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**

Commission file number 001-40856

KORE Group Holdings, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**86-3078783**
(State of incorporation)	**(I.R.S. Employer Identification No.)**
3 Ravinia Drive, Suite 500, Atlanta, GA	**30346**
(Address of principal executive office)	**(Zip code)**

877-710-5673
Registrant's telephone number, including area code

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, $0.0001 par value per share	**KORE**	**New York Stock Exchange**

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 Act). Yes ☐ No ☒

As of November 18, 2024, there were 17,008,356 shares of the registrant's common stock, par value $0.0001 per share, outstanding.

EXPLANATORY NOTE

KORE Group Holdings, Inc. (the “Company”) filed Amendment No. 1 on Form 10-Q/A (the “Amended Form 10-Q”) to amend and restate certain items in the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 on November 19, 2024, which was originally filed with the Securities and Exchange Commission (the “SEC”) on August 14, 2024 (the “Original Form 10-Q”).

Restatement Background

As previously disclosed in Item 4.02 the Company’s Current Report on Form 8-K filed with the SEC on November 12, 2024, subsequent to the filing of the Original Form 10-Q for the quarter ended June 30, 2024, the Company identified an error related to the calculation of the goodwill impairment which was reflected in the Company’s Unaudited Condensed Consolidated Financial Statements as of and for the three and six month periods ended June 30, 2024 (the “Affected Period”). As a result of this calculation error in the second quarter of 2024, “Operating loss” for the three and six month periods ended June 30, 2024 was understated by $17.7 million in the Company’s Unaudited Condensed Consolidated Statements of Operations, and at the same time, “Goodwill” as of June 30, 2024 was overstated by the same amount in the Company’s Unaudited Condensed Consolidated Balance Sheet for the Affected Period included within the Original Form 10-Q (together, these adjustments are referred to as the “Restatement Adjustments”).

Additionally, as of and for the three and six months ended June 30, 2024, the Company identified other immaterial errors that have also been corrected with this filing (together, referred to as the “Immaterial Error Corrections”. The primary immaterial error that the Company identified was an error related to goodwill impairment and deferred taxes recorded at the goodwill impairment dates of the third quarter of 2023 and at year-end 2022. This accounting error occurred due to the need for a “simultaneous equation” that was required to be performed to accurately reflect the fact that the goodwill impairment occurred when the Company had tax deductible goodwill. In such cases, a simultaneous equation must be performed in order to properly reflect the balances of the remaining goodwill, deferred taxes, and impairment expense, to avoid increasing the value of the Company higher than the fair value used in the impairment calculation, as impairment expense decreases a deferred tax liability in the absence of controlling for that effect by performing a simultaneous equation in the calculation of impairment. Management evaluated the effect of the error on the quarterly condensed consolidated financial statements for the second quarter of 2024, the condensed consolidated quarterly and consolidated annual financial statements for 2023, and the annual consolidated financial statements for 2022, and concluded the error was not material. As a result, in the second quarter of 2024, the Company recorded an out of period adjustment to record an additional goodwill impairment of $2.8 million as of and for the period ended June 30, 2024, as a net result of additional goodwill impairment from prior periods increased by the deferred income tax effect.

On November 11, 2024 (the “Determination Date”), the Company’s management, in consultation with the Audit Committee of the Board of Directors of the Company (the “Audit Committee”), and in consultation with the Company’s independent registered public accounting firm, BDO USA, P.C., concluded that the Company’s previously issued Unaudited Condensed Consolidated Financial Statements for the Affected Period, as filed within the Original Form 10-Q, should no longer be relied upon. Accordingly, the Company concluded as of the Determination Date that such statements should be restated to correct the error in the calculation of the goodwill impairment as described in the preceding paragraph and the other identified immaterial errors.

The calculation errors in the Unaudited Condensed Consolidated Financial Statements as of and for the three and six months ended June 30, 2024 did not impact “Revenue,” “Cost of revenue,” management incentive compensation, or any disclosed non-GAAP metrics, including Adjusted EBITDA; however, the calculation errors impacted the total goodwill impairment and operating expenses recognized for the nine months ended September 30, 2024, and also impacted the beginning equity balance on the statement of stockholders’ equity for the three months ended September 30, 2024.

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ITEM 1. Financial Statements (Unaudited)

KORE Group Holdings, Inc.
Condensed Consolidated Balance Sheets (Unaudited)
(In thousands, except share and per share data)

	September 30, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash	$ 18,607	$ 27,137
Accounts receivable, net	45,812	52,413
Inventories, net	7,554	8,215
Prepaid expenses and other current assets	11,501	14,222
Total current assets	**83,474**	**101,987**
Noncurrent assets:		
Restricted cash	302	300
Property and equipment, net	9,513	10,956
Intangible assets, net	138,738	167,587
Goodwill	228,841	294,974
Operating lease right-of-use assets	8,874	9,367
Other non-current assets	4,173	1,813
Total assets	**$ 473,915**	**$ 586,984**
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY		
Current liabilities:		
Accounts payable	$ 22,685	$ 23,983
Accrued liabilities	25,287	23,421
Current portion of operating lease liabilities	1,521	1,446
Deferred revenue	7,794	9,044
Current portion of long-term debt and other borrowings, net	1,850	2,411
Warrant liabilities to affiliates	5,315	11,664
Total current liabilities	**64,452**	**71,969**
Noncurrent liabilities:		
Operating lease liabilities	8,721	9,446
Long-term debt and other borrowings, net	295,761	296,109
Deferred income tax liabilities, net	6,299	13,795
Accrued interest due to affiliate	18,193	2,530
Mandatorily redeemable preferred stock due to affiliate, net	142,491	141,594
Other liabilities	15,235	14,568
Total liabilities	**551,152**	**550,011**
Commitments and Contingencies		
Stockholders' (deficit) equity:		
Common stock, voting, par value $0.0001 per share; 315,000,000 shares authorized; 18,112,169 shares issued and 16,919,432 outstanding as of September 30, 2024, and 17,476,530 shares issued and 16,476,530 outstanding as of December 31, 2023	8	8
Additional paid-in capital	467,480	461,069
Accumulated other comprehensive loss	(5,632)	(6,070)
Accumulated deficit	(535,908)	(415,280)
Treasury stock, at cost, 1,192,737 shares as of September 30, 2024, and 1,000,000 shares as of December 31, 2023	(3,185)	(2,754)
Total stockholders' (deficit) equity	**(77,237)**	**36,973**
Total liabilities and stockholders' (deficit) equity	**$ 473,915**	**$ 586,984**

See accompanying notes to condensed consolidated financial statements

KORE Group Holdings, Inc.
Condensed Consolidated Statements of Operations and Comprehensive Loss (Unaudited)
(In thousands, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Revenue				
Services	$ 58,204	$ 57,046	$ 175,162	$ 155,619
Products	10,716	11,587	37,601	48,525
Total revenue	**68,920**	**68,633**	**212,763**	**204,144**
Cost of revenue				
Services	22,951	22,794	69,816	57,405
Products	7,768	8,202	24,361	35,624
Total cost of revenue (exclusive of depreciation and amortization shown separately below)	**30,719**	**30,996**	**94,177**	**93,029**
Operating expenses				
Selling, general, and administrative expenses	29,458	32,610	99,702	95,040
Selling, general, and administrative expenses incurred with affiliates	155	168	484	830
Depreciation and amortization	14,214	14,457	42,243	43,094
Goodwill impairment	—	78,255	65,864	78,255
Total operating expenses	**43,827**	**125,490**	**208,293**	**217,219**
Operating loss	**(5,626)**	**(87,853)**	**(89,707)**	**(106,104)**
Other expense (income)				
Interest expense, including amortization of deferred financing costs	7,844	10,483	23,573	31,109
Interest expense incurred with affiliate, including amortization of deferred financing costs	5,427	—	15,663	—
Interest income	(212)	(209)	(887)	(438)
Change in fair value of warrant liabilities to affiliates	337	(14)	(6,349)	(14)
Other expense, net	798	341	1,407	546
Loss before income taxes	**(19,820)**	**(98,454)**	**(123,114)**	**(137,307)**
Income tax benefit	(412)	(3,093)	(2,486)	(3,957)
Net loss	**$ (19,408)**	**$ (95,361)**	**$ (120,628)**	**$ (133,350)**
Loss per share:				
Basic and diluted	**$ (1.00)**	**$ (5.50)**	**$ (6.28)**	**$ (8.23)**
Weighted average shares outstanding:				
Basic and diluted	**19,458,102**	**17,331,056**	**19,200,229**	**16,209,376**
Comprehensive loss				
Net loss	**$ (19,408)**	**$ (95,361)**	**$ (120,628)**	**$ (133,350)**
Other comprehensive loss:				
Foreign currency translation adjustment	(279)	(230)	438	28
Comprehensive loss	**$ (19,687)**	**$ (95,591)**	**$ (120,190)**	**$ (133,322)**

See accompanying notes to condensed consolidated financial statements

KORE Group Holdings, Inc.
Condensed Consolidated Statements of Changes in Stockholders' (Deficit) Equity (Unaudited)
(In thousands, except share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Par value of common stock				
Balance, beginning of period	$ 8	$ 9	$ 8	$ 8
Common stock issued pursuant to acquisition	—	—	—	1
Balance, end of period	8	9	8	9
Additional paid-in capital				
Balance, beginning of period	467,439	455,381	461,069	435,292
Common stock issued pursuant to acquisition	—	—	—	14,699
Stock-based compensation expense	771	3,435	7,210	9,010
Shares withheld related to net share settlement	(730)	—	(799)	(185)
Private offering and merger financing refund	—	231	—	231
Balance, end of period	467,480	459,047	467,480	459,047
Accumulated other comprehensive loss				
Balance, beginning of period	(5,353)	(6,132)	(6,070)	(6,390)
Foreign currency translation adjustment	(279)	(230)	438	28
Balance, end of period	(5,632)	(6,362)	(5,632)	(6,362)
Accumulated deficit				
Balance, beginning of period	(516,500)	(286,227)	(415,280)	(248,238)
Net loss	(19,408)	(95,361)	(120,628)	(133,350)
Balance, end of period	(535,908)	(381,588)	(535,908)	(381,588)
Treasury stock, at cost				
Balance, beginning of period	(2,754)	—	(2,754)	—
Purchase of treasury stock	(431)	—	(431)	—
Balance, end of period	(3,185)	—	(3,185)	—
Total Stockholders' (Deficit) Equity	**$ (77,237)**	**$ 71,106**	**$ (77,237)**	**$ 71,106**

See accompanying notes to condensed consolidated financial statements

KORE Group Holdings, Inc.
Condensed Consolidated Statements of Cash Flows (Unaudited)
(In thousands)

	Nine Months Ended September 30,	
	2024	**2023**
Net cash provided by operating activities	**$ 7,066**	**$ 4,493**
Investing activities:		
Purchases of property and equipment	(1,944)	(3,410)
Additions to intangible assets	(10,233)	(12,186)
Net cash used in investing activities	**$ (12,177)**	**$ (15,596)**
Financing activities:		
Repayment of debt	(1,948)	(3,990)
Purchases of treasury stock	(431)	—
Private offering and merger financing refund	—	231
Principal payments under finance lease obligations	(208)	—
Payment of employee tax withholdings through cancelled shares of stock	(799)	—
Net cash used in financing activities	**$ (3,386)**	**$ (3,759)**
Effect of exchange rate changes on cash	(31)	(82)
Net decrease in cash and restricted cash	$ (8,528)	$ (14,944)
Cash and restricted cash, beginning of period	$ 27,437	$ 35,007
Cash and restricted cash, end of period	$ 18,909	$ 20,063
Non-cash investing and financing activities:		
Operating lease right-of-use assets obtained in exchange for new operating lease liabilities	$ 485	$ 1,629
Non-cash consideration (stock) issued for acquisition	$ —	$ 14,700
Reconciliation of cash and restricted cash, end of period:		
Cash	$ 18,607	$ 19,767
Restricted cash	302	296
Total cash and restricted cash, end of period:	**$ 18,909**	**$ 20,063**

See accompanying notes to condensed consolidated financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Basis of Presentation

KORE Group Holdings, Inc. (together with its subsidiaries, “KORE” or the “Company”) provides advanced connectivity services, location-based services, device solutions, managed and professional services used in the development and support of the “Internet of Things” (“IoT”) technology for the business market. The Company’s IoT platform is delivered in partnership with the world’s largest mobile network operators and provides secure, reliable, wireless connectivity to mobile and fixed devices. This technology enables the Company to expand its global technology platform by transferring capabilities across new and existing vertical markets and delivers complementary products to channel partners and resellers worldwide.

The Company is incorporated in the state of Delaware and its operations are primarily located in North America. The condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

The Company’s common stock, par value $0.0001 per share (the “common stock”), is traded on the New York Stock Exchange (the “NYSE”) under the ticker symbol “KORE”. The Company implemented a reverse stock split of its common stock at a ratio of 1-for-5 effective as of July 1, 2024. No fractional shares were issued in connection with the reverse stock split. Any fractional shares resulting from the reverse stock split, regardless of the fractional amount, resulted in an additional one share in lieu of such fractional share. The number of shares of common stock covered by the warrants outstanding at the effective time of the reverse stock split was reduced to one-fifth the number of shares of common stock covered by the warrants immediately preceding the reverse stock split, and the exercise price per share was increased by five times the exercise price immediately preceding the reverse stock split, resulting in the same aggregate price being required to be paid therefor upon exercise thereof as was required immediately preceding the reverse stock split. The reverse stock split did not affect the shares of preferred stock outstanding. All calculations have been adjusted to reflect the reverse stock split for all periods presented.

Restatement of Previously Issued Unaudited Condensed Consolidated Financial Statements

The Company identified an error related to the calculation of the goodwill impairment which was reflected in the Company’s Unaudited Condensed Consolidated Financial Statements as of and for the three and six month periods ended June 30, 2024 (the “Affected Period”). As a result of this calculation error in the second quarter of 2024, “Operating loss” for the three and six month periods ended June 30, 2024 was understated by $17.7 million in the Company’s Unaudited Condensed Consolidated Statements of Operations, and at the same time, “Goodwill” as of June 30, 2024 was overstated by the same amount in the Company’s Unaudited Condensed Consolidated Balance Sheet for the Affected Period included within the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, which was originally filed with the Securities and Exchange Commission (the “SEC”) on August 14, 2024 (together, these adjustments are referred to as the “Restatement Adjustments”). Additionally, as of and for the three and six months ended June 30, 2024, the Company identified other immaterial errors that were also corrected (together, referred to as the “Immaterial Error Corrections”).

The only financial statements and financial statement line items of the third quarter of 2024 that were impacted by the Restatement Adjustments and Immaterial Error Corrections are included below.

The table below sets forth the impact of the Restatement Adjustments and Immaterial Error Corrections on the Company’s Unaudited Condensed Consolidated Statements of Changes in Stockholders’ (Deficit) Equity for the three months ended June 30, 2024.

	Three Months Ended June 30, 2024			
(in thousands)	**Reported**	**Restatement Adjustments**	**Immaterial Error Corrections**	**As Restated**
Accumulated Deficit				
Net Loss	$ (64,300)	$ (18,002)	$ (1,331)	$ (83,633)
Balance, end of period	(497,167)	(18,002)	(1,331)	(516,500)
Total Stockholders’ Deficit	**$ (37,827)**	**$ (18,002)**	**$ (1,331)**	**$ (57,160)**

Interim Financial Statements

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with the instructions to Article 10-01 of Regulation S-X for interim financial statements. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles in the United States of America (“GAAP”) for complete financial statements. These unaudited condensed consolidated financial statements and related notes should be read in conjunction with the annual consolidated financial statements and related notes for the year ended December 31, 2023, included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023 (“Annual Report on Form 10-K”).

In the opinion of management, the accompanying condensed consolidated financial statements contain all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the results for the interim periods presented. Such operating results may not be indicative of the expected results for any other interim periods or the entire year.

Use of Estimates

The preparation of financial statements requires the Company to make a number of significant estimates. These include estimates of revenue recognition, fair value measurements of assets acquired and liabilities assumed in business combinations, assessments of indicators of impairment regarding various assets including goodwill, calculation of capitalized software costs, accounting for uncertainties in income tax positions, and other estimates that affect the reported amounts of certain assets and liabilities as of the date of the condensed consolidated financial statements and the reported amounts of certain revenues and expenses during the reported periods. Changes in these estimates may occur in the near term. The Company's estimates are inherently subjective in nature and actual results could differ from the Company's estimates and the differences could be material.

Change in Accounting Estimate — Depreciation of Property and Equipment

On January 1, 2024, the Company elected to change its method of depreciation for long-lived assets from the declining balance method to the straight-line method. The Company's use of the straight-line depreciation method was effective beginning January 1, 2024, and has been applied prospectively as a change in estimate.

Reclassifications

Certain immaterial amounts reported in prior periods in the condensed consolidated financial statements have been corrected and reclassified to conform to the current year's presentation. To appropriately reflect the long-term nature of the obligation regarding the interest accrued on the mandatorily redeemable preferred stock, the amount of "accrued interest due to affiliate" of $2.5 million on the condensed consolidated balance sheet as of December 31, 2023 has been reclassified to noncurrent liabilities. See Note 10 — *Related Party Transactions*.

Recently Issued Accounting Pronouncements — Not Yet Adopted

The Company considers the applicability and impact of all Accounting Standards Updates ("ASUs") issued by the Financial Accounting Standards Board ("FASB"). Previously identified ASUs also currently applicable to the Company's future financial statements are discussed in the Company's Annual Report on Form 10-K, Part II, Item 8, Note 2 — *Summary of Significant Accounting Policies*.

Disaggregation of Income Statement Expenses. In November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures ("ASU 2024-03"). The FASB issued the new guidance primarily to provide financial statement users with more detailed information about a public business entity's ("PBE") income statement expenses.

This ASU requires disclosure, in the notes to financial statements, of specified information about certain costs and expenses. The amendments require that at each interim and annual reporting period an entity: 1. Disclose the amounts of (a) purchases of inventory, (b) employee compensation, (c) depreciation, (d) intangible asset amortization, and (e) depreciation, depletion, and amortization recognized as part of oil and gas-producing activities included in each relevant expense caption. A relevant expense caption is an expense caption presented on the face of the income statement within continuing operations that contains any of the expense categories listed in (a)–(e). 2. Include certain amounts that are already required to be disclosed under current generally accepted accounting principles in the same disclosure as the other disaggregation requirements. 3. Disclose a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively. 4. Disclose the total amount of selling expenses and, in annual reporting periods, an entity's definition of selling expenses. An entity is not precluded from providing additional voluntary disclosures that may provide investors with additional decision-useful information. ASU 2024-03 will be effective for the Company's annual reporting period for fiscal 2026 and all interim reporting periods beginning in fiscal 2027. Early adoption is permitted. At adoption, the disclosures are retrospectively presented for all comparative periods presented.

Since this new ASU addresses only disclosures, the Company does not expect the adoption of this ASU to have any material effects on its financial condition, results of operations or cash flows. The Company is currently evaluating any new disclosures that may be required upon adoption of ASU 2024-03.

NOTE 2 – REVENUE RECOGNITION

Disaggregated Revenue

The table below sets forth a summary of revenue by major service line and product category:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2024	2023	2024	2023
Services:				
IoT Connectivity [1]	$ 55,416	$ 54,217	$ 166,656	$ 145,161
IoT Solutions	2,788	2,787	8,506	9,941
	$ 58,204	$ 57,004	$ 175,162	$ 155,102
Products:				
Hardware [2][3]	$ 10,716	$ 11,629	$ 37,601	$ 49,042
Total	**$ 68,920**	**$ 68,633**	**$ 212,763**	**$ 204,144**

[1] Includes connectivity-related revenue from IoT Connectivity and IoT Solutions.
[2] Includes hardware-related revenue from IoT Connectivity and IoT Solutions.
[3] Includes $0.9 million and $2.1 million of bill-and-hold arrangements for the three months ended September 30, 2024 and 2023, respectively, and $3.7 million and $6.6 million for the nine months ended September 30, 2024 and 2023, respectively.

The table below sets forth a summary of revenue by geographic area:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2024	2023	2024	2023
United States	$ 58,201	$ 56,163	$ 179,003	$ 162,924
Other countries [1]	10,719	12,470	33,760	41,220
Total	**$ 68,920**	**$ 68,633**	**$ 212,763**	**$ 204,144**

[1] No single country in “other countries” exceeded 10% of the total revenue for the three months ended September 30, 2024 and 2023, and the nine months ended September 30, 2024 and 2023.

Contract Assets

The following table sets forth the change in contract assets, or unbilled receivables:

(in thousands)	September 30, 2024	December 31, 2023
Beginning balance	$ 2,173	$ —
Revenue recognized during the period but not billed [1]	2,626	2,173
Amounts reclassified to accounts receivable	(1,349)	—
Ending balance	**$ 3,450**	**$ 2,173**

[1] Net of financing component of $0.5 million and $0.3 million as of September 30, 2024 and December 31, 2023, respectively.

Contract Liabilities

The table below sets forth the change in contract liabilities, or deferred revenue:

(in thousands)	September 30, 2024	December 31, 2023
Beginning balance	$ 9,044	$ 7,817
Amounts billed but not recognized as revenue	7,794	9,041
Revenue recognized from balances held at the beginning of the period	(9,044)	(7,817)
Foreign exchange	—	3
Ending balance	**$ 7,794**	**$ 9,044**

Remaining Performance Obligations

Remaining performance obligations represent the aggregate amount of the transaction price in contracts allocated to performance obligations that are unsatisfied, or partially unsatisfied, at the end of the reporting period. Remaining performance obligations estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustments for revenue that have not materialized, and adjustments for currency. As of September 30, 2024 the Company had approximately $20.6 million of remaining performance obligations on contracts with an original duration of one year or more. The Company expects to recognize approximately 31% of these remaining performance obligations in 2024, with the remaining balance recognized thereafter.

The Company has variable consideration of approximately $2.8 million that was constrained revenue and excluded from the transaction price for the period ended September 30, 2024. There were no material instances where variable consideration was constrained and not recorded at the initial time of sale for the period ended September 30, 2023.

Costs to Obtain and Fulfill a Contract

The Company did not have material costs related to obtaining a contract, or fulfilling a contract that are not addressed by other accounting standards, with amortization periods greater than one year for the three and nine months ended September 30, 2024 and 2023.

NOTE 3 – ACCOUNTS RECEIVABLE

The following table sets forth the details of the Company’s accounts receivable, net balances included on the condensed consolidated balance sheets as of September 30, 2024 and December 31, 2023:

(in thousands)	September 30, 2024	December 31, 2023
Accounts receivable	$ 46,335	$ 52,843
Less: allowance for credit losses	(523)	(430)
Accounts receivable, net	**$ 45,812**	**$ 52,413**

As of January 1, 2023, the Company’s accounts receivable balance was $44.5 million.

Bad debt expense was $0.3 million for the three months ended September 30, 2024 and $0.3 million for the three months ended September 30, 2023. Bad debt expense was $0.7 million for the nine months ended September 30, 2024 and $0.1 million for the nine months ended September 30, 2023. Write-offs and recoveries were immaterial for the three and nine months ended September 30, 2024 and 2023.

NOTE 4 - INVENTORIES

The Company’s inventories as of September 30, 2024 and December 31, 2023 consisted almost entirely of finished goods inventory, with an immaterial amount of work-in-process inventory.

As of September 30, 2024, the Company recorded a lower-of-cost-or-net-realizable-value inventory reserve of $1.1 million as a result of the identification of additional slow-moving and obsolete inventory substantially comprised of hardware devices. As of December 31, 2023, the Company had inventory reserve of $0.3 million for slow-moving and obsolete inventory substantially comprised of hardware devices.

NOTE 5 – GOODWILL

The Company tests goodwill for impairment on an annual basis on October 1 of each year, or when events or changes in circumstances indicate that the carrying amount of goodwill may not be recoverable. During the second quarter of 2024, the Company identified circumstances prior to its annual goodwill test that indicated that it was “more likely than not” that the fair value of the reporting unit (the Company) was below its carrying value. The Company therefore performed qualitative and quantitative goodwill impairment tests during the second quarter of 2024. The qualitative impairment indicators noted include a sustained decline in the Company’s share price, decreasing cash flows, lower actual or planned revenue or earnings compared with actual and projected results of relevant prior periods, and changes in management. No such triggering events were identified in the third quarter of 2024.

The fair value of the Company was estimated by equally weighing the results of an income approach and market approach. Valuation techniques utilized were substantially considered Level 3 inputs in the fair value hierarchy. These inputs included the Company’s internal forecasts of its future results, cash flows, and its weighted average cost of capital. Key assumptions used in the impairment analysis included projected revenue growth rates, discount rates, and market factors such as earnings multiples from comparable publicly traded companies.

As a result of the Company’s goodwill impairment testing in the second quarter of 2024, the Company initially concluded that the carrying value of the Company exceeded its estimated fair value and recorded a goodwill impairment loss of approximately $45.4 million. An additional impairment loss of $20.5 million was recorded (see Note 1 — *Summary of Significant Accounting Policies, Restatement*) due to the identification of an error in the calculation of goodwill impairment for the three and six months ended June 30, 2024, resulting in a total impairment charge of $65.9 million recognized at that time and thus for the nine months ended September 30, 2024.

An impairment loss of approximately $78.3 million was recorded for the three and nine months ended September 30, 2023.

NOTE 6 – CONDENSED CONSOLIDATED FINANCIAL STATEMENT DETAILS

The following table sets forth the details of prepaid expenses and other current assets included on the condensed consolidated balance sheets as of September 30, 2024 and December 31, 2023:

(in thousands)	September 30, 2024	December 31, 2023
Prepaid expenses	$ 8,384	$ 7,411
Credit card receivables in-transit	1,143	2,635
Deposits	753	2,061
Sales taxes receivable	752	616
Income taxes receivable	469	1,499
Total prepaid expenses and other current assets	**$ 11,501**	**$ 14,222**

The following table sets forth the details of accrued liabilities included on the condensed consolidated balance sheets as of September 30, 2024 and December 31, 2023:

(in thousands)	September 30, 2024	December 31, 2023
Accrued payroll and related costs	$ 7,166	$ 4,623
Accrued cost of revenue	5,653	4,728
Accrued carrier costs	4,212	3,725
Interest payable	2,733	4,459
Sales and other taxes payable	2,703	4,999
Income taxes payable	2,679	615
Other	141	272
Total accrued liabilities	**$ 25,287**	**$ 23,421**

NOTE 7 – DERIVATIVES

Derivatives are complex financial instruments. The Company does not use derivatives to manage financial risks or as an economic hedge. The Company's sole derivative instrument arose as part of the issuance of Series A-1 preferred stock, $0.0001 par value per share (the "Series A-1 preferred stock"), to Searchlight, in which transaction Searchlight was also granted Penny Warrants (historically referred to as "Penny Warrants," however the exercise price has been adjusted to $0.05 per warrant due to the reverse stock split). The Penny Warrants are considered a freestanding derivative instrument, as they are separable and legally detachable from the Series A-1 preferred stock, were issued for nominal or no apparent consideration, and have the essential characteristics inherent in a derivative instrument of a notional amount, an underlying security, and a mechanism for net settlement.

The following table sets forth the details of the derivative instrument presented on the condensed consolidated balance sheets and notional amounts as of September 30, 2024 and December 31, 2023:

		September 30, 2024	
Derivatives Not Designated as Hedging Instruments	**Number of Warrants (Notional Amount)[(1)]**	**Warrant Liability**	**Exercise Price Per Share [(1)]**
		($ in thousands, except for exercise price per share)	
Penny Warrants issued to Searchlight	12,024,711	$ 5,315	$ 0.05

		December 31, 2023	
Derivatives Not Designated as Hedging Instruments	**Number of Warrants (Notional Amount)[(1)]**	**Warrant Liability**	**Exercise Price Per Share [(1)]**
		($ in thousands, except for exercise per share)	
Penny Warrants issued to Searchlight	12,024,711	$ 11,664	$ 0.05

[(1)] The number of shares of common stock covered by warrants outstanding at the effective time of the reverse stock split was reduced to one-fifth the number of shares of common stock covered by the warrants immediately preceding the reverse stock split, and the exercise price per share was increased by five times the exercise price immediately preceding the reverse stock split, resulting in the same aggregate price being required to be paid therefor upon exercise thereof as was required immediately preceding the reverse stock split.

The gains and losses arising from this derivative instrument in the condensed consolidated statements of operations and comprehensive loss for the three and nine months ended September 30, 2024 [1] are set forth as follows:

	Three Months Ended September 30, 2024	
Derivatives Not Designated as Hedging Instruments	**Net Realized Gains (Losses) on Derivative Instruments**	**Net Change in Unrealized Gain (Loss) on Derivative Instruments**
	(in thousands)	
Penny Warrants issued to Searchlight	$ —	$ (337)

	Nine Months Ended September 30, 2024	
Derivatives Not Designated as Hedging Instruments	**Net Realized Gains (Losses) on Derivative Instruments**	**Net Change in Unrealized Gain (Loss) on Derivative Instruments**
	(in thousands)	
Penny Warrants issued to Searchlight	$ —	$ 6,349

[1] No such instruments existed during the three and nine months ended September 30, 2023; therefore, there were no gains or losses from such instruments during those periods.

NOTE 8 – FAIR VALUE MEASUREMENTS

For financial reporting purposes, the Company follows a fair value hierarchy established under GAAP that is used to determine the fair value of financial instruments. This hierarchy prioritizes relevant market inputs in order to determine an “exit price” at the measurement date, or the price at which an asset could be sold or a liability could be transferred in an orderly process that is not a forced liquidation or distressed sale. Level 1 inputs are observable inputs that reflect quoted prices for identical assets or liabilities in active markets. Level 2 inputs are observable inputs other than quoted prices for an asset or liability that are obtained through corroboration with observable market data. Level 3 inputs are unobservable inputs (e.g., the Company’s own data or assumptions) that are used when there is little, if any, relevant market activity for the asset or liability required to be measured at fair value.

In certain cases, inputs used to measure fair value fall into different levels of the fair value hierarchy. In such cases, the level at which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The Company’s assessment of the significance of a particular input requires judgment and considers factors specific to the asset or liability being measured.

As of September 30, 2024, the Company’s valuation policies and processes had not changed from those described in the consolidated financial statements for the year ended December 31, 2023 included in the Annual Report on Form 10-K, Part II, Item 8, Note 11 — *Fair Value Measurements,* with the exception of the valuation of the Mandatorily Redeemable Preferred Stock Due to Affiliate. As of June 30, 2024, the Company determined that a lattice model indicated a more accurate approximation of the fair value of this debt for disclosure purposes rather than the discounted cash flow model previously used. The Company noted that the value derived from a discounted cash flow model was not significantly different than the fair value approximation as determined by a lattice model; however, a lattice model was considered to be more relevant to the inputs used in determining the Company’s implied fair value of debt as a significant input to the Company’s impairment testing, which occurred during the quarter ended June 30, 2024, as a triggering event was deemed to have occurred (see Note 5 — *Goodwill*). This debt was not in existence at previous impairment testing dates.

Financial Instruments Measured at Fair Value

The Company is required to measure its warrant liabilities at fair value for the Penny Warrants and Private Placement Warrants, which are both included in “warrant liabilities to affiliates” on the condensed consolidated balance sheets.

Penny Warrants

The Penny Warrants, issued in 2023, are marked to fair value by reference to the fair value of the Company’s stock price on the last day of the reporting period, less the exercise price, and are therefore considered as Level 2 in the fair value hierarchy. The fair value of the Company’s stock as of September 30, 2024 and December 31, 2023, less the exercise price, resulted in a Penny Warrants valuation of approximately $5.3 million and $11.7 million as of September 30, 2024 and December 31, 2023, respectively.

Private Placement Warrants

The Private Placement Warrants are marked to fair value by reference to the fair value of the Company's public warrants, which are therefore considered as Level 2 in the fair value hierarchy. The public warrants were traded on the NYSE under the ticker symbol KORE.WS until December 2023, at which point the listing transferred to the OTC Pink Marketplace under the ticker symbol KORGW. As of September 30, 2024 and December 31, 2023, the aggregate value of the Private Placement Warrants was zero, as the reference price of the KORGW warrants was less than one cent per warrant.

Financial Instruments Held at Amortized Cost for Which Fair Value is Disclosed

Financial instruments for which cost approximates fair value

Cash, including restricted cash, is stated at cost, which approximates fair value. The carrying amounts reported in the condensed consolidated balance sheets for accounts receivable (including contract assets), accounts payable, and accrued liabilities (including contract liabilities) approximate fair value, due to their short-term maturities.

Senior Secured Term Loan, Backstop Notes, and Mandatorily Redeemable Preferred Stock Due to Affiliate

The table below sets forth the amortized cost and fair value of the Company's Senior Secured Term Loan as of September 30, 2024 and December 31, 2023 and Mandatorily Redeemable Preferred Stock Due to Affiliate as of December 31, 2023. The fair value of this debt is not indicative of the amounts at which the Company could settle this debt.

(in thousands)

Financial Instruments Disclosed at Fair Value Level 2	Measurement	September 30, 2024	December 31, 2023
Senior Secured Term Loan	Amortized cost	$ 179,411	$ 180,042
	Fair value	$ 173,897	$ 174,812
Mandatorily Redeemable Preferred Stock Due to Affiliate [1]	Amortized cost	N/A	$ 141,594
	Fair value	N/A	$ 141,398

[1] Refer to the foregoing discussion regarding the change in valuation method.

The table below sets forth the amortized cost and fair value of the Backstop Notes as of September 30, 2024 and December 31, 2023 and the Mandatorily Redeemable Preferred Stock Due to Affiliate as of September 30, 2024. The fair value of this debt is not indicative of the amounts at which the Company could settle this debt.

(in thousands)

Financial Instrument Disclosed at Fair Value Level 3	Measurement	September 30, 2024	December 31, 2023
Backstop Notes	Amortized cost	$ 118,199	$ 117,916
	Fair value	$ 93,272	$ 91,204
Mandatorily Redeemable Preferred Stock Due to Affiliate [1]	Amortized cost	$ 142,491	N/A
	Fair value	$ 136,742	N/A

[1] Refer to the foregoing discussion regarding the change in valuation method.

Additional disclosures regarding Level 3 unobservable inputs - Backstop Notes

We use a third-party valuation firm who utilizes proprietary methodologies to value our Backstop Notes. This firm uses a lattice modeling technique to determine the fair value of this Level 3 liability. Use of this technique requires determination of relevant inputs and assumptions, some of which represent significant unobservable inputs such as credit spreads and equity volatility based on guideline companies, as well as other valuation assumptions. Accordingly, a significant increase or decrease in any of these inputs in isolation may result in a significantly lower or higher fair value measurement.

Additional disclosures regarding Level 3 unobservable inputs - Mandatorily Redeemable Preferred Stock Due to Affiliate

As of September 30, 2024, we used a third-party valuation firm who utilizes proprietary methodologies to value our Mandatorily Redeemable Preferred Stock Due to Affiliate. This firm used a lattice modeling technique to determine the fair value of this liability determined as Level 3 in the fair value hierarchy as of September 30, 2024. Use of this technique requires determination of relevant inputs and assumptions, some of which represent significant unobservable inputs such as credit spreads and equity volatility based on guideline companies, as well as other valuation assumptions. Accordingly, a significant increase or decrease in any of these inputs in isolation may result in a significantly lower or higher fair value measurement.

The table below sets forth information regarding the Company's significant Level 3 inputs as of September 30, 2024, and December 31, 2023:

($ in thousands, except as otherwise noted)

Significant Inputs for Level 3 Fair Value Disclosure	**Input**	**September 30, 2024**	**December 31, 2023**
Backstop Notes	Principal amount	$120,000	$120,000
	Term to maturity date	4.00 years	4.75 years
	Stock price	$2.26	$4.90
	Credit spreads (basis points)	938	895
	Selected equity volatility	100.9%	98.7%
Mandatorily Redeemable Preferred Stock Due to Affiliate	Notional amount	$171,050	N/A
	Term of lattice model	9.13 years	N/A
	Stock price	$2.26	N/A
	Credit spreads (basis points)	1,207	N/A
	Selected equity volatility	109.2%	N/A

NOTE 9 – NET LOSS PER SHARE

The Company implemented a 1-for-5 reverse stock split of its common stock effective July 1, 2024. All calculations have been adjusted to reflect this reverse stock split for all periods presented.

The table below sets forth a reconciliation of the basic and diluted earnings per share ("EPS") calculations for the three and nine months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
($ in thousands, except share and per share amounts)	**2024**	**2023**	**2024**	**2023**
Numerator:				
Net loss	**$ (19,408)**	**$ (95,361)**	**$ (120,628)**	**$ (133,350)**
Denominator:				
Weighted average shares outstanding - basic	19,458,102	17,331,056	19,200,229	16,209,376
Effect of dilutive equity awards [1]	—	—	—	—
Weighted average shares outstanding - diluted	**19,458,102**	**17,331,056**	**19,200,229**	**16,209,376**
Net loss per share:				
Basic	**$ (1.00)**	**$ (5.50)**	**$ (6.28)**	**$ (8.23)**
Diluted	**$ (1.00)**	**$ (5.50)**	**$ (6.28)**	**$ (8.23)**

[1] Due to the Company's net loss, all unvested equity awards, and the Private Placement Warrants are anti-dilutive. The dilutive convertible instruments of the Backstop Notes are out of the money.

In determining the weighted average shares outstanding for the three and nine months ended September 30, 2024 for both basic and diluted earnings per share, the Company included the Penny Warrants issued to Searchlight in transactions dated November 15, 2023 and December 13, 2023, as the common shares of stock that would be issuable upon the exercise of such warrants are issuable for nominal consideration per share of common stock or cashless exercise at the option of Searchlight. The Penny Warrants were exercisable immediately upon issuance, although no such warrants had been exercised as of September 30, 2024.

Set forth in the table below is the number of securities not included in the computation of diluted shares outstanding because the effect would be anti-dilutive:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Grants of RSUs with service only (i.e., time-vesting) conditions	811,664	1,489,987	811,664	1,204,350
Common stock issuable under the Backstop Notes [1]	1,920,007	1,920,007	1,920,007	1,920,007
Private Placement Warrants [2]	272,779	272,779	272,779	272,779

[1] Common stock issuable under the Backstop Notes is presented at the maximum number of shares of common stock potentially issuable upon the exercise of the Backstop Notes, although the actual potentially issuable shares remain limited at 9.9% of the common stock outstanding.
[2] The number of shares of common stock covered by warrants outstanding at the effective time of the reverse stock split was reduced to one-fifth the number of shares of common stock covered by the warrants immediately preceding the reverse stock split, and the exercise price per share was increased by five times the exercise price immediately preceding the reverse stock split, resulting in the same aggregate price being required to be paid therefor upon exercise thereof as was required immediately preceding the reverse stock split.

Unvested restricted stock units with "time and performance conditions" are excluded from the disclosure of the number of potentially anti-dilutive securities because the performance conditions were not met at the end of the reporting periods. Therefore, these securities are not considered to be contingently issuable for purposes of dilutive EPS or anti-dilution calculations.

NOTE 10 – RELATED PARTY TRANSACTIONS

Transactions with affiliates of the Company

Searchlight

Searchlight beneficially owned approximately 14% and 15% of the Company's outstanding common stock as of September 30, 2024 and December 31, 2023, respectively, through its ownership of the Penny Warrants. Searchlight is therefore considered an affiliate of the Company, and two of the Company's Board members are employed by Searchlight. Searchlight owns the Series A-1 preferred stock and the Penny Warrants.

Searchlight, as the current sole owner of the Series A-1 preferred stock, is solely owed the accrued interest arising from the Series A-1 preferred stock outstanding, which interest is referred to in the Series A-1 preferred stock Certificate of Designations as "Dividends". The "dividend rate" means, initially, 13% per annum, and dividends on each share of Series A-1 preferred stock shall (i) accrue on the liquidation preference of such share and on any accrued dividends on such share, on a daily basis from and including the issuance date of such share, whether or not declared, whether or not the Company has earnings and whether or not the Company has assets legally available to make payment thereof, at a rate equal to the dividend rate, (ii) compound quarterly and (iii) be payable quarterly in arrears, in accordance with the section, below, on each dividend payment date, commencing on December 31, 2023. Dividends on the Series A-1 preferred stock shall accrue on the basis of a 365-day year based on actual days elapsed. The amount of dividends payable with respect to any share of Series A-1 preferred stock for any dividend payment period shall equal the sum of the daily dividend amounts accrued with respect to such share during such dividend payment period.

Dividends on the Series A-1 preferred stock shall be payable in cash only if, as and when declared by the Board, and, if not declared by the Board, the amount of accrued Dividends shall be automatically increased, without any action on the part of the Company or any other person, in an amount equal to the amount of the Dividend to be paid. For further clarity, if the Board does not declare and pay in cash, or the Company otherwise for any reason fails to pay in cash, on any dividend payment date, the full amount of any accrued and unpaid Dividend on the Series A-1 preferred stock since the most recent dividend payment date, then the amount of such unpaid Dividend shall automatically be added to the amount of accrued Dividends on such share on the applicable dividend payment date without any action on the part of the Company or any other person.

Cerberus Telecom Acquisition Corp. ("CTAC")

CTAC was the initial private equity sponsor of the Company, and two of the Company's Board members are employed by CTAC. CTAC is therefore considered an affiliate of the Company. CTAC owned approximately 8% of the Company's outstanding common stock as of September 30, 2024 and December 31, 2023.

Affiliates of CTAC own the Private Placement Warrants.

ABRY Partners, LLC (“ABRY”)

ABRY beneficially owned approximately 29% of the Company’s outstanding common stock as of September 30, 2024 and December 31, 2023. ABRY is therefore considered an affiliate of the Company, and two of the Company’s Board members are employed by ABRY.

HealthEZ, an ABRY portfolio company, is the Company’s health insurance third-party administrator. For the three and nine months ended September 30, 2024, the administration costs incurred with HealthEZ were $0.2 million and $0.5 million, respectively. For the three and nine months ended September 30, 2023, the administration costs incurred with HealthEZ were $0.2 million and $0.5 million, respectively. Aggregate expenses are recorded as a component of “selling, general, and administrative expenses incurred with affiliates” in the condensed consolidated statement of operations and comprehensive loss.

Transactions with affiliates of one of the Company’s wholly-owned subsidiaries

A wholly-owned subsidiary of the Company located in Brazil maintained an office lease and professional services agreement with a company controlled by a key member of the subsidiary’s management team. The office lease and professional services agreement with this affiliate were terminated on June 29, 2023, and thus, no such expenses were incurred for the three and nine months ended September 30, 2024, and three months ended September 30, 2023.

Aggregate expenses incurred for these transactions were $0.3 million for the nine months ended September 30, 2023, and are recorded as a component of “selling, general, and administrative expenses incurred with affiliates” in the condensed consolidated statement of operations and comprehensive loss.

The same wholly-owned subsidiary had an informal services agreement with a separate company controlled by two key members of the Company’s management team. This services agreement was entered into to render technical assistance services to purchase and deliver telecommunication equipment to the Company’s clients in Brazil, for which the affiliate was paid a nominal monthly fixed fee plus a fee of 7% of the gross amount of the cost incurred to purchase and deliver telecommunication equipment to the Company’s clients in Brazil. These expenses are recorded as a component of “selling, general, and administrative expenses incurred with affiliates” in the condensed consolidated statements of operations and comprehensive loss for the relevant periods as disclosed below.

The service agreement with this affiliate was terminated on February 14, 2023, and thus, no such expenses were incurred for the three and nine months ended September 30, 2024, and three months ended September 30, 2023. For the nine months ended September 30, 2023, the Company incurred and paid $0.1 million to this affiliate.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Indirect Taxes

The Company, assisted by third party experts, is currently conducting a review of potential obligations surrounding indirect taxes, specifically, sales and telecommunications taxes. At the current time, the Company has had no actual or threatened claims arising from any governmental authority in any taxing jurisdiction in the United States where the Company does business regarding claims for any indirect tax liabilities emerging from any potential sales and telecommunications tax that may be owed to any such state or local governments in the various aforementioned taxing jurisdictions. However, a liability for sales and telecommunications tax may be asserted by a governmental authority if that authority determines that the Company is engaged in often-taxable “telecommunications services” rather than providing “internet access,” which is not taxable in any jurisdiction by federal law. The determination of if a service provided is defined as “telecommunications services” or “internet access” may be highly subjective, open to interpretation, and can depend upon extremely intricate technical factors and specific fact patterns which may vary by customer and use case. Furthermore, some taxing jurisdictions may not levy taxes on telecommunications services, while others do, and some taxing jurisdictions are at the state level, while others exist at the local level, including by municipality in some states.

The Company believes that it is probable that a liability for sales and telecommunications tax may exist. The Company currently estimates the possible range of loss in this matter as between $0.9 million and $19.1 million. The low end of the possible range of loss is the amount required to be recorded as a contingent loss by GAAP.

The range of loss in this matter described above includes anticipation of recoveries from third parties at the low end, and no recoveries from third parties anticipated at the high end of the range, with interest and penalties assessed at both the low and high ends of the range, with penalties reduced in states where the Company intends to seek a “voluntary disclosure arrangement” as described further below. Although the Company’s contracts with customers generally state that the customer must later pay associated taxes if such taxes become an issue, there is always a risk of customer non-payment. Due to the complexities involved in its number of customers, use cases, and jurisdictions in which it does business, along with the treatment of potential indirect taxes varying in each jurisdiction, and collectability estimates, this estimate may ultimately be resolved at either a greater or lesser amount than the estimated range.

Additionally, mitigating factors may exist, such as good-faith reseller certificates, which the Company has previously obtained in instances where the use case indicates that the customer is a reseller, private letter rulings that the Company may request from certain states where the specific tax law is unclear but may be resolved in the Company's favor, and voluntary disclosure arrangements whereby the Company may determine that it is probable that tax would be owed and enter into an agreement with a taxing jurisdiction to pay back taxes and avoid penalties that would otherwise likely apply.

The net contingent liability estimate of $0.9 million recorded as of September 30, 2024 was reduced from the $1.8 million recorded as of December 31, 2023, due to additional facts and circumstances arising which resulted in a reduction of the estimate. These amounts are recorded in "accrued liabilities" within "current liabilities" of the Company's condensed consolidated balance sheets as of September 30, 2024 and December 31, 2023.

Purchase Obligations

The Company has vendor commitments primarily relating to carrier and open purchase obligations that the Company incurs in the ordinary course of business. As of September 30, 2024, the purchase commitments were as follows:

	($ in thousands)
2024	$ 9,239
2025	10,644
2026	6,921
2027	6,061
2028	6,361
Thereafter	4,431
Total	**$ 43,657**

Legal Contingencies

From time to time, the Company may be a party to litigation relating to claims arising in the normal course of business. As of September 30, 2024, the Company was not aware of any legal claims that could materially impact its financial condition.

NOTE 12 - RESTRUCTURING CHARGES

On August 14, 2024, the Company announced a restructuring plan to streamline operations and reduce costs. The restructuring plan affected approximately 240 employees and contractors in all areas across all functions. The Company incurred restructuring charges of approximately $2.0 million in connection with the plan during the three and nine months ended September 30, 2024. These charges were primarily related to severance payments and employee benefits. The Company has substantially completed all of the actions associated with the plan.

NOTE 13 – LIQUIDITY

The Company recently identified certain negative financial trends, including recurring operating losses, cash flows from operations that would be negative if not for an arrearage in the payment of preferred dividends, and unfavorably priced long-term purchase commitments, all as discussed further below.

To mitigate the adverse conditions of recurring operating losses as noted above, the Company engaged in a restructuring activity (see Note 12 — *Restructuring Charges*) in the third quarter of 2024 to reduce operational expenses, especially in the area of salaries and benefits. The Company has, in 2024, made the decision to accept fewer hardware sales contracts where these sales contracts would have generated revenue but been disadvantageous from an associated cost of sales perspective, and further plans to continue such activities into 2025. The Company also plans to wind down its non-core service offerings that are deemed to be unprofitable. Finally, the Company plans to continue to review its global footprint and rationalize legal entities where possible. As part of this process the Company will be reviewing existing office space to determine if working remotely will be more cost-effective in those locations.

The Company has accrued and unpaid dividends due to Searchlight on the mandatorily redeemable preferred stock due to affiliate, which are accrued on a daily basis, compound quarterly and payable quarterly in arrears. Due to the underlying nature of the preferred stock instrument as debt, these dividends are reflected on the condensed consolidated balance sheets as accrued interest due to affiliate. As of September 30, 2024, the Company owed approximately $18.2 million to Searchlight for this accrued interest. As of November 19, 2024, the total amount of the accrued interest due to affiliate was $21.2 million (see Note 10 — *Related Party Transactions)*. The Company plans to continue the arrearage of preferred dividends in order to preserve cash, and may, in the future, refinance the associated preferred stock to a more advantageous interest rate in another form of debt instrument, should interest rates continue to decrease.

Additionally, the Company has purchase commitments payable that were not recorded as liabilities on its condensed consolidated balance sheet as of September 30, 2024, of which $9.2 million is expected to be purchased through the remainder of 2024 (see Note 11 — *Commitments and Contingencies*). The Company plans to re-negotiate certain of these long-term purchase commitments which are deemed to be disadvantageous.

As of September 30, 2024, the Company had approximately $18.6 million of cash on hand.

NOTE 14 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through the date of issuance of the condensed consolidated financial statements, and determined that there have been no events that have occurred that would require disclosure or adjustments to the condensed consolidated financial statements.

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

The following discussion and analysis of our financial condition and results of operations should be read together with our Annual Report on Form 10-K for the year ended December 31, 2023 (the “Annual Report on Form 10-K”) and unaudited interim condensed consolidated financial statements as of and for the three and nine months ended September 30, 2024 and 2023, together with related notes thereto. Unless the context otherwise requires, all references in this Quarterly Report on Form 10-Q to “the Company” “KORE,” “us,” “our,” “ours,” or “we” refer to KORE Group Holdings, Inc. Certain terms are defined in our Annual Report on Form 10-K.

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. For example, statements in this Form 10-Q regarding the potential future impact of macroeconomic conditions on the Company’s business and results of operations are forward-looking statements. Forward-looking statements can also be identified by words such as “future,” “anticipates,” “believes,” “estimates,” “expects,” “intends,” “plans,” “predicts,” “will,” “would,” “could,” “can,” “may,” and similar terms. Forward-looking statements are not guarantees of future performance and the Company’s actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed in Part II, Item 1A. “Risk Factors” of this Quarterly Report on Form 10-Q and Part I, Item 1A. “Risk Factors” of the Company’s Annual Report on Form 10-K. The Company assumes no obligation to revise or update any forward-looking statements for any reason, except as required by law.

Factors that could have a material adverse effect on future results and performance relative to those set forth in or implied by the related forward-looking statements, as well as on our business, financial condition, liquidity, results of operations and prospects, include, but are not limited to:

- our ability to develop and introduce new products and services successfully;
- our ability to compete in the market in which we operate;
- our ability to meet the price and performance standards of the evolving 5G New Radio (“5G NR”) products and technologies;
- our ability to expand our customer reach/reduce customer concentration;
- our ability to grow the Internet of Things (“IoT”) and mobile portfolio outside of North America;
- our ability to make scheduled payments on or to refinance our indebtedness;
- our ability to introduce and sell new products that comply with current and evolving industry standards and government regulations;
- our ability to comply with complex and evolving local, state, federal, and international laws and regulations, fees, and taxes that may apply to our products or services;
- our ability to develop and maintain strategic relationships to expand into new markets;
- our ability to properly manage the growth of our business to avoid significant strains on our management and operations and disruptions to our business;
- our reliance on third parties to manufacture components of our solutions;
- our ability to accurately forecast customer demand and timely delivery of sufficient product quantities;
- our reliance on sole source suppliers for some products, services and devices used in our solutions;
- the continuing impact of uncertain global economic conditions on the demand for our products;
- the impact of geopolitical instability on our business;
- the emergence of global public health emergencies, epidemics, or pandemics, which could extend lead times in our supply chain and lengthen sales cycles with our customers;
- the impact that new or adjusted tariffs may have on the costs of components or our products, and our ability to sell products internationally;
- our ability to be cost competitive while meeting time-to-market requirements for our customers;
- our ability to meet the product performance needs of our customers in wireless broadband data access markets;
- demand for our services;
- our dependence on wireless telecommunication operators delivering acceptable wireless services;
- the outcome of any pending or future litigation, including intellectual property litigation;
- infringement claims with respect to intellectual property contained in our solutions;
- our continued ability to license necessary third-party technology for the development and sale of our solutions;
- the introduction of new products that could contain errors or defects;
- the conduct of business abroad, including related foreign currency risks;
- the pace of 5G wireless network rollouts globally and their adoption by customers;
- our ability to make focused investments in research and development;
- our ability to identify suitable acquisition candidates or to successfully integrate and realize the benefits of our past or future strategic acquisitions or investments;
- our ability to hire, retain and manage qualified personnel to maintain and expand our business;
- our ability to meet the continued listing requirements of the New York Stock Exchange and to maintain the listing of our securities thereon; and

- our ability to maintain adequate liquidity to meet our financial needs and/or raise capital in the future.

When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements in this Quarterly Report on Form 10-Q and in the Annual Report on Form 10-K. Readers are cautioned not to place undue reliance on any of these forward-looking statements, which reflect our management’s views only as of the date such statements are made. The risks summarized under Item 1A. “Risk Factors” in the Annual Report on Form 10-K and under Item 1A. “Risk Factors” in this Quarterly Report on Form 10-Q could cause actual results and performance to differ materially from those set forth in or implied by our forward-looking statements. New risks and uncertainties arise over time, and it is not possible for us to predict those events or how they may affect us.

Overview

We offer IoT connectivity to the Internet (“Connectivity”) and other IoT solutions (“IoT Solutions”) to our customers. We are one of the largest global independent IoT enablers, delivering critical services globally to customers to deploy, manage, and scale their IoT application and use cases. We provide advanced connectivity services, location-based services, device solutions, and managed and professional services used in the development and support of IoT solutions and applications. Our IoT platform is delivered in partnership with the world’s largest mobile network operators and provides secure, reliable, wireless Internet connectivity to mobile and fixed devices. This technology enables us to expand our global technology platform by transferring capabilities across our five vertical markets comprised of (i) Connected Health, (ii) Fleet Management, (iii) Asset Monitoring, (iv) Retail Communications Services and (v) Industrial IoT, and to deliver complementary products to channel partners and resellers worldwide.

Our industry verticals are not considered to be segments for the purposes of financial reporting, as discrete financial information is not available for the aforementioned verticals (or that of connectivity vs solutions) below the level of costs of revenue, exclusive of depreciation and amortization, and our Chief Operating Decision Maker (“CODM”) reviews financial information presented on a consolidated basis for purposes of making operating decisions, allocating resources, and evaluating financial performance. Our CODM is our President and Chief Executive Officer, Mr. Ronald Totton.

Trends and Recent Developments

Overall macroeconomic environment and its effect on us

Trends in the overall U.S. economy in the first nine months of 2024 continued to reflect an uncertain economic environment, which included escalating geopolitical risks, including the threat of expansion of war in the Middle East and the ongoing war in Ukraine. A widening regional war in the Middle East may result in a sudden increase in oil prices, due to restrictions on shipping or shipping companies’ attempts to avoid areas of conflict through major shipping routes such as the Strait of Hormuz, which would have a direct repercussion on the domestic economy of the United States, including a rapid increase in inflation, which has, to date, largely been tempered by the Federal Reserve’s increases to interest rates.

The most serious risk of a return to an inflationary environment in the U.S. is largely centered around a re-commencement of the east coast port strike, which has been suspended until January 15, 2025. A port strike negatively affects the U.S. economy by approximately $1 billion per day, with supply chain pressures and backlogs increasing as a rippling economic effect the longer a strike were to go on.

The labor market currently appears strong, despite many publicly-announced layoffs, which are currently largely concentrated in the technology sector. However, the trend of long-term unemployment as a percentage of unemployment remains concerning. The ability of policy-makers to lower interest rates any further and avoid recession may be muted or constrained by possible inflationary pressures as described above.

Recent developments in our business

On August 14, 2024, we announced a restructuring plan to streamline operations and reduce costs. The restructuring plan affected approximately 240 employees and contractors in all areas across all functions. We incurred restructuring charges of approximately $2.0 million in connection with the plan during the third quarter of 2024. These charges were primarily related to severance payments and employee benefits. The Company has substantially completed all of the actions associated with the plan.

At this time, we generally expect revenue derived from the Connectivity verticals of our business to remain fairly stable, given the “stickiness” of this revenue, while the more volatile IoT Managed Services (or “IoTMS”) business verticals consisting of Solutions and Products may experience uneven revenue on both an actual and projected basis. We expect that IoTMS projects may be delayed by customers, due to overall macroeconomic conditions. We further expect that the overall IoT market may become more competitive from a pricing standpoint, and that our existing customers will continue to seek efficiency in terms of their operating expenses, all of which may create pressure on our revenue.

Results of Operations for the Three and Nine Months Ended September 30, 2024 and 2023:

Revenue

We derive revenue from IoT Connectivity services and IoT Solutions services (collectively, the "Services") as well as products including IoT Connectivity (consisting of subscriber identity module ("SIM") cards) and IoT devices (within a comprehensive IoT solution) together referred to as "Products".

Revenue arising from IoT Connectivity services generally consists of a monthly subscription fee and additional data usage fees that are part of a bundled solution which enables other providers and enterprise customers to complete their platforms for solutions to provide IoT Connectivity or other IoT Solutions. IoT Connectivity also includes charges for each SIM sold to a customer.

Revenue from IoT Solutions is derived from IoT device management services, location-based software services, and IoT security software services. Fees charged for device management services include the cost of the underlying IoT device and the cost of deploying and managing such devices. Fees charged for device management services are generally billed on the basis of a fee per deployed IoT device, which depends on the scope of the underlying services and the IoT device being deployed. Location-based software services and IoT security software services are charged monthly on a per-subscriber basis.

The tables below set forth the details of revenue from services and products for the three and nine months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		Year-over-Year Increase / (Decrease)	
($ in thousands)	**2024**	**2023**	**$**	**%**
Services	$ 58,204	$ 57,046	$ 1,158	2 %
Products	10,716	11,587	(871)	(8) %
Total revenue	**$ 68,920**	**$ 68,633**	**$ 287**	**— %**

	Nine Months Ended September 30,		Year-over-Year Increase / (Decrease)	
($ in thousands)	**2024**	**2023**	**$**	**%**
Services	$ 175,162	$ 155,619	$ 19,543	13 %
Products	37,601	48,525	(10,924)	(23) %
Total revenue	**$ 212,763**	**$ 204,144**	**$ 8,619**	**4 %**

Services revenue increased by approximately $1.2 million for the three months ended September 30, 2024, compared to the three months ended September 30, 2023. The increase in services revenue was primarily driven by new customer business and increased connectivity utilization in our existing customer base.

Products revenue decreased by approximately $0.9 million for the three months ended September 30, 2024, compared to the three months ended September 30, 2023. The decrease in products revenue was primarily driven by the decision at the end of 2023 to accept fewer less-profitable hardware deals in 2024.

Services revenue increased by $19.5 million for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023. The increase in services revenue was primarily driven by the acquisition of Twilio's IoT business, and the residual growth was driven by new customer business and increased connectivity utilization in our existing customer base.

Products revenue decreased by $10.9 million for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023. The decrease in products revenue was primarily driven by reduced demand from our largest customers, primarily in the Connected Health vertical, as they applied greater emphasis on inventory management and order fulfillment. In addition, we made the decision at the end of 2023 to accept fewer less-profitable hardware deals in 2024.

The tables below set forth the details of revenue disaggregated as arising from IoT Connectivity and IoT Solutions for the three and nine months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		Year-over-Year Increase / (Decrease)	
($ in thousands)	2024	2023	$	%
IoT Connectivity	$ 56,721	$ 55,169	$ 1,552	3 %
IoT Solutions	12,199	13,464	(1,265)	(9)%
Total revenue	**$ 68,920**	**$ 68,633**	**$ 287**	**— %**

	Nine Months Ended September 30,		Year-over-Year Increase / (Decrease)	
(in thousands)	2024	2023	$	%
IoT Connectivity	$ 170,377	$ 147,042	$ 23,335	16 %
IoT Solutions	42,386	57,102	(14,716)	(26)%
Total revenue	**$ 212,763**	**$ 204,144**	**$ 8,619**	**4 %**

IoT Connectivity revenue increased by approximately $1.6 million for the three months ended September 30, 2024, compared to the three months ended September 30, 2023. The increase in IoT Connectivity revenue was primarily driven by SIM transfers from key strategic customers, organic growth in existing customers as a result of net new activations, and increased connectivity consumption.

IoT Solutions revenue decreased by $1.3 million for the three months ended September 30, 2024, compared to the three months ended September 30, 2023. The decrease in IoT Solutions revenue was primarily driven by our decision to accept fewer less-profitable hardware deals in 2024.

IoT Connectivity revenue increased by $23.3 million for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023. The increase in IoT Connectivity revenue was primarily driven by the acquisition of Twilio's IoT business. Additional revenue growth was driven by SIM transfers from key strategic customers, organic growth in existing customers as a result of net new activations, and increased connectivity consumption.

IoT Solutions revenue decreased by $14.7 million for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023. The decrease in IoT Solutions revenue was primarily driven by reduced demand from our largest customers in the current year as these customers applied greater emphasis on inventory management and order fulfillment, in addition to our decision to accept fewer less-profitable hardware deals in 2024.

Cost of revenue, exclusive of depreciation and amortization

The cost of revenue associated with IoT Connectivity include carrier costs, network operations, technology licenses, and SIMs. The cost of revenue associated with IoT Solutions include the cost of devices, shipping costs, warehouse lease and related facilities expenses, and personnel cost. The total cost of revenue excludes depreciation and amortization.

The tables below set forth our cost of revenue, exclusive of depreciation and amortization, for the three and nine months ended September 30, 2024 and 2023, disaggregated by "cost of services" and "cost of products":

	Three Months Ended September 30,		Year-over-Year Increase / (Decrease)	
($ in thousands)	2024	2023	$	%
Cost of services	$ 22,951	$ 22,794	$ 157	0.7 %
Cost of products	7,768	8,202	(434)	(5.3)%
Total cost of revenue	**$ 30,719**	**$ 30,996**	**$ (277)**	**(0.9)%**

	Nine Months Ended September 30,		Year-over-Year Increase / (Decrease)	
($ in thousands)	2024	2023	$	%
Cost of services	69,816	57,405	$ 12,411	21.6 %
Cost of products	24,361	35,624	(11,263)	(31.6)%
Total cost of revenue	**$ 94,177**	**$ 93,029**	**$ 1,148**	**1.2 %**

Cost of services increased by $0.2 million for the three months ended September 30, 2024, compared to the three months ended September 30, 2023. The increase in cost of services was primarily due to additional carrier costs related to increased connectivity consumption across multiple carriers.

Cost of products decreased by $0.4 million for the three months ended September 30, 2024, compared to the three months ended September 30, 2023. The decrease in cost of products was primarily due to lower hardware sales volume from existing IoT Solutions customers.

Cost of services increased by $12.4 million for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023. The increase in cost of services was primarily due to additional carrier costs related to the acquisition of the Twilio IoT business, along with SIM transfers and increased connectivity consumption across multiple carriers.

Cost of products decreased by approximately $11.3 million for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023. The decrease in cost of products was primarily due to lower hardware sales volume from existing IoT Solutions customers.

The tables below set forth our cost of revenue, exclusive of depreciation and amortization, for the three and nine months ended September 30, 2024 and 2023, disaggregated by "cost of IoT Connectivity" and "cost of IoT Solutions":

	Three Months Ended September 30,		**Year-over-Year Increase / (Decrease)**	
($ in thousands)	**2024**	**2023**	**$**	**%**
Cost of IoT Connectivity	$ 22,153	$ 21,151	$ 1,002	5 %
Cost of IoT Solutions	8,566	9,845	(1,279)	(13)%
Total cost of revenue	$ 30,719	$ 30,996	$ (277)	(1)%

	Nine Months Ended September 30,		**Year-over-Year Increase / (Decrease)**	
(in thousands)	**2024**	**2023**	**$**	**%**
Cost of IoT Connectivity	$ 66,638	$ 53,122	$ 13,516	25 %
Cost of IoT Solutions	27,539	39,907	(12,368)	(31)%
Total cost of revenue	$ 94,177	$ 93,029	$ 1,148	1 %

The cost of IoT Connectivity increased by $1.0 million for the three months ended September 30, 2024, compared to the three months ended September 30, 2023. The increase in the cost of IoT Connectivity was primarily due to additional carrier costs associated with the growth in connections across multiple carriers and increased connectivity consumption across those carriers from our existing customers.

The cost of IoT Solutions decreased by $1.3 million for the three months ended September 30, 2024, compared to the three months ended September 30, 2023. The decrease in the cost of IoT Solutions was primarily due to decreased costs associated with lower IoT Solutions revenue from existing customers.

The cost of IoT Connectivity increased by $13.5 million for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023. The increase in the cost of IoT Connectivity was primarily due to additional carrier costs driven by the acquisition of Twilio's IoT business along with growth in connections across multiple carriers and increased connectivity consumption across those carriers from our existing customers.

The cost of IoT Solutions decreased by $12.4 million for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023. The decrease in the cost of IoT Solutions was primarily due to decreased costs associated with lower IoT Solutions revenue from existing customers.

Selling, general, and administrative expenses

The following tables set forth the Company's selling, general, and administrative expenses incurred during the three and nine months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		Year-over-Year Increase / (Decrease)	
($ in thousands)	**2024**	**2023**	**$**	**%**
Selling, general, and administrative expenses	$ 29,458	$ 32,610	$ (3,152)	(10)%

	Nine Months Ended September 30,		Year-over-Year Increase / (Decrease)	
($ in thousands)	**2024**	**2023**	**$**	**%**
Selling, general, and administrative expenses	$ 99,702	$ 95,040	$ 4,662	5 %

Selling, general, and administrative ("SG&A") expenses relate primarily to expenses for general management, sales and marketing, finance, audit, legal fees, and other general operating expenses.

SG&A decreased by approximately $3.2 million for the three months ended September 30, 2024, compared to the three months ended September 30, 2023. The decrease in SG&A expenses was primarily driven by decreases in rent expense due to office closures occurring during the comparative periods, as well as in professional service fees.

SG&A increased by $4.7 million for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023. The increase in SG&A expenses was primarily driven by an increase in personnel-related costs, including salaries and benefits, partially offset by decreases in professional service fees.

Selling, general, and administrative expenses incurred with affiliates

The following table sets forth the Company's sales, general, and administrative expenses incurred with affiliates during the three and nine months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		Year-over-Year Increase / (Decrease)	
($ in thousands)	**2024**	**2023**	**$**	**%**
Selling, general, and administrative expenses incurred with affiliates	$ 155	$ 168	*	*

	Nine Months Ended September 30,		Year-over-Year Increase / (Decrease)	
($ in thousands)	**2024**	**2023**	**$**	**%**
Selling, general, and administrative expenses incurred with affiliates	$ 484	$ 830	*	*

* *Not meaningful*

For the three and nine months ended September 30, 2024, selling, general, and administrative ("SG&A") expenses incurred with affiliates related solely to fees paid to HealthEZ, an ABRY Partners, LLC ("ABRY") portfolio company. HealthEZ is the Company's current third-party administrator ("TPA") for its self-insured health insurance claims. ABRY beneficially owned approximately 29% of the Company's outstanding common stock. ABRY is therefore considered an affiliate of the Company, and two of the Company's Board members are employed by ABRY.

The Company has contracted with a new, unaffiliated, TPA for 2025, which will result in a reduction of administration costs on a per-employee per month basis.

For the three and nine months ended September 30, 2023, SG&A expenses incurred with affiliates related to expenses incurred to HealthEZ for administration of our health insurance plan, along with technical assistance services, rent, and professional services to two companies controlled by a key member of our subsidiary's management team. We terminated the technical assistance services agreement on February 14, 2023 and terminated the office lease and professional services agreement on June 29, 2023.

Non-GAAP Financial Measures

In conjunction with net income (loss) calculated in accordance with GAAP, we also use EBITDA and Adjusted EBITDA, free cash flow, and Non-GAAP profit and Non-GAAP margin to evaluate our ongoing operations and for internal planning and forecasting purposes. Non-GAAP financial information is presented for supplemental informational purposes only, should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP, and may be different from similarly-titled non-GAAP measures used by other companies. We believe that along with our GAAP financial information, our non-GAAP financial information when taken collectively and evaluated appropriately, is helpful to investors in assessing our operating performance.

EBITDA and Adjusted EBITDA

EBITDA is defined as net income (loss) before interest expense, income tax expense or benefit, and depreciation and amortization.

Adjusted EBITDA is defined as EBITDA adjusted for certain unusual and other significant items and removes the volatility associated with non-cash items and operational income and expenses that are not expected to be ongoing. Such adjustments include goodwill impairment charges, changes in the fair value of certain of our warrants required by GAAP to be accounted for at fair value, gains or losses on debt extinguishment, "transformation expenses" as defined below, acquisition costs, integration-related restructuring costs, stock-based compensation, and foreign currency gains and losses.

The following tables set forth a reconciliation of net loss to EBITDA and Adjusted EBITDA for the three and nine months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2024	2023	2024	2023
Net loss	$ (19,408)	$ (95,361)	$ (120,628)	$ (133,350)
Income tax benefit	(412)	(3,093)	(2,486)	(3,957)
Interest expense, net	13,059	10,615	38,349	31,217
Depreciation and amortization	14,214	14,457	42,243	43,094
EBITDA	**7,453**	**(73,382)**	**(42,522)**	**(62,996)**
Goodwill impairment	—	78,255	65,864	78,255
Change in fair value of warrant liability	337	(14)	(6,349)	(14)
Transformation expenses	—	1,876	—	5,434
Acquisition costs	—	—	—	1,776
Integration-related restructuring costs	5,574	3,011	14,262	8,333
Stock-based compensation	532	3,435	7,202	9,010
Foreign currency loss	(1,003)	781	1,199	1,018
Other [1]	93	197	(494)	910
Adjusted EBITDA	**$ 12,986**	**$ 14,159**	**$ 39,162**	**$ 41,726**

[1] "Other" adjustments are comprised of adjustments for certain indirect or non-income based taxes.

Transformation expenses are related to the implementation of our strategic transformation plan and include the costs of a re-write of our core technology platform, expenses incurred to design certain new IoT Solutions, and "go-to-market" capabilities. These expenses were completed in 2023.

Integration-related restructuring costs for the three and nine months ended September 30, 2024 were primarily comprised of severance costs associated with the restructuring program previously announced in August 2024, as well as retention bonuses, severances, license and subscription fees, and professional services related to integration of previously acquired businesses. For the three and nine months ended September 30, 2023, these costs were primarily associated with legal, accounting diligence, quality of earnings, valuation, and search expenses related to the acquisition of the Twilio IoT business.

Free Cash Flow

Free cash flow is defined as net cash provided by operating activities reduced by capital expenditures consisting of purchases of property and equipment, purchases of intangible assets and capitalization of internal use software. We believe free cash flow is an important liquidity measure of the cash that is available for operational expenses, investments in our business, strategic acquisitions, and for certain other activities such as repaying debt obligations and stock repurchases.

The following table sets forth a reconciliation of net cash provided by operating activities to free cash flow for the nine months ended September 30, 2024 and 2023:

(in thousands)	Nine Months Ended September 30, 2024	2023
Net cash provided by operating activities	$ 7,066	$ 4,493
Purchases of property and equipment	(1,944)	(3,410)
Additions to intangible assets	(10,233)	(12,186)
Free cash flow	**$ (5,111)**	**$ (11,103)**

Non-GAAP Profit and Non-GAAP Margin

Gross profit and gross margin as calculated in accordance with GAAP include depreciation and amortization as part of a cost of revenue, which is shown separately for convenience in the below GAAP reconciliation.

Non-GAAP Margin is a non-GAAP measure defined as non-GAAP gross profit divided by revenue, expressed as a percentage. Non-GAAP gross profit is a non-GAAP measure defined as gross profit excluding certain (i) inventory adjustments that may not be indicative of ongoing operations, (ii) depreciation and (iii) amortization.

The table below sets forth gross profit and gross margin calculated in accordance with GAAP, based upon the categories of revenue and associated costs disaggregated by "cost of services" and "cost of products," reconciled to Non-GAAP profit and Non-GAAP margin, disaggregated by "cost of services" and "cost of products," as well as overall:

	Three Months Ended September 30,				Nine Months Ended September 30,			
($ in thousands)	2024		2023		2024		2023	
Services	$	%	$	%	$	%	$	%
Revenue	$ 58,204		$ 57,046		$ 175,162		$ 155,619	
Cost of revenue, excluding depreciation and amortization	22,951		22,794		69,816		57,405	
Depreciation and amortization in cost of revenue [(1)]	12,458		11,435		35,520		36,551	
Gross profit $ / margin %	$ 22,795	39.2 %	$ 22,817	40.0 %	$ 69,826	39.9 %	$ 61,663	39.6 %
Exclude: Inventory adjustments	—		—		—		—	
Exclude: Depreciation and amortization	12,458		11,435		35,520		36,551	
Non-GAAP profit $ / margin %	$ 35,253	60.6 %	$ 34,252	60.0 %	$ 105,346	60.1 %	$ 98,214	63.1 %
Products								
Revenue	$ 10,716		$ 11,587		$ 37,601		$ 48,525	
Cost of revenue, excluding depreciation and amortization	7,768		8,202		24,361		35,624	
Depreciation and amortization in cost of revenue [(1)]	1,345		895		3,230		3,129	
Gross profit $ / margin %	$ 1,603	15.0 %	$ 2,490	21.5 %	$ 10,010	26.6 %	$ 9,772	20.1 %
Exclude: Inventory adjustments	886		103		886		103	
Exclude: Depreciation and amortization	1,345		895		3,230		3,129	
Non-GAAP profit $ / margin %	$ 3,834	35.8 %	$ 3,488	30.1 %	$ 14,126	37.6 %	$ 13,004	26.8 %
Overall profit $ / margin %	$ 24,398	35.4 %	$ 25,307	36.9 %	$ 79,836	37.5 %	$ 71,435	35.0 %
Non-GAAP profit $ / margin %	$ 39,087	56.7 %	$ 37,740	55.0 %	$ 119,472	56.2 %	$ 111,218	54.5 %

[(1)] Depreciation and amortization as included in cost of revenue for GAAP. Separately shown for recalculation purposes.

The table below sets forth gross profit and gross margin calculated in accordance with GAAP, based upon the categories of revenue and associated costs disaggregated by "IoT Connectivity" and "IoT Solutions," reconciled to Non-GAAP profit and Non-GAAP margin, disaggregated by "IoT Connectivity" and "IoT Solutions":

	Three Months Ended September 30,				Nine Months Ended September 30,			
($ in thousands)	2024		2023		2024		2023	
IoT Connectivity	*$*	*%*	*$*	*%*	*$*	*%*	*$*	*%*
Revenue	$ 56,721		$ 55,169		$ 170,377		$ 147,042	
Cost of revenue, excluding depreciation and amortization	22,153		21,151		66,638		53,122	
Depreciation and amortization in cost of revenue (1)	12,458		11,435		35,520		36,551	
Gross profit $ / margin %	$ 22,110	39.0 %	$ 22,583	40.9 %	$ 68,219	40.0 %	$ 57,369	39.0 %
Exclude: Inventory adjustments	—		—		—		—	
Exclude: Depreciation and amortization	12,458		11,435		35,520		36,551	
Non-GAAP profit $ / margin %	$ 34,568	60.9 %	$ 34,018	61.7 %	$ 103,739	60.9 %	$ 93,920	63.9 %
IoT Solutions								
Revenue	$ 12,199		$ 13,464		$ 42,386		$ 57,102	
Cost of revenue, excluding depreciation and amortization	8,566		9,845		27,539		39,907	
Depreciation and amortization in cost of revenue (1)	1,345		895		3,230		3,129	
Gross profit $ / margin %	$ 2,288	18.8 %	$ 2,724	20.2 %	$ 11,617	27.4 %	$ 14,066	24.6 %
Exclude: Inventory adjustments	886		103		886		103	
Exclude: Depreciation and amortization	1,345		895		3,230		3,129	
Non-GAAP profit $ / margin %	$ 4,519	37.0 %	$ 3,722	27.6 %	$ 15,733	37.1 %	$ 17,298	30.3 %
Overall profit $ / margin %	$ 24,398	35.4 %	$ 25,307	36.9 %	$ 79,836	37.5 %	$ 71,435	35.0 %
Non-GAAP profit $ / margin %	$ 39,087	56.7 %	$ 37,740	55.0 %	$ 119,472	56.2 %	$ 111,218	54.5 %

(1) Depreciation and amortization as included in cost of revenue for GAAP. Separately shown for recalculation purposes.

During the three months ended September 30, 2024, IoT Connectivity Non-GAAP Margin decreased 0.8% compared to three months ended September 30, 2023, primarily driven by the inclusion of the lower margin IoT Connectivity revenue from the acquisition of Twilio's IoT business.

During the three months ended September 30, 2024, IoT Solutions Non-GAAP Margin increased 9.4% as compared to the three months ended September 30, 2023, primarily driven by the volume mix of hardware sourced at a lower cost base as compared to prior year. Additional benefits have been realized from growth in residual partner agreements.

During the nine months ended September 30, 2024, IoT Connectivity Non-GAAP Margin decreased 3.0% compared to the nine months ended September 30, 2023, primarily driven by the inclusion of the lower margin IoT Connectivity revenue from the acquisition of Twilio's IoT business.

During the nine months ended September 30, 2024, IoT Solutions non-GAAP Margin increased 6.8% compared to the nine months ended September 30, 2023, primarily driven by the volume mix of hardware sourced at a lower cost base as compared to prior year. Additional benefits have been realized from growth in residual partner agreements.

Key Operational Metrics

We review a number of operational metrics to measure our performance, identify trends affecting our business, prepare financial projections, and make strategic decisions. The operational metrics identified by management as key operational metrics are Total Number of Connections, Average Connections, Dollar-Based Net Expansion Rate, Total Contract Value, and Average Revenue per User.

Total Number of Connections and Average Connections

Our “Total Number of Connections at period end” constitutes the total of all our IoT Connectivity services connections, which includes the contribution of eSIMs but excludes certain connections where mobile carriers license our subscription management platform from us. The “Average Connections Count” is the simple average of the total connections during the relevant fiscal period(s) presented.

These metrics are the principal measures used by management to assess the growth of the business on a periodic basis, on a SIM and / or device-based perspective. We believe that investors also use these metrics for similar purposes.

The table below sets forth our Total Number of Connections as of September 30, 2024 and December 31, 2023:

	September 30, 2024	December 31, 2023
Total Number of Connections at period end	18.8 million	18.5 million

The table below sets forth our Average Connections Count for the three and nine months ended September 30, 2024 and 2023:

	September 30, 2024	September 30, 2023
Average Connections Count for the three months ended	18.6 million	18.7 million
Average Connections Count for the nine months ended	18.4 million	16.8 million

Total number of connections at period end as of September 30, 2024 and December 31, 2023 presented above included an approximate increase of 3.7 million and 3.3 million, respectively, related to the acquisition of Twilio’s IoT business. Average connections count for the three and nine months ended September 30, 2024 presented above included an approximate increase of 3.7 million and 3.5 million, respectively, related to the acquisition of Twilio’s IoT business. Average connections count for the three and nine months ended September 30, 2023 presented above included an approximate increase of 3.1 million related to the acquisition of Twilio’s IoT business.

Dollar Based Net Expansion Rate (“*DBNER”)*

DBNER tracks the combined effect of cross-sales of IoT Solutions to KORE’s existing customers, its customer retention and the growth of its existing business. KORE calculates DBNER by dividing the revenue for a given period (“given period”) from existing go-forward customers by the revenue from the same customers for the same period measured one year prior (“base period”).

The revenue included in the current period excludes revenue from (i) customers that are “non-go-forward” customers, meaning customers that have either communicated to KORE before the last day of the current period their intention not to provide future business to KORE or customers that KORE has determined are transitioning away from KORE based on a sustained multi-year time period of declines in revenue and (ii) new customers that started generating revenue after the end of the base period. For the purposes of calculating DBNER, if KORE acquires a company during the given period or the base period, then the revenue of a customer before the acquisition but during either the given period or the base period is included in the calculation. For example, to calculate our DBNER for the trailing 12 months ended September 30, 2024, we divide (i) revenue, for the trailing 12 months ended September 30, 2024, from go-forward customers that started generating revenue on or before September 30, 2023, by (ii) revenue, for the trailing 12 months ended September 30, 2023, from the same cohort of customers.

It is often difficult to ascertain which customers should be deemed not to be go-forward customers for purposes of calculating DBNER. Customers are not required to give notice of their intention to transition off of the KORE platform, and a customer’s exit from the KORE platform can take months or longer, and total connections of any particular customer can at any time increase or decrease for any number of reasons, including pricing, customer satisfaction or product fit—accordingly, a decrease in total connections may not indicate that a customer is intending to exit the KORE platform, particularly if that decrease is not sustained over a period of several quarters. DBNER would be lower if it were calculated using revenue from non-go-forward customers.

DBNER is used by management as a measure of growth of KORE’s existing customers (i.e., “same store” growth) and as a measure of customer retention, from a revenue perspective. It is not intended to capture the effect of either new customer wins or the declines from non-go-forward customers on KORE’s total revenue growth. This is because DBNER excludes new customers who started generating revenue after the base period and also excludes any customers who are non-go-forward customers on the last day of the current period. Revenue increases from new customer wins, and a decline in revenue from non-go-forward customers are also important factors in assessing KORE’s revenue growth, but these factors are independent of DBNER.

KORE’s DBNER was 95% for the twelve months ended September 30, 2024, as compared to 96% for the twelve months ended September 30, 2023. This decrease was primarily due to decreased IoT solutions revenue from certain IoT Solutions customers.

Total Contract Value (“*TCV”)*

TCV represents our estimated value of a revenue opportunity. TCV for an IoT Connectivity opportunity is calculated by multiplying by 40 the estimated revenue expected to be generated during the twelfth month of production. TCV for an IoT Solutions opportunity is either the actual total expected revenue opportunity, or if it is a longer-term “programmatically recurring revenue” program, calculated for the first 36 months of the delivery period. TCV is used by management as a measure of the revenue opportunity of KORE’s sales funnel, which we define as opportunities our sales team is actively pursuing, potentially leading to future revenue.

As of September 30, 2024, our sales funnel included over 1,082 opportunities with an estimated potential TCV of over $317 million. As of September 30, 2023, our sales funnel included over 1,700 opportunities with an estimated potential TCV of $740 million.

Average Revenue per User (“ARPU”)

ARPU is used by management as a measure to assess the revenue generated per connection. It is calculated by dividing the total IoT connectivity revenue during the period by the total number of connections during that same period. We believe that ARPU is an important metric for both management and investors to help in understanding the financial performance and effectiveness of the Company’s monetization per connection. ARPU is calculated on a three-month (current quarter) basis only, as longer periods are not meaningful.

ARPU was $1.01 and $0.98 for the three months ended September 30, 2024 and 2023, respectively.

Liquidity and Capital Resources

Overview

Liquidity is a measurement of our ability to meet potential cash requirements, including ongoing commitments to repay borrowings, fund our operating costs, and satisfy other general business needs. Our liquidity requirements have historically arisen from our working capital needs, obligations to make scheduled payments of interest and principal on our indebtedness, and capital expenditures to facilitate the growth and expansion of the business, which was historically accomplished via acquisitions. We do not plan on any acquisitions in the foreseeable future.

Going forward, we may continue to utilize borrowings, including bank credit facilities and lines of credit, to fund our liquidity requirements. We are highly leveraged, and such borrowings may not be available with attractive terms or at all. We may also seek to raise additional capital through public or private offerings of equity, equity-related, or debt securities, depending upon market conditions. The use of any particular source of capital and funds will depend on market conditions and the availability, if any, of these sources.

We cannot meet our short-term liquidity needs solely through cash generated from operational activities, though we believe the non-operational sources of financing identified above will be adequate for purposes of meeting our short-term (within one year) liquidity needs, solely because of our ability to defer the payment of preferred dividends (reflected as "accrued interest" on our condensed consolidated balance sheets due to the character of the underlying instrument for accounting purposes) due to Searchlight. Our ability to meet our longer-term liquidity needs beyond one year, with our current capital structure, is uncertain. We cannot predict with certainty the specific transactions we will undertake to generate sufficient liquidity to meet our obligations as they come due. We will adjust our plans as appropriate in response to changes in our expectations and any potential changes in market conditions.

Summary and Description of Financing Arrangements

The table below sets forth a summary of the Company's outstanding long-term debt as of September 30, 2024 and December 31, 2023:

(in thousands)	September 30, 2024	December 31, 2023
Term Loan - Whitehorse	$ 183,613	$ 185,000
Backstop Notes	120,000	120,000
Other borrowings	—	561
Total	**$ 303,613**	**$ 305,561**
Less: current portion of long-term debt	(1,850)	(2,411)
Less: debt issuance costs, net of accumulated amortization of $1.2 million and $0.8 million, respectively	(2,502)	(2,911)
Less: original issue discount	(3,500)	(4,130)
Total long-term debt and other borrowings, net	**$ 295,761**	**$ 296,109**

Term Loan and Revolving Credit Facility — WhiteHorse Capital Management, LLC ("WhiteHorse")

On November 9, 2023, the Company, only with respect to certain limited sections thereof, and certain subsidiaries of the Company entered into a credit agreement with WhiteHorse that consisted of a senior secured term loan of $185.0 million ("Term Loan") as well as a senior secured revolving credit facility of $25.0 million (the "Revolving Credit Facility" and, together with the Term Loan, the "Credit Facilities"). Borrowings under the Term Loan and the Revolving Credit Facility bear interest at a rate at the Company's option of either (1) Term SOFR for a specified interest period (at the Company's option) of one to three months plus an applicable margin of up to 6.50% or (2) a base rate plus an applicable margin of up to 5.50%. The Term SOFR rate is subject to a "floor" of 1.0%. The applicable margins for Term SOFR rate and base rate borrowings are each subject to a reduction to 6.25% and 6.00% if the Company maintains a first lien net leverage ratio of less than 2.25:1.00 and greater than or equal to 1.75:1.00 and less than 1.75:1.00, respectively. Interest is paid on the last business day of each quarterly interest period except at maturity. The credit agreement became effective on November 15, 2023.

Principal payments of approximately $0.5 million are due on the last business day of each quarter. The maturity date of the Credit Facilities is November 15, 2028.

As of September 30, 2024 and December 31, 2023, there were no amounts outstanding on the Revolving Credit Facility.

The Credit Facilities are secured by substantially all of the Company's subsidiaries' assets. The Term Loan agreement restricts cash dividends and other distributions from the Company's subsidiaries to the Company and also restricts the Company's ability to pay cash dividends to its stockholders.

The Credit Facilities are subject to customary financial covenants including to the Total Net Leverage Ratio, defined as, with respect to any period end, the ratio of (a) Consolidated Total Debt to (b) Consolidated EBITDA (as defined in the credit agreement, as discussed below); and

First Lien Net Leverage Ratio defined as, with respect to any period end, the ratio of (a) Consolidated First Lien Debt to (b) Consolidated EBITDA. “Consolidated EBITDA” as defined by the credit agreement is equivalent to our Adjusted EBITDA, as presented in Part I, Item 2. “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Financial Measures.”

The Total Net Leverage Ratio is set at 6.25:1.00 for quarterly periods ending March 31, 2024 and June 30, 2024; 5.75:1.00 for the quarterly periods ending September 30, 2024 and December 31, 2024; 5.50:1.00 for the quarterly periods ending March 31, 2025, June 30, 2025, and September 30, 2025; and 5.25:1.00 for periods ending December 31, 2025 and thereafter. The First Lien Net Leverage Ratio is set at 3.50:1.00 for quarterly periods ending March 31, 2024 and June 30, 2024; 3.00:1.00 for the quarterly periods ending September 30, 2024 and December 31, 2024; 2.75:1.00 for the quarterly periods ending March 31, 2025, June 30, 2025, and September 30, 2025; and 2.50:1.00 for periods ending December 31, 2025 and thereafter.

Backstop Notes

On September 30, 2021, a subsidiary of the Company issued the first tranche of the Backstop Notes, consisting of $95.1 million in senior unsecured exchangeable notes due 2028 to a lender and its affiliates. On October 28, 2021, the Company’s subsidiary issued a second and final tranche of Backstop Notes in the amount of $24.9 million. The Backstop Notes are guaranteed by the Company and are due September 30, 2028.

The Backstop Notes were issued at par and bear interest at a rate of 5.50% per annum which is paid semi-annually on March 30 and September 30 of each year. The Backstop Notes are exchangeable into common stock of the Company at $12.50 per share (the “Base Exchange Rate”) at any time at the option of the lender. At the Base Exchange Rate, the Notes are exchangeable for approximately 9.6 million shares of the Company’s common stock. The Base Exchange Rate may be adjusted for certain dilutive events or change in control events as defined by the Indenture (the “Adjusted Exchange Rate”).

After September 30, 2023, if the Company’s shares are trading at a defined premium to the Base Exchange Rate or applicable Adjusted Exchange Rate, the Company may redeem the Backstop Notes for cash, force an exchange into shares of its common stock at an amount per share based on a time-value make whole table, or settle with a combination of cash and its common stock.

The Backstop Notes were issued pursuant to an indenture which contains financial covenants related to the Company’s maximum total debt to Adjusted EBITDA ratio.

Other borrowings

The Company’s “other borrowings” as set forth on the foregoing table regarding the Company’s long-term debt related solely to a premium finance agreement entered into on August 3, 2022, to purchase a Directors and Officers insurance policy with a two-year policy term. The original amount borrowed was approximately $3.6 million at a fixed rate of 4.6% per annum, amortized over twenty months. The premium finance agreement required 20 fixed monthly principal and interest payments of approximately $0.2 million per month from August 15, 2022 to March 15, 2024. The balance was paid off during the nine months ended September 30, 2024.

Mandatorily Redeemable Preferred Stock

The Company has authorized 35,000,000 shares of preferred stock and has issued to a single investor (Searchlight) who is currently the sole holder thereof, 152,857 shares of Series A-1 preferred stock, $0.0001 par value per share (the “Series A-1 preferred stock”), which is mandatorily redeemable for cash payable to the holder on November 15, 2033. The number of issued and outstanding shares are currently the same. The Series A-1 preferred stock has a liquidation preference of $1,000 per share.

The following table sets forth the number of shares and the carrying amounts of Series A-1 preferred stock as of September 30, 2024 and December 31, 2023:

		Carrying amount	
($ in thousands)	**Shares**	**September 30, 2024**	**December 31, 2023**
Preferred stock issued November 15, 2023	150,000	$ 150,000	$ 150,000
Preferred stock issued December 13, 2023	2,857	2,857	2,857
Preferred stock issuance costs	N/A	(5,485)	(5,936)
Allocation of proceeds to preferred stock	N/A	(4,881)	(5,327)
Preferred stock, end of period	**152,857**	**$ 142,491**	**$ 141,594**

The Series A-1 preferred stock accrues dividends at a rate of 13% per year, compounded and payable quarterly, though cash payment of dividends must be declared by the Board, and are otherwise accrued, as further described below:

Searchlight, as the current sole owner of the Series A-1 preferred stock, is solely owed the accrued interest arising from the Series A-1 preferred stock outstanding, which interest is referred to in the preferred stock Certificate of Designations as “Dividends”. The “dividend rate” means, initially, 13% per annum, and dividends on each share of Series A-1 preferred stock shall (i) accrue on the liquidation preference of such share and on any accrued dividends on such share, on a daily basis from and including the issuance date of such share, whether or not declared, whether or not the Company has earnings and whether or not the Company has assets legally available to make payment thereof, at a rate equal to the dividend rate, (ii) compound quarterly and (iii) be payable quarterly in arrears, in accordance with the section, below, on each dividend payment date, commencing on December 31, 2023. Dividends on the Series A-1 preferred stock shall accrue on the basis of a 365-day year based on actual days elapsed. The amount of dividends payable with respect to any share of Series A-1 preferred stock for any dividend payment period shall equal the sum of the daily dividend amounts accrued with respect to such share during such dividend payment period.

Dividends on the Series A-1 preferred stock shall be payable in cash only if, as and when declared by the Board, and, if not declared by the Board, the amount of accrued Dividends shall be automatically increased, without any action on the part of the Company or any other person, in an amount equal to the amount of the Dividend to be paid. For further clarity, if the Board does not declare and pay in cash, or the Company otherwise for any reason fails to pay in cash, on any dividend payment date, the full amount of any accrued and unpaid Dividend on the Series A-1 preferred stock since the most recent dividend payment date, then the amount of such unpaid Dividend shall automatically be added to the amount of accrued Dividends on such share on the applicable dividend payment date without any action on the part of the Company or any other person.

Cash Flows

	Nine Months Ended September 30,	
(in thousands)	**2024**	**2023**
Net cash provided by operating activities	$ 7,066	$ 4,493
Net cash used in investing activities	$ (12,177)	$ (15,596)
Net cash used in financing activities	$ (3,386)	$ (3,759)

Cash flows from operating activities

Cash provided by operating activities for the nine months ended September 30, 2024 increased from 2023 primarily due to the accrual of interest payable to affiliate remaining unpaid.

Cash flows from investing activities

Cash used in investing activities for the nine months ended September 30, 2024 and 2023 was primarily used for investments in internally developed software and purchases of property and equipment.

Cash flows from financing activities

Cash used in financing activities for the nine months ended September 30, 2024, was primarily due to scheduled principal payments on the Term Loan and repurchase of common stock. During 2023, cash used in financing activities was primarily due to scheduled principal payments on the prior term loan.

Cash Availability

We have the ability to defer the cash payment of dividends (which are accounted for under GAAP as interest due to the debt-like features of the underlying instrument) due on the Series A-1 preferred stock, and plan to defer such payments in order to preserve cash for other purposes. As of September 30, 2024, we owed approximately $18.2 million in such dividend liability, which is due to an affiliate (Searchlight). We had a total of $43.7 million of purchase commitments payable that were not recorded as liabilities on our condensed consolidated balance sheet as of September 30, 2024, of which $9.2 million is expected to be purchased through the remainder of 2024.

As of September 30, 2024, we had approximately $18.6 million of cash on hand.

Critical Accounting Estimates

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates. A discussion of critical accounting policies and estimates is included in Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Estimates” in the Annual Report on Form 10-K. Our critical accounting policies and estimates have not materially changed since December 31, 2023.

Management discusses the ongoing development and selection of these critical accounting policies and estimates with the Audit Committee of our Board of Directors.

We expect quarter-to-quarter GAAP earnings volatility from our business activities. This volatility can occur for a variety of reasons, particularly changes in assessments of indicators of impairment regarding goodwill. In addition, the amount or timing of our reported earnings may be impacted by technical accounting issues and estimates.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company, we are not required to provide this information.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure controls and procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, the Company conducted an evaluation under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer) of the Company's disclosure controls and procedures as defined in Rule 13(a)-15(e) and 15(d)-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were not effective as of September 30, 2024 due to the material weaknesses in the Company's internal control over financial reporting as reported in its Annual Report on Form 10-K and also as further described below. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

On November 11, 2024, the Company's Chief Executive Officer and Chief Financial Officer concluded that there was an additional material weaknesses in the Company's internal control over financial reporting as described below.

Subsequent to the filing of its original Form 10-Q for the quarterly period ended June 30, 2024, the Company concluded that it did not design effective management review controls related to the calculation of, and disclosure of, goodwill impairment. This continued material weakness in the Company's Financial Statement Close Process resulted in a material error in the Company's previously issued Unaudited Condensed Consolidated Financial Statements as of and for the three and six month periods ended June 30, 2024 included in the original Form 10-Q leading to the restatement of those financial statements in an Amendment No. 1 on Form 10-Q/A.

The Company continues the process of designing and implementing effective internal control measures to improve its internal control over financial reporting and remediate these material weaknesses.

Changes in internal control over financial reporting

During the quarter ended September 30, 2024, except for the changes related to a further material weakness in the Financial Close Process noted above and the remediation of certain other material weaknesses as noted in the Company's Annual Report on Form 10-K, there have been no changes in the Company's internal control over financial reporting 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

From time to time, we are subject to various legal proceedings, lawsuits, disputes and claims arising in the ordinary course of our business. Although the outcome of these and other claims cannot be predicted with certainty, there are currently no pending legal proceedings that are expected to be material to us.

ITEM 1A. RISK FACTORS

For a discussion of potential risks and uncertainties applicable to us, see the information under Part I, Item 1A. “Risk Factors” in the Annual Report on Form 10-K. The risks described in the Annual Report on Form 10-K are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, or future results.

As of the date of this Quarterly Report on Form 10-Q, there have been no material changes with regard to the Risk Factors disclosed in the Annual Report on Form 10-K except as set forth below.

The ultimate effect of the 1-for-5 reverse stock split on the market price of our common stock cannot be predicted with any certainty and shares of our common stock have likely experienced decreased liquidity as a result of such reverse stock split.

On July 1, 2024, the Company effected a 1-for-5 reverse stock split of its common stock. The liquidity of our common stock may be adversely affected given the reduced number of shares of our common stock that are now outstanding following the reverse stock split. As a result of the lower number of shares outstanding following the reverse stock split, the market for our common stock may also become more volatile, which may lead to reduced trading and a smaller number of market makers for our common stock. Our share price may not attract new investors, including institutional investors. In addition, the market price of our common stock may not satisfy the investing requirements of those investors. The trading liquidity of our common stock may not improve. All the foregoing risks may result in a material adverse effect to our stockholders.

Our liabilities exceed our assets, which may have a material adverse effect on our ability to raise further equity capital, refinance our debt on favorable terms or at all, or issue new debt.

The unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q reflect that the book value of our liabilities exceeds the book value of our assets. Further, the fair value of our debt reflects a discount to its par (or principal) value. We may therefore face constraints on ability to raise further equity capital, refinance our debt on favorable terms or at all, or issue new debt, all of which could have a material adverse effect on our business.

We face risks related to the restatement of our previously issued condensed consolidated financial statements and financial information for the interim financial period for the second quarter of 2024, which may adversely impact our business.

As described in Item 4.02 of our Current Report on Form 8-K filed with the SEC on November 12, 2024, during the preparation of our condensed consolidated financial statements for the quarter ended September 30, 2024, we concluded that the Company’s previously issued unaudited condensed consolidated financial statements contained within the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, which was originally filed with the SEC on August 14, 2024, should no longer be relied upon, and that such financial statements should be restated. It was concluded that the Company’s goodwill impairment expense was materially misstated in the second quarter of 2024. The conclusion was based on management’s determination that it miscalculated its goodwill impairment for the quarter ending June 30, 2024 by deducting debt issuance costs from the fair value of the debt which was then used to determine the value of the Company’s goodwill impairment at that time. The debt issuance costs should not have been deducted from the fair value of the associated debt.

As a result of the restatement, we are subject to a number of additional risks and uncertainties which may affect investor confidence in the accuracy of our financial disclosures and may raise reputational issues for our business. We expect to continue to face many risks and challenges related to the restatement, including the risk that the processes undertaken to effect the restatement may not have been adequate to identify and correct all errors in our historical financial statements and, as a result, we may discover additional errors and our financial statements remain subject to the risk of future restatement. We are also at risk of potential litigation or other disputes which may include, among others, claims invoking the federal and state securities laws, or other claims arising from the restatement. As of the date of this Quarterly Report, we are not aware of any such disputes arising out of the restatement. If one or more of the foregoing risks or challenges persist, our business, operations and financial condition are likely to be materially and adversely affected.

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

Issuer Purchases of Equity Securities

The following table sets forth information with respect to our repurchases of common stock in each month of the third quarter of 2024:

Period	Total Number of Shares Purchased [1] [2]	Average Price Paid per Share [1] [2]	Total Number of Shares Purchased as Part of Publicly Announced Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
July 1, 2024 - July 31, 2024	—	$ —	—	$ —
August 1, 2024 - August 31, 2024	—	$ —	—	$ —
September 1, 2024 - September 30, 2024	202,532	$ 3.73	—	$ —

[1] During the third quarter of 2024, 9,795 shares of common stock were surrendered by employees vesting in RSUs in order to pay for applicable tax withholding. Under the KORE Group Holdings, Inc. 2021 Long-Term Stock Incentive Plan ("Incentive Plan"), participants may surrender shares as payment of applicable tax withholding on the vesting of equity awards. Shares so surrendered by participants in the Incentive Plan are repurchased pursuant to the terms of the Incentive Plan and / or applicable inducement award agreement and not pursuant to publicly announced share repurchase programs. The average price per share deemed paid for these shares is calculated using the closing stock price on the vesting date. The price per share deemed paid for these shares ranged between $2.95 and $4.00 per share. These shares of common stock have been cancelled.

[2] On September 17, 2024, we purchased 183,099 shares and 9,638 shares of our common stock from The Northwestern Mutual Life Insurance Company and The Northwestern Mutual Life Insurance Company for its Group Annuity Separate Account, respectively, at the price of $2.24 per share, which was equal to the previous day's closing price. This purchase was not made pursuant to a publicly announced share repurchase program. These shares of common stock have been retained by us as treasury stock.

Working Capital Restrictions and Limitations Upon the Payment of Dividends

The Company's ability to pay cash dividends to its stockholders is restricted by the terms of its financing agreements.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Preferred Dividend Arrearage

The Company's Series A-1 preferred stock, ranking in priority to the Company's common stock, allows for payment of dividends in arrears. As of November 19, 2024, the total amount of unpaid Series A-1 preferred stock dividends in arrears was $21.2 million.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Rule 10b5-1 trading plan(s)

During the quarter ended September 30, 2024, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act.

ITEM 6. EXHIBITS

Exhibit Number		Description
2.1	+	Agreement and Plan of Merger, dated as of March 12, 2021, by and among the Company, King Pubco, Inc., King Corp Merger Sub Inc., King LLC Merger Sub, LLC, and Maple Holdings Inc. (incorporated by reference to Exhibit 2.1 to the Company's Registration Statement filed on Form S-1 on December 2, 2021).
2.2	+	Amendment No. 1 to Agreement and Plan of Merger, dated as of July 27, 2021, by and among the Registrant, King Pubco, Inc., King Corp Merger Sub Inc., King LLC Merger Sub, LLC and Maple Holdings Inc. (incorporated by reference to Exhibit 2.2 to the Company's Registration Statement filed on Form S-1 on December 2, 2021).
2.3	+	Amendment No. 2 to Agreement and Plan of Merger, dated as of September 21, 2021, by and among the Registrant, King Pubco, Inc., King Corp Merger Sub Inc., King LLC Merger Sub, LLC and Maple Holdings Inc. (incorporated by reference to Exhibit 2.3 to the Company's Registration Statement filed on Form S-1 on December 2, 2021).
3.1	+	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Registration Statement filed on Form S-1 on December 2, 2021).
3.2		Certificate of Amendment to Amended and Restated Certificate of Incorporation of KORE Group Holdings, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed June 28, 2024).
3.3	+	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to the Company's Registration Statement filed on Form S-1 on December 2, 2021).
3.4		Certificate of Designations of the Series A-1 Preferred Stock (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed on November 16, 2023).
3.5		Certificate of Designations of the Series A-2 Preferred Stock (incorporated by reference to Exhibit 3.2 of the Company's Current Report on Form 8-K filed on November 16, 2023).
4.1	+	Warrant Agreement, dated as of October 26, 2020, by and between Continental Stock Transfer & Trust Company and Cerberus Telecom Acquisition Corp. (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement filed on Form S-1 on December 2, 2021).
4.2	+	Assignment and Assumption Warrant Agreement, dated as of September 30, 2021, by and among Continental Stock Transfer & Trust Company, CTAC and the Company (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on October 6, 2021).
4.6	+	Specimen Common Stock Share Certificate (incorporated by reference to Exhibit 4.2 to the Company's Registration Statement filed on Form S-1 on December 2, 2021).
10.1	+	Subscription Agreement, dated as of March 12, 2021, by and between the Company and the undersigned subscriber party thereto (incorporated by reference to Exhibit 10.1 to the Company's Registration Statement filed on Form S-1 on December 2, 2021).
10.2	+	Investor Rights Agreement dated as of September 30, 2021, by and among KORE, Cerberus Telecom Acquisition Holdings LLC, certain stockholders of KORE and the other parties thereto (incorporated by reference to Exhibit 10.2 to the Company's Registration Statement filed on Form S-1 on December 2, 2021).
10.3	+	Amended & Restated Indenture, dated November 15, 2021, by and among the Company, KORE Wireless Group, Inc. and Wilmington Trust, National Association (incorporated by reference to Exhibit 10.3 to the Company's Registration Statement filed on Form S-1 on December 2, 2021).
10.4	+	Backstop Agreement, dated as of July 27, 2021, by and between KORE Wireless Group, Inc. and Drawbridge Special Opportunities Fund LP (incorporated by reference to Exhibit 10.4 to the Company's Registration Statement filed on Form S-1 on December 2, 2021).
10.5	+	Amendment to Backstop Agreement, dated November 15, 2021, by and among the Company, KORE Wireless Group, Inc. and Drawbridge Special Opportunities Fund LP (incorporated by reference to Exhibit 10.5 to the Company's Registration Statement filed on Form S-1 on December 2, 2021).
10.6	+	Exchangeable Notes Purchase Agreement, dated as of October 28, 2021, by and among the Company, KORE Wireless Group, Inc., and the entities set forth on Schedule 1 therein (incorporated by reference to Exhibit 10.6 to the Company's Registration Statement filed on Form S-1 on December 2, 2021).
10.7	+	Amendment to Exchangeable Notes Purchase Agreement, dated November 15, 2021, by and among the Company, KORE Wireless Group, Inc. and the entities set forth on Schedule 1 thereto (incorporated by reference to Exhibit 10.7 to the Company's Registration Statement filed on Form S-1 on December 2, 2021).
10.8	+	Credit Agreement, dated as of December 21, 2018, among KORE Wireless Group, Inc., Maple Intermediate Holdings Inc., UBS AG, Stamford Branch, the lenders party thereto, and the other loan parties thereto (incorporated by reference to Exhibit 10.8 to the Company's Registration Statement filed on Form S-1 on December 2, 2021).

Exhibit Number		Description
10.9	+	Incremental Amendment No. 1 to Credit Agreement, dated as of November 12, 2019, among KORE Wireless Group, Inc., Maple Intermediate Holdings Inc., UBS AG, Stamford Branch, the lenders party thereto, and the other loan parties thereto (incorporated by reference to Exhibit 10.9 to the Company's Registration Statement filed on Form S-1 on December 2, 2021).
10.10	†+	KORE Group Holdings, Inc. 2021 Long-Term Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Registration Statement filed on Form S-8 on January 4, 2022).
10.11	†	Executive Employment Agreement, dated August 14, 2024, by and among the Company, KORE Wireless Group, Inc. and Ronald Totton (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed August 15, 2024).
10.12	†	Transition Agreement, dated August 14, 2024, by and among the Company, KORE Wireless Group, Inc. and Bryan Lubel (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed August 15, 2024).
10.13	†	Executive Employment Agreement, dated August 15, 2024, by and among the Company, KORE Wireless Group, Inc. and Jared Deith (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed August 15, 2024).
31.1	*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a)
31.2	*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a)
32.1	**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350
32.2	**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350
101.INS		Inline XBRL Instance Document—the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH		Inline XBRL Taxonomy Extension Schema Document
101.CAL		Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF		Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB		Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE		Inline XBRL Taxonomy Extension Presentation Linkbase Document
104		Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.
** Exhibit is being furnished and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.
† This document has been identified as a compensatory agreement.
+ Exhibit is included to correct an inaccurate hyperlink included in the Exhibit Index to the Company's Annual Report on Form 10-K.

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:

KORE Group Holdings, Inc.

Date: November 19, 2024	By:	/s/ *Ronald Totton*
		Ronald Totton President and Chief Executive Officer (Principal Executive Officer)
Date: November 19, 2024	By:	/s/ *Paul Holtz*
		Paul Holtz Executive Vice President Chief Financial Officer and Treasurer (Principal Financial Officer)

Exhibit 31.1

CERTIFICATION

I, Ronald Totton, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of KORE Group 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 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 and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 19, 2024

By: /s/ Ronald Totton
Ronald Totton
President and Chief Executive Officer
(principal executive officer)

Exhibit 31.2

CERTIFICATION

I, Paul Holtz, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of KORE Group 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 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 and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 19, 2024

By: /s/ Paul Holtz
Paul Holtz
EVP, Chief Financial Officer and Treasurer
(Principal Financial Officer and Principal Accounting 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

In connection with the Quarterly Report on Form 10-Q of KORE Group Holdings, Inc. (the “Company”) for the quarter ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: November 19, 2024

By: /s/ Ronald Totton
Ronald Totton
President and Chief Executive Officer
(principal 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**

In connection with the Quarterly Report on Form 10-Q of KORE Group Holdings, Inc. (the "Company") for the quarter ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: November 19, 2024

By: /s/ Paul Holtz
Paul Holtz
EVP, Chief Financial Officer and Treasurer
(Principal Financial Officer and Principal Accounting Officer)