



Smarter, faster clinical communication

Second Quarter Earnings | 07.28.22

# Safe harbor statement

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*Statements contained in this presentation which are not historical fact, such as statements regarding Spok's future operating and financial performance, future dividend payments and the outcome of the Company's strategic alternatives review, are forward-looking statements for purposes of the safe harbor provisions under the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve risks and uncertainties that may cause Spok's actual results to be materially different from the future results expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from those expectations include, but are not limited to, risks related to Spok's new strategic business plan, including its ability to maximize revenue and cash generation from its established businesses and return capital to shareholders, risks related to the COVID-19 pandemic and its effect on our business and the economy, other economic conditions such as recessionary economic cycles, higher interest rates, inflation and higher levels of unemployment, declining demand for paging products and services, continued demand for our software products and services, our dependence on the U.S. healthcare industry, our ability to develop additional software solutions for our customers and manage our development as a global organization, the ability to manage operating expenses, particularly third-party consulting services and research and development costs, future capital needs, competitive pricing pressures, competition from traditional paging services, other wireless communications services and other software providers, many of which are substantially larger and have much greater financial and human capital resources, changes in customer purchasing priorities or capital expenditures, government regulation of our products and services and the healthcare and health insurance industries, reliance upon third-party providers for certain equipment and services, unauthorized breaches or failures in cybersecurity measures adopted by us and/or included in our products and services, the effects of changes in accounting policies or practices, our ability to realize the benefits associated with our deferred tax assets, future impairments of our long-lived assets, amortizable intangible assets and goodwill, the effects of our limited-duration shareholder rights plan, and the outcome of Spok's strategic alternatives review, as well as other risks described from time to time in our periodic reports and other filings with the Securities and Exchange Commission. Although Spok believes the expectations reflected in the forward-looking statements are based on reasonable assumptions, it can give no assurance that its expectations will be attained. Spok disclaims any intent or obligation to update any forward-looking statements.*

# Agenda

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- Update on Strategic Business Plan
- Second Quarter and YTD 2022 Financial Highlights
- 2022 Outlook
- Wrap Up

# Strategic Business Plan Update

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- 01** Strategic business plan prioritizing maximization of free cash flow and returning capital to shareholders is well ahead of schedule

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- 02** Employee and management headcount reduction complete

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- 03** Year-to-date software bookings increased 23% year-over-year with thirty-two deals worth over six figures each

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- 04** \$12.7 million in cumulative capital returned to shareholders since the implementation of the strategic business plan

# History of service and commitment

## Key Facts



**Leader in healthcare communications** - A clinical communications & collaboration solution provider. Significant experience integrating to **critical hospital contact centers, EHRs and many other core healthcare information systems.** We continue to invest in and enhance our solutions.



**Largest paging carrier in the U.S.** with over 800K pagers .



**Blue chip and sticky customer base** with **2,200+ hospitals** in total.



Spok has built **intellectual property** via **decades of R&D investments.**



Operational excellence in execution, generating free cash flow while debt free and paying little in taxes.



Pioneer in healthcare communications, putting the customer first in all we do, honoring our core values and good business ethics.

## Spok By The Numbers

**\$67.5M**  
2022 1H Revenue

**\$56.0M**  
2022 1H Re-occurring Revenue<sup>(1)</sup>

**80%+**  
Percent of Revenue Is Re-occurring<sup>(1)</sup>

**835K**  
Wireless Units in Service

**\$0**  
Total Debt

**2,200+**  
Hospitals use Spok Communications

## Spok's Integrated Solution Ecosystem



(1) Company classifies re-occurring revenue as revenue from Spok Care Connect maintenance and Wireless.

# Second Quarter and YTD 2022 Financial Results

(Dollars in millions)

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	2022	2021	2022	2021
Total Revenue	\$33.7	\$35.7	\$67.5	\$71.8
<i>Wireless</i>	\$18.7	\$19.9	\$37.5	\$40.0
<i>Software</i>	\$15.0	\$15.9	\$30.0	\$31.8
Adjusted Operating Expenses <sup>(1)</sup>	\$30.0	\$37.4	\$67.0	\$75.4
Capital Expenditures	\$(0.5)	\$(1.5)	\$(1.2)	\$(2.2)
Adjusted EBITDA <sup>(2)</sup>	\$3.7	\$(1.5)	\$(3.6)	\$(2.0)

- Year-to-date capital returned to stockholders totaled \$12.7 million in the form of the Company's regular quarterly dividend
- Cash, cash equivalents and short-term investments balance of \$38.4 million at June 30, 2022, and no debt

<sup>(1)</sup> Adjusted Operating Expenses defined as operating expenses adjusted for depreciation, amortization, accretion, capitalized software development costs, and severance and restructuring costs

<sup>(2)</sup> Adjusted EBITDA represents net income/(loss) before interest income/expense, income tax benefit/expense, depreciation, amortization and accretion expense, stock-based compensation expense, impairment of intangible assets, effects of capitalized software development costs, and capital expenditures.

# June 2022 YTD Pro Forma Adjusted EBITDA

*(Dollars in millions)*

Adjusted EBITDA	\$ (3.6)
Severance Restructuring	\$ 4.9
Terminated Employees	\$ 6.8
Non-Payroll Spok Go®	\$ 1.3
Other	\$ 1.4
Total Impact:	\$ 14.4
Pro Forma Adjusted EBITDA	\$ 10.8



# 2022 Financial Outlook Updated

*(Dollars in millions)*

	<u>Original</u>	<u>Updated</u>
<b>Total Revenue:</b>	\$ 126.0 to \$ 139.2	\$ 130.0 to \$ 136.0
Wireless Revenue	\$ 71.6 to \$ 77.0	\$ 73.5 to \$ 75.5
Software Revenue	\$ 54.4 to \$ 62.2	\$ 56.5 to \$ 60.5
<b>Adj. Operating Expenses<sup>(1)</sup></b>	\$ 118.8 to \$ 128.6	\$ 123.3 to \$ 126.1
<b>Capital Expenditures</b>	\$ 3.4 to \$ 4.2	\$ 3.2 to \$ 3.9

<sup>(1)</sup> Adjusted operating expenses defined as operating expenses adjusted for depreciation, amortization, accretion, capitalized software





# Restructuring Costs Update

(Dollars in millions)

	<u>At Q1'22</u>	<u>Updated</u>
<b>Total Restructuring:</b>	\$ 6.4 to \$ 10.2	\$ 6.0 to \$ 6.5
Severance and Restructuring Costs	\$ 5.0 to \$ 6.6	\$ 5.5 to \$ 5.8
Contractual Terminations and Exit Costs	\$ 1.4 to \$ 3.6	\$ 0.5 to \$ 0.7



# Wrap Up



Trusted Partner

Significant market position with long-standing relationships with the nation's leading healthcare providers



Best in-class Paging Network

Largest in the United States that continues to generate strong results



Valuable and Critical Service

Delivering clinical information to care teams when and where it matters the most to improve patient outcomes



Spok Care Connect

Suite of products with a viable maintenance revenue stream



Stable Revenue Base

Stable 80%+ re-occurring revenue base from legacy wireless business and software maintenance contracts

# Q&A



# Contact Investor Relations

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