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

FORM 8-K

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

Date of Report (Date of Earliest Event Reported): December 15, 2022

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

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.

☐

Item 8.01 Other Events.

On December 15, 2022, Spok Holdings, Inc. posted an investor presentation on its website at 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	Ex 99.1 - Investor Deck 12-2022

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: *December 15, 2022*

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



Smarter, faster clinical communication

Investor Presentation | December 2022

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.

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1 Investment Highlights

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

82% 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

YTD Software Operations Bookings up 18% YOY with 49 six-figure deals

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

~\$20 million+ annual run-rate in free cash flow, ~\$35 million cash, no debt, Deferred Tax Assets

Spok at a Glance

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 including all Top 10 Children's Hospitals and 18 of the Top 20 Adult Hospitals, 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.

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

Spok By The Numbers

\$134M

2022E Revenue

\$111M

2022E Re-occurring Revenue⁽¹⁾

83%

Percent of Revenue Is Re-occurring

79%

2022E Gross Margin

36%

2022E Contribution Margin

2,200+

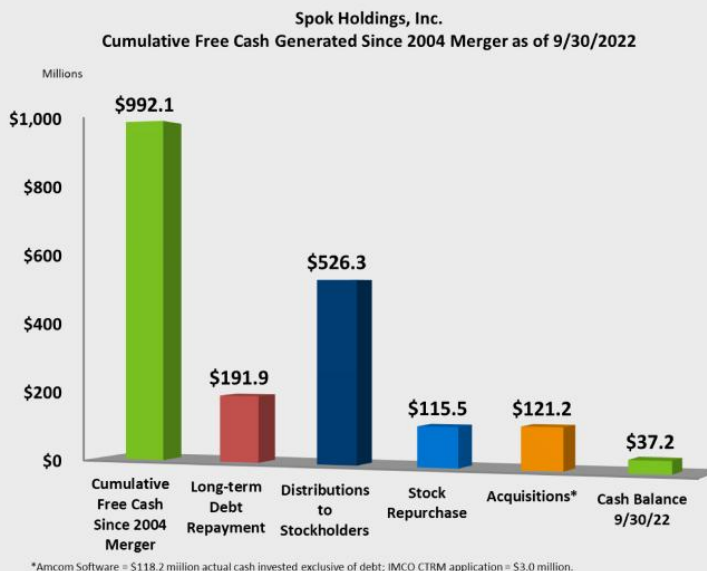
Hospitals use Spok Communications

Spok Integrated Solution Ecosystem



History of FCF generation and return of capital

- Since the 2004 merger, Spok has generated almost \$1 billion in cumulative free cash flow.
- Wireless continues to drive investment in our software business since the acquisition of Amcom in 2011.



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

2 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

- 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 \$16.9 million of Proforma Free Cash Flow generated for 3Q YTD 2022 - \$18.8 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Valuable wireless presence in the healthcare market, particularly in larger hospitals <ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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.

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

...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.

- 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

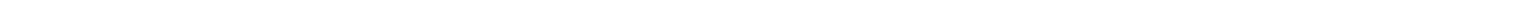
- To mitigate wireless subscriber erosion and provide uplift to ARPU, the Company is launching a new pager (GenA™ Pager)
 - New user interface is intuitive to users with smartphone UI
- Development started mid-2020 of a next generation one-way pager to replace the current T5 and a very modest investment



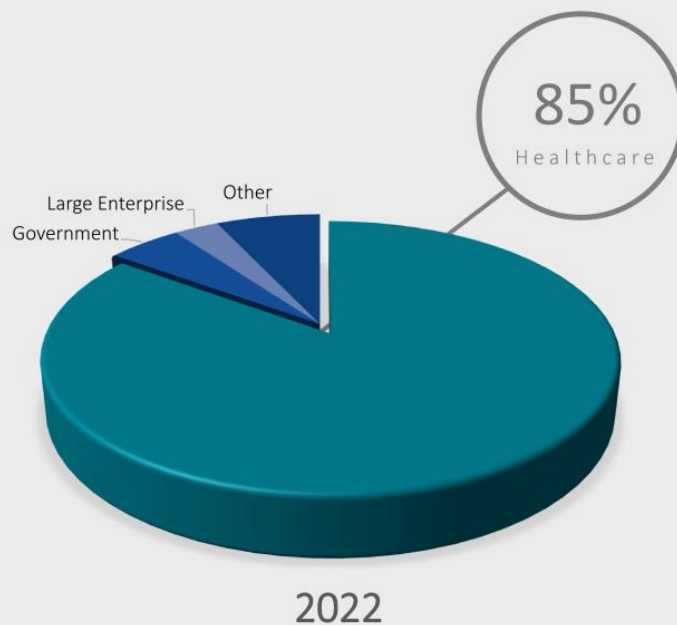
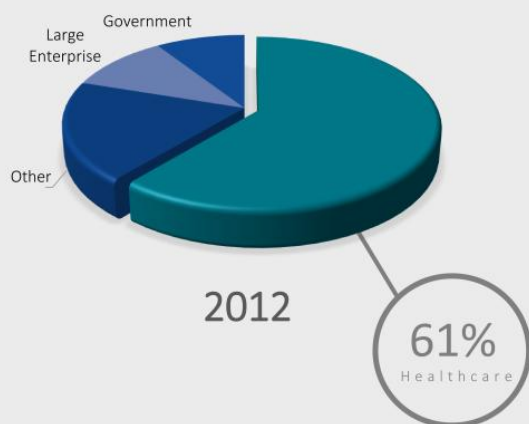
GenA Pager

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

3 Spok Care Connect®



Focus on Healthcare























Percentage of revenue

Longstanding Customer Relationships...

TOP 10 CHILDREN'S HOSPITALS (2022-2023)

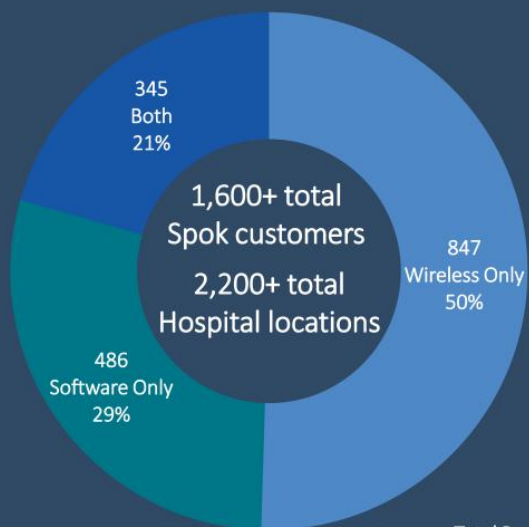
	Customer	Wireless	Software
1	 Boston Children's Hospital	✓	✓
2	 Texas Children's Hospital	✓	✓
3	 Chicago Children's	✓	
4	 Children's Hospital of Philadelphia	✓	✓
5	 Children's National	✓	✓
6	 UPMC CHILDREN'S	✓	✓
7	 Children's Hospital Los Angeles	✓	
8	 Children's Hospital of Pittsburgh	✓	✓
9	 NATIONWIDE CHILDREN'S	✓	✓
10	 Lucile Packard Children's Hospital Stanford	✓	✓

TOP 20 ADULT HOSPITALS (2022-2023)

	Customer	Wireless	Software	Tenure (Yrs)
1	 MAYO CLINIC Rochester		✓	13
2	 CEDARS-SINAI			21
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	✓	✓	19
11	 BARNES JEWISH Hospital		✓	4
12	 UCSF Medical Center	✓	✓	17
13	 Penn Medicine Perelman Medical Center	✓	✓	43
14	 BRIGHAM HEALTH BRIGHAM AND WOMEN'S HOSPITAL	✓		20
15	 METHODIST Methodist	✓		28
16	 Mount Sinai	✓	✓	31
17 Tie	 MICHIGAN MEDICINE		✓	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"

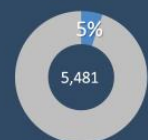
US health systems/ hospitals by lines of business*



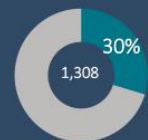
Total Population 7,103
24% Market Penetration

*2022 assessment. Subject to change.

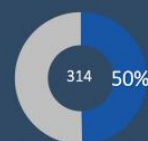
Software-only market share by bed size*



1-199 Beds
287 customers



200-599 Beds
388 customers

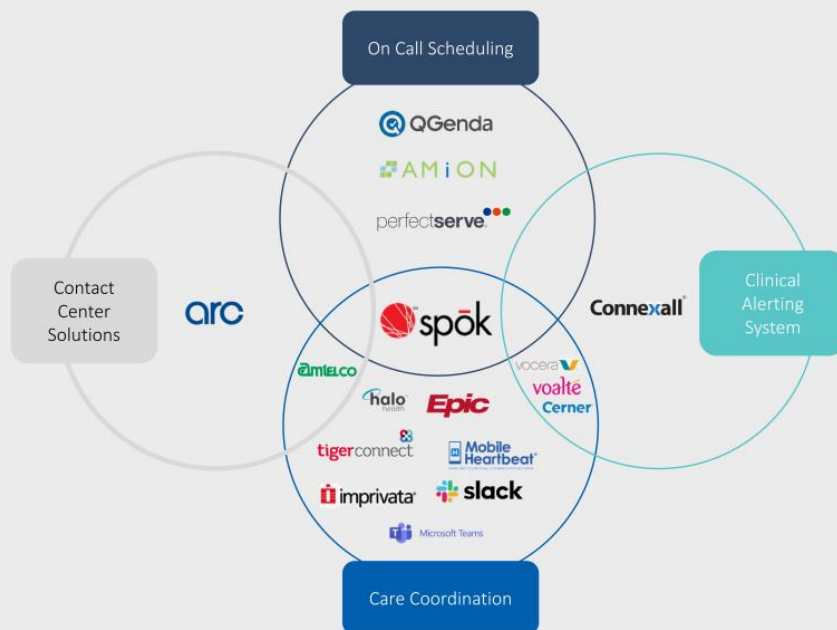


600+ Beds
156 customers

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 #1 Secure Healthcare Provider Communications Platforms

2022 Black Book Survey

TABLE 1: SUMMARY OF CRITERIA OUTCOMES

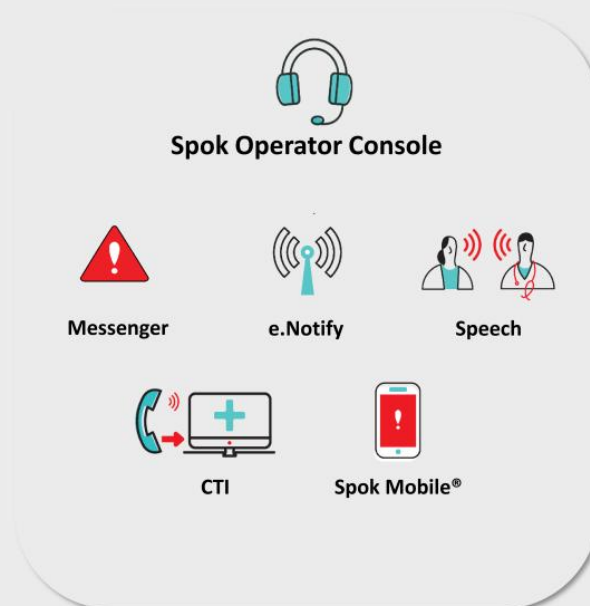
Total number one criteria achieved	Vendor	Overall rank
13	SPOK	1
2	PERFECTSERVE	2
2	TIGER CONNECT	3
1	IMPRIVATA	5

Source: Black Book Research

TABLE 2: TOP SCORE PER INDIVIDUAL CRITERIA

Questions	Criteria	Vendor	Overall
1	Strategic Alignment of Client Goals MU VBC MACRA	SPOK	1
2	Innovation & Optimization	SPOK	1
3	Training	TIGER CONNECT	3
4	Client relationships and cultural fit	SPOK	1
5	Trust, Accountability, Transparency, Ethics	SPOK	1
6	Breadth of offerings, client types, delivery excellence	IMPRIVATA	5
7	Deployment and outsourcing implementation	SPOK	1
8	Customization	TIGER CONNECT	3
9	Integration and interfaces	SPOK	1
10	Scalability, client adaptability, flexible pricing	SPOK	1
11	Compensation and employee performance	PERFECTSERVE	2
12	Reliability	SPOK	1
13	Brand image and marketing communications	SPOK	1
14	Marginal value adds and modules	PERFECTSERVE	2
15	Financial & Managerial Viability	SPOK	1
16	Data security and backup services	SPOK	1
17	Support and customer care	SPOK	1
18	Best of breed technology and process improvement	SPOK	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.



Enterprise call processing

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



Efficient clinical workflows

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



Care team communication

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

How Spok Care Connect sets us apart?



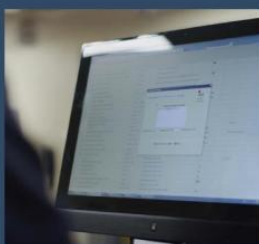
Enterprise platform for health systems, hospitals, & IDNs

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



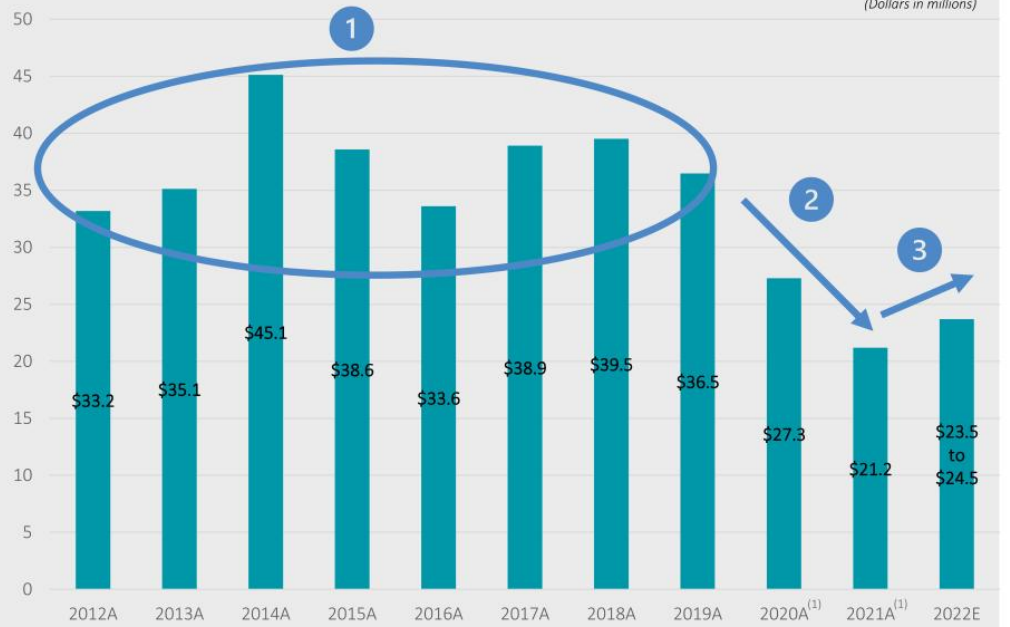
Security

Comprehensive cybersecurity program

Spok Care Connect Operations Bookings

(Dollars in millions)

- 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

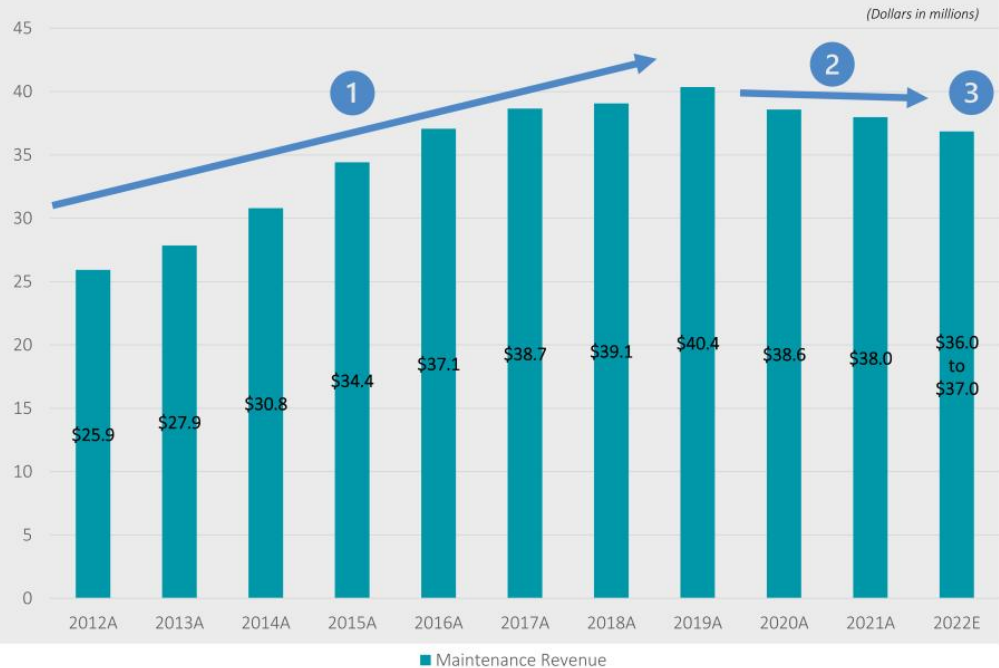


■ Operations Bookings

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

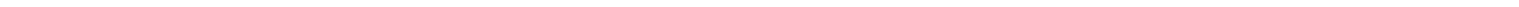
Highly Profitable Reoccurring Maintenance Revenue

- 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)



4

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.

5 Financials

Third Quarter and YTD 2022 Financial Results

(Dollars in millions)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Total Revenue	\$33.7	\$35.9	\$101.3	\$107.6
Wireless	\$19.1	\$19.6	\$56.6	\$59.6
Software	\$14.7	\$16.2	\$44.7	\$48.0
Adjusted Operating Expenses ⁽¹⁾	\$27.9	\$39.4	\$95.0	\$114.7
Capital Expenditures	\$(0.6)	\$(0.9)	\$(1.8)	\$(3.1)
Adjusted EBITDA ⁽²⁾	\$4.7	\$(2.5)	\$(1.1)	\$(4.5)

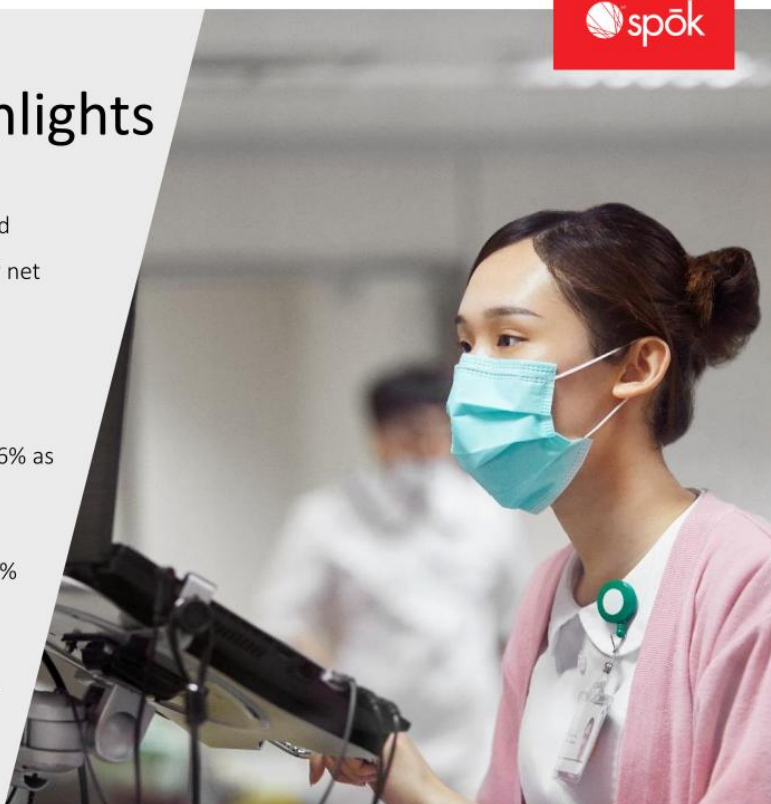
- Year-to-date capital returned to stockholders totaled \$18.8 million in the form of the Company's regular quarterly dividend
- Cash, cash equivalents and short-term investments balance of \$37.2 million at September 30, 2022, and no debt

⁽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 capital expenditures.

Third Quarter 2022 Highlights

- Strategic business plan continued to progress in the third quarter as the Company generated \$2.9 million of GAAP net income, and \$4.7 million of adjusted EBITDA
- Year-to-date proforma adjusted EBITDA of \$16.9 million
- Third quarter software operations bookings increased 26% as momentum continued in the quarter
- Year-to-date software operations bookings increased 18% with 49 deals worth over six figures
- Wireless average revenue per unit up to \$7.40, or 1.5%, with units in service down only 3.4%



September 2022 YTD Pro Forma Adjusted EBITDA

(Dollars in millions)

Adjusted EBITDA	\$ 1.1
Severance and Restructuring	\$ 5.7
Terminated Employees	\$ 7.4
Non-Payroll Spok Go® and Other	\$ 2.7
Total Impact:	\$ 15.8
Pro Forma Adjusted EBITDA	\$ 16.9



2022 Financial Outlook Updated

(Dollars in millions)

	<u>Updated⁽¹⁾</u>	<u>At Q2'22</u>
Total Revenue:	\$ 131.5 to \$ 136.0	\$ 130.0 to \$ 136.0
Wireless Revenue	\$ 74.5 to \$ 75.5	\$ 73.5 to \$ 75.5
Software Revenue	\$ 57.0 to \$ 60.5	\$ 56.5 to \$ 60.5
Adj. Operating Expenses ⁽²⁾	\$ 123.0 to \$ 125.0	\$ 123.3 to \$ 126.1
Capital Expenditures	\$ 3.2 to \$ 3.9	\$ 3.2 to \$ 3.9

⁽¹⁾ Company Guidance as of October 26, 2022 and included in the related third quarter 2022 earnings press release.

⁽²⁾ Adjusted operating expenses defined as operating expenses adjusted for depreciation, amortization, accretion, capitalized software development costs, 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 federal income taxes for many years to come



6 Wrap Up

Spok Value



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, \$35mm+ cash balance, significant deferred tax assets, funding 80%+ of dividend from free cash flow, substantial dividend yield at current

Thank you

Smarter, faster clinical communication

Contact Investor Relations

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al.galgano@spok.com

