

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 March 31, 2021**

**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 000-52049

**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, 8th 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	x
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, par value \$.0001 par value	SNCR	The Nasdaq Stock Market, LLC

As of May 06, 2021, there were 44,150,959 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)**

	March 31, 2021	December 31, 2020
<b>ASSETS</b>		
Current assets:		
Cash, restricted cash and cash equivalents	\$ 29,818	\$ 33,671
Accounts receivable, net	46,236	47,849
Prepaid & Other Current Assets	40,861	39,847
Total Current assets	116,915	121,367
Non-Current Assets:		
Property and equipment, net	10,799	11,732
Operating lease right-of-use assets	31,960	34,538
Goodwill	228,537	232,771
Intangible assets, net	65,292	69,593
Loan Receivable	4,834	4,834
Other Assets, non-current	6,793	7,420
Total Non-Current Assets	348,215	360,888
Total assets	\$ 465,130	\$ 482,255
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 16,907	\$ 12,749
Accrued expenses	67,685	69,326
Deferred revenues, current	32,358	33,045
Debt, current	10,000	10,000
Total Current liabilities	126,950	125,120
Deferred tax liabilities	1,295	1,875
Deferred revenues, non-current	7,495	12,569
Leases, non-current	42,088	44,273
Other non-current liabilities	4,897	4,995
Redeemable noncontrolling interest	12,500	12,500
Commitments and contingencies		
Series A Convertible Participating Perpetual Preferred Stock, \$0.0001 par value; 10,000 shares authorized, 260 and 250 shares issued and outstanding at March 31, 2021 and December 31, 2020, respectively	247,842	237,641
Stockholders' equity:		
Common stock, \$0.0001 par value; 100,000 shares authorized, 51,331 and 51,177 shares issued; 44,169 and 44,015 outstanding at March 31, 2021 and December 31, 2020, respectively	5	5
Treasury stock, at cost (7,162 and 7,162 shares at March 31, 2021 and December 31, 2020, respectively)	(82,087)	(82,087)
Additional paid-in capital	491,295	499,348
Accumulated other comprehensive loss	(29,349)	(28,213)
Accumulated deficit	(357,801)	(345,771)
Total stockholders' equity	22,063	43,282
Total liabilities and stockholders' equity	\$ 465,130	\$ 482,255

See accompanying notes to condensed consolidated financial statements.

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

	<b>Three Months Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Net revenues	\$ 65,499	\$ 77,122
Costs and expenses:		
Cost of revenues*	28,637	35,471
Research and development	17,397	19,788
Selling, general and administrative	17,928	26,344
Restructuring charges	713	1,450
Depreciation and amortization	9,867	11,356
Total costs and expenses	74,542	94,409
Loss from continuing operations	(9,043)	(17,287)
Interest income	5	58
Interest expense	(95)	(245)
Other Income (expense)	(3,396)	1,692
Loss from continuing operations, before taxes	(12,529)	(15,782)
Benefit for income taxes	163	12,432
Net loss from continuing operations	(12,366)	(3,350)
Net income (loss) attributable to redeemable noncontrolling interests	336	(17)
Preferred stock dividend	(10,530)	(8,909)
Net loss attributable to Synchronoss	\$ (22,560)	\$ (12,276)
<b>Earnings (loss) per share</b>		
Basic	\$ (0.53)	\$ (0.30)
Diluted	\$ (0.53)	\$ (0.30)
<b>Weighted-average common shares outstanding:</b>		
Basic	42,737	41,483
Diluted	42,737	41,483

\* 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)**

	<b>Three Months Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Net loss	\$ (12,366)	\$ (3,350)
Other comprehensive loss, net of tax:		
Foreign currency translation adjustments	(1,888)	(3,941)
Unrealized gain on available for sale securities	—	751
Net income (loss) on inter-company foreign currency transactions	752	(372)
Total other comprehensive loss	(1,136)	(3,562)
Comprehensive loss	(13,502)	(6,912)
Comprehensive loss attributable to redeemable noncontrolling interests	336	(17)
Comprehensive loss attributable to Synchronoss	\$ (13,166)	\$ (6,929)

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended March 31, 2021								
	Common Stock		Treasury Stock		Additional	Accumulated Other	Total		Stockholders' Equity
	Shares	Amount	Shares	Amount	Paid-In Capital	Comprehensive Income (Loss)	Accumulated deficit		
<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	—	—	—	—	2,813	—	—	2,813	
Issuance of restricted stock	154	—	—	—	—	—	—	—	
Preferred stock dividends accrued	—	—	—	—	(9,407)	—	—	(9,407)	
Amortization of preferred stock issuance costs	—	—	—	—	(1,123)	—	—	(1,123)	
Net loss attributable to Synchronoss	—	—	—	—	—	—	(12,366)	(12,366)	
Non-controlling interest	—	—	—	—	(336)	—	336	—	
Total other comprehensive income (loss)	—	—	—	—	—	(1,136)	—	(1,136)	
<b>Balance at March 31, 2021</b>	<u>51,331</u>	<u>\$ 5</u>	<u>(7,162)</u>	<u>\$ (82,087)</u>	<u>\$ 491,295</u>	<u>\$ (29,349)</u>	<u>\$ (357,801)</u>	<u>\$ 22,063</u>	

  

	Three Months Ended March 31, 2020								
	Common Stock		Treasury Stock		Additional	Accumulated Other	Total		Stockholders' Equity
	Shares	Amount	Shares	Amount	Paid-In Capital	Comprehensive Income (Loss)	Accumulated deficit		
<b>Balance at December 31, 2019</b>	51,704	\$ 5	(7,162)	\$ (82,087)	\$ 525,739	\$ (33,261)	\$ (334,319)	\$ 76,077	
Stock based compensation	—	—	—	—	5,316	—	—	5,316	
Issuance of restricted stock	55	—	—	—	—	—	—	—	
Preferred stock dividends accrued	—	—	—	—	(8,158)	—	—	(8,158)	
Amortization of preferred stock issuance costs	—	—	—	—	(750)	—	—	(750)	
Shares withheld for taxes in connection with issuance of restricted stock	(1)	—	—	—	—	—	—	—	
Net income attributable to Synchronoss	—	—	—	—	—	—	(3,350)	(3,350)	
Non-controlling interest	—	—	—	—	17	—	(17)	—	
Total other comprehensive income (loss)	—	—	—	—	—	(3,562)	—	(3,562)	
Adoption of new credit loss accounting standard	—	—	—	—	—	—	(768)	(768)	
<b>Balance at March 31, 2020</b>	<u>51,758</u>	<u>\$ 5</u>	<u>(7,162)</u>	<u>\$ (82,087)</u>	<u>\$ 522,164</u>	<u>\$ (36,823)</u>	<u>\$ (338,454)</u>	<u>\$ 64,805</u>	

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2021	2020
<b>Operating activities:</b>		
Net loss continuing operations	\$ (12,366)	\$ (3,350)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	9,867	11,357
(Gain) loss on Disposals of fixed assets	(9)	—
(Gain) loss on Disposals of intangible assets	—	(1,843)
Deferred income taxes	(1,037)	(10)
Stock-based compensation	2,721	5,186
Operating lease impairment	555	—
Changes in operating assets and liabilities:		
Accounts receivable, net	3,214	(6,961)
Prepaid expenses and other current assets	(445)	(6,240)
Accounts payable	3,752	7,515
Accrued expenses	(3,762)	1
Other assets	—	198
Deferred revenues	(6,648)	(20,454)
Other liabilities	6,419	(415)
<b>Net cash provided by (used in) operating activities</b>	<b>2,261</b>	<b>(15,016)</b>
<b>Investing activities:</b>		
Purchases of fixed assets	(721)	(249)
Additions to capitalized software	(5,042)	(4,428)
Proceeds from the sale of intangibles	—	1,843
Maturity of marketable securities available for sale	—	11
<b>Net cash used in investing activities</b>	<b>(5,763)</b>	<b>(2,823)</b>
<b>Financing activities:</b>		
Taxes paid on withholding shares	—	(4)
Borrowings on revolving line of credit	—	10,000
<b>Net cash provided by financing activities</b>	<b>—</b>	<b>9,996</b>
Effect of exchange rate changes on cash	(351)	(252)
Net decrease in cash and cash equivalents	(3,853)	(8,095)
<b>Cash and cash equivalents, beginning of period</b>	<b>33,671</b>	<b>39,001</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 29,818</b>	<b>\$ 30,906</b>
<b>Supplemental disclosures of non-cash investing and financing activities:</b>		
Paid in kind dividends on Series A Convertible Participating Perpetual Preferred Stock	\$ 10,201	\$ 8,623

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”) Digital, Cloud, Messaging and Total Network Management platforms help the world’s leading companies, including operators, original equipment manufacturers (“OEMs”), and Media and Technology providers to deliver continuously transformative customer experiences that create high value engagement and new monetization opportunities.

The Company currently operates in and markets solutions and services directly through the Company’s sales organizations in North America, Europe and Asia-Pacific. The Company’s platforms give customers new opportunities in the Telecommunications, Media and Technology (“TMT”) space, taking advantage of the rapidly converging services, connected devices, networks and applications.

The Company delivers platforms, products and solutions including:

- White Label Personal Cloud: Cloud sync, backup, storage, device set up, content transfer and content engagement for user generated content.
- Messaging: White label consumer email solutions. Advanced, multi-channel messaging peer-to-peer (“P2P”) communications and application-to-person (“A2P”) commerce solutions.
- Digital: Customer journey and workflow design, development, orchestration and experience management.
- Total Network Management (“TNM”): integrated application suite that designs, procures, manages and optimizes telecom network infrastructure.

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. Additionally, the Company’s Personal Cloud Platform performs an expanding set of value-add services including facilitating an Operator’s initial device setup and enhancing visibility and control across disparate devices within subscribers’ smart homes.

The Synchronoss Messaging Platform powers hundreds of millions of subscribers’ mail boxes worldwide. The Company’s Advanced Messaging Product is a powerful, secure and intelligent white label messaging platform that expands capabilities for Operators and TMT companies to offer P2P messaging via Rich Communications Services (“RCS”). Additionally, the Company’s Advanced Messaging Product powers commerce and a robust ecosystem for Operators, brands and advertisers to execute Application to Person (“A2P”) commerce and data-rich dialogue with subscribers.

The Synchronoss Digital Platform is a suite of technology, tools and solutions that includes digital experience creation and management, automated provisioning, artificial intelligence and financial analytics that service a broad array of TMT markets. The products equip customers with a toolkit of capabilities where they can design, deploy and manage end user customer journeys and workflows easily and quickly from one central platform that also integrates across front end customer engagement channels as well as enterprise business systems (e.g. CRM, POS) allowing non-citizen developers to configure rather than code experiences. The platform sits between customer-facing touch points and a customer’s existing back-office systems to orchestrate data, workflows and processes into digital customer journeys that interface with end user channels creating user experiences that can be centrally managed and coordinated with less resources than is typical in a traditional IT environment.

The Synchronoss Total Network Management application suite provides Operators with the tools and software to design their physical network, streamline their infrastructure purchases, and comprehensive network expense optimization and management 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, 2020. The results of operations for the three months ended March 31, 2021 are not necessarily indicative of the results to be expected for the year ending December 31, 2021.

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. Certain prior year amounts have been reclassified to conform to the current year's presentation.

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, 2020.

### ***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 months ended March 31, 2021, 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.

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

**Recently Issued Accounting Standards**Recent accounting pronouncements adopted

Standard	Description	Effect on the financial statements
Update 2019-12 - Income Taxes (Topic 740) Simplifying the Accounting for Income Taxes	The ASU removes the exception to the general principles in ASC 740, Income Taxes, associated with the incremental approach for intra-period tax allocation, accounting for basis differences when there are ownership changes in foreign investments and interim-period income tax accounting for year-to-date losses that exceed anticipated losses. In addition, the ASU improves the application of income tax related guidance and simplifies U.S. GAAP when accounting for franchise taxes that are partially based on income, transactions with government resulting in a step-up in tax basis goodwill, separate financial statements of legal entities not subject to tax, and enacted changes in tax laws in interim periods. Different transition approaches, retrospective, modified retrospective, or prospective, will apply to each income tax simplification provision.	The Company adopted the new standard as of January 1, 2021. The standard did not have a material impact on the Company's consolidated financial position or results of operations upon adoption.
Date of adoption: January 1, 2021.		

Standards issued not yet adopted

Standard	Description	Effect on the financial statements
Update 2020-06, Debt-Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity (ASU 2020-06)	The ASU simplifies the accounting for convertible instruments by reducing the number of accounting models available for convertible debt instruments. This guidance also eliminates the treasury stock method to calculate diluted earnings per share for convertible instruments and requires the use of the if-converted method. This guidance will be effective for us in the first quarter of 2022 on a full or modified retrospective basis, with early adoption permitted. We do not expect the adoption of this guidance to have a material impact on our consolidated financial statements.	The Company does not expect the adoption of this guidance have a material impact on our consolidated financial statements.
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)**

**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 Technology, Media and Telecom (collectively, "TMT") sector.

	Three Months Ended March 31, 2021				Three Months Ended March 31, 2020			
	Cloud	Digital	Messaging	Total	Cloud	Digital	Messaging	Total
<b>Geography</b>								
Americas	\$ 37,031	\$ 11,240	\$ 3,516	\$ 51,787	\$ 39,322	\$ 10,937	\$ 10,903	\$ 61,162
APAC	—	1,128	6,700	7,828	—	558	9,175	9,733
EMEA	1,865	609	3,410	5,884	1,722	1,257	3,248	6,227
<b>Total</b>	<b>\$ 38,896</b>	<b>\$ 12,977</b>	<b>\$ 13,626</b>	<b>\$ 65,499</b>	<b>\$ 41,044</b>	<b>\$ 12,752</b>	<b>\$ 23,326</b>	<b>\$ 77,122</b>
<b>Service Line</b>								
Professional Services	\$ 3,925	\$ 2,111	\$ 2,611	\$ 8,647	\$ 4,161	\$ 4,536	\$ 5,230	\$ 13,927
Transaction Services	1,975	2,268	1	4,244	1,307	1,074	—	2,381
Subscription Services	32,996	8,433	10,614	52,043	35,576	7,002	10,617	53,195
License	—	165	400	565	—	140	7,479	7,619
<b>Total</b>	<b>\$ 38,896</b>	<b>\$ 12,977</b>	<b>\$ 13,626</b>	<b>\$ 65,499</b>	<b>\$ 41,044</b>	<b>\$ 12,752</b>	<b>\$ 23,326</b>	<b>\$ 77,122</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 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 March 31, 2021 is \$6.6 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.

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

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

	<b>Contract Liabilities*</b>
Balance - January 1, 2021	\$ 45,614
Revenue recognized in the period	(66,055)
Amounts billed but not recognized as revenue	60,294
Balance - March 31, 2021	\$ 39,853

\* 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 March 31, 2021. 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 March 31, 2021, the aggregate amount of transaction price allocated to remaining performance obligations, other than those meeting the exclusion criteria above, was \$264.2 million, of which approximately 73.8 percent is expected to be recognized as revenues within 2 years, and the remainder thereafter.

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.

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

	March 31, 2021			
	Total	(Level 1)	(Level 2)	(Level 3)
<b>Assets</b>				
Cash and cash equivalents <sup>(1)</sup>	\$ 29,818	\$ 29,818	\$ —	\$ —
<b>Total assets</b>	<u>\$ 29,818</u>	<u>\$ 29,818</u>	<u>\$ —</u>	<u>\$ —</u>
Temporary equity				
Redeemable noncontrolling interests <sup>(2)</sup>	\$ 12,500	\$ —	\$ —	\$ 12,500
<b>Total temporary equity</b>	<u>\$ 12,500</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 12,500</u>
	December 31, 2020			
	Total	(Level 1)	(Level 2)	(Level 3)
<b>Assets</b>				
Cash and cash equivalents <sup>(1)</sup>	\$ 33,671	\$ 33,671	\$ —	\$ —
<b>Total assets</b>	<u>\$ 33,671</u>	<u>\$ 33,671</u>	<u>\$ —</u>	<u>\$ —</u>
Temporary Equity				
Redeemable noncontrolling interests <sup>(2)</sup>	\$ 12,500	\$ —	\$ —	\$ 12,500
<b>Total temporary equity</b>	<u>\$ 12,500</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 12,500</u>

<sup>(1)</sup> Cash equivalents primarily included money market funds.

<sup>(2)</sup> Put arrangements held by the noncontrolling interests in certain of the Company's joint ventures.

#### ***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 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 three months ended March 31, 2021 were as follows:

Balance at December 31, 2020	\$ 12,500
Fair value adjustment	336
Net loss attributable to redeemable noncontrolling interests	(336)
Balance at March 31, 2021	<u>\$ 12,500</u>

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**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 March 31, 2021.

The following table presents information about the Company's Right of Use (ROU) assets and lease liabilities at March 31, 2021 (in thousands):

<b>ROU assets:</b>	
Non-current operating lease ROU assets	\$ 31,960
<b>Operating lease liabilities:</b>	
Current operating lease liabilities*	\$ 9,342
Non-current operating lease liabilities	41,803
<b>Total operating lease liabilities</b>	<b>\$ 51,145</b>

\* 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 months ended March 31, 2021 (in thousands):

	<b>Three Months Ended March 31, 2021</b>
Operating lease cost*	\$ 2,600
Other lease costs and income:	
Variable lease costs*(1)	775
Sublease income*	(945)
<b>Total net lease cost</b>	<b>\$ 2,430</b>

\* 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.

(1) As part of the Company's continued cost savings initiatives, the Company closed certain office spaces and terminated various lease agreements. These actions resulted in a \$0.6 million ROU asset impairment charge, which was determined by the present value of the forecasted future cash flows for the remaining lease term.

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The following table provides the undiscounted amount of future cash flows included in our lease liabilities at March 31, 2021 for each of the five years subsequent to December 31, 2020 and thereafter, as well as a reconciliation of such undiscounted cash flows to our lease liabilities at March 31, 2021 (in thousands):

	<b>Operating Leases</b>
Remaining 2021	\$ 9,552
2022	11,021
2023	8,595
2024	8,346
2025	8,223
Thereafter	18,590
Total future lease payments	64,327
Less: amount representing interest	(13,182)
Present value of future lease payments (lease liability)	<u>\$ 51,145</u>

The following table provides the weighted-average remaining lease term and weighted-average discount rates for our leases as of March 31, 2021:

<b>Operating Leases:</b>	
Weighted-average remaining lease term (years), weighted based on lease liability balances	6.52
Weighted-average discount rate (percentages), weighted based on the remaining balance of lease payments	7.6%

The following table provides certain cash flow and supplemental noncash information related to our lease liabilities for the three months ended March 31, 2021 (in thousands):

<b>Operating Leases:</b>	
Cash paid for amounts included in the measurement of lease liabilities	\$ 3,449
Lease liabilities arising from obtaining right-of-use assets	—

## 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

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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 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. The Note has been reflected in Other assets on the Condensed Consolidated balance sheet. No gain or loss was recognized as a result of the transaction. As of March 31, 2021, the Company reassessed the fair value of the note and there were no material changes.

## 7. Debt

### 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 bear 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%. In addition, on a quarterly basis, the Company is required to pay each lender under the Revolving Credit Facility a 0.2% commitment fee in respect of commitments under the Revolving Credit Facility, which may be subject to adjustment based on the Company's total leverage ratio. On November 9, 2020, the Company entered into an amended credit agreement which changes the terms of the Company's debt covenants. The Company is in compliance with its debt covenants. The outstanding balance under the Revolving Credit Facility as of March 31, 2021 is \$10.0 million.

### Interest expense

The following table summarizes the Company's interest expense:

	Three Months Ended March 31,	
	2021	2020
2019 Revolving Credit Facility		
Amortization of debt issuance costs	\$ 12	\$ 16
Commitment fee	—	4
Interest on borrowings	63	14
Other*	20	211
Total	<u>\$ 95</u>	<u>\$ 245</u>

\* Mainly finance leases' related interest expense

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

The changes in accumulated other comprehensive (loss) income during the three months ended March 31, 2021 were as follows:

	Balance at December 31, 2020	Other comprehensive (loss) income	Tax effect	Balance at March 31, 2021
Foreign currency	\$ (26,076)	\$ (1,888)	\$ —	\$ (27,964)
Unrealized income (loss) on intra-entity foreign currency transactions	(2,137)	1,144	(392)	(1,385)
Total	<u>\$ (28,213)</u>	<u>\$ (744)</u>	<u>\$ (392)</u>	<u>\$ (29,349)</u>



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## 9. Stockholders' Equity

There were no significant changes to Company's authorized capital stock and preferred stock during the three months ended March 31, 2021.

### *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.

### *Preferred Stock*

The Board of Directors 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.

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 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").

As of March 31, 2021, there were 259,510 shares of Series A Preferred Stock outstanding, including the initial issuance of 185,000 shares of Series A Preferred Stock and the issuance of 74,510 shares of Series A Preferred Stock as dividends.

### Certificate of Designation of the Series A Preferred Stock

The rights, preferences, privileges, qualifications, restrictions and limitations of the shares of Series A Preferred Stock are set forth in the Series A Certificate. Under the Series A Certificate, the holders of the Series A Preferred Stock are entitled to receive, on each share of Series A Preferred Stock on a quarterly basis, an amount equal to the dividend rate of 14.5% divided by four and multiplied by the then-applicable Liquidation Preference (as defined in the Series A Certificate) per share of Series A Preferred Stock (collectively, the "Preferred Dividends"). The Preferred Dividends are due on January 1, April 1, July 1 and October 1 of each year (each, a "Series A Dividend Payment Date"). The Company may choose to pay the Preferred Dividends in cash or in additional shares of Series A Preferred Stock. In the event the Company does not declare and pay a dividend in-kind or in cash on any Series A Dividend Payment Date, the unpaid amount of the Preferred Dividend will be added to the Liquidation Preference. In addition, the Series A Preferred Stock participates in dividends declared and paid on shares of the Company's common stock.

Each share of Series A Preferred Stock is convertible, at the option of the holder, into the number of shares of common stock equal to the "Conversion Price" (as that term is defined in the Series A Certificate) multiplied by the then applicable "Conversion Rate" (as that term is defined in the Series A Certificate). Each share of Series A Preferred Stock is initially convertible into 55.5556 shares of common stock, representing an initial "conversion price" of approximately \$18.00 per share of common stock. The Conversion Rate is subject to equitable proportionate adjustment in the event of stock splits, recapitalizations and other events set forth in the Series A Certificate.

On and after February 15, 2023, holders of shares of Series A Preferred Stock have the right to cause the Company to redeem each share of Series A Preferred Stock for cash in an amount equal to the sum of the current liquidation preference and any accrued dividends. Each share of Series A Preferred Stock is also redeemable at the option of the holder upon the occurrence of a "Fundamental Change" (as that term is defined in the Series A Certificate) at a specified premium ("Liquidation Value"). In addition, the Company is also permitted to redeem all outstanding shares of the Series A Preferred Stock at any time (i) within the first 30 months of the date of issuance for the sum of the then-applicable Liquidation Preference, accrued but unpaid dividends and a make whole amount (known as "Redemption Value") and (ii) following the 30-month anniversary of

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the date of issuance for the sum of the then-applicable Liquidation Preference and the accrued but unpaid dividends. As of March 31, 2021, the Liquidation Value and Redemption Value of the Preferred Shares was \$243.1 million.

The holders of a majority of the Series A Preferred Stock, voting separately as a class, are entitled at each of the Company's annual meetings of stockholders or at any special meeting called for the purpose of electing directors (or by written consent signed by the holders of a majority of the then-outstanding shares of Series A Preferred Stock in lieu of such a meeting): (i) to nominate and elect two members of the Company's Board of Directors for so long as the Preferred Percentage (as defined in the Series A Certificate) is equal to or greater than 10%; and (ii) to nominate and elect one member of the Company's Board of Directors for so long as the Preferred Percentage is equal to or greater than 5% but less than 10%.

For so long as the holders of shares of Series A Preferred Stock have the right to nominate at least one director, the Company is required to obtain the prior approval of Silver prior to 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 A Preferred Stock; (iii) issuances of stock ranking senior or equivalent to shares of Series A Preferred Stock (including additional shares of Series A 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; (iv) changes in the size of the Company's Board of Directors; (v) any amendment, alteration, modification or repeal of the charter of the Company's Nominating and Corporate Governance Committee of the Board of Directors and related documents; and (vi) any change in the Company's principal business or the entry into any line of business outside of the Company's existing lines of businesses. In addition, in the event that the Company is in EBITDA Non-Compliance (as defined in the Series A Certificate) or the undertaking of certain actions would result in the Company exceeding a specified pro forma leverage ratio, then the prior approval of Silver would be required to incur indebtedness (or alter any debt document) in excess of \$10.0 million, enter or consummate any transaction where the fair market value exceeds \$5.0 million individually or \$10.0 million in the aggregate in a fiscal year or authorize or commit to capital expenditures in excess of \$25.0 million in a fiscal year.

Each holder of Series A Preferred Stock has one vote per share on any matter on which holders of Series A Preferred Stock are entitled to vote separately as a class, whether at a meeting or by written consent. The holders of Series A Preferred Stock are permitted to take any action or consent to any action with respect to such rights without a meeting by delivering a consent in writing or electronic transmission of the holders of the Series A Preferred Stock entitled to cast not less than the minimum number of votes that would be necessary to authorize, take or consent to such action at a meeting of stockholders. In addition to any vote (or action taken by written consent) of the holders of the shares of Series A Preferred Stock as a separate class provided for in the Series A Certificate or by the General Corporation Law of the State of Delaware, the holders of shares of the Series A Preferred Stock are entitled to vote with the holders of shares of common stock (and any other class or series that may similarly be entitled to vote on an as-converted basis with the holders of common stock) on all matters submitted to a vote or to the consent of the stockholders of the Company (including the election of directors) as one class.

Under the Series A Certificate, if Silver and certain of its affiliates have elected to effect a conversion of some or all of their shares of Series A Preferred Stock and if the sum, without duplication, of (i) the aggregate number of shares of the Company's common stock issued to such holders upon such conversion and any shares of the Company's common stock previously issued to such holders upon conversion of Series A Preferred Stock and then held by such holders, plus (ii) the number of shares of the Company's common stock underlying shares of Series A Preferred Stock that would be held at such time by such holders (after giving effect to such conversion), would exceed the 19.9% of the issued and outstanding shares of the Company's voting stock on an as converted basis (the "Conversion Cap"), then such holders would only be entitled to convert such number of shares as would result in the sum of clauses (i) and (ii) (after giving effect to such conversion) being equal to the Conversion Cap (after giving effect to any such limitation on conversion). Any shares of Series A Preferred Stock which a holder has elected to convert but which, by reason of the previous sentence, are not so converted, will be treated as if the holder had not made such election to convert and such shares of Series A Preferred Stock will remain outstanding. Also, under the Series A Certificate, if the sum, without duplication, of (i) the aggregate voting power of the shares previously issued to Silver and certain of its affiliates held by such holders at the record date, plus (ii) the aggregate voting power of the shares of Series A Preferred Stock held by such holders as of such record date, would exceed 19.99% of the total voting power of the Company's outstanding voting stock at such record date, then, with respect to such shares, Silver and certain of its affiliates are only entitled to cast a number of votes equal to 19.99% of such total voting power. The limitation on conversion and voting ceases to apply upon receipt of the requisite approval of holders of the Company's common stock under the applicable listing standards.

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Investor Rights Agreement

Concurrently with the closing of the Preferred Transaction, Synchronoss and Silver entered into an Investor Rights Agreement. Under the terms of the Investor Rights Agreement, Silver and Synchronoss have agreed that, effective as of the closing of the Preferred Transaction, the Board of Directors of Synchronoss will consist of ten members. From and after the closing of the Preferred Transaction, so long as the holders of Series A Preferred Stock have the right to nominate a member to the Board of Directors pursuant to the Series A Certificate, the Board of Directors of Synchronoss will consist of (i) two directors nominated and elected by the holders of shares of Series A Preferred Stock; (ii) four directors who meet the independence criteria set forth in the applicable listing standards (each of whom will be initially agreed upon by Synchronoss and Silver); and (iii) four other directors, two of whom shall satisfy the independence criteria of the applicable listing standards and, as of the closing of the Preferred Transaction, one of whom shall be the individual then serving as chief executive officer of Synchronoss and one of whom shall be the current chairman of the Board of Directors of Synchronoss as of the date of execution of the Investors Rights Agreement. Following the closing of the Preferred Transaction, so long as the holders of Series A Preferred Stock have the right to nominate at least one director to the Board of Directors of Synchronoss pursuant to the Series A Certificate, Silver will have the right to designate two members of the Nominating and Corporate Governance Committee of the Board of Directors.

Pursuant to the terms of the Investor Rights Agreement, neither Silver nor its affiliates may transfer any shares of Series A Preferred Stock subject to certain exceptions (including transfers to affiliates that agree to be bound by the terms of the Investor Rights Agreement).

For so long as Silver has the right to appoint a director to the Board of Directors of Synchronoss, without the prior approval by a majority of directors voting who are not appointed by the holders of shares of Series A Preferred Stock, neither Silver nor its affiliates will directly or indirectly purchase or acquire any debt or equity securities of Synchronoss (including equity-linked derivative securities) if such purchase or acquisition would result in Silver's Standstill Percentage (as defined in the Investor Rights Agreement) being in excess of 30%. However, the foregoing standstill restrictions would not prohibit the purchase of shares pursuant to the PIPE Purchase Agreement or the receipt of shares of Series A Preferred Stock issued as Preferred Dividends pursuant to the Series A Certificate, shares of Common Stock received upon conversion of shares of Series A Preferred Stock or receipt of any shares of Series A Preferred Stock, Common Stock or other securities of the Company otherwise paid as dividends or as an increase of the Liquidation Preference (as defined in the Series A Certificate) or distributions thereon. Silver will also have preemptive rights with respect to issuances of securities of Synchronoss to maintain its ownership percentage.

Under the terms of the Investor Rights Agreement, Silver will be entitled to (i) three demand registrations, with no more than two demand registrations in any single calendar year and provided that each demand registration must include at least 10% of the shares of Common Stock held by Silver, including shares of Common Stock issuable upon conversion of shares of Series A Preferred Stock and (ii) unlimited piggyback registration rights with respect to primary issuances and all other issuances.

A summary of the Company's Series A Convertible Participating Perpetual Preferred Stock balance at March 31, 2021 and changes during the three months ended March 31, 2021, are presented below:

	Preferred Stock	
	Shares	Amount
Balance at December 31, 2020	250	\$ 237,641
Issuance of preferred stock	—	—
Amortization of preferred stock issuance costs	—	1,122
Issuance of preferred PIK dividend	10	9,079
Balance at March 31, 2021	260	\$ 247,842

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The Company and Siris Capital Group, LLC (“Siris”) entered into an Advisory Services Agreement dated as of May 18, 2020 under which Siris may provide consulting and advisory services to the Company on operational, business, financial and strategic matters. Under the agreement, the Company agreed to pay Siris a fee of \$110,000 per month for calendar year 2021, which fee increases by \$10,000 a month in each successive calendar year during the term of the agreement. No payment of the fee is required until February 1, 2022 and the Company does not currently intend to pay any portion of the fee until this date. On February 1 of each calendar year commencing on February 1, 2022, the Company shall pay Siris 20% of the aggregate annual amount of the fees with respect to the prior calendar year that were not previously paid. In addition, no later than 30 days following the date on which Silver and its affiliates, including Siris, collectively hold no shares of Series A Preferred Stock, the Company shall pay all fees with respect to the period from January 1, 2021 through the termination date of the agreement not previously paid. The Company shall also reimburse Siris for any pre-approved out-of-pocket expenses in connection with providing services under the agreement.

**Registration Rights**

There were no significant changes to the Company’s registration rights during the three months ended March 31, 2021.

**Stock Plans**

There were no significant changes to the Company’s Stock Plans during the three months ended March 31, 2021. As of March 31, 2021, there were 1.4 million shares available for the grant or award under the Company’s 2015 Plan and 0.4 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 March 31, 2021, the liability for such awards is approximately \$0.2 million.

**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:

	<b>Three Months Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Cost of revenues	\$ 478	\$ 752
Research and development	855	1,431
Selling, general and administrative	1,388	2,986
Total stock-based compensation expense	<u>\$ 2,721</u>	<u>\$ 5,169</u>

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

	<b>Three Months Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Stock options	\$ 955	\$ 1,783
Restricted stock awards	1,710	3,334
Performance Based Cash Units	56	52
Total stock-based compensation before taxes	<u>\$ 2,721</u>	<u>\$ 5,169</u>
Tax benefit	\$ 497	\$ 924

The total stock-based compensation cost related to unvested equity awards as of March 31, 2021 was approximately \$10.9 million. The expense is expected to be recognized over a weighted-average period of approximately 1.1 years.

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The total stock-based compensation cost related to unvested performance based cash units as of March 31, 2021 was approximately \$0.2 million. The expense is expected to be recognized over a weighted-average period of approximately 1.6 years.

**Stock Options**

There were no significant changes to the Company's Stock Option Plans during the three months ended March 31, 2021.

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:

	<b>Three Months Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Expected stock price volatility	83.0 %	72.5 %
Risk-free interest rate	0.6 %	1.4 %
Expected life of options (in years)	4.18	4.45
Expected dividend yield	0.0 %	0.0 %
Weighted-average fair value (PSV) of the options	\$ 2.42	\$ 3.09

The following table summarizes information about stock options outstanding as of March 31, 2021:

<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, 2020	4,423	\$ 9.60		
Options Granted	255	3.97		
Options Exercised	—	—		
Options Cancelled	(620)	9.66		
Outstanding at March 31, 2021	<u>4,058</u>	<u>\$ 9.23</u>	<u>5.00</u>	<u>\$ 22</u>
Vested at March 31, 2021	<u>1,876</u>	<u>\$ 13.88</u>	<u>3.93</u>	<u>\$ —</u>
Exercisable at March 31, 2021	<u>1,876</u>	<u>\$ 13.88</u>	<u>3.93</u>	<u>\$ —</u>

The total intrinsic value of stock options exercisable at March 31, 2021 and 2020 was nil and nil, respectively. The total intrinsic value of stock options exercised during the three months ended March 31, 2021 and 2020 was nil and nil, respectively.

**Awards of Restricted Stock and Performance Stock**

There were no significant changes to the Company's restricted stock award ("Restricted Stock") and performance stock plan during the three months ended March 31, 2021.

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A summary of the Company’s unvested restricted stock at March 31, 2021, and changes during the three months ended March 31, 2021, 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, 2020	1,510	\$ 7.05
Granted	167	4.02
Vested	(574)	7.27
Forfeited	(43)	7.09
Unvested at March 31, 2021	<u>1,060</u>	<u>\$ 6.36</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 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.

A summary of the Company’s unvested performance-based cash units at March 31, 2021 and changes during the three months ended March 31, 2021, is presented below:

<b>Unvested Cash Units</b>	<b>Number of Units</b>	<b>Period End Fair Value</b>
Unvested at December 31, 2020	907	\$ 4.70
Granted	—	—
Granted adjustment	(307)	—
Vested	(30)	—
Forfeited	—	—
Unvested at March 31, 2021	<u>570</u>	<u>\$ 3.57</u>

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 approximately \$0.2 million and \$12.4 million in related income tax benefit during the three months ended March 31, 2021 and 2020, respectively. The effective tax rate was approximately 1.3% for the three months ended March 31, 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 and in zero rate jurisdictions. The Company’s effective tax rate was approximately 78.8% for the three months ended March 31, 2020, which was higher than the U.S. federal statutory rate primarily due to the Company’s ability to recognize certain loss carrybacks as a result of the enactment of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”) in Q1 2020 and valuation allowances recorded in domestic and foreign jurisdictions, partially offset by the impact of permanent book-tax differences. 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 three months ended March 31, 2021.

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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. ARPA did not have a material impact on our financial statements in the first quarter of 2021.

### 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 March 31, 2021 and changes during the three months ended March 31, 2021, are presented below:

	<u>Balance at December 31, 2020</u>		<u>Charges</u>		<u>Payments</u>		<u>Other Adjustments</u>		<u>Balance at March 31, 2021</u>
Employment termination costs	\$ 1,580	\$	713	\$	(1,010)	\$	(2)	\$	1,281

### 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 continued and discontinued operations.

	<b>Three Months Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Numerator - Basic:</b>		
Net loss from continuing operations	\$ (12,366)	\$ (3,350)
Net income (loss) attributable to redeemable noncontrolling interests	336	(17)
Preferred stock dividend	(10,530)	(8,909)
Net loss attributable to Synchronoss	<u>\$ (22,560)</u>	<u>\$ (12,276)</u>
<b>Numerator - Diluted:</b>		
Net loss from continuing operations attributable to Synchronoss	\$ (22,560)	\$ (12,276)
Income effect for interest on convertible debt, net of tax	—	—
Net loss from continuing operations adjusted for the convertible debt	<u>(22,560)</u>	<u>(12,276)</u>
<b>Denominator:</b>		
Weighted average common shares outstanding — basic	42,737	41,483
Dilutive effect of:		
Shares from assumed conversion of preferred stock <sup>1</sup>	—	—
Shares from assumed conversion of Performance Based Cash Units <sup>2</sup>	—	—
Weighted average common shares outstanding — diluted	<u>42,737</u>	<u>41,483</u>
<b>Basic EPS</b>		
<b>Earnings per share:</b>		
Basic	\$ (0.53)	\$ (0.30)
Diluted	\$ (0.53)	\$ (0.30)
Anti-dilutive stock options excluded	—	—
Unvested shares of restricted stock awards	1,060	3,222

<sup>(1)</sup> The calculation does not include the effect of assumed conversion of preferred stock of 14,417,234 and 12,503,264 shares for the three months ended March 31, 2021 and 2020, respectively; which is based on 55,5556 shares per \$1,000 principal amount of the preferred stock, because the effect would have been anti-dilutive.

<sup>(2)</sup> The calculation does not include the effect of assumed conversion of Performance Based Cash Units of 586,976 and nil shares for the three months ended March 31, 2021 and 2020, respectively; which is based on 1 share per 1 Performance Based Cash Unit, because the effect would have been anti-dilutive.



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### 13. Commitments, Contingencies and Other

#### *Purchase Obligations*

Aggregate annual future minimum payments under non-cancelable agreements are as follows:

<b>Year</b>	<b>Non-cancelable agreements</b>
2021	\$ 9,909
2022	16,317
2023	13,749
2024 and thereafter	21,994
Total	<u>\$ 61,969</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.

On May 1, 2017, May 2, 2017, June 8, 2017 and June 14, 2017, four putative class actions were filed against the Company and certain of its current and former officers and directors in the United States District Court for the District of New Jersey (the "Securities Law Action"). After these cases were consolidated, the court appointed as lead plaintiff Employees' Retirement System of the State of Hawaii, which filed, on November 20, 2017, a consolidated complaint purportedly on behalf of purchasers of the Company's common stock between February 3, 2016 and June 13, 2017. On February 2, 2018, the defendants moved to dismiss the consolidated complaint in its entirety, with prejudice. Before that motion was decided, on August 24, 2018, lead plaintiff filed a consolidated amended complaint purportedly on behalf of purchasers of the Company's common stock between October 28, 2014 and June 13, 2017. On June 28, 2019, the Court granted defendants' motion to dismiss the consolidated amended complaint in its entirety, without prejudice, allowing lead plaintiff to leave to amend its complaint. On August 14, 2019, lead plaintiff filed a second amended complaint. The second amended complaint asserts claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and it alleges, among other things, that the defendants made false and misleading statements of material information concerning the Company's financial results, business operations, and prospects. The plaintiff seeks unspecified damages, fees, interest, and costs. On October 4, 2019, the defendants moved to dismiss the second amended complaint in its entirety. On May 29, 2020, the court granted in part and denied in part defendants' motion to dismiss the second amended complaint, without prejudice. Plaintiff filed its motion for class certification on October 30, 2020, which motion remains pending. The Company believes that the asserted claims lack merit and intends to defend against all of the claims vigorously. Due to the inherent uncertainties of litigation, the Company cannot predict the outcome of the action at this time and can give no assurance that the asserted claims will not have a material adverse effect on its financial position or results of operations.

On September 15, 2017, October 24, 2017, October 27, 2017 and October 30, 2017, Company shareholders filed derivative lawsuits against certain of the Company's current and former officers and directors and the Company (as nominal defendant) in the United States District Court for the District of New Jersey (the "Derivative Suits"). On May 24, 2018, the Court consolidated the Derivative Suits and appointed Lisa LeBoeuf as lead plaintiff. The lead plaintiff designated as the Operative Complaint the complaint she previously had filed on October 27, 2017. On March 11, 2019, the defendants filed a motion to dismiss the Operative Complaint, which the Court granted in substantial part on November 26, 2019. On December 10, 2019,

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the defendants filed a motion for reconsideration respecting the only claim to survive the motion to dismiss. On June 12, 2020, the Court granted the defendants' motion for reconsideration and dismissed the remaining claim without prejudice, allowing lead plaintiff leave to amend her complaint. On July 13, 2020, lead plaintiff filed an amended complaint. The amended complaint alleges claims related to breaches of fiduciary duties and unjust enrichment. The amended complaint's allegations relate to substantially the same facts as those underlying the Securities Law Action described above. On April 30, 2021, the Court dismissed Plaintiff's amended complaint in its entirety. Due to the inherent uncertainties of litigation, including a potential appeal, the Company cannot predict the outcome of the action at this time and can give no assurance that the asserted claims will not have a material adverse effect on our financial position or results of operations.

On March 7, 2019, Synchronoss shareholders, Beth Daniel and Juan Solis, filed a separate derivative lawsuit against certain of the Company's current and former officers and directors and the Company (as nominal defendant) in the Court of Chancery of the State of Delaware, asserting substantially the same allegations as those underlying the Derivative Suits and the Securities Law Action described above. Plaintiffs seek unspecified damages and for the Company to take steps to improve its corporate governance and internal procedures. On May 20, 2019, the parties stipulated to a stay of the action pending a ruling on the pending motion to dismiss in the Derivative Suits. The Company believes that the asserted claims lack merit and intends to defend against all of the claims vigorously. Due to the inherent uncertainties of litigation, the Company cannot predict the outcome of the action at this time and can give no assurance that the asserted claims will not have a material adverse effect on our financial position or results of operations.

On June 11, 2020 and June 12, 2020, Company shareholders filed derivative lawsuits against certain of the Company's current and former officers and directors and the Company (as nominal defendant) in the United States District Court for the District of New Jersey (the "Demand Refused Derivative Complaints"). The Demand Refused Derivative Complaints allege claims related to breaches of fiduciary duty, unjust enrichment, and alleged violations of securities laws. The complaints' allegations relate substantially to the same facts as those underlying the Securities Law Action described above. The Demand Refused Derivative Complaints further allege that each plaintiff made a demand upon the Company's Board of Directors to investigate the alleged misconduct and that such demand was wrongfully refused. Plaintiffs seek unspecified damages and for the Company to take steps to improve its corporate governance and internal procedures. On October 20, 2020, the Court consolidated the actions and appointed co-lead plaintiffs. On December 4, 2020, co-lead plaintiffs filed a consolidated amended complaint. On February 3, 2021, the defendants filed motions to dismiss the amended complaint, which remain pending before the Court. Due to the inherent uncertainties of litigation, the Company cannot predict the outcome of the action at this time and can give no assurance that the asserted claims will not have a material adverse effect on its financial position or results of operations.

Except as set forth above, the Company is not currently subject to any legal proceedings that could have a material adverse effect on its operations; however, it may from time to time become a party to various legal proceedings arising in the ordinary course of its business. The Company is currently the plaintiff in several patent infringement cases. The defendants in several of these cases have filed counterclaims. Although the Company cannot predict the outcome of the cases at this time due to the inherent uncertainties of litigation, the Company continues to pursue its claims and believes that the counterclaims are without merit, and the Company intends to defend against all of such counterclaims.

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**14. Additional Financial Information*****Other Income, net***

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

	<b>Three Months Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
FX gains (losses) <sup>(1)</sup>	\$ (3,274)	\$ (212)
Income from sale of intangible assets <sup>(2)</sup>	—	1,843
Other <sup>(3)</sup>	(122)	61
Total	<u>\$ (3,396)</u>	<u>\$ 1,692</u>

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

<sup>(2)</sup> Represents gain on sale of certain of the Company's IP addresses

<sup>(3)</sup> Represents an aggregate of individually immaterial transactions

**15. Subsequent Events*****Preferred Dividends***

Subsequent to March 31, 2021, the Company paid in-kind the accrued Preferred Dividends of \$9.4 million.

## 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 Technologies, Inc. ("Synchronoss" or the "Company") is a global software and services company that provides essential technologies for the mobile transformation of business. The Company's portfolio contains offerings such as personal cloud, secure-mobility, identity management and scalable messaging platforms, products and solutions. These essential technologies create a better way of delivering the transformative mobile experiences that the Company's customers need to help them stay ahead of the curve in competition, innovation, productivity, growth and operational efficiency.

Synchronoss' products and platforms are designed to be carrier-grade, flexible and scalable, enabling multiple converged communication services to be managed across a range of distribution channels including e-commerce, m-commerce, telesales, customer stores, indirect and other retail outlets. This business model allows the Company to meet the rapidly changing converged services and connected devices offered by their customers. Synchronoss' products, platforms and solutions enable its customers to acquire, retain and service subscribers and employees quickly, reliably and cost-effectively with white label and custom-branded solutions. Synchronoss' customers can simplify the processes associated with managing the customer experience for procuring, activating, connecting, backing-up, synchronizing and sharing/collaboration with connected devices and contents from these devices and associated services. The extensibility, scalability, reliability and relevance of the Company's platforms enable new revenue streams and retention opportunities for their customers through new subscriber acquisitions, sale of new devices, accessories and new value-added service offerings in the Cloud. By using the Company's technologies, Synchronoss' customers can optimize their cost of operations while enhancing their customer experience.

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

### Impacts of the Recent Novel Coronavirus (COVID-19)

Although COVID-19 has not significantly affected our business to date, this disclosure discusses the actions the Company has taken in response to the COVID-19 crisis and the impacts that the situation has had on our business, as well as related known or expected trends.

The continued impact of COVID-19 on the macroeconomy and our business will depend significantly on the effectiveness and distribution of the vaccine, the potential cyclicity of the health crisis and the related public policy actions, market or regulatory needs or demands, the length and severity of the global economic slowdown, and whether and how our customers change their behaviors over the longer term. As a result, the demand for our products and services, as well as our overall results

of operations, may be materially and adversely impacted by the pandemic for the duration of 2021 or longer, and we are unable to predict the duration or degree of such impact with any certainty.

In response to the ongoing COVID-19 pandemic, we continue to execute our business continuity plans and evolve our operations to protect the safety of our employees while continuing to provide critical products and services to our customers. Some of the key initiatives the Company continues to execute include:

- Working safely and effectively with new and existing customers to continue to provide our products and services through the pandemic
- Continuing to enhance and modify our safety protocols for our employees
- Adjusting business operations to address circumstances created by COVID-19
- Maintaining effective governance and internal controls in a remote work environment

As the pandemic continues, we may revise our approach to these initiatives or take additional actions to meet the needs of our employees, customers and the Company and to continue to provide our products and services.

### **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 68.3% and 74.7% of net revenues for the three months ended March 31, 2021 and March 31, 2020, 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 2021 and 2020. 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**

As the COVID-19 pandemic continues to evolve, we are actively monitoring the global situation. The extent of the continuing impact of the COVID-19 pandemic on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers and our sales cycles, impact on our business operations, impact on our customer, employee or industry events, and effect on our vendors, all of which are uncertain and cannot be predicted. The extent to which the COVID-19 pandemic may continue to impact our business, financial condition or results of operations is uncertain, but may include, without limitation, impacts to our paying user growth as well as disruptions to our business operations as a result of travel restrictions, shutdown of workplaces and potential impacts to our vendors. Additionally, our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates relative to U.S. dollars, our reporting currency, as well as changes in interest rates. Volatile market conditions arising from the COVID-19 pandemic have and may continue to negatively impact our results of operations and cash flows, due to a weakening of foreign currencies relative to the U.S. dollar, which may cause our revenues to decline relative to our costs.

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 essential needs and subscriber expectations. Such devices include smartphones, connected cars, personal health and wellness devices and

connected home devices. The need for the contents of these devices to be stored in a common cloud are also expected to be drivers of 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 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 has 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 MNO's 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.

Companies in the TMT market all face the dilemma of attempting to pivot their businesses to digital execution in order to create experiences that meet the expectations of their subscribers, generate new revenues and streamline costs creating healthier margins at a faster time to market than they have ever operated before. Their challenges feature the lack of skill sets to conceptualize and run day to day digital operations and the lack of resources to integrate their legacy back end systems to enact digital experiences that achieve their business objectives. The growth of Synchronoss Digital Platforms will be driven by the ability to provide TMT companies' desire to obtain digital transformation solutions as quickly as possible while educating them on the ability to operate a digital business efficiently. Our Platform as a Service ("PaaS") model provides a desirable alternative to heavy capital expenditure spending options often tried internally. The ability for our platforms to create low/no code, new customer digital journeys, virtually on the fly, gives TMT Companies the ability to operate new experiences and businesses without heavily investing in development resources.

To support our growth, which we expect to be driven by these favorable industry trends mentioned above, we will 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 March 31, 2021 compared to the three months ended March 31, 2020**

The following table presents an overview of our results of operations for the three months ended March 31, 2021 and 2020 (in thousands):

	Three Months Ended March 31, 2021		2021 vs 2020
	2021	2020	\$ Change
Net revenues	\$ 65,499	\$ 77,122	\$ (11,623)
Cost of revenues*	28,637	35,471	(6,834)
Research and development	17,397	19,788	(2,391)
Selling, general and administrative	17,928	26,344	(8,416)
Restructuring charges	713	1,450	(737)
Depreciation and amortization	9,867	11,356	(1,489)
Total costs and expenses	74,542	94,409	(19,867)
Loss from continuing operations	\$ (9,043)	\$ (17,287)	\$ 8,244

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

**Net revenues** decreased \$11.6 million to \$65.5 million for the three months ended March 31, 2021, compared to the same period in 2020. The decrease in revenue is primarily attributable to non-recurring license sales and professional services in the prior period.

**Cost of revenues** decreased \$6.8 million to \$28.6 million for the three months ended March 31, 2021, compared to the same period in 2020. The 2021 decrease was primarily attributable to the year over year reduction in revenue and the cost savings from strategic initiatives implemented in the year driven mainly by data center consolidation and operating expense savings.

**Research and development** expense decreased \$2.4 million to \$17.4 million for the three months ended March 31, 2021, compared to the same period in 2020. 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 \$8.4 million to \$17.9 million for the three months ended March 31, 2021, compared to the same period in 2020. The 2021 decrease was primarily attributable to significant cost cutting initiatives executed in year which included headcount reductions, reduced vendor spending and lower facility costs.

**Restructuring charges** were \$0.7 million and \$1.5 million for the three months ended March 31, 2021 and 2020, respectively, which primarily related to employment termination costs as a result of the work-force reductions initiated in the current year to reduce operating costs and align our resources with our key strategic priorities.

**Depreciation and amortization** expense decreased \$1.5 million to \$9.9 million for the three months ended March 31, 2021, compared to the same period in 2020. The 2021 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 efforts, partially offset by the increased amortization of capitalized software.

**Income tax.** The Company recognized approximately \$0.2 million and \$12.4 million in related income tax benefit during the three months ended March 31, 2021 and 2020, respectively. The effective tax rate was approximately 1.3% for the three months ended March 31, 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 and in zero rate jurisdictions. The Company's effective tax rate was approximately 78.8% for the three months ended March 31, 2020, which was higher than the U.S. federal statutory rate primarily due to the Company's ability to recognize certain loss carrybacks as a result of the enactment of the Coronavirus Aid,

Relief and Economic Security Act (“CARES Act”) in Q1 2020 and valuation allowances recorded in domestic and foreign jurisdictions, partially offset by the impact of permanent book-tax differences.

### **Liquidity and Capital Resources**

As of March 31, 2021, our principal sources of liquidity were cash provided by operations and capital from our revolving credit facility. Our cash, cash equivalents, marketable securities and restricted cash balance was \$29.8 million at March 31, 2021. We anticipate that our principal uses of cash and cash equivalents will be to fund our business, including technology expansion and working capital.

At March 31, 2021, our non-U.S. subsidiaries held approximately \$7.3 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 existing cash, cash equivalents, credit facility, 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, as the impact of the COVID-19 pandemic on the economy and our operations evolves, 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 as a result of the continued global impact of COVID-19 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, 2020, some of which are outside of our control.

### **Revolving Credit Facility**

In the first quarter of fiscal 2020, the Company drew the \$10.0 million from our Revolving Credit Facility, which remains outstanding as of March 31, 2021. For further details, see **Note 7. Debt** of the Notes to Condensed Consolidated Financial Statements in Item 1 of this Form 10-Q.

### **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 March 31, 2021, the Company has not raised additional capital using the shelf registration statement.

### **Share Repurchase Program**

There were no repurchases in 2021.

### **Shares of 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, we issued to Silver 185,000 shares of our newly issued 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 cash and the transfer from Silver to us of the 5,994,667 shares of our common stock held by Silver (the “Preferred Transaction”). In connection with the issuance of the Series A Preferred Stock, we



(i) filed the Series A Certificate and (ii) entered into an Investor Rights Agreement with Silver setting forth certain registration, governance and preemptive rights of Silver with respect to us (the “Investor Rights Agreement”). Pursuant to the PIPE Purchase Agreement, at the closing, we paid to Siris \$5.0 million as a reimbursement of Silver’s reasonable costs and expenses incurred in connection with the Preferred Transaction.

#### Certificate of Designation of the Series A Preferred Stock

The rights, preferences, privileges, qualifications, restrictions and limitations of the shares of Series A Preferred Stock are set forth in the Series A Certificate. Under the Series A Certificate, the holders of the Series A Preferred Stock are entitled to receive Preferred Dividends. The Preferred Dividends are due on each Series A Dividend Payment Date. We may choose to pay the Preferred Dividends in cash or in additional shares of Series A Preferred Stock. In the event we do not declare and pay a dividend in-kind or in cash on any Series A Dividend Payment Date, the unpaid amount of the Preferred Dividend will be added to the Liquidation Preference. In addition, the Series A Preferred Stock participates in dividends declared and paid on shares of our common stock.

Each share of Series A Preferred Stock is convertible, at the option of the holder, into the number of shares of common stock equal to the “Conversion Price” (as that term is defined in the Series A Certificate) multiplied by the then applicable “Conversion Rate” (as that term is defined in the Series A Certificate). Each share of Series A Preferred Stock is initially convertible into 55.5556 shares of common stock, representing an initial “conversion price” of approximately \$18.00 per share of common stock. The Conversion Rate is subject to equitable proportionate adjustment in the event of stock splits, recapitalizations and other events set forth in the Series A Certificate.

On and after February 15, 2023, holders of shares of Series A Preferred Stock have the right to cause the Company to redeem each share of Series A Preferred Stock for cash in an amount equal to the sum of the current liquidation preference and any accrued dividends. Each share of Series A Preferred Stock is also redeemable at the option of the holder upon the occurrence of a “Fundamental Change” (as that term is defined in the Series A Certificate) at a specified premium (“Liquidation Value”). In addition, the Company is also permitted to redeem all outstanding shares of the Series A Preferred Stock at any time (i) within the first 30 months of the date of issuance for the sum of the then-applicable Liquidation Preference, accrued but unpaid dividends and a make whole amount (known as “Redemption Value”) and (ii) following the 30-month anniversary of the date of issuance for the sum of the then-applicable Liquidation Preference and the accrued but unpaid dividends. As of March 31, 2021, the Liquidation Value and Redemption Value of the Preferred Shares was \$243.1 million.

The holders of a majority of the Series A Preferred Stock, voting separately as a class, are entitled at each of our annual meetings of stockholders or at any special meeting called for the purpose of electing directors (or by written consent signed by the holders of a majority of the then-outstanding shares of Series A Preferred Stock in lieu of such a meeting): (i) to nominate and elect two members of our Board of Directors for so long as the Preferred Percentage (as defined in the Series A Certificate) is equal to or greater than 10%; and (ii) to nominate and elect one member of our Board of Directors for so long as the Preferred Percentage is equal to or greater than 5% but less than 10%.

For so long as the holders of shares of Series A Preferred Stock have the right to nominate at least one director, we are required to obtain the prior approval of Silver prior to taking certain actions, including: (i) certain dividends, repayments and redemptions; (ii) any amendment to our certificate of incorporation that adversely affects the rights, preferences, privileges or voting powers of the Series A Preferred Stock; (iii) issuances of stock ranking senior or equivalent to shares of Series A Preferred Stock (including additional shares of Series A Preferred Stock) in the priority of payment of dividends or in the distribution of assets upon any liquidation, dissolution or winding up of us; (iv) changes in the size of our Board of Directors; (v) any amendment, alteration, modification or repeal of the charter of our Nominating and Corporate Governance Committee of the Board of Directors and related documents; and (vi) any change in our principal business or the entry into any line of business outside of our existing lines of businesses. In addition, in the event that we are in EBITDA Non-Compliance (as defined in the Series A Certificate) or the undertaking of certain actions would result in us exceeding a specified pro forma leverage ratio, then the prior approval of Silver would be required to incur indebtedness (or alter any debt document) in excess of \$10.0 million, enter or consummate any transaction where the fair market value exceeds \$5.0 million individually or \$10.0 million in the aggregate in a fiscal year or authorize or commit to capital expenditures in excess of \$25.0 million in a fiscal year.

Each holder of Series A Preferred Stock has one vote per share on any matter on which holders of Series A Preferred Stock are entitled to vote separately as a class, whether at a meeting or by written consent. The holders of Series A Preferred Stock are permitted to take any action or consent to any action with respect to such rights without a meeting by delivering a consent in writing or electronic transmission of the holders of the Series A Preferred Stock entitled to cast not less than the minimum number of votes that would be necessary to authorize, take or consent to such action at a meeting of stockholders. In addition to any vote (or action taken by written consent) of the holders of the shares of Series A Preferred Stock as a separate class provided for in the Series A Certificate or by the General Corporation Law of the State of Delaware, the holders of shares of the Series A Preferred Stock are entitled to vote with the holders of shares of common stock (and any other class or series that may similarly be entitled to vote on an as-converted basis with the holders of common stock) on all matters submitted to a vote or to the consent of the stockholders of the Company (including the election of directors) as one class.

Under the Series A Certificate, if Silver and certain of its affiliates have elected to effect a conversion of some or all of their shares of Series A Preferred Stock and if the sum, without duplication, of (i) the aggregate number of shares of our common stock issued to such holders upon such conversion and any shares of our common stock previously issued to such holders upon conversion of Series A Preferred Stock and then held by such holders, plus (ii) the number of shares of our common stock underlying shares of Series A Preferred Stock that would be held at such time by such holders (after giving effect to such conversion), would exceed the 19.9% of the issued and outstanding shares of our voting stock on an as converted basis (the "Conversion Cap"), then such holders would only be entitled to convert such number of shares as would result in the sum of clauses (i) and (ii) (after giving effect to such conversion) being equal to the Conversion Cap (after giving effect to any such limitation on conversion). Any shares of Series A Preferred Stock which a holder has elected to convert but which, by reason of the previous sentence, are not so converted, will be treated as if the holder had not made such election to convert and such shares of Series A Preferred Stock will remain outstanding. Also, under the Series A Certificate, if the sum, without duplication, of (i) the aggregate voting power of the shares previously issued to Silver and certain of its affiliates held by such holders at the record date, plus (ii) the aggregate voting power of the shares of Series A Preferred Stock held by such holders as of such record date, would exceed 19.99% of the total voting power of our outstanding voting stock at such record date, then, with respect to such shares, Silver and certain of its affiliates are only entitled to cast a number of votes equal to 19.99% of such total voting power. The limitation on conversion and voting ceases to apply upon receipt of the requisite approval of holders of our common stock under the applicable listing standards.

#### Investor Rights Agreement

Concurrently with the closing of the Preferred Transaction, Synchronoss and Silver entered into an Investor Rights Agreement. Under the terms of the Investor Rights Agreement, Silver and Synchronoss have agreed that, effective as of the closing of the Preferred Transaction, the Board of Directors of Synchronoss will consist of ten members. From and after the closing of the Preferred Transaction, so long as the holders of Series A Preferred Stock have the right to nominate a member to the Board of Directors pursuant to the Series A Certificate, the Board of Directors of Synchronoss will consist of (i) two directors nominated and elected by the holders of shares of Series A Preferred Stock; (ii) four directors who meet the independence criteria set forth in the applicable listing standards (each of whom will be initially agreed upon by Synchronoss and Silver); and (iii) four other directors, two of whom shall satisfy the independence criteria of the applicable listing standards and, as of the closing of the Preferred Transaction, one of whom shall be the individual then serving as chief executive officer of Synchronoss and one of whom shall be the current chairman of the Board of Directors of Synchronoss as of the date of execution of the Investors Rights Agreement. Following the closing of the Preferred Transaction, so long as the holders of Series A Preferred Stock have the right to nominate at least one director to the Board of Directors of Synchronoss pursuant to the Series A Certificate, Silver will have the right to designate two members of the Nominating and Corporate Governance Committee of the Board of Directors.

Pursuant to the terms of the Investor Rights Agreement, neither Silver nor its affiliates may transfer any shares of Series A Preferred Stock subject to certain exceptions (including transfers to affiliates that agree to be bound by the terms of the Investor Rights Agreement).

For so long as Silver has the right to appoint a director to the Board of Directors of Synchronoss, without the prior approval by a majority of directors voting who are not appointed by the holders of shares of Series A Preferred Stock, neither Silver nor its affiliates will directly or indirectly purchase or acquire any debt or equity securities of Synchronoss (including equity-linked derivative securities) if such purchase or acquisition would result in Silver's Standstill Percentage (as defined in the Investor

Rights Agreement) being in excess of 30%. However, the foregoing standstill restrictions would not prohibit the purchase of shares pursuant to the PIPE Purchase Agreement or the receipt of shares of Series A Preferred Stock issued as Preferred Dividends pursuant to the Series A Certificate, shares of Common Stock received upon conversion of shares of Series A Preferred Stock or receipt of any shares of Series A Preferred Stock, Common Stock or other securities of the Company otherwise paid as dividends or as an increase of the Liquidation Preference (as defined in the Series A Certificate) or distributions thereon. Silver will also have preemptive rights with respect to issuances of securities of Synchronoss in order to maintain its ownership percentage.

Under the terms of the Investor Rights Agreement, Silver will be entitled to (i) three demand registrations, with no more than two demand registrations in any single calendar year and provided that each demand registration must include at least 10% of the shares of Common Stock held by Silver, including shares of Common Stock issuable upon conversion of shares of Series A Preferred Stock and (ii) unlimited piggyback registration rights with respect to primary issuances and all other issuances.

### Discussion of Cash Flows

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

	Three Months Ended March 31,		Change
	2021	2020	2021 vs 2020
Net cash provided by (used in):			
Operating activities	\$ 2,261	\$ (15,016)	\$ 17,277
Investing activities	(5,763)	(2,823)	(2,940)
Financing activities	—	9,996	(9,996)

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 flows from operating activities** for the three months ended March 31, 2021 was \$2.3 million cash provided by operating activities, as compared to \$15.0 million of cash used by operating activities for the same period in 2020. The increase in cash provided by operations from prior year is primarily attributable to favorable changes in working capital.

**Cash flows from investing** for the three months ended March 31, 2021 was \$5.8 million cash used for investing, as compared to \$2.8 million in cash used by investing activities during the same period in 2020. The cash used for investing in the current year was primarily related to the purchase of fixed assets and investment in capitalized software. The net decrease in cash used for investing in the prior year was primarily related to the investment in capitalized software offset by the sale of certain IP address assets.

**Cash flows from financing** for three months ended March 31, 2021 was \$0.0 million of cash provided, as compared to \$10.0 million of cash used by financing activities for the same period in 2020. The cash provided from investing activities in the prior year was attributable to the drawdown from our Revolving Credit Facility.

### Effect of Inflation

Although inflation generally affects us by increasing our cost of labor and equipment, we do not believe that inflation has had any material effect on our results of operations during 2021 and 2020. We do not expect the current rate of inflation to have a material impact on our business.

**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 March 31, 2021 (in thousands).

	Payments Due by Period				
	Total	2021	2022-2024	2025-2026	Thereafter
Capital lease obligations	\$ 472	\$ 126	\$ 346	\$ —	\$ —
Revolving Credit Facility	\$ —	\$ —	\$ —	\$ —	\$ —
Interest	—	—	—	—	—
Operating lease obligations	64,327	9,552	27,962	16,264	10,549
Purchase obligations*	61,969	9,909	42,361	9,699	—
Total	<u>\$ 126,768</u>	<u>\$ 19,587</u>	<u>\$ 70,669</u>	<u>\$ 25,963</u>	<u>\$ 10,549</u>

\* Amount represents obligations associated with colocation agreements and other customer delivery related purchase obligations.

**Uncertain Tax Positions**

Unrecognized tax positions were \$3.3 million at March 31, 2021. 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 \$1.4 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 three months ended March 31, 2021, there were no significant changes in our critical accounting policies and estimates discussed in our Form 10-K for the year ended December 31, 2020. 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, 2020 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 March 31, 2021 and December 31, 2020 that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in 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 March 31, 2021 and December 31, 2020 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 March 31, 2021 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 March 31, 2021.

##### **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**

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, 2020.

**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**

<b>Exhibit No.</b>	<b>Description</b>
3.1	<a href="#">Restated Certificate of Incorporation of the Registrant, incorporated by reference to Registrant's Registration Statement on Form S-1 (Commission File No. 333-132080).</a>
3.2	<a href="#">Amended and Restated Bylaws of the Registrant, incorporated by reference to Registrant's Registration Statement on Form S-1 (Commission File No. 333-132080).</a>
3.3	<a href="#">Amendment No. 1 to Amended and Restated Bylaws of Registration, incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed on February 20, 2018.</a>
10.1†	<a href="#">Employment agreement dated as of March 8, 2021 between the Registrant and Jeff Miller.</a>
10.2†	<a href="#">Employment agreement dated as of May 1, 2017 between the Registrant and Ronald Prague.</a>
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 (filed herewith).</a>
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 (filed herewith).</a>
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 (filed herewith).</a>
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 (filed herewith).</a>
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Labels Linkbase Document
101.PRE	XBRL Presentation Linkbase Document

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† Compensation Arrangement.



**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*

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

*/s/ David Clark*

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**David Clark**  
**Chief Financial Officer**

May 10, 2021

**EMPLOYMENT AGREEMENT**

THIS AGREEMENT is entered into as of March 8, 2021 ("Effective Date"), by and between Jeffrey Miller (the "Executive") and Synchronoss Technologies, Inc., a Delaware corporation (the "Company"). Except as otherwise provided herein, defined terms are set forth in Section 10 below.

**1. Duties and Scope of Employment.**

**(a) Position.** For the term of his employment under this Agreement (the "Employment"), the Company agrees to employ Executive in the position of President and Chief Executive Officer. In such role, Executive shall be the Company's principal executive officer for all purposes, including for Securities and Exchange Commission filings and reporting. Executive shall report to the Company's Board of Directors (the "Board"). Executive's principal workplace shall be in Bridgewater, New Jersey, unless otherwise agreed to by the Board.

**(b) Obligations to the Company.** During his Employment, Executive (i) shall devote substantially all of his full business efforts and time to the Company, (ii) shall not engage in any other employment, consulting or other business activity that would create a conflict of interest with the Company, (iii) shall not assist any person or entity in competing with the Company or in preparing to compete with the Company, (iv) shall comply with the Company's policies and rules, as they may be in effect from time to time and (v) shall comply with the Proprietary Information and Inventions Agreement. This provision shall not restrict Executive's ability to (i) sit on non profit boards and, subject to Board approval, at least one corporate board and (ii) be entitled to paid time off in accordance with paragraph 3 below.

**(c) No Conflicting Obligations.** Executive represents and warrants to the Company that he is under no obligations or commitments, whether contractual or otherwise, that are inconsistent with his obligations under this Agreement. Executive represents and warrants that he will not use or disclose, in connection with his Employment, any trade secrets or other proprietary information or intellectual property in which Executive or any other person has any right, title or interest and that his Employment will not infringe or violate the rights of any other person. Executive represents and warrants to the Company that he has returned all proprietary and confidential information belonging to any prior employer.

**(d) Indemnification/D&O Insurance.** To the maximum extent permitted by applicable law and the Company's by-laws, the Company shall indemnify Executive for all acts and omissions by him and any action on his part while acting in such capacity, and for losses that arise from serving at the request of the Company or a subsidiary thereof as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise and as set forth in that certain Indemnification Agreement dated as of the date hereof between Executive and the Company. Executive shall be covered by directors' and officers' liability insurance on a basis no less favorable than provided to directors and officers of the Company, including "tail" coverage.

## 2. Compensation

(a) **Salary.** The Company shall pay Executive as compensation for his services a base salary at a gross annual rate of not less than \$500,000. Such salary shall be payable in accordance with the Company's standard payroll procedures. (The annual compensation specified in this Subsection (a), together with any increases in such compensation that the Company may grant from time to time, is referred to in this Agreement as "Base Salary.") The Board or its Compensation Committee shall review the Base Salary at least annually to determine whether to increase (but not decrease) the Base Salary in its discretion; provided that the Board has the ability to reduce the Base Salary of Executive in the event all of the base salary of the executives of the Company is reduced proportionately.

(b) **Incentive Bonuses.** Executive shall be eligible for an annual incentive bonus with a target amount equal to 100% of his Base Salary (the "Target Bonus"). Executive's bonus (if any) shall be awarded based on criteria established by the Company's Board or its Compensation Committee. Executive shall not be entitled to an incentive bonus for a fiscal year if he is not employed by the Company on the last day of the fiscal year for which such bonus is payable or is provided proper notice of termination under Section 5(b) prior to such time. The determinations of the Board or its Compensation Committee with respect to such bonus shall be final and binding.

**3. Paid Time Off and Employee Benefits.** During his Employment, Executive shall be eligible for paid time off in accordance with the Company's paid time off policy, as it may be amended from time to time, with a minimum of 20 paid time off days per year (accruing for each year on the first day of such year), plus three floating holidays, and any United States Company wide holidays; provided, however, Executive shall not be entitled to carry over any paid time off days from year to year, unless the terms of such plan so provide. During his Employment, Executive shall be eligible to participate in the employee benefit plans maintained by the Company, subject in each case to the terms and conditions of the plan in question.

**4. Business Expenses.** During his Employment, Executive shall be authorized to incur necessary and reasonable travel, entertainment and other business expenses in connection with his duties hereunder including but not limited to trips to the corporate offices of the Company in New Jersey and if economically beneficial to the Company, Executive shall work with the Board to have the Company rent a corporate apartment in the Bridgewater, New Jersey area for Executive and others to stay at when visiting the Bridgewater, New Jersey office. Notwithstanding anything to the contrary herein, except to the extent any expense or reimbursement provided pursuant to this Agreement does not constitute a "deferral of compensation" within the meaning of Section 409A of the Code, (a) the amount of expenses eligible for reimbursement provided to Executive during any calendar year will not affect the amount of expenses eligible for reimbursement or in kind benefits provided to Executive in any other calendar year, (b) the reimbursements for expenses for which Executive is entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred and the right to payment or reimbursement hereunder may not be liquidated or exchanged for any other benefit.

## 5. Term of Employment.

(a) **Employment Term.** The Company hereby employs Executive to render services to the Company in the position and with the duties and responsibilities described in Section 1 for the period commencing on the Effective Date and ending upon the earlier of (i) the date of Executive's resignation from the Company and (ii) the date Executive's Employment is terminated in accordance with Section 5(b) (the "Term").

(b) **Termination of Employment.** The Company may terminate Executive's Employment at any time and for any reason (or no reason), and with or without Cause, by giving Executive 30 days' advance notice in writing. Executive may terminate his Employment by giving the Company 30 days' advance notice in writing at any time and for any reason (or no reason). The Company may terminate the Executive's employment for Cause only upon written notice to the Executive setting forth in reasonable specific detail the nature of the circumstances giving rise to Cause and the reasons the Company believes such circumstances meet the definition of Cause (the "Cause Notice"). The Company shall have the right at any time during such 30-day period, to relieve Executive of his offices, duties and responsibilities and place him on a paid leave-of-absence status, provided that during such notice period, Executive shall remain a full-time employee of the Company and shall continue to receive his then current salary compensation and other benefits as provided in this Agreement. Executive's Employment shall terminate automatically in the event of his death. The termination of Executive's Employment shall not limit or otherwise affect his obligations under Section 7.

(c) **Rights Upon Termination.** Upon Executive's termination of Employment for any reason, Executive shall be entitled to the compensation, benefits and reimbursements described in Sections 1, 2, 3, and 4 for the period preceding the effective date of such termination or otherwise accrued before such termination. Upon the termination of Executive's Employment under certain circumstances, Executive may be entitled to additional severance pay benefits described in Section 5(d), 5(e) or 6. The payments under this Agreement shall fully discharge all responsibilities of the Company to Executive. This Agreement shall terminate when all obligations of the parties hereunder have been satisfied.

(d) **Rights Upon Death.** If Executive's Employment ends due to death, (A) Executive's estate shall be entitled to receive an amount equal to his target bonus for the fiscal year in which his death occurred (or, if greater, the bonus amount determined based on the applicable factors and actual performance for such fiscal year), and (B) all stock options, shares of restricted stock (other than performance-related restricted stock), and other time-based equity awards granted by the Company and held by Executive at the time of his death shall be fully vested. All amounts under this Section 5(d) shall be paid no later than the date all regular employees are paid their bonuses.

(e) **Rights Upon Permanent Disability.** If Executive's Employment ends due to Permanent Disability and a Separation occurs, (I) Executive shall be entitled to receive (i) an amount equal to his Target Bonus for the fiscal year in which his Employment ended (or, if reasonably ascertainable and greater, the bonus amount determined based on the applicable factors and actual performance for such fiscal year), and (ii) a lump sum amount equal to the product of (A) 24 and (B) the monthly amount the Company was paying on behalf of Executive and his eligible dependents with respect to the Company's health insurance plans in which Executive and his eligible dependents were

participants as of the date of Separation, and (II) all stock options, shares of restricted stock (other than performance-related restricted stock) and other time-based equity awards granted by the Company and held by Executive shall accelerate and be fully vested as of the date of Executive's Separation. The amounts payable under this Section 5(e) shall be paid no later 60 days after Executive's Separation.

## 6. Termination Benefits.

(a) **Preconditions.** Any other provision of this Agreement notwithstanding, Subsections (b) and (c) below shall not apply unless Executive:

(i) Has executed (or, with respect to Section 5(d), the executor or his estate has executed) a general release of all claims Executive (or his executor or estate) may have against the Company or persons affiliated with the Company (substantially in the form attached hereto as Exhibit A) (the "Release");

(ii) Complies with Executive's obligations under Section 7 of this Agreement;

(iii) Has returned all property of the Company in Executive's possession; and

(iv) If requested by the Board, has resigned as a member of the Board and as a member of the boards of directors of all subsidiaries of the Company, to the extent applicable.

Executive must execute and return the Release within the period of time set forth in the Release (the "Release Deadline"). The Release Deadline will in no event be later than 50 days after Executive's Separation. If Executive fails to return the Release on or before the Release Deadline or if Executive revokes the Release, then Executive will not be entitled to the benefits described in this Section 6.

(b) **Severance Pay in the Absence of a Change in Control.** If, during the Term and not at a time described in subsection (c) below, Executive is subject to an Involuntary Termination, then the Company shall pay Executive a severance payment equal to (i) two times (A) his Base Salary

in effect at the time of the termination of Employment plus, (B) his average annual bonus based on the actual amounts received in the immediately preceding two years and (ii) the product of (A) 24 and (B) the monthly amount the Company was paying on behalf of Executive and his eligible dependents with respect to the Company's health insurance plans in which Executive and his eligible dependents were participants as of the date of Separation. Unless otherwise agreed, such payment shall be made in 36 equal bi-monthly payments on the 15th and the last business day of each month, commencing on the date set forth in Subsection (d) below. In the event that Executive is subject to an Involuntary Termination under this Subsection (b) within two years after the Effective Date, then in lieu of using the average bonus received in the immediately preceding two years for the above calculation, such calculation shall use his Target Bonus in the year of termination if such termination under this Subsection (b) occurs within the first year after the Effective Date and the actual bonus Executive received during the first year of employment with the Company if such termination under this Subsection (b) occurs in the second year of employment with the Company. However, the amount of the severance payment under this Subsection (b) shall be reduced by the amount of any severance pay or pay in lieu of notice that

Executive receives from the Company under a federal or state statute (including, without limitation, the Worker Adjustment and Retraining Notification Act).

**(c) Severance Pay in Connection with a Change in Control.** If, during the Term and within (i) 120 days prior to or (ii) 24 months following a Change in Control, Executive is subject to an Involuntary Termination, then (i) the Company shall pay Executive a lump sum severance payment equal to (x) 2.99 times his Base Salary in effect at the time of the termination of Employment plus two times Executive's average bonus received in the immediately preceding two years and (y) a lump sum amount equal to the product of (A) 24 and (B) the monthly amount the Company was paying on behalf of Executive and his eligible dependents with respect to the Company's health insurance plans in which Executive and his eligible dependents were participants as of the date of Separation, and (ii) all stock options, shares of restricted stock (other than performance-related restricted stock that is tied to performance after the Change in Control), and other time-based equity awards granted by the Company and held by Executive shall accelerate and be fully vested as of the date of the Involuntary Termination. In the event that Executive is subject to an Involuntary Termination under this Subsection (c) within two years after the Effective Date, then in lieu of using the average bonus received in the immediately preceding two years for the above calculation, such calculation shall use his Target Bonus in the year of the Involuntary Termination if such termination under this Subsection (c) occurs within the first year after the Effective Date and the actual bonus Executive received during the first year of employment with the Company if such termination under this Subsection (c) occurs within the second year after the Effective Date. However, the amount of the severance payment under this Subsection (c) shall be reduced by the amount of any severance pay or pay in lieu of notice that Executive receives from the Company under a federal or state statute (including, without limitation, the Worker Adjustment and Retraining Notification Act).

**(d) Commencement of Severance Payments.** Payment of the severance pay provided for under this Agreement will be made no later than the first regularly scheduled payroll date that occurs no later than 50 days after Executive's Separation, but only if Executive has complied with the release and other preconditions set forth in Subsection (a) (to the extent applicable). However, except as provided in the next following sentence, if the 50-day period described in Section 5(a) spans two calendar years, then the payment will be made on the first payroll date in the second calendar year following expiration of the applicable revocation period. In the event that Executive experiences an Involuntary Termination immediately at or after a Change in Control, the Company shall use its commercially reasonable efforts to cause the surviving company to make any payments due to Executive under subsection (c) above to be paid upon the closing of the Change in Control. In addition, if at any time the parties agree that a Good Reason arises after the Change in Control and severance is due to Executive under subsection (c), the Company shall work with the surviving company to insure that any such payments due to Executive are paid promptly after such Good Reason arises.

**(e) Section 409A.** This Agreement shall be construed consistently with the intent that all payments hereunder shall be exempt from the requirements of Section 409A of the Code by reason of the "short-term" deferral exemption or a different exemption. Each payment made under this Agreement shall be treated as a separate payment and the right to a series of installment payments under this Agreement is to be treated as a right to a series of separate payments. If the Company

determines that Executive is a "specified employee" under Section 409A(a)(2)(B)(i) of the Code at the time of his Separation, then (i) payment of any "nonqualified deferred compensation" (within the meaning of Section 409A) that is payable to Executive upon Separation shall be delayed until the first business day following (A) expiration of the six-month period measured from Executive's Separation, or (B) the date of Executive's death, and (ii) the installments that otherwise would have been paid prior to such date will be paid in a lump sum when such payments commence.

**(f) Mitigation.** If Executive's employment terminates for any reason entitling Executive to receive separation payments and/or benefits under this Agreement, then in no event shall Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Executive under this Agreement, and such amount shall not be reduced regardless of whether Executive obtains other employment or becomes self-employed.

## 7. Protective Covenants.

(a) **Non-Competition.** As one of the Company's executive and management personnel and officer, Executive has acquired extensive and valuable knowledge and confidential information concerning the business of the Company, including certain trade secrets the Company wishes to protect. Executive further acknowledges that during his employment he will have access to and knowledge of Proprietary Information. To protect the Company's Proprietary Information, and in consideration of this Agreement, Executive agrees that during his employment with the Company and for a period of twelve (12) months after the termination of Executive's employment with the Company for any reason, whether under this Agreement or otherwise (the "Restricted Period"), he will not without the Company's approval (which shall not be unreasonably withheld), directly or indirectly engage in (whether as an employee, consultant, proprietor, partner, director or otherwise), have any ownership interest in, or participate in the financing, operation, management or control of, any person, firm, corporation or business that engages in a Restricted Business in a Restricted Territory. It is agreed that ownership of (i) no more than one percent (1%) of the outstanding voting stock of a publicly traded corporation or (ii) any stock he presently owns shall not constitute a violation of this Section.

(b) **Non-Solicitation and Non-Servicing.** During his employment with the Company and continuing for a period of twelve (12) months after termination of Executive's employment with the Company for any reason, whether under this Agreement or otherwise, Executive shall not directly or indirectly, personally or through others,

- (i) attempt in any manner to solicit, persuade or induce any Client of the Company to terminate, reduce or refrain from renewing or extending its contractual or other relationship with the Company in regard to the purchase or licensing of products or services manufactured, marketed, licensed or sold by the Company, or to become a Client of or enter into any contractual or other relationship with Executive or any other individual, person or entity in regard to the purchase or license of products or services similar or identical to those manufactured, marketed or sold by the Company; or
- (ii) attempt in any manner to solicit, persuade or induce any individual, person or entity which is, or at any time during Executive's employment with the Company was, a supplier of any product or service to the Company or vendor of the Company (whether as a

distributor, agent, employee or otherwise) to terminate, reduce or refrain from renewing or extending his, her or its contractual or other relationship with the Company; provided, however, this subparagraph (ii) shall not apply with respect to (I) during the first six (6) months after Executive's Separation, up to two service providers of the Company who report in to Executive's organization, were recruited by Executive and had worked with Executive in prior employment, plus Executive's administrative assistant, and (II) during the next six (6) month period thereafter, up to two service providers of the Company who report in to Executive's organization, were recruited by Executive and had worked with Executive in prior employment; or

- i. render to or for any Client any services of the type rendered by the Company; or
- ii. subject to the exceptions in subparagraph (ii) above, employ as an employee or retain as a consultant any person who is then, or at any time during the preceding twelve months was, an employee of or consultant to the Company (unless the Company had terminated the employment or engagement of such employee or exclusive consultant prior to the time of the alleged prohibited conduct), or persuade, induce or attempt to persuade any employee of or consultant to the Company to leave the employ of the Company or to breach any service arrangement with the Company.

**(c) Non-Disclosure.** Executive has entered into a Proprietary Information and Inventions Agreement with the Company, which is incorporated herein by reference.

**(d) Reasonable.** Executive agrees and acknowledges that the time limitation on the restrictions in this Section 7, combined with the geographic scope, is reasonable. Executive also acknowledges and agrees that this provision is reasonably necessary for the protection of Proprietary Information, that through his Employment he shall receive adequate consideration for any loss of opportunity associated with the provisions herein, and that these provisions provide a reasonable way of protecting the Company's business value which will be imparted to him. If any restriction set forth in this Section 7 is found by any court of competent jurisdiction to be unenforceable because it extends for too long a period of time or over too great a range of activities or in too broad a geographic area, it shall be interpreted to extend only over the maximum period of time, range of activities or geographic area as to which it may be enforceable.

## **8. Successors.**

(a) **Company's Successors.** This Agreement shall be binding upon any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets. For all purposes under this Agreement, the term "Company" shall include any successor to the Company's business and/or assets which becomes bound by this Agreement.

(b) **Employee's Successors.** This Agreement and all rights of Executive hereunder shall inure to the benefit of, and be enforceable by, Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.



## 9. Taxes.

(a) **Withholding Taxes.** All payments made under this Agreement shall be subject to reduction to reflect applicable withholding and payroll taxes or other deductions required to be withheld by law.

(b) **Tax Advice.** Executive is encouraged to obtain his own tax advice regarding his compensation from the Company. Executive agrees that the Company does not have a duty to design its compensation policies in a manner that minimizes Executive's tax liabilities, and Executive shall not make any claim against the Company or the Board related to tax liabilities arising from Executive's compensation.

(c) **Parachute Taxes.** Notwithstanding anything in this Agreement to the contrary, if it shall be determined that any payment or distribution by the Company to or for the benefit of Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise ("Total Payments") to be made to Executive would otherwise exceed the amount (the "Safe Harbor Amount") that could be received by Executive without the imposition of an excise tax under Section 4999 of Code, then the Total Payments shall be reduced to the Safe Harbor Amount if (and only if) the Safe Harbor Amount (net of applicable taxes) is greater than the net amount payable to Executive after taking into account any excise tax imposed under section 4999 of the Code on the Total Payments. All determinations to be made under this subparagraph (c) shall be made by a public accounting firm selected by the Company before the date of the Change in Control (the "Accounting Firm"). In determining whether such Benefit Limit is exceeded, the Accounting Firm shall make a reasonable determination of the value to be assigned to the restrictive covenants in effect for Executive pursuant to Section 7 of this Agreement, and the amount of his potential parachute payment under Section 280G of the Code shall be reduced by the value of those restrictive covenants and all other permissible adjustments to the extent consistent with Section 280G of the Code and the regulations thereunder. To the extent a reduction to the Total Payments is required to be made in accordance with this subparagraph (c), such reduction and/or cancellation of acceleration of equity awards shall occur in the order that provides the maximum economic benefit to Executive. In the event that acceleration of equity awards is to be reduced, such acceleration of vesting also shall be canceled in the order that provides the maximum economic benefit to Executive. Notwithstanding the foregoing, any reduction shall be made in a manner consistent with the requirements of section 409A of the Code and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis but not below zero. All of the fees and expenses of the Accounting Firm in performing the determinations referred to in this subparagraph (c) shall be borne solely by the Company.

## 10. Definitions.

(a) **Cause.** For all purposes under this Agreement, "Cause" shall mean:

(i) An intentional and unauthorized use or disclosure by Executive of the Company's confidential information or trade secrets, which use or disclosure causes material harm to the Company;

- i. A material breach by Executive of any material agreement between Executive and the Company;
- ii. A material failure by Executive to comply with the Company's written policies or rules;
- iii. Executive's conviction of, indictment for, or plea of "guilty" or "no contest" to, a felony under the laws of the United States or any State thereof;
- iv. Executive's gross negligence or willful misconduct which causes material harm to the Company;
- v. A failure by Executive to cooperate in good faith with a governmental or internal investigation of the Company or its directors, officers or employees, if the Company has requested in writing Executive's cooperation, and Executive has not cooperated in good faith within 5 business days;
- vi. A continued failure by Executive to perform reasonably assigned duties after receiving written notification of such failure from the Board (other than by reason of Executive's physical or mental illness, incapacity or disability).

With respect to subparagraphs (ii), (iii), (v) or (vi), the Company shall not have the right to terminate Executive for Cause if Executive cures the breach or failure within 30 days of the Company's written notice to Executive of such breach or failure.

**(b) Change in Control.** For all purposes under this Agreement, "Change in Control" shall mean the occurrence of:

- (i) The acquisition, by a person or persons acting as a group, of the Company's stock that, together with other stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the Company;
- (ii) The acquisition, during a 12-month period ending on the date of the most recent acquisition, by a person or persons acting as a group, of 30% or more of the total voting power of the Company;
- (iii) The replacement of a majority of the members of the Board, during any 12-month period, by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of such appointment or election; or
- (iv) The acquisition, during a 12-month period ending on the date of the most recent acquisition, by a person or persons acting as a group, of the Company's assets having a total gross fair market value (determined without regard to any liabilities associated with such assets) of 80% or more of the total gross fair market value of all of the assets of the Company (determined without regard to any liabilities associated with such assets) immediately prior to such acquisition or acquisitions.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur unless such transaction also qualifies as an event under Treas. Reg. §1.409A-3(i)(5)(v) (change

in the ownership of a corporation), Treas. Reg. §1.409A-3(i)(5)(vi) (change in the effective control of a corporation), or Treas. Reg. §1.409A-3(i)(5)(vii) (change in the ownership of a substantial portion of a corporation's assets).

**(c) Client.** For all purposes under this Agreement, "Client" shall mean (i) anyone who is a client of the Company as of, or at any time during the one-year period immediately preceding, the termination of Executive's employment, but only if Executive had a direct relationship with, supervisory responsibility for or otherwise were involved with such client during Executive's employment with the Company and (ii) any prospective client to whom the Company made a new business presentation (or similar offering of services) at any time during the one-year period immediately preceding, or six-month period immediately following, Executive's employment termination (but only if initial discussions between the Company and such prospective client relating to the rendering of services occurred prior to the termination date, and only if Executive participated in or supervised such presentation and/or its preparation or the discussions leading up to it).

**(d) Code.** For all purposes under this Agreement, "Code" shall mean the Internal Revenue Code of 1986, as amended.

**(e) Company.** For all purposes under this Agreement, "Company" shall include Synchronoss Technologies, Inc. and all of its subsidiaries and affiliates.

**(f) Good Reason.** For all purposes under this Agreement, "Good Reason" shall mean:

(i) material diminution in Executive's authorities, duties or responsibilities, including change in title or reporting responsibilities;

(ii) a reduction in Executive's base salary by more than 5% unless pursuant to a Company-wide salary reduction affecting all of the Company's Section 16 officers proportionately;

(iii) a material reduction in the kind or level of incentive compensation or employee benefits to which Executive is entitled immediately prior to such reduction with the result that Executive's overall compensation and benefits package is materially reduced, unless such reduction occurs solely as a result of a reduction in the kind or level of employee benefits of employees that applies for all employees of the Company or

(iv) ; or

(v) a material breach by the Company of this Agreement.

A condition shall not be considered "Good Reason" unless Executive gives the Company written notice of such condition within 90 days after Executive has knowledge of such condition and the Company fails to remedy such condition (or in the case of (vi), remedy such breach) within 30 days after receiving Executive's written notice. In addition, Executive's resignation must occur no later than 12 months after Executive has knowledge of such condition unless the Company has provided written notice to Executive that it is continuing to remedy such condition, in which case such notice period shall be extended.

**(g) Involuntary Termination.** For all purposes under this Agreement, "Involuntary Termination" shall mean either (i) the Company terminates Executive's Employment with the Company for no reason or a reason other than death, Cause or Permanent Disability and a Separation occurs, or (ii) Executive resigns his Employment for Good Reason and a Separation occurs.

**(h) Permanent Disability.** For all purposes under this Agreement, "Permanent Disability" shall mean, in the reasonable determination by the Compensation Committee, Executive's inability to perform the essential functions of Executive's position, with or without reasonable accommodation, for a period of at least 180 consecutive days because of a physical or mental impairment.

**(i) Proprietary Information.** For all purposes under this Agreement, "Proprietary Information" shall mean any and all confidential and/or proprietary knowledge, data or information of the Company. By way of illustration but not limitation, Proprietary Information includes (i) trade secrets, inventions, mask works, ideas, processes, formulas, source and object codes, data, programs, other works of authorship, know-how, improvements, discoveries, developments, designs and techniques; and (ii) information regarding plans for research, development, new products, marketing and selling, business plans, budgets and unpublished financial statements, licenses, prices and costs, suppliers and customers; and (iii) information regarding the skills and compensation of other employees of the Company.

**(j) Restricted Business.** For all purposes under this Agreement, "Restricted Business" shall mean the design, development, marketing or sales of software, or any other process, system, product, or service marketed, sold or under development by the Company (and as of the date of Executive's termination, is expected to reach market before the end of the Restricted Period) at the time Executive's employment with the Company ends, whether during or after the Term.

**(k) Restricted Territory.** For all purposes under this Agreement, "Restricted Territory" shall mean any state, county, or locality in the United States or around the world in which the Company conducts business.

**(i) Separation.** For all purposes under this Employment Agreement, "Separation" means a "separation from service," as defined in the regulations under Section 409A of the Code.

**(m) Solicit.** For all purposes under this Agreement, "solicit" shall mean (i) active solicitation of any Client or Company employee (but not general marketing of a product, service or open position not targeted at such employee); (ii) the provision of information regarding any Client or Company employee to any third party where such information could be useful to such third party in attempting to obtain business from such Client or attempting to hire any such Company employee; (iii) participation in any meetings, discussions, or other communications with any third party regarding any Client or Company employee where the purpose or effect of such meeting, discussion or communication is to obtain business from such Client or employ such Company employee; and (iv) any other passive use of information about any Client or Company employee which has the purpose or effect of assisting a third party or causing harm to the business of the Company.

## 11. Miscellaneous Provisions.

(a) **Notice.** Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered, when delivered by FedEx with delivery charges prepaid, or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of Executive, mailed notices shall be addressed to him at the home address that he most recently communicated to the Company in writing, with a copy to Thompson Coburn LLP, 55 East Monroe, #3700, Chicago, 1160603, Attn: Kevin Young. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Secretary.

(b) **Modifications and Waivers.** No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) **Whole Agreement.** This Agreement and the Proprietary Information and Inventions Agreement supersede and replace any prior agreements, representations or understandings (whether oral or written and whether express or implied) between Executive and the Company and constitute the complete agreement between Executive and the Company regarding the subject matter set forth herein; provided that nothing in this Agreement shall supersede an express promise made by the Company in Executive's offer letter.

(d) **Choice of Law and Severability.** This Agreement shall be interpreted in accordance with the laws of the State of New Jersey (except their provisions governing the choice of law). If any provision of this Agreement becomes or is deemed invalid, illegal or unenforceable in any applicable jurisdiction by reason of the scope, extent or duration of its coverage, then such provision shall be deemed amended to the minimum extent necessary to conform to applicable law so as to be valid and enforceable or, if such provision cannot be so amended without materially altering the intention of the parties, then such provision shall be stricken and the remainder of this

Agreement shall continue in full force and effect. If any provision of this Agreement is rendered illegal by any present or future statute, law, ordinance or regulation (collectively the "Law"), then such provision shall be curtailed or limited only to the minimum extent necessary to bring such provision into compliance with the Law. All the other terms and provisions of this Agreement shall continue in full force and effect without impairment or limitation.

(e) **No Assignment.** This Agreement and all rights and obligations of Executive hereunder are personal to Executive and may not be transferred or assigned by Executive at any time. The Company may assign its rights under this Agreement to any entity that assumes the Company's obligations hereunder in connection with any sale or transfer of all or a substantial portion of the Company's assets to such entity.

(f) **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(g) **Survival.** The rights and obligations of the parties under the provisions of this Agreement (including without limitation Section 7) shall survive, and remaining binding and enforceable, notwithstanding the termination of this Agreement, the termination of Executive's Employment hereunder or otherwise, to the extent necessary to preserve the intended benefits of such provision.

(h) **Attorneys' Fees.** The Company shall also reimburse Executive's attorneys' fees incurred in connection with the negotiation and preparation of this Agreement up to a maximum of \$10,000.00.

**IN WITNESS WHEREOF**, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written.

*/s/ Jeffrey Miller*

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**Jeffrey Miller**

SYNCHRONOSS TECHNOLOGIES, INC.

*/s/ Stephen G. Waldis*

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**Stephen G. Waldis**

**Chairman of the Board of Directors**

## EMPLOYMENT AGREEMENT

THIS AGREEMENT is entered into as of May 1, 2017 ("Commencement Date"), by and between Ronald Prague (the "Executive") and Synchronoss Technologies, Inc., a Delaware corporation (the "Company"). Executive and the Company agree that the Employment Agreement dated as of January 1, 2015 between the Company and the Executive shall be terminated as of April 30, 2017.

Except as otherwise provided herein, defined terms are set forth in Section 10 below.

### 1. Duties and Scope of Employment.

(a) **Position.** For the term of his employment under this Agreement (the "Employment"), the Company agrees to employ Executive in the position of Executive Vice President, General Counsel, Chief Legal Officer and Secretary. Executive shall report to the Company's Chief Executive Officer or his or her designee. Executive's principal workplace shall be in Bridgewater, New Jersey.

(b) **Obligations to the Company.** During his Employment, Executive (i) shall devote substantially all of his full business efforts and time to the Company, (ii) shall not engage in any other employment, consulting or other business activity that would create a conflict of interest with the Company, (iii) shall not assist any person or entity in competing with the Company or in preparing to compete with the Company, (iv) shall comply with the Company's policies and rules, as they may be in effect from time to time and (v) shall comply with the Proprietary Information and Inventions Agreement. This provision shall not restrict Executive's ability to sit on non-profit boards and, subject to Board approval, at least one corporate board.

(c) **No Conflicting Obligations.** Executive represents and warrants to the Company that he is under no obligations or commitments, whether contractual or otherwise, that are inconsistent with his obligations under this Agreement. Executive represents and warrants that he will not use or disclose, in connection with his Employment, any trade secrets or other proprietary information or intellectual property in which Executive or any other person has any right, title or interest and that his Employment will not infringe or violate the rights of any other person. Executive represents and warrants to the Company that he has returned all property and confidential information belonging to any prior employer.

(d) **Indemnification/D&O Insurance.** To the maximum extent permitted by applicable law and the Company's by-laws, the Company shall indemnify Executive for all acts and omissions by him and any action on his part while acting in such capacity, and for losses that arise from serving at the request of the Company or a subsidiary thereof as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise. Executive shall be covered by directors' and officers' liability insurance on a basis no less favorable than provided to directors and officers of the Company, including "tail" coverage.

(e) **Commencement Date.** Executive has previously commenced full-time Employment. This

Agreement shall govern the terms of Executive's Employment effective as the Commencement Date through the Term (as defined in Section 5(a) below).

## 2. Compensation

(a) **Salary.** The Company shall pay Executive as compensation for his services a base salary at a gross annual rate of not less than \$330,000. Such salary shall be payable in accordance with the Company's standard payroll procedures. (The annual compensation specified in this Subsection (a), together with any increases in such compensation that the Company may grant from time to time, is referred to in this Agreement as " Base Salary." )

(b) **Incentive Bonuses.** Executive shall be eligible for an annual incentive bonus with a target amount equal to 60% of his Base Salary (the "Target Bonus"). Executive's bonus (if any) shall be awarded based on criteria established by the Company's Board of Directors (the "Board") or its Compensation Committee. Executive shall not be entitled to an incentive bonus for a fiscal year if he is not employed by the Company on the last day of the fiscal year for which such bonus is payable or is provided notice of termination under Section 5(b) prior to such time. Any bonus for a fiscal year shall be paid within 2Y months after the close of that fiscal year. The determinations of the Board or its Compensation Committee with respect to such bonus shall be final and binding.

**3. Paid Time Off and Employee Benefits.** During his Employment, Executive shall be eligible for paid time off in accordance with the Company's paid time off policy, as it may be amended from time to time, with a minimum of 20 paid time off days per year (accruing for each year on the first day of such year), plus three floating holidays, and any United States Company wide holidays; provided, however, Executive shall not be entitled to carry over any paid time off days from year to year. During his Employment, Executive shall be eligible to participate in the employee benefit plans maintained by the Company, subject in each case to the terms and conditions of the plan in question.

**4. Business Expenses.** During his Employment, Executive shall be authorized to incur necessary and reasonable travel, entertainment and other business expenses in connection with his duties hereunder. Notwithstanding anything to the contrary herein, except to the extent any expense or reimbursement provided pursuant to this Agreement does not constitute a "deferral of compensation" within the meaning of Section 409A of the Code, (a) the amount of expenses eligible for reimbursement provided to Executive during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to Executive in any other calendar year, (b) the reimbursements for expenses for which Executive is entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred and (c) the right to payment or reimbursement hereunder may not be liquidated or exchanged for any other benefit.

## 5. Term of Employment.

(a) **Employment Term.** The Company hereby employs Executive to render services to the Company in the position and with the duties and responsibilities described in Section 1 for the period commencing on the Commencement Date and ending upon the earlier of (i) the date of Executive's resignation from the Company and (ii) the date Executive's Employment is terminated in accordance with Section 5(b) (the "Term").



**(b) Termination of Employment.** The Company may terminate Executive's Employment at any time and for any reason (or no reason), and with or without Cause, by giving Executive 30 days' advance notice in writing. Executive may terminate his Employment by giving the Company 30 days' advance notice in writing. The Company shall have the right at any time during such 30- day period, to relieve Executive of his offices, duties and responsibilities and place him on a paid leave-of-absence status, provided that during such notice period, Executive shall remain a full time employee of the Company and shall continue to receive his then current salary compensation and other benefits as provided in this Agreement. Executive's Employment shall terminate automatically in the event of his death. The termination of Executive's Employment shall not limit or otherwise affect his obligations under Section 7.

**(c) Rights Upon Termination.** Upon Executive 's termination of Employment for any reason, Executive shall be entitled to the compensation, benefits and reimbursements described in Sections 1, 2, 3, and 4 for the period preceding the effective date of such termination or otherwise accrued before such termination. Upon the termination of Executive' s Employment under certain circumstances, Executive may be entitled to additional severance pay benefits described in Section The payments under this Agreement shall fully discharge all responsibilities of the Company to Executive. This Agreement shall terminate when all obligations of the parties hereunder have been satisfied.

**(d) Rights Upon Death.** If Executive's Employment ends due to death, (A) Executive's estate shall be entitled to receive an amount equal to his target bonus for the fiscal year in which his death occurred (or, if greater, the bonus amount determined based on the applicable factors and actual performance for such fiscal year), prorated based on the number of days he was employed by the Company during that fiscal year and (B) all stock options, shares of restricted stock (other than performance-related restricted stock), and other time-based equity awards granted by the Company and held by Executive at the time of his death shall be fully vested. All amounts under this Section 5(d) shall be paid no later than the date all regular employees are paid their bonuses.

**(e) Rights Upon Permanent Disability.** If Executive's Employment ends due to Permanent Disability and a Separation occurs, (I) Executive shall be entitled to receive (i) an amount equal to his Target Bonus for the fiscal year in which his Employment ended (or, if reasonably ascertainable and greater, the bonus amount determined based on the applicable factors and actual performance for such fiscal year), prorated based on the number of days he was employed by the Company during that fiscal year, and (ii) a lump sum amount equal to the product of (A) 24 and (B) the monthly amount the Company was paying on behalf of Executive and his eligible dependents with respect to the Company' s health insurance plans in which Executive and his eligible dependents were participants as of the date of Separation, and (II) all stock options, shares of restricted stock (other than performance-related restricted stock) and other time-based equity awards granted by the Company and held by Executive shall be fully vested as of the date of Executive's Separation. The amounts payable under this Section 5(e) shall be paid no later 60 days after Executive's Separation.

## **6. Termination Benefits.**

(a) **Preconditions.** Any other provision of this Agreement notwithstanding, Subsections (b) and (c) below shall not apply unless Executive:

(i) Has executed (or, with respect to Section 5(d), the executor or his estate has executed) a

general release of all claims Executive (or his executor or estate) may have against the Company or persons affiliated with the Company (substantially in the form attached hereto as Exhibit A) (the "Release");

- i. Complies with Executive's obligations under Section 7 of this Agreement;
- ii. Has returned all property of the Company in Executive's possession; and
- iii. If requested by the Board, has resigned as a member of the Board and as a member of the boards of directors of all subsidiaries of the Company, to the extent applicable.

Executive must execute and return the Release within the period of time set forth in the Release (the "Release Deadline"). The Release Deadline will in no event be later than 50 days after Executive's Separation. If Executive fails to return the Release on or before the Release Deadline or if Executive revokes the Release, then Executive will not be entitled to the benefits described in this Section 6.

**(b) Severance Pay in the Absence of a Change in Control.** If, during the term of this Agreement and not at a time described in subsection (c) below, Executive resigns his Employment for Good Reason and a Separation occurs or the Company terminates Executive's Employment with the Company for a reason other than death, Cause or Permanent Disability and a Separation occurs, then the Company shall pay Executive a lump sum severance payment equal to (i) one and one-half times (A) his Base Salary in effect at the time of the termination of Employment plus, (B) his average annual bonus based on the actual amounts received in the immediately preceding two years and (ii) the product of (A) 24 and (B) the monthly amount the Company was paying on behalf of Executive and his eligible dependents with respect to the Company's health insurance plans in which Executive and his eligible dependents were participants as of the date of Separation. In the event that Executive Employment is terminated for a reason other than death, Cause or Permanent Disability or Executive resigns his Employment for Good Reason under this Subsection within two years after commencement of employment with the Company, then in lieu of using the average bonus received in the immediately preceding two years for the above calculation, such calculation shall use his Target Bonus in the year of termination if such termination under this Subsection (b) occurs in the first year of employment with the Company and the actual bonus Executive received during the first year of employment with the Company if such termination under this Subsection (b) occurs in the second year of employment with the Company. However, the amount of the severance payment under this Subsection (b) shall be reduced by the amount of any severance pay or pay in lieu of notice that Executive receives from the Company under a federal or state statute (including, without limitation, the Worker Adjustment and Retraining Notification Act).

**(c) Severance Pay in Connection with a Change in Control.** If, during the term of this Agreement and within (i) 120 days prior to or (ii) 24 months following a Change in Control, Executive is subject to an Involuntary Termination, then (i) the Company shall pay Executive a lump sum severance payment equal to (x) two times his Base Salary in effect at the time of the termination of Employment plus two times Executive's average bonus received in the immediately preceding two years and (y) a lump sum amount equal to the product of (A) 24 and (B) the monthly amount the Company was paying on behalf of Executive and his eligible dependents with respect to the Company's health insurance plans in which Executive and his eligible dependents were participants as of the date of Separation, and (ii) all stock options, shares of restricted stock (other

than performance-related restricted stock that is tied to performance after the Change in Control), and other time-based equity awards granted by the Company and held by Executive shall be fully vested as of the date of the Involuntary Termination. In the event that Executive is subject to an Involuntary Termination under this Subsection (c) within two years after commencement of employment with the Company, then in lieu of using the average bonus received in the immediately preceding two years for the above calculation, such calculation shall use his Target Bonus in the year of the Involuntary Termination if such termination under this Subsection (c) occurs in the first year of employment with the Company and the actual bonus Executive received during the first year of employment with the Company if such termination under this Subsection (c) occurs in the second year of employment with the Company. However, the amount of the severance payment under this Subsection (c) shall be reduced by the amount of any severance pay or pay in lieu of notice that Executive receives from the Company under a federal or state statute (including, without limitation, the Worker Adjustment and Retraining Notification Act).

(d) **Commencement of Severance Payments.** Payment of the severance pay provided for under this Agreement will be made no later than the first regularly scheduled payroll date that occurs no later than 50 days after Executive's Separation, but only if Executive has complied with the release and other preconditions set forth in Subsection (a) (to the extent applicable). However, except as provided in the next following sentence, if the 50-day period described in Section 5(a) spans two calendar years, then the payment will be made on the first payroll date in the second calendar year following expiration of the applicable revocation period. In the event that Executive experiences an Involuntary Termination immediately at or after a Change in Control, the Company shall work with the surviving company to ensure that any payments due to Executive under subsection (c) above be paid upon the closing of the Change in Control. In addition, if at any time the parties agree that a Good Reason arises after the Change in Control and severance is due to Executive under subsection (c), the Company shall work with the surviving company to insure that any such payments due to Executive are paid promptly after such Good Reason arises.

(e) **Section 409A.** This Agreement shall be construed consistently with the intent that all payments hereunder shall be exempt from the requirements of Section 409A of the Code by reason of the "short-term" deferral exemption or a different exemption. Each payment made under this Agreement shall be treated as a separate payment and the right to a series of installment payments under this Agreement is to be treated as a right to a series of separate payments. If the Company determines that Executive is a "specified employee" under Section 409A(a)(2)(B)(i) of the Code at the time of his Separation, then (i) payment of any "nonqualified deferred compensation" (within the meaning of Section 409A) that is payable to Executive upon Separation shall be delayed until the first business day following (A) expiration of the six-month period measured from Executive's Separation, or (B) the date of Executive's death, and (ii) the installments that otherwise would have been paid prior to such date will be paid in a lump sum when such payments commence.

## 7. Protective Covenants.

(a) **Non- Competition.** As one of the Company's executive and management personnel and officer, Executive has acquired extensive and valuable knowledge and confidential information concerning the business of the Company, including certain trade secrets the Company wishes to protect. Executive further acknowledges that during his employment he will have access to and knowledge of Proprietary Information. To protect the Company's Proprietary Information, and in consideration of this Agreement, Executive agrees that during his employment with the Company

and for a period of twelve (12) months after the termination of Executive's employment with the Company for any reason, whether under this Agreement or otherwise (the "Restricted Period"), he will not without the Company's approval (which shall not be unreasonably withheld), directly or indirectly engage in (whether as an employee, consultant, proprietor, partner, director or otherwise), have any ownership interest in, or participate in the financing, operation, management or control of, any person, firm, corporation or business that engages in a Restricted Business in a Restricted Territory. It is agreed that ownership of (i) no more than one percent (1%) of the outstanding voting stock of a publicly traded corporation or (ii) any stock he presently owns shall not constitute a violation of this Section.

**(b) Non-Solicitation and Non-Servicing.** During his employment with the Company and continuing for a period of eighteen (18) months after termination of Executive's employment with the Company for any reason, whether under this Agreement or otherwise, Executive shall not directly or indirectly, personally or through others,

i. attempt in any manner to solicit, persuade or induce any Client of the Company to terminate, reduce or refrain from renewing or extending its contractual or other relationship with the Company in regard to the purchase or licensing of products or services manufactured, marketed, licensed or sold by the Company, or to become a Client of or enter into any contractual or other relationship with Executive or any other individual, person or entity in regard to the purchase or license of products or services similar or identical to those manufactured, marketed or sold by the Company; or

ii. attempt in any manner to solicit, persuade or induce any individual, person or entity which is, or at any time during Executive's employment with the Company was, a supplier of any product or service to the Company or vendor of the Company (whether as a distributor, agent, employee or otherwise) to terminate, reduce or refrain from renewing or extending his, her or its contractual or other relationship with the Company; provided, however, this subparagraph (ii) shall not apply with respect to (I) during the first six (6) months after Executive's Separation, up to two service providers of the Company who report in to Executive's organization, were recruited by Executive and had worked with Executive in prior employment, plus Executive's administrative assistant, and (II) during the next six (6) month period thereafter, up to two service providers of the Company who report in to Executive's organization, were recruited by Executive and had worked with Executive in prior employment; or

iii. render to or for any Client any services of the type rendered by the Company; or

iv. subject to the exceptions in subparagraph (ii) above, employ as an employee or retain as a consultant any person who is then, or at any time during the preceding twelve months was, an employee of or consultant to the Company (unless the Company had terminated the employment or engagement of such employee or exclusive consultant prior to the time of the alleged prohibited conduct), or persuade, induce or attempt to persuade any employee of or consultant to the Company to leave the employ of the Company or to breach any service arrangement with the Company.

**(c) Non-Disclosure.** Executive has entered into a Proprietary Information and Inventions Agreement with the Company, which is incorporated herein by reference.

**(d) Reasonable.** Executive agrees and acknowledges that the time limitation on the restrictions in this Section 7, combined with the geographic scope, is reasonable. Executive also acknowledges and agrees that this provision is reasonably necessary for the protection of Proprietary Information, that through his Employment he shall receive adequate consideration for any loss of opportunity associated with the provisions herein, and that these provisions provide a reasonable way of protecting the Company's business value which will be imparted to him. If any restriction set forth in this Section 7 is found by any court of competent jurisdiction to be unenforceable because it extends for too long a period of time or over too great a range of activities or in too broad a geographic area, it shall be interpreted to extend only over the maximum period of time, range of activities or geographic area as to which it may be enforceable.

#### **8. Successors.**

(a) **Company's Successors.** This Agreement shall be binding upon any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets. For all purposes under this Agreement, the term "Company" shall include any successor to the Company's business and/or assets which becomes bound by this Agreement.

(b) **Employee's Successors.** This Agreement and all rights of Executive hereunder shall inure to the benefit of, and be enforceable by, Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

#### **9. Taxes.**

(a) **Withholding Taxes.** All payments made under this Agreement shall be subject to reduction to reflect applicable withholding and payroll taxes or other deductions required to be withheld by law.

(b) **Tax Advice.** Executive is encouraged to obtain his own tax advice regarding his compensation from the Company. Executive agrees that the Company does not have a duty to design its compensation policies in a manner that minimizes Executive's tax liabilities, and Executive shall not make any claim against the Company or the Board related to tax liabilities arising from Executive's compensation.

(c) **Parachute Taxes.** Notwithstanding anything in this Agreement to the contrary, if it shall be determined that any payment or distribution by the Company to or for the benefit of Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise ("Total Payments") to be made to Executive would otherwise exceed the amount (the "Safe Harbor Amount") that could be received by Executive without the imposition of an excise tax under Section 4999 of Code, then the Total Payments shall be reduced to the Safe Harbor Amount if (and only if) the Safe Harbor Amount (net of applicable taxes) is greater than the net amount payable to Executive after taking into account any excise tax imposed under section 4999 of the Code on the Total Payments. All determinations to be made under this subparagraph (c) shall be made by a public accounting firm selected by the Company before the date of the Change in Control (the "Accounting Firm"). In determining whether such Benefit Limit is exceeded, the Accounting Firm shall make a reasonable determination of the value to be assigned to the restrictive covenants in effect for Executive pursuant to Section 7 of this Agreement, and the amount of his potential parachute payment under Section 2800 of the Code shall be reduced by

the value of those restrictive covenants and all other permissible adjustments to the extent consistent with Section 280G of the Code and the regulations thereunder. To the extent a reduction to the Total Payments is required to be made in accordance with this subparagraph (c), such reduction and/or cancellation of acceleration of equity awards shall occur in the order that provides the maximum economic benefit to Executive. In the event that acceleration of equity awards is to be reduced, such acceleration of vesting also shall be canceled in the order that provides the maximum economic benefit to Executive. Notwithstanding the foregoing, any reduction shall be made in a manner consistent with the requirements of section 409A of the Code and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis but not below zero. All of the fees and expenses of the Accounting Firm in performing the determinations referred to in this subparagraph (c) shall be borne solely by the Company.

#### **10. Definitions.**

(a) **Cause.** For all purposes under this Agreement, "Cause" shall mean:

- (i) An intentional and unauthorized use or disclosure by Executive of the Company's confidential information or trade secrets, which use or disclosure causes material harm to the Company;
- (ii) A material breach by Executive of any material agreement between Executive and the Company;
- (iii) A material failure by Executive to comply with the Company's written policies or rules;
- (iv) Executive's conviction of, indictment for, or plea of "guilty" or "no contest" to, a felony under the laws of the United States or any State thereof;
- (v) Executive's gross negligence or willful misconduct which causes material harm to the Company;
- (vi) A continued failure by Executive to perform reasonably assigned duties after receiving written notification of such failure from the Board (other than by reason of Executive's physical or mental illness, incapacity or disability); or
- (vii) A failure by Executive to cooperate in good faith with a governmental or internal investigation of the Company or its directors, officers or employees, if the Company has requested in writing Executive's cooperation, and Executive has not cooperated in good faith within 5 business days.

With respect to subparagraphs (ii), (iii) or (vi), the Company shall not have the right to terminate Executive for Cause if Executive cures the breach or failure within 30 days of the Company's written notice to Executive of such breach or failure.

(b) **Change in Control.** For all purposes under this Agreement, "Change in Control" shall mean the occurrence of:

- (i) The acquisition, by a person or persons acting as a group, of the Company's stock that, together with other stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the Company;
- (ii) The acquisition, during a 12-month period ending on the date of the most recent acquisition, by a person or persons acting as a group, of 30% or more of the total voting power of the Company;
- (iii) The replacement of a majority of the members of the Board, during any 12-month period, by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of such appointment or election; or
- (iv) The acquisition, during a 12-month period ending on the date of the most recent acquisition, by a person or persons acting as a group, of the Company's assets having a total gross fair market value (determined without regard to any liabilities associated with such assets) of 80% or more of the total gross fair market value of all of the assets of the Company (determined without regard to any liabilities associated with such assets) immediately prior to such acquisition or acquisitions.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur unless such transaction also qualifies as an event under Treas. Reg. §1.409A-3(i)(5)(v) (change in the ownership of a corporation), Treas. Reg. §1.409A-3(i)(5)(vi) (change in the effective control of a corporation), or Treas. Reg. §1.409A-3(i)(5)(vii) (change in the ownership of a substantial portion of a corporation's assets).

**(c) Client.** For all purposes under this Agreement, " Client" shall mean (i) anyone who is a client of the Company as of, or at any time during the one-year period immediately preceding, the termination of Executive' s employment, but only if Executive had a direct relationship with, supervisory responsibility for or otherwise were involved with such client during Executive's employment with the Company and (ii) any prospective client to whom the Company made a new business presentation (or similar offering of services) at any time during the one-year period immediately preceding, or six-month period immediately following, Executive' s employment termination (but only if initial discussions between the Company and such prospective client relating to the rendering of services occurred prior to the termination date, and only if Executive participated in or supervised such presentation and/or its preparation or the discussions leading up to it).

a. **Code.** For all purposes under this Agreement, " Code" shall mean the Internal Revenue Code of 1986, as amended.

b. **Company.** For all purposes under this Agreement, "Company" shall include Synchronoss Technologies, Inc. and all of its subsidiaries and affiliates.

(t) **Good Reason.** For all purposes under this Agreement, " Good Reason" shall mean:

- (i) material diminution in Executive' s authorities, duties or responsibilities;
- (ii) a reduction in Executive' s base salary by more than 5% unless pursuant to a Company- wide salary reduction affecting all of the Company' s Section 16 officers proportionately;

- i. relocation of Executive's principal workplace that results in an increase to Executive's commute by more than 50 miles;
- ii. a material reduction in the kind or level of incentive compensation or employee benefits to which Executive is entitled immediately prior to such reduction with the result that Executive's overall compensation and benefits package is significantly reduced, unless such reduction occurs solely as a result of a reduction in the kind or level of employee benefits of employees that applies for all employees of the Company or
- iii. a material breach by the Company of this Agreement.

A condition shall not be considered "Good Reason" unless Executive gives the Company written notice of such condition within 90 days after Executive has knowledge of such condition and the Company fails to remedy such condition (or in the case of (v), remedy such breach) within 30 days after receiving Executive's written notice. In addition, Executive's resignation must occur no later than 12 months after Executive has knowledge of such condition.

(g) **Involuntary Termination.** For all purposes under this Agreement, "Involuntary Termination" shall mean either (i) the Company terminates Executive's Employment with the Company for a reason other than death, Cause or Permanent Disability and a Separation occurs, or (ii) Executive resigns his Employment for Good Reason and a Separation occurs.

(h) **Permanent Disability.** For all purposes under this Agreement, "Permanent Disability" shall mean, in the reasonable determination by the Compensation Committee, Executive's inability to perform the essential functions of Executive's position, with or without reasonable accommodation, for a period of at least 180 consecutive days because of a physical or mental impairment.

(i) **Proprietary Information.** For all purposes under this Agreement, "Proprietary Information" shall mean any and all confidential and/or proprietary knowledge, data or information of the Company. By way of illustration but not limitation, Proprietary Information includes (i) trade secrets, inventions, mask works, ideas, processes, formulas, source and object codes, data, programs, other works of authorship, know-how, improvements, discoveries, developments, designs and techniques; and (ii) information regarding plans for research, development, new products, marketing and selling, business plans, budgets and unpublished financial statements, licenses, prices and costs, suppliers and customers; and (iii) information regarding the skills and compensation of other employees of the Company.

(j) **Restricted Business.** For all purposes under this Agreement, "Restricted Business" shall mean the design, development, marketing or sales of software, or any other process, system, product, or service marketed, sold or under development by the Company (and expected to reach market before the end of the Restricted Period) at the time Executive's employment with the Company ends, whether during or after the Term.

(k) **Restricted Territory.** For all purposes under this Agreement, "Restricted Territory" shall mean any state, county, or locality in the United States or around the world in which the Company conducts business.

(i) **Separation.** For all purposes under this Employment Agreement, "Separation" means a



"separation from service," as defined in the regulations under Section 409A of the Code.

(m) **Solicit.** For all purposes under this Agreement, "solicit" shall mean (i) active solicitation of any Client or Company employee (but not general marketing of a product, service or open position not targeted at such employee); (ii) the provision of information regarding any Client or Company employee to any third party where such information could be useful to such third party in attempting to obtain business from such Client or attempting to hire any such Company employee; (iii) participation in any meetings, discussions, or other communications with any third party regarding any Client or Company employee where the purpose or effect of such meeting, discussion or communication is to obtain business from such Client or employ such Company employee; and (iv) any other passive use of information about any Client or Company employee which has the purpose or effect of assisting a third party or causing harm to the business of the Company.

## 11. Miscellaneous Provisions.

(a) **Notice.** Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered, when delivered by FedEx with delivery charges prepaid, or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of Executive, mailed notices shall be addressed to him at the home address that he most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Secretary.

(b) **Modifications and Waivers.** No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) **Whole Agreement.** This Agreement and the Proprietary Information and Inventions Agreement supersede and replace any prior agreements, representations or understandings (whether oral or written and whether express or implied) between Executive and the Company and constitute the complete agreement between Executive and the Company regarding the subject matter set forth herein; provided that nothing in this Agreement shall supersede an express promise made by the Company in Executive's offer letter.

(d) **Choice of Law and Severability.** This Agreement shall be interpreted in accordance with the laws of the State of New Jersey (except their provisions governing the choice of law). If any provision of this Agreement becomes or is deemed invalid, illegal or unenforceable in any applicable jurisdiction by reason of the scope, extent or duration of its coverage, then such provision shall be deemed amended to the minimum extent necessary to conform to applicable law so as to be valid and enforceable or, if such provision cannot be so amended without materially altering the intention of the parties, then such provision shall be stricken and the remainder of this Agreement shall continue in full force and effect. If any provision of this Agreement is rendered illegal by any present or future statute, law, ordinance or regulation (collectively the "Law"), then such provision shall be curtailed or limited only to the minimum extent necessary to bring such

provision into compliance with the Law. All the other terms and provisions of this Agreement shall continue in full force and effect without impairment or limitation.

**(e) No Assignment.** This Agreement and all rights and obligations of Executive hereunder are personal to Executive and may not be transferred or assigned by Executive at any time. The Company may assign its rights under this Agreement to any entity that assumes the Company's obligations hereunder in connection with any sale or transfer of all or a substantial portion of the Company's assets to such entity.

**(f) Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**(g) Survival.** The rights and obligations of the parties under the provisions of this Agreement (including without limitation Section 7) shall survive, and remaining binding and enforceable, notwithstanding the termination of this Agreement, the termination of Executive's Employment hereunder or otherwise, to the extent necessary to preserve the intended benefits of such provision.

**IN WITNESS WHEREOF**, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written.

*/s/ Ronald Prague*

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**Ronald Prague**

SYNCHRONOSS TECHNOLOGIES, INC.

*/s/ Stephen G. Waldis*

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**Stephen G. Waldis**

**Chief Executive Officer**

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

I, Glenn Lurie, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Synchronoss Technologies, Inc. for the quarter ended March 31, 2021;
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: May 10, 2021

/s/ Glenn Lurie

**Glenn Lurie**  
**Chief Executive Officer**

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

I, David Clark, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Synchronoss Technologies, Inc. for the quarter ended March 31, 2021;
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: May 10, 2021

/s/ David Clark

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**David Clark**  
**Chief Financial Officer**



