

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

Support.com, Inc.

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

November 5, 2020
Date of report (Date of earliest event reported)

SUPPORT.COM, INC.
(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction of Incorporation)

000-30901
(Commission File No.)

94-3282005
(I.R.S. Employer Identification No.)

1521 Concord Pike (US 202), Suite 301 Wilmington, DE
(Address of Principal Executive Offices)

19803
(Zip Code)

(650) 556-9440
(Registrant's telephone number, including area code)

N/A
(Former Name or Former Address, if Changed Since Last Report)

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))

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.

Item 2.02. Results of Operations and Financial Condition.

On November 5, 2020, Support.com, Inc. (the "Company") issued the press release attached hereto as Exhibit 99.1 announcing its results of operations for the third quarter ended September 30, 2020.

The information contained in this Current Report on Form 8-K and Exhibit 99.1 hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference to any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description of Exhibit
99.1	Press Release of the Company, dated November 5, 2020.

SIGNATURES

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.

SUPPORT.COM, INC.

Date: November 5, 2020

By: /s/ Lance Rosenzweig

Name: Lance Rosenzweig

Title: President and Chief Executive Officer

Support.com Reports Third Quarter 2020 Financial Results

Sunnyvale, CA – November 5, 2020 – Support.com, Inc. (NASDAQ: SPRT), a leader in customer and technical support solutions delivered by home-based employees, today reported unaudited financial results for its third quarter ended September 30, 2020.

Q3 2020 Financial Summary

For the third quarter of 2020, total revenue was \$10.3 million, a decrease of \$4.9 million or 32 percent compared to revenues of \$15.2 million in the third quarter of 2019 and down \$0.7 million or 6 percent compared to revenues of \$11.0 million in the second quarter of 2020. The decrease in revenues from the prior quarter was primarily due to the migration of services in one line of business from one of our major customers to a country where Support.com did not offer services. This migration was complete in the quarter ending June 30, 2020.

We recorded net loss of \$0.6 million, or \$0.03 per share, in the third quarter of 2020, compared to net income of \$1.6 million, or \$0.08 per share, in the third quarter of 2019 and net income of \$0.6 million, or \$0.03 per share, in the second quarter of 2020.

Key changes in our net income (loss) included the following:

- Gross profit was \$3.1 million in the third quarter of 2020, compared to \$4.6 million in the third quarter of 2019 and \$3.9 million in the second quarter of 2020.
- Gross profit margin of 30% remained relatively flat compared with the same quarter of 2019 and declined by 5 percentage points when compared to the second quarter of 2020.
- Operating expenses were \$3.7 million in the third quarter of 2020, compared to \$3.3 million in the third quarter of 2019 and \$3.4 million in the second quarter of 2020.
- In the third quarter of 2020, the company incurred \$0.7 million in one-time transition-related costs as we re-focus on building an enterprise-ready leader in homesourcing™.

Balance Sheet Information

At September 30, 2020, cash, cash equivalents and short-term investments were \$29.7 million, compared with \$44.8 million at September 30, 2019, \$26.4 million at December 31, 2019 and relatively flat compared to the prior quarter. The year-over-year decrease was primarily attributable to the previously discussed \$10.0 million legal-settlement payment in the second quarter of 2019 and the \$19.1 million special distribution to shareholders in the fourth quarter of 2019.

Total assets as of September 30, 2020 were \$39.1 million and total stockholders' equity was \$34.0 million.

Management Commentary

"Q3, 2020 was a quarter of accomplishments for us as Support.com embarked on our transition from a consumer-focused to an enterprise-focused company, with global delivery capabilities on our homesourcing platform," said Lance Rosenzweig, President and Chief Executive Officer. "We are assembling a world-class team that will help the company execute on the substantial opportunity in front of us in the large and growing outsourced CRM industry, through on-demand, globally scalable home-based experts located anywhere."

"As we look to 2021, we will focus relentlessly on building a global homesourcing organization and value-added partnerships with our clients. We will drive toward expanding relationships with existing clients and diversifying our revenue mix by adding new clients in verticals such as healthcare, financial services, next-gen retail, and media and communications. Our sales pipeline is growing, and we are excited and optimistic at our opportunities ahead."

Support.com will not host a conference call discussing the Company's third quarter results, but is contemplating hosting earnings calls starting in 2021. For more information, please visit the Investor Relations section of the Support.com website at [Support.com/about-us/investor-relations/](https://support.com/about-us/investor-relations/).

About Support.com

Support.com, Inc. (NASDAQ: SPRT) is a leading provider of customer and technical support solutions delivered by home-based employees. For more than twenty years, the company 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. The company 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.

Support.com, Inc. is an Equal Opportunity Employer. For more information, visit <http://www.support.com/about-us/careers>.

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Safe Harbor Statement

This announcement may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, but are not limited to, all statements relating to expected financial performance (including without limitation statements involving growth and projections of revenue, margin, profitability, income (loss) from continuing operations, income (loss) per share from continuing operations, cash usage or generation, cash balance as of any future date, capital structure and other financial items); the plans and objectives of management for future operations, customer relationships, products, services or investments; personnel matters; and future performance in economic and other terms. Such forward-looking statements are based on current expectations and information that involve a number of uncertainties and risks that may cause actual events or results to differ materially from those indicated by such forward-looking statements, including, among others, our ability to retain and grow major programs, our ability to expand and diversify our customer base, our ability to maintain and grow revenue, any acquisitions we may make, including integrating acquired companies with our existing businesses and our ability to achieve the benefits, growth prospects and synergies expected by such acquisitions, our ability to successfully develop new products and services, our ability to manage our workforce, our ability to operate in markets that are subject to extensive regulations, such as support for home security systems, our ability to control expenses and achieve desired margins, our ability to maintain or improve gross margin, our dependence on a small number of customers and partners, our ability to attract, train and retain talented employees, potential intellectual property, class action or other litigation, fluctuations in government laws and regulations, our ability to utilize and realize the value of our net operating loss carryforwards and how they could be substantially limited or permanently impaired, given our current market capitalization and cash position, our ability to execute the cost reduction program involving the planned actions on the expected schedule, our ability to achieve the cost savings expected in connection with the cost reduction plan, the ultimate effect of any such cost reductions on our financial results, any expenses or reputational damage associated with resolving customer warranty and/or indemnification claims; and our ability to manage the effects of the cost reduction plan on our workforce and other operations. Many of the foregoing risks and uncertainties are, and will be, exacerbated by the COVID-19 pandemic and any worsening of the global business and economic environment as a result. More information on these risks and other potential factors that could affect the Company's business and financial results is included in the Company's filings with the SEC, including in the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of the Company's most recently filed periodic reports on Form 10-K and Form 10-Q and subsequent filings. The Company assumes no obligation to update any forward-looking statements or information, which speak as of their respective dates.

Investor Contact

Jacob Moelter
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SUPPORT.COM, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)
(unaudited)

	<u>September 30,</u> <u>2020(1)</u>	<u>December 31,</u> <u>2019(2)</u>
Assets		
Current assets:		
Cash, cash equivalents and short-term investments	\$ 29,685	\$ 26,414
Accounts receivable, net	6,808	9,398
Prepaid expenses and other current assets	503	728
Total current assets	<u>36,996</u>	<u>36,540</u>
Property and equipment, net	1,141	533
Intangible assets, net	250	250
Other assets	711	717
Total assets	<u>\$ 39,098</u>	<u>\$ 38,040</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued compensation	\$ 2,457	\$ 1,887
Other accrued liabilities	860	1,001
Short-term deferred revenue	918	1,193
Total current liabilities	<u>4,235</u>	<u>4,081</u>
Other long-term liabilities	903	792
Total liabilities	<u>5,138</u>	<u>4,873</u>
Stockholders' equity:		
Common stock	2	2
Additional paid-in-capital	250,575	250,092
Treasury stock	(5,297)	(5,297)
Accumulated other comprehensive loss	(2,497)	(2,380)
Accumulated deficit	(208,823)	(209,250)
Total stockholders' equity	<u>33,960</u>	<u>33,167</u>
Total liabilities and stockholders' equity	<u>\$ 39,098</u>	<u>\$ 38,040</u>

Note 1: Amounts are subject to completion of management's customary closing and review procedures.

Note 2: Derived from audited consolidated financial statements for the year ended December 31, 2019.

SUPPORT.COM, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended			Nine Months Ended	
	September 30, 2020 (1)	June 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Revenue					
Services	\$ 9,873	\$ 10,606	\$ 14,327	\$ 31,990	\$ 46,698
Software and other	465	428	922	1,331	3,310
Total revenue	<u>10,338</u>	<u>11,034</u>	<u>15,249</u>	<u>33,321</u>	<u>40,008</u>
Cost of revenue:					
Cost of services	7,182	7,136	10,582	22,003	37,065
Cost of software and other	84	36	26	149	119
Total cost of revenue	<u>7,266</u>	<u>7,172</u>	<u>10,608</u>	<u>22,152</u>	<u>37,184</u>
Gross profit	<u>3,072</u>	<u>3,862</u>	<u>4,641</u>	<u>11,169</u>	<u>12,824</u>
Operating expenses:					
Engineering and IT	853	968	1,132	2,861	2,796
Sales and marketing	544	517	485	1,874	1,315
General and administrative	2,331	1,904	1,685	6,288	5,671
Total operating expenses	<u>3,728</u>	<u>3,389</u>	<u>3,302</u>	<u>11,023</u>	<u>9,782</u>
Income from operations	(656)	473	1,339	146	3,042
Interest income and other, net	89	173	265	346	817
Income before income taxes	(567)	646	1,604	492	3,859
Income tax provision	(13)	29	11	65	170
Net income	<u>\$ (554)</u>	<u>\$ 617</u>	<u>\$ 1,593</u>	<u>\$ 427</u>	<u>\$ 3,689</u>
Net earnings per share					
Basic	<u>\$ (0.03)</u>	<u>\$ 0.03</u>	<u>\$ 0.08</u>	<u>\$ 0.02</u>	<u>\$ 0.19</u>
Diluted	<u>\$ (0.03)</u>	<u>\$ 0.03</u>	<u>\$ 0.08</u>	<u>\$ 0.02</u>	<u>\$ 0.19</u>
Shares used in computing per share amounts					
Basic	<u>19,242</u>	<u>19,054</u>	<u>19,011</u>	<u>19,121</u>	<u>18,977</u>
Diluted	<u>19,242</u>	<u>19,352</u>	<u>19,045</u>	<u>19,302</u>	<u>19,026</u>