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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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FORM 8-K

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CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): February 27, 2023

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**SPOK HOLDINGS, INC.**  
(Exact name of registrant as specified in its charter)

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Delaware  
(State or other jurisdiction  
of incorporation)

001-32358  
(Commission  
File Number)

16-1694797  
(I.R.S. Employer  
Identification No.)

5911 Kingstowne Village Pkwy, 6th Floor  
Alexandria, Virginia  
(Address of principal executive offices)

22315  
(Zip Code)

Registrant's telephone number, including area code: (800) 611-8488

Not Applicable  
Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class  
Common Stock, par value \$0.0001 per share

Trading symbol  
SPOK

Name of each exchange on which registered  
NASDAQ

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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. ☐

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**Item 8.01 Other Events.**

On February 27, 2023, Spok Holdings, Inc. posted an investor presentation on its website at [www.spok.com](http://www.spok.com). A copy of the presentation is filed herewith as Exhibit 99.1 and is incorporated by reference herein.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits:

Exhibit No.	Description
99.1	<a href="#">Ex 99.1 - Investor Deck</a>

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## 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 hereunto duly authorized.

Spok Holdings, Inc.

Date: *February 27, 2023*

By: /s/ Calvin C. Rice  
Name: *Calvin C. Rice*  
Title: *Chief Financial Officer*



# Investor presentation

February 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, and future dividend payments 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.*



# Table of Contents

- 1 Investment Highlights
- 2 Business Strategy
- 3 Spok Care Connect<sup>®</sup>
- 4 Wireless
- 5 Financials
- 6 Wrap-Up

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# Investment Highlights

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# Key Investment Strategy



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, ~\$36 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<sup>(1)</sup>

**83%+**  
Percent of Revenue Is  
Re-occurring<sup>(1)</sup>

**817K**  
Wireless Units in Service

**\$0**  
Total Debt

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

## Spok's Integrated Solution Ecosystem

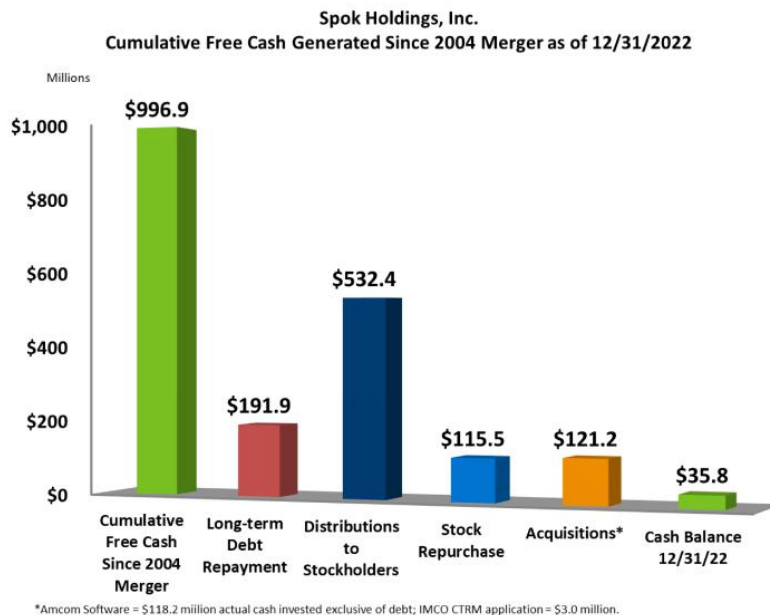


1. Company classifies re-occurring revenue as revenue from Spok Care Connect maintenance and Wireless.



## 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.



# 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

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# Business Strategy



# Strategic business plan update

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

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

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

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- 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



# 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 one of three Contact Centers, 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 deals 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 common architecture for the three Contact Centers 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

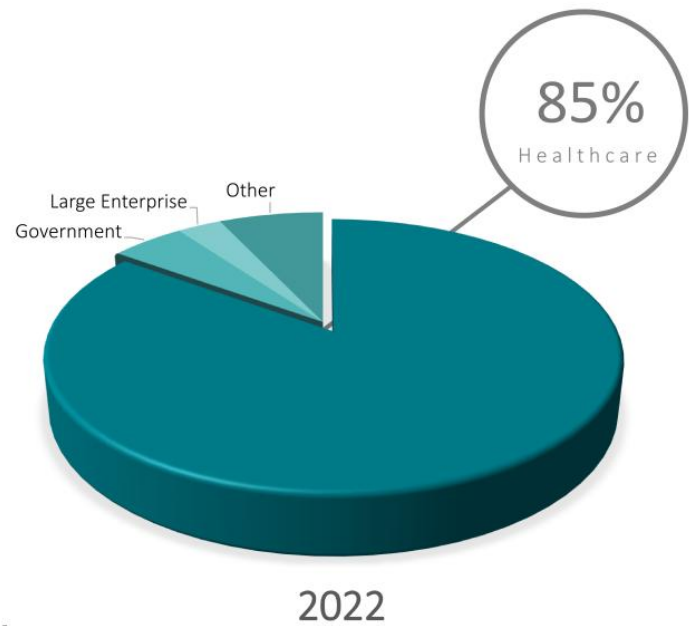
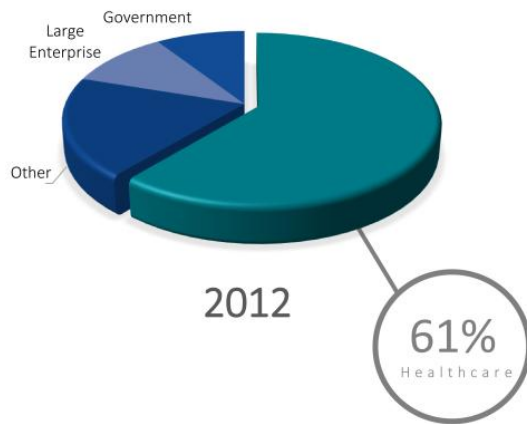




# Spok Care Connect®

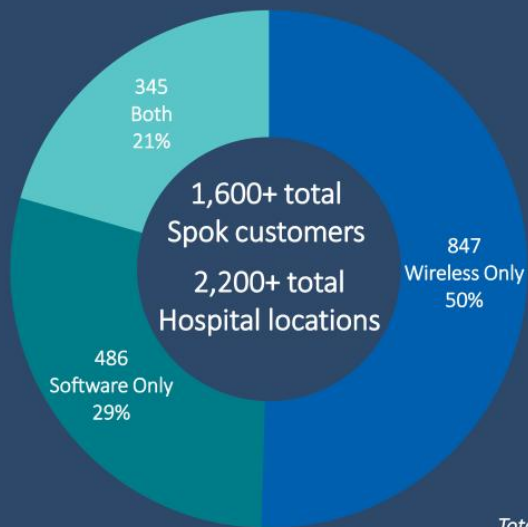


## Focus on Healthcare



Percentage of revenue

# US health systems/ hospitals by lines of business\*

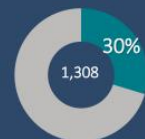


Total Population 7,103  
24% Market Penetration

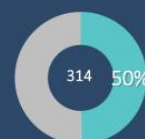
## Software-only market share by bed size\*



1-199 Beds  
287 customers



200-599 Beds  
388 customers



600+ Beds  
156 customers



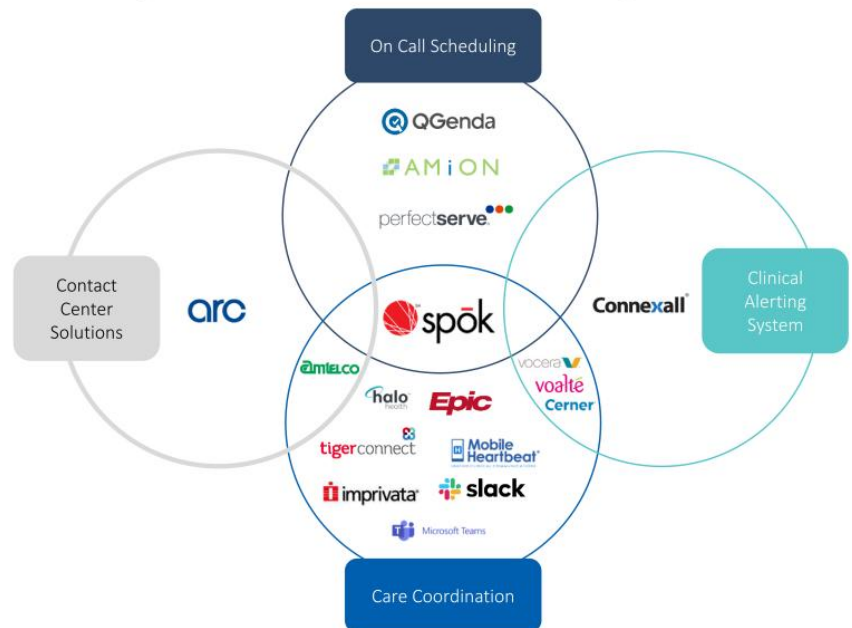
\*2022 assessment. Subject to change.



# 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

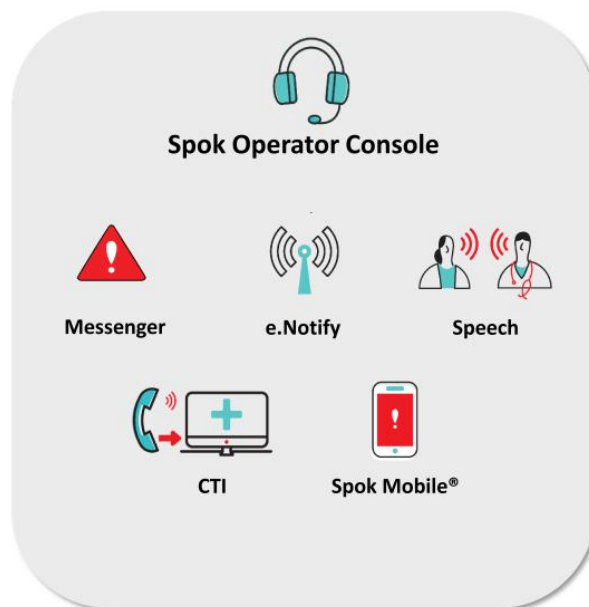




## Spok Earns Top Client Satisfaction Scores for Sixth Consecutive Year

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

# Spok Care Connect®



# Our value proposition

Improve patient outcomes by connecting clinical teams with the people and information they need when and where it matters most.



## Care team communication

Provides clinician-to-clinician messaging and delivers real-time information from clinical systems to everyone on the care team



## Efficient clinical workflows

Clinical alerting and alarm management with flexible routing and escalation of alerts to the right person



## Enterprise call processing

Quickly help staff and patients, and directly support patient care by launching critical codes



## How Spok Care Connect sets us apart



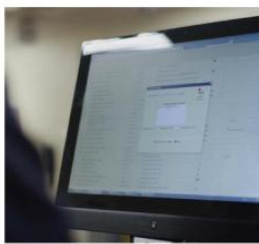
Enterprise platform for health systems, hospitals, & IDNs

Encompasses care collaboration among clinical and non-clinical staff and systems



Extensive interoperability that supports existing workflows

Interoperable with 300+ hospital systems, including EHRs



Powerful central directory

Can be accessed and updated in real time by all roles and departments



Device-agnostic platform supports the right device for the right role

Supports a diverse device mix, including pagers



Security

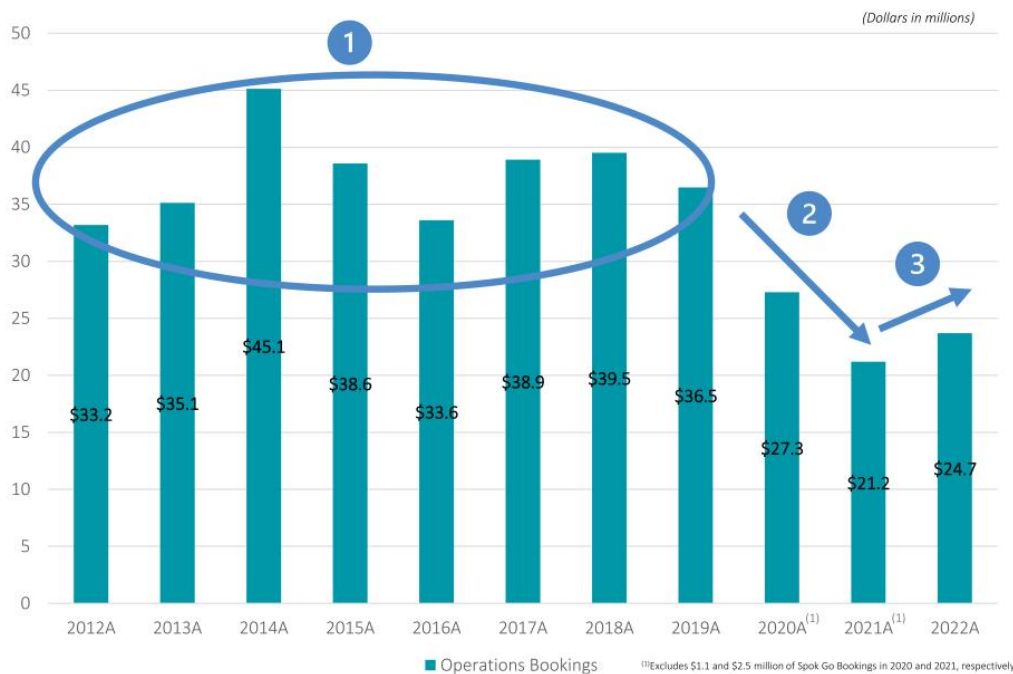
Comprehensive cybersecurity program





# Spok Care Connect Operations Bookings

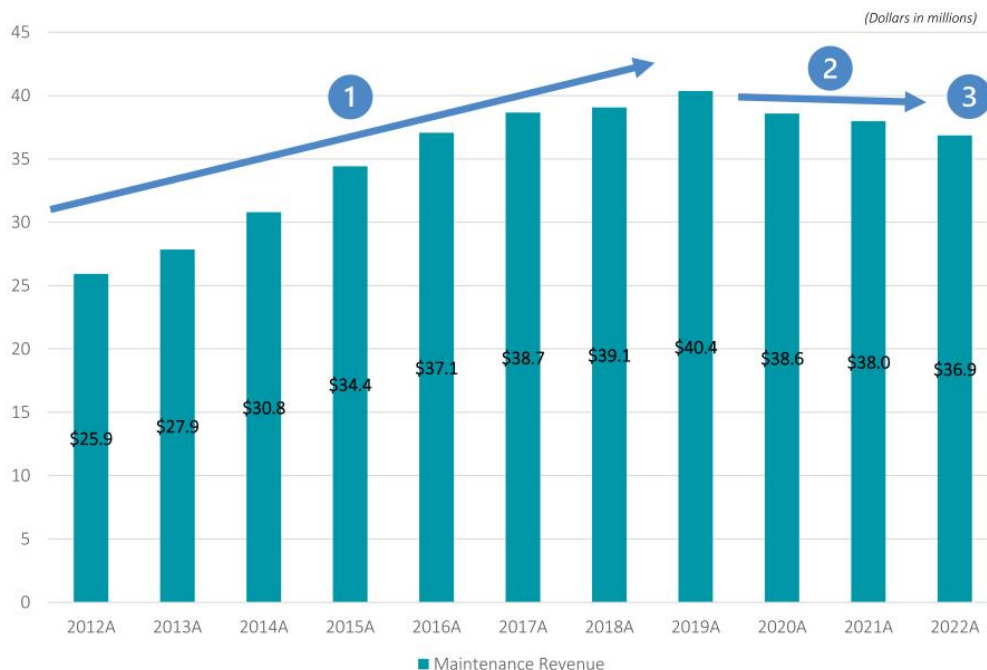
- 1 Historical Bookings performance highlights potential
- 2 Company places focus on Spok Go Selling and Marketing efforts
- 3 Strategic **Pivot** reorients focus on Core Product offerings and future growth





# 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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# Wireless



## Nationwide Wireless Paging Network

- Largest carrier in the U.S.
- Over 100 million messages / month
- Carrier-grade network with 99.92% availability
- Secure nationwide network
- Dominates the healthcare paging market and is part of a full critical communication platform with leading-edge software





# Paging Remains Relevant

## Paging's value remains high for critical messaging

- Paging has facilitated hospital workflows and critical response
- Pagers receive messages when cellular and Wi-Fi cannot
- Paging's survivable architecture provides advantages, especially in crisis and disaster scenarios
- Reliability/cost still a factor – paging best low-cost solution
- Role-based communication needs – not everyone needs a smartphone to do his/her job; budget constraints





# Why healthcare organizations value pagers



Complements secure text messaging in workflows



HIPAA compliance with encrypted paging



Tried and true – and cost effective



Works in disaster situations



Not everyone needs a smartphone to do their job



# Spok GenA™ Pager







## GenA Importance and Strategy

Continue to Improve  
UIS Trends

- Increase features, functions and benefits to improve retention

Increase ARPU

- Increased feature, function and benefits to drive higher Monthly Recurring Revenue
- Increase encrypted pager adoption

Leverage Current Investments (Wireless / Software)

GenA penetration to-date remains low at less than 10,000 units as we begin its rollout. At current though, we are seeing approximately \$1.50 - \$2.50 higher ARPU with GenA pagers.



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# Financials

# 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 EBITDA <sup>(1)</sup>	\$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 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.



## 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 adjusted EBITDA of \$24.5 million
- 2022 software operations bookings increased 16.6% from 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%



## 2022 Pro Forma Adjusted EBITDA

*(Dollars in millions)*

Adjusted EBITDA	\$ 14.96
Terminated Employees	\$ 7.47
Non-Payroll Spok Go® and Other	\$ 2.05
Pro Forma Adjusted EBITDA	\$ 24.48



# 2023 Financial Outlook <sup>(1)</sup>

	<u>From</u>	<u>To</u>
<i>(Dollars in millions)</i>		
Total Revenue:	\$ 129.0	\$ 136.5
Wireless Revenue	\$ 71.5	\$ 74.5
Software Revenue	\$ 57.5	\$ 62.0
Adjusted EBITDA <sup>(2)</sup>	\$ 24.0	\$ 26.0

<sup>(1)</sup> Company Guidance as of February 22, 2023 and included in the related fourth quarter 2022 earnings press release.

<sup>(2)</sup> Adjusted EBITDA defined as EBITDA adjusted for stock-based compensation and severance and restructuring costs







## Balance Sheet

- Exceptionally clean and simple balance sheet
- No debt
- Common stock only
- \$35 million+ of cash and cash equivalents
- Significant deferred tax assets to shield income from taxes for many years



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# Non-GAAP Reconciliations

# Reconciliation of Adjusted EBITDA

(Dollars in millions)

	For the Three Months Ended December 31,		For the Twelve Months Ended December 31,	
	2022	2021	2022	2021
Net income (loss)	\$24.2	(\$16.7)	\$21.9	(\$22.2)
Add back:				
Benefit from income taxes	(\$21.0)	(\$4.0)	(\$20.9)	(\$5.2)
Other income	(\$0.1)	(\$0.1)	(\$0.2)	(\$0.1)
Interest income	(\$0.2)	(\$0.1)	(\$0.6)	(\$0.3)
Depreciation, amortization, and accretion	\$0.9	\$2.7	\$3.6	\$10.4
EBITDA	\$3.9	(\$18.1)	\$3.8	(\$17.3)
Adjustments:				
Capitalized software development impairment	-	\$15.7	-	\$15.7
Capitalized software development costs	-	(\$2.6)	-	(\$10.8)
Stock-based compensation	\$0.9	\$1.2	\$3.8	\$7.2
Severance and restructuring	\$0.9	\$0.1	\$7.3	\$0.3
Adjusted EBITDA	\$5.6	\$(3.8)	\$15.0	\$(4.9)





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# Contact Investor Relations

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spok

