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

FORM 10-Q

(Mark One)

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended September 30, 2024

or

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from __________ to __________
Commission File Number: 001-32358

SPOK HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**16-1694797**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
3000 Technology Drive , Suite 400	
Plano , Texas	**75074**
(Address of principal executive offices)	**(Zip Code)**

(800) 611-8488
(Registrant's telephone number, including area code)

5911 Kingstowne Village Pkwy , 6th Floor

Alexandria , Virginia 22315
(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value $0.0001 per share	SPOK	NASDAQ

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		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. ☐

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

20,272,355 shares of the registrant’s common stock (par value $0.0001 per share) were outstanding as of October 25, 2024.

SPOK HOLDINGS, INC.
QUARTERLY REPORT ON FORM 10-Q

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PART I. FINANCIAL INFORMATION

ITEM 1. *CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*

SPOK HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)	September 30, 2024 (Unaudited)	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 27,830	$ 31,989
Accounts receivable, net	21,377	23,314
Prepaid expenses	8,450	7,885
Other current assets	723	704
Total current assets	58,380	63,892
Non-current assets:		
Property and equipment, net	6,988	7,321
Operating lease right-of-use assets	8,597	10,526
Goodwill	99,175	99,175
Deferred income tax assets, net	42,635	46,260
Other non-current assets	987	510
Total non-current assets	158,382	163,792
Total assets	$ 216,762	$ 227,684
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 3,944	$ 5,969
Accrued compensation and benefits	5,188	7,284
Deferred revenue	28,743	26,298
Operating lease liabilities	2,961	4,184
Other current liabilities	4,796	4,273
Total current liabilities	45,632	48,008
Non-current liabilities:		
Asset retirement obligations	7,268	7,191
Operating lease liabilities	6,148	6,902
Other non-current liabilities	1,426	1,812
Total non-current liabilities	14,842	15,905
Total liabilities	60,474	63,913
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Preferred stock	$ —	$ —
Common stock	2	2
Additional paid-in capital	104,119	102,936
Accumulated other comprehensive loss	(1,747)	(1,764)
Retained earnings	53,914	62,597
Total stockholders' equity	156,288	163,771
Total liabilities and stockholders' equity	$ 216,762	$ 227,684

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

SPOK HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited and in thousands except share and per share amounts)	For the Three Months Ended September 30, 2024	For the Three Months Ended September 30, 2023	For the Nine Months Ended September 30, 2024	For the Nine Months Ended September 30, 2023
Revenue:				
Wireless revenue	$ 18,261	$ 18,972	$ 55,153	$ 56,877
Software revenue	16,609	16,456	48,608	48,195
Total revenue	34,870	35,428	103,761	105,072
Operating expenses:				
Cost of revenue (exclusive of items shown separately below)	7,133	6,622	21,435	19,885
Research and development	2,831	2,561	8,958	7,907
Technology operations	6,083	6,405	18,563	19,444
Selling and marketing	3,928	4,067	11,582	12,322
General and administrative	8,534	8,216	24,585	24,405
Depreciation and accretion	1,075	1,267	3,210	3,768
Severance and restructuring	325	77	1,101	195
Total operating expenses	29,909	29,215	89,434	87,926
Operating income	4,961	6,213	14,327	17,146
Interest income	264	240	908	866
Other (expense) income	(75)	41	(91)	(45)
Income before income taxes	5,150	6,494	15,144	17,967
Provision for income taxes	(1,490)	(2,043)	(3,823)	(5,666)
Net income	$ 3,660	$ 4,451	$ 11,321	$ 12,301
Basic net income per common share	$ 0.18	$ 0.22	$ 0.56	$ 0.62
Diluted net income per common share	$ 0.18	$ 0.22	$ 0.55	$ 0.61
Basic weighted average common shares outstanding	20,264,055	19,970,936	20,229,146	19,942,325
Diluted weighted average common shares outstanding	20,523,873	20,304,092	20,534,883	20,308,973
Cash dividends declared per common share	$ 0.3125	$ 0.3125	$ 0.9375	$ 0.9375

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

SPOK HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(Unaudited and in thousands)	**2024**	**2023**	**2024**	**2023**
Net income	$ 3,660	$ 4,451	$ 11,321	$ 12,301
Other comprehensive income, net of tax:				
Foreign currency translation adjustments	23	82	17	129
Other comprehensive income	23	82	17	129
Comprehensive income	$ 3,683	$ 4,533	$ 11,338	$ 12,430

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

SPOK HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Unaudited and in thousands except share amounts)	Outstanding Common Shares	Common Stock	Additional Paid-In Capital & Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
Balance at January 1, 2023	19,703,800	$ 2	$ 97,999	$ 73,096	$ 171,097
Net income	—	—	—	3,117	3,117
Issuance of restricted stock under the Equity Plan	382,568	—	—	—	—
Purchase of common stock for tax withholding	(144,516)	—	(1,245)	—	(1,245)
Amortization of stock-based compensation	—	—	936	—	936
Cash dividends declared	—	—	—	(6,549)	(6,549)
Cumulative translation adjustment	—	—	12	—	12
Balance at March 31, 2023	19,941,852	$ 2	$ 97,702	$ 69,664	$ 167,368
Net income	—	—	—	4,733	4,733
Amortization of stock-based compensation	—	—	923	—	923
Cash dividends declared	—	—	—	(6,538)	(6,538)
Issuance of restricted stock under the Equity Plan	20,210	—	90	—	90
Cumulative translation adjustment	—	—	35	—	35
Balance at June 30, 2023	19,962,062	$ 2	$ 98,750	$ 67,859	$ 166,611
Net income	—	—	—	4,451	4,451
Issuance of restricted stock under the Equity Plan	10,416	—	—	—	—
Amortization of stock-based compensation	—	—	884	—	884
Cash dividends declared	—	—	—	(6,523)	(6,523)
Cumulative translation adjustment	—	—	82	—	82
Balance at September 30, 2023	19,972,478	$ 2	$ 99,716	$ 65,787	$ 165,505

(Unaudited and in thousands except share amounts)	Outstanding Common Shares	Common Stock	Additional Paid-In Capital & Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
Balance at January 1, 2024	19,992,102	$ 2	$ 101,172	$ 62,597	$ 163,771
Net income	—	—	—	4,236	4,236
Issuance of restricted stock under the Equity Plan	396,771	—	—	—	—
Purchase of common stock for tax withholding	(151,026)	—	(2,428)	—	(2,428)
Amortization of stock-based compensation	—	—	1,148	—	1,148
Cash dividends declared	—	—	—	(6,600)	(6,600)
Cumulative translation adjustment	—	—	42	—	42
Balance at March 31, 2024	20,237,847	$ 2	$ 99,934	$ 60,233	$ 160,169
Net income	—	—	—	3,425	3,425
Issuance of restricted stock under the Equity Plan	17,768	—	131	—	131
Amortization of stock-based compensation	—	—	1,159	—	1,159
Cash dividends declared	—	—	—	(6,624)	(6,624)
Cumulative translation adjustment	—	—	(48)	—	(48)
Balance at June 30, 2024	20,255,615	$ 2	$ 101,176	$ 57,034	$ 158,212
Net income	—	—	—	3,660	3,660
Issuance of restricted stock under the Equity Plan	8,440	—	—	—	—
Amortization of stock-based compensation	—	—	1,173	—	1,173
Cash dividends declared	—	—	—	(6,780)	(6,780)
Cumulative translation adjustment	—	—	23	—	23
Balance at September 30, 2024	20,264,055	$ 2	$ 102,372	$ 53,914	$ 156,288

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

SPOK HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited and in thousands)	For the Nine Months Ended September 30, 2024	2023
Operating activities:		
Net income	$ 11,321	$ 12,301
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and accretion	3,210	3,768
Deferred income tax expense	3,624	5,605
Stock-based compensation	3,480	2,743
Provisions for credit losses, service credits and other	450	415
Changes in assets and liabilities:		
Accounts receivable	1,481	1,305
Prepaid expenses and other assets	(1,061)	(1,102)
Net operating lease liabilities	(48)	(1,243)
Accounts payable, accrued liabilities and other	(4,284)	(7,396)
Deferred revenue	2,342	(2,000)
Net cash provided by operating activities	20,515	14,396
Investing activities:		
Purchases of property and equipment	(2,348)	(2,419)
Net cash used in investing activities	(2,348)	(2,419)
Financing activities:		
Cash distributions to stockholders	(20,045)	(19,404)
Proceeds from issuance of common stock under the Employee Stock Purchase Plan	130	90
Purchase of common stock for tax withholding on vested equity awards	(2,428)	(1,245)
Net cash used in financing activities	(22,343)	(20,559)
Effect of exchange rate on cash and cash equivalents	17	129
Net decrease in cash and cash equivalents	(4,159)	(8,453)
Cash and cash equivalents, beginning of period	31,989	35,754
Cash and cash equivalents, end of period	$ 27,830	$ 27,301
Supplemental disclosure:		
Income taxes paid	$ 298	$ 236

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Spok Holdings, Inc. (NASDAQ: SPOK) ("Spok," "we," "our" or the "Company"), through its wholly owned subsidiary Spok, Inc., is proud to be the global leader in healthcare communications. We deliver clinical information to care teams when and where it matters most to improve patient outcomes. Top hospitals rely on Spok products and services to enhance workflows for clinicians, support administrative compliance, and provide a better experience for patients.

We offer a focused suite of unified clinical communication and collaboration solutions that include call center applications, clinical alerting and notifications, one-way and advanced two-way wireless messaging services, mobile communications and public safety solutions.

We provide one-way and advanced two-way wireless messaging services, including information services, throughout the United States. These services are offered on a local, regional and nationwide basis, employing digital networks. One-way messaging consists of numeric and alphanumeric messaging services. Numeric messaging services enable subscribers to receive messages that are composed entirely of numbers, such as a phone number, while alphanumeric messages may include numbers and letters, which enable subscribers to receive text messages. Two-way messaging services enable subscribers to send and receive messages to and from other wireless messaging devices, including pagers, personal digital assistants and personal computers. We also offer voice mail, personalized greetings, message storage and retrieval, and equipment loss and/or maintenance protection to both one-way and two-way messaging subscribers. These services are commonly referred to as wireless messaging and information services.

We also develop, sell and support enterprise-wide systems for hospitals and other organizations needing to automate, centralize and standardize clinical communications. These solutions are used for contact centers, clinical alerting and notification, mobile communications and messaging and for public safety notifications. These areas of market focus complement the market focus of our wireless services outlined above.

Basis of Presentation

The accompanying Condensed Consolidated Financial Statements include our accounts and the accounts of our wholly owned direct and indirect subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation. Our Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) and the rules and regulations of the United States Securities and Exchange Commission (the “SEC”). In management's opinion, the unaudited Condensed Consolidated Financial Statements include all adjustments and accruals that are necessary for the presentation of the results of all interim periods reported herein and all such adjustments are of a normal, recurring nature.

Amounts shown in the Condensed Consolidated Statements of Operations within the operating expense categories of cost of revenue; research and development; technology operations; selling and marketing; and general and administrative are recorded exclusive of depreciation and accretion. These items are shown separately to the extent that they are considered material for the periods presented.

Certain prior period amounts in the Condensed Consolidated Financial Statements have been reclassified to conform to the current period's presentation. These reclassifications had no effect on the reported results of operations or the Condensed Consolidated Balance Sheets.

The financial information included herein, other than the Condensed Consolidated Balance Sheet as of December 31, 2023, is unaudited. The Condensed Consolidated Balance Sheet as of December 31, 2023 has been derived from, but does not include all, the disclosures contained in the audited Consolidated Financial Statements as of and for the year ended December 31, 2023.

These Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and accompanying notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 (the “2023 Annual Report”). The Condensed Consolidated Statements of Operations for the interim periods presented are not necessarily indicative of the results that may be expected for a full year.

Use of Estimates

The preparation of these Condensed Consolidated Financial Statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures. On an ongoing basis, we evaluate estimates and assumptions, including, but not limited to, those related to the impairment of long-lived assets, goodwill, accounts receivable allowances, revenue recognition, depreciation expense, asset retirement obligations and income taxes. We base our estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

NOTE 2 - RISKS AND OTHER IMPORTANT FACTORS

See “Item 1A. Risk Factors” of Part II of this Quarterly Report on Form 10-Q (“Quarterly Report”) and "Item 1A. Risk Factors" of Part I of the 2023 Annual Report, which describe key risks associated with our operations and industry.

NOTE 3 - RECENT ACCOUNTING STANDARDS

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures". This ASU updates reportable segment disclosure requirements by requiring disclosures of significant reportable segment expenses that are regularly provided to the Chief Operating Decision Maker (“CODM”) and included within segment profit or loss. This ASU also requires disclosure of the title and position of the individual identified as the CODM and an explanation of how the CODM uses the reported measures of a segment’s profit or loss in assessing segment performance and deciding how to allocate resources. The ASU is effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is also permitted, and retrospective application is required. This ASU will likely result in additional required disclosures when adopted. We are currently evaluating the provisions of this ASU and expect to adopt them for the year ending December 31, 2024.

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures," which expands the disclosure requirements for income taxes, specifically related to the rate reconciliation and the income taxes paid. The update is effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. We are currently evaluating the potential effect that the updated standard will have on our financial statement disclosures.

NOTE 4 - SIGNIFICANT ACCOUNTING POLICIES UPDATE

Our significant accounting policies are detailed in Note 1, “Organization and Significant Accounting Policies” of the 2023 Annual Report.

NOTE 5 - REVENUE, DEFERRED REVENUE AND PREPAID COMMISSIONS

Wireless Revenue

Wireless revenue consists of two primary components: paging revenue and product and other revenue. Paging revenue consists primarily of recurring fees associated with the provision of messaging services and fees for paging devices and is net of a provision for service credits. Product and other revenue reflects system sales, sales of paging devices and charges for devices that are not returned and are net of anticipated credits. Our core offering includes subscriptions to one-way or two-way messaging services for a periodic (monthly, quarterly, semiannual, or annual) service fee. This is generally based upon the type of service provided, the geographic area covered, the number of devices provided to the customer and the period of commitment. A subscriber to one-way messaging services may select coverage on a local, regional or nationwide basis to best meet their messaging needs. Two-way messaging is generally offered on a nationwide basis. See Item 1. “Business,” in the 2023 Annual Report for more details.

Software Revenue

Software revenue consists of two primary components: operations revenue and maintenance revenue. Operations revenue consists primarily of license and subscription revenues for our healthcare communications solutions, revenue from the sale of hardware that facilitates the use of our software solutions, and professional services revenue related to the implementation of our solutions. Maintenance revenue is generated from our ongoing support of our software solutions or related hardware and access to when-and-if available software updates. Maintenance is generally purchased and renewed on an annual basis.

Revenue Recognition

Revenues are 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.

Our software licenses and hardware are generally recognized at a point in time when we have transferred control to the customer. For software licenses, revenue is not recognized until the related license(s) has been made available to the customer and the customer can begin to benefit from its right to use the license(s). Our software licenses represent a right to use Spok’s intellectual property ("IP") as it exists at a point in time at which the license is granted. Many of our software licenses have significant standalone functionality due to their ability to process a transaction or perform a function or task, and we do not need to maintain those products, once provided to the customer, for value to exist. While the functionality of the IP that we license may substantively change during the license period, customers are not contractually or practically required to update their license as a result of those changes.

Our wireless, professional services, and maintenance are generally recognized over time due to a customer's simultaneous receipt and consumption of the benefit as we perform the work. As we transfer control over time, we recognize revenue based on the extent of progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires significant judgment and is based on the nature of the products or services to be provided. Generally, we use the time-elapsed measure of progress for performance obligations that include wireless, maintenance or subscription services. We believe this method best depicts the simultaneous transfer and consumption of the benefit based on our performance as these services are generally considered standby services. For professional services, we leverage an input methodology based on the number of hours worked on a project versus the total expected hours necessary to complete the project. Revenues are recognized proportionally as hours are incurred.

The following table presents our revenues disaggregated by revenue type:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(Dollars in thousands)	**2024**	**2023**	**2024**	**2023**
Revenue:				
Paging revenue	$ 17,605	$ 18,119	$ 53,208	$ 54,915
Product and other revenue	656	853	1,945	1,962
Wireless revenue	$ 18,261	$ 18,972	$ 55,153	$ 56,877
License	$ 2,042	$ 2,413	$ 6,365	$ 7,723
Professional services	4,835	3,833	13,146	10,909
Hardware	395	798	1,113	2,088
Operations revenue	7,272	7,044	20,624	20,720
Maintenance	9,337	9,412	27,984	27,475
Software revenue	$ 16,609	$ 16,456	$ 48,608	$ 48,195
Total revenue	$ 34,870	$ 35,428	$ 103,761	$ 105,072

The U.S. was the only country that accounted for more than 10 % of the Company's total revenue for the three and nine months ended September 30, 2024, and 2023. Revenue generated in the U.S. and internationally consisted of the following for the periods stated:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(Dollars in thousands)	**2024**	**2023**	**2024**	**2023**
United States	$ 34,206	$ 34,662	$ 101,650	$ 102,523
International	664	766	2,111	2,549
Total revenue	$ 34,870	$ 35,428	$ 103,761	$ 105,072

Deferred Revenues

Our deferred revenues represent payments made by, or due from, customers in advance of our performance. Changes in the balance of total deferred revenue during the nine months ended September 30, 2024, are as follows:

(Dollars in thousands)	**December 31, 2023**	**Additions**	**Revenue Recognized**	**September 30, 2024**
Deferred Revenue	$ 26,946	$ 50,421	$ (48,078)	$ 29,289

During the nine months ended September 30, 2024, the Company recognized $ 21.3 million related to amounts deferred as of December 31, 2023.

Prepaid Commissions

Our prepaid commissions represent payments made to employees in advance of our performance on the related underlying contracts. These costs have been incurred directly in relation to obtaining a contract. As such, these costs are amortized over the estimated period of benefit. Changes in the balance of total prepaid commissions during the nine months ended September 30, 2024 are as follows:

(Dollars in thousands)	**December 31, 2023**	**Additions**	**Commissions Recognized**	**September 30, 2024**
Prepaid Commissions	$ 2,285	$ 2,895	$ (2,064)	$ 3,116

Prepaid commissions are included within prepaid expenses in the Condensed Consolidated Balance Sheets and commissions expense is included within selling and marketing in the Condensed Consolidated Statements of Operations.

Remaining Performance Obligations

The balance of remaining performance obligations at September 30, 2024 was $ 63.6 million, which excludes $ 5.3 million of additional transaction value that was deemed cancellable by the customer without significant penalty. We expect to recognize approximately $ 36.2 million of our remaining performance obligations over the next 12 months, with the remaining balance recognized thereafter.

NOTE 6 - LEASES

We have operating lease arrangements for corporate offices, cellular towers, storage units and small building space. The building space is used to house infrastructure, such as transmitters, antennae and other various equipment for the Company's wireless paging services. For leases with a term of 12 months or less, renewal terms are generally of an evergreen nature (either month-to-month or year-to-year). For leases with a term greater than 12 months, renewal terms are generally explicit and provide for one to five optional renewals consistent with the initial term. Many of our leases, with the exception of those for our corporate offices, include options to terminate the lease within one year . Variable lease payments, residual value guarantees or purchase options are not generally present in these leases.

Lease costs are included in technology operations and general and administrative expenses in the Condensed Consolidated Statements of Operations. The following table presents lease costs disaggregated by type:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(Dollars in thousands)	**2024**	**2023**	**2024**	**2023**
Operating lease cost	$ 999	$ 1,143	$ 3,049	$ 3,494
Short-term lease cost	2,396	2,298	7,297	6,837
Total lease cost	$ 3,395	$ 3,441	$ 10,346	$ 10,331

The following table presents supplemental cash flow information:

	For the Nine Months Ended September 30,	
ollars in thousands)	**2024**	**2023**
ash paid for amounts included in the measurement of lease liabilities - operating leases	$ 3,634	$ 3,993

The following table presents the weighted average remaining lease term and discount rate:

	September 30,	
ollars in thousands)	**2024**	**2023**
eighted average remaining lease term - operating leases (in years)	4.40	4.60
eighted average discount rate - operating leases	6.51 %	4.98 %

Maturities of lease liabilities as of September 30, 2024, were as follows:

For the Year Ended December 31,	(Dollars in thousands)
2024 (remaining three months)	$ 796
2025	2,816
2026	2,366
2027	1,742
2028	1,263
Thereafter	1,395
Total future lease payments	10,378
Imputed interest	(1,269)
Total	$ 9,109

NOTE 7 - CONSOLIDATED FINANCIAL STATEMENTS' COMPONENTS

Depreciation and Accretion

Depreciation and accretion expenses consisted of the following for the periods stated:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(Dollars in thousands)	**2024**	**2023**	**2024**	**2023**
Depreciation				
Leasehold improvements	$ 46	$ 24	$ 121	$ 51
Asset retirement costs	(104)	66	(312)	196
Paging and computer equipment	869	959	2,647	2,864
Furniture, fixtures and vehicles	90	54	231	165
Total depreciation	901	1,103	2,687	3,276
Accretion	174	164	523	492
Total depreciation and accretion expense	$ 1,075	$ 1,267	$ 3,210	$ 3,768

Accounts Receivable, Net

Accounts receivable was recorded net of an allowance of $ 0.8 million at September 30, 2024, and $ 1.6 million at December 31, 2023. Accounts receivable, net includes $ 5.9 million and $ 6.0 million of unbilled receivables at September 30, 2024, and December 31, 2023, respectively. Unbilled receivables are defined as the Company's right to consideration in exchange for goods or services that we have transferred to the customer but have not yet billed for, generally as a result of contractual billing terms.

Property and Equipment, Net

Property and equipment, net consisted of the following as of the dates stated:

(Dollars in thousands)	Useful Life (In Years)	September 30, 2024	December 31, 2023
Leasehold improvements	lease term	$ 2,430	$ 2,202
Asset retirement costs	1 - 5	3,722	3,722
Paging and computer equipment	1 - 5	84,129	86,332
Furniture, fixtures and vehicles	3 - 5	3,042	3,129
Total property and equipment		93,323	95,385
Accumulated depreciation		(86,335)	(88,064)
Total property and equipment, net		$ 6,988	$ 7,321

NOTE 8 - GOODWILL

During the three months ended September 30, 2024, we performed a qualitative assessment of goodwill and determined that a triggering event had not occurred. While an impairment assessment is performed annually in the fourth quarter, the Company monitors its business environment for potential triggering events on a quarterly basis. There is potential for further impairment charges being recognized in future periods based on these ongoing assessments.

NOTE 9 - ASSET RETIREMENT OBLIGATIONS

The components of the changes in the asset retirement obligation liabilities were:

(Dollars in thousands)	Short-Term Portion	Long-Term Portion	Total
Balance as of December 31, 2023	$ 206	$ 7,191	$ 7,397
Accretion	442	81	523
Amounts paid	(361)	—	(361)
Reclassifications	4	(4)	—
Balance as of September 30, 2024	$ 291	$ 7,268	$ 7,559

The short-term portion of the balance above is included within other current liabilities in the Condensed Consolidated Balance Sheets as of September 30, 2024, and December 31, 2023.

The cost associated with the estimated removal costs and timing refinements due to ongoing network rationalization activities is expected to accrete to a total liability of $ 8.9 million. The total estimated liability is based on the transmitter locations remaining after we have consolidated the number of networks we operate and assuming the underlying leases continue to be renewed to that future date. Accretion expense related solely to asset retirement obligations and was recorded based on the interest method.

NOTE 10 - STOCKHOLDERS' EQUITY

General

Our authorized capital stock consists of 75 million shares of common stock, par value $ 0.0001 per share, and 25 million shares of preferred stock, par value $ 0.0001 per share.

At September 30, 2024, and December 31, 2023, we had no stock options outstanding.

At September 30, 2024, and December 31, 2023, there were 20,264,055 and 19,992,102 shares of common stock outstanding, respectively, and no shares of preferred stock were outstanding.

Dividends

Cash distributions to stockholders, as disclosed in the Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2024, and 2023, include previously declared cash dividends on shares of vested restricted common stock ("restricted stock") issued to our non-executive directors and dividends related to vested restricted stock units ("RSUs") issued to eligible employees. Cash dividends on RSUs and restricted stock have been accrued and are paid when the applicable vesting conditions are met. Accrued cash dividends on forfeited restricted stock and RSUs are also forfeited. The following table details our cash dividends declared and paid in 2024 through the date hereof:

Declaration Date	Record Date	Payment Date	Per Share Amount	(Dollars in thousands) Total Declared[1]
February 21, 2024	March 15, 2024	March 29, 2024	$ 0.3125	$ 6,600
May 1, 2024	May 24, 2024	June 24, 2024	0.3125	6,624
July 24, 2024	August 19, 2024	September 9, 2024	0.3125	6,780
Total			$ 0.9375	$ 20,004

[1] The total declared reflects the cash dividends declared in relation to common stock, deferred stock units ("DSUs") and unvested RSUs.

On October 30, 2024, our Board of Directors declared a regular quarterly cash dividend of $ 0.3125 per share of common stock with a record date of November 18, 2024, and a payment date of December 9, 2024. Cash dividends related to common stock of approximately $ 6.3 million will be paid from available cash on hand.

Common Stock Repurchase Program

On February 16, 2022, our Board of Directors authorized a share repurchase program for up to $ 10 million of the Company’s common stock. Under the repurchase program, repurchases can be made from time to time using a variety of methods, which may include open market purchases, privately negotiated transactions or otherwise, all in accordance with the rules of the SEC and other applicable legal requirements. The specific timing, price and size of purchases will depend on prevailing stock prices, general economic and market conditions, legal requirements and other considerations. The repurchase program does not obligate the Company to acquire any particular amount of common stock, and the repurchase program may be suspended or discontinued at any time at the Company’s discretion. For the nine months ended September 30, 2024, we did not repurchase any common stock.

Net Income per Common Share

Basic net income per common share is computed on the basis of the weighted average common shares outstanding. Diluted net income per common share is computed on the basis of the weighted average common shares outstanding plus the effect of all potentially dilutive common shares, including outstanding restricted stock and RSUs, which are treated as contingently issuable shares, using the “treasury stock” method.

The components of basic and diluted net income per common share were as follows for the periods stated:

(in thousands, except for share and per share amounts)	For the Three Months Ended September 30, 2024	For the Three Months Ended September 30, 2023	For the Nine Months Ended September 30, 2024	For the Nine Months Ended September 30, 2023
Numerator:				
Net income	$ 3,660	$ 4,451	$ 11,321	$ 12,301
Denominator:				
Basic weighted average common shares outstanding	20,264,055	19,970,936	20,229,146	19,942,325
Diluted weighted average common shares outstanding	20,523,873	20,304,092	20,534,883	20,308,973
Basic net income per common share	$ 0.18	$ 0.22	$ 0.56	$ 0.62
Diluted net income per common share	$ 0.18	$ 0.22	$ 0.55	$ 0.61

Stock-Based Compensation Plans

On April 10, 2023, our Board of Directors adopted an amendment and restatement of the Spok Holdings, Inc. 2020 Equity Incentive Award Plan (the "2020 Equity Plan") to increase the number of shares available for issuance by 1,000,000 shares that our stockholders subsequently approved on July 25, 2023. At July 25, 2023, a total of 1,268,444 shares of common stock had been reserved for issuance under the 2020 Equity Plan.

Awards under the 2020 Equity Plan may be in the form of stock options, restricted common stock, RSUs, performance awards, dividend equivalents, stock payment awards, deferred stock, DSUs, stock appreciation rights or other stock or cash-based awards.

Restricted stock awards generally vest one year from the date of grant. Related dividends accumulate during the vesting period and are paid at the time of vesting.

Contingent RSUs generally vest over a three-year performance period upon successful completion of the performance objectives. Non-contingent RSUs generally vest in thirds, annually, over a three-year period. Dividend equivalent rights generally accompany each RSU award, and those rights accumulate and vest along with the underlying RSU.

Dividend equivalent rights generally accompany each DSU award and are paid to participants in cash on the Company's applicable dividend payment date whether the DSU is vested or unvested. The dividend equivalent right associated with a DSU continues until delivery of the underlying shares of common stock is made.

Payment of the underlying shares of common stock occurs at the earliest of a participant's separation from service, disability, death, or a change in control.

The following table summarizes the activities under the 2020 Equity Plan from January 1, 2024, through September 30, 2024:

	Activity
Total equity securities available at January 1, 2024	1,275,704
RSU, DSU and restricted stock awarded to eligible employees, net of forfeitures	(305,360)
Total equity securities available at September 30, 2024	970,344

The following table details activities with respect to outstanding RSUs, DSUs, and restricted stock under the 2020 Equity Plan for the nine months ended September 30, 2024:

	Shares	Weighted Average Grant Date Fair Value per Share
Unvested at January 1, 2024	1,035,268	$ 9.12
Granted	309,404	15.47
Vested	(411,646)	10.06
Forfeited	(4,044)	11.13
Unvested at September 30, 2024	928,982	$ 10.81

Of the 928,982 unvested RSUs, DSUs and restricted stock outstanding at September 30, 2024, 491,734 RSUs include contingent performance requirements for vesting purposes. At September 30, 2024, there was $ 4.2 million of unrecognized net compensation cost related to RSUs and restricted stock, which is expected to be recognized over a weighted average period of 1.6 years.

Employee Stock Purchase Plan

In 2016, our Board of Directors adopted the Spok Holdings, Inc. Employee Stock Purchase Plan (the "ESPP") that our stockholders subsequently approved on July 25, 2016. A total of 250,000 shares of common stock were reserved for issuance under this plan.

The ESPP allows employees to purchase shares of common stock at a discounted rate, subject to plan limitations. Under the ESPP, eligible participants can voluntarily elect to have contributions withheld from their pay for the duration of an offering period, subject to the ESPP limits. At the end of an offering period, contributions will be used to purchase the Company's common stock at a discount to the market price based on the first or last day of the offering period, whichever is lower.

Participants are required to hold common stock for a minimum period of two years from the grant date. Participants will begin earning dividends on shares after the purchase date. Each offering period will generally last for no longer than six months . Once an offering period begins, participants cannot adjust their withholding amount. If a participant chooses to withdraw, any previously withheld funds will be returned to the participant, with no stock purchased, and that participant will be eligible to participate in the ESPP during the next offering period. If the participant terminates employment with the Company during the offering period, all contributions will be returned to the employee and no stock will be purchased.

The Company uses the Black-Scholes model to calculate the fair value of the common stock to be purchased during each offering period on the offer date. The Black-Scholes model requires the use of estimates for the expected term, the expected volatility of the underlying common stock over the expected term, the risk-free interest rate and the expected dividend payment.

For the nine months ended September 30, 2024, 9,933 shares of the Company's stock were purchased, as compared to 12,558 shares purchased during the same period in 2023. The following table summarizes the activities under the ESPP from January 1, 2024, through September 30, 2024:

	Activity
Total ESPP equity securities available at January 1, 2024	109,762
ESPP common stock purchased by eligible employees	(9,933)
Total ESPP equity securities available at September 30, 2024	99,829

Amounts withheld from participants will be classified as accrued compensation and benefits in the Condensed Consolidated Balance Sheets until funds are used to purchase shares. This liability amount is immaterial to the Condensed Consolidated Financial Statements.

Stock-Based Compensation Expense

We record all stock-based compensation, which consist of RSUs, DSUs, restricted stock, equity in lieu of salary, and the option to purchase common stock under the ESPP, at fair value as of the grant date. Stock-based compensation expense is recognized based on a straight-line amortization basis over the respective service period. Forfeitures and withdrawals are accounted for as incurred.

The following table reflects the items for stock-based compensation expense in the Condensed Consolidated Statements of Operations for the periods stated:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(Dollars in thousands)	2024	2023	2024	2023
Performance-based RSUs	$ 459	$ 332	$ 1,378	$ 1,087
Time-based RSUs, DSUs and restricted stock	692	536	2,038	1,613
ESPP	22	16	64	43
Total stock-based compensation	$ 1,173	$ 884	$ 3,480	$ 2,743

NOTE 11 - INCOME TAXES

Spok files a consolidated U.S. federal income tax return and income tax returns in various state, local and foreign jurisdictions as required.

Our quarterly tax provision and our quarterly estimate of our annual effective tax rate are subject to significant variation due to several factors, including variability in accurately predicting our pre-tax and taxable income and loss and the mix of jurisdictions to which they relate, changes in how we do business, changes in our stock price, foreign currency gains (losses), tax law developments (including changes in statutes, regulations, case law, and administrative practices), and relative changes of expenses or losses for which tax benefits are not recognized. Additionally, our effective tax rate can be more or less volatile based on the amount of pre-tax income or loss. For example, the impact of discrete items and non-deductible expenses on our effective tax rate is greater when our pre-tax income is lower.

For 2024, the anticipated effective income tax rate is expected to continue to differ from the federal statutory rate of 21%, primarily due to the effect of state income taxes, permanent differences between book and taxable income, and certain discrete items.

We had total net deferred income tax assets ("DTAs") of $ 42.6 million and $ 46.3 million as of September 30, 2024, and December 31, 2023, respectively. We had a valuation allowance of $ 2.3 million as of both September 30, 2024, and December 31, 2023.

We assess the recoverability of our deferred income tax assets, which represent the tax benefits of future tax deductions, based on available positive and negative evidence and by considering the adequacy of future taxable income from all sources, including prudent and feasible tax planning strategies. This assessment is required to determine whether, based on all available evidence, it is "more likely than not" (meaning a probability of greater than 50%) that all or some portion of the deferred income tax assets will be realized in future periods. During the fourth quarter of each year, we update our multi-year forecast of taxable income for our operations, which assists in analyzing the recoverability of our DTAs.

The Company maintains a valuation allowance related to Federal Foreign Tax Credits and certain state net operating losses and state tax credits, as the Company does not believe current projections of future taxable income will be sufficient to utilize those tax assets prior to expiration.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

There have been no material changes during the nine months ended September 30, 2024, to the commitments and contingencies previously reported in the 2023 Annual Report.

NOTE 13 - RELATED PARTIES

A member of our Board of Directors serves as EVP and Chief Information Officer for an entity that is also a customer of the Company. For the three months ended September 30, 2024 and 2023, we recognized revenues of $ 0.3 million and $ 0.1 million, respectively, related to the contracts from the entity at which the individual is employed. For the nine months ended September 30, 2024 and 2023, we recognized revenues of $ 1.1 million and $ 0.4 million, respectively, related to the contracts from the entity at which the individual is employed.

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

Forward-Looking Statements

This Quarterly Report on Form 10-Q ("Quarterly Report") contains forward-looking statements and information relating to Spok Holdings, Inc. and its subsidiaries (collectively, “we,” "us," “Spok,” “our” or the “Company”) that set forth anticipated results based on management’s current plans, known trends and assumptions. These statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “will,” “target,” “forecast” and similar expressions, as they relate to Spok are forward-looking statements.

Although these statements are based upon current plans, known trends and assumptions that management considers reasonable, they are subject to certain risks, uncertainties and assumptions, including, but not limited to, those discussed in this section and "Risk Factors" below and under the captions “Business,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”),” and “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2023 ("2023 Annual Report"). Should known or unknown risks or uncertainties materialize, known trends change, or underlying assumptions prove inaccurate, actual results or outcomes may differ materially from past results and those described herein as anticipated, believed, estimated, expected, intended, targeted or forecasted. Investors are cautioned not to place undue reliance on these forward-looking statements.

The Company undertakes no obligation to update forward-looking statements. Investors are advised to consult all further disclosures the Company makes in its subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K that it will file with the SEC. Also note that, in the 2023 Annual Report, the Company provides a cautionary discussion of risks, uncertainties and possibly inaccurate assumptions relevant to its business. These are factors that, individually or in the aggregate, could cause the Company’s actual results to differ materially from past results as well as those results that may be anticipated, believed, estimated, expected, intended, targeted or forecasted. It is not possible to predict or identify all such risk factors. Consequently, investors should not consider the risk factor discussion to be a complete discussion of all of the potential risks or uncertainties that could affect Spok's business, statement of operations or financial condition, subsequent to the filing of this Quarterly Report.

Overview

The following MD&A is intended to help the reader understand the results of operations and financial condition of Spok. This MD&A is provided as a supplement to, and should be read in conjunction with, our 2023 Annual Report and our unaudited Condensed Consolidated Financial Statements and accompanying notes. A reference to a “Note” in this section refers to the accompanying Unaudited Notes to Condensed Consolidated Financial Statements.

Spok, acting through its indirect wholly owned operating subsidiary, Spok, Inc., delivers smart, reliable clinical communication and collaboration solutions to organizations, primarily in the U.S. healthcare industry, to help protect the health, well-being and safety of individuals. Organizations rely on Spok for workflow improvement, secure messaging, paging services, contact center optimization and public safety response.

Business

See Note 1, "Organization and Significant Accounting Policies" in Item 1 of Part I of this Quarterly Report and Item 1. "Business" of Part I of the 2023 Annual Report, which describe our business in further detail.

Results of Operations

The following table is a summary of our Condensed Consolidated Statement of Operations for the three and nine months ended September 30, 2024 and 2023:

	For the Three Months Ended September 30,		Change		For the Nine Months Ended September 30,		Change	
(Dollars in thousands)	2024	2023	Total	%	2024	2023	Total	%
Revenue:								
Wireless revenue	$ 18,261	$ 18,972	$ (711)	(3.7)%	$ 55,153	$ 56,877	$ (1,724)	(3.0)%
Software revenue	16,609	16,456	153	0.9 %	48,608	48,195	413	0.9 %
Total revenue	34,870	35,428	(558)	(1.6)%	103,761	105,072	(1,311)	(1.2)%
Operating expenses:								
Cost of revenue (exclusive of items shown separately below)	7,133	6,622	511	7.7 %	21,435	19,885	1,550	7.8 %
Research and development	2,831	2,561	270	10.5 %	8,958	7,907	1,051	13.3 %
Technology operations	6,083	6,405	(322)	(5.0)%	18,563	19,444	(881)	(4.5)%
Selling and marketing	3,928	4,067	(139)	(3.4)%	11,582	12,322	(740)	(6.0)%
General and administrative	8,534	8,216	318	3.9 %	24,585	24,405	180	0.7 %
Depreciation and accretion	1,075	1,267	(192)	(15.2)%	3,210	3,768	(558)	(14.8)%
Severance and restructuring	325	77	248	322.1 %	1,101	195	906	464.6 %
Total operating expenses	29,909	29,215	694	2.4 %	89,434	87,926	1,508	1.7 %
Operating income	4,961	6,213	(1,252)	(20.2)%	14,327	17,146	(2,819)	(16.4)%
Interest income	264	240	24	10.0 %	908	866	42	4.8 %
Other (expense) income	(75)	41	(116)	(282.9)%	(91)	(45)	(46)	102.2 %
Income before income taxes	5,150	6,494	(1,344)	(20.7)%	15,144	17,967	(2,823)	(15.7)%
Provision for income taxes	(1,490)	(2,043)	553	(27.1)%	(3,823)	(5,666)	1,843	(32.5)%
Net income	$ 3,660	$ 4,451	$ (791)	(17.8)%	$ 11,321	$ 12,301	$ (980)	(8.0)%
Supplemental Information								
Full-Time Equivalent ("FTE") Employees	406	381	25	6.6 %				
Active transmitters	3,064	3,245	(181)	(5.6)%				

Revenue

We offer a focused suite of unified clinical communications and collaboration solutions that include call center applications, clinical alerting and notifications, one-way and advanced two-way wireless messaging services, mobile communications and public safety solutions.

We develop, sell and support enterprise-wide systems for healthcare, government, large enterprise and other organizations needing to automate, centralize and standardize their approach to clinical communications and collaboration. Our solutions can be found in prominent hospitals, large government agencies, leading public safety institutions, colleges and universities, large hotels, resorts and casinos, and well-known manufacturers. Our primary market is the healthcare provider industry, particularly hospitals. While we have historically identified hospitals with 200 or more beds as the primary targets for our software solutions, as well as our paging services, we have expanded our focus to include smaller hospitals with shorter sales cycles, including academic medical centers.

Revenue generated by wireless messaging services (including voice mail, personalized greeting, message storage and retrieval), equipment, maintenance plans and/or equipment loss protection for both one-way and two-way messaging subscribers is presented as wireless revenue in our Condensed Consolidated Statements of Operations. Revenue generated by the sale of our software solutions, which includes software license, professional services (installation, consulting and training), equipment procured by us from third parties (to be used in conjunction with our software), and post-contract support (ongoing maintenance), is presented as software revenue in our Condensed Consolidated Statements of Operations. Our software is licensed to end users under an industry standard software license agreement.

Refer to Note 5, "Revenue, Deferred Revenue and Prepaid Commissions" in the Notes to Condensed Consolidated Financial Statements for additional information on our wireless and software revenue streams.

The table below details revenue for the periods stated:

	For the Three Months Ended September 30,		Change		For the Nine Months Ended September 30,		Change	
(Dollars in thousands)	**2024**	**2023**	**Total**	**%**	**2024**	**2023**	**Total**	**%**
Revenue - wireless:								
Paging revenue	$ 17,605	$ 18,119	$ (514)	(2.8)%	$ 53,208	$ 54,915	$ (1,707)	(3.1)%
Product and other revenue	656	853	(197)	(23.1)%	1,945	1,962	(17)	(0.9)%
Total wireless revenue	18,261	18,972	(711)	(3.7)%	55,153	56,877	(1,724)	(3.0)%
Revenue - software:								
License	2,042	2,413	(371)	(15.4)%	6,365	7,723	(1,358)	(17.6)%
Professional services	4,835	3,833	1,002	26.1 %	13,146	10,909	2,237	20.5 %
Hardware	395	798	(403)	(50.5)%	1,113	2,088	(975)	(46.7)%
Operations revenue	7,272	7,044	228	3.2 %	20,624	20,720	(96)	(0.5)%
Maintenance revenue	9,337	9,412	(75)	(0.8)%	27,984	27,475	509	1.9 %
Total software revenue	16,609	16,456	153	0.9 %	48,608	48,195	413	0.9 %
Total revenue	$ 34,870	$ 35,428	$ (558)	(1.6)%	$ 103,761	$ 105,072	$ (1,311)	(1.2)%

Wireless Revenue

Wireless revenue is generally reflective of the number of units in service and measured monthly as Average Revenue Per User ("ARPU"). On a consolidated basis, ARPU is affected by several factors, including the mix of units in service and the pricing of the various components of our services. The number of units in service changes based on subscribers added, referred to as gross placements, less subscriber cancellations, or disconnects.

Wireless revenue decreased for the three months ended September 30, 2024, compared to the same period in 2023, reflective of the secular decrease in our wireless units in service, from 785 thousand as of September 30, 2023 to 730 thousand as of September 30, 2024. This was partially offset by an increase in ARPU, as a result of price increases initiated in September 2024. For the three months ended September 30, 2024, ARPU was $7.95 as compared to $7.59 for the same period in 2023.

Wireless revenue decreased for the nine months ended September 30, 2024, compared to the same period in 2023, reflective of the secular decrease in our wireless units in service, from 785 thousand as of September 30, 2023 to 730 thousand as of September 30, 2024. This was partially offset by an increase in ARPU, as a result of price increases initiated in September 2024. For the nine months ended September 30, 2024, ARPU was $7.91 as compared to $7.62 for the same period in 2023.

We believe that demand for wireless services will continue to decline for the foreseeable future in line with recent trends, as our wireless products and services are replaced with other competing technologies, such as the shift from narrowband wireless service offerings to broadband technology services.

The following reflects the impact of subscribers and ARPU on the change in paging revenue:

	For the Three Months Ended September 30,			Change Due To:	
(in thousands)	2024	2023	Change	ARPU	Units
Paging revenue	$ 17,605	$ 18,119	$ (514)	$ 795	$ (1,309)
	For the Nine Months Ended September 30,			**Change Due To:**	
(in thousands)	**2024**	**2023**	**Change**	**ARPU**	**Units**
Paging revenue	$ 53,208	$ 54,915	$ (1,707)	$ 1,965	$ (3,672)

As demand for one-way and two-way messaging has declined, we have developed or added service offerings such as encrypted paging and Spok Mobile with a pager number to increase our revenue potential. These service offerings, along with the nominal increases in the standard rate, are designed to mitigate the decline in our wireless revenue. We will continue to explore ways to innovate and provide customers with the highest value possible.

In late 2021, we began offering our newest pager, GenA. This one-way alphanumeric pager features a high resolution ePaper display, intuitive modern user interface, advanced encryption and security features, over-the-air remote programming, and an antimicrobial housing. Users can select from various font sizes, and the large GenA display also leverages proportional fonts to maximize key information on a single screen.

The GenA pager is the only product available on the market with these capabilities, and we maintain an exclusive arrangement with the product's manufacturer. Given the product differentiation of the GenA pager, its development is a key initiative providing a competitive advantage, and we expect this new technology will be popular with our customers in clinical environments and may help slow our wireless revenue attrition.

Software Revenue

Software revenue consists of two components: operations revenue and maintenance revenue. Operations revenue consists primarily of license and subscription revenues for our healthcare communications solutions, revenue from the sale of hardware that facilitates the use of our software solutions, and professional services revenue related to the implementation of our solutions. Maintenance revenue is generated from our ongoing support of our software solutions or related hardware, typically for a period of one year after project completion.

To a large degree, software revenue corresponds to our backlog of performance obligations ready to deliver at some point in the future, and any delays in implementation may affect the timing of revenue recognition. Our software projects generally originate from fixed-bid contracts, although many involve a protracted sales cycle and may result in unforeseen complexity and deviation from the original scope. The time needed to complete projects, therefore, may not align with our original expectations, which affects our backlog. As a result, software revenue may fluctuate on a short-term basis, and we generally evaluate longer-term trends when managing this business.

Operations Revenue

Software operations revenue increased during the three months ended September 30, 2024, compared to the same period in 2023. The increase is primarily due to increases in professional services revenue, resulting from our targeted hiring efforts over the last 12 months, as we aligned staffing levels with our backlog which had grown as a result of our operations bookings results. This increase was partially offset by decreases in license and hardware revenue, driven by lower sales.

Software operations revenue decreased during the nine months ended September 30, 2024, compared to the same period in 2023. The decrease is primarily due to decreases in license and hardware revenue, driven by lower sales. More specifically, results from the second quarter of 2023 included $1.8 million in license revenue from a single customer contract with no similar performance in 2024. These decreases were partially offset by increases in professional services revenue, resulting from our targeted hiring efforts over the last 12 months, as we aligned staffing levels with our backlog, which had grown as a result of our operations bookings results.

Maintenance Revenue

Maintenance revenue remained flat for the three months ended September 30, 2024 compared to the same period in 2023. For the nine months ended September 30, 2024, maintenance revenue increased compared to the same period in 2023, as a result of improvement in our gross revenue churn as well as net new maintenance driven by our operational bookings performance. Given these dynamics, we believe annual maintenance revenue is likely to remain flat or increase marginally, as we continue to enhance our existing software solutions. Further enhancements are expected to provide additional revenues for license sales, which generate new maintenance revenue and help to reduce levels of gross churn.

Operating Expenses

Our operating expenses are presented in functional categories. Certain of our functional categories are especially important to overall expense control and management. These operating expenses are categorized as follows:

- **Cost of Revenue.** These are expenses we incur for the delivery of products and services to our customers and consist primarily of hardware, third-party software, outside services expenses and payroll and related expenses for our professional services, logistics, customer support and maintenance staff.
- **Research and Development.** These expenses relate primarily to the development of new software products and the ongoing maintenance and enhancement of existing products. This classification consists primarily of employee payroll and related expenses, outside services related to the design, development, testing and enhancement of our solutions and, to a lesser extent, hardware equipment. Research and development expenses exclude any development costs that qualify for capitalization.
- **Technology Operations.** These are expenses associated with the operation of our paging networks. Expenses consist largely of site rent expenses for transmitter locations, telecommunication expenses to deliver messages over our paging networks, and payroll and related expenses for our engineering and pager repair functions. We actively pursue opportunities to consolidate transmitters and other service, rental and maintenance expenses in order to maintain an efficient network while simultaneously ensuring adequate service for our customers. We believe continued reductions in these expenses will occur for the foreseeable future as we continue to consolidate our networks, although the benefits of such network rationalization efforts and resulting costs savings will continue to decline.
- **Selling and Marketing.** The sales and marketing staff are involved in selling our communication solutions primarily in the United States. These expenses support our efforts to maintain gross placements of units in service, which mitigated the impact of disconnects on our wireless revenue base, and to identify business opportunities for additional or future software sales. We maintain a centralized marketing function that is focused on supporting our products and vertical sales efforts by strengthening our brand, generating sales leads and facilitating the sales process. These marketing functions are accomplished through targeted email campaigns, webinars, regional and national user conferences, monthly newsletters and participation at industry trade shows. Expenses consist largely of payroll and related expenses, commissions and other costs such as travel and advertising costs.
- **General and Administrative.** These are expenses associated with information technology and administrative functions, including finance and accounting, human resources and executive management. This classification consists primarily of payroll and related expenses, outside service expenses, taxes, licenses and permit expenses, and facility rent expenses.
- **Depreciation, Amortization and Accretion.** These are expenses that may be associated with one or more of the aforementioned functional categories. This classification generally consists of depreciation from capital expenditures or other assets that are core to our ongoing operations, amortization of intangible assets, amortization of capitalized software development costs, and accretion of asset retirement obligations.

The following is a review of our operating expense categories for the three and nine months ended September 30, 2024, and 2023. Certain prior period amounts have been reclassified to conform to the current period's presentation.

Cost of Revenue

Cost of revenue consisted primarily of the following items:

	For the Three Months Ended September 30,		Change		For the Nine Months Ended September 30,		Change	
(Dollars in thousands)	**2024**	**2023**	**Total**	**%**	**2024**	**2023**	**Total**	**%**
Payroll and related	$ 4,584	$ 3,973	$ 611	15.4 %	$ 13,861	$ 11,815	$ 2,046	17.3 %
Cost of sales	1,199	1,381	(182)	(13.2)%	3,642	4,127	(485)	(11.8)%
Recoverable taxes and fees	1,017	904	113	12.5 %	2,905	2,780	125	4.5 %
Stock-based compensation	81	46	35	76.1 %	241	179	62	34.6 %
Other	252	318	(66)	(20.8)%	786	984	(198)	(20.1)%
Total cost of revenue	$ 7,133	$ 6,622	$ 511	7.7 %	$ 21,435	$ 19,885	$ 1,550	7.8 %
FTE Employees	155	135	20	14.8 %				

For the three and nine months ended September 30, 2024, cost of revenue increased compared to the same periods in 2023, primarily driven by increases in payroll and related expenses, partially offset by decreases in cost of sales.

The increases in payroll and related expenses are primarily due to increases in headcount for added professional services resources in conjunction with our efforts to better align staffing levels with our backlog, as well as increases in employee compensation costs.

The decreases in cost of sales are primarily related to lower hardware sales as compared to the same periods in 2023.

Research and Development

Research and development expenses consisted of the following items:

	For the Three Months Ended September 30,		Change		For the Nine Months Ended September 30,		Change	
(Dollars in thousands)	**2024**	**2023**	**Total**	**%**	**2024**	**2023**	**Total**	**%**
Payroll and related	$ 1,599	$ 1,571	$ 28	1.8 %	$ 4,600	$ 4,698	$ (98)	(2.1)%
Outside services	1,049	985	64	6.5 %	3,820	3,011	809	26.9 %
Stock-based compensation	49	(43)	92	(214.0)%	147	14	133	950.0 %
Other	134	48	86	179.2 %	391	184	207	112.5 %
Total research and development	$ 2,831	$ 2,561	$ 270	10.5 %	$ 8,958	$ 7,907	$ 1,051	13.3 %
FTE Employees	41	38	3	7.9 %				

For the three and nine months ended September 30, 2024, research and development expenses increased, compared to the same periods in 2023, primarily driven by an increase in outside services as we continue to invest in the enhancement of our software solutions.

Technology Operations

Technology operations expenses consisted primarily of the following items:

(Dollars in thousands)	For the Three Months Ended September 30, 2024	2023	Change Total	%	For the Nine Months Ended September 30, 2024	2023	Change Total	%
Payroll and related	$ 2,057	$ 2,247	$ (190)	(8.5)%	$ 6,418	$ 6,833	$ (415)	(6.1)%
Site rent	2,635	2,859	(224)	(7.8)%	8,162	8,596	(434)	(5.0)%
Telecommunications	687	702	(15)	(2.1)%	2,066	2,117	(51)	(2.4)%
Stock-based compensation	45	39	6	15.4 %	134	134	—	— %
Other	659	558	101	18.1 %	1,783	1,764	19	1.1 %
Technology Operations	$ 6,083	$ 6,405	$ (322)	(5.0)%	$ 18,563	$ 19,444	$ (881)	(4.5)%
FTE Employees	66	69	(3)	(4.3)%				

For the three and nine months ended September 30, 2024, technology operations expenses decreased compared to the same periods in 2023, primarily due to decreases in payroll and related expenses and site rent.

The decreases in payroll and related expenses are primarily due to the reduction in headcount as a result of our continuous efforts to optimize costs, partially offset by increases in employee compensation costs. In addition, as a result of our network rationalization efforts, site rent and telecommunications costs decreased in response to a 5.6% decline in active transmitters from September 30, 2023 to September 30, 2024. As we reach certain minimum frequency commitments, as outlined by the United States Federal Communications Commission, we may be unable to continue our efforts to rationalize and consolidate our networks.

Selling and Marketing

Selling and marketing expenses consisted of the following items:

(Dollars in thousands)	For the Three Months Ended September 30, 2024	2023	Change Total	%	For the Nine Months Ended September 30, 2024	2023	Change Total	%
Payroll and related	$ 2,565	$ 2,509	$ 56	2.2 %	$ 7,707	$ 7,428	$ 279	3.8 %
Commissions	899	1,134	(235)	(20.7)%	2,064	3,429	(1,365)	(39.8)%
Stock-based compensation	135	100	35	35.0 %	405	286	119	41.6 %
Advertising and events	251	232	19	8.2 %	910	734	176	24.0 %
Other	78	92	(14)	(15.2)%	496	445	51	11.5 %
Total selling and marketing	$ 3,928	$ 4,067	$ (139)	(3.4)%	$ 11,582	$ 12,322	$ (740)	(6.0)%
FTE Employees	72	67	5	7.5 %				

For the three and nine months ended September 30, 2024, selling and marketing expenses decreased compared to the same periods in 2023, driven primarily by decreases in commissions and partially offset by increases in payroll and related costs.

For the three and nine months ended September 30, 2024, the decrease in commissions is primarily due to amortization of commissions expense that were previously expensed as incurred under an ASC 606 practical expedient. With the growth in multi-year contracts over the last two years, more related revenue continues to extend beyond the 12-month period allowed for under this practical expedient. As a result, the associated commission expenses are now expensed in alignment with the related revenue, resulting in lower expenses compared to the same periods in 2023. For the nine months ended September 30, 2024, the decrease also includes a one-time benefit from an adjustment to commissions expense that was previously expensed as incurred, as well as lower commissions expense stemming from lower license bookings as compared to the same period in 2023.

The increase in payroll and related expenses is due to increases in employee compensation costs.

General and Administrative

General and administrative expenses consisted of the following items:

	For the Three Months Ended September 30,		Change		For the Nine Months Ended September 30,		Change	
(Dollars in thousands)	**2024**	**2023**	**Total**	**%**	**2024**	**2023**	**Total**	**%**
Payroll and related	$ 3,403	$ 3,482	$ (79)	(2.3)%	$ 10,239	$ 10,303	$ (64)	(0.6)%
Stock-based compensation	863	723	140	19.4 %	2,553	2,111	442	20.9 %
Facility rent, office and technology costs	1,768	1,877	(109)	(5.8)%	5,171	5,635	(464)	(8.2)%
Outside services	1,269	1,217	52	4.3 %	3,437	3,512	(75)	(2.1)%
Taxes, licenses and permits	314	241	73	30.3 %	787	780	7	0.9 %
Bad debt	52	27	25	92.6 %	45	(77)	122	(158.4)%
Other	865	649	216	33.3 %	2,353	2,141	212	9.9 %
Total general and administrative	$ 8,534	$ 8,216	$ 318	3.9 %	$ 24,585	$ 24,405	$ 180	0.7 %
FTE Employees	72	72	—	— %				

For the three and nine months ended September 30, 2024, general and administrative expenses increased compared to the same periods in 2023, primarily driven by increases in other and stock-based compensation. These increases were partially offset by decreases in facility rent, office and technology costs.

The increases in stock-based compensation are due to increases in employee compensation costs.

The decreases in facility rent, office and technology costs were driven by an overall reduction in office space compared to the same periods in 2023.

Depreciation and Accretion

For the three months ended September 30, 2024, and 2023, depreciation and accretion expenses were $1.1 million and $1.3 million, respectively. For the nine months ended September 30, 2024, and 2023, depreciation and accretion expenses were $3.2 million and $3.8 million, respectively. These expenses decreased for the three and nine months ended September 30, 2024, compared to the same periods in 2023, primarily due to decreases in asset retirement costs.

Severance and Restructuring

For the three and nine months ended September 30, 2024, we incurred severance and restructuring expenses of $0.3 million and $1.1 million, respectively, primarily related to early termination for the lease of our corporate headquarters in Alexandria, Virginia in September 2023 as a result of our continuous efforts to optimize costs. No significant severance and restructuring expenses were incurred for the three and nine months ended September 30, 2023.

Income Taxes

Provision for income taxes was $1.5 million and $2.0 million for the three months ended September 30, 2024 and 2023, respectively. Provision for income taxes was $3.8 million and $5.7 million for the nine months ended September 30, 2024 and 2023, respectively. Provision for income taxes decreased for the three and nine months ended September 30, 2024 compared to the same periods in 2023, primarily due to the effect of the anticipated annual effective tax rate change resulting from certain permanent tax differences, estimated research and development tax credits and related valuation allowance, and certain discrete items. Further details can be found in Note 11, "Income Taxes" in the Notes to Condensed Consolidated Financial Statements.

Liquidity and Capital Resources

Cash and Cash Equivalents

As of September 30, 2024, we held cash and cash equivalents of $27.8 million. The available cash and cash equivalents consist of cash in our operating accounts and cash invested in interest-bearing funds managed by third-party financial institutions. The Company maintains a majority of its cash and cash equivalents in accounts with major U.S. and multi-national financial institutions, and the majority of our deposits at these institutions exceed insured limits. Market conditions can impact the viability of these institutions. In the event of failure of any of the financial institutions where we maintain our cash and cash equivalents, there can be no assurance that we would be able to access uninsured funds in a timely manner or at all. Any inability to access or delay in accessing these funds could adversely affect our business, financial condition and results of operations.

Cash Sources

Our primary sources of liquidity have been our cash flows generated from operations and existing cash and cash equivalents. We maintain a level of liquidity sufficient to allow us to meet our cash needs in both the short term (next 12 months) and long term (beyond 12 months). At any point in time, we maintain approximately $5.0 million to $10.0 million in our operating accounts at third-party financial institutions. While we monitor daily the cash balances in our operating accounts and adjust the cash balances as appropriate, these cash balances could be impacted if the underlying financial institutions fail or are subject to other adverse conditions in the financial markets. To date, we have experienced no loss or lack of access to cash in our operating accounts.

Cash Uses

We intend to use our cash on hand to provide working capital, to support operations, to invest in our business, and to return value to stockholders through cash dividends and repurchases of our common stock. We may also consider using cash to fund or complete opportunistic investments and acquisitions that we believe will provide a measure of growth or revenue stability while supporting our existing operations.

With the successful completion of the restructuring plan and our ongoing efforts to stabilize revenue and optimize costs, we anticipate positive cash flow generation will continue in future operating periods. In February 2022, the Board of Directors authorized a share repurchase program for up to $10 million of the Company's common stock. This repurchase authority allows us, at management's discretion, to selectively repurchase shares of our common stock from time to time in the open market depending upon market price and other factors.

Cash Flows Overview

In the event that net cash provided by operating activities and cash on hand are not sufficient to meet future cash requirements, we may be required to reduce planned capital expenses, reduce or eliminate our cash dividends to stockholders, not repurchase shares of our common stock under the share repurchase program, sell assets or seek additional financing. We can provide no assurance that reductions in planned capital expenses or proceeds from asset sales would be sufficient to cover shortfalls in available cash or that outside financing would be available on acceptable terms.

Based on current and anticipated levels of operations, we anticipate that net cash provided by operating activities, together with the available cash on hand at September 30, 2024, should be adequate to meet our anticipated cash requirements for the short term (next 12 months) and long term (beyond 12 months).

The following table sets forth information on our net cash flows from operating, investing, and financing activities for the periods stated:

(Dollars in thousands)	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023	Change
Net cash provided by operating activities	$ 20,515	$ 14,396	$ 6,119
Net cash used in investing activities	(2,348)	(2,419)	71
Net cash used in financing activities	(22,343)	(20,559)	(1,784)

Operating Activities

As discussed above, we are dependent on cash flows from operating activities to meet our cash requirements. Cash from operations varies depending on changes in various working capital items, including deferred revenues, accounts payable, accounts receivable, prepaid expenses and various accrued expenses.

For the nine months ended September 30, 2024, net cash provided by operating activities was $20.5 million, an increase of $6.1 million compared to the nine months ended September 30, 2023. The net cash provided by operating activities primarily consisted of net income of $11.3 million, accounts receivable of $1.5 million, deferred revenue of $2.3 million, and non-cash items such as depreciation and accretion of $3.2 million, deferred income tax expense of $3.6 million and stock-based compensation of $3.5 million, partially offset by accounts payable, accrued liabilities and other of $4.3 million and prepaid expenses and other assets of $1.1 million.

For the nine months ended September 30, 2023, net cash provided by operating activities was $14.4 million, primarily driven by net income of $12.3 million, accounts receivable of $1.3 million and non-cash items such as depreciation and accretion of $3.8 million, deferred income tax expense of $5.6 million and stock-based compensation of $2.7 million. These increases were partially offset by accounts payable, accrued liabilities and other of $7.4 million, deferred revenue of $2.0 million, net operating lease liabilities of $1.2 million and prepaid expenses and other assets of $1.1 million.

Investing Activities

For the nine months ended September 30, 2024, and 2023, net cash used in investing activities was $2.3 million and $2.4 million, respectively. Net cash used in investing activities reflects purchases of property and equipment.

Financing Activities

For the nine months ended September 30, 2024, and 2023, net cash used in financing activities was $22.3 million and $20.6 million, respectively, primarily due to cash distributions to stockholders and the purchase of common stock for tax withholding purposes on vested equity awards.

On October 30, 2024, our Board of Directors declared a regular quarterly cash dividend of $0.3125 per share of common stock with a record date of November 18, 2024, and a payment date of December 9, 2024. This cash dividend of approximately $6.3 million, applicable to our common stock outstanding, will be paid from available cash on hand.

Commitments and Contingencies

In the ordinary course of our operations, we enter into certain contractual obligations. Such obligations include data processing services, operating leases for premises and equipment, agreements with respect to borrowed funds and deposit liabilities.

Purchase obligations are defined as agreements to purchase goods or services that are enforceable, legally binding, non-cancelable, have a remaining term in excess of one year and that specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable pricing provisions; and the approximate timing of transactions. The amounts of such obligations are based on our contractual commitments; however, it is possible that we may be able to negotiate lower payments if we choose to exit these contracts before their expiration date.

Our contractual payment obligations for operating leases apply to leases for office space and transmitter locations. Substantially all of these leases have lease terms ranging from one month to five years. We continue to review our office and transmitter locations and intend to replace, reduce or consolidate leases where possible. As we reach certain minimum frequency commitments, as outlined by the United States Federal Communications Commission, we may be unable to continue our efforts to rationalize and consolidate our networks.

We do not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As such, we are not exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in such relationships.

The Company evaluates contingencies on an ongoing basis and establishes loss provisions for matters in which losses are probable and the amount of loss can be reasonably estimated.

The following table provides the Company's significant commitments and contractual obligations as of September 30, 2024:

	Payments Due by Period				
(Dollars in thousands)	**Total**	**1 year or less**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**
Operating lease obligations	$ 10,925	$ 3,455	$ 4,376	$ 1,987	$ 1,107
Unconditional purchase obligations	5,374	2,170	2,906	298	—
Total contractual obligations	$ 16,299	$ 5,625	$ 7,282	$ 2,285	$ 1,107

Refer to Note 6, "Leases" and Note 12, "Commitments and Contingencies" in the Notes to Condensed Consolidated Financial Statements for further discussion on our commitments and contingencies.

Related Party Transactions

See Note 13, "Related Parties" in the Notes to Condensed Consolidated Financial Statements for a discussion regarding our related party transactions.

Critical Accounting Policies and Estimates

The preceding discussion and analysis of financial condition and operations is based on our Condensed Consolidated Financial Statements, which have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”). The preparation of our Condensed Consolidated Financial Statements requires management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses, and related disclosures. On an ongoing basis, we evaluate estimates and assumptions, including, but not limited to, those related to the impairment of long-lived assets and goodwill, accounts receivable, revenue recognition, depreciation expense, asset retirement obligations, and income taxes. We base our estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

There have been no changes to the critical accounting policies reported in the 2023 Annual Report that affect our significant judgments and estimates used in the preparation of our Condensed Consolidated Financial Statements.

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

Interest Rate Risk

As of September 30, 2024, we had no outstanding debt and no revolving credit facility.

Foreign Currency Exchange Rate Risk

We conduct a limited amount of business outside the United States. The financial impact of transactions billed in foreign currencies is immaterial to our financial results and, consequently, we do not have any material exposure to the risk of foreign currency exchange rate fluctuations.

ITEM 4. *CONTROLS AND PROCEDURES*

Evaluation of Disclosure Controls and Procedures

Our management carried out an evaluation, as required by Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), with the participation of our principal executive officer and our principal financial officer, of the effectiveness of our disclosure controls and procedures, as of the end of our last fiscal quarter. Disclosure controls and procedures are defined under Rule 13a-15(e) under the Exchange Act as controls and other procedures of an issuer that are designed to ensure that the information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (ii) is accumulated and communicated to the issuer’s management, including its principal executive officer and principal financial officer, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure. Based upon this evaluation, our principal executive officer and our principal financial officer have concluded that our disclosure controls and procedures were effective as of September 30, 2024.

Changes in Internal Control over Financial Reporting

There were no changes made to the Company’s internal control over financial reporting during the three months ended September 30, 2024, that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. *LEGAL PROCEEDINGS*

Refer to Note 12, "Commitments and Contingencies" in the Notes to Condensed Consolidated Financial Statements for information regarding legal proceedings in which we are involved.

ITEM 1A. *RISK FACTORS*

The risk factors included in “Item 1A – Risk Factors” of Part I of the 2023 Annual Report have not materially changed during the nine months ended September 30, 2024.

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

The Company did not repurchase any shares of its common stock during the three months ended September 30, 2024.

ITEM 5. *OTHER INFORMATION*.

Securities Trading Plans of Directors and Executive Officers

During the three months ended September 30, 2024, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408 of Regulation S-K.

ITEM 6. *EXHIBITS*

The exhibits listed in the accompanying Exhibit Index below are filed or incorporated by reference as part of this report.

EXHIBIT INDEX

		Incorporated by Reference				
Exhibit Number	**Exhibit Description**	**Form**	**File No.**	**Exhibit/Appendix**	**Filing Date**	**Filed/Furnished Herewith**
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended					Filed
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended					Filed
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350					Furnished
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350					Furnished
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document*					Filed
101.SCH	Inline XBRL Taxonomy Extension Schema*					Filed
101.CAL	Inline XBRL Taxonomy Extension Calculation*					Filed
101.DEF	Inline XBRL Taxonomy Extension Definition*					Filed
101.LAB	Inline XBRL Taxonomy Extension Labels*					Filed
101.PRE	Inline XBRL Taxonomy Extension Presentation*					Filed
104	Cover Page Interactive Data File (formatted as iXBRL and contained in Exhibit 101					Filed

* The financial information contained in these XBRL documents is unaudited.

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 thereunto duly authorized.

	SPOK HOLDINGS, INC.
Dated: October 31, 2024	/s/ Calvin C. Rice
	Name: Calvin C. Rice
	Title: Chief Financial Officer
	(Principal Financial Officer and duly authorized office

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 13A-14(A) OR 15D-14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Vincent D. Kelly, certify that:

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

Date: October 31, 2024

/s/ Vincent D. Kelly

Vincent D. Kelly

President and Chief Executive Officer

Exhibit 31.2

**CERTIFICATION PURSUANT TO RULE 13A-14(A) OR 15D-14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Calvin C. Rice, certify that:

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

Date: October 31, 2024

/s/ Calvin C. Rice

Calvin C. Rice
Chief Financial Officer

Exhibit 32.1

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

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Spok Holdings, Inc. (the “Company”) hereby certifies, to such officer’s knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2024 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 31, 2024

/s/ Vincent D. Kelly

Vincent D. Kelly

President and Chief Executive Officer

Exhibit 32.2

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

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Spok Holdings, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 31, 2024

/s/ Calvin C. Rice

Calvin C. Rice
Chief Financial Officer