



Second Quarter Earnings |

07/24/2024

# Safe Harbor Statement

Statements contained herein or in prior press releases which are not historical fact, such as statements regarding our future operating and financial performance, 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 our 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, our ability to manage wireless network rationalization to lower our costs without causing disruption of service to our customers; our ability to retain key management personnel and to attract and retain talent within the organization; the productivity of our sales organization and our ability to deliver effective customer support; economic conditions such as recessionary economic cycles, higher interest rates, inflation and higher levels of unemployment; risks related to our overall business strategy, including maximizing revenue and cash generation from our established businesses and returning capital to stockholders through dividends and repurchases of shares of our common stock; competition for our services and products from new technologies or those offered and/or developed from firms that are substantially larger and have much greater financial and human capital resources; continuing decline in the number of paging units we have in service with customers, commensurate with a continuing decline in our wireless revenue; our ability to address changing market conditions with new or revised software solutions; undetected defects, bugs, or security vulnerabilities in our products; our dependence on the U.S. healthcare industry; the sales cycle of our software solutions and services can run from six to eighteen months, making it difficult to plan for and meet our sales objectives and bookings on a steady basis quarter-to-quarter and year-to-year; our reliance on third-party vendors to supply us with wireless paging equipment; our ability to maintain successful relationships with our channel partners; our ability to protect our rights in intellectual property that we own and develop and the potential for litigation claiming intellectual property infringement by us; our use of open source software, third-party software and other intellectual property; the reliability of our networks and servers and our ability to prevent cyberattacks and other security issues and disruptions; our reliance on data centers and other systems and technologies provided by third parties, and technology systems and electronic networks supplied and managed by third parties; cyberattacks, data breaches or other compromises to our or our critical third parties' systems, data, products or services; our ability to realize the benefits associated with our deferred income tax assets; future impairments of our long-lived assets or goodwill; risks related to data privacy and protection-related laws and regulation; and our ability to manage changes related to regulation, including laws and regulations affecting hospitals and the healthcare industry generally, 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**
- **Second Quarter 2024 Financial Highlights**
- **2024 Full Year Financial Outlook**
- **Wrap Up**

A decorative graphic of a 4x4 grid of light blue dots is positioned to the left of the main title.

# Business Overview

Vince Kelly, CEO

Mike Wallace, President and COO



# Strategic Goal: Run the business profitably and generate cash

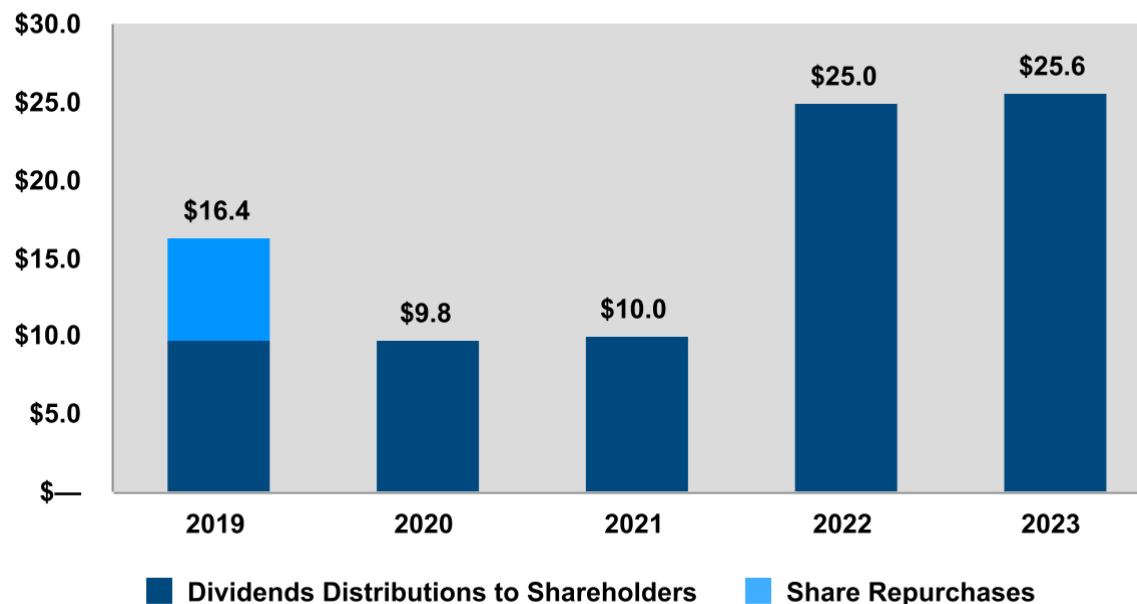
## Returning capital to stockholders is our goal as well as our legacy

- Nearly \$690 million returned to stockholders since 2004
- 2022 capital return - \$25.0 million
- 2023 capital return - \$25.6 million
- Expected 2024 capital return - \$25+ million

## Focus on maximizing cash over the long term

- Incremental investments in wireless and software solutions
- Growing our revenue base
- Efficient expense management
- Stockholder-friendly capital allocation

Cash Returned to Stockholders - Dividends and Share Repurchases  
(Dollars in Millions)







# 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 approximately 747K 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

**\$139.0M**  
2023 Revenue

**\$112.9M**  
2023 Re-occurring Revenue<sup>(1)</sup>

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

**~747K**  
Wireless Units in Service  
As of 6/30/24

**\$0**  
Total Debt

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

## Spok's Integrated Solution Ecosystem



## 2024 Second Quarter Sales Highlights

- Software operations bookings increased over 10% from the first quarter of 2024
- Bookings included 18 six-figure and 1 seven-figure customer agreements as well as 14 multi-year engagements
- Average software operations bookings contract size up 14% from prior quarter
- July 2024 already off to a strong start





# Second Quarter 2024 Financial Results

Calvin Rice

Chief Financial Officer



# Second Quarter 2024 Financial Results

Company executing on strategic business plan generating \$7.7 million of YTD GAAP net income, and \$14.6 million of YTD adjusted EBITDA

*(Dollars in millions)*

	<u>For the Three Months Ended</u>		<u>For the Six Months Ended</u>	
	<u>June 30,</u>		<u>June 30,</u>	
	2024	2023	2024	2023
Total Revenue	\$34.0	\$36.5	\$68.9	\$69.6
<i>Wireless</i>	\$18.3	\$18.9	\$36.9	\$37.9
<i>Software</i>	\$15.7	\$17.6	\$32.0	\$31.7
Adjusted EBITDA <sup>(1)</sup>	\$7.0	\$8.5	\$14.6	\$15.4

- Wireless average revenue per unit continues upward trends, up to \$7.84, a 4% year-over-year increase
- Wireless quarterly net churn improves to 0.8%, down from 1.6% in the prior quarter
- Cash and equivalents balance of \$23.9 million at June 30, 2024
- Spok reiterates 2024 financial guidance provided on February 21, 2024



<sup>(1)</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, capital expenditures, and severance and restructuring costs.



# Contact Investor Relations

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