spōk

Fourth Quarter Earnings| 02.23.23

Safe Harbor Statement

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

- Business Overview
- Fourth Quarter and Full Year 2022 Financial Highlights
- 2023 Financial Outlook
- Wrap Up / Q&A

Business Overview

Vince Kelly

CEO

2022 – A Year of Change

01 Announced a strategic business plan prioritizing maximization of free cash flow and returning capital to shareholders and officially implemented on Feb. 17, 2022

02 Completed rightsizing of the company to focus on cash flow and stabilizing revenue in our core Spok Care Connect and Wireless Service lines

03 Significant business improvement in virtually all areas, including sales, product development, and overall execution

04 $24.5 million of proforma adjusted EBITDA generated in 2022
$25.0 million in cumulative capital returned to shareholders since the implementation of the strategic business plan in the first quarter of 2022

Continuing 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

$134.5M 2022 Revenue	**$112.6M** 2022 Re-occurring Revenue[1]	**83%+** Percent of Revenue Is Re-occurring[1]
817K 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.

Fourth Quarter 2022 Highlights

- Strategic business plan continued to progress in the fourth quarter as the Company generated $24.2 million of GAAP net income and $5.6 million of adjusted EBITDA
- 2022 proforma adjusted EBITDA of $24.5 million
- 2022 software operations bookings increased 16.6% from the prior year, with 66 new customer contracts worth over six figures
- Wireless average revenue per unit up to $7.50, or 3.3%, with units in service down only 3.5%

2023 Outlook

- Anticipate modest Software operations bookings growth
- Continue progress on product development
  - Modest incremental investment in research and development – solely focused on Spok Care Connect
  - Focus on product enhancements
- Continued deployment of GenA pager
- Adjusted EBITDA of $24 million to $26 million

Fourth Quarter and Full Year 2022 Financial Results

Michael Wallace

President and COO

Adjusted EBITDA – Updated Definition

Old		New	
	EBITDA		**EBITDA**
(-)	Capital Expenses	(+)	Severance and Restructuring
(+)	Stock Based Compensation	(+)	Stock Based Compensation
(+)	Non-Cash Asset Impairment	(+)	Non-Cash Asset Impairment
	Adjusted EBITDA		**Adjusted EBITDA**

Fourth Quarter and Full Year 2022 Financial Results

(Dollars in millions)	For the Three Months Ended December 31,		For the Twelve Months Ended December 31,	
	2022	2021	2022	2021
Total Revenue	**$33.3**	**$34.5**	**$134.5**	**$142.2**
Wireless	**$19.0**	**$19.2**	**$75.6**	**$78.8**
Software	**$14.3**	**$15.3**	**$58.9**	**$63.4**
Adjusted Operating Expenses[1]	**$28.5**	**$39.5**	**$123.4**	**$154.3**
Capital Expenditures	**$(2.0)**	**$(1.3)**	**$(3.8)**	**$(4.4)**
Adjusted EBITDA (Old)[2]	**$2.8**	**$(5.1)**	**$3.8**	**$(9.6)**
Adjusted EBITDA (New)[3]	**$5.6**	**$(3.8)**	**$15.0**	**$(4.9)**

- **Year-to-date capital returned to stockholders totaled $25.0 million in the form of the Company's regular quarterly dividend**
- **Cash, cash equivalents, and short-term investments balance of $35.8 million at December 31, 2022, and no debt**

[1]Adjusted Operating Expenses defined as operating expenses adjusted for depreciation, amortization, accretion, capitalized software development costs, and severance and restructuring costs
[2]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 including capital expenditures.
[3]As defined under footnote 2, with exception of excluding severance and restructuring costs and capital expenditures.

2022 Proforma Adjusted EBITDA

(Dollars in millions)

Adjusted EBITDA (Old)	**$3.81**
Severance and Restructuring	$7.33
Capital Expenditures	$3.82
Adjusted EBITDA (New)	**$14.96**
Terminated Employees	$7.47
Non-Payroll Spok Go® and Other	$2.05
Pro Forma Adjusted EBITDA	**$24.48**
Pro Forma Adjusted EBITDA (Old)	**$20.24**

2023 Financial Outlook

2023 Financial Outlook

(Dollars in millions)

	From	To
Total Revenue:	**$129.0**	**$136.5**
Wireless Revenue	**$71.5**	**$74.5**
Software Revenue	**$57.5**	**$62.0**
Adjusted EBIDTA[1]	**$24.0**	**$26.0**

[1]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, severance and restructuring, and effects of capitalized software development costs.

Q&A

Contact Investor Relations

Al Galgano
+ 1 (952) 224-6096
al.galgano@spok.com