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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**

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

**September 15, 2021 (September 13, 2021)  
Date of Report (Date of earliest event reported)**

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**GREENIDGE GENERATION HOLDINGS INC.**  
(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**001-4808**  
(Commission  
File Number)

**86-1746728**  
(I.R.S. Employer  
Identification No.)

**590 Plant Road**  
**Dresden, New York**  
(Address of Principal Executive Offices)

**14441**  
(Zip Code)

**(315) 536-2359**  
(Registrant's telephone number, including area code)

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Check the appropriate box below if the form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Shares, \$0.0001 par value	GREE	The Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter):

Emerging growth company

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

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## Introductory Note

On September 14, 2021, GGH Merger Sub, Inc., a Delaware corporation (“Merger Sub”) and a wholly owned subsidiary of Greenidge Generation Holdings Inc., a Delaware corporation (the “Company”), merged with and into Support.com, Inc., a Delaware corporation (“Support”), with Support continuing as the surviving corporation (the “Merger”) and a wholly owned subsidiary of the Company, pursuant to the previously announced Agreement and Plan of Merger, dated March 19, 2021 (the “Merger Agreement”), among the Company, Support and Merger Sub.

### Item 2.01 Completion of Acquisition or Disposition of Assets.

The information set forth under the Introductory Notes is incorporated by reference into this Item 2.01.

At the effective time of the Merger (the “Effective Time”): (i) each share of common stock, par value \$0.0001, of Support (the “Support Common Stock”) issued and outstanding immediately prior to the Effective Time was cancelled and extinguished and automatically converted into the right to receive 0.115 (the “Exchange Ratio”) shares of Class A Common Stock, par value \$0.0001, of the Company (the “Company Class A Common Stock”), (ii) each outstanding stock option of Support immediately prior to the Effective Time (an “Option”) was accelerated, and the holder of each Option received the right to receive an amount of Company Class A Common Stock equal to the Exchange Ratio, multiplied by the number of shares of Support Common Stock underlying such Option, less a number of shares to be withheld in satisfaction of the aggregate exercise price of such Option and, unless such holder elected to satisfy such obligation with cash, such holder’s tax withholding obligations and (iii) each outstanding restricted stock unit of Support immediately prior to the Effective Time (an “RSU”) was accelerated, and the holder of each RSU received the right to receive an amount of Company Class A Common Stock equal to the Exchange Ratio, multiplied by the number of shares of Support Common Stock underlying such RSU, less a number of shares to be withheld in satisfaction of such holder’s tax withholding obligations, unless such holder elected to satisfy such obligation with cash.

The foregoing description of the effects of the Merger and the Merger Agreement, and the transactions contemplated thereby, does not purport to be complete and is subject to, and qualified in its entirety by reference to, the full text of the Merger Agreement. A copy of the Merger Agreement was included as Annex A to the proxy statement/prospectus forming part of the Company’s Registration Statement on Form S-4 filed with the Securities and Exchange Commission (the “SEC”) on May 4, 2021, and is incorporated by reference into this Item 2.01.

### Item 5.03 Amendment to Articles or Bylaws; Change in Fiscal Year.

On September 13, 2021, the Company filed a Certificate of Amendment (the “Amendment”) to its Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware to increase the number of shares of capital stock that the Company is authorized to issue to three billion twenty million (3,020,000,000), consisting of two billion four hundred million (2,400,000,000) shares of Class A common stock, six hundred million (600,000,000) shares of Class B common stock and twenty million (20,000,000) shares of preferred stock, each \$0.0001 par value per share. The Amendment is attached hereto as Exhibit 3.1 and incorporated by reference into this Item 5.03.

**Item 8.01 Other Events.**

On September 14, 2021, the Company issued a press release announcing the completion of the Merger. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated by reference into this Item 8.01.

**Item 9.01 Financial Statements and Exhibits.**

(a) Financial Statements of Business Acquired.

The audited consolidated balance sheets as of December 31, 2020 and December 31, 2019 and the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for each of the years ended December 31, 2020 and ended December 31, 2019, and the notes thereto of Support (collectively, the "audited consolidated financial statements"), together with the report thereon of Plante & Moran, PLLC included in the audited consolidated financial statements, are filed as Exhibit 99.2 hereto.

The unaudited condensed consolidated balance sheets as of June 30, 2021 and December 31, 2020 and the related unaudited condensed consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for the three- and six- month periods ended June 30, 2021 and June 30, 2020, and the notes thereto of Support are filed as Exhibit 99.3 hereto.

(b) Pro Forma Financial Information.

The unaudited pro forma condensed combined balance sheet as of June 30, 2021 and the related unaudited pro forma condensed combined statements of operations for the three- and six- month periods ended June 30, 2021 and the year ended December 31, 2020, and the notes thereto of the Company, giving effect to the Merger are filed as Exhibit 99.4 hereto.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
2.1	<a href="#"><u>Agreement and Plan of Merger, dated as of March 19, 2021, among Greenidge Generation Holdings Inc., Support.com, Inc. and GGH Merger Sub, Inc. (incorporated herein by reference to Annex A to the proxy statement/prospectus forming part of the Registration Statement on Form S-4 filed May 4, 2021).</u></a>
3.1	<a href="#"><u>Certificate of Amendment of Amended and Restated Certificate of Incorporation of Greenidge Generation Holdings Inc., dated September 13, 2021.</u></a>

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- 23.1 [Consent of Plante & Moran, PLLC.](#)
  - 99.1 [Press Release, dated September 14, 2021.](#)
  - 99.2 [Audited Consolidated Balance Sheets as of December 31, 2020 and December 31, 2019, and the audited Consolidated Statements of Operations, Comprehensive Income, Stockholders' Equity and Cash Flows for the years ended December 31, 2020 and December 31, 2019, including the notes thereto, of Support.com, Inc.](#)
  - 99.3 [Unaudited Condensed Consolidated Balance Sheets as of June 30, 2021 and December 31, 2020, and the unaudited Condensed Consolidated Statements of Operations, Comprehensive Income, Stockholders' Equity and Cash Flows for the three- and six- month periods ended June 30, 2021 and June 30, 2020, including the notes thereto, of Support.com, Inc.](#)
  - 99.4 [Unaudited Pro Forma Condensed Combined Balance Sheet as of June 30, 2021, and the unaudited Pro Forma Condensed Combined Statements of Operations for the three- and six- month periods ended June 30, 2021 and the year ended December 31, 2020, and the notes thereto of Greenidge Generation Holdings Inc.](#)

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**REGISTRANT:**

**GREENIDGE GENERATION HOLDINGS INC.**

Date: September 15, 2021

By: /s/ Jeffrey E. Kirt

Name: Jeffrey E. Kirt

Title: Chief Executive Officer

**CERTIFICATE OF AMENDMENT  
OF  
AMENDED AND RESTATED  
CERTIFICATE OF INCORPORATION  
OF  
GREENIDGE GENERATION HOLDINGS INC.**

Pursuant to Section 242  
of the General Corporation Law of the State of Delaware

Greenidge Generation Holdings Inc., a corporation duly organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify that:

1. The first sentence of Article IV of the Amended and Restated Certificate of Incorporation of the Corporation is hereby amended in its entirety to read as follows:

"The total number of shares of capital stock which the Corporation shall have authority to issue is three billion twenty million (3,020,000,000), consisting of two billion four hundred million (2,400,000,000) shares of Class A common stock, \$0.0001 par value per share (the "**Class A Common Stock**"), six hundred million (600,000,000) shares of Class B common stock, \$0.0001 par value per share (the "**Class B Common Stock**" and, together with the Class A Common Stock, the "**Common Stock**"), and twenty million (20,000,000) shares of preferred stock, \$0.0001 par value per share (the "**Preferred Stock**")."

2. The foregoing amendment was duly adopted in accordance with the provisions of Sections 242 and 228 (by the written consent of the stockholders of the Corporation) of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Amendment to the Certificate of Incorporation on this 13<sup>th</sup> day of September, 2021.

**GREENIDGE GENERATION HOLDINGS INC.**

By: /s/ Jeffrey E. Kirt

Name: Jeffrey E. Kirt

Title: Chief Executive Officer

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the inclusion in this Current Report on Form 8-K of our report dated March 30, 2021, except for the revision to the segment information disclosure in Note 1 as to which the date is July 16, 2021, with respect to the consolidated financial statements as of and for the years ended December 31, 2020 and 2019 of Support.com, Inc.

/s/ Plante & Moran, PLLC

Denver, Colorado  
September 15, 2021



## **Greenidge Generation Announces Closing of Merger with Support.com**

*First Publicly Traded, Vertically Integrated Bitcoin Mining Company that is 100% Carbon Neutral*

**DRESDEN, N.Y., September 14, 2021** – Greenidge Generation Holdings Inc. (NASDAQ: GREE) (“Greenidge” or the “Company”), a vertically integrated bitcoin mining and power generation company, has closed its previously announced merger with Support.com, Inc. (“Support.com”) (formerly NASDAQ: SPRT).

Greenidge expects its Class A Common Stock to commence trading tomorrow morning on the NASDAQ Global Select Market (“NASDAQ”) under the ticker “GREE.” Support.com will continue to operate its existing lines of business as a wholly owned subsidiary of Greenidge. The combined company will be led by Greenidge Chief Executive Officer Jeff Kirt.

“The completion of this transaction marks a critical milestone in our journey, expanding our industry leadership as the first publicly traded, vertically integrated power generation and bitcoin miner of scale in North America,” Kirt said. “We are poised to create significant value by combining public market growth capital with our 100% carbon-neutral bitcoin mining business model as we expand our operations to additional locations, including our anticipated South Carolina facility.”

As previously announced, the exchange ratio for the merger has been determined and Support.com shareholders will receive 0.115 shares of Greenidge Class A Common Stock for each share of Support.com Common Stock held prior to closing.

A Form 8-K containing more detailed information regarding the merger transaction will be filed with the Securities and Exchange Commission.

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### **About Greenidge Generation Holdings Inc.**

Greenidge Generation Holdings Inc. is a vertically integrated bitcoin mining and power generation company. Greenidge is committed to 100% carbon-neutral bitcoin mining at all of its locations by utilizing low-carbon sources of energy and offsetting its carbon footprint. Greenidge currently operates one facility in Upstate New York and expects to expand operations to a second location in South Carolina in the upcoming months, which will source the majority of its electricity from zero-carbon sources.

### **About Support.com, Inc.**

Support.com, Inc. is a leading provider of customer and technical support solutions delivered by home-based employees. For more than twenty years, Support.com has achieved stellar results for global enterprise clients and top-tier businesses. Support.com’s proven, omnichannel solutions have been specifically designed and optimized for the homesourcing™ environment, resulting in industry-leading NPS scores and first call resolution rates. Support.com efficiently meets changing client needs through its highly scalable, global network of home-based employees and secure, proprietary, cloud-based platforms. For more information, please visit [www.support.com](http://www.support.com).



## Forward-Looking Statements

This press release contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are forward-looking statements for purposes of federal and state securities laws. These forward-looking statements involve uncertainties that could significantly affect our financial or operating results. These forward-looking statements may be identified by terms such as “anticipate,” “believe,” “continue,” “foresee,” “expect,” “intend,” “plan,” “may,” “will,” “will,” “could,” and “should,” and the negative of these terms or other similar expressions. Forward-looking statements are based on current beliefs and assumptions that are subject to risks and uncertainties and are not guarantees of future performance. Forward-looking statements in this document include, among other things, statements regarding the prospects, development, business plan, business strategy and operations of Greenidge in the future. Forward-looking statements contained in this press release include, but are not limited to, statements concerning the current and future build out and acquisition plans of Greenidge. Forward-looking statements are subject to a number of risks, uncertainties and assumptions. Matters and factors that could cause actual results to differ materially from those expressed or implied in such forward-looking statements include but are not limited to the matters and factors described in Greenidge’s Risk Factors set forth in its filings with the Securities and Exchange Commission, as well as statements about or relating to or otherwise affected by: (i) the ability to recognize the anticipated objectives and benefits, including the anticipated tax treatment, of the acquisition of Support; (ii) changes in applicable laws, regulations or permits affecting Greenidge’s operations or the industries in which it operates, including regulation regarding power generation, cryptocurrency usage and/or cryptocurrency mining; (iii) any failure to obtain adequate financing on a timely basis and on acceptable terms with regard to growth strategies or operations; (iv) fluctuations in the market pricing of bitcoin and other cryptocurrencies; (v) loss of public confidence in, or use cases of, bitcoin and other cryptocurrencies; (vi) the potential of cybercrime, money laundering, malware infections and phishing, and the costs associated with such issues; (vii) the potential of cryptocurrency market manipulation; (viii) the economics of mining cryptocurrency, including as to variables or factors affecting the cost, efficiency and profitability of mining; (ix) the availability, delivery schedule and cost of equipment necessary to maintain and grow the business and operations of Greenidge, including mining equipment and equipment meeting the technical or other specifications required to achieve our growth strategy, (x) the possibility that Greenidge may be adversely affected by other economic, business or competitive factors, including factors affecting the industries in which it operates or upon which it relies and is dependent; (xi) the ability to expand successfully to other facilities, mine other cryptocurrencies or otherwise expand the business; (xii) changes in tax regulations applicable to us, our assets or cryptocurrencies, including bitcoin; (xiii) any litigation involving Greenidge; (xiv) costs and expenses relating to cryptocurrency transaction fees and fluctuation in cryptocurrency transaction fees; (xv) the condition of our physical assets, including that Greenidge’s single operating facility may realize material, if not total, loss and interference as a result of equipment malfunction or break-down, physical disaster, data security breach, computer malfunction or

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sabotage; (xvi) other risks and uncertainties related to the business plan, business strategy, acquisition strategy and buildout strategy of Greenidge; (xvii) the potential economic fallout resulting from the COVID-19 outbreak. No assurance can be given that these are all of the factors that could cause actual results to vary materially from the forward-looking statements in this press release. The actual results, performance, or achievements of Greenidge could differ materially from the results expressed in, or implied by, any forward-looking statements. All forward-looking statements speak only as of the date of this press release and Greenidge does not assume any duty to update or revise any forward-looking statements included in this press release, whether as a result of new information, the occurrence of future events, changes in assumptions or otherwise, after the date of this press release.

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**For immediate release**

**Contact**

Greenidge

IR: [investorrelations@greenidge.com](mailto:investorrelations@greenidge.com)

Media: [media@greenidge.com](mailto:media@greenidge.com)

Support.com

Investor Relations: [IR@support.com](mailto:IR@support.com)

**SUPPORT.COM, INC. AND SUBSIDIARIES**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

## Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of Support.com, Inc.

### Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Support.com, Inc. (the “Company”) as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income, stockholders’ equity, and cash flows for each of the years in the two year period ended December 31, 2020, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

The Company’s management is responsible for these financial statements. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Emphasis of Matter—Subsequent Event

As discussed in Note 9 to the financial statements, on March 19, 2021 the Company and Greenidge Generation Holdings, Inc. (Greenidge) entered into an agreement and plan of merger which will result in Greenidge acquiring the Company.

### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that were communicated to the audit committee and that (1) relates to accounts of disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communication the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

### Income Taxes—Refer to Notes 1 and 7 to the financial statements

The Company’s net deferred tax liability and uncertain tax position liability were \$443,000 and \$111,000, respectively, as of December 31, 2020 and the related total income tax expense was \$102,000 for the year ended December 31, 2020. Deferred tax assets and liabilities are recognized for the future expected tax consequences of temporary differences between income tax and financial reporting and principally relate to differences in the tax basis of assets and liabilities and their reported amounts, using enacted tax rates in effect for the year in which differences are expected to reverse. Filing positions in all of the federal, state and foreign jurisdictions where the Company is required to file income tax returns are

analyzed by the Company, as well as all open tax years in these jurisdictions, to determine whether the positions will be more likely than not be sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold are not recorded as a tax benefit or expense in the current year.

We identified income taxes and uncertain tax positions as a critical audit matter due to the multiple jurisdictions in which the Company operates including foreign jurisdictions and the complexity of tax laws and regulations. Performing audit procedures and evaluating audit evidence obtained related to these considerations required a high degree of judgement and effort.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures performed to address this critical audit matter included the following, among others:

- We obtained an understanding of management's process to identify and evaluate tax obligations and uncertain tax positions and evaluated the design of key controls used by management therein.
- We evaluated the completeness and accuracy of deferred income taxes and the income tax provision by agreement to material tax filings.
- We assessed the reasonableness of the key judgements and estimates inherent in management's assessment of their tax obligation and uncertain tax positions, including analysis over forecasts and tax elections.
- We involved our tax specialists with our evaluation of management's judgements related to recognition of current and deferred income taxes and identified uncertain tax positions by analyzing the related tax law, statutes, and regulations and their application to the company's positions.
- We evaluated the adequacy of the Company's disclosure in Notes 1 and 7 in relation to the income taxes.

/s/ Plante & Moran, PLLC

We have served as the Company's auditor since 2017.

Denver, Colorado

March 30, 2021, except for the revision to the segment information disclosure in Note 1 as to which the date is July 16, 2021.

**CONSOLIDATED BALANCE SHEETS**  
**(in thousands except per share amount)**

	December 31,	
	2020	2019
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 13,526	\$ 10,087
Short-term investments	16,441	16,327
Accounts receivable, net	6,975	9,398
Prepaid expenses and other current assets	670	728
Total current assets	37,612	36,540
Property and equipment, net	1,115	533
Intangible assets	—	250
Right of use assets, net	61	68
Other assets	478	649
<b>TOTAL ASSETS</b>	<b>\$ 39,266</b>	<b>\$ 38,040</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 366	\$ 277
Accrued compensation	1,735	1,610
Other accrued liabilities	879	940
Short-term lease liability	58	61
Short-term deferred revenue	881	1,193
Total current liabilities	3,919	4,081
Other long-term liabilities	911	792
Total liabilities	4,830	4,873
Commitments and contingencies (Note 3)		
Stockholders' equity:		
Common stock; par value \$0.0001, 50,000 shares authorized; 19,973 issued and 19,490 outstanding at December 31, 2020 and 19,537 issued and 19,054 outstanding at December 31, 2019	2	2
Additional paid-in capital	250,954	250,092
Treasury stock, at cost (483 shares at December 31, 2020 and 2019)	(5,297)	(5,297)
Accumulated other comprehensive loss	(2,419)	(2,380)
Accumulated deficit	(208,804)	(209,250)
Total stockholders' equity	34,436	33,167
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 39,266</b>	<b>\$ 38,040</b>

See accompanying notes.

**CONSOLIDATED STATEMENTS OF OPERATIONS**  
 (in thousands except per share amounts)

	Years Ended December 31,	
	2020	2019
Revenue:		
Services	\$ 42,079	\$ 59,545
Software and other	1,785	3,788
Total revenue	<u>43,864</u>	<u>63,333</u>
Cost of revenue:		
Cost of services	28,697	46,714
Cost of software and other	224	151
Total cost of revenue	<u>28,921</u>	<u>46,865</u>
Gross profit	14,943	16,468
Operating expenses:		
Engineering and IT	3,655	4,078
Sales and marketing	2,362	1,760
General and administrative	8,874	7,679
Total operating expenses	<u>14,891</u>	<u>13,517</u>
Income from operations	52	2,951
Interest income and other, net	496	1,049
Income before income taxes	548	4,000
Income tax provision	102	154
Net income	<u>\$ 446</u>	<u>\$ 3,846</u>
Net income per share—basic and diluted	\$ 0.02	\$ 0.20
Weighted average common shares outstanding—basic	19,192	18,977
Weighted average common shares outstanding—diluted	19,369	19,026

See accompanying notes.



CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
(in thousands)

	Years Ended December 31,	
	2020	2019
Net income	\$ 446	\$ 3,846
Other comprehensive income (loss):		
Foreign currency translation adjustment	(44)	49
Net unrealized gain on investments	5	78
Other comprehensive income (loss)	(39)	127
Comprehensive income	\$ 407	\$ 3,973

See accompanying notes.

**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**(in thousands)**

	Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount					
Balances at December 31, 2018	<u>18,955</u>	<u>\$ 2</u>	<u>\$268,794</u>	<u>\$(5,297)</u>	<u>\$ (2,507)</u>	<u>\$ (213,096)</u>	<u>\$ 47,896</u>
Net income	—	—	—	—	—	3,846	3,846
Dividend payout	—	—	(19,054)	—	—	—	(19,054)
Other comprehensive loss	—	—	—	—	127	—	127
Issuance of common stock upon exercise of stock options & RSU releases	73	—	—	—	—	—	—
Issuance of common stock under employee stock purchase plan	26	—	48	—	—	—	48
Stock-based compensation expense	—	—	304	—	—	—	304
Balances at December 31, 2019	<u>19,054</u>	<u>\$ 2</u>	<u>\$250,092</u>	<u>\$(5,297)</u>	<u>\$ (2,380)</u>	<u>\$ (209,250)</u>	<u>\$ 33,167</u>
Net income	—	—	—	—	—	446	446
Other comprehensive loss	—	—	—	—	(39)	—	(39)
Issuance of common stock upon exercise of stock options & RSU releases	392	—	191	—	—	—	191
Issuance of common stock under employee stock purchase plan	44	—	37	—	—	—	37
Stock-based compensation expense	—	—	634	—	—	—	634
Balances at December 31, 2020	<u>19,490</u>	<u>\$ 2</u>	<u>\$250,954</u>	<u>\$(5,297)</u>	<u>\$ (2,419)</u>	<u>\$ (208,804)</u>	<u>\$ 34,436</u>

See accompanying notes.

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(in thousands)**

	<b>Years Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>Operating Activities:</b>		
Net income	\$ 446	\$ 3,846
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	314	294
Amortization of premiums and discounts on investments	65	83
Stock-based compensation	634	304
Impairment of intangible asset	250	—
Changes in assets and liabilities:		
Accounts receivable, net	2,423	2,893
Prepaid expenses and other current assets	41	282
Other long-term assets	142	40
Accounts payable	87	(92)
Accrued compensation	120	(1,804)
Accrued legal settlement	—	(10,000)
Other accrued liabilities	(46)	26
Other long-term liabilities	104	18
Deferred revenue	(312)	58
Net cash provided by (used in) operating activities	4,268	(4,052)
<b>Investing Activities:</b>		
Purchases of property and equipment	(896)	(124)
Disposal of property and equipment	—	3
Purchase of investments	(13,375)	(34,898)
Proceeds from sale of investments	—	9,766
Maturities of investments	13,200	33,267
Net cash provided by (used in) investing activities	(1,071)	8,014
<b>Financing Activities:</b>		
Payment of dividend	—	(19,054)
Proceeds from exercise of stock options	191	—
Proceeds from employee stock purchase plan	37	48
Net cash provided by (used in) financing activities	228	(19,006)
Effect of exchange rate changes on cash and cash equivalents	14	(51)
Net increase (decrease) in cash and cash equivalents	3,439	(15,095)
Cash and cash equivalents at beginning of year	10,087	25,182
Cash and cash equivalents at end of year	<u>\$ 13,526</u>	<u>\$ 10,087</u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for income tax	<u>\$ 135</u>	<u>\$ 98</u>

See accompanying notes.

**Note 1. Organization and Summary of Significant Accounting Policies****Nature of Operations**

Support.com, Inc. (“Support.com,” “the Company,” “We” or “Our”) was incorporated in the state of Delaware on December 3, 1997. Our common stock trades on the Nasdaq Capital Market under the symbol “SPRT.”

We provide customer and technical support solutions delivered by home-based employees. Our homesourcing model, which enables outsourced work to be delivered by people working from home, has been specifically designed for remote work and optimized for security, recruiting, training, delivery and employee engagement.

We provide outsourced customer care and cloud-based technology platforms to companies in multiple industry verticals, helping them strengthen customer relationships and brand loyalty, increase revenue, and reduce costs. We serve clients in verticals such as healthcare, retail, communication services, and technology with omnichannel programs that include voice, chat, and self-service. We meet client needs through our scalable, global network of home-based employees and secure, proprietary, cloud-based platforms. With our fully distributed team, we are able to flex staffing levels and skill sets to address client requirements, offering business process continuity. We custom-profile customer care professionals (called “experts”) who meet the requirements for the work-from-home environment and for specific client criteria related to industry experience, skill set, etc.

We offer fully-managed premium technical support programs to our enterprise clients that are upsold to the clients’ end customers. These tailored programs can be bundled with complementary services or offered on a stand-alone basis as a subscription or one-time purchase. These tech support programs help clients drive incremental revenue, reduce costs, and increase customer satisfaction.

**Basis of Presentation**

The consolidated financial statements include the accounts of Support.com and its wholly-owned foreign subsidiaries. All intercompany transactions and balances have been eliminated.

**Re-issuance of Financial Statements**

The financial statements have been reissued to revise the segment information disclosure in Note 1, to identify and breakout the significant customers and respective percentages of revenue.

**Impact of Disease Outbreak**

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus as a “pandemic.” First identified in late 2019 and known now as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak which have impacted global business operations. During 2020 and as of the financial statement date of issuance, our operations have not been significantly impacted; however, we continue to monitor the situation. With respect to the pandemic, no impairments were recorded as of the balance sheet date as no triggering events or changes in circumstances had occurred as of December 31, 2020; however, due to significant uncertainty surrounding the situation, management’s judgment regarding this could change in the future. In addition, while our results of operations, cash flows and financial condition have not been significantly impacted to date, they could be negatively impacted in the future. The extent of the impact, if any, cannot be reasonably estimated at this time.

**Foreign Currency Translation**

The functional currency of our foreign subsidiaries is generally the local currency. Assets and liabilities of our wholly owned foreign subsidiaries are translated from their respective functional currencies at exchange rates in effect at the balance sheet date, and revenues and expenses are translated at average exchange rates prevailing during the year. Any material resulting translation adjustments are reflected as a separate component of stockholders’ equity in accumulated other comprehensive income. Realized foreign currency transaction gains (losses) were not material during the years ended December 31, 2020 and 2019.

**Note 1. Organization and Summary of Significant Accounting Policies (Continued)****Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The accounting estimates that require management's most significant, difficult and subjective judgments include accounting for revenue recognition, assumptions used to estimate self-insurance accruals, the valuation and recognition of investments, the assessment of recoverability of intangible assets and their estimated useful lives, the valuations and recognition of stock-based compensation and the recognition and measurement of current and deferred income tax assets and liabilities. Actual results could differ materially from these estimates.

**Concentrations of Credit Risk**

Financial instruments that potentially subject us to concentrations of credit risk consist principally of cash equivalents, investments and trade accounts receivable. Periodically throughout the year, we have maintained balances in various operating accounts in excess of federally insured limits. Our investment portfolio consists of investment grade securities. Except for obligations of the United States government and securities issued by agencies of the United States government, we diversify our investments by limiting our holdings with any individual issuer. We are exposed to credit risks in the event of default by the issuers to the extent of the amount recorded on the consolidated balance sheets. The credit risk in our trade accounts receivable is substantially mitigated by our evaluation of the customers' financial conditions at the time we enter into business and reasonably short payment terms.

**Cash, Cash Equivalents and Investments**

All liquid instruments with an original maturity at the date of purchase of 90 days or less are classified as cash equivalents. Cash equivalents and short-term investments consist primarily of money market funds, certificates of deposit, commercial paper, corporate and municipal bonds. Our interest income on cash, cash equivalents and investments is recorded monthly and reported as interest income and other in our consolidated statements of operations.

Our cash equivalents and short-term investments are classified as investments and are reported at fair value with unrealized gains/losses included in accumulated other comprehensive loss within stockholders' equity on the consolidated balance sheets and in the consolidated statements of comprehensive income. We view this investment portfolio as available for use in our current operations, and therefore we present our marketable securities as short-term assets.

We monitor our investments for impairment on a quarterly basis and determine whether a decline in fair value is other-than-temporary by considering factors such as current economic and market conditions, the credit rating of the security's issuer, the length of time an investment's fair value has been below our carrying value, our intent to sell the security and our belief that we will not be required to sell the security before the recovery of its amortized cost. If an investment's decline in fair value is deemed to be other-than-temporary, we reduce its carrying value to its estimated fair value, as determined based on quoted market prices or liquidation values. Declines in value judged to be other-than-temporary, if any, are recorded in operations as incurred. At December 31, 2020, we evaluated unrealized losses on security investments and determined them to be temporary. We currently do not intend to sell securities with unrealized losses, and we concluded that we will not be required to sell these securities before the recovery of their amortized cost basis.

**Note 1. Organization and Summary of Significant Accounting Policies (Continued)****Cash, Cash Equivalents and Investments (Continued)**

At December 31, 2020 and 2019, the estimated fair value of cash, cash equivalents and investments was \$30.0 million and \$26.4 million, respectively. At December 31, 2020 and 2019, the amount of our foreign subsidiary cash, cash equivalents and investments was \$4.3 million and \$4.2 million, respectively. The following is a summary of cash, cash equivalents and investments at December 31, 2020 and 2019 (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b>As of December 31, 2020</b>				
Cash	\$ 10,918	\$ —	\$ —	\$10,918
Money market funds	1,258	—	—	1,258
Certificates of deposit	492	—	—	492
Commercial paper	3,274	—	(1)	3,273
Corporate notes and bonds	9,423	4	—	9,427
U.S. government treasury	4,599	—	—	4,599
	<u>\$ 29,964</u>	<u>\$ 4</u>	<u>\$ (1)</u>	<u>\$29,967</u>
Classified as:				
Cash and cash equivalents	\$ 13,526	\$ —	\$ —	\$13,526
Short-term investments	16,438	4	(1)	16,441
	<u>\$ 29,964</u>	<u>\$ 4</u>	<u>\$ (1)</u>	<u>\$29,967</u>
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b>As of December 31, 2019</b>				
Cash	\$ 7,814	\$ —	\$ —	\$ 7,814
Money market funds	1,137	—	—	1,137
Certificates of deposit	475	—	—	475
Commercial paper	6,912	—	(1)	6,911
Corporate notes and bonds	7,922	15	(4)	7,933
U.S. government agency securities	2,145	—	(1)	2,144
	<u>\$ 26,405</u>	<u>\$ 15</u>	<u>\$ (6)</u>	<u>\$26,414</u>
Classified as:				
Cash and cash equivalents	\$ 10,087	\$ —	\$ —	\$10,087
Short-term investments	16,318	15	(6)	16,327
	<u>\$ 26,405</u>	<u>\$ 15</u>	<u>\$ (6)</u>	<u>\$26,414</u>

The following table summarizes the estimated fair value of our marketable securities classified by the stated maturity date of the security (in thousands):

	December 31,	
	2020	2019
Due within one year	\$13,248	\$12,754
Due within two years	3,193	3,573
	<u>\$16,441</u>	<u>\$16,327</u>

We determined that the gross unrealized losses on our security investments as of December 31, 2020 are temporary in nature. The fair value of our security investments at December 31, 2020 and 2019 reflects net unrealized gains of \$3,000 and \$9,000, respectively. There were net realized gains of \$1,000 and \$2,000 on security investments in the years ended December 31, 2020 and 2019, respectively. The cost of securities sold is based on the specific identification method.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## Note 1. Organization and Summary of Significant Accounting Policies (Continued)

## Cash, Cash Equivalents and Investments (Continued)

The following table sets forth the unrealized gains/losses for security investments as of December 31, 2020 and 2019 (in thousands):

As of December 31, 2020	In Gain Position		In Loss Position		Total in Gain Position	
	Less Than 12 Months		More Than 12 Months		Fair Value	Unrealized Gain
	Fair Value	Unrealized Gain	Fair Value	Unrealized Loss		
Description						
Certificates of deposit	\$ 492	\$ —	\$ —	\$ —	\$ 492	\$ —
Corporate notes and bonds	9,502	5	3,195	(2)	12,697	3
U.S. government agency securities	4,599	—	—	—	4,599	—
Total	<u>\$14,593</u>	<u>\$ 6</u>	<u>\$3,195</u>	<u>\$ (2)</u>	<u>\$17,788</u>	<u>\$ 3</u>

As of December 31, 2019	In Gain Position		In Loss Position		Total in Gain Position	
	Less Than 12 Months		More Than 12 Months		Fair Value	Unrealized Gain
	Fair Value	Unrealized Gain	Fair Value	Unrealized Loss		
Description						
Certificates of deposit	\$ 475	\$ —	\$ —	\$ —	\$ 475	\$ —
Corporate notes and bonds	10,120	15	4,714	(5)	14,834	10
U.S. government agency securities	2,145	(1)	—	—	2,145	(1)
Total	<u>\$12,740</u>	<u>\$ 14</u>	<u>\$4,714</u>	<u>\$ (5)</u>	<u>\$17,454</u>	<u>\$ 9</u>

## Trade Accounts Receivable and Allowance for Doubtful Accounts

Trade accounts receivable are recorded at the invoiced amount. We perform evaluations of our customers' financial condition and generally do not require collateral. We make judgments as to our ability to collect outstanding receivables and provide allowances for a portion of receivables when collection becomes doubtful. Our allowances are made based on a specific review of all significant outstanding invoices. For those invoices not specifically provided for, allowances are recorded at differing rates, based on the age of the receivable. In determining these rates, we analyze our historical collection experience and current payment trends. The determination of past-due accounts is based on contractual terms.

The following table summarizes the allowance for doubtful accounts as of December 31, 2020 and 2019 (in thousands):

	Amount
Balance, December 31, 2018	\$ 13
Provision for doubtful accounts	40
Accounts written off	(25)
Balance, December 31, 2019	28
Provision for doubtful accounts	37
Accounts written off	(61)
Balance, December 31, 2020	<u>\$ 4</u>

As of December 31, 2020 and 2019, our two largest customers accounted for approximately 90% and 92% of our total accounts receivable, respectively. No other customers accounted for 10% or more of our total accounts receivable as of December 31, 2020 and 2019.

**Note 1. Organization and Summary of Significant Accounting Policies (Continued)****Property and Equipment**

Property and equipment are stated at cost, less accumulated depreciation and amortization which is determined using the straight-line method over the estimated useful lives of two to five years for computer equipment and software, three years for furniture and fixtures, and the shorter of the estimated useful lives or the lease term for leasehold improvements. Repairs and maintenance costs are expensed as they are incurred.

**Intangible Assets**

In December 2006, we acquired the use of a toll-free telephone number for cash consideration of \$250,000. This asset had an indefinite useful life. The intangible asset is tested for impairment annually or more often if events or changes in circumstances indicate that the carrying value may not be recoverable. During the year ended December 31, 2020, we determined this indefinite-lived intangible asset was fully impaired, and we recognized a non-cash impairment loss as an operating expense in our consolidated statement of operations.

**Long-Lived Assets**

We assess long-lived assets, which includes property and equipment and identifiable intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized when the sum of the future net cash flows expected to result from the use of the asset and its eventual disposition is less than its carrying amount. If our estimates regarding future cash flows derived from such assets were to change, we may record an impairment charge to the value of these assets. Such impairment loss would be measured as the difference between the carrying amount of the asset and its fair value.

**Leases**

We account for leases in accordance with Accounting Standards Codification (“ASC”) 842. We recognize operating and finance lease liabilities and corresponding right-of-use (“ROU”) assets on the consolidated balance sheets and provide enhanced disclosures surrounding the amount, timing and uncertainty of cash flows arising from leasing arrangements. We determine if an arrangement is a lease at inception. Operating leases are included in operating lease ROU assets and short- and long-term lease liabilities in our consolidated balance sheets. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities in our consolidated balance sheets.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The implicit rate is used when readily determinable. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. We account for the lease and non-lease components as a single lease component.

We have entered into various non-cancelable operating lease agreements for certain offices and certain equipment. The Louisville, Colorado and Sunnyvale, California office leases were both renewed during the year ended December 31, 2020, and will expire on April 30, 2021 and March 31, 2021, respectively.

**Revenue Recognition***Disaggregation of Revenue*

We generate revenue from the sale of services and sale of software fees for end-user software products provided through direct customer downloads and through the sale of these end-user software products via partners. Revenue is



**Note 1. Organization and Summary of Significant Accounting Policies (Continued)****Revenue Recognition (Continued)**

disaggregated by type as presented in the consolidated statements of operations and is consistent with how we evaluate our financial performance.

Under ASC 606, revenue is recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services.

We determine revenue recognition through the following steps:

- identification of the contract, or contracts, with a customer;
- identification of the performance obligations in the contract;
- determination of the transaction price;
- allocation of the transaction price to the performance obligations in the contract; and
- recognition of revenue when, or as, we satisfy a performance obligation.

*Services Revenue*

Services revenue is primarily comprised of fees for customer support and technology support services. Our service programs are designed for enterprise clients, as well as the consumer and small and medium business (“SMB”) markets, and include customer service, sales support, and technical support, including computer and mobile device set-up, security and support, virus and malware removal, wireless network set-up, and automation system onboarding and support.

We offer customer support, technical support, and technology services to large corporations, consumers and SMBs, directly and through our partners (which include communications providers, retailers, technology companies and others) and, to a lesser degree, directly through our website at [www.support.com](http://www.support.com). We transact with customers via reseller programs, referral programs and direct transactions. In reseller programs, the partner generally executes the financial transactions with the customer and pays a fee to us which we recognize as revenue when the service is delivered. In referral programs, we transact with the customer directly and pay a referral fee to the referring party. In direct transactions, we sell directly to the customer at the retail price.

The services described above include four types of offerings:

- **Hourly-Based Services**—In connection with the provisions of certain services programs, fees are calculated based on contracted hourly rates with partners. For these programs, we recognize revenue as services are performed, based on billable hours of work delivered by our technology experts. These service programs also include performance standards, which may result in incentives or penalties, which are recognized as earned or incurred.
- **Tier-Based Services**—In connection with the provisions of certain services programs, fees are calculated on partner subscription tiers based on number of subscribers. For these programs, we recognize revenue as services are performed, and are billed based on the tier level of number of subscribers supported by our experts.
- **Subscriptions**—Customers purchase subscriptions or “service plans” under which certain services are provided over a fixed subscription period. Revenues for subscriptions are recognized ratably over the respective subscription periods.
- **Incident-Based Services**—Customers purchase a discrete, one-time service. Revenue recognition occurs at the time of service delivery. Fees paid for services sold but not yet delivered are recorded as deferred revenue and recognized at the time of service delivery.

In certain cases, we are paid for services that are sold but not yet delivered. We initially record such balances as deferred revenue, and recognize revenue when the service has been provided or, on the non-subscription portion of

**Note 1. Organization and Summary of Significant Accounting Policies (Continued)****Revenue Recognition (Continued)**

these balances, when the likelihood of the service being redeemed by the customer is remote (“services breakage”). Based on our historical redemption patterns for these relationships, we believe that the likelihood of a service being delivered more than 90 days after sale is remote. We therefore recognize non-subscription deferred revenue balances older than 90 days as services revenue. For the years ended December 31, 2020 and 2019, services breakage revenue accounted for less than 1% of total services revenue.

The following table represents deferred revenue activity for the years ended December 31, 2020 and 2019 (in thousands):

	<u>Amount</u>
Balance, December 31, 2018	\$ 1,135
Deferred revenue	1,887
Recognition of unearned revenue	<u>(1,829)</u>
Balance, December 31, 2019	1,193
Deferred revenue	1,243
Recognition of unearned revenue	<u>(1,555)</u>
Balance, December 31, 2020	<u>\$ 881</u>

Partners are generally invoiced monthly. Fees from customers via referral programs and direct transactions are generally paid with a credit card at the time of sale. Revenue is recognized net of any applicable sales tax.

Services revenue also includes fees from licensing of Support.com cloud-based software. In such arrangements, customers receive a right to use our Support.com Cloud applications in their own support organizations. We license our cloud-based software using a software-as-a-service (“SaaS”) model under which customers cannot take possession of the technology and pay us on a per-user or usage basis during the term of the arrangement. In addition, services revenue includes fees from implementation services of our cloud-based software. Currently, revenues from implementation services are recognized ratably over the customer life, which is estimated as the term of the arrangement once the Support.com Cloud services are made available to customers. We generally charge for these services on a time and material basis. For the years ended December 31, 2020 and 2019, revenue from implementation services was not material.

*Software and Other Revenue*

Software and other revenue is comprised primarily of fees for end-user software products provided through direct customer downloads and through the sale of these end-user software products via partners. Our software is sold to customers primarily on an annual subscription with automatic renewal. We provide regular, significant upgrades over the subscription period and therefore recognize revenue for these products ratably over the subscription period. Management has determined that these upgrades are not distinct, as the upgrades are an input into a combined output. In addition, management has determined that the frequency and timing of the software upgrades are unpredictable and therefore we recognize revenue consistent with the sale of the subscription. We generally control fulfillment, pricing, product requirements, and collection risk and therefore we record the gross amount of revenue. We provide a 30-day money back guarantee for the majority of our end-user software products.

We provide a limited amount of free technical support to customers. Since the cost of providing this free technical support is insignificant and free product enhancements are minimal and infrequent, we do not defer the recognition of revenue associated with sales of these products.

Other revenue consists primarily of revenue generated through partners advertising to our customer base in various forms, including toolbar advertising, email marketing, and free trial offers. We recognize other revenue in the period in which control transfers to our partners.

**Note 1. Organization and Summary of Significant Accounting Policies (Continued)****Engineering and IT Costs**

Engineering and IT expenditures are charged to operations as they are incurred.

**Software Development Costs**

We expense software development costs before technological feasibility is reached. Based on our product development process, technological feasibility is established on the completion of a working model. We determined that technological feasibility is reached shortly before the product is ready for general release and therefore capitalized development costs incurred are immaterial during the periods presented.

**Purchased Technology for Internal Use**

We capitalize costs related to software that we license and incorporate into our product and service offerings or develop for internal use.

**Advertising Costs**

Advertising costs are recorded as sales and marketing expense in the period in which they are incurred. Advertising expense was \$0.2 million and \$24,000 for the years ended December 31, 2020 and 2019, respectively.

**Earnings Per Share**

Basic earnings per share is computed using our net income and the weighted-average number of common shares outstanding during the reporting period. Diluted earnings per share is computed using our net income and the weighted average number of common shares outstanding, including the effect of the potential issuance of common stock such as stock issuable pursuant to the exercise of stock options and warrants and vesting of RSUs using the treasury stock method when dilutive.

The following table sets forth the computation of basic and diluted net earnings per share (in thousands, except per share amounts):

	<b>Years Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Net income	<u>\$ 446</u>	<u>\$ 3,846</u>
Basic:		
Weighted-average common shares outstanding	19,192	18,977
Basic earnings per share	<u>\$ 0.02</u>	<u>\$ 0.20</u>
Diluted		
Weighted-average common shares outstanding	19,192	18,977
Effect of dilutive securities:		
Stock options and restricted stock units	177	49
Diluted weighted-average commons shares outstanding	<u>19,369</u>	<u>19,026</u>
Diluted earnings per share	<u>\$ 0.02</u>	<u>\$ 0.20</u>

**Accumulated Other Comprehensive Income**

The components of accumulated other comprehensive loss relate entirely to accumulated foreign currency translation gain (losses) associated with our foreign subsidiaries and unrealized gains (losses) on investments.

Realized gains/losses on investments reclassified from accumulated other comprehensive loss are reported as interest income and other, net in our consolidated statements of operations.

**Note 1. Organization and Summary of Significant Accounting Policies (Continued)****Accumulated Other Comprehensive Income (Continued)**

The amounts noted in the consolidated statements of comprehensive income are shown before taking into account the related income tax impact. The income tax effect allocated to each component of other comprehensive income for each of the periods presented is not material.

**Stock-Based Compensation**

We apply the provisions of Accounting Standards Codification (“ASC”) 718, Compensation – Stock Compensation, which requires the measurement and recognition of compensation expense for all stock-based payment awards, including grants of restricted stock units (“RSUs”) and options to purchase stock, made to employees and directors based on estimated fair values.

In accordance with ASC 718, Compensation – Stock Compensation, we recognize stock-based compensation by measuring the cost of services to be rendered based on the grant date fair value of the equity award. We recognize stock-based compensation over the period an employee is required to provide service in exchange for the award, generally referred to as the requisite service period. For awards with market-based performance conditions, the cost of the awards is recognized as the requisite service is rendered by employees, regardless of when, if ever, the market-based performance conditions are satisfied.

The Black-Scholes option pricing model is used to estimate the fair value of service-based stock options and shares purchased under our Employee Stock Purchase Plan (“ESPP”). The determination of the fair value of options is affected by our stock price and a number of assumptions, including expected volatility, expected life, risk-free interest rate and expected dividends. We use historical data for estimating the expected volatility. For certain stock options awards, we use historical data for estimating the expected life of stock options and for others, we use the simplified method for estimating the expected life. The simplified method was used during 2020 for “plain vanilla” (as defined by the SEC) stock option awards. The risk-free interest rate assumption is based on observed interest rates appropriate for the expected terms of the stock options.

The Monte-Carlo simulation model is used to estimate fair value of market-based performance stock options. The Monte-Carlo simulation model calculates multiple potential outcomes for an award and establishes a fair value based on the most likely outcome. Key assumptions for the Monte-Carlo simulation model include the risk-free rate, expected volatility, expected dividends and the correlation coefficient.

The fair value of restricted stock grants is based on the closing market price of our stock on the date of grant less the expected dividend yield.

**Income Taxes**

Income taxes are accounted for under the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and operating losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be reversed or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the consolidated statements of operations in the period that includes the enactment date. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets, if it is more likely than not, that such assets will not be realized. Our deferred tax asset and related valuation allowance decreased by \$2.6 million to \$43 million. As the deferred tax asset is fully allowed for, this change had no impact on our financial position or results of operations.

**Warranties and Indemnifications**

We generally provide a refund period on sales, during which refunds may be granted to consumers under certain circumstances. During the years ended December 31, 2020 and 2019, any refunds granted to consumers were immaterial to the financial statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**Note 1. Organization and Summary of Significant Accounting Policies (Continued)****Fair Value Measurements**

ASC 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements. Fair value is defined under ASC 820 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value according to ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value, which are the following:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table represents our fair value hierarchy for our financial assets (cash equivalents and investments) measured at fair value on a recurring basis as of December 31, 2020 and 2019 (in thousands):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>As of December 31, 2020</b>				
Money market funds	\$1,258	\$ —	\$ —	\$ 1,258
Certificates of deposit	—	492	—	492
Commercial paper	—	3,273	—	3,273
Corporate notes and bonds	—	9,427	—	9,427
U.S. government agency securities	—	4,599	—	4,599
Total	<u>\$1,258</u>	<u>\$17,791</u>	<u>\$ —</u>	<u>\$19,049</u>
<b>As of December 31, 2019</b>				
Money market funds	\$1,137	\$ —	\$ —	\$ 1,137
Certificates of deposit	—	475	—	475
Commercial paper	—	6,911	—	6,911
Corporate notes and bonds	—	7,933	—	7,933
U.S. government agency securities	—	2,144	—	2,144
Total	<u>\$1,137</u>	<u>\$17,463</u>	<u>\$ —</u>	<u>\$18,600</u>

For short-term investments, measured at fair value using Level 2 inputs, we review trading activity and pricing for these investments as of the measurement date. When sufficient quoted pricing for identical securities is not available, we use market pricing and other observable market inputs for similar securities obtained from various third-party data providers. These inputs either represent quoted prices for similar assets in active markets or have been derived from observable market data. Our policy is that the end of our quarterly reporting period determines when transfers of financial instruments between levels are recognized. No transfers were made between level 1, level 2 and level 3 for the years ended December 31, 2020 and 2019.

**Segment Information**

We report our operations as a single operating segment and has a single reporting unit. Our Chief Operating Decision Maker (“CODM”), our Chief Executive Officer, manages our operations on a consolidated basis for purposes of

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**Note 1. Organization and Summary of Significant Accounting Policies (Continued)****Segment Information (Continued)**

allocating resources. When evaluating performance and allocating resources, the CODM reviews financial information presented on a consolidated basis.

Revenue from customers located outside the United States was immaterial for the years ended December 31, 2020 and 2019.

For the years ended December 31, 2020 and 2019, our largest customer accounted for 44% and 63% of our total revenue, respectively. For the years ended December 31, 2020 and 2019, our second largest customer accounted for 43% and 25% of our total revenue, respectively. There were no other customers that accounted for 10% or more of our total revenue in any of the periods presented.

Long-lived assets are attributed to the geographic location in which they are located. We include in long-lived assets all tangible assets. Long-lived assets by geographic areas are as follows (in thousands):

	December 31,	
	2020	2019
United States	\$1,110	\$532
Philippines	4	1
India	1	—
Total	<u>\$1,115</u>	<u>\$533</u>

**Recent Accounting Pronouncements****Recently Adopted Accounting Standards**

In August 2018, the FASB issued Accounting Standard Update (“ASU”) No. 2018-13, *Changes to Disclosure Requirements for Fair Value Measurements (Topic 820)* (ASU 2018-13), which improved the effectiveness of disclosure requirements for recurring and nonrecurring fair value measurements. The standard removes, modifies, and adds certain disclosure requirements. We adopted the new standard effective January 1, 2020 and the standard did not have an impact on the consolidated financial statements.

**New Accounting Standards to be adopted in Future Periods**

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* (ASU 2019-12), which simplifies the accounting for income taxes. This guidance will be effective in the first quarter of 2021 on a prospective basis, and early adoption is permitted. We do not expect the new standard to have a material impact on the consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The standard’s main goal is to improve financial reporting by requiring earlier recognition of credit losses on financing receivables and other financial assets in scope. The effective date for all public companies, except smaller reporting companies, is fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The effective date for all other entities is fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. We do not expect the new standard to have a material impact on the consolidated financial statements.

**Note 2. Property and Equipment**

Property and equipment are stated at cost, less accumulated depreciation, and consist of the following as of December 31, 2020 and 2019 (in thousands):

	December 31,	
	2020	2019
Computer equipment and software	\$ 8,114	\$ 7,233
Furniture and office equipment	140	142
Leasehold improvements	348	348
Construction in progress	50	32
Accumulated depreciation	(7,537)	(7,222)
Total property and equipment, net	<u>\$ 1,115</u>	<u>\$ 533</u>

Depreciation expense was \$0.3 million and \$0.3 million for the years ended December 31, 2020 and 2019, respectively.

**Note 3. Commitments and Contingencies****Legal contingencies**

*Federal Trade Commission Consent Order.* As previously disclosed, on December 20, 2016 the Federal Trade Commission (“FTC”) issued a confidential Civil Investigative Demand, or CID, requiring us to produce certain documents and materials and to answer certain interrogatories relating to PC Healthcheck, an obsolete software program that we developed on behalf of a third party for their use with their customers. The investigation relates to us providing software like PC Healthcheck to third parties for their use prior to December 31, 2016, when we were under management of the previous board and executive team. Since issuing the CID, the FTC has sought additional written and testimonial evidence. We have cooperated fully with the FTC’s investigation and provided all requested information. In addition, we have not used PC Healthcheck nor provided it to any customers since December 2016.

On March 9, 2018, the FTC notified us that it was willing to engage in settlement discussions. On November 6, 2018, Support.com and the FTC entered into a proposed Stipulation to Entry of Order for Permanent Injunction and Monetary Judgment (the “Consent Order”). The Consent Order was approved by the Commission on March 26, 2019 and entered by the U.S. District Court for the Southern District of Florida on March 29, 2019. Entry of the Consent Order by the Court resolved the FTC’s multi-year investigation of Support.com.

Pursuant to the Consent Order, under which we neither admitted nor denied the FTC’s allegations (except as to the Court having jurisdiction over the matter), the FTC agreed to accept a payment of \$10 million in settlement of the matter, subject to the factual accuracy of the information we provided as part of our financial representations. The \$10 million payment was made on April 1, 2019 and was recognized in operating expenses within our consolidated statements of operations for the year ended December 31, 2018.

Additionally, pursuant to the Consent Order, we agreed to implement certain new procedures and enhance certain existing procedures. For example, the Consent Order necessitates that we cooperate with representatives of the Commission on associated investigations if needed; imposes requirements on Support.com regarding obtaining acknowledgements of the Consent Order and compliance certification, including record creation and maintenance; and prohibits us from making misrepresentations and misleading claims or providing the means for others to make such claims regarding, among other things, detection of security or performance issues on consumer’s Electronic Devices. Electronic Devices include, but are not limited to, cell phones, tablets and computers. We continue to monitor the impact of the Consent Order regularly. If we are unable to comply with the Consent Order, then this could result in a material and adverse impact to the results of operations and financial condition.

*Verizon Media.* As previously disclosed, on March 22, 2010, the Company and AOL Fulfillment Services, who now does business as Verizon Media (“Verizon Media”), entered into a Fulfillment Services Promotion and Marketing Agreement (“Agreement”). The Agreement related to the development and sale of certain products and services. The Company sold software products to Verizon Media pursuant to the terms of the Agreement under two programs –

**Note 3. Commitments and Contingencies (Continued)****Legal contingencies (Continued)**

SUPERAntiSpyware and Computer Check-Up. Verizon Media offered these software products to its end-customers. On May 24, 2019, the Company received a letter from Verizon Media providing notice that it wished to terminate the Agreement and work with the Company to wind-down all remaining subscriptions for both programs. The Company has wound-down all services under the Computer Check-Up program and the SUPERAntiSpyware program. In connection with the termination of the Computer Check-Up program, Verizon Media requested that the Company fund rebates to its end-customers who elect to accept a refund offer from Verizon Media. Although the Company made no agreement to fund such a program, Verizon Media commenced its rebate program.

On November 15, 2019, the Company received a letter from Verizon Media informing the Company that, to date, Verizon Media has issued rebates totaling \$2.6 million and requesting reimbursement of this amount from the Company (the "Dispute"). Subsequently, the parties entered into negotiations toward a settlement of any potential claims, which culminated in the execution of a Confidential Settlement and Release Agreement dated September 29, 2020, pursuant to which the Company issued a one-time payment to Verizon Media in exchange for a full and complete release from any claims related to or arising out of the Dispute. The Company admitted no liability and incurred no financial impact from the settlement, as the payment was funded by the Company's insurance carrier.

**Other Matters**

We have received and may in the future receive additional requests for information, including subpoenas, from other governmental agencies relating to the subject matter of the Consent Order and the Civil Investigative Demands described above. We intend to cooperate with these information requests and is not aware of any other legal proceedings against us by governmental authorities at this time.

We are also subject to other routine legal proceedings, as well as demands, claims and threatened litigation, that arise in the normal course of business, potentially including assertions that we may be infringing patents or other intellectual property rights of others. We currently do not believe that the ultimate amount of liability, if any, for any pending claims of any type (alone or combined) will materially affect our financial position, results of operations or cash flows. The ultimate outcome of any litigation is uncertain; however, any unfavorable outcomes could have a material negative impact on our financial condition and operating results. Regardless of outcome, litigation can have an adverse impact on us because of defense costs, negative publicity, diversion of management resources and other factors.

**Note 4. Other Accrued and Other Long-Term Liabilities**

Other accrued liabilities consist of the following (in thousands):

	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
Accrued expenses	\$369	\$536
Self-insurance accruals	270	404
Payroll tax deferral	240	—
Total other accrued liabilities	<u>\$879</u>	<u>\$940</u>



**Note 4. Other Accrued and Other Long-Term Liabilities (Continued)**

Other long-term liabilities consist of the following (in thousands):

	December 31,	
	2020	2019
Deferred tax liability, net	443	428
Long-term income tax payable	223	355
Payroll tax deferral	240	—
Other long-term liabilities	5	9
Total other long-term liabilities	\$911	\$792

**Note 5. Stockholders' Equity**

During the year ended December 31, 2020, 0.1 million shares of common stock were issued as a result of the exercise of stock options. During the year ended December 31, 2019, no shares of common stock were issued as a result of the exercise of stock options.

During the year ended December 31, 2020, 0.2 million shares of common stock were issued as a result of RSU releases. During the year ended December 31, 2019, 0.1 million shares of common stock were issued as a result of RSU releases.

During the year ended December 31, 2020, 44,000 shares of common stock were issued under the ESPP. During the year ended December 30, 2019, 26,000 shares of common stock were issued under the ESPP.

**Stock Repurchase Program**

On April 27, 2005, our Board of Directors ("Board") authorized the repurchase of up to 666,666 outstanding shares of our common stock. As of September 30, 2020, the maximum number of shares remaining that can be repurchased under this program was 602,467. No shares were repurchased during the year ended December 31, 2020. We do not intend to repurchase shares without further approval from the Board.

**2019 Cash Dividend**

As a part of the board of directors' ongoing capital allocation review, on December 6, 2019 the board of directors authorized and declared a special cash distribution of \$1.00 per share on each outstanding share of our common stock. The record date for this distribution was December 17, 2019 and the payment date was December 26, 2019. Accordingly, we paid \$19.1 million to shareholders on December 26, 2019. In connection with the special cash distribution of \$1.00 per share, the exercise price on all outstanding options as of December 27, 2019 was reduced by \$1.00 as permitted under the 2010 and 2014 Plans which includes an anti-dilution feature designed to equalize the fair value of options as a result of a transaction such as this special distribution. This adjustment did not affect the fair value, vesting conditions or classification of the outstanding options.

**Stockholder Rights Agreement and Tax Benefits Preservation Plan**

Our board adopted a Section 382 Tax Benefits Preservation Plan in an effort to diminish the risk that our ability to utilize net operating loss carryovers (collectively, the "NOLs") to reduce potential future federal income tax obligations may become substantially limited. Our stockholders approved the Section 382 Tax Benefits Preservation Plan at our annual meeting of stockholders held on June 5, 2020. Under the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations promulgated thereunder by the U.S. Treasury Department, these NOLs may be "carried forward" in certain circumstances to offset any current and future taxable income and thus reduce federal income tax liability, subject to certain requirements and restrictions. However, if we experience an "ownership change," within the meaning of Section 382 of the Code ("Section 382"), our ability to utilize the NOLs may be substantially limited, and the timing of the usage of the NOLs could be substantially delayed, which could

**Note 5. Stockholders' Equity (Continued)****Stockholder Rights Agreement and Tax Benefits Preservation Plan (Continued)**

therefore significantly impair the value of those assets. Section 382 and the Treasury regulations thereunder make our commercial risk from a Section 382 limitation triggering event particularly acute given the relative size of current cash on hand to market capitalization. As applied to our current cash position and current market capitalization, if we were to experience an ownership change, it would be subject to Section 382's "non-business asset" limitation, which would result in permanently losing all \$145.6 million of our NOLs.

The Section 382 Tax Benefits Preservation Plan is intended to act as a deterrent to any person or group acquiring beneficial ownership of 4.99% or more of the outstanding Common Stock without the approval of the board (such person, an "Acquiring Person"). A person who acquires, without the approval of the board, beneficial ownership (other than as a result of repurchases of stock by the Company, dividends or distributions by the Company or certain inadvertent actions by stockholders) of 4.99% or more of the outstanding common stock (including any ownership interest held by that person's Affiliates and Associates as defined under the Section 382 Tax Benefits Preservation Plan) could be subject to significant dilution. Stockholders who beneficially own 4.99% or more of the outstanding common stock prior to the first public announcement by the Company of the board's adoption of the Section 382 Tax Benefits Preservation Plan will not trigger the Section 382 Tax Benefits Preservation Plan so long as they do not acquire beneficial ownership of additional shares of the Common Stock (other than pursuant to a dividend or distribution paid or made by the Company on the outstanding shares of Common Stock or pursuant to a split or subdivision of the outstanding shares of Common Stock) at a time when they still beneficially own 4.99% or more of such stock. In addition, the board retains the sole discretion to exempt any person or group from the penalties imposed by the Section 382 Tax Benefits Preservation Plan.

In the event that a person becomes an Acquiring Person, each holder of a Right, other than Rights that are or, under certain circumstances, were beneficially owned by the Acquiring Person (which will thereupon become void), will thereafter have the right to receive upon exercise of a Right and payment of the Purchase Price, and subject to the terms, provisions and conditions of the Section 382 Tax Benefits Preservation Plan, a number of shares of the Common Stock having a market value of two times the Purchase Price.

**Note 6. Stock-Based Compensation****Equity Compensation Plan**

We adopted the amended and restated 2010 Equity and Performance Incentive Plan (the "2010 Plan"), effective as of May 19, 2010. Under the 2010 Plan, the number of shares of Common Stock that may be issued will not exceed in the aggregate 1,666,666 shares of Common Stock plus the number of shares of common stock relating to prior awards under the 2000 Omnibus Equity Incentive Plan that expire, are forfeited or are cancelled after the adoption of the 2010 Plan, subject to adjustment as provided in the 2010 Plan. Pursuant to approval from our shareholders, the number of shares of common stock that may be issued under the 2010 Plan was increased by 750,000 shares of common stock in May 2013 and 333,333 shares in June 2016. No grants will be made under the 2010 Plan after the tenth anniversary of its effective date. At the 2020 Annual Meeting, our stockholders approved the amendment and restatement of the 2010 Plan (such plan, after the amendment and restatement is now the Third Amended and Restated 2010 Equity and Performance Incentive Plan, referred to herein as the "Restated Plan"). The purpose of amending the 2010 Plan was (i) to increase the number of shares of common stock available for issuance under the Restated Plan by 2,000,000 shares, (ii) to extend the term of the 2010 Plan, which otherwise would have expired on May 19, 2020, so that the Restated Plan will continue until terminated by the Board in its discretion, and (iii) to eliminate obsolete provisions while adding other provisions consistent with certain compensation and governance best practices. As of December 31, 2020, approximately 4.0 million shares remain available for grant under the Restated Plan.

We adopted the 2014 Inducement Award Plan (the "Inducement Plan"), effective as of May 13, 2014. Under the Inducement Plan, the number of shares of common stock that may be issued will not exceed in the aggregate 666,666 shares of common stock. As of December 31, 2020, approximately 0.2 million shares remain available for grant under the Inducement Plan.

**Note 6. Stock-Based Compensation (Continued)****Employee Stock Purchase Plan**

Effective May 15, 2011, our Board and stockholders approved an ESPP and reserved 333,333 shares of our common stock for issuance. The ESPP was established to advance our interests and our stockholders' interests by providing an incentive to attract, retain and reward eligible employees and by motivating such persons to contribute to our growth and profitability. At the 2020 Annual Meeting of stockholders, our stockholders approved a proposal amending and restating the 2011 ESPP to (i) increase the maximum number of shares of common stock available for future issuance under the ESPP by 1,000,000 shares, (ii) extend the term, which otherwise would have expired on May 15, 2021, so that the ESPP will continue until terminated by the Board in its discretion, and (iii) make certain other administrative changes.

The ESPP consists of six-month offering periods during which employees may enroll in the plan. Shares of common stock may be purchased under the ESPP at a price established by the Compensation Committee of the Board of Directors, provided that the price may not be less than eighty-five percent (85%) of the lesser of (a) the fair market value of a share of stock on the offering date of the offering period or (b) the fair market value of a share of stock on the purchase date. As of December 31, 2020, approximately 1.1 million shares remain available for issuance under the ESPP.

**Stock-Based Compensation**

We recorded the following stock-based compensation expense of \$0.6 million and \$0.3 million, respectively, for the fiscal years ended December 31, 2020 and 2019 as follows (in thousands):

	Years Ended December 31,	
	2020	2019
<b>Stock-based compensation expense related to grants of:</b>		
Stock options	\$ 224	\$ 130
RSU	374	155
ESPP	36	19
Total	<u>\$ 634</u>	<u>\$ 304</u>
<b>Stock-based compensation expense recognized in:</b>		
Cost of service	\$ 28	\$ 40
Engineering and IT	25	25
Sales and marketing	38	38
General and administrative	543	201
Total	<u>\$ 634</u>	<u>\$ 304</u>

The fair value of our stock-based awards was estimated using the following weighted average assumptions for the years ended December 31, 2020 and 2019:

	2010 Plan/Restated Plan		Employee Stock Purchase Plan	
	2020	2019	2020	2019
Risk-free interest rate	0.4%	1.7%	0.2%	2.0%
Expected term (in years)	6.1	3.1	0.5	0.5
Volatility	42.5%	35.6%	74.4%	42.4%
Expected dividend	0.0%	0.0%	0.0%	0.0%
Weighted-average grant date fair value	\$ 0.55	\$ 0.52	\$ 0.34	\$ 0.43

**Note 6. Stock-Based Compensation (Continued)****Stock Options**

The following tables represent stock option activity for the years ended December 31, 2020 and 2019:

	Number of shares	Weighted-average exercise price per share	Weighted-average remaining contractual term (in years)	Aggregate intrinsic value (in thousands)
Outstanding at December 31, 2018	803	\$ 2.89	8.43	\$ 54
Granted	90	0.94		
Exercised	—	—		
Forfeited	(77)	1.97		
Outstanding at December 31, 2019	816	\$ 1.77	7.49	\$ 16
Granted	2,394	1.56		
Exercised	(147)	1.30		116
Forfeited	(434)	1.58		
Outstanding at December 31, 2020	2,629	\$ 1.64	8.79	\$ 1,605
Exercisable at December 31, 2020	724	\$ 1.74	6.77	\$ 468

A summary of additional information related to the options outstanding as of December 31, 2020 under the 2010 and 2014 Plans are as follows:

Plan	Option plans ranges of exercise prices	Number of outstanding options	Weighted-average remaining contractual life	Weighted-average exercise price
2010 Plan/Restated Plan	\$1.29 – \$16.67	2,029,176	8.61	\$ 1.86
Inducement Plan	\$0.56 – \$16.67	600,000	9.37	\$ 1.33
		2,629,176		

As of December 31, 2020, \$1.1 million of unrecognized compensation cost related to existing options was outstanding, which is expected to be recognized over a weighted average period of 3.0 years.

**Restricted Stock Units**

The following table represents RSU activity for the years ended December 31, 2020 and 2019:

	Number of shares	Weighted-average exercise price per share	Weighted-average remaining contractual term (in years)	Aggregate intrinsic value (in thousands)
Outstanding at December 31, 2018	96	\$ 2.78	0.60	\$ 227
Granted	243	1.39		
Vested	(73)	2.06		
Forfeited	(17)	2.75		
Outstanding at December 31, 2019	249	\$ 1.62	0.60	\$ 271
Granted	127	1.97		
Vested	(245)	1.57		
Forfeited	—	—		
Outstanding at December 31, 2020	131	\$ 2.05	0.70	\$ 287

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**Note 6. Stock-Based Compensation (Continued)****Restricted Stock Units (Continued)**

As of December 31, 2020, \$0.2 million of unrecognized compensation cost related to RSUs was outstanding, which is expected to be recognized within one year.

**Note 7. Income Taxes**

The components of our income before income taxes are as follows (in thousands):

	Years Ended December 31,	
	2020	2019
United States	\$ 50	\$ 3,634
Foreign	498	366
Total	<u>\$ 548</u>	<u>\$ 4,000</u>

The provision for income taxes from continuing operations consisted of the following (in thousands):

	Years Ended December 31,	
	2020	2019
<b>Current:</b>		
Federal	\$ —	\$ —
State	9	16
Foreign	45	118
Total current	<u>\$ 54</u>	<u>\$ 134</u>
<b>Deferred:</b>		
Federal	\$ —	\$ —
State	—	—
Foreign	48	20
Total deferred	<u>\$ 48</u>	<u>\$ 20</u>
Provision for income taxes	<u>\$ 102</u>	<u>\$ 154</u>

The reconciliation of the Federal statutory income tax rate to our effective income tax rate is as follows (in thousands):

	Years Ended December 31,	
	2020	2019
Provision of Federal statutory rate	\$ 115	\$ 835
State taxes	9	16
Permanent differences/other	1,825	(13)
Stock-based compensation	(23)	23
Federal valuation allowance used	(1,824)	(707)
Provision for income taxes	<u>\$ 102</u>	<u>\$ 154</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**Note 7. Income Taxes (Continued)**

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of our deferred tax assets and liabilities are as follows (in thousands):

	<b>Years Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>Deferred tax assets</b>		
Fixed assets	\$ 13	\$ 78
Accruals and reserves	122	92
Stock options	247	197
Net operating loss carryforwards	36,608	38,335
Federal and state credits	3,227	3,461
Foreign credits	163	159
Intangible assets	1,497	1,789
Research and development expense	1,487	1,858
Gross deferred tax assets	43,364	45,969
Valuation allowance	<u>(43,238)</u>	<u>(45,846)</u>
Total deferred tax assets	126	123
Deferred tax liabilities (1)	<u>(569)</u>	<u>(551)</u>
Net deferred liabilities	<u>\$ (443)</u>	<u>\$ (428)</u>

- (1) Of this amount, \$554,000 relates to the Indian subsidiaries unremitted earnings deferred tax liability. The net deferred income tax liabilities are recorded in other long-term liabilities in the accompanying balance sheet.

ASC 740, *Income Taxes*, provides for the recognition of deferred tax assets if realization of such assets is more likely than not to occur. Based on management's review of both the positive and negative evidence, which includes our historical operating performance, reported cumulative net losses since inception and difficulty in accurately forecasting results, we have concluded that it is not more likely than not that we will be able to realize all of our U.S. deferred tax assets. Therefore, we have provided a full valuation allowance against U.S. deferred tax assets.

Based on management's review of both positive and negative evidence, which includes the historical operating performance of our Canadian subsidiary, we have concluded that it is more likely than not that we will be able to realize a portion of the Canadian deferred tax assets. Therefore, we have a partial valuation allowance on Canadian deferred tax assets. There is no valuation allowance against our Indian deferred tax assets. We reassess the need for a valuation allowance on a quarterly basis.

Based on management's review discussed above, the realization of deferred tax assets is dependent on improvements over present levels of pre-tax income. Until we are consistently profitable in the U.S., we will not realize our deferred tax assets.

Beginning in 2018, the Tax Cuts and Jobs Act of 2017 ("Tax Act") provides a 100% deduction for dividends received from 10-percent owned foreign corporations by U.S. corporate shareholders, subject to a one-year holding period. Although dividend income is now exempt from U.S. federal tax in the hands of the U.S. corporate shareholders, companies must still apply the guidance of ASC 740-30-25-18 to account for the tax consequences of outside basis differences and other tax impacts of their investments in non-U.S. subsidiaries. Deferred income taxes have not been provided on the cumulative undistributed earnings of foreign subsidiaries except for a change in assertion at December 31, 2017 for Support.com India Private Ltd. The amount of cumulative undistributed Indian subsidiary's earnings at December 31, 2017 for which we are changing our assertion under ASC 740-30-25 was \$2.67 million. Under the Tax Act, all foreign subsidiaries' accumulated earnings through December 31, 2020 has been included in U.S. taxable income. As such, the only tax related to the Indian subsidiary remittance would be a dividend distribution tax of \$554,000 as of December 31, 2020.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**Note 7. Income Taxes (Continued)**

The net valuation allowance decreased by approximately \$2.6 million and \$0.4 million during the years ended December 31, 2020 and 2019, respectively. As of December 31, 2020, we had Federal and state net operating loss carryforwards of approximately \$145.6 million and \$80.3 million, respectively. The Federal net operating loss and credit carryforwards will expire at various dates beginning in 2021 through 2040, if not utilized. Approximately \$22.5 million of Federal net operating loss carryforward is expected to expire in 2021. The state net operating loss carryforwards will expire at various dates beginning in 2021 through 2040, if not utilized.

We also had Federal and state research and development credit carryforwards of approximately \$2.8 million and \$2.4 million, respectively. The federal credits expire in varying amounts between 2021 and 2031. The state research and development credit carryforwards do not have an expiration date.

Utilization of net operating loss carryforwards and credits may be subject to substantial annual limitation or could be lost due to the ownership change limitations provided by the Internal Revenue Code of 1986, as amended and similar state provisions. The annual limitation may result in the expiration of net operating losses and credits before utilization.

ASC 740-10 clarifies the accounting for uncertainties in income taxes by prescribing guidance for the recognition, de-recognition and measurement in financial statements of income tax positions taken in previously filed tax returns or tax positions expected to be taken in tax returns, including a decision whether to file or not to file in a particular jurisdiction. ASC 740-10 requires the disclosure of any liability created for unrecognized tax benefits. The application of ASC 740-10 may also affect the tax bases of assets and liabilities and therefore may change or create deferred tax liabilities or assets.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in thousands):

	<u>Years Ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 2,121	\$ 2,117
Increase related to prior year tax positions	3	4
Decrease related to prior year tax positions	(126)	—
Settlements with tax authorities	(78)	—
Balance, end of year	<u>\$ 1,920</u>	<u>\$ 2,121</u>

The total amount of unrecognized tax benefits that, if recognized, would affect our tax rate, are \$0.1 million and \$0.1 million as of December 31, 2020 and 2019, respectively.

Our policy is to include interest and penalties related to unrecognized tax benefits within the provision for (benefit from) income taxes. As of December 31, 2020 and 2019, we had \$0.1 million and \$0.1 million, respectively, accrued for payment of interest and penalties related to unrecognized tax benefits.

As of December 31, 2020, it is reasonably possible that the balance of unrecognized tax benefits could significantly change within the next twelve months. However, an estimate of the range of reasonably possible adjustments cannot be made at this time.

We file federal, state and foreign income tax returns in jurisdictions with varying statutes of limitations. Due to our net operating loss carryforwards, our income tax returns generally remain subject to examination by federal and most state authorities. In our foreign jurisdictions, the 2009 through 2020 tax years remain subject to examination by their respective tax authorities.

We are required to make periodic filings in the jurisdictions where we are deemed to have a presence for tax purposes. We have undergone audits in the past and have paid assessments arising from these audits. Our India entity was issued notices of income tax assessment pertaining to the 2004 – 2009 fiscal years. The notices claimed that the transfer price used in our inter-company agreements resulted in understated income in our Indian entity. During the fourth quarter of 2020, the Company re-evaluated the probability of its tax position and partially released the ASC 740-10 reserve related to India transfer pricing for several assessment years that were settled with the Indian tax

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**Note 7. Income Taxes (Continued)**

authorities in November and December of 2020. As of December 31, 2020, the ASC 740-10 reserve for India transfer pricing totals \$0.1 million. As a result of this settlement, the Company no longer records an ASC 740-10 reserve related to fiscal years 2004-2005 and 2005-2006.

We may be subject to other income tax assessments in the future. We evaluate estimated expenses that could arise from those assessments in accordance with ASC 740-10. We consider such factors as the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate on the amount of expenses. We record the estimated liability amount of those assessments that meet the definition of an uncertain tax position under ASC 740-10.

**Note 8. Leases**

We have entered into various non-cancelable operating lease agreements for certain of our offices, and certain equipment. Our leases have original lease periods expiring during 2021. As of December 31, 2020, the weighted average remaining lease term and weighted average discount rate for operating leases was 0.6 years and 4.5%, respectively.

Total operating lease expense was \$0.3 million and \$0.5 million for the years ended December 31, 2020 and 2019, respectively.

The following table provides a summary of leases by balance sheet location:

	Years Ended December 31,	
	2020	2019
<b>Operating leases</b>		
Right-of-use assets	\$ 61	\$ 68
Lease liabilities—short term	\$ 58	\$ 61
Lease liabilities—long-term	3	7
Total lease liabilities	<u>\$ 61</u>	<u>\$ 68</u>

The following represents maturities of operating lease liabilities as of December 31, 2020 (in thousands):

	Operating leases
2021	\$ 59
2022	3
Total	\$ 62
Less: imputed interest	(1)
Present value of lease liabilities	<u>\$ 61</u>

For the year ended December 31, 2020, supplemental cash flow information related to leases are as follows (in thousands):

Operating cash flows from operating leases	\$181
Right-of-use assets obtained in exchange for lease obligations	\$169



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**Note 8. Leases (Continued)**

As of December 31, 2020, minimum payments due under all non-cancelable lease agreements were as follows (in thousands):

<u>Years Ending December 31,</u>	<u>Operating Leases</u>
2021	\$ 59
2022	3
Total minimum lease payments	<u>\$ 62</u>

**Note 9. Subsequent Events**

On March 19, 2021, the Company and Greenidge Generation Holdings, Inc. (“Greenidge”) entered into an Agreement and Plan of Merger (the “Merger Agreement”) providing, among other things, that on the terms and subject to the conditions set forth therein, Greenidge will acquire the Company through a merger of a wholly owned subsidiary of Greenidge with and into the Company (the “Merger”). The Company will survive as a wholly owned subsidiary of Greenidge. The Merger is subject to customary closing conditions, including the approval of the shareholders of the Company. The Merger is expected to close during the third quarter of 2021. Effective as of the closing of the Merger, all outstanding shares of the Company’s common stock and all outstanding restricted stock units and options to purchase shares of the Company’s common stock will be cancelled and converted into the right to receive shares of Class A Common Stock of Greenidge (the “Greenidge Common Stock”). Following completion of the Merger, it is expected that the Company’s stockholders and holders of stock options and restricted stock units collectively will own approximately 8% of the outstanding shares of the Greenidge Common Stock, and existing Greenidge stockholders are expected to own approximately 92% of the Greenidge Common Stock. If the Merger Agreement is terminated under certain circumstances, the Company will be required to pay a termination fee.

In connection with and as a condition to Greenidge’s willingness to enter into the Merger Agreement, on March 19, 2021, the Company entered into a subscription agreement (the “Subscription Agreement”) with 210 Capital, LLC (“210 Capital”), pursuant to which 210 Capital subscribed for and purchased, and the Company issued and sold, an aggregate of 3,909,871 shares of the Company’s Common Stock for a purchase price of \$1.85 per share, for aggregate gross proceeds to the Company of \$7,233,261.35. Pursuant to and subject to the terms and conditions set forth in the Subscription Agreement, among other things, and only upon any termination of the Merger Agreement, the Company has agreed that, not later than the earlier of (i) thirty (30) days following the date of such termination and (ii) December 31, 2021, it will increase the size of the Company’s board of directors in order to appoint two individuals designated by 210 Capital to the board of directors for a term expiring at the next succeeding annual meeting of the Company’s stockholders.

**SUPPORT.COM, INC. AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

## CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except per share amounts)

(Unaudited)

	June 30, 2021 (unaudited)	December 31, 2020
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 32,295	\$ 13,526
Short-term investments	6,201	16,441
Accounts receivable, net	5,470	6,975
Prepaid expenses and other current assets	601	670
Total current assets	44,567	37,612
Property and equipment, net	1,043	1,115
Right-of-use assets, net	12	61
Other assets	383	478
Total assets	<u>\$ 46,005</u>	<u>\$ 39,266</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 242	\$ 366
Accrued compensation	2,192	1,735
Other accrued liabilities	1,216	879
Short-term lease liability	12	58
Short-term deferred revenue	1,189	881
Total current liabilities	4,851	3,919
Other long-term liabilities	907	911
Total liabilities	<u>5,758</u>	<u>4,830</u>
Stockholders' equity:		
Common stock; par value \$0.0001, 50,000 shares authorized; 24,572 issued and 24,220 outstanding at June 30, 2021 and 19,973 issued and 19,490 outstanding at December 31, 2020	3	2
Additional paid-in capital	259,620	250,954
Treasury stock, at cost (483 shares at March 31, 2021 and December 31, 2020)	(5,297)	(5,297)
Accumulated other comprehensive loss	(2,482)	(2,419)
Accumulated deficit	<u>(211,597)</u>	<u>(208,804)</u>
Total stockholders' equity	40,247	34,436
Total liabilities and stockholders' equity	<u>\$ 46,005</u>	<u>\$ 39,266</u>

See accompanying notes.

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands)

(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Revenue:				
Services	\$ 7,979	\$10,606	\$17,117	\$22,117
Software and other	533	428	1,026	866
Total revenue	8,512	11,034	18,143	22,983
Cost of revenues:				
Cost of services	5,401	7,136	11,406	14,821
Cost of software and other	91	36	181	65
Total cost of revenue	5,492	7,172	11,587	14,886
Gross profit	3,020	3,862	6,556	8,097
Operating expenses:				
Engineering and IT	555	968	1,479	2,008
Sales and marketing	334	517	759	1,330
General and administrative	2,980	1,904	7,186	3,957
Total operating expenses	3,869	3,389	9,424	7,295
Income (loss) from operations	(849)	473	(2,868)	802
Interest income and other, net	75	173	117	257
Income (loss) before income taxes	(774)	646	(2,751)	1,059
Income tax provision	25	29	42	78
Net income (loss)	\$ (799)	\$ 617	\$ (2,793)	\$ 981
Net income (loss) per share—basic and diluted	\$ (0.03)	\$ 0.03	\$ (0.13)	\$ 0.05
Weighted average common shares outstanding—basic	24,150	19,054	22,189	19,060
Weighted average common shares outstanding—diluted	24,150	19,352	22,189	19,336

See accompanying notes.

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands)

(unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Net income (loss)	\$ (799)	\$ 617	\$ (2,793)	\$ 981
Other comprehensive income (loss):				
Change in foreign currency translation adjustment	(59)	(11)	(60)	(222)
Change in net unrealized gain (loss) on investments	1	38	(3)	37
Other comprehensive income (loss)	(58)	27	(63)	(185)
Comprehensive income (loss)	<u>\$ (857)</u>	<u>\$ 644</u>	<u>\$ (2,856)</u>	<u>\$ 796</u>

See accompanying notes.

## CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(in thousands, except share data)

(unaudited)

	Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Shares
	Shares	Amount					
Balances at March 31, 2020	19,054	\$ 2	\$ 250,206	\$ (5,297)	\$ (2,592)	\$ (208,886)	\$ 33,433
Net income	—	—	—	—	—	617	617
Other comprehensive income	—	—	—	—	27	—	27
Issuance of common stock upon exercise of stock options for cash	1	—	—	—	—	—	—
Issuance of common stock under employee stock purchase plan	24	—	17	—	—	—	17
Stock-based compensation expense	—	—	118	—	—	—	118
Balances at June 30, 2020	19,079	\$ 2	\$ 250,341	\$ (5,297)	\$ (2,565)	\$ (208,269)	\$ 34,212
Balances at March 31, 2021	24,089	\$ 3	\$ 259,401	\$ (5,297)	\$ (2,424)	\$ (210,798)	\$ 40,885
Net loss	—	—	—	—	—	(799)	(799)
Other comprehensive loss	—	—	—	—	(58)	—	(58)
Issuance of common stock upon exercise of stock options & RSU releases & employee share purchases	131	—	66	—	—	—	66
Stock-based compensation expense	—	—	153	—	0	0	153
Balances at June 30, 2021	24,220	\$ 3	\$ 259,620	\$ (5,297)	\$ (2,482)	\$ (211,597)	\$ 40,247

	Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Shares
	Shares	Amount					
Balances at December 31, 2019	19,054	\$ 2	\$ 250,092	\$ (5,297)	\$ (2,380)	\$ (209,250)	\$ 33,167
Net income	—	—	—	—	—	981	981
Other comprehensive loss	—	—	—	—	(185)	—	(185)
Issuance of common stock upon exercise of stock options for cash	1	—	—	—	—	—	—
Issuance of common stock under employee stock purchase plan	24	—	17	—	—	—	17
Stock-based compensation expense	—	—	232	—	—	—	232
Balances at June 30, 2020	19,079	\$ 2	\$ 250,341	\$ (5,297)	\$ (2,565)	\$ (208,269)	\$ 34,212
Balances at December 31, 2020	19,490	\$ 2	\$ 250,954	\$ (5,297)	\$ (2,419)	\$ (208,804)	\$ 34,436
Net loss	—	—	—	—	—	(2,793)	(2,793)
Other comprehensive loss	—	—	—	—	(63)	—	(63)
Issuance of common stock upon exercise of stock options & RSU releases & employee share purchases	820	—	1,063	—	—	—	1,063
Issuance of common stock per Greenidge Merger Agreement	3,910	1	7,233	—	—	—	7,234
Stock-based compensation expense	—	—	370	—	—	—	370
Balances at June 30, 2021	24,220	\$ 3	\$ 259,620	\$ (5,297)	\$ (2,482)	\$ (211,597)	\$ 40,247

See accompanying notes.

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(unaudited)

	Six Months Ended	
	June 30,	
	2021	2020
Operating Activities:		
Net income (loss)	\$ (2,793)	\$ 981
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Depreciation	187	145
Amortization of premiums and discounts on investments	(45)	34
Stock-based compensation	370	232
Changes in assets and liabilities:		
Accounts receivable, net	1,505	2,149
Prepaid expenses and other current assets	61	129
Other long-term assets	139	(163)
Accounts payable	(128)	41
Accrued compensation	428	961
Other accrued liabilities	275	(188)
Other long-term liabilities	(16)	(82)
Deferred revenue	309	(167)
Net cash provided by operating activities	<u>292</u>	<u>4,072</u>
Investing Activities:		
Purchases of property and equipment	(115)	(830)
Purchases of investments	(400)	—
Maturities of investments	10,687	7,869
Net cash provided by investing activities	<u>10,172</u>	<u>7,039</u>
Financing Activities:		
Proceeds from employee stock purchase plan	15	17
Proceeds from exercise of stock options	1,048	—
Proceeds from Greenidge transaction stock issuance	7,234	—
Net cash provided by financing activities	<u>8,297</u>	<u>17</u>
Effect of exchange rate changes on cash and cash equivalents	8	18
Net increase in cash and cash equivalents	<u>18,769</u>	<u>11,146</u>
Cash and cash equivalents at beginning of period	<u>13,526</u>	<u>10,087</u>
Cash and cash equivalents at end of period	<u>\$32,295</u>	<u>\$21,233</u>
Supplemental disclosure of cash flow information:		
Income taxes paid	<u>\$ 41</u>	<u>\$ 2</u>

See accompanying notes.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

## NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation**

The accompanying unaudited interim condensed consolidated financial statements include the accounts of Support.com, Inc. (the “Company,” “Support.com,” “We” or “Our”) and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated. The condensed consolidated balance sheet as of June 30, 2021, the statement of stockholders’ equity for the three and six months ended June 30, 2021 and 2020, the condensed consolidated statements of operations and comprehensive income (loss) for the three and six months ended June 30, 2021 and 2020, and the consolidated statements of cash flows for the six months ended June 30, 2021 and 2020 are unaudited. In the opinion of management, these unaudited interim condensed consolidated financial statements reflect all adjustments (consisting of normal recurring adjustments) that are necessary for a fair presentation of the results for, and as of, the periods shown. The results of operations for such periods are not necessarily indicative of the results expected for the full fiscal year or for any future period. The condensed consolidated balance sheet information as of December 31, 2020 is derived from audited financial statements as of that date. These financial statements have been prepared based upon Securities and Exchange Commission (“SEC”) rules that permit reduced disclosure for interim periods. For a more complete discussion of significant accounting policies and certain other information, these unaudited interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on March 30, 2021, as amended by the Amendment No. 1 on Form 10-K/A filed on April 30, 2021, the Amendment No. 2 on Form 10-K/A filed on July 16, 2021 and the Amendment No. 3 on Form 10-K/A filed on August 5, 2021.

*Merger Agreement*

As previously disclosed, on March 19, 2021, the Company, Greenidge Generation Holdings, Inc. (“Greenidge”) and GGH Merger Sub, Inc., a wholly-owned subsidiary of Greenidge (“Merger Sub”) entered into an Agreement and Plan of Merger (the “Merger Agreement”), pursuant to which Merger Sub will be merged with and into the Company, with the Company continuing as the surviving corporation and a wholly-owned subsidiary of Greenidge (such transaction, the “Merger”).

The Merger is subject to certain closing conditions, including the adoption of the Merger Agreement by the holders of a majority of the outstanding shares of common stock of the Company entitled to vote on the Merger at a special meeting (the “Stockholder Approval”). A special meeting of stockholders of the Company has been scheduled for September 10, 2021 for the purpose of obtaining the Stockholder Approval. Only holders of record of the Company’s common stock as of the close of business on July 26, 2021 are entitled to vote at the special meeting. The Company expects the Merger to be completed during the third quarter of 2021.

Under the Merger Agreement, the aggregate consideration payable to holders of shares of common stock of the Company and holders of restricted stock units (“Support Awards”) and options to purchase shares of the Company’s common stock (“Support Options”) consists of 2,998,261 shares of class A common stock, par value \$0.0001 per share, of Greenidge (“Greenidge Class A Common Stock”) (the “Merger Consideration”). If the Merger is completed, at the effective time of the Merger and subject to the terms and conditions set forth in the Merger Agreement, except for shares held in treasury by the Company, each outstanding share of the Company’s common stock and each outstanding Support Award and Support Option will be cancelled and converted into the right to receive a number of shares of Greenidge Class A Common Stock based upon an exchange ratio as calculated in accordance with the Merger Agreement (the “Exchange Ratio”). Assuming the Merger were to be completed as of the date of filing of this quarterly report, the Merger Consideration would represent approximately 7.7% of the outstanding shares of capital stock of Greenidge, and the current stockholders of Greenidge would own approximately 90.0% of the outstanding shares of capital stock of Greenidge, after giving effect to the shares underlying the Greenidge Issuances (as defined below). “Greenidge Issuances” means the issuance of (i) from and after consummation of the Merger, 562,174 shares of Greenidge Class A Common Stock to 210 Capital LLC (“210 Capital”) as a consulting fee in connection with the transactions contemplated by the Merger Agreement, (ii) from and after consummation of the Merger, options or warrants to purchase 344,800 shares of Greenidge Class A



**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)**

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**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****Basis of Presentation (Continued)**

Common Stock at an exercise price of \$6.25 per share of Greenidge Class A Common Stock to B. Riley Securities, Inc., (iii) 160,000 shares of class B common stock, par value \$0.0001 per share, of Greenidge (“Greenidge Class B Common Stock”, and together with Greenidge Class A Common Stock, “Greenidge Common Stock”) issued as consideration for bitcoin mining equipment, and (iv) all of the shares of Greenidge Common Stock underlying outstanding vested options reserved under Greenidge’s 2021 Equity Incentive Plan.

If the Merger Agreement is terminated under certain circumstances, the Company would be required to pay a termination fee.

In connection with and as a condition to Greenidge’s willingness to enter into the Merger Agreement, on March 19, 2021, the Company entered into a subscription agreement (the “Subscription Agreement”) with 210 Capital, pursuant to which 210 Capital subscribed for and purchased, and the Company issued and sold, an aggregate of 3,909,871 shares of the Company’s Common Stock for a purchase price of \$1.85 per share, for aggregate gross proceeds to the Company of approximately \$7.2 million. Pursuant to and subject to the terms and conditions set forth in the Subscription Agreement, among other things, and only upon any termination of the Merger Agreement, the Company has agreed that, not later than the earlier of (i) thirty (30) days following the date of such termination and (ii) December 31, 2021 (such earlier date, the “Post-Termination Date”), it will increase the size of the Board in order to appoint two individuals designated by 210 Capital (each, a “Designee”) to the Board for a term expiring at the next succeeding annual meeting of the Company’s stockholders. At such annual meeting of the Company’s stockholders, the Company has agreed to nominate each Designee for election as a director with a term expiring at the subsequent annual meeting of the Company’s stockholders, subject to certain terms and conditions provided in the Subscription Agreement. On and after the Post-Termination Date, (1) so long as 210 Capital beneficially owns at least 10% of the Company’s common stock on an as-converted basis, 210 Capital will have the right to designate two Designees as nominees for election to the Board, and (2) so long as 210 Capital beneficially owns between 5% and 10% of the Company’s common stock on an as-converted basis, 210 Capital will have the right to designate one Designee as a nominee for election to the Board.

**Impact of Disease Outbreak**

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus as a “pandemic.” First identified in late 2019 and known now as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak which have impacted global business operations. As of the date of issuance of the financial statements, our operations have not been significantly impacted; however, we continue to monitor the situation. No impairments were recorded as of the balance sheet date as no triggering events or changes in circumstances had occurred as of June 30, 2021; however, due to significant uncertainty surrounding the situation, management’s judgment regarding this could change in the future. In addition, while our results of operations, cash flows and financial condition could be negatively impacted, the extent of the impact cannot be reasonably estimated at this time.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. The accounting estimates that require management’s most significant, difficult, and subjective judgments include accounting for revenue recognition, assumptions used to estimate self-insurance accruals, the valuation and recognition of investments, the valuation and recognition of stock-based compensation and the recognition and measurement of current and deferred income tax assets and liabilities. Actual results could differ materially from these estimates.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

## NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Revenue Recognition***Disaggregation of Revenue*

We generate revenue from the sale of services and sale of software fees for end-user software products provided through direct customer downloads and through the sale of these end-user software products via partners. Revenue is disaggregated by type as presented in the condensed consolidated statements of operations and is consistent with how we evaluate our financial performance.

*Services Revenue*

Services revenue is primarily comprised of fees for customer support and technology support services. Our service programs are designed for enterprise clients, business and professional services clients, as well as the consumer, and include customer service, sales support, and technical support, including computer and mobile device set-up, security and support, virus and malware removal, wireless network set-up, and automation system onboarding and support.

We offer customer support, technical support, and technology services to large corporations, business and professional services organizations and consumers, directly and through our partners (which include communications providers, retailers, technology companies and others) and, to a lesser degree, directly through our website at [www.support.com](http://www.support.com). We transact with customers via reseller programs, referral programs and direct transactions. In reseller programs, the partner generally executes the financial transactions with the customer and pays a fee to us which we recognize as revenue when the service is delivered. In referral programs, we transact with the customer directly and pay a referral fee to the referring party. In direct transactions, we sell directly to the customer at the retail price.

The services described above include four types of offerings:

- **Time-Based Services**—In connection with the provisions of certain services programs, fees are calculated based on contracted time-based rates with partners. For these programs, we recognize revenue as services are performed, based on billable time of work delivered by our technology specialists. These services programs also include performance standards, which may result in incentives or penalties, which are recognized as earned or incurred.
- **Tier-Based Services**—In connection with the provisions of certain services programs, fees are calculated on partner subscription tiers based on number of subscribers. For these programs, we recognize revenue as services are performed, and are billed based on the tier level of number of subscribers supported by our experts.
- **Subscriptions**—Customers purchase subscriptions or “service plans” under which certain services are provided over a fixed subscription period. Revenues for subscriptions are recognized ratably over the respective subscription periods.
- **Incident-Based Services**—Customers purchase a discrete, one-time service. Revenue recognition occurs at the time of service delivery. Fees paid for services sold but not yet delivered are recorded as deferred revenue and recognized at the time of service delivery.

The following represents deferred revenue activity for the six months ended June 30, 2021 and 2020 (in thousands):

Balance at December 31, 2020	\$ 881
Deferred revenue	495
Recognition of unearned revenue	<u>(187)</u>
Balance at June 30, 2021	\$ 1,189
Balance at December 31, 2019	\$ 1,193
Deferred revenue	1,452
Recognition of unearned revenue	<u>(1,619)</u>
Balance at June 30, 2020	\$ 1,026

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)**

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**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****Revenue Recognition (Continued)**

Partners and corporate customers are generally invoiced monthly. Fees from customers via referral programs and direct transactions are generally paid with a credit card at the time of sale. Revenue is recognized net of any applicable sales tax.

Services revenue also includes fees from licensing of Support.com cloud-based software. In such arrangements, customers receive a right to use our Support.com Cloud applications in their own support organizations. We license our cloud-based software using a software-as-a-service (“SaaS”) model under which customers cannot take possession of the technology and pay us on a per-user or usage basis during the term of the arrangement. In addition, services revenue includes fees from implementation services of our cloud-based software. Currently, revenues from implementation services are recognized ratably over the customer life, which is estimated as the term of the arrangement once the Support.com Cloud services are made available to customers. We generally charge for these services on a time and material basis. As of June 30, 2021, revenues from implementation services are not material.

*Software and Other Revenue*

Software and other revenue is comprised primarily of fees for end-user software products provided through direct customer downloads and through the sale of these end-user software products via partners. Our software is sold to customers primarily on an annual subscription with automatic renewal. We provide regular, significant upgrades over the subscription period and therefore recognize revenue for these products ratably over the subscription period. Management has determined that these upgrades are not distinct, as the upgrades are an input into a combined output. In addition, management has determined that the frequency and timing of the software upgrades are unpredictable and therefore we recognize revenue consistent with the sale of the subscription. We generally control fulfillment, pricing, product requirements, and collection risk and therefore we record the gross amount of revenue. We provide a 30-day money back guarantee for the majority of our end-user software products.

We provide a limited amount of free technical support to customers. Since the cost of providing this free technical support is insignificant and free product enhancements are minimal and infrequent, we do not defer the recognition of revenue associated with sales of these products.

Other revenue consists primarily of revenue generated through partners advertising to our customer base in various forms, including toolbar advertising, email marketing, and free trial offers. We recognize other revenue in the period in which control transfers to our partners.

**Cash, Cash Equivalents, and Investments**

All liquid instruments with an original maturity, at the date of purchase, of 90 days or less are classified as cash equivalents. Cash equivalents and short-term investments consist primarily of money market funds, certificates of deposit, commercial paper, corporate notes and bonds, and U.S. government agency securities. Our interest income on cash, cash equivalents and investments is included in interest income and other, net in the condensed consolidated statements of operations.

Cash equivalents and short-term investments are reported at fair value with unrealized gains/losses included in accumulated other comprehensive loss within stockholders’ equity on the condensed consolidated balance sheets and in the condensed consolidated statements of comprehensive income (loss). We view this investment portfolio as available for use in our current operations, and therefore, we present marketable securities as short-term assets.

We monitor our investments for impairment on a quarterly basis to determine whether a decline in fair value is other-than-temporary by considering factors such as current economic and market conditions, the credit rating of the security’s issuer, the length of time an investment’s fair value has been below our carrying value, our intent to sell the security and our belief that it will not be required to sell the security before the recovery of its amortized cost. If an investment’s decline in fair value is deemed to be other-than-temporary, we reduce its carrying value to the

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

## NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

## Cash, Cash Equivalents, and Investments (Continued)

estimated fair value, as determined based on quoted market prices or liquidation values. Declines in value judged to be other-than-temporary, if any, are recorded in operations as incurred. At June 30, 2021, we evaluated unrealized losses on marketable securities and determined them to be temporary. We currently do not intend to sell securities with unrealized losses and concluded that we will not be required to sell these securities before the recovery of their amortized cost basis. At June 30, 2021 and December 31, 2020, the fair value of cash, cash equivalents and investments was \$38 million and \$30 million, respectively.

The following is a summary of cash, cash equivalents and investments at June 30, 2021 and December 31, 2020 (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b>As of June 30, 2021</b>				
Cash	\$ 8,347	\$ —	\$ —	\$ 8,347
Money market funds	23,948	—	—	23,948
Certificates of deposit	507	—	—	507
Commercial paper	775	—	—	775
Corporate notes and bonds	4,419	—	1	4,420
U.S. government treasury	500	—	—	500
Total	<u>\$ 38,496</u>	<u>\$ —</u>	<u>\$ 1</u>	<u>\$38,497</u>
Classified as:				
Cash and cash equivalents	32,295	—	—	32,295
Short-term investments	6,200	—	1	6,201
Total	<u>\$ 38,495</u>	<u>\$ —</u>	<u>\$ 1</u>	<u>\$38,496</u>
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b>As of December 31, 2020</b>				
Cash	\$ 10,918	\$ —	\$ —	\$10,918
Money market funds	1,258	—	—	1,258
Certificates of deposit	492	—	—	492
Commercial paper	3,274	—	(1)	3,273
Corporate notes and bonds	9,423	4	—	9,427
U.S. government treasury	4,599	—	—	4,599
Total	<u>\$ 29,964</u>	<u>\$ 4</u>	<u>\$ (1)</u>	<u>\$29,967</u>
Classified as:				
Cash and cash equivalents	13,526	—	—	13,526
Short-term investments	16,438	4	(1)	16,441
Total	<u>\$ 29,964</u>	<u>\$ 4</u>	<u>\$ (1)</u>	<u>\$29,967</u>

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**
**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**
**Cash, Cash Equivalents, and Investments (Continued)**

The following table summarizes the estimated fair value of our marketable securities classified by the stated maturity date of the security (in thousands):

	June 30, 2021	December 31, 2020
Due within one year	\$ 5,701	\$ 13,248
Due within two years	500	3,193
	<u>\$ 6,201</u>	<u>\$ 16,441</u>

**Fair Value Measurements**

Accounting Standards Codification (“ASC”) 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements. Fair value is defined under ASC 820 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. Valuation techniques used to measure fair value according to ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value, which are the following:

- Level 1—Quoted prices for identical instruments in active markets.
- Level 2—Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3—Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

In accordance with ASC 820, financial assets (cash equivalents and investments) are measured at fair value on a recurring basis. Money market funds, which are cash equivalents, are measured at fair value using level 1 inputs. Certificates of deposit, commercial paper, corporate notes and bonds, and U.S. government agency securities, which are short-term investments, are measured at fair value using level 2 inputs.

For short-term investments, we review trading activity and pricing as of the measurement date. When sufficient quoted pricing for identical securities is not available, we use market pricing and other observable market inputs for similar securities obtained from various third-party data providers. These inputs either represent quoted prices for similar assets in active markets or have been derived from observable market data. Our policy is to recognize the transfer of financial instruments between levels at the end of our quarterly reporting period.

**Concentrations of Credit Risk**

Financial instruments that potentially subject us to concentrations of credit risk consist principally of cash equivalents, investments and trade accounts receivable. Our investment portfolio consists of investment grade securities. Except for obligations of the United States government and securities issued by agencies of the United States government, we diversify our investments by limiting holdings with any individual issuer. We are exposed to credit risks in the event of default by the issuers to the extent of the amount recorded on the condensed consolidated balance sheets.

For the three months ended June 30, 2021 and 2020, our largest customer accounted for 55% and 42% of our total revenue, respectively. For the three months ended June 30, 2021 and 2020, our second largest customer accounted for

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)**

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**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****Concentrations of Credit Risk (Continued)**

26% and 46% of our total revenue, respectively. For the six months ended June 30, 2021 and 2020, our largest customer accounted for 53% and 39% for our total revenue, respectively. For the six months ended June 30, 2021 and 2020, our second largest customer accounted for 29% and 48% of our total revenue, respectively. There were no other customers that accounted for 10% or more of total revenue for the three months ended June 30, 2021 and 2020.

The credit risk in trade accounts receivable is substantially mitigated by reasonably short payment terms and an evaluation of the customers' financial conditions when we enter into business with them. As of June 30, 2021, our two largest customers accounted for 60% and 27% of total accounts receivable, respectively. As of December 31, 2020, our two largest customers accounted for 50% and 39% of total accounts receivable, respectively. There were no other customers that accounted for 10% or more of our total accounts receivable as of June 30, 2021 and December 31, 2020.

**Trade Accounts Receivable and Allowance for Doubtful Accounts**

Trade accounts receivable are recorded at the invoiced amount. We perform evaluations of our customers' financial condition and generally do not require collateral. We make judgments as to our ability to collect outstanding receivables and provide allowances for a portion of receivables when collection becomes doubtful. Reserves are made based on a specific review of all significant outstanding invoices. For those invoices not specifically provided for, reserves are recorded at differing rates, based on the age of the receivable. In determining these rates, we analyze our historical collection experience and current payment trends. The determination of past-due accounts is based on contractual terms. As of June 30, 2021, and December 31, 2020, allowance for doubtful accounts was \$4,000.

**Self-Funded Health Insurance**

Prior to January 1, 2021, we maintained a self-funded health insurance program with a stop-loss umbrella policy with a third-party insurer to limit the maximum potential liability for medical claims. The program was terminated at December 31, 2020. However, previously incurred-but-not-reported claims and related expenses were incurred during the current quarter. With respect to this program, we considered historical and projected medical utilization data when estimating the health insurance program liability and related expense. As of June 30, 2021, \$0.1 million was in reserve for the self-funded health insurance program. As of December 31, 2020, \$0.2 million was in reserve for the self-funded health insurance program. The reserve is included in other accrued liabilities on the condensed consolidated balance sheets.

We continue to analyze our reserves for incurred-but-not-reported claims and for reported-but-not-paid claims related to the self-funded insurance program. We believe our reserves are adequate. However, significant judgment is involved in assessing these reserves such as assessing historical paid claims, average lags between the claims' incurred date, reported dates and paid dates, and the frequency and severity of claims. There may be differences between actual settlement amounts and recorded reserves and any resulting adjustments are included in expense once a probable amount is known.

**Accumulated Other Comprehensive Income (Loss)**

The components of accumulated other comprehensive loss relate primarily to accumulated foreign currency translation losses associated with our foreign subsidiaries and unrealized losses on investments.

Realized gains/losses on investments reclassified from accumulated other comprehensive loss are reported as interest income and other, net in the condensed consolidated statements of operations.

The amounts noted in the condensed consolidated statements of comprehensive income (loss) are shown before taking into account the related income tax impact. The income tax effect allocated to each component of other comprehensive loss for each of the periods presented is not significant.

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**
**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**
**Stock-Based Compensation**

We apply the provisions of ASC 718, *Compensation—Stock Compensation*, which requires the measurement and recognition of compensation expense for all stock-based payment awards, including grants of restricted stock units (“RSUs”) and options to purchase stock, made to employees and directors based on estimated fair values.

In accordance with ASC 718, *Compensation—Stock Compensation*, we recognize stock-based compensation by measuring the cost of services to be rendered based on the grant date fair value of the equity award. We recognize stock-based compensation over the period an employee is required to provide service in exchange for the award, generally referred to as the requisite service period. For awards with market-based performance conditions, the cost of the awards is recognized as the requisite service is rendered by employees, regardless of when, if ever, the market-based performance conditions are satisfied.

The Black-Scholes option pricing model is used to estimate the fair value of service-based stock options and shares purchased under our Employee Stock Purchase Plan (“ESPP”). The determination of the fair value of options is affected by our stock price and a number of assumptions, including expected volatility, expected life, risk-free interest rate and expected dividends. We use historical data for estimating the expected volatility and expected life of stock options required in the Black-Scholes model. The risk-free interest rate assumption is based on observed interest rates appropriate for the expected terms of the stock options.

The Monte-Carlo simulation model is used to estimate fair value of market-based performance stock options. The Monte-Carlo simulation model calculates multiple potential outcomes for an award and establishes a fair value based on the most likely outcome. Key assumptions for the Monte-Carlo simulation model include the risk-free rate, expected volatility, expected dividends and the correlation coefficient.

The fair value of restricted stock grants is based on the closing market price of our stock on the date of grant less the expected dividend yield.

**Earnings Per Share**

Basic earnings per share is computed using net income and the weighted-average number of common shares outstanding during the reporting period. Diluted earnings per share is computed using net income and the weighted-average number of common shares outstanding, including the effect of the potential issuance of common stock such as stock issuable pursuant to the exercise of stock options and warrants and vesting of RSUs using the treasury stock method when dilutive.

The following table sets forth the computation of basic and diluted earnings per share for the three and six months ended June 30, 2021 and 2020 (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net income (loss)	\$ (799)	\$ 617	\$ (2,793)	\$ 981
Earnings per share—basic and diluted	\$ (0.03)	\$ 0.03	\$ (0.13)	\$ 0.05
Weighted-average shares of common stock outstanding—basic	24,150	19,054	22,189	19,060
Weighted-average shares of common stock outstanding—diluted	24,150	19,352	22,189	19,336

**Warranties and Indemnifications**

We generally provide a refund period on direct-to-consumer sales, during which refunds may be granted to consumers under certain circumstances, including the inability to resolve certain support issues. For channel sales of

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)**

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**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****Warranties and Indemnifications (Continued)**

our direct-to-consumer offering, the refund period varies by partner, but is generally between 5-14 days. For referral programs and direct transactions, the refund period is generally 5 days. For the majority of end-user software products, we provide a 30-day money back guarantee. For all channels, we recognize revenue net of refunds and cancellations during the period. Refunds and cancellations have not been material to date.

We generally agree to indemnify customers against legal claims that end-user software products infringe certain third-party intellectual property rights. As of June 30, 2021, we have not been required to make any payment resulting from infringement claims asserted against customers and have not recorded any related accruals.

**Leases**

We account for leases in accordance with ASC 842. We recognize operating and finance lease liabilities and corresponding right-of-use (“ROU”) assets on the condensed consolidated balance sheets and provide enhanced disclosures surrounding the amount, timing and uncertainty of cash flows arising from leasing arrangements. We determine if an arrangement is a lease at inception. Operating leases are included in operating lease ROU assets and short- and long-term lease liabilities in our condensed consolidated balance sheets. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities in our condensed consolidated balance sheets.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The implicit rate is used when readily determinable. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. We account for the lease and non-lease components as a single lease component.

We have entered into various non-cancelable operating lease agreements for certain offices and certain equipment. No leases have been entered in to and no leases have been renewed in the current quarter. The Louisville, Colorado office lease expired on April 30, 2021.

**Recent Accounting Pronouncements***Recently Adopted Accounting Standards*

In August 2018, the FASB issued Accounting Standard Update (“ASU”) No. 2018-13, *Changes to Disclosure Requirements for Fair Value Measurements (Topic 820)* (ASU 2018-13), which improved the effectiveness of disclosure requirements for recurring and nonrecurring fair value measurements. The standard removes, modifies, and adds certain disclosure requirements. We adopted the new standard effective January 1, 2020 and the standard did not have an impact on the consolidated financial statements.

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* (ASU 2019-12), which simplifies the accounting for income taxes. We adopted the new standard effective January 1, 2021. The adoption had an immaterial impact on the Company’s consolidated financial statements.

*New Accounting Standards to be adopted in Future Periods*

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The standard’s main goal is to improve financial reporting by requiring



**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)**

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**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****Recent Accounting Pronouncements (Continued)**

earlier recognition of credit losses on financing receivables and other financial assets in scope. The effective date for smaller reporting companies is fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. We do not expect the new standard to have a material impact on the consolidated financial statements.

The Company reviewed all other recently issued, but not yet effective, accounting pronouncements and does not expect the future adoption of any such pronouncements will have a material impact on the consolidated financial statements.

**NOTE 2. INCOME TAXES**

We recorded an income tax provision of \$25,000 and \$42,000 for the three and six months ended June 30, 2021. The income tax provision for interim periods is determined using an estimate of the annual effective tax rate, adjusted for discrete items, if any, that are taken into account in the relevant period. Each quarter, the estimate of the annual effective tax rate is updated, and if the estimated effective tax rate changes, a cumulative adjustment is made. There is a potential for volatility of the effective tax rate due to several factors, including changes in the mix of the pre-tax income and the jurisdictions to which it relates, changes in tax laws and settlements with taxing authorities and foreign currency fluctuations.

As of June 30, 2021, deferred tax assets are fully offset by a valuation allowance, except in those jurisdictions where it is determined that a valuation allowance is not required.

ASC 740, *Income Taxes*, provides for the recognition of deferred tax assets if realization of such assets is more likely than not. Based upon the weight of available evidence, which includes historical operating performance, reported cumulative net losses since inception and difficulty in accurately forecasting our future results, we provided a full valuation allowance against net U.S. deferred tax assets and a partial valuation allowance against foreign deferred tax assets. We reassess the need for a valuation allowance on a quarterly basis. If it is later determined that a portion or all of the valuation allowance is not required, it generally will be a benefit to the income tax provision in the period such determination is made.

We do not anticipate a material change in the total amount or composition of our unrecognized tax benefits as of June 30, 2021.

**NOTE 3. COMMITMENTS AND CONTINGENCIES***Contingencies*

We account for contingent liabilities in accordance with ASC 450, *Contingencies*. This guidance requires management to assess potential contingent liabilities that may exist as of the date of the financial statements to determine the probability and amount of loss that may have occurred, which inherently involves an exercise of judgment. If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the financial statements. If the assessment indicates that a potential material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, and an estimate of the range of possible losses, if determinable and material, would be disclosed. For loss contingencies considered remote, no accrual or disclosures are generally made.

*Legal matters*

*Federal Trade Commission Consent Order.* As previously disclosed, on December 20, 2016 the Federal Trade Commission (“FTC”) issued a confidential Civil Investigative Demand, or CID, requiring us to produce certain

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

## NOTE 3. COMMITMENTS AND CONTINGENCIES (Continued)

documents and materials and to answer certain interrogatories relating to PC Healthcheck, an obsolete software program that we developed on behalf of a third party for their use with their customers. The investigation relates to us providing software like PC Healthcheck to third parties for their use prior to December 31, 2016, when we were under management of the previous Board and executive team. Since issuing the CID, the FTC has sought additional written and testimonial evidence. We have cooperated fully with the FTC's investigation and provided all requested information. In addition, we have not used PC Healthcheck nor provided it to any customers since December 2016.

On March 9, 2018, the FTC notified us that it was willing to engage in settlement discussions. On November 6, 2018, Support.com and the FTC entered into a proposed Stipulation to Entry of Order for Permanent Injunction and Monetary Judgment (the "Consent Order"). The Consent Order was approved by the Commission on March 26, 2019 and entered by the U.S. District Court for the Southern District of Florida on March 29, 2019. Entry of the Consent Order by the Court resolved the FTC's multi-year investigation of Support.com.

Pursuant to the Consent Order, under which we neither admitted nor denied the FTC's allegations (except as to the Court having jurisdiction over the matter), the FTC agreed to accept a payment of \$10 million in settlement of the matter, subject to the factual accuracy of the information we provided as part of our financial representations. The \$10 million payment was made on April 1, 2019 and was recognized in operating expenses within our consolidated statements of operations for the year ended December 31, 2018.

Additionally, pursuant to the Consent Order, we agreed to implement certain new procedures and enhance certain existing procedures. For example, the Consent Order necessitates that we cooperate with representatives of the Commission on associated investigations if needed; imposes requirements on Support.com regarding obtaining acknowledgements of the Consent Order and compliance certification, including record creation and maintenance; and prohibits us from making misrepresentations and misleading claims or providing the means for others to make such claims regarding, among other things, detection of security or performance issues on consumer's Electronic Devices. Electronic Devices include, but are not limited to, cell phones, tablets and computers. We continue to monitor the impact of the Consent Order regularly. If we are unable to comply with the Consent Order, then this could result in a material and adverse impact to the results of operations and financial condition.

*Verizon Media.* As previously disclosed, On March 22, 2010, the Company and AOL Fulfillment Services, who now does business as Verizon Media ("Verizon Media"), entered into a Fulfillment Services Promotion and Marketing Agreement ("Agreement"). The Agreement related to the development and sale of certain products and services. The Company sold software products to Verizon Media pursuant to the terms of the Agreement under two programs – SUPERAntiSpyware and Computer Check-Up. Verizon Media offered these software products to its end-customers. On May 24, 2019, the Company received a letter from Verizon Media providing notice that it wished to terminate the Agreement and work with the Company to wind-down all remaining subscriptions for both programs. The Company has wound-down all services under the Computer Check-Up program and the SUPERAntiSpyware program. In connection with the termination of the Computer Check-Up program, Verizon Media requested that the Company fund rebates to its end-customers who elect to accept a refund offer from Verizon Media. Although the Company, to date, has not agreed with this request, Verizon Media commenced its rebate program.

On November 15, 2019, the Company received a letter from Verizon Media informing the Company that, to date, Verizon Media has issued rebates totaling \$2.6 million and requesting reimbursement of this amount from the Company (the "Dispute"). Subsequently, the parties entered into negotiations toward a settlement of any potential claims, which culminated in the execution of a Confidential Settlement and Release Agreement dated September 29, 2020, pursuant to which the Company issued a one-time payment to Verizon Media in exchange for a full and complete release from any claims related to or arising out of the Dispute. The Company admitted no liability and incurred no financial impact from the settlement, as the payment was funded by the Company's insurance carrier.

*Merger-Related Litigation.* Since the announcement of the Merger Agreement, six lawsuits have been filed by alleged individual stockholders of the Company against the Company, the individual members of its Board of Directors and, in two of the cases, Greenidge and Merger Sub, in various U.S. federal district courts. A complete copy of each complaint has been filed as an exhibit to this quarterly report on Form 10-Q and is incorporated herein

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

## NOTE 3. COMMITMENTS AND CONTINGENCIES (Continued)

by reference. Of these six complaints, two have been filed in the United States District Court for the District of Delaware: *Stein v. Support.com, Inc. et al*, Case No. 1:21-cv-00650-UNA, filed on May 5, 2021, and *Bell v. Support.com, Inc. et al*, Case No. 1:21-cv-00672-UNA, filed on May 7, 2021. Three of the other lawsuits have been filed in the United States District Court for the Southern District of New York: *Broder v. Support.com, Inc. et al*, Case No. 1:21-cv-04262-UNA, filed on May 12, 2021; *Salerno v. Support.com, Inc. et al*, Case No. 1:21-cv-04584, filed on May 21, 2021; and, *Bowen v. Support.com, Inc. et al*, Case No. 1:21-cv-04797, filed on May 28, 2021. The remaining lawsuit was filed in the United States District Court for the Eastern District of New York: *Steinmetz v. Support.com, Inc. et al*, Case No. 1:21-cv-02647-UNA, filed on May 11, 2021. The Company and the individual members of its board of directors are named as defendants in the *Stein*, *Steinmetz*, *Broder*, and *Bowen* complaints, and the Company, the individual members of its board of directors, Greenidge and Merger Sub are named as defendants in the *Bell* and *Salerno* complaints.

The lawsuits generally allege that the Form S-4 Registration Statement of Greenidge filed with the U.S. Securities and Exchange Commission in connection with the Merger on May 4, 2021 is misleading and/or omits certain material information. In addition, one of the lawsuits (*Salerno*) also alleges that the members of the Company's board breached their fiduciary duties in negotiating and approving the Merger Agreement and that Greenidge and Merger Sub aided and abetted the Company directors' alleged breaches of fiduciary duty. All six lawsuits seek, among other things, to enjoin the Merger, or, in the event that an injunction is not entered and the Merger closes, rescission of the Merger and unspecified money damages, costs and attorneys' and experts' fees. The Company believes each of these lawsuits is meritless and intends to defend against them vigorously.

On August 2, 2021, lawyers representing a seventh putative stockholder of the Company sent a demand letter seeking additional disclosures regarding the Merger and reserving their purported right to seek to enjoin the Merger.

On August 4, 2021, counsel for the plaintiff in the *Bowen* action indicated orally to counsel for the Company that he anticipates dismissing his lawsuit as moot, in light of the Company's supplemental disclosures, and seeking a mootness fee.

On August 9, 2021, counsel for plaintiff Steinmetz voluntarily dismissed the *Steinmetz* action, and counsel for plaintiffs Stein and Bell indicated in a status report to the court that they expect to dismiss the *Stein* and *Bell* actions as moot following the stockholder vote on the Merger. The Company expects that these three plaintiffs likewise will seek mootness fees.

#### *Other Matters*

We have received and may in the future receive additional requests for information, including subpoenas, from other governmental agencies relating to the subject matter of the Consent Order and the Civil Investigative Demands described above. We intend to cooperate with these information requests and is not aware of any other legal proceedings against us by governmental authorities at this time.

We are also subject to other routine legal proceedings, as well as demands, claims and threatened litigation, that arise in the normal course of business, potentially including assertions that we may be infringing patents or other intellectual property rights of others. We currently do not believe that the ultimate amount of liability, if any, for any pending claims of any type (alone or combined) will materially affect our financial position, results of operations or cash flows. The ultimate outcome of any litigation is uncertain; however, any unfavorable outcomes could have a material negative impact on our financial condition and operating results. Regardless of outcome, litigation can have an adverse impact on us because of defense costs, negative publicity, diversion of management resources and other factors.

#### *Guarantees*

We have identified guarantees in accordance with ASC 450, *Contingencies*. This guidance stipulates that an entity must recognize an initial liability for the fair value, or market value, of the obligation it assumes under the guarantee

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

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**NOTE 3. COMMITMENTS AND CONTINGENCIES (Continued)**

at the time it issues such a guarantee and must disclose that information in our interim and annual financial statements. We have entered into various service level agreements with our partners, in which we may guarantee the maintenance of certain service level thresholds. Under some circumstances, if these thresholds are not met, we may be liable for certain financial costs. We evaluate costs for such guarantees under the provisions of ASC 450. We consider such factors as the degree of probability that we would be required to satisfy the liability associated with the guarantee and the ability to make a reasonable estimate of the resulting cost. During the three months ended June 30, 2021 and 2020, we did not incur any costs as a result of such obligations. We have not accrued any liabilities related to such obligations in the condensed consolidated financial statements as of June 30, 2021 and December 31, 2020.

**NOTE 4. STOCKHOLDER'S EQUITY**

During the six months ended June 30, 2021, 0.7 million shares of common stock were issued as a result of the exercise of stock options. During the six months ended June 30, 2020, 654 shares of common stock were issued as a result of the exercise of stock options.

During the six months ended June 30, 2021, 0.1 million shares of common stock were issued as a result of RSU releases. During the six months ended June 30, 2020, no shares of common stock were issued as a result of RSU releases.

During the six months ended June 30, 2021 and 2020, 0.1 million shares of common stock were issued under the ESPP.

During the six months ended June 30, 2021, in connection with the Merger Agreement (as defined above), the Company issued and sold approximately 3.9 million shares of the Company's common stock to 210 Capital, LLC ("210 Capital"), pursuant to a stock subscription agreement with 210 Capital. Refer to Note 1 and Item 2 for additional transaction details regarding the Merger with Greenidge.

*Stock Repurchase Program*

On April 27, 2005, our Board of Directors ("Board") authorized the repurchase of up to 666,666 outstanding shares of our common stock. As of June 30, 2021, the maximum number of shares remaining that can be repurchased under this program was 602,467. No shares were repurchased during the three months and six months ended June 30, 2021 and 2020, respectively. We do not intend to repurchase shares without further approval from the Board.

**NOTE 5. STOCK-BASED COMPENSATION**

*Equity Compensation Plan*

We adopted the 2010 Equity and Performance Incentive Plan (the "2010 Plan"), effective as of May 19, 2010. Under the 2010 Plan, the number of shares of Common Stock that may be issued will not exceed in the aggregate 1,666,666 shares of Common Stock plus the number of shares of common stock relating to prior awards under the 2000 Omnibus Equity Incentive Plan that expire, are forfeited or are cancelled after the adoption of the 2010 Plan, subject to adjustment as provided in the 2010 Plan. Pursuant to approval from our shareholders, the number of shares of common stock that may be issued under the 2010 Plan was increased by 750,000 shares of common stock in May 2013 and 333,333 shares in June 2016. No grants will be made under the 2010 Plan after the tenth anniversary of its effective date. At the 2020 Annual Meeting of Stockholders, our stockholders approved the amendment and restatement of the Second Amended and Restated 2010 Stock Plan (such plan, after the amendment and restatement is now the Third Amended and Restated 2010 Equity and Performance Incentive Plan, referred to herein as the "Restated Plan"). The purpose of amending the 2010 Stock Plan was (i) to increase the number of shares of common stock available for issuance under the Restated Plan by 2,000,000 shares, (ii) to extend the term of the 2010 Stock Plan, which otherwise expires on May 19, 2020, so that the Restated Plan will continue until terminated by the Board in its discretion, and (iii) to eliminate obsolete provisions while adding other provisions consistent with certain

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**
**NOTE 5. STOCK-BASED COMPENSATION (Continued)**

compensation and governance best practices. As of June 30, 2021, approximately 4.0 million shares remain available for grant under the Restated Plan.

We adopted the 2014 Inducement Award Plan (the “Inducement Plan”), effective as of May 13, 2014. Under the Inducement Plan, the number of shares of common stock that may be issued will not exceed in the aggregate 666,666 shares of common stock. As of June 30, 2021, approximately 0.2 million shares remain available for grant under the Inducement Plan.

*Employee Stock Purchase Plan*

Effective May 15, 2011, our Board and stockholders approved an ESPP and reserved 333,333 shares of our common stock for issuance. The ESPP was established to advance our interests and our stockholders’ interests by providing an incentive to attract, retain and reward eligible employees and by motivating such persons to contribute to our growth and profitability. At the 2020 Annual Meeting of Stockholders, our stockholders approved a proposal amending and restating the 2011 ESPP to (i) increase the maximum number of shares of common stock available for future issuance under the ESPP by 1,000,000 shares, (ii) extend the term, which otherwise would have expired on May 15, 2021, so that the ESPP will continue until terminated by the Board in its discretion, and (iii) make certain other administrative changes.

The ESPP consists of six-month offering periods during which employees may enroll in the plan. Shares of common stock may be purchased under the ESPP at a price established by the Compensation Committee of the Board of Directors, provided that the price may not be less than eighty-five percent (85%) of the lesser of (a) the fair market value of a share of stock on the offering date of the offering period or (b) the fair market value of a share of stock on the purchase date. As of June 30, 2021, approximately 1.1 million shares remain available for issuance under the ESPP.

*Stock-Based Compensation*

In accordance with accounting guidance for stock-based compensation, payments in equity instruments for goods or services are accounted for by the fair value method. For the three and six months ended June 30, 2021 stock-based compensation expense was \$0.2 million and \$0.4 million, respectively. For the three and six months ended June 30, 2020 stock-based compensation expense was \$0.1 million and \$0.2 million, respectively.

As of June 30, 2021, \$0.7 million of unrecognized compensation cost related to existing options was outstanding, which is expected to be recognized over a weighted average period of 2.43 years. As of June 30, 2021, \$0.1 million of unrecognized compensation cost related to RSUs was outstanding, which is expected to be recognized within one year.

*Stock Options*

The following table represents the stock option activity for the six months ended June 30, 2021:

	Number of Shares (in thousands)	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2020	2,629	\$ 1.64	8.79	\$ 1,605
Granted	40	2.39	—	
Exercised	(633)	1.68	—	
Forfeited	(336)	1.71	—	
Outstanding at June 30, 2021	<u>1,700</u>	<u>\$ 1.62</u>	<u>8.65</u>	<u>\$ 3,821</u>
Exercisable at June 30, 2021	<u>327</u>	<u>\$ 1.61</u>	<u>6.83</u>	<u>790</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

## NOTE 5. STOCK-BASED COMPENSATION (Continued)

*Restricted Stock Units*

The following table represents RSU activity for the three months ended June 30, 2021:

	Number of Shares (in thousands)	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2020	131	\$ 2.05	0.7	\$ 287
Granted	100	2.15		
Released	(100)	\$ 2.15		
Forfeited	—	—		
Outstanding at June 30, 2021	<u>131</u>	<u>2.05</u>	<u>0.2</u>	<u>\$ 504</u>
Exercisable at June 30, 2021	<u>—</u>	<u>—</u>		<u>—</u>

**UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION**

The following unaudited pro forma condensed combined financial information was prepared using the acquisition method of accounting under U.S. GAAP and gives effect to the transaction between Greenidge and Support to be accounted for as a business combination, with Greenidge being deemed the acquiring company for accounting purposes.

We were determined to be the accounting acquirer based upon the terms of the Merger Agreement and other factors including: (i) Greenidge stockholders are expected to own approximately 90% of the fully-diluted Greenidge common stock immediately following the closing of the transaction; (ii) the largest individual stockholder of the combined entity is an existing stockholder of Greenidge; (iii) directors appointed by Greenidge will hold a majority of board seats of the combined company; and (iv) Greenidge's senior management will be the senior management of Greenidge following consummation of the Merger.

The following unaudited pro forma condensed combined financial statements are based on our historical financial statements and Support's historical financial statements, as adjusted to give effect to our acquisition of Support and certain related transactions. The unaudited pro forma condensed combined statement of operations for the three and six months ended June 30, 2021 and the year ended December 31, 2020 gives effect to these transactions as if they had occurred on January 1, 2020. The unaudited pro forma condensed combined balance sheet as of June 30, 2021 gives effect to these transactions as if they had occurred on June 30, 2021.

Because we will be treated as the accounting acquirer, our assets and liabilities will be recorded at their pre-combination carrying amounts and the historical operations that are reflected in the unaudited pro forma financial information will be those of Greenidge. Support's assets and liabilities will be measured and recognized at their fair values as of the transaction date, and combined with the assets, liabilities and results of operations of Greenidge after the consummation of the transaction.

The unaudited pro forma condensed combined financial information is based on the assumptions and adjustments that are described in the accompanying notes. The application of the acquisition method of accounting is dependent upon a purchase price allocation analysis, which includes valuation analysis and other studies that have yet to be completed, pursuant to Financial Accounting Standards Board Accounting Standards Codification Topic 805, *Business Combinations*. Accordingly, the pro forma adjustments are preliminary, subject to further revision as additional information becomes available and additional analyses are performed, and have been made solely for the purpose of providing unaudited pro forma condensed combined financial information. Differences between these preliminary estimates and the final acquisition accounting, expected to be completed after the closing of the transaction, will occur and these differences could have a material impact on the accompanying unaudited pro forma condensed combined financial information and the combined company's future results of operations and financial position. In addition, differences between the preliminary and final amounts will likely occur as a result of changes in the fair value of Support's common stock and changes in Support's assets and liabilities.

The unaudited pro forma condensed combined financial information does not give effect to the potential impact of current financial conditions, regulatory matters, operating efficiencies or other savings or expenses that may be associated with the integration of the two companies. The unaudited pro forma condensed combined financial information is preliminary and has been prepared for illustrative purposes only and is not necessarily indicative of the financial position or results of operations in future periods or the results that actually would have been realized had we and Support been a combined company during the specified periods. The actual results reported in periods following the transaction may differ significantly from those reflected in these pro forma financial information presented herein for a number of reasons, including, but not limited to, differences between the assumptions used to prepare this pro forma financial information and actual results realized.

The assumptions and estimates underlying the unaudited adjustments to the pro forma condensed combined financial statements are described in the accompanying notes, which should be read together with the pro forma condensed combined financial statements.

**Pro Forma Condensed Combined Balance Sheet**  
**As of June 30, 2021**  
**(in thousands)**

	<u>Greenidge</u>	<u>Support</u>	<u>Pro Forma Adjustments</u>	<u>Note 4</u>	<u>Pro Forma Combined</u>
<b>Assets:</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ 37,890	\$ 32,295	\$ —		\$ 70,185
Short term investments	—	6,201	—		6,201
Digital assets	222	—	—		222
Accounts receivable	369	5,470	—		5,839
Fuel deposits	1,297	—	—		1,297
Miner equipment deposits	16,523	—	—		16,523
Emissions and carbon offset credits	1,665	—	—		1,665
Prepaid expense and other current assets	1,967	601	—		2,568
<b>Total current assets</b>	<b>59,933</b>	<b>44,567</b>	<b>—</b>		<b>104,500</b>
Property and equipment, net	67,346	1,043	—		68,389
Deposits and other assets	1,408	395	—		1,803
Intangible assets	—	—	16,810	<b>(a)(b)</b>	16,810
Goodwill	—	—	250,841	<b>(b)</b>	250,841
<b>Total assets</b>	<b>\$ 128,687</b>	<b>\$ 46,005</b>	<b>\$ 267,651</b>		<b>\$ 442,343</b>
<b>Liabilities:</b>					
<b>Current liabilities</b>					
Accounts payable	\$ 1,650	\$ 242	\$ —		\$ 1,892
Natural gas payable	1,088	—	—		1,088
Accrued expenses	3,226	3,408	4,765	<b>(h)</b>	11,399
Accrued emissions expense—current	814	—	—		814
Deferred revenue	40	1,189	—		1,229
Notes payable—current portion	11,499	—	—		11,499
Finance lease, current portion	570	12	—		582
Income taxes payable	1,567	—	—		1,567
<b>Total current liabilities</b>	<b>20,454</b>	<b>4,851</b>	<b>4,765</b>		<b>30,070</b>
Deferred tax liability	482	—	4,623	<b>(b)(c)</b>	5,105
Notes payable—net of current portion	7,064	—	—		7,064
Finance lease obligation, net of current portion	409	—	—		409
Asset retirement obligations	2,345	—	—		2,345
Environmental trust liability	4,994	—	—		4,994
Other long-term liabilities	—	907	—		907
<b>Total liabilities</b>	<b>35,748</b>	<b>5,758</b>	<b>9,388</b>		<b>50,894</b>
<b>Stockholders' equity:</b>					
Common stock	—	3	(3)	<b>(b)</b>	—
Members' capital	—	—	—	<b>(d)</b>	—
Common stock class A	—	—	—		—
Common stock class B	3	—	—		3
Series A preferred GGHI	1	—	—		1
Additional paid-in-capital	113,054	259,620	(259,620)	<b>(b)</b>	474,013
			303,275	<b>(b)</b>	
			57,684	<b>(e)</b>	
Treasury stock, at cost	—	(5,297)	5,297	<b>(b)</b>	—
Accumulated other comprehensive loss	—	(2,482)	2,482	<b>(b)</b>	—
Accumulated deficit	(20,119)	(211,597)	211,597	<b>(b)</b>	(82,568)
			(4,765)	<b>(h)</b>	
			(57,684)	<b>(e)</b>	
<b>Total stockholders' equity</b>	<b>92,939</b>	<b>40,247</b>	<b>258,263</b>		<b>391,449</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 128,687</b>	<b>\$ 46,005</b>	<b>\$ 267,651</b>		<b>\$ 442,343</b>



**Pro Forma Condensed Combined Statement of Operations—Three Months Ended June 30, 2021**  
(in thousands, except per share amounts)

	<u>Greenidge</u>	<u>Support</u>	<u>Merger Pro Forma Adjustments</u>	<u>Note 4</u>	<u>Pro Forma Combined</u>
Revenues	\$ 16,176	\$ 8,512	\$ —		\$ 24,688
Cost of revenues (exclusive of depreciation and amortization shown below)	4,724	5,492	(20)	(k)	10,196
Engineering and IT	—	555	(8)	(k)	547
Selling, general and administrative	4,565	3,314	(57)	(k)	7,822
Depreciation and amortization	1,603	—	85	(k)	2,497
			809	(f)	
Income (loss) from operations	5,284	(849)	(809)		3,626
Interest income (expense) and other	(369)	75	—	(g)	(294)
Income (loss) before income taxes	4,915	(774)	(809)		3,332
Income tax provision	(1,397)	(25)	223	(i)	(1,199)
Net income (loss)	<u>\$ 3,518</u>	<u>\$ (799)</u>	<u>\$ (587)</u>		<u>\$ 2,132</u>
Net income (loss) per common share:					
Basic	\$ 0.10	(\$ 0.03)			\$ 0.06
Diluted	\$ 0.08	(\$ 0.03)			\$ 0.06
Weighted average common shares outstanding					
Basic	28,320	24,150	(24,150)	(b)	38,360
			10,040	(l)	
Diluted	35,425	24,150	(24,150)	(b)	38,360
			2,935	(l)	

**Pro Forma Condensed Combined Statement of Operations—Six Months Ended June 30, 2021**  
(in thousands, except per share amounts)

	<u>Greenidge</u>	<u>Support</u>	<u>Merger Pro Forma Adjustments</u>	<u>Note 4</u>	<u>Pro Forma Combined</u>
Revenues	\$ 27,239	\$ 18,143	\$ —		\$ 45,382
Cost of revenues (exclusive of depreciation and amortization shown below)	9,146	11,587	(70)	(k)	20,663
Engineering and IT	—	1,479	(9)	(k)	1,470
Selling, general and administrative	8,060	7,945	(112)	(k)	15,893
Depreciation and amortization	2,864	—	191	(k)	4,673
			1,618	(f)	
Income (loss) from operations	7,169	(2,868)	(1,618)		2,683
Interest income (expense) and other	(243)	117	22	(g)	(104)
Income (loss) before income taxes	6,926	(2,751)	(1,596)		2,579
Income tax provision	(2,129)	(42)	439	(i)	(1,732)
Net income (loss)	<u>\$ 4,797</u>	<u>\$ (2,793)</u>	<u>\$ (1,157)</u>		<u>\$ 847</u>
Net income (loss) per common share:					
Basic	\$ 0.15	(\$ 0.13)			\$ 0.02
Diluted	\$ 0.12	(\$ 0.13)			\$ 0.02
Weighted average common shares outstanding					
Basic	28,283	22,189	(22,189)	(b)	38,360
			10,077	(l)	
Diluted	35,245	22,189	(22,189)	(b)	38,360
			3,115	(l)	

**Pro Forma Condensed Combined Statement of Operations—Year Ended December 31, 2020**  
(in thousands, except per share amounts)

	Greenidge	Reorganization Pro Forma Adjustments	Note 4	Pro Forma Greenidge Post Reorganization	Support	Merger Pro Forma Adjustments	Note 4	Pro Forma Combined
Revenues	\$ 20,114	\$ —		\$ 20,114	\$43,864	—		\$ 63,978
Cost of revenues (exclusive of depreciation and amortization shown below)	12,600	—		12,600	28,921	(247)	<b>(k)</b>	41,274
Engineering and IT	—	—		—	3,655	(5)	<b>(k)</b>	3,650
Selling, general and administrative	5,581	—		5,581	11,236	4,765	<b>(h)</b>	79,199
						57,684	<b>(e)</b>	
						(67)	<b>(k)</b>	
Depreciation and amortization	4,564	—		4,564	—	319	<b>(k)</b>	8,120
						3,237	<b>(f)</b>	
Income (loss) from operations	(2,631)	—		(2,631)	52	(65,686)		(68,265)
Interest income (expense) and other	(659)	—		(659)	496	573	<b>(g)</b>	410
Income (loss) before income taxes	(3,290)	—		(3,290)	548	(65,113)		(67,855)
Income tax provision	—	(482)	<b>(j)</b>	(482)	(102)	2,948	<b>(i)</b>	2,364
Net income (loss)	<u>\$ (3,290)</u>	<u>\$ (482)</u>		<u>\$ (3,772)</u>	<u>\$ 446</u>	<u>\$ (62,165)</u>		<u>\$ (65,491)</u>
Net income (loss) per common share:								
Basic				<u>(\$ 0.13)</u>	<u>\$ 0.02</u>			<u>(\$ 1.72)</u>
Diluted				<u>(\$ 0.13)</u>	<u>\$ 0.02</u>			<u>(\$ 1.72)</u>
Weighted average common shares outstanding:								
Basic				28,000	19,192	(19,192)	<b>(b)</b>	38,040
						10,040	<b>(l)</b>	
Diluted				28,000	19,369	(19,369)	<b>(b)</b>	38,040
						10,040	<b>(l)</b>	

**Note 1—Description of Transaction and Basis of Presentation**

The unaudited pro forma condensed combined financial information was prepared in accordance with U.S. GAAP and pursuant to the rules and regulations of SEC Regulation S-X and present the pro forma financial position and results of operations of the combined companies based upon the historical data of Greenidge and Support.com, Inc. (“Support”).

For the purposes of the unaudited pro forma combined financial information, the accounting policies of Greenidge and Support are aligned with the exception of presentation of depreciation and amortization. Accordingly, there are adjustments to give effect for accounting policy alignment for depreciation and amortization in the pro forma adjustments described in Note 4, “Pro Forma Adjustments.”

**Description of Transaction**

On September 14, 2021, we consummated the transactions contemplated by that certain Agreement and Plan of Merger, dated as of March 19, 2021, (the “Merger Agreement”), by and among Greenidge, Support and GGH Merger Sub, Inc. (“Merger Sub”). As contemplated by the Merger Agreement, Merger Sub merged with and into Support, the separate corporate existence of Merger Sub ceased and Support survived as a wholly owned subsidiary of Greenidge (such transaction, the “Merger”).

**Basis of Presentation**

We are the successor entity for accounting purposes to Greenidge Generation Holdings LLC (“GGH LLC”) as a result of the corporate restructuring consummated in January 2021. Pursuant to this restructuring, Greenidge was incorporated in the State of Delaware on January 27, 2021 and on January 29, 2021, entered into an asset contribution and exchange agreement with GGH LLC, pursuant to which Greenidge acquired all of the ownership interests in GGH LLC in exchange for 28,000,000 shares of our common stock. Also, on January 29, 2021, in connection with the restructuring, the outstanding principal loan balance plus accrued but unpaid interest aggregating to \$3.6 million due to Atlas and its affiliate was converted into shares of our common stock and deemed paid in full. As a result of this restructuring transaction, GGH LLC became a wholly owned subsidiary of Greenidge. The financial information presented herein is that of GGH LLC through January 29, 2021 and Greenidge thereafter.

On March 16, 2021, we amended our organizational documents whereby (i) we established our class A common stock (with one vote per share) and class B common stock (with ten votes per share), (ii) all then outstanding common stock was converted to class B common stock, and (iii) a forward split of 4 for 1 was effected for all outstanding common stock. All share amounts presented have been restated to reflect this 4 for 1 split. In connection with this, the effective conversion rate for the Series A preferred stock issued in the Series A Private Placement, discussed further in Note 2, Financing transaction, was adjusted to provide that each share of series A preferred stock will be converted into four shares of class B common stock upon the filing and effectiveness of a registration statement registering such underlying class B common stock for resale.

We have preliminarily concluded that the transaction represents a business combination pursuant to Financial Accounting Standards Board Accounting Standards Codification Topic 805, *Business Combinations*. We have not yet completed an external valuation analysis of the fair market value of Support’s assets to be acquired and liabilities to be assumed. Using the estimated total purchase consideration for the transaction, we have allocated the purchase price to assets and liabilities based upon preliminary estimates of fair values. This preliminary purchase price allocation has been used to prepare pro forma adjustments in the unaudited pro forma condensed combined balance sheet. The final purchase price allocation will be determined when we have determined the final consideration and completed the detailed valuations and other studies and necessary calculations. The final purchase price allocation could differ materially from the preliminary purchase price allocation used to prepare the pro forma adjustments. The final purchase price allocation may include:

- changes in allocations to intangible assets and bargain purchase gain or goodwill based on the results of certain valuations and other studies that have yet to be completed,

- other changes to assets and liabilities, and
- changes to the ultimate purchase consideration.

### Note 2—Financing transactions

On January 29, 2021, we completed a private placement offering of 1,620,000 shares of series A preferred stock, at a price per share of \$25.00, to certain individuals and accredited investors, for an aggregate amount of \$40.5 million, or \$37.1 million net of expenses. After giving effect to a 4 for 1 stock split on March 16, 2021, each share of series A preferred stock is convertible into four shares of class B common stock.

In connection with the execution of the Merger Agreement, and as a condition to our willingness to enter into the Merger Agreement, on March 19, 2021, Support entered into the subscription agreement with 210 Capital, LLC. Pursuant to the subscription agreement, 210 Capital, LLC purchased an aggregate of 3,909,871 shares of Support's common stock for a purchase price of \$1.85 per share, or an aggregate purchase price of \$7.2 million, representing approximately 16.6% of the outstanding shares of Support's common stock.

### Note 3—Preliminary purchase price allocation

We have performed a preliminary valuation analysis of the fair value of Support's assets and liabilities. The following table summarizes the allocation of the preliminary purchase price as of the acquisition date based upon the market capitalization of Support.com (in thousands):

Cash and cash equivalents	\$ 32,295	
Short term investments	6,201	
Accounts receivable	5,470	
Prepaid expenses and other current assets	601	
Property and equipment	1,043	
Other assets	395	
Accounts payable	(242)	
Accrued Expenses and other current liabilities	(3,420)	
Deferred revenue	(1,189)	
Other liabilities	(907)	
Intangible assets	16,810	(1)
Deferred tax liability	(4,623)	(2)
Goodwill	250,841	(3)
Total consideration	<u>\$303,275</u>	

- (1) To reflect the intangible assets, based upon a preliminary estimate of fair value and consists of customer contracts and trade name recognized as a result of the transaction.
- (2) The deferred tax liability resulting from the increase in basis of intangible assets, as applicable, for book purposes but not for tax purposes was calculated using a 27.5% effective tax rate.
- (3) To reflect the goodwill recognized as a result of the transaction.

Under the acquisition method of accounting, the total purchase price is allocated to the acquired tangible and intangible assets and assumed liabilities of Support based on their estimated fair values as of the transaction closing date. The excess of the acquisition consideration paid over the estimated fair values of net assets acquired will be recorded as goodwill in the balance sheet.

#### Note 4—Pro forma adjustments

The pro forma adjustments are based on preliminary estimates and assumptions that are subject to change. The following adjustments have been reflected in the unaudited pro forma condensed combined financial information:

- (a) Reflects the intangible assets based upon preliminary estimates of fair value of customer contracts and tradename recognized as a result of the transaction.
- (b) Represents the elimination of the historical equity of Support and the initial allocation of the purchase price to identified intangibles, fair value adjustments and goodwill, as follows (in thousands):

Total consideration	\$ 303,275	(y)
Common stock	(3)	
Additional paid-in capital	(259,620)	
Treasury stock	5,297	
Accumulated other comprehensive loss	2,482	
Accumulated deficit	211,597	
Assets:		
Intangible assets	(16,810)	
Liabilities:		
Deferred tax liability	4,623	
Goodwill	<u>\$ 250,481</u>	

- (y) Consideration of \$303.3 million assumes a price per share of Support common stock of \$11.80 and that the fully diluted amount of Support common stock is 25,701,286. Note that this is an illustrative purchase price and the final purchase price will be determined at the date the transaction is consummated.
- (c) Adjusts the deferred tax liabilities resulting from the transaction. The estimated increase in deferred tax liabilities stems from the fair value adjustments for non-deductible intangible assets based on an estimated tax rate of 27.5%.
- (d) Reflects the March 16, 2021 amendments to the organizational documents of Greenidge whereby (i) Greenidge established its class A common stock (with one vote per share) and class B common stock (with ten votes per share), (ii) all then outstanding common stock of Greenidge was converted to class B common stock, and (iii) a forward split of 4 for 1 was effected for all outstanding common stock of Greenidge. In connection with this, the effective conversion rate for the series A preferred stock issued in the Series A Private Placement was adjusted to provide that each share of series A preferred stock will be converted into four shares of class B common stock upon the filing and effectiveness of a registration statement registering such underlying class B common stock for resale. These events eliminated the historical equity of GGH LLC and established class A common stock and class B common stock at a par value of \$0.0001 per share.
- (e) Reflects an adjustment for the estimated value of the Investor Fee based upon 562,174 shares of Class A common stock of Greenidge at a price of \$102.61, which is the implied price using the price per share of Support common stock noted in (y) above and the exchange ratio of 0.115. This cost will not affect the combined company's income statement beyond 12 months after the Closing Date.
- (f) Reflects an adjustment for amortization of intangible assets, consisting of customer contracts and the Support.com trade name, recognized as a result of the transaction. The estimated value for the customer contracts is \$15.6 million, which was determined by the present value of expected cash flows from such contracts. The estimated value of the customer contracts is assumed to be amortized over five years on a straight line basis. The estimated value of the Support.com trade name is \$1.3 million, which was based on the present value of discrete royalties avoided plus the present value of the tax amortization benefit. The estimated value of the trade name is assumed to be amortized over 10 years on a straight line basis.

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- (g) Reflects the elimination of interest expense related to loans from Greenidge's controlling shareholder that have been deemed fully satisfied.
  - (h) Reflects an adjustment for estimated transaction costs for both Greenidge and Support, such as adviser fees, legal and accounting expenses not yet incurred as of June 30, 2021. These costs will not affect the combined company's income statement beyond 12 months after the Closing Date.
  - (i) Adjusts the tax provision to reflect the impact on the income tax provision resulting from the proforma adjustments, while assuming that the consolidated entity is a taxable entity due to the reorganization from an LLC to a corporation as of January 1, 2020.
  - (j) Reflects an adjustment for the proforma effect of the reorganization from an LLC to a corporation, as if the reorganization occurred on January 1, 2020, to recognize a deferred tax liability for the differences between the recorded values and tax bases of assets and liabilities.
  - (k) Adjusts Support's results to present depreciation and amortization as a separate line item, consistent with Greenidge's presentation.
  - (l) The unaudited pro forma condensed combined financial statements assume there will be 3,560,435 class A common stock shares outstanding, of which 2,998,261 shares will be issued to Support stockholders as consideration for the Merger and 562,174 shares will be issued to the Investor and 34,800,000 shares of class B common stock outstanding (inclusive of 320,000 shares issued during the first quarter of 2021 for the exercise of stock options and the purchase of miners) upon completion of the Merger and conversion of the series A preferred stock. The diluted shares included in the Greenidge financial statements include approximately 1.1 million shares related to options and restricted shares of Greenidge.