dated as of June 22, 2022, between Synchronoss Technologies, Inc. and Finacity Corporation.</a>	8-K	001-40574	10.3	June 23, 2022	
10.5	<a href="#">Performance Guaranty, dated as of June 22, 2022, made by Synchronoss Technologies, Inc. in favor of Norddeutsche Landesbank Girozentrale.</a>	8-K	001-40574	10.4	June 23, 2022	
31.1	<a href="#">Certification of Principal Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002.</a>					X
31.2	<a href="#">Certification of Principal Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002.</a>					X
32.1	<a href="#">Certification of Principal Executive Officer pursuant to Rule 13a-14(b) of the Exchange Act and section 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.</a>					X
32.2	<a href="#">Certification of Principal Financial Officer pursuant to Rule 13a-14(b) of the Exchange Act and section 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.</a>					X
101.INS	XBRL Instance Document					X
101.SCH	XBRL Schema Document					X
101.CAL	XBRL Calculation Linkbase Document					X
101.DEF	XBRL Taxonomy Extension Definition Linkbase					X
101.LAB	XBRL Labels Linkbase Document					X
101.PRE	XBRL Presentation Linkbase Document					X

**SIGNATURES**

Pursuant to the requirements of Securities Exchange Act of 1934, the registrant has caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Synchronoss Technologies, Inc.

/s/ Jeff Miller

**Jeff Miller**  
**Chief Executive Officer**  
**(Principal Executive Officer)**

/s/ Taylor Greenwald

**Taylor Greenwald**  
**Chief Financial Officer**

August 9, 2022

**UNITED STATES OF AMERICA**

**Before the  
SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934  
Release No.**

**ACCOUNTING AND AUDITING ENFORCEMENT  
Release No.**

**ADMINISTRATIVE PROCEEDING  
File No.**

**In the Matter of**

**SYNCHRONOSS TECHNOLOGIES, INC.**

**Respondent.**

**ORDER INSTITUTING CEASE-AND-DESIST  
PROCEEDINGS PURSUANT TO SECTION 21C OF THE  
SECURITIES EXCHANGE ACT OF 1934, MAKING  
FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER**

## I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against Synchronoss Technologies, Inc. (“SNCR” or “Respondent”).

## II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease and Desist Order (“Order”), as set forth below.

## III.

On the basis of this Order and Respondent’s Offer, the Commission finds<sup>1</sup> that

### Summary

1. Synchronoss Technologies, Inc. (“SNCR”), a New Jersey-based technology company that primarily provides products, software, and services to telecommunications companies, engaged in improper accounting from at least 2013 through 2017.

2. In July 2018, SNCR announced a restatement of its audited financial statements for the fiscal years ended December 31, 2016 and 2015 and restated selected financial data for the fiscal years ended 2014 and 2013 totaling approximately \$190 million in cumulative revenues. As part of this announcement, SNCR restated revenues related to certain transactions for which SNCR had recognized revenue improperly and in a manner inconsistent with generally accepted accounting principles (“GAAP”). The restatement primarily related to three categories of transactions, for which SNCR improperly recognized revenue: (1) transactions for which there was not persuasive evidence of an arrangement; (2) acquisitions/divestitures in which SNCR recognized revenue on license agreement(s) instead of combining those purported amounts with the purchase or sales prices; and (3) license/hosting transactions, in which SNCR converted prior multi-term software-as-a-service (“SaaS”) agreements into perpetual license agreements, and improperly recognized the revenue upfront, instead of recognizing it ratably over the term of the arrangements. In its restatement, SNCR also acknowledged “pervasive material weaknesses” in its internal control over financial reporting for the restatement period.

3. Certain instances of SNCR’s improper accounting were the result of misconduct by certain of SNCR’s senior executives and other employees. As a result of this misconduct, SNCR filed with the Commission materially misstated financial statements in its annual, quarterly and current reports during the restatement period.

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<sup>1</sup> The findings herein are made pursuant to Respondent’s Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

## Respondent

4. SNCR is a Delaware corporation with its principal place of business in New Jersey. Its securities are registered pursuant to Section 12(b) of the Exchange Act. Its securities are currently listed on NASDAQ, although SNCR's common stock was suspended from trading on NASDAQ from May 2018 to October 2018 because it had become delinquent in its required filings.

## Facts

### **A. Background**

5. In May 2017, SNCR announced that it would not be able to file its Form 10-Q on time. On June 8, 2017, SNCR's audit committee announced that it concluded that the financial statements for the fiscal years ("FY") ending December 31, 2015 and 2016 and their respective quarterly periods should not be relied on. On October 5, 2017, SNCR's audit committee announced that it concluded that the financial statements for FY 2014 and its quarterly periods should not be relied on.

6. On July 2, 2018, SNCR filed a Form 10-K with the Commission that restated its FY 2015 and 2016 financial statements and certain financial data for FY 2013 and 2014. The restatements applied to approximately \$190 million in cumulative revenues for the four year period. In its restatement, SNCR also acknowledged "pervasive material weaknesses" in its internal control over financial reporting for the restatement period.

7. SNCR restated revenue primarily related to three categories of transactions as mentioned above: (1) transactions for which there was not persuasive evidence of an arrangement; (2) acquisitions or divestitures in which SNCR recognized revenue on license agreements rather than combining those purported amounts with the purchase or sales prices; and (3) license/hosting transactions, in which the company improperly recognized revenue upfront, instead of ratably over the term of the multi-year arrangements.

### **B. Lack of Persuasive Evidence of an Arrangement**

8. During the restatement period, Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 985-605-25-3 provided that revenue from the sale of software that does not require significant production, modification or customization shall be recognized only when all of the following criteria are met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the vendor's fee is fixed or determinable; and (4) collectability is probable.

9. With respect to its filings for Q3 2015, Q4 2015, and Q1 2016—specifically, its Forms 8-K, 10-Q, and 10-K covering these periods—SNCR recognized revenue for multiple transactions for which it lacked persuasive evidence of arrangements. Specifically, it recognized \$4.35 million in Q3 2015 (Transaction 1), \$3 million in Q4 2015 (Transaction 2), and \$5 million in Q1 2016 (Transaction 3). The amounts were improperly recorded as unbilled receivables.



### ***Transaction 1***

10. In Q3 2015, SNCR's sales team unsuccessfully sought to finalize an agreement for the sale of a license to Customer A, one of its largest telecommunications customers. Despite that, it booked \$4.35 million in revenue related to the transaction.

11. In February 2016, senior Customer A personnel attended a meeting with a SNCR salesperson at which the Customer A personnel conveyed it was unhappy with SNCR's efforts to go outside normal procurement channels. Customer A personnel further told the SNCR salespersons that the email on which SNCR had relied in booking the \$4.35 million of revenue for Transaction 1 did not reflect a "commitment by [Customer A] to acquire the software," and that SNCR "certainly should not have booked revenue on the basis of an email exchange."

12. Senior personnel from Customer A then followed up the meeting with two letters: one to SNCR's COO that warned SNCR that Customer A needed a written agreement to consider a deal complete, and another to SNCR sales personnel stating that Customer A had not committed to purchase the software and noting that the software was still undergoing a proof-of-concept trial.

13. In June 2016, Customer A emailed a senior SNCR salesperson that it was not moving forward with SNCR related to Transaction 1 for which SNCR had previously recorded \$4.35 million in revenue. The SNCR salesperson forwarded that email internally, including to senior SNCR officials.

14. SNCR nonetheless continued to carry the \$4.35 million unbilled receivable from Transaction 1 on its books through the end of 2016 despite Customer A ultimately refusing to purchase the license at all.

15. No one at SNCR shared the fact or substance of the above communications from Customer A with its auditor, despite Karen Rosenberger, the CFO, sharing the status of unbilled receivables at audit committee meetings. The auditor would have found these communications important in evaluating whether there was persuasive evidence of an arrangement at the time revenue was recognized and whether the receivable was collectible.

16. As Rosenberger knew or recklessly disregarded, SNCR's inclusion of revenue for Transaction 1 in its filings for Q3 2015—specifically, its Forms 8-K and 10-Q covering these periods—was improper and inconsistent with GAAP because, among other things, there was no persuasive evidence of an arrangement with Customer A, and collection was not probable. SNCR reversed the revenue for Transaction 1 in connection with its restatement.

### ***Transaction 2***

17. In Q4 2015, SNCR's sales team unsuccessfully sought to finalize an agreement for the sale of a different license to Customer A. Customer A ultimately did not agree to

purchase the other license until Q4 2016, and then only for a lower amount than the \$3 million SNCR had recognized for the transaction in Q4 2015.

18. As of December 31, 2015, no agreement had been reached between Customer A and SNCR regarding the license.

19. As several senior SNCR officials, including Rosenberger, knew, negotiations over material terms such as the scope of the license and the price were still being negotiated in early January 2016.

20. On January 8, 2016—while Transaction 2 was still being negotiated—the SNCR salesperson responsible for negotiating it sent Rosenberger a one-page document purporting to be the license agreement for the transaction. The purported agreement was backdated to December 31, 2015.

21. Despite not having persuasive evidence of an agreement in Q4 2015, SNCR recognized \$3 million in revenue in Q4 2015 based on the purported agreement.

22. Through 2016, SNCR and Customer A continued negotiations related to the software in Transaction 2. Customer A ultimately bought the software from SNCR in Q4 2016 for \$2.5 million—less than the amount recognized a year earlier. SNCR recognized no revenue from the transaction when it restated because it transferred the receivable as part of the Divestiture discussed below.

23. No one at SNCR shared the fact of negotiations ongoing into 2016 or the backdating of the agreement with its auditor. The auditor would have found this information important in evaluating whether there was persuasive evidence of an arrangement at the time revenue was recognized.

24. As with Transaction 1, Rosenberger knew or recklessly disregarded that SNCR's inclusion of revenue for Transaction 2 in its filings for Q4 2015—specifically, its Forms 8-K and 10-K covering these periods—was improper and inconsistent with GAAP because, among other things, there was no persuasive evidence of an arrangement with Customer A, and collection was not probable. SNCR reversed the revenue for Transaction 2 in connection with its restatement.

### ***Transaction 3***

25. In January 2016, SNCR prepared a one-page quote for Customer B. In April 2016, an SNCR salesperson emailed Customer B and requested approval of the January quote. Customer B approved the quote that same day. The April approval was forwarded to Rosenberger, who then directed revenue be recognized for Q1 2016.

26. Regardless of whether the approved quote was a sufficient basis on which to recognize revenue, SNCR improperly recognized \$5 million of revenue in Q1 2016 for this

transaction, despite the fact that Customer B had not provided SNCR with its approval for the quote until Q2 2016, well after the close of the first quarter.

27. Recognition of revenue for Transaction 3 occurred in the incorrect period as noted above. SNCR reversed the revenue for Transaction 3 in connection with its restatement.

### **C. Acquisition and Divestiture**

28. ASC 805-10-25-20 provides that if a separate transaction, is entered into concurrently with an acquisition of a business, it should be accounted for in accordance with the relevant GAAP for that type of transaction. In determining whether it is a separate transaction, ASC 805-10-55-18 states that a company should consider certain factors including the reason for the transaction, who initiated the transaction, and the timing of the transaction. If the transaction is not a separate transaction, GAAP requires that the transaction be considered as part of the consideration for the acquisition, rather than accounted for separately. A similar assessment would also be required to determine whether a transaction entered into concurrently with a divestiture should be considered a separate transaction or part of the divestiture

29. With respect to its filings for Q1 and Q4 2016—specifically its Forms 8-K, 10-Q and 10-K covering these periods—SNCR improperly recognized revenue for license sales entered into in connection with an acquisition and divestiture, respectively. Specifically, it recognized \$10 million in Q1 2016 related to an acquisition and \$9.2 million in Q4 2016 related to a divestiture.

#### ***Acquisition***

30. In March 2016, SNCR entered into an agreement to acquire certain business from a private equity firm (the “Acquisition”). On the same day, SNCR entered into a transaction to sell a license for \$10 million to both the business unit it was acquiring, as well as a related business unit still owned by the private equity firm.

31. As Rosenberger knew, the Acquisition and license were negotiated together, and the Acquisition was contingent upon the sale of the license. Indeed, SNCR executives expressly told the private equity firm that the Acquisition would not occur unless it entered into the license agreement. In addition, SNCR added a second business unit as a licensee late in the process—days before signing—so that there would be a surviving entity to hold the licenses. It did so for no additional consideration.

32. As Rosenberger knew or recklessly disregarded, SNCR’s inclusion of \$10 million revenue for the license sale adjacent to the Acquisition in SNCR’s filings for Q1 2016 was improper and inconsistent with GAAP because, among other things, the license fee should have been considered part of the consideration for the transaction instead of separately. In its restatement, SNCR reversed the license revenue in connection with its restatement and instead considered the license fee as a reduction of the Acquisition price.

#### ***Divestiture***

33. In December 2016, SNCR divested its call center business and simultaneously sold a license for \$10 million (the “Divestiture”). The Divestiture and license were negotiated together, and should have been accounted for as one transaction.

34. In the restatement, SNCR reversed the license revenue and instead considered the license fee as part of the consideration received for the Divestiture.

#### **D. License/Hosting Transactions**

35. Historically, certain of SNCR's relationships with customers were governed by SaaS agreements, which included the use of SNCR-owned software and ancillary elements like maintenance, hosting, and other support services. In these arrangements, the customer was billed, and revenue recognized, ratably over the term of the agreement.

36. In 2016, SNCR sought to accelerate the recognition of revenue on a number of existing customer relationships. One way it sought to do so was by breaking a number of its SaaS arrangements with customers into their component parts and selling perpetual licenses to its software separately from the other elements (*e.g.*, hosting, maintenance) of the previous SaaS agreements. SNCR would then negotiate purportedly separate agreements to provide the ancillary services to the customer that it had previously provided under the SaaS agreements, and prematurely recognized revenue from the entirety of the license fee upfront, instead of ratably over the term of the agreement, as required under GAAP.

37. Where, as in these transactions, a software license is sold with other products or services, GAAP during the relevant period required that the sales be accounted for as multiple-element arrangements ("MLEs"),<sup>2</sup> and also included guidance on determining whether a series of transactions is a single MLE.<sup>3</sup> If a series of contracts is determined to be an MLE, each component of an MLE must be assessed for revenue recognition purposes based on its fair value as determined by vendor-specific objective evidence ("VSOE"), and the fees received under each must be allocated to the various elements based on such VSOE. *See* ASC 985-605-25-6.<sup>4</sup> If certain components of MLEs have yet to be delivered (such as services that will be performed over the life of the agreement), GAAP requires that recognition of revenue from such elements be deferred until they have been performed. If an MLE has undelivered elements that do not have VSOE of fair value, GAAP requires that the revenue from the entire arrangement, including for delivered elements, be deferred until either VSOE exists or all elements are delivered, or in certain cases, be deferred and recognized over time, such as ratably over the term of the agreement or as remaining services are expected to be performed.<sup>5</sup>

38. SNCR lacked VSOE of fair value for the hosting service it often provided for customers who utilized its software. Accordingly, the addition of hosting to a perpetual license transaction would require that the revenue from the entire arrangement, including for delivered

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<sup>2</sup> *See* ASC 985-605-25-5.

<sup>3</sup> GAAP requires a company to look at certain factors in determining whether a group of contracts should be accounted for as a single MLE, including: the timing of the contracts; whether the negotiations were conducted jointly; the relationship between the different elements of the arrangement; whether there are any concessions in one contract if another contract is not completed satisfactorily; and whether payment terms of one contract coincide with performance criteria of another. (ASC 985-605-55-4.)

<sup>4</sup> VSOE is, for example, the price established by the vendor for the separate sale of each element.

<sup>5</sup> ASC 985-605-25-9 through 25-10.

elements, be deferred and recognized over time, *i.e.* that revenue be recognized ratably over the term of the agreement.

39. With respect to its filings for Q2, Q3 and Q4 2016—specifically its Forms 8-K, 10-Q and 10-K covering these periods—SNCR improperly recognized revenue from the sale of licenses and hosting services where the licenses and hosting were purportedly separate transactions, but should have been treated as a single arrangement under GAAP for revenue recognition purposes.

40. Specifically, there were at least five such arrangements where revenue was improperly recognized in this manner: (1) a Q2 2016 transaction of \$1 million (Transaction 4); (2) a Q2 2016 transaction of \$5.3 million (Transaction 5); (3) a Q3 2016 transaction of \$7 million (Transaction 6); (4) a Q3 2016 transaction of \$430,000 (Transaction 7); and (5) a Q4 2016 transaction of \$1.3 million (Transaction 8). In each instance, the license and hosting were negotiated together, and the contracts were entered into close in time.

41. SNCR reversed the revenue for these transactions in connection with its restatement and instead recognized the revenue ratably over the life of the ancillary agreements, consistent with GAAP.

#### **E. The Above Transactions Resulted in a Material Overstatement of SNCR's Financial Performance**

42. As reflected in the chart below, the transactions described above were material to SNCR's financial statements included in its quarterly or annual reports:

<b>Period</b>	<b>Transactions</b>	<b>Revenue Overstatement (in 000s)</b>	<b>Quarterly Income (Loss) Before Tax As Reported</b>	<b>Quarterly Income (Loss) Before Tax, As Adjusted</b>	<b>Percentage of Quarterly Income Overstated or Loss Understated</b>	<b>Percentage Full Year Income Overstated or Loss Understated<sup>6</sup></b>
<b>Q3 2015</b>	Transaction 1	\$4,350	\$20,362	\$16,099	26.5%	5.9%
<b>Q4 2015</b>	Transaction 2	\$3,000 <sup>7</sup>	\$15,403	\$12,523	23.6%	4.0%
<b>Q1 2016</b>	Acquisition;	\$10,000 <sup>7</sup>	\$(6,495)	\$(16,495)	60.6%	11.8%
	Transaction 3	\$5,000 <sup>7</sup>	\$(6,495)	\$(11,395)	43.0%	6.2%
<b>Q2 2016</b>	Transaction 4;	\$1,000	\$(3,922)	\$(4,902)	20.0%	1.2%
	Transaction 5	\$5,252 <sup>7</sup>	\$(3,922)	\$(9,050)	56.7%	5.9%
<b>Q3 2016</b>	Transaction 6;	\$7,000 <sup>7</sup>	\$11,717	\$5,159	127.1%	7.9%
	Transaction 7	\$430	\$11,717	\$11,304	3.7%	0.5%
<b>Q4 2016</b>	Divestiture;	\$9,200 <sup>7</sup>	\$(29,310)	\$(38,510)	23.9%	11.0%
	Transaction 8	\$1,300	\$(29,310)	\$(30,584)	4.2%	1.7%

<sup>6</sup> Percentages are based on income (loss) before taxes except for Q4 and Full Year 2016 percentages, which are based on income (loss) before taxes from continuing operations.

<sup>7</sup> SNCR met or exceeded analysts' revenue estimate for the quarter, but would have been below the estimate if the transaction was properly recorded. Regarding the Divestiture, SNCR revised its guidance towards the end of the quarter and exceeded the low end and mid-point of the guidance. If the transaction had been properly recorded revenue would have failed to meet the low end of the guidance.

## **F. Material Weaknesses in Internal Control Over Financial Reporting**

43. In preparing its restatement, SNCR evaluated the effectiveness of its internal control over financial reporting as of December 31, 2017 and identified pervasive material weaknesses in its internal control processes. SNCR identified multiple weaknesses in its internal control over financial reporting. These weaknesses included:

- failure to ensure that the four basic elements of revenue recognition were always met prior to revenue recognition and all elements within MLEs identified and accounted for appropriately;
- failure to maintain adequate oversight to guide individuals in applying internal control over financial reporting in preventing or detecting material accounting errors, or omissions, due to inadequate information and, in certain instances, compliance with SNCR's revenue recognition policies;
- failure to design and maintain adequate review and approval controls, including the use of appropriate technical accounting expertise, when recording complex or non-routine transactions such as those involving revenue recognition, acquisitions and divestitures, including ensuring transactions are appropriately accounted for from a substance over form perspective;
- failure to maintain sufficient personnel with an appropriate level of accounting knowledge, experience, and training in the application of US GAAP commensurate with the size of the entity and nature and complexity of financial reporting requirements; and
- failure to consistently maintain a corporate culture that prevented the occurrence of certain deviations from SNCR's policy.

44. These material weaknesses were a cause of SNCR's restatement.

### **VIOLATIONS**

45. As a result of conduct related to certain of the transactions described above, SNCR violated Section 10(b) of the Exchange Act and Rules 10b-5(a) and 10b-5(c) thereunder, which prohibit fraudulent conduct in connection with the purchase or sale of securities.

46. As a result of the conduct described above, SNCR violated Sections 13(a) of the Exchange Act and Rules 13a-1, 13a-11, 13a-13, and 12b-20 thereunder, which require every issuer of a security registered pursuant to Section 12 of the Exchange Act to file with the Commission accurate information, documents, and annual and quarterly reports as the Commission may require, and mandate that periodic reports contain such further material information as may be necessary to make the required statements not misleading.

47. As a result of the conduct described above, SNCR violated Section 13(b)(2)(A) of the Exchange Act, which requires issuers with securities registered under Section 12 of the Exchange Act or which are required to file reports pursuant to Section 15(d) of the Exchange Act to make and keep books, records and accounts which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets of the issuer.

48. As a result of the conduct described above, SNCR violated Section 13(b)(2)(B) of the Exchange Act, which requires issuers with securities registered under Section 12 of the

Exchange Act or which is required to file reports pursuant to Section 15(d) of the Exchange Act to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurance that, among other things, transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP.

#### IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent's Offer.

Accordingly, pursuant to Section 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondent cease and desist from committing or causing any violations and any future violations of Sections 10(b), 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act and Rules 10b-5, 12b-20, 13a-1, 13a-11, and 13a-13 thereunder.

B. Respondent shall pay a civil money penalty in the amount of \$12,500,000 to the Securities and Exchange Commission. Payments shall be applied first to post order interest, which accrues pursuant to pursuant to 31 U.S.C. § 3717. Prior to making the final payment set forth herein, Respondent shall contact the staff of the Commission for the amount due. If Respondent fails to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth below, all outstanding payments under this Order, including post-order interest, minus any payments made, shall become due and payable immediately at the discretion of the staff of the Commission without further application to the Commission. Payment shall be made in the following installments:

- Due within 14 days of the entry of this Order: \$1,562,500;
  - Due 105 days after the entry of this Order: \$1,562,500;
  - Due 196 days after the entry of this Order: \$1,562,500;
  - Due 287 days after the entry of this Order: \$1,562,500;
  - Due 378 days after the entry of this Order: \$1,562,500;
  - Due 470 days after the entry of this Order: \$1,562,500;
  - Due 561 days after the entry of this Order: \$1,562,500; and
  - Due 652 days after the entry of this Order: \$1,562,500; plus all remaining unpaid principal and accrued interest.
- Payment must be made in one of the following ways:

(1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or

(3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center  
Accounts Receivable Branch  
HQ Bldg., Room 181, AMZ-341  
6500 South MacArthur Boulevard



Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Synchronoss Technologies, Inc. as Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Lara S. Mehraban, Division of Enforcement, Securities and Exchange Commission, New York Regional Office, 100 Pearl Suite, Suite 20-100, New York, New York 10004.

C. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, a Fair Fund is created for any penalties referenced in paragraph IV(B) above. The Fair Fund may be added to or combined with any other fair fund created in a related district court action or administrative proceeding arising out of the same violations. The Fair Fund will be distributed to harmed investors in accordance with a Commission-approved plan of distribution. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, it shall not argue that it is entitled to, nor shall it benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that it shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

By the Commission.

Secretary

Vanessa A. Countryman

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO SECURITIES AND EXCHANGE COMMISSION RULE 13a-14(a)**

I, **Jeff Miller**, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Synchronoss Technologies, Inc. for the quarter ended June 30, 2022;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2022

*/s/ Jeff Miller*

**Jeff Miller**  
**Chief Executive Officer**  
**(Principal Executive Officer)**

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO SECURITIES AND EXCHANGE COMMISSION RULE 13a-14(a)**

I, **Taylor Greenwald**, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Synchronoss Technologies, Inc. for the quarter ended June 30, 2022;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2022

*/s/ Taylor Greenwald*

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**Taylor Greenwald**  
**Chief Financial Officer**

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Synchronoss Technologies, Inc. (the "Company") for the quarter ended June 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, **Jeff Miller**, the Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

This certification is being provided pursuant to 18 U.S.C. 1350 and is not to be deemed a part of the Report, nor is it to be deemed to be "filed" for any purpose whatsoever.

Date: August 9, 2022

*/s/ Jeff Miller*

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**Jeff Miller**  
**Chief Executive Officer**  
**(Principal Executive Officer)**

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Synchronoss Technologies, Inc. (the “Company”) for the quarter ended June 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, **Taylor Greenwald**, the Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

This certification is being provided pursuant to 18 U.S.C. 1350 and is not to be deemed a part of the Report, nor is it to be deemed to be “filed” for any purpose whatsoever.

Date: August 9, 2022

*/s/ Taylor Greenwald*  
\_\_\_\_\_  
**Taylor Greenwald**  
**Chief Financial Officer**

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.