

**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 September 30, 2020

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$.0001 par value	SNCR	The Nasdaq Stock Market, LLC

As of November 05, 2020, there were 44,105,881 shares of common stock issued and outstanding.

SYNCHRONOSS TECHNOLOGIES, INC.
FORM 10-Q INDEX

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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)

	September 30, 2020	December 31, 2019
ASSETS		
Current assets:		
Cash, restricted cash and cash equivalents	\$ 46,359	\$ 39,001
Marketable securities, current	—	11
Accounts receivable, net	47,705	65,863
Prepaid & Other Current Assets	43,417	38,022
Total current assets	137,481	142,897
Non-Current Assets:		
Property and equipment, net	13,408	26,525
Operating lease right-of-use assets	37,019	53,965
Goodwill	227,012	222,969
Intangible assets, net	71,487	77,613
Other Assets, non-current	12,167	8,054
Total Non-Current Assets	361,093	389,126
Total assets	\$ 498,574	\$ 532,023
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 11,292	\$ 21,551
Accrued expenses	77,693	65,987
Deferred revenues, current	33,897	65,858
Debt, current	10,000	—
Total current liabilities	132,882	153,396
Deferred tax liabilities	2,559	1,679
Deferred revenues, non-current	17,518	21,941
Leases, non-current	48,787	60,976
Other non-current liabilities	3,212	4,589
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; 242 shares issued and outstanding at September 30, 2020	227,861	200,865
Stockholders' equity:		
Common stock, \$0.0001 par value; 100,000 shares authorized, 51,521 and 51,704 shares issued; 44,359 and 44,542 outstanding at September 30, 2020 and December 31, 2019, respectively	5	5
Treasury stock, at cost (7,162 and 7,162 shares at September 30, 2020 and December 31, 2019, respectively)	(82,087)	(82,087)
Additional paid-in capital	512,504	525,739
Accumulated other comprehensive loss	(32,190)	(33,261)
Accumulated deficit	(344,977)	(334,319)
Total stockholders' equity	53,255	76,077
Total liabilities and stockholders' equity	\$ 498,574	\$ 532,023

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net revenues	\$ 68,636	\$ 52,210	\$ 222,293	\$ 218,161
Costs and expenses:				
Cost of revenues*	28,452	35,602	93,403	107,958
Research and development	20,885	18,575	59,769	57,282
Selling, general and administrative	23,265	30,536	74,249	82,862
Restructuring charges	820	(39)	6,763	738
Depreciation and amortization	12,212	18,508	33,852	58,920
Total costs and expenses	85,634	103,182	268,036	307,760
Loss from continuing operations	(16,998)	(50,972)	(45,743)	(89,599)
Interest income	20	228	1,587	716
Interest expense	(72)	(203)	(401)	(1,251)
Gain (loss) on extinguishment of debt	—	5	—	822
Other Income, net	2,684	(422)	5,743	17
Equity method investment loss	—	—	—	(1,619)
Loss from continuing operations, before taxes	(14,366)	(51,364)	(38,814)	(90,914)
Benefit (provision) for income taxes	8,744	(9,849)	29,148	(6,614)
Net loss	(5,622)	(61,213)	(9,666)	(97,528)
Net loss attributable to redeemable noncontrolling interests	(60)	(25)	(242)	(931)
Preferred stock dividend	(9,685)	(8,194)	(27,882)	(23,590)
Net loss attributable to Synchronoss	\$ (15,367)	\$ (69,432)	\$ (37,790)	\$ (122,049)
Earnings per share				
Basic	\$ (0.36)	\$ (1.70)	\$ (0.90)	\$ (3.01)
Diluted	\$ (0.36)	\$ (1.70)	\$ (0.90)	\$ (3.01)
Weighted-average common shares outstanding:				
Basic	42,360	40,910	41,777	40,564
Diluted	42,360	40,910	41,777	40,564

* 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)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net loss	\$ (5,622)	\$ (61,213)	\$ (9,666)	\$ (97,528)
Other comprehensive (loss) income, net of tax:				
Foreign currency translation adjustments	1,343	(2,435)	(726)	(1,928)
Unrealized loss on available for sale securities	—	192	751	(710)
Net income (loss) on inter-company foreign currency transactions	864	(740)	1,046	(859)
Total other comprehensive income (loss)	2,207	(2,983)	1,071	(3,497)
Comprehensive loss	(3,415)	(64,196)	(8,595)	(101,025)
Comprehensive loss attributable to redeemable noncontrolling interests	(60)	(25)	(242)	(931)
Comprehensive loss attributable to Synchronoss	\$ (3,475)	\$ (64,221)	\$ (8,837)	\$ (101,956)

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended September 30, 2020							
	Common Stock		Treasury Stock		Additional	Accumulated Other	Total	
	Shares	Amount	Shares	Amount	Paid-In Capital	Comprehensive Income (Loss)	Accumulated deficit	Stockholders' Equity
Balance at June 30, 2020	51,619	\$ 5	(7,162)	\$ (82,087)	\$ 517,794	\$ (34,397)	\$ (339,313)	\$ 62,002
Stock based compensation	—	—	—	—	4,336	—	—	4,336
Issuance of restricted stock	(105)	—	—	—	—	—	—	—
Preferred stock dividends declared	—	—	—	—	(8,761)	—	—	(8,761)
Amortization of preferred stock issuance costs	—	—	—	—	(925)	—	—	(925)
Net loss attributable to Synchronoss	—	—	—	—	—	—	(5,622)	(5,622)
Non-controlling interest	—	—	—	—	60	—	(60)	—
Total other comprehensive income (loss)	—	—	—	—	—	2,207	—	2,207
Adoption of new credit loss accounting standard	—	—	—	—	—	—	18	18
Balance at September 30, 2020	<u>51,514</u>	<u>\$ 5</u>	<u>(7,162)</u>	<u>\$ (82,087)</u>	<u>\$ 512,504</u>	<u>\$ (32,190)</u>	<u>\$ (344,977)</u>	<u>\$ 53,255</u>

	Three Months Ended September 30, 2019							
	Common Stock		Treasury Stock		Additional	Accumulated Other	Total	
	Shares	Amount	Shares	Amount	Paid-In Capital	Comprehensive Income (Loss)	Accumulated deficit	Stockholders' Equity
Balance at June 30, 2019	51,578	\$ 5	(7,162)	\$ (82,087)	\$ 531,282	\$ (30,897)	\$ (266,948)	\$ 151,355
Stock based compensation	—	—	—	—	5,587	—	—	5,587
Issuance of restricted stock	24	—	—	—	—	—	—	—
Preferred stock dividends declared	—	—	—	—	(7,598)	—	—	(7,598)
Amortization of preferred stock issuance costs	—	—	—	—	(597)	—	—	(597)
Issuance of common stock on exercise of options	7	—	—	—	39	—	—	39
Shares withheld for taxes in connection with issuance of restricted stock	(1)	—	—	—	(4)	—	—	(4)
Net income attributable to Synchronoss	—	—	—	—	—	—	(61,237)	(61,237)
Non-controlling interest	—	—	—	—	25	—	—	25
Total other comprehensive income (loss)	—	—	—	—	—	(2,983)	—	(2,983)
Balance at September 30, 2019	<u>51,608</u>	<u>\$ 5</u>	<u>(7,162)</u>	<u>\$ (82,087)</u>	<u>\$ 528,734</u>	<u>\$ (33,880)</u>	<u>\$ (328,185)</u>	<u>\$ 84,587</u>

Nine Months Ended September 30, 2020

	Common Stock		Treasury Stock		Additional	Accumulated Other	Total	
	Shares	Amount	Shares	Amount	Paid-In Capital	Comprehensive Income (Loss)	Accumulated deficit	Stockholders' Equity
Balance at December 31, 2019	51,704	\$ 5	(7,162)	\$ (82,087)	\$ 525,739	\$ (33,261)	\$ (334,319)	\$ 76,077
Stock based compensation	—	—	—	—	14,406	—	—	14,406
Issuance of restricted stock	(188)	—	—	—	—	—	—	—
Preferred stock dividends declared	—	—	—	—	(25,373)	—	—	(25,373)
Amortization of preferred stock issuance costs	—	—	—	—	(2,510)	—	—	(2,510)
Shares withheld for taxes in connection with issuance of restricted stock	(2)	—	—	—	—	—	—	—
Net loss attributable to Synchronoss	—	—	—	—	—	—	(9,666)	(9,666)
Non-controlling interest	—	—	—	—	242	—	(242)	—
Total other comprehensive income (loss)	—	—	—	—	—	1,071	—	1,071
Adoption of new credit loss accounting standard	—	—	—	—	—	—	(750)	(750)
Balance at September 30, 2020	<u>51,514</u>	<u>\$ 5</u>	<u>(7,162)</u>	<u>\$ (82,087)</u>	<u>\$ 512,504</u>	<u>\$ (32,190)</u>	<u>\$ (344,977)</u>	<u>\$ 53,255</u>

Nine Months Ended September 30, 2019

	Common Stock		Treasury Stock		Additional	Accumulated Other	Total	
	Shares	Amount	Shares	Amount	Paid-In Capital	Comprehensive Income (Loss)	Accumulated deficit	Stockholders' Equity
Balance at December 31, 2018	49,836	\$ 5	(7,162)	\$ (82,087)	\$ 534,673	\$ (30,383)	\$ (233,299)	\$ 188,909
Stock based compensation	—	—	—	—	16,694	—	—	16,694
Issuance of restricted stock	1,767	—	—	—	—	—	—	—
Preferred stock dividends declared	—	—	—	—	(22,005)	—	—	(22,005)
Amortization of preferred stock issuance costs	—	—	—	—	(1,586)	—	—	(1,586)
Issuance of common stock on exercise of options	7	—	—	—	39	—	—	39
Shares withheld for taxes in connection with issuance of restricted stock	(2)	—	—	—	(12)	—	—	(12)
Adjustments to purchase price allocation	—	—	—	—	—	—	3,574	3,574
Net loss attributable to Synchronoss	—	—	—	—	—	—	(98,458)	(98,458)
Non-controlling interest	—	—	—	—	931	—	—	931
Total other comprehensive income (loss)	—	—	—	—	—	(3,497)	—	(3,497)
Other	—	—	—	—	—	—	(2)	(2)
Balance at September 30, 2019	<u>51,608</u>	<u>\$ 5</u>	<u>(7,162)</u>	<u>\$ (82,087)</u>	<u>\$ 528,734</u>	<u>\$ (33,880)</u>	<u>\$ (328,185)</u>	<u>\$ 84,587</u>

See accompanying notes to condensed consolidated financial statements.

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

	Nine Months Ended September 30,	
	2020	2019
Operating activities:		
Net loss continuing operations	\$ (9,666)	\$ (97,528)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	33,852	58,921
Amortization of debt issuance costs	—	272
(Gain) loss on extinguishment of debt	—	(822)
Loss (earnings) from Equity method investments	—	1,619
(Gain) loss on Disposals of fixed assets	12	15
(Gain) loss on Disposals of intangible assets	(2,164)	—
Amortization of bond premium	—	(34)
Deferred income taxes	356	(25)
Stock-based compensation	14,547	17,033
Cumulative adjustment to STI receivable	—	26,044
ROU Asset Impairment	6,232	6,268
Changes in operating assets and liabilities:		
Accounts receivable, net	11,357	3,180
Prepaid expenses and other current assets	(5,426)	34,052
Accounts payable	(8,400)	2,615
Accrued expenses	10,063	(9,418)
Deferred revenues	(36,924)	(28,583)
Other liabilities	(5,178)	(1,770)
Net cash provided by operating activities	8,661	11,839
Investing activities:		
Purchases of fixed assets	(571)	(7,077)
Additions to capitalized software	(12,610)	(9,289)
Acquisition of intangible assets	(400)	—
Proceeds from the sale of intangibles	2,164	—
Purchases of marketable securities available for sale	—	(47,703)
Maturity of marketable securities available for sale	11	81,794
Net cash provided by (used in) investing activities	(11,406)	17,725
Financing activities:		
Taxes paid on withholding shares	(9)	—
Retirement of Convertible Senior Notes & related costs	—	(112,993)
Borrowings on revolving line of credit	10,000	—
Preferred dividend payment	—	(7,075)
Payments on capital obligations	—	(925)
Net cash provided by (used in) financing activities	9,991	(120,993)
Effect of exchange rate changes on cash	112	783
Net increase in cash and cash equivalents	7,358	(90,646)
Cash and cash equivalents, beginning of period	39,001	109,860
Cash and cash equivalents, end of period	\$ 46,359	\$ 19,214
Supplemental disclosures of non-cash investing and financing activities:		
Paid in kind dividends on Series A Convertible Participating Perpetual Preferred Stock	\$ 26,995	\$ 14,407

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 IoT platforms help the world’s leading companies, including operators, original equipment manufacturers (“OEMs”), and Technology, Media and Telecom (“TMT”) 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 TMT space, taking advantage of the rapidly converging services, connected devices, networks and applications.

The Company delivers platforms, products and solutions including:

- Cloud sync, backup, storage, device set up, content transfer and content engagement for user generated content
- Advanced, multi-channel messaging peer-to-peer (“P2P”) communications and application-to-person (“A2P”) commerce solutions
- Digital experience management (Platform as a Service) - including digital journey creation, and journey design products that use analytics that power digital advisor products for IT and Business Channel Owners
- IoT management technology for Smart Cities, Smart Buildings and more

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 an Operator’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 Synchronoss 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 Experience Platform (“DXP”) is a purpose-built experience management toolset that sits between the Company’s customers end-user facing applications and their existing back end systems, enabling the authoring and management of customer journeys in a cloud-native no/low-code environment. This platform uses products such as Journey Creator, Journey Advisor, CX Baseline and Digital Coach to create a wide variety of insight-driven customer experiences across existing channels (digital and analogue) including creating the ability to pause and resume continuous, intelligent experiences in an omni-channel environment. DXP can be operated by IT professionals and “citizen” developers (business analysts, etc.) enabling the Company’s customers to bring more compelling and complex experiences to market in less time with fewer and more diverse resources in a real-time, collaborative environment.

The Synchronoss IoT Platform creates an easy to use environment and extensible ecosystem making the management of disparate devices, sensors, data pools and networks easier to manage by IoT administrators and drives the propagation of new IoT applications and monetization models for TMT companies. The Company’s IoT platform utilizes Synchronoss platforms (DXP, Cloud, Messaging), products and solutions to make IoT more accessible and actionable for Smart Building facility managers, Smart City planners, Automotive OEMs and TMT ecosystem players.

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, 2019. The results of operations for the three and nine months ended September 30, 2020 are not necessarily indicative of the results to be expected for the year ending December 31, 2020.

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, 2019.

Risks and Uncertainties

There are many uncertainties regarding the current coronavirus ("COVID-19") pandemic, and the Company is closely monitoring the impact of the pandemic on all aspects of its business, including how it will impact its customers, employees, suppliers, vendors, business partners and distribution channels. While the pandemic did not materially affect the Company's financial results and business operations for the three and nine months ended September 30, 2020, 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 StandardsRecent accounting pronouncements adopted

Standard	Description	Effect on the financial statements
ASU 2016-13, ASU 2019-4 Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments	In June 2016, the FASB issued ASU 2016-13 which replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for public companies in annual periods beginning after December 15, 2019, and interim periods within those years. Early adoption is permitted beginning after December 15, 2018 and interim periods within those years.	We adopted Topic 326 beginning on January 1, 2020 using the modified retrospective approach with a cumulative effect adjustment to opening retained earnings recorded at the beginning of the period of adoption. Upon adoption, we changed our impairment model to utilize a forward-looking current expected credit losses (CECL) model in place of the incurred loss methodology for financial instruments measured at amortized cost, including our accounts receivable. CECL estimates on accounts receivable are recorded as general and administrative expenses on our condensed consolidated statements of income. The cumulative effect adjustment from adoption was immaterial to our condensed consolidated financial statements.
Date of adoption: January 1, 2020.		

Standards issued not yet 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 is still evaluating these changes and does not anticipate any material impact on the Company's consolidated financial position or results of operations upon adoption.
Date of adoption: January 1, 2021.		

3. RevenueDisaggregation 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.

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

	Three Months Ended September 30, 2020				Three Months Ended September 30, 2019			
	Cloud	Digital	Messaging	Total	Cloud	Digital	Messaging	Total
Geography								
Americas	\$ 37,806	\$ 10,212	\$ 4,249	\$ 52,266	\$ 38,669	\$ (6,947)	\$ 2,514	\$ 34,236
APAC	—	791	8,280	9,071	—	769	10,638	11,407
EMEA	1,678	1,633	3,988	7,299	1,792	856	3,919	6,567
Total	\$ 39,484	\$ 12,635	\$ 16,517	\$ 68,636	\$ 40,461	\$ (5,322)	\$ 17,071	\$ 52,210
Service Line								
Professional Services	\$ 5,253	\$ 2,891	\$ 3,262	\$ 11,405	\$ 3,861	\$ 3,407	\$ 2,698	\$ 9,966
Transaction Services	1,345	1,715	—	3,060	1,321	2,720	—	4,041
Subscription Services	32,887	8,001	11,236	52,124	35,243	(12,653)	9,321	31,911
License	—	28	2,019	2,047	36	1,204	5,052	6,292
Total	\$ 39,484	\$ 12,635	\$ 16,517	\$ 68,636	\$ 40,461	\$ (5,322)	\$ 17,071	\$ 52,210

	Nine Months Ended September 30, 2020				Nine Months Ended September 30, 2019			
	Cloud	Digital	Messaging	Total	Cloud	Digital	Messaging	Total
Geography								
Americas	\$ 117,889	\$ 33,786	\$ 23,652	\$ 175,326	\$ 116,165	\$ 34,325	\$ 6,864	\$ 157,354
APAC	—	2,368	24,163	26,531	—	2,924	37,578	40,502
EMEA	5,086	4,237	11,113	20,436	5,437	2,506	12,362	20,305
Total	\$ 122,975	\$ 40,390	\$ 58,928	\$ 222,293	\$ 121,602	\$ 39,755	\$ 56,804	\$ 218,161
Service Line								
Professional Services	\$ 14,398	\$ 10,163	\$ 14,464	\$ 39,024	\$ 11,220	\$ 11,699	\$ 20,066	\$ 42,985
Transaction Services	4,126	5,004	—	9,130	4,204	5,880	—	10,084
Subscription Services	104,452	24,254	32,965	161,671	106,036	19,886	27,043	152,965
License	—	969	11,499	12,468	142	2,290	9,695	12,127
Total	\$ 122,975	\$ 40,390	\$ 58,928	\$ 222,293	\$ 121,602	\$ 39,755	\$ 56,804	\$ 218,161

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 September 30, 2020 is \$13.6 million.

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

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

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

	Contract Liabilities*
Balance - January 1, 2020	\$ 87,799
Revenue recognized in the period	(218,074)
Amounts billed but not recognized as revenue	181,690
Balance - September 30, 2020	<u>\$ 51,415</u>

* 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 September 30, 2020. 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 September 30, 2020, the aggregate amount of transaction price allocated to remaining performance obligations, other than those meeting the exclusion criteria above, was \$296.0 million, of which approximately 64.6 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.

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4. Fair Value Measurements

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

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

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

	September 30, 2020			
	Total	(Level 1)	(Level 2)	(Level 3)
Assets				
Cash, cash equivalents and restricted cash ⁽¹⁾	\$ 46,359	\$ 46,359	\$ —	\$ —
Total assets	<u>\$ 46,359</u>	<u>\$ 46,359</u>	<u>\$ —</u>	<u>\$ —</u>
Temporary equity				
Redeemable noncontrolling interests ⁽³⁾	\$ 12,500	\$ —	\$ —	\$ 12,500
Total temporary equity	<u>\$ 12,500</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 12,500</u>

	December 31, 2019			
	Total	(Level 1)	(Level 2)	(Level 3)
Assets				
Cash, cash equivalents and restricted cash ⁽¹⁾	\$ 39,001	\$ 39,001	\$ —	\$ —
Marketable securities-short term ⁽²⁾	11	—	11	—
Total assets	<u>\$ 39,012</u>	<u>\$ 39,001</u>	<u>\$ 11</u>	<u>\$ —</u>
Temporary Equity				
Redeemable noncontrolling interests ⁽³⁾	\$ 12,500	\$ —	\$ —	\$ 12,500
Total temporary equity	<u>\$ 12,500</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 12,500</u>

⁽¹⁾ Cash equivalents primarily included money market funds.

⁽²⁾ Marketable securities are comprised of municipal bonds, certificates of deposit, corporate bonds, treasury bonds, and mutual funds.

⁽³⁾ 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

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

The changes in fair value of the Company's Level 3 redeemable noncontrolling interests during the nine months ended September 30, 2020 were as follows:

Balance at December 31, 2019	\$	12,500
Fair value adjustment		(242)
Net income attributable to redeemable noncontrolling interests		242
Balance at September 30, 2020	\$	12,500

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 September 30, 2020.

The following table presents information about the Company's Right of Use (ROU) assets and lease liabilities at September 30, 2020 (in thousands):

ROU assets:		
Non-current operating lease ROU assets	\$	37,019
Operating lease liabilities:		
Current operating lease liabilities*	\$	(9,300)
Non-current operating lease liabilities		(48,703)
Total operating lease liabilities	\$	(58,003)

* Amounts are included in Accrued Expenses on the Condensed Consolidated Balance Sheet.

The following table presents information about lease expense and sublease income for the three and nine months ended September 30, 2020 (in thousands):

	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2020
Operating lease cost*	\$ 2,996	\$ 9,216
Other lease costs and income:		
Variable lease costs* ⁽¹⁾	5,365	7,092
Sublease income*	(971)	(2,916)
Total net lease cost	\$ 7,390	\$ 13,393

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- * 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) During the third quarter, the Company reevaluated its current business model and determined that certain actions were appropriate to scale down the Company's global real estate portfolio. These actions resulted in a \$5.1 million impairment charge to the Company's ROU assets and an additional \$3.1 million impairment to leasehold improvements.

The following table provides the undiscounted amount of future cash flows included in our lease liabilities at September 30, 2020 for each of the five years subsequent to December 31, 2019 and thereafter, as well as a reconciliation of such undiscounted cash flows to our lease liabilities at September 30, 2020 (in thousands):

	Operating Leases
Remaining 2020	\$ 3,296
2021	13,160
2022	12,241
2023	9,756
2024	8,926
Thereafter	26,782
Total future lease payments	74,162
Less: amount representing interest	(16,158)
Present value of future lease payments (lease liability)	<u>\$ 58,003</u>

The following table provides the weighted-average remaining lease term and weighted-average discount rates for our leases as of September 30, 2020:

Operating Leases:	
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	7.7%

The following table provides certain cash flow and supplemental noncash information related to our lease liabilities for the nine months ended September 30, 2020 (in thousands):

Operating Leases:	
Cash paid for amounts included in the measurement of lease liabilities	\$ 9,920
Lease liabilities arising from obtaining right-of-use assets	1,481

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6. Investments in Affiliates and Related Transactions

Sequential Technology International, LLC

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

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

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

Additionally, the Company has renewed its commercial agreement with STIN to continue to provide software and managed support services.

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 0.50%, the prime commercial lending rate as determined by the Agent, and the daily LIBOR rate plus 1.00%, in each case plus an applicable margin and subject to a floor of 0%. 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 September 30, 2020 is \$10.0 million.

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Interest expense

The following table summarizes the Company's interest expense:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Convertible Senior Notes				
Amortization of debt issuance costs	\$ —	\$ 36	\$ —	\$ 273
Interest on borrowings	—	66	—	363
2019 Revolving Credit Facility				
Amortization of debt issuance costs	12	—	40	—
Commitment fee	—	—	4	—
Interest on borrowings	59	—	141	—
Other	1	101	216	615
Total	\$ 72	\$ 203	\$ 401	\$ 1,251

8. Accumulated Other Comprehensive (Loss) / Income

The changes in accumulated other comprehensive (loss) income during the nine months ended September 30, 2020 were as follows:

	Balance at December 31, 2019	Other comprehensive loss	Tax effect	Balance at September 30, 2020
Foreign currency	\$ (28,204)	\$ (726)		\$ (28,930)
Unrealized loss on intra-entity foreign currency transactions	(4,306)	1,516	(470)	(3,260)
Unrealized holding gains (losses) on marketable debt securities	(751)	751	—	—
Total	\$ (33,261)	\$ 1,541	\$ (470)	\$ (32,190)

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9. Stockholders' Equity

There were no significant changes to Company's authorized capital stock and preferred stock during the nine months ended September 30, 2020.

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 September 30, 2020, there were 241,671 shares of Series A Preferred Stock outstanding, including the initial issuance of 185,000 shares of Series A Preferred Stock and the issuance of 56,671 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.

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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 September 30, 2020, 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.

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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.

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.

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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 September 30, 2020 and changes during the nine months ended September 30, 2020, are presented below:

	Preferred Stock	
	Shares	Amount
Balance at December 31, 2019	217	\$ 200,865
Issuance of preferred stock	25	—
Amortization of preferred stock issuance costs	—	2,510
Issuance of preferred PIK dividend	—	24,486
Balance at September 30, 2020	242	\$ 227,861

Registration Rights

There were no significant changes to the Company's registration rights during the three and nine months ended September 30, 2020.

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Stock Plans

There were no significant changes to the Company's Stock Plans during the three and nine months ended September 30, 2020. As of September 30, 2020, there were 0.6 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 September 30, 2020, the liability for such awards is approximately \$0.8 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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Cost of revenues	\$ 505	\$ 804	\$ 1,899	\$ 2,147
Research and development	890	1,117	3,392	3,231
Selling, general and administrative	2,996	4,079	9,256	11,650
Total stock-based compensation expense	\$ 4,391	\$ 6,000	\$ 14,547	\$ 17,028

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Stock options	\$ 1,701	\$ 2,147	\$ 5,289	\$ 5,640
Restricted stock awards	2,626	3,840	8,922	11,164
Performance Based Cash Units	64	13	336	224
Total stock-based compensation before taxes	\$ 4,391	\$ 6,000	14,547	17,028
Tax benefit	\$ 604	\$ 862	\$ 2,192	\$ 2,700

The total stock-based compensation cost related to unvested equity awards as of September 30, 2020 was approximately \$19.9 million. The expense is expected to be recognized over a weighted-average period of approximately 0.89 years.

The total stock-based compensation cost related to unvested performance based cash units as of September 30, 2020 was approximately \$0.8 million. The expense is expected to be recognized over a weighted-average period of approximately 1.87 years.

Stock Options

There were no significant changes to the Company's Stock Option Plans during the three and nine months ended September 30, 2020.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Expected stock price volatility	78.3 %	69.8%	74.5 %	69.6 %
Risk-free interest rate	0.2 %	1.6%	1.0 %	1.9 %
Expected life of options (in years)	4.52	4.36	4.47	4.34
Expected dividend yield	0.0 %	0.0%	0.0 %	0.0 %
Weighted-average fair value (PSV) of the options	\$ 2.23	\$ 4.42	\$ 2.80	\$ 3.84

The following table summarizes information about stock options outstanding as of September 30, 2020:

Options	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2019	4,922	\$ 14.54		
Options Granted	2,293	4.86		
Options Exercised	—	—		
Options Cancelled	(1,149)	21.41		
Outstanding at September 30, 2020	6,066	\$ 9.58	5.09	\$ 11.25
Vested at September 30, 2020	1,798	\$ 15.87	3.89	\$ —
Exercisable at September 30, 2020	1,798	\$ 15.87	3.89	\$ —

The total intrinsic value of stock options exercisable at September 30, 2020 and 2019 was nil and nil, respectively. The total intrinsic value of stock options exercised during the nine months ended September 30, 2020 and 2019 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 and nine months ended September 30, 2020.

A summary of the Company's unvested restricted stock at September 30, 2020, and changes during the nine months ended September 30, 2020, is presented below:

Unvested Restricted Stock	Number of Awards	Weighted- Average Grant Date Fair Value
Unvested at December 31, 2019	3,375	\$ 8.68
Granted	286	5.00
Vested	(1,242)	9.02
Forfeited	(467)	7.66
Unvested at September 30, 2020	1,952	\$ 7.41

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.

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Performance Based Cash Units

Performance based cash units granted under the Company's 2015 Plan 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 September 30, 2020 and changes during the nine months ended September 30, 2020, is presented below:

Unvested Cash Units	Number of Units	Period End Fair Value
Unvested at December 31, 2019	1,046	\$ 4.75
Granted	1,391	—
Vested	—	—
Forfeited	(356)	—
Unvested at September 30, 2020	<u>2,081</u>	<u>\$ 3.01</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.

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10. Income Taxes

In March 2020, in response to the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”) was signed into law. The CARES Act provides numerous tax provisions and other stimulus measures, including temporary changes regarding the prior and future utilization of net operating losses. The CARES Act amends the Net Operating Loss (“NOL”) provisions of the Tax Cuts and Jobs Act, allowing for the carryback of losses arising in tax years 2018, 2019 and 2020, to each of the five taxable years preceding the taxable year of loss. The Company filed a carryback claim in the second quarter of 2020 for the NOL generated in tax year 2018, which will result in a refund of previously paid taxes. The carryback of the 2018 NOL will result in an increase in the Company’s 2019 tax liability, so the Company has also recorded an estimate of the additional 2019 current tax expense in the first quarter income tax provision. The estimated net income tax benefit associated with the 2018 NOL carryback is approximately \$9 million, and this was recorded discretely in the first quarter income tax provision.

In April 2020, there was a redemption of the Company’s partnership interest in STIN. The total discrete benefit related to the exit from STI was \$12.1 million which included the settlement of certain trade receivables.

During the third quarter, the Company finalized its U.S. federal income tax return which resulted in a discrete tax benefit of \$1.5 million, primarily related to research and development tax credits generated, impact of favorable tax regulations released during the period and refinement of the 2019 current tax expense estimate recorded in the first quarter of 2020 associated with the 2018 NOL carryback claim. In the third quarter of 2020, the Company also received a tax refund for the carryback claim associated to the CARES Act.

The Company recognized approximately \$29.1 million in related income tax benefit and \$6.6 million in related income tax provision during the nine months ended September 30, 2020 and 2019, respectively. The effective tax rate was approximately 75.3% for the nine months ended September 30, 2020, which was higher than the U.S. federal statutory rate primarily due to discrete income tax benefit recorded in the period associated with a 2018 NOL carryback claim pursuant to the CARES Act, a redemption of the Company’s partnership interest in STIN, and the finalization of the Company’s U.S. federal income tax return. This increase was partially offset by projected current tax expense in certain foreign jurisdictions. 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 nine months ended September 30, 2020.

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 September 30, 2020 and changes during the nine months ended September 30, 2020, are presented below:

	Balance at December 31, 2019		Charges		Payments		Other Adjustments		Balance at September 30, 2020
Employment termination costs	\$ 90	\$	6,763	\$	(4,890)	\$	73	\$	2,036

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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.

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.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Numerator - Basic:				
Net loss from continuing operations	\$ (5,622)	\$ (61,213)	\$ (9,666)	\$ (97,528)
Net loss attributable to redeemable noncontrolling interests	(60)	(25)	(242)	(931)
Preferred stock dividend	(9,685)	(8,194)	(27,882)	(23,590)
Net loss attributable to Synchronoss	<u>\$ (15,367)</u>	<u>\$ (69,432)</u>	<u>\$ (37,790)</u>	<u>\$ (122,049)</u>
Numerator - Diluted:				
Net loss from continuing operations attributable to Synchronoss	\$ (15,367)	\$ (69,432)	\$ (37,790)	\$ (122,049)
Income effect for interest on convertible debt, net of tax	—	—	—	—
Net loss from continuing operations adjusted for the convertible debt	<u>(15,367)</u>	<u>(69,432)</u>	<u>(37,790)</u>	<u>(122,049)</u>
Denominator:				
Weighted average common shares outstanding — basic	42,360	40,910	41,777	40,564
Dilutive effect of:				
Shares from assumed conversion of convertible debt ¹	—	—	—	—
Shares from assumed conversion of preferred stock ²	—	—	—	—
Options and unvested restricted shares	—	—	—	—
Weighted average common shares outstanding — diluted	<u>42,360</u>	<u>40,910</u>	<u>41,777</u>	<u>40,564</u>
Basic EPS				
Earnings per share:				
Basic	\$ (0.36)	\$ (1.70)	\$ (0.90)	\$ (3.01)
Diluted	\$ (0.36)	\$ (1.70)	\$ (0.90)	\$ (3.01)
Anti-dilutive stock options excluded	—	—	—	—
Unvested shares of restricted stock awards	1,952	3,467	1,952	3,467

⁽¹⁾ The calculation does not include the effect of assumed conversion of convertible debt of nil and 512,991 shares for the three months ended September 30, 2020 and 2019, respectively; and nil and 1,687,533 shares for the nine months ended September 30, 2020 and 2019, respectively; which is based on 18.8072 shares per \$1,000 principal amount of the Senior Convertible Notes.

⁽²⁾ The calculation does not include the effect of assumed conversion of preferred stock of 13,426,155 and 11,510,968 shares, for the three months ended September 30, 2020 and 2019, respectively, and 12,963,664 and 11,199,390 shares for the nine months ended September 30, 2020 and 2019, 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.

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13. Commitments, Contingencies and Other***Purchase Obligations***

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

Non-cancelable agreements	As of September 30, 2020	
2020	\$	4,316
2021		13,750
2022		12,959
2023 and thereafter		35,330
Total	\$	66,355

Legal Matters

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 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. On October 4, 2019, the defendants moved to dismiss the second amended complaint in its entirety, with prejudice. On May 29, 2020, the court granted in part and denied in part defendants’ motion to dismiss the second amended complaint without prejudice. The Company believes that the asserted claims lack merit and intends to defend against all of the claims vigorously. The plaintiff seeks unspecified damages, fees, interest, and costs. Due to the inherent uncertainties of litigation, the Company cannot predict the outcome of the actions 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, the Company’s shareholders filed derivative lawsuits against certain of its 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, 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 duty and unjust enrichment. The amended complaint’s allegations relate substantially to the same facts as those underlying the Securities Law Action described above. Plaintiff seeks unspecified damages and for the Company to take steps to improve its corporate governance and internal procedures. On September 11, 2020 the defendants filed a motion to dismiss the amended complaint. 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 actions 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 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

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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 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 Derivative Suits 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, the Company's shareholders filed derivative lawsuits against certain of its 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. On October 20, 2020 the Court appointed co-lead plaintiffs and co-lead counsel for plaintiffs. Plaintiffs seek unspecified damages and for the Company to take steps to improve its corporate governance and internal procedures. Due to the inherent uncertainties of litigation, the Company cannot predict the outcome of the actions 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.

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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
FX gains (losses) ⁽¹⁾	\$ 2,228	\$ (1,314)	\$ 2,330	\$ (1,619)
Government refunds	322	—	874	—
Income from sale of intangible assets ⁽²⁾		—	2,164	—
Other ⁽³⁾	134	892	375	1,636
Total	\$ 2,684	\$ (422)	\$ 5,743	\$ 17

⁽¹⁾ Fair value of foreign exchange gains and losses

⁽²⁾ Represents gain on sale of certain of the Company's IP addresses

⁽³⁾ Represents an aggregate of individually immaterial transactions

15. Subsequent Events

Preferred Dividends

Subsequent to September 30, 2020, the Company paid in-kind the accrued Preferred Dividends of \$8.8 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)

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.

COVID-19 was identified in China in late 2019 and has since spread throughout the world, including throughout the United States (U.S.). COVID-19 has resulted in authorities implementing numerous preventative measures to contain or mitigate the outbreak of the virus, such as travel bans and restrictions, limitations on business activity, quarantines, and shelter-in-place orders.

These restrictions and our responses to them are impacting our customers and their use of our products and services. In addition, governments have imposed a wide variety of consumer protection measures that limit how certain businesses, including TMT companies, can operate their businesses and interact with their customers. The crisis and governmental responses to the crisis have also resulted in a slowdown of global economic activity, which has impacted our customers. As a result, prior trends in our business may not be applicable to our operations during the pendency of the crisis.

The impact of COVID-19 for the remainder of the year and beyond will depend significantly on the duration and potential cyclicity of the health crisis and the related public policy actions, additional initiatives we undertake in response to employee, 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 2020 or longer, and we are unable to predict the duration or degree of such impact with any certainty.

In response to COVID-19, we have been executing our business continuity plans and evolving our operations to protect the safety of our employees while continuing to provide critical products and services to our customers. Some of the initiatives the Company has undertaken include:

- Working with our customers to continue to provide our products and services through the pandemic
- Enhancing our safety protocols including moving the majority of our employees to remote work arrangements
- Adjusting business operations to address circumstances created by COVID-19
- Maintaining effective governance and internal controls in a remote work environment

As the crisis 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 a majority 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, Digital Transformation and Internet of Things (“IoT”) 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 69.0% and 70.8% of net revenues for the nine months ended September 30, 2020 and September 30, 2019, 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 2020 and 2019. 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 full impact of the COVID-19 pandemic on our business continues to develop, we are actively monitoring the global situation. The extent of the 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 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 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.

Synchronoss Advanced Messaging, Cloud and Digital Platforms are poised to bring IoT initiatives to life across MNO and TMT companies creating new use cases that will help stimulate the commercial growth of the robust potential of the IoT market. As new devices and sensors come online in connected cities, Synchronoss, partnering with carriers like AT&T, has technology to unify and harness data from legacy systems; provide analytic insights that fuel automated communications, via our Advanced Messaging Platform between sensors, devices and people; and create a common storage reservoir with our secure Cloud. There is opportunity in many areas of the IoT ecosystem for Synchronoss to support utilizing our Activation, Cloud and Analytics tools.

To support our growth, which will 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, Digital and IoT spaces to enable connected devices to do more things across multiple networks, brands and communities. Our initiatives with AT&T, Verizon, Sprint, British Telecom, Softbank and other CSPs continue to grow both with regard to our current business as well as our new product offerings. We are also exploring additional opportunities through merger and acquisition activities to support our customer, product and geographic diversification strategies.

Three months ended September 30, 2020 compared to the three months ended September 30, 2019

The following table presents an overview of our results of operations for the three months ended September 30, 2020 and 2019 (in thousands):

	Three Months Ended September 30, 2020		2020 vs 2019
	2020	2019	\$ Change
Net revenues	\$ 68,636	\$ 52,210	\$ 16,426
Cost of revenues*	28,452	35,602	(7,150)
Research and development	20,885	18,575	2,310
Selling, general and administrative	23,265	30,536	(7,271)
Restructuring charges	820	(39)	859
Depreciation and amortization	12,212	18,508	(6,296)
Total costs and expenses	85,634	103,182	(17,548)
Loss from continuing operations	\$ (16,998)	\$ (50,972)	\$ 33,974

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

Net revenues increased \$16.4 million to \$68.6 million for the three months ended September 30, 2020, compared to the same period in 2019. The increase in revenue is primarily driven by changes to the STIN business which resulted in a reduction in revenue in fiscal 2019. This increase in revenue was partially offset by the sunsetting of our Universal ID product, the accounting treatment of deferred revenue due to the Verizon renewal as per ASC 606 and lower partner revenue in our activation business.

Cost of revenues decreased \$7.2 million to \$28.5 million for the three months ended September 30, 2020, compared to the same period in 2019. The 2020 decrease was primarily due to cost savings initiatives implemented by the Company. These initiatives resulted in a significant decrease in cost of revenues driven mainly by data center consolidation and operating expense savings.

Research and development expense increased \$2.3 million to \$20.9 million for the three months ended September 30, 2020, compared to the same period in 2019. The increase in research and development costs was primarily attributable to the right of use asset impairment in 2020.

Selling, general and administrative expense decreased \$7.3 million to \$23.3 million for the three months ended September 30, 2020, compared to the same period in 2019. The 2020 decrease was primarily driven by cost savings initiatives that resulted in a decrease in employee costs, facilities, and external costs related to outside consultants and legal fees.

Restructuring charges were \$0.8 million and \$0.0 million for the three months ended September 30, 2020 and 2019, 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 \$6.3 million to \$12.2 million for the three months ended September 30, 2020, compared to the same period in 2019. The 2020 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. Additionally, management continues to strategically scale down its real estate portfolio which resulted in an additional \$3.1 million asset impairment for certain leasehold improvements during the quarter.

Income tax. The Company recognized approximately \$8.7 million in related income tax benefit and \$9.8 million in related income tax provision during the three months ended September 30, 2020 and 2019, respectively. The effective tax rate was approximately 60.87% for the three months ended September 30, 2020, which was higher than the U.S. federal statutory rate primarily due to discrete income tax benefit recorded in the period associated with the finalization of the Company's U.S. federal income tax return, projected impact of the new NOL carryback provisions provided by the CARES Act, and a decrease in permanent book-tax adjustments, partially offset by certain foreign jurisdictions projecting current income tax expense. The Company's effective tax rate was approximately (19.2)% for the three months ended September 30, 2019, 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, offset by certain foreign jurisdictions projecting current income tax expense. In addition, during the period the company recorded discrete current income tax expense associated with U.S. Base Erosion and Anti-Abuse Tax.

Discussion of the Condensed Consolidated Statements of Operations***Nine months ended September 30, 2020 compared to the nine months ended September 30, 2019***

The following table presents an overview of our results of operations for the nine months ended September 30, 2020 and 2019 (in thousands):

	Nine Months Ended September 30,		2020 vs 2019
	2020	2019	\$ Change
Net revenues	\$ 222,293	\$ 218,161	\$ 4,132
Cost of revenues*	93,403	107,958	(14,555)
Research and development	59,769	57,282	2,487
Selling, general and administrative	74,249	82,862	(8,613)
Restructuring charges	6,763	738	6,025
Depreciation and amortization	33,852	58,920	(25,068)
Total costs and expenses	268,036	307,760	(39,724)
Loss from continuing operations	\$ (45,743)	\$ (89,599)	\$ 43,856

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

Net revenues increased \$4.1 million to \$222.3 million for the nine months ended September 30, 2020, compared to the same period in 2019. The increase in revenue is primarily driven by changes to the STIN business which resulted in a reduction in revenue in fiscal 2019. This increase in revenue was partially offset by lower partner revenue in our activation business and the sunsetting of certain products.

Cost of revenues decreased \$14.6 million to \$93.4 million for the nine months ended September 30, 2020, compared to the same period in 2019. The 2020 decrease was primarily due to cost savings initiatives implemented by the Company. These initiatives resulted in a significant decrease in cost of revenues driven mainly by data center consolidation and operating expense savings.

Research and development expense increased \$2.5 million to \$59.8 million for the nine months ended September 30, 2020, compared to the same period in 2019. The increase in research and development costs was primarily attributable to the right of use asset impairment in 2020.

Selling, general and administrative expense decreased \$8.6 million to \$74.2 million for the nine months ended September 30, 2020, compared to the same period in 2019. The 2020 decrease was primarily driven by cost savings initiatives that resulted in a decrease in employee costs, facilities, and external costs related to outside consultants and legal fees.

Restructuring charges were \$6.8 million and \$0.7 million for the nine months ended September 30, 2020 and 2019, 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 \$25.1 million to \$33.9 million for the nine months ended September 30, 2020, compared to the same period in 2019. The 2020 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.

Interest Income was \$1.6 million for the nine months ended September 30, 2020. The interest income was primarily attributable to the settlement of the PIK note receivable, which resulted in a reversal of past interest expenses incurred for tax purposes.

Income tax. The Company recognized approximately \$29.1 million in related income tax benefit and \$6.6 million in related income tax provision during the nine months ended September 30, 2020 and 2019, respectively. The effective tax rate was approximately 75.3% for the nine months ended September 30, 2020, which was higher than the U.S. federal statutory rate primarily due to discrete income tax benefit recorded in the period associated with a 2018 NOL carryback claim pursuant to the CARES Act, a redemption of the Company's partnership interest in STIN, and the finalization of the Company's U.S. federal income tax return. This increase was partially offset by projected current tax expense in certain foreign jurisdictions. The

Company's effective tax rate was approximately 7.3% for the nine months ended September 30, 2019, 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, offset by certain foreign jurisdictions projecting current income tax expense. In addition, during the period the company recorded discrete current income tax expense associated with U.S. Base Erosion and Anti-Abuse Tax.

Liquidity and Capital Resources

As of September 30, 2020, our principal sources of liquidity have been cash provided by operations and capital from our revolving credit facility. Our cash, cash equivalents, marketable securities and restricted cash balance was \$46.4 million at September 30, 2020. We anticipate that our principal uses of cash, cash equivalents, and marketable securities will be to fund the expansion of our business through both organic growth and the expansion of our customer base. Uses of cash will also include technology expansion, capital expenditures, and working capital.

At September 30, 2020, our non-U.S. subsidiaries held approximately \$7.0 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 date of filing 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 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", 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. For further details, see **Note 7. Debt** of the Notes to Condensed Consolidated Financial Statements in Item 1 of this Form 10-Q.

Share Repurchase Program

There were no repurchases in 2020.

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 September 30, 2020, 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 effects 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):

	Nine Months Ended September 30,		Change
	2020	2019	2020 vs 2019
Net cash provided by (used in):			
Operating activities	\$ 8,661	\$ 11,839	\$ (3,178)
Investing activities	(11,406)	17,725	(29,131)
Financing activities	9,991	(120,993)	130,984

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 nine months ended September 30, 2020 was \$8.7 million cash provided by operating activities, as compared to \$11.8 million of cash provided by operating activities for the same period in 2019. Excluding the tax refunds received in 2020 and 2019 respectively, cash provided from operations increased for the nine months ended 2020 compared to the nine months ended 2019 mainly driven by the Company's cost savings initiatives.

Cash flows from investing for the nine months ended September 30, 2020 was \$11.4 million cash used for investing, as compared to \$17.7 million in cash provided by investing activities during the same period in 2019. The cash used for investing in the current year was primarily related to the purchase of fixed assets and investment in capitalized software offset by the sale of certain IP address assets. The net decrease in cash from investing activities from the prior year mainly related to the net proceeds from the purchases and sales of marketable securities in the prior year that were not present in the current period.

Cash flows from financing for nine months ended September 30, 2020 was \$10.0 million of cash provided, as compared to \$121.0 million of cash used by financing activities for the same period in 2019. The cash provided from investing activities was attributable to the \$10.0 million drawdown from our Revolving Credit Facility. The net change in cash provided from financing activities from the prior year is primarily attributable to the cash provided from the Revolving Credit Facility offset by repayments for our Convertible Senior Notes in 2019.

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 2020 and 2019. 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 September 30, 2020 (in thousands).

	Payments Due by Period				
	Total	2020	2021-2023	2024-2025	Thereafter
Capital lease obligations	\$ 129	\$ 10	\$ 114	\$ 5	\$ —
Revolving Credit Facility	\$ 10,000	\$ —	\$ 10,000	\$ —	\$ —
Interest	—	—	—	—	—
Operating lease obligations	74,162	3,296	35,157	17,130	18,579
Purchase obligations*	66,355	4,316	39,890	22,149	—
Total	<u>\$ 150,646</u>	<u>\$ 7,622</u>	<u>\$ 85,161</u>	<u>\$ 39,284</u>	<u>\$ 18,579</u>

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

Uncertain Tax Positions

Unrecognized tax positions of \$3.3 million at September 30, 2020 are excluded from the table above as we are not able to reasonably estimate when we would make any cash payments required to settle these liabilities, but we do not believe that the ultimate settlement of our obligations will materially affect our liquidity. We do not expect that the balance of unrecognized tax benefits will significantly increase or decrease 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 arising 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 nine months ended September 30, 2020, the Company made changes in its accounting policies over Accounting Standards Update No. 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. These updates are described in detail in **Note 2. Basis of Presentation and Consolidation**. Aside from the adoption of Topic 326, there were no significant changes in our critical accounting policies and estimates discussed in our Form 10-K for the year ended December 31, 2019 during the nine months ended September 30, 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, 2019 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 September 30, 2020 and December 31, 2019 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 September 30, 2020 and December 31, 2019 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 September 30, 2020 would increase interest income by approximately \$0.5 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 September 30, 2020.

Changes in Internal Control Over Financial Reporting

We completed an implementation of a new enterprise resource planning, or ERP, system during the first quarter of 2020. The ERP system replaced or enhanced certain internal financial, operating and other systems that are critical to our business operations. The ERP implementation affected the processes that constitute our internal control over financial reporting. Management has taken steps to ensure that appropriate controls were designed and implemented as the new ERP system was implemented.

With the exception of the ERP implementation described above, there were no changes in the Company's internal control over financial reporting that occurred during the quarterly period ended September 30, 2020 that have materially affected, or are reasonably likely to materially effect, the Company's 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

Except as stated below, there have been no material changes to our risk factors as previously disclosed in Part I, Item 1A. included in our Annual Report on Form 10-K for the year ended December 31, 2019. In addition, the impacts of COVID-19 and any worsening of the economic environment may exacerbate the risks described below and in our Annual Report on Form 10-K for the year ended December 31, 2019, any of which could have a material impact on us.

Operational Risks

Public health crises, including the recent novel coronavirus (COVID-19) outbreak, could materially adversely affect our business, financial condition and results of operations. Our business is based on our ability to provide products and services to customers throughout the United States and around the world and the ability of those customers to utilize and pay for those products and services for their businesses. As a result, our business could be materially adversely affected by a crisis, like the COVID-19 outbreak, that significantly impacts our current and potential customers and vendors. In addition, such a crisis could significantly increase the probability or consequences of the risks our business faces in ordinary circumstances, such as risks associated with our supplier and vendor relationships, risks of an economic slowdown, regulatory risks, and the costs and availability of financing. Because the severity, magnitude and duration of the COVID-19 outbreak and its economic consequences are uncertain and rapidly changing, the impact on our business, financial condition and results of operations remains uncertain and difficult to predict. In addition, the ultimate impact of the COVID-19 outbreak on our business, financial condition and results of operations depends on many factors, including those discussed above, that are not within our control.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.	Description
3.1	Restated Certificate of Incorporation of the Registrant, incorporated by reference to Registrant's Registration Statement on Form S-1 (Commission File No. 333-132080).
3.2	Amended and Restated Bylaws of the Registrant, incorporated by reference to Registrant's Registration Statement on Form S-1 (Commission File No. 333-132080).
3.3	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.
10.1	Release Agreement dated as of April 22, 2020 between the Registrant and Mary Clark.
10.2	Change Request No 12 effective August 7, 2020 to SOW No.1 Application Service Provider Agreement effective as of April 1, 2013 by and between the Registrant and Verizon Sourcing LLC.
31.1	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).
31.2	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).
32.1	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).
32.2	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).
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

SIGNATURES

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

Synchronoss Technologies, Inc.

/s/ Jeff Miller

Jeff Miller
Chief Executive Officer
(Principal Executive Officer)

/s/ David Clark

David Clark
Chief Financial Officer

November 9, 2020

RELEASE AGREEMENT

This Release Agreement (the “Agreement”) is dated as of April 22, 2020 by and between Synchronoss Technologies, Inc. (the “Company”) and Mary Clark.

WHEREAS, you are a Tier 1 Executive of the Company and subject to the Tier 1 Executive Plan (the “Executive Plan”), which was communicated to you in writing on or about April 6, 2018; and

WHEREAS, you and the Company have agreed that your employment will be terminated without “Cause” (as defined in the Executive Plan) from your position as Chief Product Officer and CMO, effective as of the Separation Date (as defined below).

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein, the Parties hereby agree as follows:

- 1. Termination.** You agree to continue to serve as Chief Product Officer and CMO of the Company until May 1, 2020 (the “Separation Date”). As of the Separation Date, you hereby resign as an officer of the Company and from any position you hold at any of its subsidiaries, affiliates and joint ventures (collectively, the “Affiliates”), to the extent applicable. You confirm and agree that your employment with the Company will be terminated effective as of the Separation Date. To the extent that the Company has not already done so, the Company shall pay to you within seven (7) business days of the Separation Date a lump-sum amount equal to any accrued and unpaid salary.
- 2. Severance Benefits.** In consideration of the execution of this Agreement, the Company agrees to pay you severance in the amount of **\$849,188.00**, less all applicable federal and state tax withholdings. Provided you sign and do not revoke this Agreement as set forth in Section 12 below, this severance will be paid to you as follows:

 - (a) **Semi-Monthly Payments.** The Company agrees to pay you **\$540,750.00**, less all applicable federal and state withholdings, in equal semi-monthly payments, commencing on the May 15, 2020 pay date or the first pay date immediately following the Effective Date of this Agreement, whichever occurs later in time, and continuing for thirty-five (35) successive pay dates thereafter.
 - (b) **Lump Sum Payment.** In addition to the foregoing, the Company agrees to pay you **\$308,438.00**, less all applicable federal and state withholdings, in a lump sum payment on March 15, 2021.
- 3. Benefits.** Your current group health insurance coverage will continue through May 31, 2020. No later than the 7th business day following the Effective Date of this Agreement, the Company will pay you a lump sum payment equal to **\$11,937.00**, representing the employer portion of your health insurance premiums for a period of 12 months, which shall be reported as wages for purposes of Federal income tax.

4. Release of Claims.

(a) You voluntarily and irrevocably release and discharge the Company, each related or affiliated entity, employee benefit plans, and the predecessors, successors, and assigns of each of them, and each of their respective current and former officers, directors, shareholders, employees, and agents (any and all of which are referred to as “Releasees”) generally from all charges, complaints, claims, promises, agreements, causes of action, damages, and debts that relate in any manner to your employment with or services for the Company, known or unknown (“Claims”), which you have, claim to have, ever had, or ever claimed to have had against any of the Releasees through the date on which you execute this Agreement. This general release of Claims includes, without implication of limitation, all Claims related to the compensation provided to you by the Company, your decision to resign from your employment, your termination of employment with the Company, your resignation from directorships, offices and other positions with the Company, or your activities on behalf of the Company, including, without implication of limitation, any Claims of wrongful discharge, breach of contract, breach of an implied covenant of good faith and fair dealing, tortious interference with advantageous relations, any intentional or negligent misrepresentation, and unlawful discrimination or deprivation of rights under the common law or any statute or constitutional provision (including, without implication of limitation, the Employee Retirement Income Security Act, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act and the Americans with Disabilities Act. You also waive any Claim for reinstatement, damages of any nature, severance pay, attorney’s fees, or costs.

(b) You agree that you will not hereafter pursue any Claim against any Releasee, by filing a lawsuit in any local, state or federal court for or on account of anything which has occurred up to the present time as a result of your previous employment and you shall not seek reinstatement, damages of any nature, severance pay, attorney’s fees, or costs, provided, however, that nothing in this general release shall be construed to include a release of Claims that (i) arise from the Company’s obligations under this Agreement, the Executive Plan, any equity award/grant agreements (of whatever name or kind), and any shareholder agreements between you and the Company, (ii) relate to your status as a shareholder in the Company, (iii) relate to Section 1(d) of the Executive Plan, (iv) relate to the Company’s obligation to defend and indemnify you under the Company’s certificate of incorporation and by-laws, Delaware law and any applicable directors and officers liability insurance policy, and (v) cannot be released as a matter of law. You represent you have not assigned to any third party and you have not filed with any agency or court any Claim released by this Agreement.

5. Exceptions. You are not releasing any claim that cannot be waived under applicable state or federal law, and you are not releasing any rights that you have to be indemnified (including any right to reimbursement of expenses) arising under applicable law, the certificate of incorporation or by-laws (or similar constituent documents of the Company), any indemnification agreement between you and the Company, or any directors’ and officers’ liability insurance policy of the Company. You understand that nothing contained in this Agreement limits your ability to file a charge or complaint with the Equal Employment Opportunity Commission, the Department of Labor, the National Labor Relations Board, the

Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission (“Government Agencies”). Notwithstanding any provision in this Agreement or any other agreement between you and the Company, you may communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. This Agreement does not limit your right to receive an award for information provided to any Government Agencies. However, you understand and agree that you shall not be entitled to, and shall not seek nor permit anyone to seek on your behalf, any personal, equitable or monetary relief for any claims or causes of action released by you in this Agreement, to the fullest extent permitted by law.

6. Proprietary Information/Confidentiality. You agree and acknowledge your ongoing covenants under the Proprietary Information and Inventions Agreement you executed in connection with your employment. You agree that you will not discuss your employment by the Company or circumstances of your departure with any non-governmental entity or person (other than information that is publicly available in connection with the Company’s filings with the Securities and Exchange Commission) unless (i) required to do so by a court of law, by any governmental agency having supervisory authority over the business of the Company or by any administrative or legislative body (including a committee thereof) with jurisdiction to order you to divulge, disclose or make accessible such Confidential Information; provided that you shall give prompt written notice to the Company of such requirement, disclose no more information than is so required, and reasonably cooperate with any attempts by the Company to obtain a protective order or similar treatment and (ii) to your spouse, attorney and/or personal tax and financial advisors as reasonably necessary or appropriate to assist in your tax, financial and other personal planning (each an “Exempt Person”), provided, however, that any disclosure or use of Confidential Information by an Exempt Person shall be deemed to be a breach of this Section 6 by you. In the event this Section 6 is breached by you at any time, then the Company shall have the right to terminate this Agreement and the parties agree that in such event no payments shall be paid to you under this Agreement including but not limited to Section 2 or 3.

7. Return of Property. All documents, records, material and all copies of any of the foregoing pertaining to Company confidential information, and all software, equipment, and other supplies, whether or not pertaining to confidential information, that have come into your possession or been produced by you in connection with your employment or performance of the (“Property”) have been and remain the sole property of the Company and you confirm that you have returned to the Company all Property. In no event should this provision be construed to require you to return to the Company any document or other materials concerning your remuneration and benefits during your employment with the Company.

8. Litigation Cooperation. You agree to fully cooperate with the Company in the defense or prosecution of any claims or actions which already have been brought or which may be brought in the future against or on behalf of the Company which relate to events or occurrences that you were involved in or which you gained knowledge of during your employment with the Company. Your cooperation in connection with such claims or actions shall include, without implication of limitation, being available to meet with counsel to prepare for discovery or trial

and to testify truthfully as a witness when reasonably requested by the Company, at reasonable times. You agree that you will not voluntarily disclose any information to any non-governmental person or party that is adverse to the Company and that you will maintain the confidences and privileges of the Company.

9. Protective Covenants. You acknowledge and affirm the ongoing validity of the protective covenants set forth in Section 6 of the Executive Plan which covenants are incorporated herein by this reference. You acknowledge and affirm the Company's right to seek injunctive relief as provided in Section 6 of the Executive Plan to restrain any violations under Section 6 of the Executive Plan.

10. Nondisparagement. You agree not to make any disparaging statements concerning the Company or any of its affiliates, subsidiaries or current or former officers, directors, shareholders, employees or agents. The Company shall not, and shall cause its officers, directors, and Investor Relations personnel not to, (a) make any disparaging statements concerning you or your performance as an executive officer of the Company, and/or (b) take any action or make any statement, orally or in writing, which disparages or criticizes you or that would harm your reputation.

11. Notices, Acknowledgments and Other Terms. You are advised to consult with an attorney before signing this Agreement. This Agreement and the Executive Plan set forth the entire agreement between you and the Company, and all previous agreements, or promises between you and the Company relating to the subject matter of this Agreement and the Executive Plan are superseded, null, and void, with the exception of any equity grant/award agreements (of whatever name or kind), shareholder agreements, and indemnification agreements between you and the Company, the terms of which remain in full force and effect; provided that nothing in this Agreement shall supersede Section 5(c) of the Executive Plan in the event that a Change in Control (as defined in the Executive Plan) of the Company occurs within 120 days following the Separation Date.

12. Consideration/Revocation. You acknowledge that you have been given the opportunity, if you so desired, to consider this Agreement for 21 days before executing it. If not signed by you and returned to me so that the Company's general counsel receives it by close of business on the day next following the foregoing period, this Agreement will be invalid. In addition, if you breach any of the conditions of the Agreement within the 21-day period, the offer of this Agreement will be withdrawn and your execution of the Agreement will not be valid. In the event that you execute and return this Agreement in less than the 21-day period you have been provided, you acknowledge that such decision was entirely voluntary and that you had the opportunity to consider this letter agreement for the entire period. The Company acknowledges that for a period of seven days from the date of the execution of this Agreement, you shall retain the right to revoke this Agreement by written notice that the Company's General Counsel actually receive before the end of such period, and that this Agreement shall not become effective or enforceable until the later of the expiration of such revocation period or the Separation Date (the "Effective Date").

13. **Counterparts.** This Agreement may be executed in counterparts, and each counterpart will have the same force and effect as an original and will constitute an effective, binding agreement on the part of each of the undersigned.

[Remainder of Page Intentionally Left Blank]

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

SYNCHRONOSS TECHNOLOGIES, INC.

By: /s/ Glenn Lurie

Title: President and CEO

Accepted and agreed to:

/s/ Mary Clark April 22, 2020
Mary Clark Date

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [****], HAS BEEN OMITTED BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.

CHANGE REQUEST No. 12 (“CR #12”) to SOW No. 1

WHEREAS, Verizon Sourcing LLC, on behalf of itself and for the benefit of their Affiliates (individually and collectively, “**Verizon**”) and Synchronoss Technologies, Inc. (“**Supplier**” or “**Synchronoss**”) are Parties to an Application Service Provider Agreement dated April 1, 2013, as amended, with the contract number [****] (the “**Agreement**”); and

WHEREAS, the Parties have entered into Authorization Letters and Statements of Work under the Agreement (collectively, the “**SOWs**”) as follows:

- (a) Statement of Work No. 1 (Schedule No. 1 to Authorization Letter # No. 1 attached to the Agreement), as amended (the “**SOW No. 1**”),
- (b) Statement of Work No. 2 (Schedule No. 1 to Authorization Letter # No. 2 providing mobile content transfer functionality) (number [****]) as amended (the “**SOW No. 2**”) (which is terminated and no longer in effect),
- (c) Statement of Work No. 3 (Schedule No. 1 to Authorization Letter # No. 3, providing interfaces to the services of [****]) (number [****]) (the “**SOW No. 3**”),
- (d) Statement of Work No. 4 (Schedule No. 1 to Authorization Letter # No. 4, “**Montana Platform**”) (number [****]), as amended (the “**SOW No. 4**”),
- (e) Statement of Work No. 5 (Schedule No. 1 to Authorization Letter # No. 5, providing an API Program License) (number [****]), as amended (the “**SOW No. 5**”),
- (f) Statement of Work No. 6 (Schedule No. 1 to Authorization Letter # No. 6, “**Cloud API Professional Service**”) (number [****]), as amended (the “**SOW No. 6**”),
- (g) Statement of Work No. 7 (Schedule No. 1 to Authorization Letter #7, “**Network Contact Software and Support Service**”) (number [****]) (the “**SOW No. 7**”),
- (h) Statement of Work No. 8 (Schedule No. 1 to Authorization Letter #8, “**Software Release**”) (number [****]) (the “**SOW No. 8**”), and
- (i) Statement of Work No. 9 (Schedule No. 1 to Authorization Letter #9, Statement of Work No. 9 to the Agreement – “[****]”) (number [****]) (the “**SOW No. 9**”).

WHEREAS, the Parties wish to further amend SOW No. 1 to:

- (a) extend the term of SOW No. 1;
- (b) modify the pricing and fee structure for the Solution and related Professional Services under SOW No. 1; and
- (c) include provisions for defining and funding Verizon Cloud marketing initiatives.

THEREFORE, the Parties hereby agree to amend SOW No. 1 as follows:

A. Replace, entirely, the definitions of “Free Subscriber”, Paid Subscriber” and “[****]” in Section 1.2.1 (*Definitions*), of SOW No. 1 with the following:

“**Free Subscriber(s)**” means a Subscriber to a Verizon Cloud offering that does [****] service fee and who is otherwise not [****]. Such Free Subscriber(s) includes but is not limited to:

- a Subscriber that [****] available to such Subscriber);
- a Subscriber that is a [****]. For clarity, [****] includes a Subscriber [****];
- A [****] Subscriber who is eligible to [****];
- A Subscriber that is currently [****]; and
- A Subscriber that is [****].

For clarity:

- an account profile of “**Contacts**” (a Data Class provided under the [****] Agreement) user only (with no [****] associated with the account) that does not pay a [****] fee shall not contribute to the Free Subscriber count.

“**Paid Subscriber**” means a Subscriber to Verizon Cloud where such Subscriber:

- is being billed by Verizon [****];
- is being billed by Verizon a service fee for [****] services [****] for the duration of the period for which the Subscriber is [****];
- is being billed by Verizon a fee for a [****] with a [****] profile associated with the account as well as such account containing [****].

Verizon shall, each [****], provide Supplier with a list of each Subscriber charged a fee by Verizon for Verizon Cloud. For the avoidance of doubt, where a Subscriber is charged a fee by Verizon for Verizon Cloud, such Subscriber shall be deemed a Paid Subscriber.

“[****]” means a service plan, service profile or promotion whereby a fee paid by a Subscriber [****].”

B. Replace the first through fourth sentences of Section 1.3 (Term) of SOW No. 1 in their entirety with the following:

“This SOW is made and entered into as of the date of execution by the last signing Party, however takes retroactive effect to and including [****], and shall continue until [****] (the “**Extended Term**”). Thereafter, this SOW shall automatically renew for up to [****] periods (each, “**Renewal Term**”), unless (i) Verizon provides Synchronoss with written notice of its intent not to renew at least [****] prior to the end of the then-current Extended Term or Renewal Term or (ii) Synchronoss provides Verizon with written notice of its intent not to renew at least [****] prior to the end of the then-current Extended Term or Renewal Term, as the case may be (each such date, the applicable “**Renewal Decision Date**”). The “**Term of this SOW**” shall be the Extended Term, together with Renewal Term(s), if any. For the avoidance of doubt, the license term of the Software under Section 5.2 of the Agreement shall be the Term of this SOW.”

C. Effective as of [****], Section 4 (Fees and Charges) of SOW No. 1, as amended, is modified as follows:

4. Fees and Charges
4.1 Fees and Charges

The fees outlined herein cover the items listed in this SOW No.1. Any additional Deliverables not expressly stated shall require a separate Change Request or statement of work with terms and conditions agreed upon by the Parties. Fees shall be invoiced and paid in accordance with the Agreement and the fee schedule outlined below. Fees under this SOW No. 1 exclude applicable taxes.

Use of the [****] Solution [****] by a given Subscriber within the [****] shall be considered [****], regardless of how [****] are [****] to interact through the [****] Solution. [****] alone by the Subscriber shall not be sufficient to consider the [****].

4.2 ** Software Subscription License Fee**

(a) Beginning on [****], Verizon shall pay a [****] fee for Subscribers, by type of Subscriber (based on such Subscriber being a Paid Subscriber or Free Subscriber [****]) and the ‘year’ of the Term of this SOW as set forth in Table 4.2a below. At the sole discretion of Verizon, Verizon will install (or have a third party install) the Client Software for the [****] Solution on Devices made commercially available by Verizon.

(b) The “[****] **Subscription License Fee**” shall be paid by Verizon to Supplier [****] in arrears as follows:

Table 4.2a

[****]	Price per month per Paid Subscribers from 1 – [****] for the Year (the “ Paid Sub Fee ”)	Minimum number of Billed Subscribers required in each month of the Year (“ Billed Sub Minimum ”)	Number of Free Subscribers included in Billed Sub Minimum each month (“ Free Sub Allotment ”)	Price per month per Free Subscriber for each Free Subscriber above the Free Sub Allotment
Year 1				

[****]

As used herein:

Each Subscriber for which a license fee is paid under Table 4.2a above in a [****] shall be called a “[****] **Subscriber**”.

[****]

Each of the foregoing may be referred to individually as a “[****]”. Note: defined for each [****] following SOW No. 1 extension effective [****].

*For the avoidance of doubt, there is [****], however storage consumed by [****] shall [****] in determining Total [****] Storage Allotment as defined in Section 4.4.2 below.

4.2.1 [**] Software [****] Fee**

- (a) Beginning on [****], Verizon shall pay a [****] fee for [****] Accounts as set forth in Table 4.2.1 below.
- (b) The [****] Fee shall be paid by Verizon to Supplier [****] as follows:

Table 4.2.1

Price per [****] per [****] Account (the “[****]”)	[****]
--	--------

- (c) Each **** will **** toward the attainment of the monthly Billed Sub Minimum defined in Table 4.2a of Section 4.2(b).

(d) The [****] Fee includes a [****] Solution storage allotment (each month) as follows (the “[****] **Storage Allotment**”): [****] for each [****] billed in such month.

The “**Aggregate [****] Allotment**” means the product of the number of [****] in a given month and the [****] Storage Allotment (i.e., the # of [****] in a month X [****]).

(d) The Verizon Cloud offer to Subscribers will have a limit storage of [****]. At the time of launch (“[****]”) the [****] Solution will not have the ability to limit account storage for a [****] (or restrict usage from exceeding a [****] Storage Allotment). Upon launch of “[****]”, the [****] Solution will provide the ability to restrict usage from exceeding a [****] Storage Allotment and will calculate overages substantially as follows. For [****] established prior to [****] with storage on such account [****], overage amounts shall be [****], on the process to have such accounts [****] or some other allotment amount agreed to by the Parties. The aggregate of [****] for all [****] established prior to [****] shall be called the “[****]”.

The Paid Sub Fee and Billed Sub Minimum include a [****] Solution storage allotment [****] calculated as follows (the “[****] **Storage Allotment**”): [****] multiplied by the number of Billed Subscribers in such [****].

*Verizon and Synchronoss will review and mutually agree to determine whether to adjust the [****] Storage Allotment at the end of each calendar year, commencing at the end of [****].*

4.2.2 [**]**

The following [****] shall apply, in addition to the fees set forth in Sections 4.2(b) and 4.2.1 above, where the actual [****] Solution storage (including [****]) plus the actual storage consumed in [****] (as defined below) usage has exceeded the [****] Storage Allotment where “[****] **Storage Allotment**” means the sum of the [****] Storage Allotment (as defined in Section 4.2(b) for [****] accounts) and the [****] less any [****] (if any). Storage allotment for an account shall be based on whether the account is classified as a [****]. A user’s storage will be allocated to [****].

If, in any given month [****], the [****] Solution storage exceeds the [****] Storage Allotment, Verizon shall pay [****]

([****] in Table 4.2.2 below)

Table 4.2.2

[****]

“Verizon [****]” means the [****] of Section 14(f) of SOW No. 4 to the Agreement of not less than [****], for use in [****]. For the avoidance of doubt, the Parties agree that Verizon may [****].

(a) [****] Fee. If, in any given month [****], Verizon shall pay, in addition to fees paid for actual [****], a “[****] **Fee**” calculated as follows:

(the applicable Billed Sub Minimum minus the number of actual Billed Subscribers for such month) x (the applicable Paid Sub Fee for such period).

(b) The Paid Sub Fee includes:

- ****

(c) Reporting. Each [****], Supplier shall calculate the [****] Fee due to Supplier based on the usage reports defined under this subsection as set forth below.

Supplier shall provide Verizon with a report on the total storage used by Subscribers on the **** Solution for such [****] within [****] days after the end of each [****]. Upon Verizon’s receipt of this usage report, Verizon shall publish a consolidated report to Supplier within [****] days specifying the total number of [****] on the [****] Solution during that [****]. Verizon and Supplier shall cooperate in determining an automated method

within the [****] Solution to identify, track and report monthly on volumes of Paid Subscribers and Free Subscribers.

(d) Annual Review of Storage. By [****] of each Year, commencing in [****], Supplier shall conduct annual benchmark reviews of available compute and storage platforms across the industry for similar services that are being provided by Supplier hereunder (including but not limited to Amazon Web Services, Google Cloud, Azure), including, but not limited to, storage, features, performance, and published fees. Supplier will [****] share the results of such benchmark review with Verizon. In the event the above benchmark reviews reveals that fees are being provided in the industry for [****], the Parties will mutually agree in good faith to determine [****]. In the event [****], the Parties will execute a Change Request or amendment thereto.

4.3 Forecasting

Each [****] that Services are provided under this SOW No. 1, the Parties shall mutually agree to a [****]. The [****] Forecast shall be established [****]. Such forecast shall be used by Supplier to plan and determine if augmentation or change in needed in the capacity of the Hosting Services. In the event that no [****] Forecast is provided in a given month, the last month of the prior [****] Forecast applicable to such Instance shall be used to determine the last month of current Forecast Period and such forecast shall be deemed to be the [****] Forecast for such period.

For Hosting Services, the foregoing [****] Forecast shall be used by Supplier [****]

In no event may the [****] be modified [****] without mutual written agreement by the Parties.

4.4 Change Controls

Notwithstanding anything to the contrary in SOW No. 1 or any attachment or exhibit thereto, items outside the scope of this SOW No. 1 and changes to the [****] Solution requested by Verizon (including changes to the [****] Software to address changes to Verizon applications or systems or API modification but excluding those changes implemented as part of Solution Software Release Support Services under Exhibit F) shall be subject to a Change Request for professional Services with the terms and fees in such request mutually agreed upon by the Parties. Solution API (excluding partner API changes which are provided pursuant to SOW No. 5) support, regular maintenance releases and onboarding of up to [****] per [****] are included in per Subscriber fee. Any such fees are in addition to the fees set forth above.

4.5 Maintenance Fees

The [****] described in Section 4.2 above shall [****]. All latest release versions of software / technology must be made available to Verizon no more than [****].

For the avoidance of doubt, for [****] that include substantial new functionality that is materially incremental to that functionality identified in Exhibit E ("**Major Feature Enhancements**"), the Parties shall discuss in good faith to determine whether a fee for the license of such Major Feature Enhancements may be separately charged and mutually agree to such a fee. For example, the Parties may, but shall not be required to, use the

following as guidelines in determining whether a New Version is a Major Feature Enhancement: [****]
[****]

Notwithstanding the above, Verizon will not be required to pay for any [****] due to the fact that such [****] is not [****], or cannot be disabled within [****].

Verizon shall be responsible for any [****] and for the support of their use of the [****] Solution. Where [****] activities such as [****] not seen on [****] that require Supplier to [****] are required, such activities shall be [****] of up to [****] agreed upon [****] per [****] are included in [****] Subscription License Fees under Section 4.2.

C. Supplier shall [****] agreed upon [****] within [****].”

D. Replace Section 4.6 of SOW No.1 in its entirety with the following:

“4.6 Termination for Convenience

4.6.1 Verizon may, upon [****]prior written notice to Supplier, terminate this SOW, in whole or in part, for its convenience, provided that Verizon [****]. Billed Sub Minimum, as set forth in Table 4.2a, shall continue to apply upon Verizon's notice of termination for convenience to Supplier until the effective date of such termination.

4.6.2 Transition Services

In the event Verizon exercises its right to terminate for convenience in accordance with Section 4.6.1 above, the Parties agree to develop a plan for Transition Services which will include mutually agreeable fees payable by Verizon to Supplier for such Transition Services. For clarity, where migration Services are provided prior to the effective date of termination using Supplier professional services staff that provide [****] Software release support Services (i.e., through the regular course of business), such Services shall contribute to attainment of any applicable Annual PS Minimum (as hereinafter defined). Verizon will only be responsible for the Transition Services provided by Supplier to Verizon to assist Verizon in transitioning to a Verizon internal platform or to a third party supplier of Verizon, at Verizon's discretion."

E. Correct Section "E" (Failure to Deliver) in CR #8 to SOW No. 1 to reflect Section "F" (Failure to Deliver).

F. Delete Section E (related to Professional Services) and Section F, (Failure to Deliver) in CR #8 to SOW No.1 in their entirety.

G. Add a new Section 6 [****] to Exhibit F of SOW No. 1 as follows:

"6. [****]

Professional Services will be provided to Verizon in accordance with Section 5 of Exhibit F. Verizon [****] Such professional Services shall be consumed by Verizon according to an annual support plan agreed upon by the Parties (a) no later than [****] prior to the start of such annual period, updated quarterly as agreed upon by the Parties in writing, and (b) with no more than [****] of the estimated hours of such [****] of professional Services consumed in any [****]. Notwithstanding the foregoing, where Supplier [****]

[****]

6.1 Qualifying Deliverables

Notwithstanding anything to the contrary in this Exhibit F, in the event that a professional Services project under this Exhibit F is provided by Supplier at Verizon's request and such project or delivery of a given set of feature elements (as requested and described in one or more related 'tickets' requested in the JIRA system used by the Parties to track requests) has a price for delivery specified in a Final Quote of [****] for development, testing and delivery of such deliverables in a Software release (such deliverables, individually, a "**Qualifying Deliverable**" and collectively, "**Qualifying Deliverables**"); then the following terms and conditions shall apply to those Qualifying Deliverable(s) in the applicable Final Quote. In the event of a conflict between the terms of this Section 6.1 and the terms of other sections of Exhibit E, the terms of this Section 6.1 shall control with regard to Qualifying Deliverables only:

6.1.1 Supplier shall provide Documentation and requirements that shall be agreed upon by the Parties (the "**QD Requirements**") in accordance with Subsection 3.1.1.1 of this Exhibit and, upon such acceptance, shall become Specifications for the applicable Qualifying Deliverables. In addition, for Qualifying Deliverables, the Parties shall mutually agree on a 'project plan' to include, as applicable:

[****]

6.1.2 The price for Qualifying Deliverables (as specified in the agreed upon QD Requirements and project plan) will be agreed in writing in advance with Verizon and reflected in a Final Quote accepted by Verizon. Changes to the QD Requirements or Project plan shall be mutually agreed upon by the Parties. No deliverable will be considered a Qualifying Deliverable without the requisite QD Requirements documents and project plan being complete and mutually accepted prior to start by Supplier of development or delivery.

6.1.3 Fixed fee(s) specified in the accepted Final Quote for Qualifying Deliverables shall be invoiced as follows (unless otherwise expressly agreed upon by the Parties in writing or specified in the accepted Final Quote):

[****]

6.1.4 Critical Milestones

In the event Supplier [****]

Level of Error (as defined in Section 7.1 above)	[****]
Critical Error or P1 as defined in Table 2 below	[****]
Major Error or P2 as defined in Table 2 below	[****]
Serious Error or P3 as defined in Table 2 below	[****]
Minor Error or P4 as defined in Table 2 below	[****]

[****].

Table 2

Error Class	Description
"Critical Error" or "P1"	an Error which [****]
"Major Error" or "P2"	an Error, which [****]
"Serious Error" or "P3"	an Error which [****]
"Minor Error" or "P4"	an Error which [****]

Notwithstanding the foregoing, however, if [****]

6.2 Termination for Professional Services

Verizon shall be entitled to terminate a Final Quote for its [****], and in such case, Supplier shall be due amounts for all professional Services (including for Qualifying Deliverables) rendered until such date of termination. Following such notice, Supplier shall have no further obligation to implement remaining professional Services requirements (including QD Requirements) and [****].”

H. The following new Section 7 (Marketing Development) is added to SOW No. 1:

“7. Marketing Development

7.1. [**]**

Provided that Verizon is in compliance with the terms of this SOW and the Agreement and Verizon has [****]

7.2. [**]**

- I. This CR #12 shall be effective and binding upon the Parties upon execution by both Parties. Except and only to the extent specifically modified under this CR #12, all of the terms and conditions of SOW No. 1 shall remain in full force and effect.
- J. Notwithstanding anything to the contrary, pricing under Section 4.2 and the other terms of this CR 12 and SOW No. 1 are subject to Verizon meeting all obligations identified in Section 14(f) of SOW No. 4 and in the Verizon span of control including provision of [****]. In addition, in the event that [****].

K. Capitalized terms used in this CR #12 shall have the meanings set forth in the Agreement or applicable SOW to such Agreement.

**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 September 30, 2020;
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: November 9, 2020

/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 September 30, 2020;
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: November 9, 2020

/s/ David Clark

David Clark
Chief Financial Officer

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

In connection with the Quarterly Report on Form 10-Q of Synchronoss Technologies, Inc. (the "Company") for the quarter ended September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, **Jeff Miller**, the Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief that:

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

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

Date: November 9, 2020

/s/ Jeff Miller

Jeff Miller

Chief Executive Officer

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

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

In connection with the Quarterly Report on Form 10-Q of Synchronoss Technologies, Inc. (the "Company") for the quarter ended September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David Clark, the Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief that:

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

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

Date: November 9, 2020

/s/ David Clark

David Clark
Chief Financial Officer

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