



The IDEAS East Coast Conference

June 21, 2023

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, 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.



Our Mission & Investment Highlights

Vince Kelly, CEO



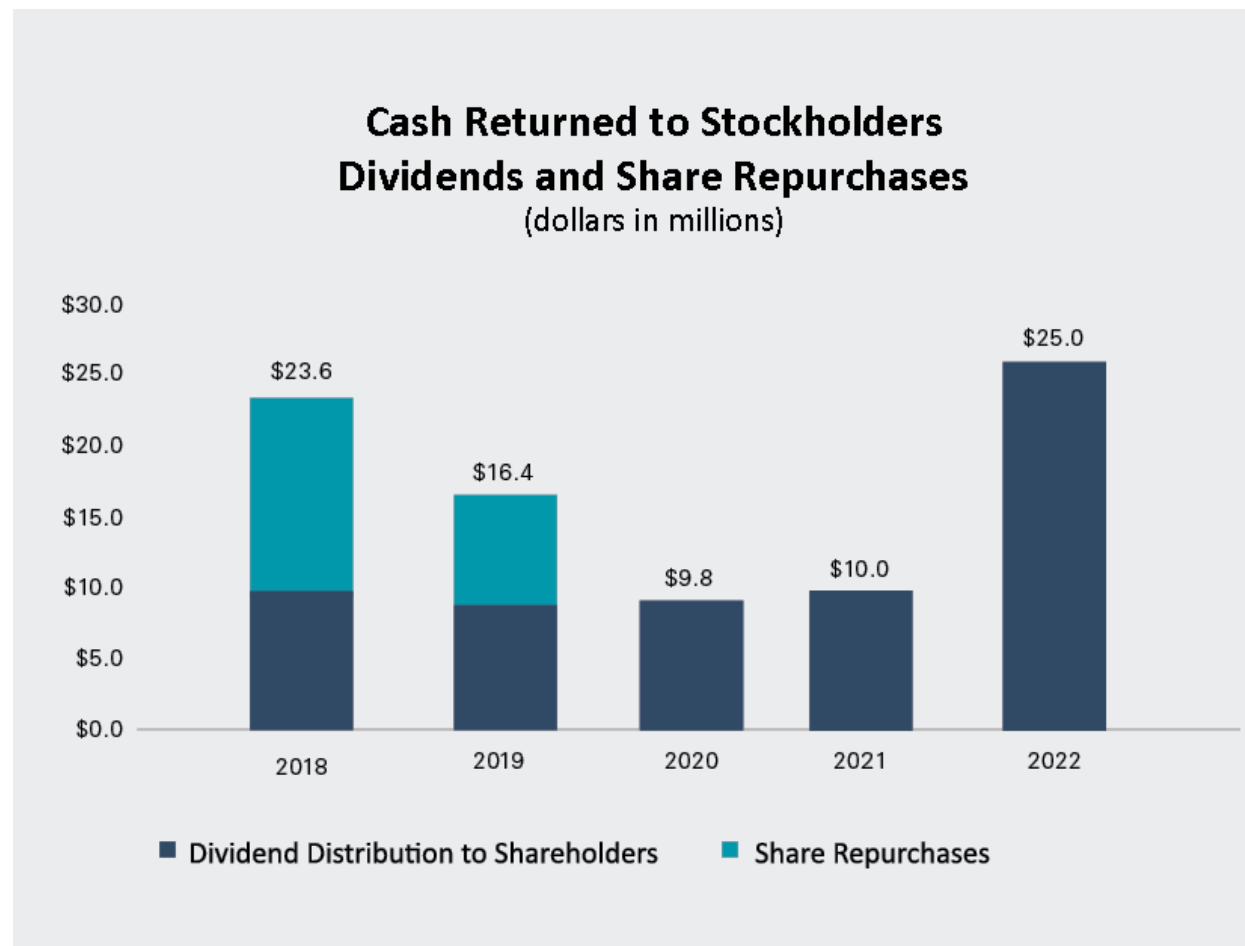
Our Mission: Generate cash and return capital

Returning capital to shareholders is our goal as well as our legacy

- Nearly \$655 million returned to stockholders since 2004
- 2022 capital return - \$25 million
- 2023 capital return forecast - \$25 million

Focus on maximizing cash over the long-term

- Incremental investments in wireless and software solutions
- Stabilizing and then growing revenue
- Efficient expense management
- Shareholder friendly capital allocation





Key Investment Highlights

1

Long-standing Customer Relationships with the “Best Hospitals”

All 10 U.S. News & World Report’s Top 10 Children’s Hospitals and 18 of Top 20 Adult Hospitals are Spok customers, with an average tenure of 22 years

2

Stable Re-occurring Software Maintenance and Wireless Segment Revenue

83+% of Spok’s revenue is re-occurring in nature due to maintenance revenue from contact center and wireless paging revenue

3

Software Operations Bookings Momentum, Large Identified Pipeline

2022 Software Operations Bookings up ~17% YOY with 66 new six-figure customer contracts

4

Clear Roadmap Developed to Execute Strategy

Multiple avenues of organic and inorganic growth across new and existing customers and product development

5

Significant Annual Free Cash Flow Generation and Strong Balance Sheet

~\$25 million of annual Adjusted EBITDA, \$29.5 million cash, no debt, ~\$52 million of Deferred Tax Assets





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



Our Plan

Growth in value and return of capital

Long-term objective

- Growing cash flow while stabilizing our top line with growth in software revenue

Short-term energy focus

1. **Software Bookings:** Achieve plan and show YoY growth
2. **Product Roadmap Progress:** Demonstrable benefit to the business and future sales
3. **Wireless Revenue Stabilization:** Positive UIS variance and positive ARPU
 - a) Price increases late last year – will consider again in Q3
 - b) GenA pager placements with related ARPU uplift



Healthcare responds to fiscal challenges

Changes in economic conditions



- Staff Shortages (Nursing, IT and others)
- High Labor Costs
- Higher Capital Cost / Reduced Capital Spending
- High Inflation
- Economic Recession
- Thinner Margins
- Tighter IT Budgets



Fiscal alignment of healthcare IT strategy

- Reduce, eliminate or postpone new IT initiatives
- Maintain existing information systems investments
- Maintain supported versions/prevent Cyber risks
- Maximize value of current assets/investments
- Implement unutilized capabilities/Improve ROI

Spok responds to fiscal challenges

New product release cadence

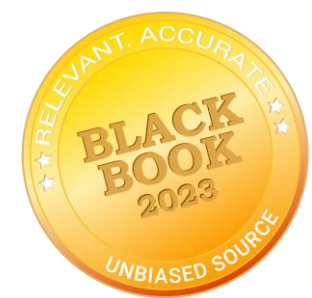


- Limit costly major upgrades to a 3- to 4-year cycle
- Deliver product enhancements releases twice/year with minor in-place upgrades



Provide 3- or 5-year managed maintenance & services agreement

- Perform benefit realization assessment to identify unrealized ROI
- Established pre-planned upgrade roadmap, ensuring benefit realization with minimum disruption
- Ensure OS, DB and 3rd party components are supported minimizing Cyber risk and system availability
- Maximize Value and Smooth Out Expenses with level billing across contract period
- Inflation protection with no pricing increases during contract period



Spok Earns Top Client Satisfaction Scores for Sixth Consecutive Year

Overall rank	Vendor	Total No. 1 criteria ranks
1	Spok	11
2	Tiger Connect	2
3	Epic Secure Chat	3
4	Vocera	2
5	AT&T	1
6	Qlik	1



Longstanding Customer Relationships...

TOP 10 CHILDREN'S HOSPITALS (2022-2023)

	Customer	Wireless	Software	Tenure (Yrs)
1	Boston Children's Hospital	✓	✓	36
2	Texas Children's Hospital	✓	✓	20
3	Cincinnati Children's	✓		13
4	Children's Hospital of Philadelphia	✓	✓	23
5	Children's National	✓	✓	24
6	UPMC Children's Hospital of Pittsburgh	✓	✓	32
7	Children's Hospital Colorado Foundation	✓		37
8	Children's Hospital Los Angeles	✓	✓	26
9	Nationwide Children's	✓	✓	34
10	Lucile Packard Children's Hospital Stanford	✓	✓	19

TOP 20 ADULT HOSPITALS (2022-2023)

	Customer	Wireless	Software	Tenure (Yrs)
1	MAYO CLINIC Rochester		✓	13
2	CEDARS-SINAI			
3	NYU Langone Health	✓	✓	21
4	Cleveland Clinic	✓	✓	29
5	JOHNS HOPKINS MEDICINE	✓	✓	26
6	Harbor-UCLA MEDICAL CENTER	✓	✓	15
7	NewYork-Presbyterian	✓	✓	36
8	MASSACHUSETTS GENERAL HOSPITAL	✓		29
9	Northwestern Memorial Hospital	✓	✓	26
10	Stanford HEALTH CARE STANFORD MEDICINE	✓	✓	19
11	BARNES JEWISH Hospital		✓	4
12	UCSF Medical Center	✓	✓	17
13	Penn Medicine Penn Presbyterian Medical Center	✓	✓	43
14	BRIGHAM HEALTH BRIGHAM AND WOMEN'S HOSPITAL	✓		20
15	HOUSTON Methodist	✓		28
16	Mount Sinai	✓	✓	31
17 Tie	MICHIGAN MEDICINE UNIVERSITY OF MICHIGAN		✓	15
17 Tie	MAYO CLINIC Phoenix			
19	VANDERBILT UNIVERSITY MEDICAL CENTER		✓	12
20	RUSH UNIVERSITY MEDICAL CENTER	✓	✓	19

Spok has an average relationship tenure of 22 years with the U.S. News & World Report's "Best Hospitals"

Spok Leadership Team



Vince Kelly
Chief Executive
Officer



Mike Wallace
President and Chief
Operating Officer



**Sharon Woods
Keisling**
Corporate Secretary
and Treasurer



Tim Tindle
Chief Information
Officer



Jonathan Wax
EVP of
Global Sales



Renee Hall
Chief Compliance
Officer
VP of Human
Resources



Calvin Rice
Chief Financial
Officer



Mick Ling
Vice President of
Maintenance
Revenue

A decorative graphic consisting of a 4x4 grid of dots. The dots in the first two columns are light blue, while the dots in the last two columns are white.

Business Strategy

Mike Wallace, President & COO



Overall Strategy

Critical Communications Purpose Built Over Time

1

Grow software revenue and bookings through effective delivery of existing solutions

- Acquiring new customers by further penetrating the hospitals domestically with significant opportunity outside the U.S.
- Continuing to expand relationships within the existing customer base with additional R&D spend in Spok Care Connect to tackle technical debt and development of enhanced features

2

Minimize churn and revenue erosion in wireless products

- Valuable wireless presence in the healthcare market, particularly in larger hospitals
 - Comprehensive suite of wireless messaging products and services focused on healthcare
- Network reliability and customer service minimizes the rate of revenue attrition
- Decreasing wireless cost structure and consolidated operations ensures the lowest cost operational platform for the business
- Development of the GenA pager to increase functionality, drive retention, and increase ARPU.

3

Maximize Free Cash Flow

- Maximize existing revenue sources in both our Software and Wireless businesses
- Eliminated all expenses related to Spok Go
- At current, reduce all costs associated with scaling of the business





Software Strategy

Spok Care Connect...

- With Spok Care Connect, the contact center is the base, with products like Messenger and Spok Mobile® sold as accessories to our contact center solution, which are all on-premise solutions
- The core services such as the directory, on-call scheduling, and message routing are embedded within all the contact center solutions
- Spok has been successful in selling upgrades and multi-year engagements to lock in our Blue Chip customer base for the long haul.

...Product Direction

- With the pivot from Spok Go, renewed work on enhancements of the Product suite to drive meaningful value for customers while taking advantage of the valuable franchise built with large hospitals
- Development of a hosted version of Spok Care Connect Suite to better serve the smaller sized hospitals
- Over time, development of more efficient architecture for our Spok Care Connect solutions to drive efficiency across the entire organization, including Product & Development, Professional Services and Customer Support.

Wireless Integration

- Wireless is compatible with Spok Care Connect, providing a comprehensive communication strategy for hospitals
- Use smartphone, Wi-Fi phone, or tablet to access the organization's directory and send secure messages to any staff member, including the right on-call clinicians
- Support a wide variety of smartphones, pagers, and other devices for maximum flexibility





Wireless Strategy

Maximize Margins Through Cost Savings

Network Rationalization Plan

The Company has ongoing efforts to manage network capacity and to improve overall network efficiency by consolidating subscribers onto fewer, higher capacity networks with increased transmission speeds

Overhead

Cost management effort focused on rightsizing and headcount reduction

Maximize Margins Through Rate Increases

Nominal Rate Increases

Balance risk of returns, inflation, margin erosion with periodic small rate increases

Release New Products

- To mitigate wireless subscriber erosion and provide uplift to ARPU, the Company is launching a new pager (GenA™ Pager)
 - New user interface is intuitive to users with smartphone UI
- Development started mid-2020 of a next generation one-way pager to replace the current T5 and a very modest investment

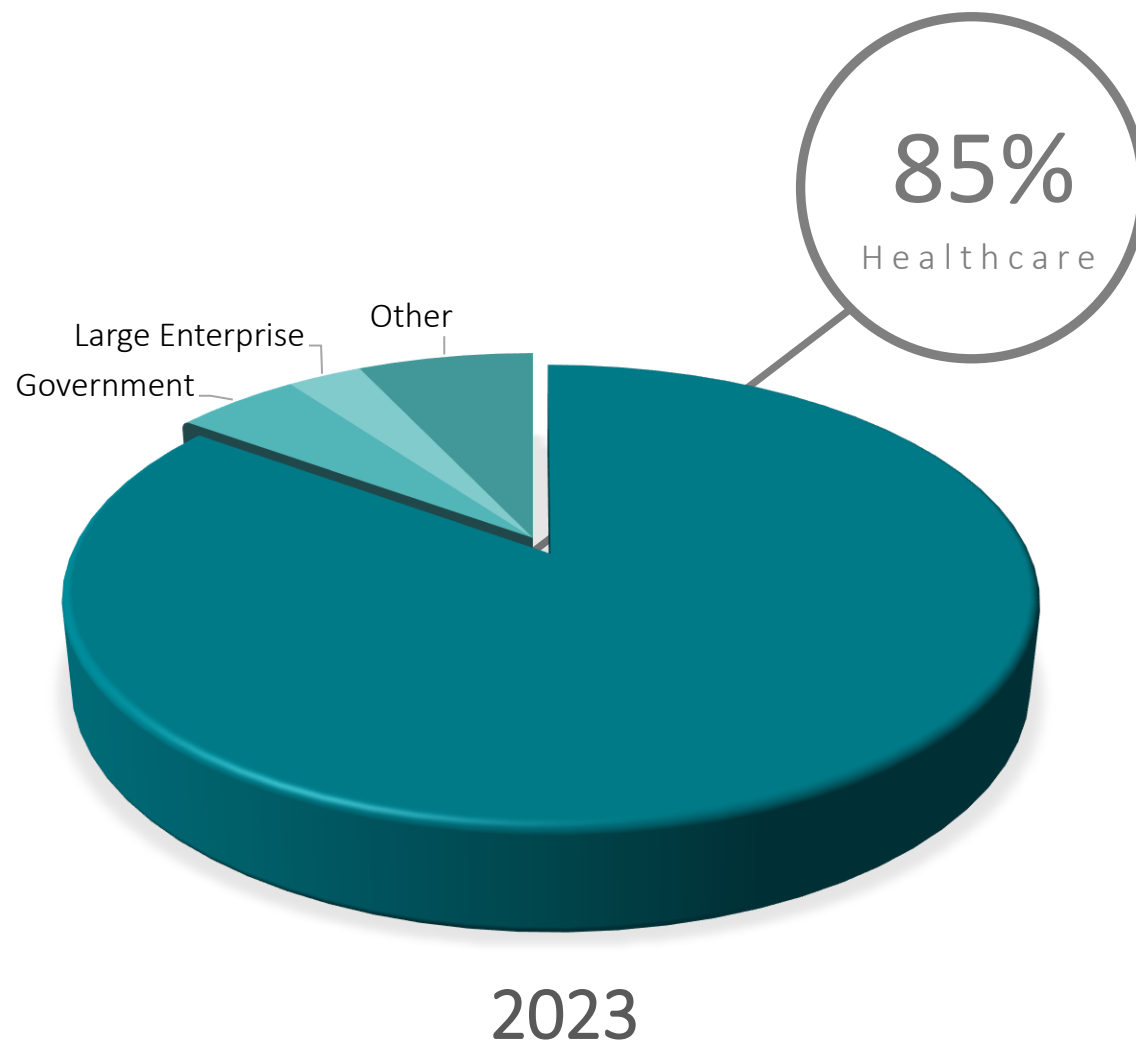
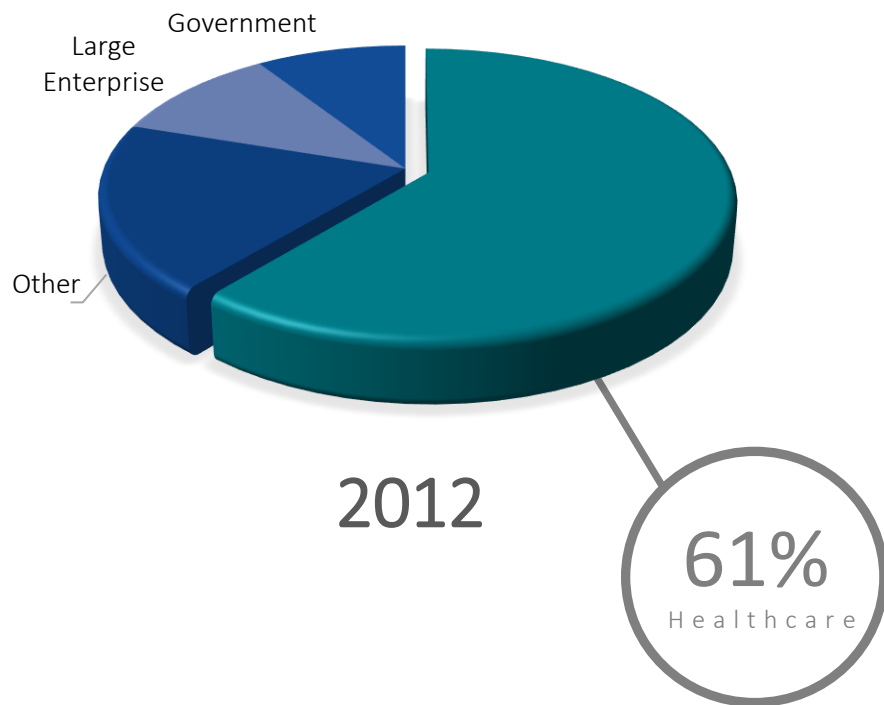


GenA Pager

Spok continues to maximize Wireless cash flow by pursuing a strategy of simultaneously minimizing churn and revenue erosion while maximizing margins through network cost reduction efforts




Focus on Healthcare



Percentage of revenue

Spok Care Connect Market Size

**Total Addressable
Market**

 **\$4.2 billion**
By 2030 (2023 \$1.9B)

**Growth
Rate**

11.6%
CAGR from 2023 to 2030

**Largest
Market**



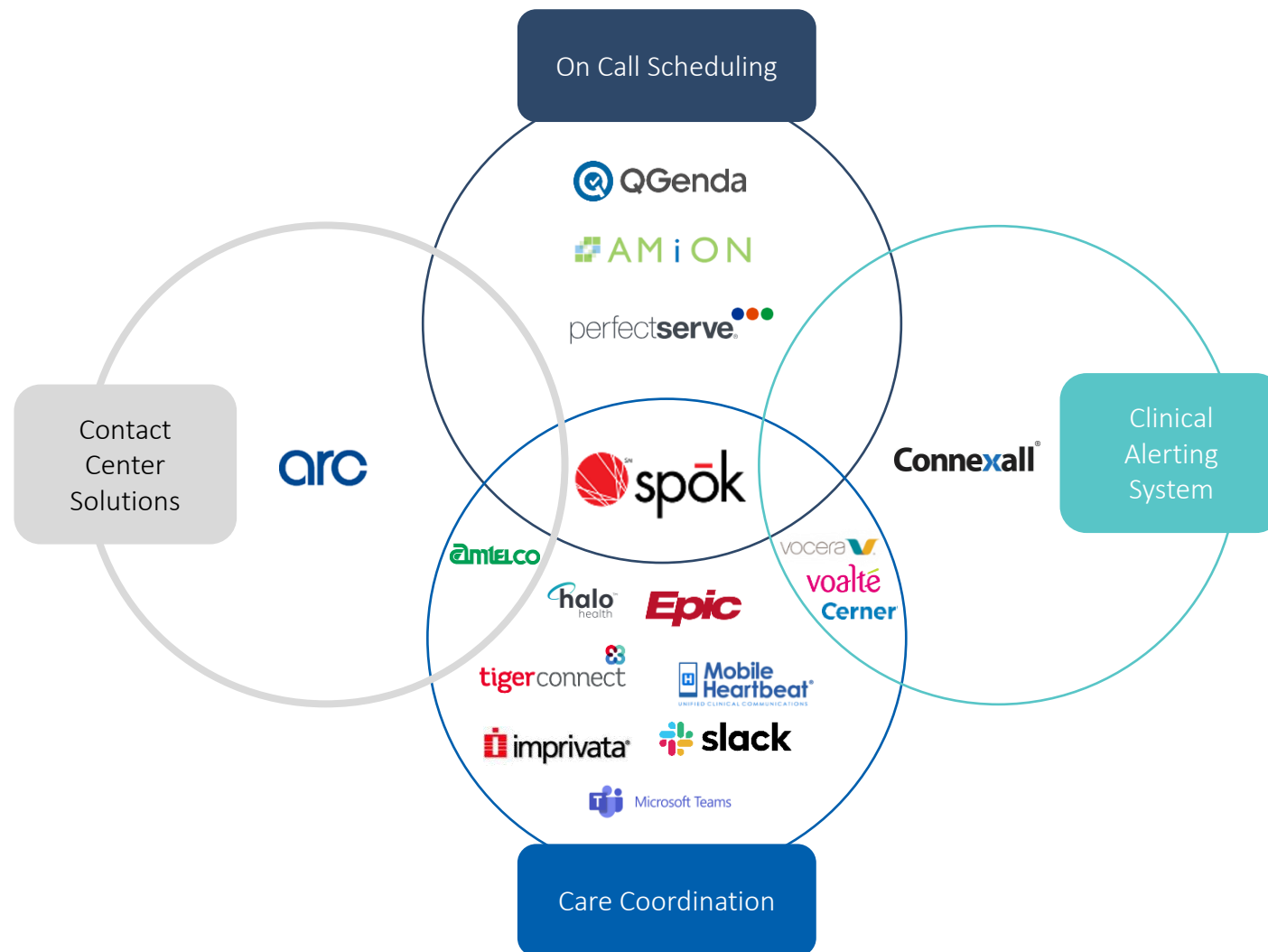
**North America
Market Size**

 **\$570 million**
In 2023

Spok Care Connect Competitive Positioning

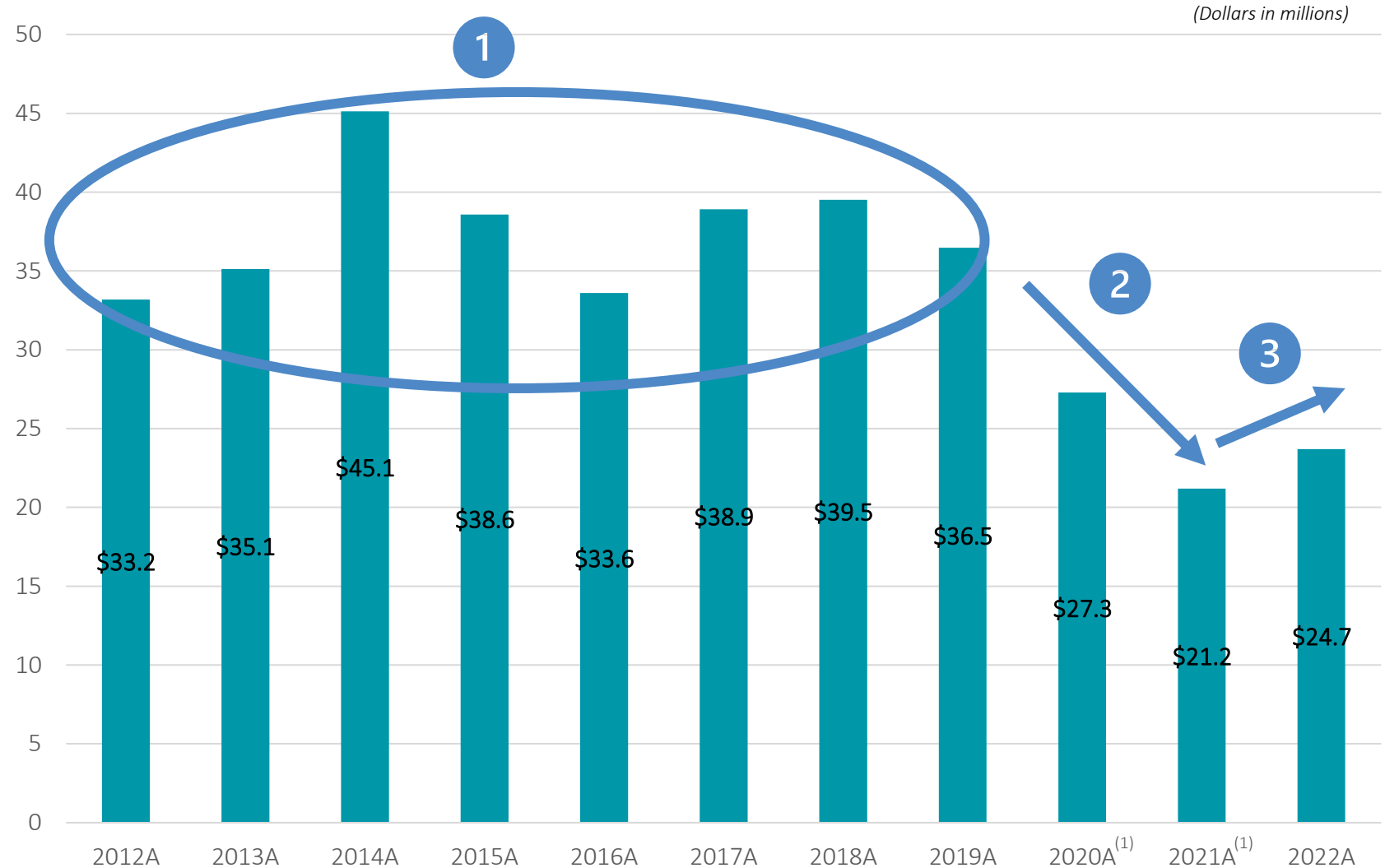
KEY VALUE PROPOSITIONS

- ✓ Strategic partner that solves enterprise challenges from one platform allowing the right message to get to the right person on the right device
- ✓ Source of truth, especially in complex IDNs, for the directory and on-call schedules
- ✓ Interoperability is at the core of Spok's mission to connect many systems to the required endpoints



Spok Care Connect Operations Bookings

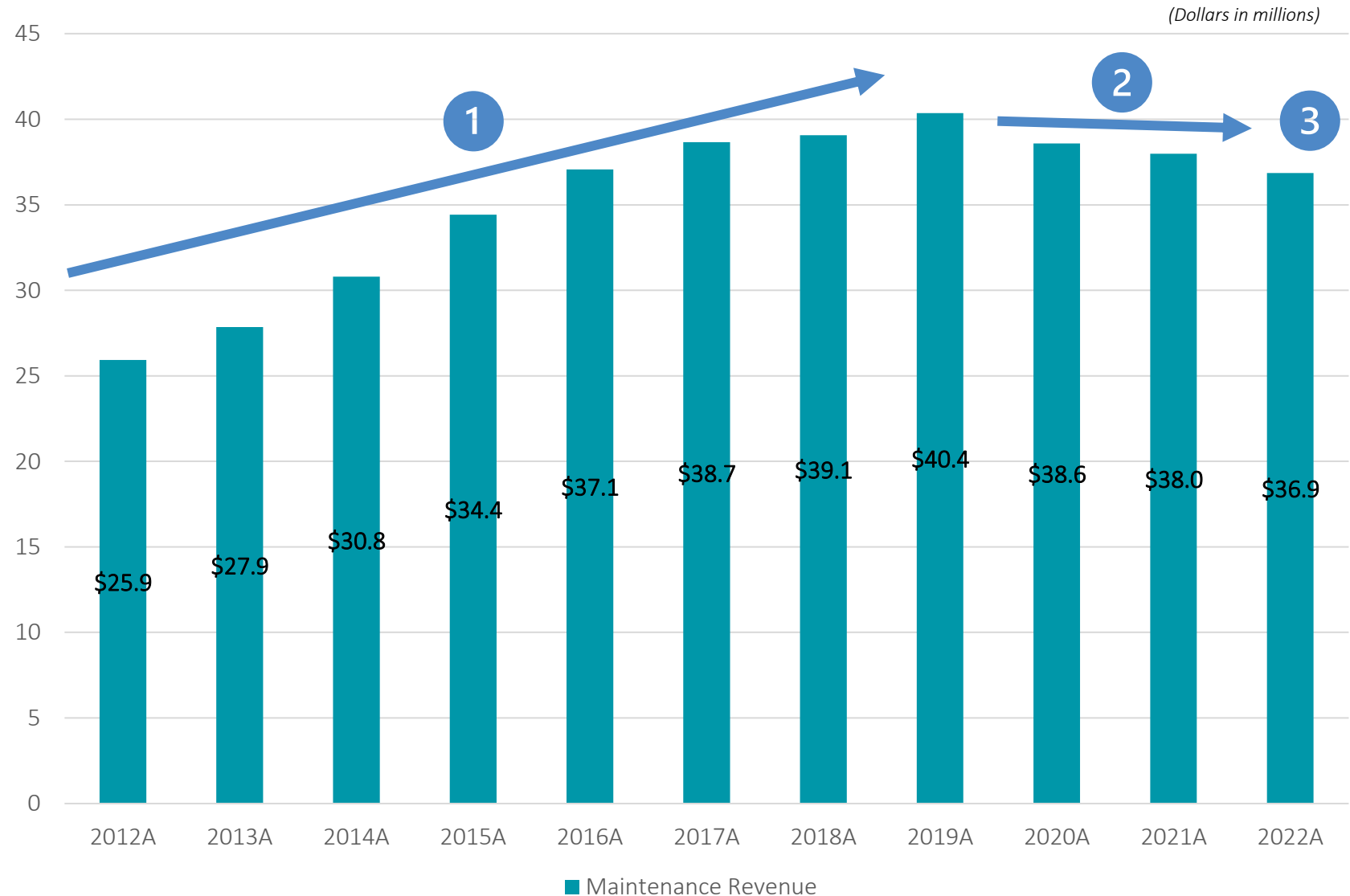
- 1 Historical Bookings performance highlights potential
- 2 Company places focus on Spok Go Selling and Marketing efforts
- 3 Strategic Pivot reorients focus on Core Product offerings and future growth



⁽¹⁾Excludes \$1.1 and \$2.5 million of Spok Go Bookings in 2020 and 2021, respectively

Spok Care Connect Highly Profitable Reoccurring Maintenance Revenue

- 1 Post acquisition of Amcom, expansion of reoccurring maintenance attributable to growth in license sales and focus on Spok Care Connect
- 2 Company places focus on Spok Go Selling and Marketing efforts
- 3 While revenue is flat in the near term, expectation is for growth based on performance of Operations Bookings (previous slide)



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Financials

Calvin Rice, CFO



Strategic pivot

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

02 Completed rightsizing 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

Full Year 2022 and 1Q 2023 Financial Results

(Dollars in millions)

	<u>For the Three Months Ended March 31,</u>		<u>For the Twelve Months Ended December 31,</u>	
	2023	2022	2022	2021
Total Revenue	\$33.2	\$33.8	\$134.5	\$142.2
<i>Wireless</i>	\$19.0	\$18.8	\$75.6	\$78.8
<i>Software</i>	\$14.2	\$15.0	\$58.9	\$63.4
Adjusted EBITDA ⁽¹⁾	\$6.9	\$(2.1)	\$15.0	\$(4.9)

- Capital returned to stockholders totaled \$6.9 million for the three months ended March 31, 2023, and \$25.0 million for the full year 2022, in the form of the Company's regular quarterly dividend
- Cash and equivalents balance of \$29.5 million at March 31, 2023, and no debt

First Quarter 2023 Highlights

- Company executing on strategic business plan generating \$3.1 million of GAAP net income, and \$6.9 million of adjusted EBITDA
- Software operations bookings increased nearly 9% from prior year with 15 six figure customer contracts
- Wireless average revenue per unit continues upward trends, up to \$7.59, or 4.8%, with units in service down only 3.2%, on an annual basis
- Increased financial guidance for full year 2023



2022 Pro Forma & 2023 Adjusted EBITDA⁽²⁾

(Dollars in millions)

	<u>2022</u>	<u>1Q23</u>	<u>2023⁽¹⁾</u>
Adjusted EBITDA ⁽²⁾	\$ 15.0	\$6.9	\$25.5
Terminated Employees	7.5	-	-
Non-Payroll Spok Go [®] and Other	2.0	-	-
Pro Forma Adjusted EBITDA ⁽²⁾	\$ 24.5	\$6.9	\$25.5





Balance Sheet

- Exceptionally clean and simple balance sheet
- No debt
- Common stock only
- \$29.5 million of cash and equivalents
- Significant deferred tax assets to shield income from taxes for many years



Updated 2023 Financial Outlook⁽¹⁾

	<u>Prior Guidance</u>		<u>Current Guidance</u>	
(Dollars in millions)	<u>From</u>	<u>To</u>	<u>From</u>	<u>To</u>
Total Revenue:	\$ 129.0	\$ 136.5	\$ 131.0	\$ 137.5
Wireless Revenue	\$ 71.5	\$ 74.5	\$ 73.0	\$ 75.5
Software Revenue	\$ 57.5	\$ 62.0	\$ 58.0	\$ 62.0
Adjusted EBITDA ⁽²⁾	\$ 24.0	\$ 26.0	\$ 24.5	\$ 26.5



⁽¹⁾ Company Guidance as of May 3, 2023 and included in the related first quarter 2023 earnings press release.

⁽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, capital expenditures, and severance and restructuring costs.



Capital Allocation



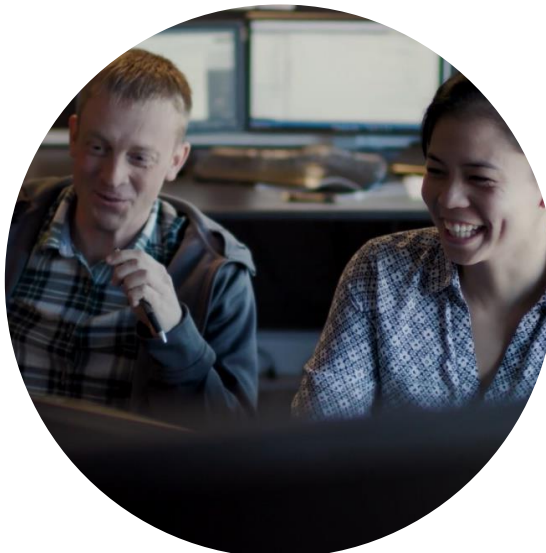
Capital Allocation

Total Cash & equivalents
of \$29.5 million and no
debt.



Return of Capital

- Higher \$1.25 annual dividend since February 2022
- Opportunistic capital deployment for shareholder value via share repurchase authorization – current basket of \$10.0 million



Internal Investment

- Product innovation and technology expansion with our Spok Care Connect Suite to grow software revenue
- Automation and efficiency initiatives



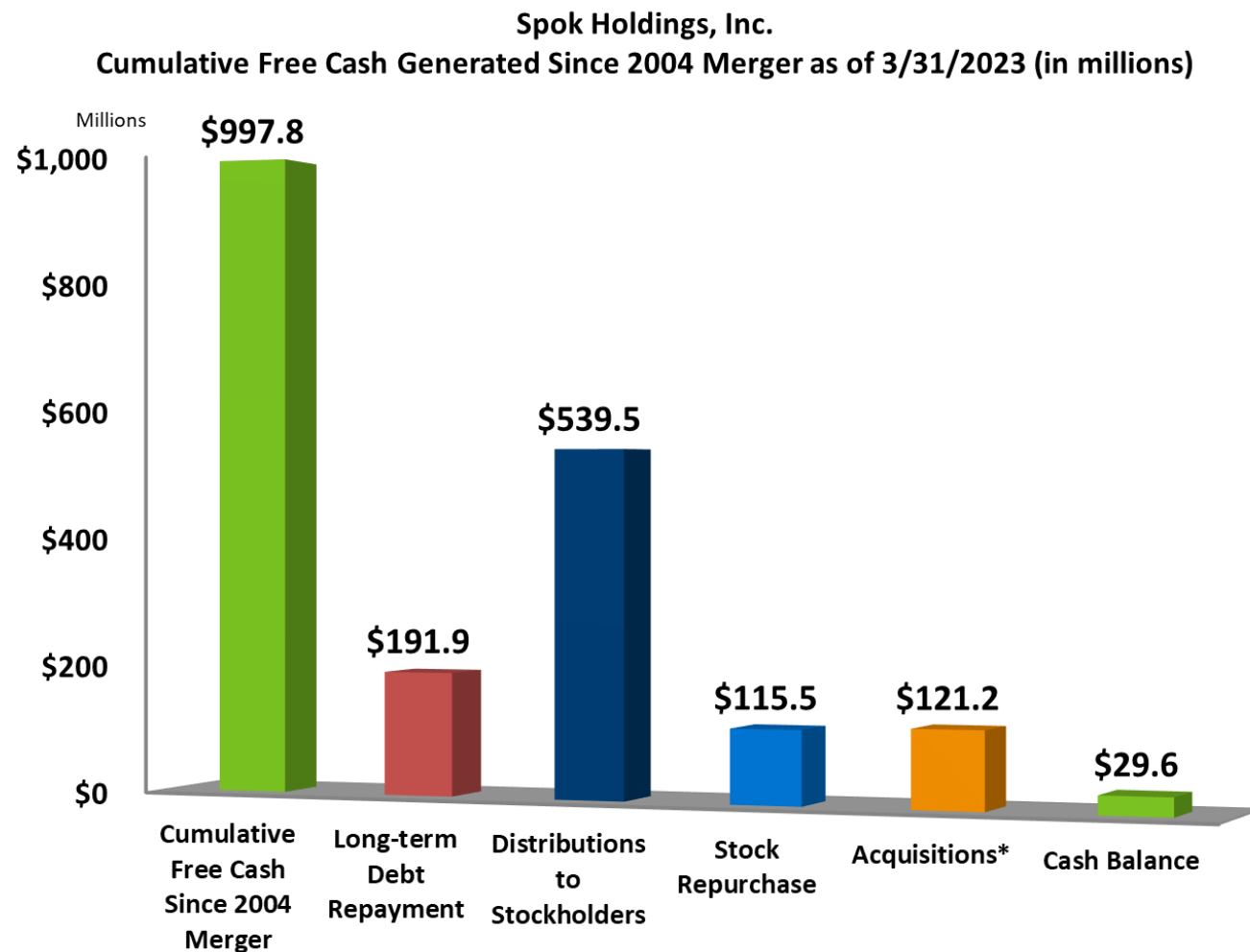
M&A

- Not a current focus/priority
- Will be opportunistic for potential to leverage our cash flow prioritization strategy



History of FCF generation and return of capital

- Since the 2004 merger, Spok has generated almost \$1 billion in cumulative free cash flow.
- Both our Wireless and Software businesses drive significant FCF and allow for the continued investment in our software business.



*Amcom Software = \$118.2 million actual cash invested exclusive of debt; IMCO CTRM application = \$3.0 million.

Wrap-Up



Enormous customer base and strong relationships with leading healthcare providers



Largest wireless paging network in the country with 800,000+ units in service



Stable re-occurring wireless and software maintenance revenue with opportunities to grow total revenue



No debt, \$29.5mm cash balance, significant deferred tax assets, funding 85%+ of dividend from free cash flow, substantial dividend yield at current



 **Thank you**