

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **June 30, 2024**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: **001-39314**

TALKSPACE, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

622 Third Avenue, New York, New York

(Address of principal executive offices)

84-4636604

(I.R.S. Employer
Identification No.)

10017

(Zip Code)

(212) 284-7206

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.0001 per share	TALK	Nasdaq Stock Market
Warrants to purchase common stock	TALKW	Nasdaq Stock Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of August 6, 2024, the registrant had 168,212,240 shares of common stock, \$0.0001 par value per share, outstanding.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

TALKSPACE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
<i>(U.S. dollars in thousands, except share and per share data)</i>	<i>Unaudited</i>	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 114,913	\$ 123,908
Accounts receivable, net	11,554	10,174
Other current assets	2,302	5,718
<u>Total current assets</u>	<u>128,769</u>	<u>139,800</u>
Other long-term assets	5,021	2,421
<u>Total assets</u>	<u>\$ 133,790</u>	<u>\$ 142,221</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 7,733	\$ 6,111
Deferred revenues	2,733	3,069
Accrued expenses and other current liabilities	7,313	12,468
<u>Total current liabilities</u>	<u>17,779</u>	<u>21,648</u>
Warrant liabilities	1,332	1,842
Other long-term liabilities	635	85
<u>Total liabilities</u>	<u>19,746</u>	<u>23,575</u>
Commitments and contingencies (Note 6)		
STOCKHOLDERS' EQUITY:		
Common stock of \$0.0001 par value per share:		
Shares authorized: 1,000,000,000 as of June 30, 2024 (unaudited) and December 31, 2023; shares issued and outstanding: 168,169,158 and 168,428,856 as of June 30, 2024 (unaudited) and December 31, 2023, respectively.	16	16
Additional paid-in capital	386,352	389,014
Accumulated deficit	(272,324)	(270,384)
<u>Total stockholders' equity</u>	<u>114,044</u>	<u>118,646</u>
<u>Total liabilities and stockholders' equity</u>	<u>\$ 133,790</u>	<u>\$ 142,221</u>

The accompanying notes are an integral part of the condensed consolidated financial statements.

TALKSPACE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
<i>(U.S. dollars in thousands, except share and per share data)</i>				
Revenues	\$ 46,058	\$ 35,645	\$ 91,474	\$ 68,981
Cost of revenues	25,107	17,833	48,792	34,421
Gross profit	20,951	17,812	42,682	34,560
Operating expenses:				
Research and development	2,163	4,171	5,902	9,524
Clinical operations, net	1,661	1,675	3,125	3,276
Sales and marketing	13,269	13,045	26,278	26,514
General and administrative	7,344	5,329	12,542	10,693
Total operating expenses	24,437	24,220	47,847	50,007
Operating loss	(3,486)	(6,408)	(5,165)	(15,447)
Financial (income), net	(3,044)	(1,712)	(3,422)	(2,136)
Loss before taxes on income	(442)	(4,696)	(1,743)	(13,311)
Taxes on income	32	8	197	151
Net loss	\$ (474)	\$ (4,704)	\$ (1,940)	\$ (13,462)
Net loss per share:				
<i>Basic and Diluted</i>	\$ (0.00)	\$ (0.03)	\$ (0.01)	\$ (0.08)
Weighted average number of common shares used in computing basic and diluted net loss per share:				
<i>Basic and Diluted</i>	169,148,522	164,195,697	168,997,734	163,003,363

The accompanying notes are an integral part of the condensed consolidated financial statements.

TALKSPACE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(U.S. dollars in thousands, except share data)

	Common Stock		Additional paid-in capital	Accumulated deficit	Total
	Number of Shares Outstanding	Amount			
Three and Six Months Ended June 30, 2024					
Balance as of December 31, 2023	168,428,856	\$ 16	\$ 389,014	\$ (270,384)	\$ 118,646
Exercise of stock options	605,565	*)	741	—	741
Restricted stock units vested, net of tax	534,654	*)	(595)	—	(595)
Stock-based compensation	—	—	2,252	—	2,252
Net loss	—	—	—	(1,466)	(1,466)
Balance as of March 31, 2024 (unaudited)	169,569,075	\$ 16	\$ 391,412	\$ (271,850)	\$ 119,578
Exercise of stock options	697,798	*)	843	—	843
Restricted stock units vested, net of tax	851,177	*)	(1,248)	—	(1,248)
Repurchase and cancellation of common stock	(2,948,892)	*)	(8,004)	—	(8,004)
Stock-based compensation	—	—	3,349	—	3,349
Net loss	—	—	—	(474)	(474)
Balance as of June 30, 2024 (unaudited)	168,169,158	\$ 16	\$ 386,352	\$ (272,324)	\$ 114,044

	Common Stock		Additional paid-in capital	Accumulated deficit	Total
	Number of Shares Outstanding	Amount			
Three and Six Months Ended June 30, 2023					
Balance as of December 31, 2022	161,155,030	\$ 16	\$ 378,722	\$ (251,202)	\$ 127,536
Exercise of stock options	1,739,265	*)	621	—	621
Restricted stock units vested, net of tax	225,050	*)	(65)	—	(65)
Stock-based compensation	—	—	2,303	—	2,303
Net loss	—	—	—	(8,758)	(8,758)
Balance as of March 31, 2023 (unaudited)	163,119,345	\$ 16	\$ 381,581	\$ (259,960)	\$ 121,637
Exercise of stock options	1,837,734	*)	869	—	869
Restricted stock units vested, net of tax	1,247,216	*)	(136)	—	(136)
Stock-based compensation	—	—	2,129	—	2,129
Net loss	—	—	—	(4,704)	(4,704)
Balance as of June 30, 2023 (unaudited)	166,204,295	\$ 16	\$ 384,443	\$ (264,664)	\$ 119,795

*) Represents an amount lower than \$1

The accompanying notes are an integral part of the condensed consolidated financial statements.

TALKSPACE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

<i>(U.S. dollars in thousands)</i>	Six Months Ended June 30,	
	2024	2023
Cash flows from operating activities:		
Net loss	\$ (1,940)	\$ (13,462)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	421	608
Stock-based compensation	5,359	4,432
Remeasurement of warrant liabilities	(510)	(119)
(Increase) decrease in accounts receivable	(1,380)	1,220
Decrease in other current assets	3,416	1,452
Increase (decrease) in accounts payable	1,622	(977)
Decrease in deferred revenues	(336)	(672)
Decrease in accrued expenses and other current liabilities	(5,155)	(6,058)
Other	(79)	(172)
Net cash provided by (used in) operating activities	1,418	(13,748)
Cash flows from investing activities:		
Capitalized internal-use software costs	(2,110)	—
Purchase of computer and equipment	(40)	(10)
Other	—	28
Net cash (used in) provided by investing activities	(2,150)	18
Cash flows from financing activities:		
Proceeds from exercise of stock options	1,584	1,490
Payments for employee taxes withheld related to vested stock-based awards	(1,843)	(201)
Repurchase and cancellation of common stock	(8,004)	—
Net cash (used in) provided by financing activities	(8,263)	1,289
Net decrease in cash and cash equivalents	(8,995)	(12,441)
Cash and cash equivalents at the beginning of the period	123,908	138,545
Cash and cash equivalents at the end of the period	\$ 114,913	\$ 126,104
Supplemental cash flow data:		
Cash paid during the period for income taxes	\$ 33	\$ 176
Non-cash investing activity:		
Lease liabilities arising from obtaining right-of-use assets	\$ 595	\$ —
Non-cash compensation capitalized as part of capitalization of internal-use software costs	\$ 242	\$ —

The accompanying notes are an integral part of the condensed consolidated financial statements.

TALKSPACE, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1. DESCRIPTION OF ORGANIZATION AND BUSINESS OPERATIONS

Talkspace, Inc. (together with its consolidated subsidiaries, the “Company” or “Talkspace”) is a leading behavioral healthcare company enabled by a purpose-built technology platform. Talkspace provides individuals and licensed therapists, psychologists and psychiatrists with an online platform for one-on-one therapy delivered via messaging, audio and video. The Company offers convenient and affordable access to a fully credentialed network of highly qualified providers. Since its inception, the Company has connected millions of patients with licensed behavioral health providers across a wide and growing spectrum of care through virtual counseling, psychotherapy, and psychiatry.

The Company's principal executive office is located in New York, NY. The Company's subsidiaries are (1) Talkspace LLC and its wholly-owned subsidiary, Talkspace Network LLC, and (2) Groop Internet Platform LTD. In addition, the Company holds a variable interest in one professional association and seven professional corporations, which have been established pursuant to the requirements of their respective domestic jurisdiction governing the corporate practice of medicine. These entities are considered Variable Interest Entities (“VIEs”). See Note 11, “Variable Interest Entities,” in the notes to the condensed consolidated financial statements for further details.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The unaudited condensed consolidated financial statements and accompanying notes have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”). In management’s opinion, the unaudited condensed consolidated financial statements reflect all adjustments of a normal recurring nature that are necessary for a fair presentation of the results for the interim periods presented. The Company’s interim period results do not necessarily indicate the results that may be expected for any other interim period or for the full fiscal year. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements as of and for the year ended December 31, 2023, included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. The significant accounting policies applied in the annual consolidated financial statements of the Company as of December 31, 2023, have been applied consistently in these unaudited condensed consolidated financial statements, unless otherwise stated.

The Company consolidates all subsidiaries in which it has a controlling financial interest, as well as any VIEs where the Company is deemed to be the primary beneficiary. Intercompany transactions and balances have been eliminated in the preparation of the condensed consolidated financial statements.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates, judgments, and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, together with amounts disclosed in the related notes to the condensed consolidated financial statements. The Company’s significant estimates and assumptions used in these condensed consolidated financial statements include, but are not limited to, the recognition and disclosure of revenue recognition, stock-based compensation awards and the fair value of warrant liabilities. The Company bases its estimates on historical factors, current circumstances and the experience and judgment of management. The Company evaluates its assumptions on an ongoing basis. The Company’s management believes that the estimates, judgments, and assumptions used are reasonable based on information available at the time they are made. Estimates, by their nature, are based on judgment and available information, therefore, actual results could be materially different from these estimates.

Stock buy-back

The Company repurchases its common stock from time to time pursuant to a board-authorized share repurchase program through repurchase plans. Stock repurchases are accounted under ASC 505-30, Treasury Stock. The Company's policy is to retire all stock repurchased immediately after the transaction is completed. The Company records the amounts repurchased in accordance with ASC 505-30-30-8.

Recently Issued and Recently Adopted Accounting Pronouncements

The following Accounting Standards Update (“ASU”) issued by the Financial Accounting Standards Board (“FASB”) has not yet been adopted by the Company:

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures to improve reportable segment disclosures, primarily through enhanced disclosures about significant segment expenses. This ASU applies to all public entities, including those with a single reportable segment. The revised guidance will require disclosure of significant segment expenses that are regularly provided to the chief operating decision maker (“CODM”), the title and position of the CODM and how the CODM uses the reported measures of segment profit or loss in assessing segment performance, among other requirements. This ASU is effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of adopting this ASU.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which requires public entities, on an annual basis, to provide disclosure of specific categories in the rate reconciliation, as well as disclosure of income taxes paid disaggregated by jurisdiction. This ASU is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of adopting this ASU.

NOTE 3. REVENUE RECOGNITION

The Company recognizes revenue in accordance with ASC 606, “Revenue from Contracts with Customers”, when the Company satisfies its performance obligation to perform its defined contractual obligations to provide virtual behavioral healthcare services. Revenue is recognized in an amount that reflects the consideration that the Company will be entitled in exchange for the service rendered. To the extent the transaction price includes variable consideration, the Company estimates the amount of variable consideration that is included in the transaction price. Variable consideration is included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Through its platform, Talkspace serves:

- Health insurance plans and employee assistance programs (“Payor”) who offer their insured members access to the Company's platform at in-network reimbursement rates,
- Direct-to-Enterprise customers (“DTE”) who offer their enterprise members access to the Company's platform while their enterprise is under an active contract with Talkspace, and
- Individual subscribers (“Consumer”) who subscribe directly to the Company's platform.

Payor

The Company contracts with health insurance plans and employee assistance programs to provide therapy and psychiatry services to their eligible covered members. Revenue is recognized at a point in time, as virtual therapy or psychiatry sessions are rendered. The transaction price is determined based on contracted rates and includes variable consideration in the form of implicit price concessions. The Company determines the total transaction price, including an estimate of variable consideration, at contract inception and reassesses this estimate at each reporting date. The Company estimates the amount of variable consideration that is included in the transaction price primarily based on actual historical collection experience for each Payor. Revenue is presented net of implicit price concessions. Payor contracts include annual evergreen clauses and generally may be terminated by either party typically upon a minimum 60-day advance notice.

DTE

The Company contracts with enterprises to provide access to the Company's therapist platform for their enterprise members, primarily based on a per-member-per-month access fee model. To the extent the transaction price includes variable consideration, revenue is recognized using the variable consideration allocation exception, or, if the allocation exception is not met, the Company recognizes revenue ratably based on estimates of the variable consideration to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequent resolved. The majority of DTE contracts typically range in length from one to three years and are generally non-cancelable during the initial contractual term.

Consumer

The Company also generates revenues from the sale of monthly, quarterly, bi-annual and annual membership subscriptions to the Company's therapy platform as well as supplementary a la carte offerings directly to individual consumers through a subscription plan. The Company recognizes consumer revenues ratably over the subscription period, beginning when therapy services commence. The Company recognizes revenues from supplementary a la carte offerings at a point in time, as virtual therapy sessions are rendered. Members may cancel their subscription at any time and will receive a pro-rata refund for the subscription price. The transaction price from member subscription revenue and supplementary a la carte offerings includes variable consideration in the form of refunds. Revenue is presented net of refunds. The Company estimates the refund liability for the variable consideration portion of the transaction price primarily based on historical experience. The refund liability is recorded within the "Accrued expenses and other current liabilities" line item in the consolidated balance sheets. The refund liability was immaterial as of June 30, 2024 and December 31, 2023.

The following table presents the Company's revenues from sales to unaffiliated customers disaggregated by revenue source:

(in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenues from sales to unaffiliated customers:				
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Payor	\$ 29,945	\$ 18,539	\$ 58,453	\$ 33,350
DTE	9,628	8,039	19,541	16,715
Consumer	6,485	9,067	13,480	18,916
Total revenue	\$ 46,058	\$ 35,645	\$ 91,474	\$ 68,981

Accounts Receivable and Allowance for Credit Losses

The Company had receivables related to revenue from DTE customers of \$8.7 million and \$7.8 million at June 30, 2024 and December 31, 2023, respectively. As of June 30, 2024 and December 31, 2023, the balance of receivables related to revenue from Payor customers was \$2.8 million and \$2.4 million, respectively.

Accounts receivables are stated net of credit losses allowance. The Company's methodology for estimating credit loss is based on historical collection experience, customer creditworthiness, current and future economic condition and market condition. Additionally, specific allowance amounts are established to record the appropriate provision for customers that have a higher probability of default. Accounts receivables are written off after all reasonable means to collect the full amount have been exhausted. Credit losses were immaterial for the three months ended June 30, 2024 and 2023.

Deferred Revenue

The Company records deferred revenues when cash payments from customers are received in advance of the Company's performance obligation to provide services. As of June 30, 2024 and December 31, 2023, deferred revenue related mainly to consumer subscriptions. The Company expects to satisfy the majority of its performance obligations associated with deferred revenue within one year or less. Revenue recognized in the three months ended June 30, 2024 and 2023, that was included in the deferred revenue balance at the beginning of each reporting period was immaterial.

NOTE 4. FAIR VALUE MEASUREMENTS

The carrying value of the Company's cash equivalents, accounts receivable, other current assets, accounts payable, and accrued liabilities approximate fair value because of the relatively short-term nature of the underlying assets or liabilities. Money market funds are classified within Level 1 of the fair value hierarchy because these assets are valued based on quoted market prices in active markets.

The Company's Private Placement Warrants are accounted for as liabilities in accordance with ASC 815-40 and are presented within warrant liabilities in the accompanying consolidated balance sheets. The warrant liabilities were measured at fair value at inception and thereafter on a recurring, quarterly basis, with changes in fair value presented within the statement of operations (financial income, net) line item. The Private Placement Warrants were valued using the Black-Scholes-Merton Model, which is considered to be a Level 3 fair value measurement. The primary unobservable input utilized in determining the fair value of the Private Placement Warrants is the implied volatility from trading prices of the Company's Public Warrants, significant increases (decreases) in this input in isolation would have resulted in a significantly higher (lower) fair value measurement.

The following were the inputs utilized in determining the fair value of the Private Placement Warrants as of June 30, 2024 and 2023:

<i>Unaudited</i>	June 30,	
	2024	2023
Dividend yield ⁽¹⁾	0%	0%
Expected volatility ⁽²⁾	68.1%	69.5%
Risk-free interest rate ⁽³⁾	4.72%	4.45%
Term to warrant expiration (years)	1.98	2.98

(1) No dividends were paid during the three and six months ended June 30, 2024 and 2023.

(2) The expected volatility is based on the back-solved implied volatility of the Company's public warrants as of the valuation date.

(3) The risk-free interest rate is based on the yield from U.S. Treasury bonds with an equivalent term to the time to maturity of the warrants.

Assets and Liabilities Measured at Fair Value

The Company's assets and liabilities recorded at fair value on a recurring basis as of June 30, 2024 and December 31, 2023, have been categorized based upon the fair value hierarchy as follows:

<i>(in thousands)</i>	Fair Value Measurements as of June 30, 2024			
	<i>Unaudited</i>			
	Level 1	Level 2	Level 3	Total
Assets				
Cash	\$ 1,139	\$ —	\$ —	\$ 1,139
Cash equivalents				
Money market funds	113,774	—	—	113,774
Total cash and cash equivalents	\$ 114,913	\$ —	\$ —	\$ 114,913
Liabilities				
Private Placement Warrants	—	—	1,332	1,332
Total Warrant Liabilities	\$ —	\$ —	\$ 1,332	\$ 1,332

<i>(in thousands)</i>	Fair Value Measurements as of December 31, 2023			
	<i>Unaudited</i>			
	Level 1	Level 2	Level 3	Total
Assets				
Cash	\$ 1,078	\$ —	\$ —	\$ 1,078
Cash equivalents				
Money market funds	122,830	—	—	122,830
Total cash and cash equivalents	\$ 123,908	\$ —	\$ —	\$ 123,908
Liabilities				
Private Placement Warrants	—	—	1,842	1,842
Total Warrant Liabilities	\$ —	\$ —	\$ 1,842	\$ 1,842

The following table presents changes in Level 3 liabilities measured at fair value on a recurring basis during the three and six months ended June 30, 2024 and 2023:

<i>(in thousands)</i>	Level 3 Liabilities		
	<i>Unaudited</i>		
	For the Three Months Ended June 30, 2024		
	Beginning Balance	Change in Fair Value	Ending Balance
Private Placement Warrants	\$ 2,988	\$ (1,656)	\$ 1,332

<i>(in thousands)</i>	For the Six Months Ended June 30, 2024		
	Beginning Balance	Change in Fair Value	Ending Balance
Private Placement Warrants	\$ 1,842	\$ (510)	\$ 1,332

<i>(in thousands)</i>	Level 3 Liabilities		
	<i>Unaudited</i>		
	For the Three Months Ended June 30, 2023		
	Beginning Balance	Change in Fair Value	Ending Balance
Private Placement Warrants	\$ 1,128	\$ (308)	\$ 820

<i>(in thousands)</i>	For the Six Months Ended June 30, 2023		
	Beginning Balance	Change in Fair Value	Ending Balance
Private Placement Warrants	\$ 939	\$ (119)	\$ 820

NOTE 5. PROPERTY AND EQUIPMENT, NET

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

Property and equipment, net, as of June 30, 2024 and December 31, 2023 consisted of the following:

<i>(in thousands)</i>	June 30, 2024	December 31, 2023
	<i>(Unaudited)</i>	
Capitalized internal-use software costs	\$ 2,783	\$ 431
Computer and equipment	754	736
Other	35	35
Property and equipment, gross	3,572	1,202
Less: accumulated depreciation	(1,028)	(888)
Property and equipment, net	<u>\$ 2,544</u>	<u>\$ 314</u>

NOTE 6. COMMITMENTS AND CONTINGENT LIABILITIES

Litigation

The Company may in the future be involved in various legal proceedings, claims and litigation that arise in the normal course of business. The Company accrues for estimated loss contingencies related to legal matters when available information indicates that it is probable a liability has been incurred and the Company can reasonably estimate the amount of that loss. In many proceedings, however, it is inherently difficult to determine whether any loss is probable or even possible or to estimate the amount of any loss. In addition, even where a loss is possible or an exposure to loss exists in excess of the liability already accrued with respect to a previously recognized loss contingency, it is often not possible to reasonably estimate the size of the possible loss or range of loss or possible additional losses or range of additional losses. As of June 30, 2024, there were no pending material legal proceedings, claims or litigation.

Warranties and Indemnification

The Company's arrangements generally include certain provisions for indemnifying customers against liabilities if there is a breach of a customer's data or if the Company's service infringes a third party's intellectual property rights. To date, the Company has not incurred any material costs as a result of such indemnifications.

The Company has also agreed to indemnify its directors and executive officers for costs associated with any fees, expenses, judgments, fines and settlement amounts incurred by any of these persons in any action or proceeding to which any of those persons is, or is threatened to be, made a party by reason of the person's service as a director or officer, including any action by the Company, arising out of that person's services as a director or officer or that person's services provided to any other company or enterprise at the Company's request. The Company maintains director and officer liability insurance coverage that would generally enable it to recover a portion of any future amounts paid. The Company may also be subject to indemnification obligations by law with respect to the actions of its employees under certain circumstances and in certain jurisdictions.

NOTE 7. CAPITAL STOCK

The Company's authorized capital stock consists of (a) 1,000,000,000 shares of common stock, par value \$0.0001 per share; and (b) 100,000,000 shares of preferred stock, par value \$0.0001 per share. As of June 30, 2024 and December 31, 2023 there were outstanding 12,780,000 Private Placement Warrants and 21,350,000 Public Warrants to purchase the Company's common stock at an exercise price of \$11.50 per share. As of June 30, 2024 and December 31, 2023, no shares of preferred stock were issued or outstanding.

Share Repurchase Program

On February 22, 2024, the Company announced that its Board of Directors approved a share repurchase program which authorizes the repurchase of up to \$15.0 million of the currently outstanding shares of the Company's common stock over a period of twenty-four months beginning on March 1, 2024 (the "Initial Repurchase Program").

During the three and six months ended June 30, 2024, the Company repurchased and canceled an aggregate of 2,948,892 shares of its common stock for a total consideration of \$8.0 million (\$2.71 per share). As of June 30, 2024, \$7.0 million remained available under the Initial Repurchase Program.

The Company may repurchase shares periodically through various methods in accordance with applicable federal securities laws, including Rule 10b-18 of the Securities Exchange Act of 1934 (the "Exchange Act"). Such purchases will be at times and in amounts as the Company deems appropriate, based on factors such as price, market conditions, corporate and regulatory requirements, constraints specified in any Rule 10b5-1 trading plans, alternative investment opportunities and other business considerations. All shares repurchased will be canceled. The program does not obligate the Company to repurchase any dollar amount or number of shares, and may be modified, suspended, or discontinued at any time at the Company's discretion without prior notice.

NOTE 8. SHARE-BASED COMPENSATION

In June 2021, the Company adopted the 2021 Incentive Award Plan (the "2021 Plan") under which the Company may grant cash and equity incentive awards to officers, employees, directors, consultants and service providers in order to attract, motivate and retain talent. The 2021 Plan replaced the Company's previous stock compensation plan.

All stock-based awards are measured based on the grant date fair value and are generally recognized on a straight-line basis in the Company's condensed consolidated statement of operations over the requisite service period (generally requiring a four-year vesting period).

The following table sets forth the total share-based compensation expense related to stock options and restricted stock units included in the respective components of operating expenses in the condensed consolidated statements of operations:

<i>(in thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Research and development	\$ 362	\$ 546	\$ 997	\$ 1,220
Clinical operations, net	80	126	131	246
Sales and marketing	630	445	1,079	836
General and administrative	2,035	1,012	3,152	2,130
Total stock-based compensation expense	\$ 3,107	\$ 2,129	\$ 5,359	\$ 4,432

During the three months ended June 30, 2024, the Company modified certain equity awards in connection with certain key executives' separation from the Company and recognized \$1.2 million of additional stock-based compensation expense as a result of these modifications.

NOTE 9. NET LOSS PER SHARE

The following table sets forth the computation of basic and diluted net loss per share attributable to common stockholders for the periods presented:

<i>(in thousands, except share and per share data)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Net loss	\$ (474)	\$ (4,704)	\$ (1,940)	\$ (13,462)
Weighted-average shares used to compute net loss per share:				
<i>Basic and Diluted</i>	169,148,522	164,195,697	168,997,734	163,003,363
Net loss per share:				
<i>Basic and Diluted</i>	\$ (0.00)	\$ (0.03)	\$ (0.01)	\$ (0.08)

For the three and six months ended June 30, 2024, the shares underlying the following were excluded from the calculation of diluted net loss per share since each would have had an anti-dilutive effect given the Company's net loss: 9,137,986 vested and non-vested stock options outstanding, 8,397,227 non-vested and outstanding restricted stock units, 12,780,000 Private Placement Warrants and 21,350,000 Public Warrants to purchase the Company's common stock.

For the three and six months ended June 30, 2023, the shares underlying the following were excluded from the calculation of diluted income per share since each would have had an anti-dilutive effect given the Company's net loss: 12,365,441 vested and non-vested stock options outstanding, 10,179,411 non-vested and outstanding restricted stock units, 12,780,000 Private Placement Warrants and 21,350,000 Public Warrants to purchase the Company's common stock.

NOTE 10. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

The following table presents the amounts included within accrued expenses and other current liabilities as of June 30, 2024 and December 31, 2023:

<i>(in thousands)</i>	June 30, 2024	December 31, 2023
	<i>Unaudited</i>	
Employee compensation	\$ 3,358	\$ 7,269
Severance	978	—
Professional fees	680	626
User acquisition	648	1,525
Other	1,649	3,048
Accrued expenses and other current liabilities	<u>\$ 7,313</u>	<u>\$ 12,468</u>

NOTE 11. VARIABLE INTEREST ENTITIES ("VIEs")

The Company holds a variable interest in Talkspace Provider Network, PA ("TPN") and seven affiliated professional corporations ("PC entities"). The Company evaluates whether an entity in which it has a variable interest is considered a VIE. VIEs are generally entities that have either a total equity investment that is insufficient to permit the entity to finance its activities without additional subordinated financial support, or whose equity investors lack the characteristics of a controlling financial interest (i.e., ability to direct the activities of the entity that most significantly impact the entity's economic performance through voting rights and a right to receive the expected residual returns of the entity or an obligation to absorb the expected losses of the entity). TPN and the PC entities are considered VIEs.

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Under the provisions of ASC 810, "Consolidation", an entity consolidates a VIE if it is determined to be the primary beneficiary of the VIE. The primary beneficiary has both (a) the power to direct the activities of the VIE that most significantly impact the entity's economic performance, and (b) the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE.

The Company has determined that it is able to direct the activities of TPN and the PC entities that most significantly impact their economic performance and it funds and absorbs all losses of these VIEs resulting in the Company being the primary beneficiary of these entities. Accordingly, the Company consolidates these VIEs.

The following table details the assets and liabilities of the VIEs as of June 30, 2024 and December 31, 2023. The assets and liabilities in the table below are presented prior to consolidation and thus a portion of these assets and liabilities are eliminated in consolidation.

<i>(in thousands)</i>	<u>June 30, 2024</u>	<u>December 31, 2023</u>
	<i>Unaudited</i>	
ASSETS		
Cash and cash equivalents	\$ 83	\$ 167
Accounts receivable	7,812	4,031
Other assets	12,741	11,493
Total Assets	\$ 20,636	\$ 15,691
LIABILITIES		
Accrued expenses and other current liabilities	1,546	2,831
Total Liabilities	\$ 1,546	\$ 2,831

NOTE 12. SUBSEQUENT EVENT**Share Repurchase Program**

On August 1, 2024 the Company's Board of Directors approved an additional share repurchase program authorizing the Company to repurchase up to an additional \$25.0 million of its common stock and warrants. Such repurchases may be completed periodically through various methods in compliance with applicable state and federal securities laws and will be at times and in amounts the Company deems appropriate, based on factors such as price, market conditions, corporate and regulatory requirements, constraints specified in any Rule 10b5-1 trading plans, alternative investment opportunities and other business considerations. All shares repurchased will be canceled. The program does not obligate the Company to repurchase any dollar amount or number of shares, and may be suspended or terminated at any time. This new repurchase program will expire on August 1, 2026.

After giving effect to this new program and remaining authority under the Initial Repurchase Program, the Company currently has authority to repurchase up to an aggregate of \$32.0 million of its common stock and warrants.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Unless the context otherwise requires, all references in this section as to “Talkspace,” the “Company,” “we,” “us” or “our” refer to the business of Talkspace, Inc. and its consolidated subsidiaries.

The following discussion and analysis of our financial condition and results of operations should be read together with the financial statements and the related notes contained in this Quarterly Report and the financial statements and related notes contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023. This discussion contains forward-looking statements that reflect our plans, estimates, and beliefs that involve risks and uncertainties. As a result of many factors, such as those discussed in Part I, Item 1A, “Risk Factors” of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023 and “Forward-Looking Statements” sections and elsewhere in this Quarterly Report, our actual results may differ materially from those anticipated in these forward-looking statements.

The purpose of this section is to discuss and analyze our consolidated financial condition, liquidity and capital resources and results of operations for the three and six months ended June 30, 2024 and 2023.

Overview

Talkspace is a healthcare company offering its members convenient and affordable access to a fully-credentialed network of highly qualified providers. We are a leading virtual behavioral health company connecting millions of patients with licensed mental health providers across a wide and growing spectrum of care through virtual counseling, psychotherapy and psychiatry. We created a purpose-built platform to address the vast, unmet and growing demand for mental health services of our members. Through its platform, Talkspace serves:

- Health insurance plans and employee assistance programs (“Payor”) such as Aetna, Cigna, and Optum, who offer their insured members access to our platform at in-network reimbursement rates,
- Direct-to-Enterprise customers (“DTE”) comprised of enterprises such as Google, the University of Kentucky and the New York City Department of Health and Mental Hygiene, who offer their enterprise members access to our platform while their enterprise is under an active contract with Talkspace, and
- Individual subscribers (“Consumer”) who subscribe directly to our platform.

As of June 30, 2024, we had approximately 145.3 million eligible lives compared to 110 million eligible lives as of June 30, 2023. As of June 30, 2024, we had over 10,700 consumer active members compared to 13,700 consumer active members as of June 30, 2023. For the three and six months ended June 30, 2024, our clinicians completed 298,600 and 582,800 sessions, respectively, related to members covered under our Payor customers, compared to 200,500 and 372,200 completed sessions, respectively, for the three and six months ended June 30, 2023. Please refer to the “Key Business Metrics” section below for a description of eligible lives and consumer active members.

Inflation Risk and Economic Conditions

The demand for our solution is dependent on the general economy, which is in turn affected by geopolitical conditions, the stability of the global credit markets, inflationary pressures, increasing interest rates, the industries in which our Payor and DTE customers operate or serve, and other factors. Downturns in the general economy could disproportionately affect the demand for our solution and cause it to decrease.

Our operations could also be impacted by inflation and increased interest rates. Inflation did not have a material effect on our business, financial condition or results of operations for the three or six months ended June 30, 2024 and 2023. However, if our costs were to become subject to significant inflationary pressures (such as Provider cost), we may not be able to fully offset such higher costs through price increases or cost savings. Our inability or failure to do so could harm our business, financial condition or results of operations.

Operating Segments

The Company operates as a single segment, which is how the chief operating decision maker (“CODM”), who is the Chief Executive Officer, reviews financial performance and allocates resources.

Key Business Metrics

We monitor the following key metrics to help us evaluate our business, identify trends affecting our business, formulate business plans and make strategic decisions. We believe the following metrics are useful in evaluating our business:

	Six Months Ended June 30,	
	2024	2023
	<i>Unaudited</i>	<i>Unaudited</i>
<i>(in thousands except number of health plan and enterprise customers or otherwise indicated)</i>		
Number of eligible lives at period end <i>(in millions)</i>	145.3	109.6
Number of completed Payor sessions during the period	582.8	372.2
Number of health plan customers at period end	24	20
Number of enterprise customers at period end	187	217
Number of Consumer active members at period end	10.7	13.7

	Three Months Ended June 30,	
	2024	2023
	<i>Unaudited</i>	<i>Unaudited</i>
<i>(in thousands)</i>		
Unique Payor active members during the period	88.9	68.6

Eligible Lives: We consider eligible lives “eligible” if such persons are eligible to receive treatment on the Talkspace platform, in the case of our Payor customers, at an agreed upon reimbursement rate through insurance under an employee assistance program or other network behavioral health paid benefit program. There may be instances where a person may be covered through multiple solutions, typically through behavioral health plans and employee assistance programs. In these instances, the person is counted each time they are covered in the eligible lives calculation, which may cause this amount to reflect a higher number of eligible lives than we actually serve.

Active Members: We consider consumer members “active” commencing on the date such member initiates contact with a provider on our platform until the term of their monthly, quarterly or bi-annual subscription plan expires, unless terminated early.

Unique Payor Active Members: Represents unique users who had a session completed during the period.

Components of Results of Operations

Revenues

We generate revenues from services provided to individuals who are qualified to receive access to the Company's services through our commercial arrangements with health insurance plans, employee assistance organizations and enterprises. We also generate revenues from the sale of monthly, quarterly, bi-annual and annual membership subscriptions to the Company's therapy platform as well as supplementary a la carte offerings directly to individual consumers through a subscription plan. See Note 3, “Revenue Recognition” in the notes to the condensed consolidated financial statements for further details.

Revenue growth is generated from a combination of increasing our eligible covered lives through contracting with health insurance plans and employee assistance organizations, increasing utilization within eligible covered lives, expanding enterprise customers, and increasing membership subscriptions.

Cost of Revenues

Cost of revenues is comprised primarily of therapist payments. Cost of revenues is largely driven by number of sessions and the size of our provider network that is required to service the growth of our health plan and enterprise customers, in addition to the growth of our customer base.

We designed our business model and our provider network to be scalable and to leverage a hybrid model of both employee providers and independently contracted providers to support multiple growth scenarios. The compensation paid to our independently contracted providers is variable, and the amount paid to a provider is generally based on the amount of time committed by such provider to our members. Our employee providers receive a fixed-salary and discretionary bonuses, where applicable, all of which is included in cost of revenues.

While we expect to make increased investments to support accelerated growth and the required investment to scale our provider network, we also expect increased efficiencies and economies of scale. Our cost of revenues as a percentage of revenues is expected to fluctuate from period to period depending on the interplay of these factors as well as pricing fluctuations.

Operating Expenses

Operating expenses consist of research and development, clinical operations, sales and marketing, and general and administrative expenses.

Research and Development Expenses

Research and development expenses include personnel and related expenses for software development and engineering, information technology infrastructure, security, privacy compliance and product development (inclusive of stock-based compensation for our research and development employees), third-party services and contractors related to research and development, information technology and software-related costs. Research and development expenses exclude amounts reflected as capitalized internal-use software development costs.

Clinical Operations Expenses

Clinical operations expenses are associated with the management of our network of therapists. This item is comprised of costs related to recruiting, onboarding, credentialing, training and ongoing quality assurance activities (inclusive of stock-based compensation for our clinical operations employees), costs of third-party services and contractors related to recruiting and training and software-related costs.

Sales and Marketing Expenses

Sales expenses consist primarily of employee-related expenses, including salaries, benefits, commissions, travel and stock-based compensation costs for our employees engaged in sales and account management.

Marketing expenses consist primarily of advertising and marketing expenses for member acquisition and engagement, as well as personnel costs, including salaries, benefits, bonuses, stock-based compensation expense for marketing employees, third-party services and contractors. Marketing expenses also include third-party software subscription services, third-party independent research, participation in trade shows, brand messaging and costs of communications materials that are produced for our customers to generate greater awareness and utilization of our platform among our Payor and DTE customers.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel costs, including salaries, benefits, bonuses and stock-based compensation expense for certain executives, finance, accounting, legal and human resources functions, as well as professional fees.

Financial (income), net

Financial (income), net includes the impact from (i) non-cash changes in the fair value of our warrant liabilities, (ii) interest earned on cash equivalents deposited in our money market accounts and (iii) other financial expenses in connection with bank charges.

Taxes on income

Taxes on income consists primarily of foreign income taxes related to income generated by our subsidiary organized under the laws of Israel. Taxes on income were immaterial for the three months ended June 30, 2024 and 2023.

We have a full valuation allowance for our U.S. deferred tax assets, including federal and state NOLs. We expect to maintain this valuation allowance until it becomes more likely than not that the benefit of our federal and state deferred tax assets will be realized through expected future taxable income in the United States.

Results of Operations

The following table presents our results of operations for the three and six months ended June 30, 2024 and 2023 and the dollar and percentage change between the respective periods:

(in thousands, except percentages)	Three Months Ended June 30,		Variance		Six Months Ended June 30,		Variance	
	2024	2023	\$	%	2024	2023	\$	%
Revenue:	<i>Unaudited</i>	<i>Unaudited</i>			<i>Unaudited</i>	<i>Unaudited</i>		
Payor revenue	\$ 29,945	\$ 18,539	11,406	61.5	\$ 58,453	\$ 33,350	25,103	75.3
DTE revenue	9,628	8,039	1,589	19.8	19,541	16,715	2,826	16.9
Consumer revenue	6,485	9,067	(2,582)	(28.5)	13,480	18,916	(5,436)	(28.7)
Total revenue	46,058	35,645	10,413	29.2	91,474	68,981	22,493	32.6
Cost of revenue	25,107	17,833	7,274	40.8	48,792	34,421	14,371	41.8
Gross profit	20,951	17,812	3,139	17.6	42,682	34,560	8,122	23.5
Operating expenses:								
Research and development	2,163	4,171	(2,008)	(48.1)	5,902	9,524	(3,622)	(38.0)
Clinical operations, net	1,661	1,675	(14)	(0.8)	3,125	3,276	(151)	(4.6)
Sales and marketing	13,269	13,045	224	1.7	26,278	26,514	(236)	(0.9)
General and administrative	7,344	5,329	2,015	37.8	12,542	10,693	1,849	17.3
Total operating expenses	24,437	24,220	217	0.9	47,847	50,007	(2,160)	(4.3)
Operating loss	(3,486)	(6,408)	2,922	45.6	(5,165)	(15,447)	10,282	66.6
Financial (income), net	(3,044)	(1,712)	(1,332)	77.8	(3,422)	(2,136)	(1,286)	60.2
Loss before taxes on income	(442)	(4,696)	4,254	90.6	(1,743)	(13,311)	11,568	86.9
Taxes on income	32	8	24	300.0	197	151	46	30.5
Net loss	\$ (474)	\$ (4,704)	\$ 4,230	89.9	\$ (1,940)	\$ (13,462)	\$ 11,522	85.6

Revenues

Revenues increased by \$10.4 million, or 29.2% to \$46.1 million for the three months ended June 30, 2024 from \$35.6 million for the three months ended June 30, 2023. The increase was principally due to a 61.5% increase in Payor revenue driven by a higher number of completed payor sessions, and a 19.8% growth in DTE revenue, partially offset by a 28.5% decline in Consumer revenue. Revenue from our Payor customers increased by \$11.4 million, or 61.5%, to \$29.9 million for the three months ended June 30, 2024 from \$18.5 million for the three months ended June 30, 2023. Revenue from our DTE customers increased by \$1.6 million, or 19.8% to \$9.6 million for the three months ended June 30, 2024 from \$8.0 million for the three months ended June 30, 2023. Consumer revenue decreased by \$2.6 million, or 28.5%, to \$6.5 million for the three months ended June 30, 2024 from \$9.1 million for the three months ended June 30, 2023, due to the Company's intentional and strategic decision to optimize and focus marketing efforts on attracting payor members. While we no longer have marketing resources dedicated solely to the Consumer category, it continues to have a positive contribution to our financial results.

Revenues increased by \$22.5 million, or 32.6% to \$91.5 million for the six months ended June 30, 2024 from \$69.0 million for the six months ended June 30, 2023. The increase was principally due to a 75.3% increase in Payor revenue driven by a higher number of completed payor sessions, and a 16.9% growth in DTE revenue, partially offset by a 28.7% decline in Consumer revenue. Revenue from our Payor customers increased by \$25.1 million, or 75.3%, to \$58.5 million for the six months ended June 30, 2024 from \$33.4 million for the six months ended June 30, 2023. Revenue from our DTE customers increased by \$2.8 million, or 16.9% to \$19.5 million for the six months ended June 30, 2024 from \$16.7 million for the six months ended June 30, 2023. Consumer revenue decreased by \$5.4 million, or 28.7%, to \$13.5 million for the six months ended June 30, 2024 from \$18.9 million for the six months ended June 30, 2023, due to the Company's intentional and strategic decision to optimize and focus marketing efforts on attracting payor members. While we no longer have marketing resources dedicated solely to the Consumer category, it continues to have a positive contribution to our financial results.

Costs of revenues

Cost of revenues increased by \$7.3 million, or 40.8%, to \$25.1 million for the three months ended June 30, 2024 from \$17.8 million for the three months ended June 30, 2023 and increased by \$14.4 million, or 41.8%, to \$48.8 million for the six months ended June 30, 2024 from \$34.4 million for the six months ended June 30, 2023. The increase in cost of revenues for the three months ended June 30, 2024, was primarily due to increased hours worked by therapists as a result of increased sessions and increased member engagement.

Gross profit

Gross profit increased by \$3.1 million, or 17.6%, to \$21.0 million for the three months ended June 30, 2024 from \$17.8 million for the three months ended June 30, 2023 and increased by \$8.1 million, or 23.5%, to \$42.7 million for the six months ended June 30, 2024 from \$34.6 million for the six months ended June 30, 2023. The increase in gross profit was primarily driven by an increase in the Company's revenues partially offset by an increase in cost of revenues to service more members and sessions.

Gross margin was 45.5% for the three months ended June 30, 2024, compared to 50.0% during the three months ended June 30, 2023. Gross margin was 46.7% for the six months ended June 30, 2024, compared to 50.1% during the six months ended June 30, 2023. The decline in gross margin was driven by a shift in revenue mix towards Payor as consumer sessions tend to provide higher margins.

Operating expenses

Overall, our operating expenses for the three months ended June 30, 2024 have increased by \$0.2 million or 0.9% to \$24.4 million from \$24.2 million for the three months ended June 30, 2023. Our operating expenses for the six months ended June 30, 2024 have decreased by \$2.2 million or 4.3% to \$47.8 million from \$50.0 million for the six months ended June 30, 2023, primarily due to our efforts to achieve greater operational efficiency.

Research and development expenses. Research and development expenses decreased by \$2.0 million, or 48.1% to \$2.2 million for the three months ended June 30, 2024 from \$4.2 million for the three months ended June 30, 2023 and decreased by \$3.6 million, or 38.0% to \$5.9 million for the six months ended June 30, 2024 from \$9.5 million for the six months ended June 30, 2023. The decrease in research and development expenses for the three and six months ended June 30, 2024 was primarily due to a decrease in employee-related costs, inclusive of non-cash stock compensation expense, as a result of the exclusion of amounts reflected as capitalized internal-use software development costs. Capitalized internal-use software development costs were \$1.9 million and \$2.4 million for the three and six months ended June 30, 2024, respectively.

Clinical operations expenses. Clinical operations expenses decreased slightly for the three months ended June 30, 2024 compared to the three months ended June 30, 2023 and decreased by \$0.2 million, or 4.6% to \$3.1 million for the six months ended June 30, 2024 from \$3.3 million for the six months ended June 30, 2023. The decrease in clinical operations expenses for the six months ended June 30, 2024 was primarily due to a decrease in third-party subcontractor costs.

Sales and marketing expenses. Sales and marketing expenses increased by \$0.2 million, or 1.7%, to \$13.3 million for the three months ended June 30, 2024 from \$13.0 million for the three months ended June 30, 2023 and decreased by \$0.2 million, or 0.9%, to \$26.3 million for the six months ended June 30, 2024 from \$26.5 million for the six months ended June 30, 2023. The increase in sales and marketing expenses for the three months ended June 30, 2024 was primarily driven by an increase in direct marketing and promotional costs, partially offset by a decrease in third-party subcontractor costs and employee-related costs, inclusive of non-cash stock compensation expense. The decrease in sales and marketing expenses for the six months ended June 30, 2024 was primarily driven by a decrease in third-party subcontractor costs, partially offset by an increase in direct marketing and promotional costs, and employee-related costs, inclusive of non-cash stock compensation expense.

General and administrative expenses. General and administrative expenses increased by \$2.0 million, or 37.8%, to \$7.3 million for the three months ended June 30, 2024 from \$5.3 million for the three months ended June 30, 2023 and increased by \$1.8 million, or 17.3%, to \$12.5 million for the six months ended June 30, 2024 from \$10.7 million for the six months ended June 30, 2023. The increase in general and administrative expenses for the three and six months ended June 30, 2024 was primarily due to an increase in severance costs, professional fees and recruitment costs, partially offset by a decrease in third-party subcontractor costs.

Financial (income), net

Financial (income), net was \$3.0 million for the three months ended June 30, 2024 compared to \$1.7 million three months ended June 30, 2023. For the three months ended June 30, 2024 and 2023 financial income, net, primarily consisted of interest income earned on our money market accounts of \$1.5 million (for both periods), and non-cash gains resulting from the remeasurement of warrant liabilities of \$1.7 million and \$0.3 million, respectively.

Financial (income), net was \$3.4 million for the six months ended June 30, 2024 compared to \$2.1 million six months ended June 30, 2023. For the six months ended June 30, 2024 and 2023 financial income, net, primarily consisted of interest income earned on our money market accounts of \$3.1 million and \$2.1 million, respectively, and non-cash gains resulting from the remeasurement of warrant liabilities of \$0.5 million and \$0.1 million, respectively.

Taxes on income

Taxes on income consists primarily of foreign income taxes related to income generated by our subsidiary organized under the laws of Israel. Taxes on income were immaterial for the three and six months ended June 30, 2024 and 2023.

Non-GAAP Financial Measures

In addition to our financial results determined in accordance with GAAP, we believe adjusted EBITDA, a non-GAAP measure, is useful in evaluating our operating performance, and our management uses it as a key performance measure to assess our operating performance. Because adjusted EBITDA facilitates internal comparisons of our historical operating performance on a more consistent basis, we use this measure for business planning purposes and in evaluating acquisition opportunities. We also use adjusted EBITDA to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that this non-GAAP financial measure, when taken together with the corresponding GAAP financial measures, provides meaningful supplemental information regarding our performance by excluding certain items that may not be indicative of our business, results of operations or outlook. We believe that the use of adjusted EBITDA is helpful to our investors as it is a metric used by management in assessing the health of our business and our operating performance. However, non-GAAP financial information is presented for supplemental informational purposes only, has limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP.

Some of the limitations of adjusted EBITDA include (i) adjusted EBITDA does not necessarily reflect capital commitments to be paid in the future and (ii) although depreciation and amortization are non-cash charges, the underlying assets may need to be replaced and adjusted EBITDA does not reflect these requirements. In evaluating adjusted EBITDA, you should be aware that in the future we will incur expenses similar to the adjustments described herein. Our presentation of adjusted EBITDA should not be construed as an inference that our future results will be unaffected by these expenses or any unusual or non-recurring items. Our adjusted EBITDA may not be comparable to similarly titled measures of other companies because they may not calculate adjusted EBITDA in the same manner as we calculate the measure, limiting its usefulness as a comparative measure. Adjusted EBITDA should not be considered as an alternative to loss before income taxes, net loss, loss per share, or any other performance measures derived in accordance with U.S. GAAP. When evaluating our performance, you should consider adjusted EBITDA alongside other financial performance measures, including our net loss and other GAAP results.

A reconciliation is provided below for adjusted EBITDA to net loss, the most directly comparable financial measure stated in accordance with GAAP. Investors are encouraged to review our financial statements prepared in accordance with GAAP and the reconciliation of our non-GAAP financial measure to its most directly comparable GAAP financial measure, and not to rely on any single financial measure to evaluate our business.

We calculate adjusted EBITDA as net loss income adjusted to exclude (i) depreciation and amortization, (ii) interest and other expenses (income), net, (iii) tax benefit and expense, and (iv) stock-based compensation expense.

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The following table presents a reconciliation of adjusted EBITDA from the most comparable GAAP measure, net loss for the three and six months ended June 30, 2024 and 2023:

<i>(in thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Net loss	\$ (474)	\$ (4,704)	\$ (1,940)	\$ (13,462)
Add:				
Depreciation and amortization	220	302	421	608
Financial (income), net ⁽¹⁾	(3,044)	(1,712)	(3,422)	(2,136)
Taxes on income	32	8	197	151
Stock-based compensation	3,107	2,129	5,359	4,432
Non-recurring expenses ⁽²⁾	1,338	—	1,338	—
Adjusted EBITDA	\$ 1,179	\$ (3,977)	\$ 1,953	\$ (10,407)

- (1) For the three months ended June 30, 2024 and 2023, financial (income), net, primarily consisted of \$1.5 million (for both periods) of interest income from our money market accounts, and \$1.7 million and \$0.3 million, respectively, in unrealized gains resulting from the remeasurement of warrant liabilities. For the six months ended June 30, 2024 and 2023, financial (income), net, primarily consisted of \$3.1 million and \$2.1 million, respectively, of interest income from our money market accounts and \$0.5 million and \$0.1 million, respectively, in unrealized gains resulting from the remeasurement of warrant liabilities.
- (2) For the three and six months ended June 30, 2024, non-recurring expenses, primarily consisted of severance costs related to the departure of key executives of the Company and other related costs.

Liquidity and Capital Resources

As of June 30, 2024, we had \$114.9 million of cash and cash equivalents (\$123.9 million as of December 31, 2023), which we use to finance our operations and support a variety of growth initiatives and investments. We had no debt as of June 30, 2024.

Our primary cash needs are to fund operating activities and invest in technology development. Our future capital requirements will depend on many factors including our growth rate, contract renewal activity, the timing and extent of investments to support product development efforts, our expansion of sales and marketing activities, the introduction of new and enhanced service offerings, and the continuing market acceptance of virtual behavioral services. Additionally, we may in the future enter into arrangements to acquire or invest in complementary businesses, services and technologies.

We currently anticipate to be able to fund our cash needs for at least the next 12 months and thereafter for the foreseeable future using available cash and cash equivalent balances as of June 30, 2024. However, in the future we may require additional capital to respond to technological advancements, competitive dynamics, customer demands, business and investment opportunities, acquisitions or unforeseen circumstances and we may determine to engage in equity or debt financings for other reasons. We may not be able to timely secure additional debt or equity financing on favorable terms, or at all. If we raise additional funds through the issuance of equity or convertible debt or other equity-linked securities, our existing stockholders could experience significant dilution. Any debt financing obtained by us in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. If we cannot raise capital when needed, we may be forced to undertake asset sales or similar measures to ensure adequate liquidity.

Share Repurchase Program

On February 22, 2024, the Company announced that its Board of Directors approved a share repurchase program which authorizes the repurchase of up to \$15.0 million of the currently outstanding shares of the Company's common stock over a period of twenty-four months beginning on March 1, 2024 (the "Initial Repurchase Program").

During the three and six months ended June 30, 2024, the Company purchased and canceled an aggregate of 2,948,892 shares of its common stock for a total consideration of \$8.0 million (\$2.71 per share) under the Initial Repurchase Program. As of June 30, 2024, \$7.0 million remained available for share repurchases under the Initial Repurchase Program. See Note 7, "Capital Stock" in the notes to the condensed consolidated financial statements for further details.

On August 1, 2024 the Company's Board of Directors approved an additional share repurchase program authorizing the Company to repurchase up to an additional \$25.0 million of its common stock and warrants. Such repurchases may be completed periodically through various methods in compliance with applicable state and federal securities laws and will be at times and in amounts as the Company deems appropriate, based on factors such as price, market conditions, corporate and regulatory requirements, constraints specified in any Rule 10b5-1 trading plans, alternative investment opportunities and other business considerations. All shares repurchased will be canceled. The program does not obligate the Company to repurchase any dollar amount or number of shares, and may be suspended or terminated at any time. This new repurchase program will expire on August 1, 2026. See Note 12, "Subsequent Event" in the notes to the condensed consolidated financial statements for further details.

After giving effect to this new program and remaining authority under the Initial Repurchase Program, the Company currently has authority to repurchase up to an aggregate of \$32.0 million of its common stock and warrants.

Cash Flows from Operating, Investing and Financing Activities

The following table presents the summary condensed consolidated cash flow information for the periods presented:

Cash Flows

<i>(in thousands)</i>	Six Months Ended June 30,	
	2024	2023
	<i>Unaudited</i>	<i>Unaudited</i>
Net cash provided by (used in) operating activities	\$ 1,418	\$ (13,748)
Net cash (used in) provided by investing activities	(2,150)	18
Net cash (used in) provided by financing activities	(8,263)	1,289
Net decrease in cash and cash equivalents	<u>\$ (8,995)</u>	<u>\$ (12,441)</u>

Operating Activities

The decrease in net cash used in operating activities was primarily driven by a lower net loss and a favorable timing of accounts payable payments for the six months ended June 30, 2024 compared to the six months ended June 30, 2023.

Investing Activities

The increase in net cash used in investing activities was driven primarily by an increase in capitalized internal-use software development costs during the six months ended June 30, 2024 compared to June 30, 2023.

Financing Activities

The increase in net cash used in financing activities was driven primarily by the purchase of \$8.0 million of outstanding shares of the Company's common stock under the Repurchase Program and an increase in taxes paid related to vested stock-based awards during the six months ended June 30, 2024 compared to June 30, 2023.

Contractual Obligations, Commitments and Contingencies

As of June 30, 2024, we did not have any short-term or long-term debt, or significant long-term liabilities. As of June 30, 2024, we have a non-material long-term operating lease for our office space in New York, NY.

We may in the future be involved in various legal proceedings, claims and litigation that arise in the normal course of business. We accrue for estimated loss contingencies related to legal matters when available information indicates that it is probable a liability has been incurred and we can reasonably estimate the amount of that loss. In many proceedings, however, it is inherently difficult to determine whether any loss is probable or even possible or to estimate the amount of any loss. In addition, even where a loss is possible or an exposure to loss exists in excess of the liability already accrued with respect to a previously recognized loss contingency, it is often not possible to reasonably estimate the size of the possible loss or range of loss or possible additional losses or range of additional losses. Should any of our estimates and assumptions change or prove to be incorrect, it could have a material impact on our results of operations, financial position, and cash flows. As of June 30, 2024 there were no material legal proceedings, claims or litigation.

Our commercial contract arrangements generally include certain provisions requiring us to indemnify customers against liabilities if there is a breach of a customer's data or if our service infringes a third party's intellectual property rights. To date, we have not incurred any material costs as a result of such indemnifications.

We have also agreed to indemnify our officers and directors for costs associated with any fees, expenses, judgments, fines and settlement amounts incurred by any of these persons in any action or proceeding to which any of those persons is, or is threatened to be, made a party by reason of the person's service as a director or officer, including any action by us, arising out of that person's services as our director or officer or that person's services provided to any other company or enterprise at our request. We maintain director and officer liability insurance coverage that would generally enable us to recover a portion of any future amounts paid. We may also be subject to indemnification obligations by law with respect to the actions of our employees under certain circumstances and in certain jurisdictions.

Off-Balance Sheet Arrangements

We do not invest in any off-balance sheet vehicles that provide liquidity, capital resources, market or credit risk support, or engage in any activities that expose us to any liability that is not reflected in our condensed consolidated financial statements.

Critical Accounting Policies and Estimates

The Company's condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Reference is also made to the Company's consolidated financial statements and notes thereto found in its Annual Report on Form 10-K for the year ended December 31, 2023.

The Company's accounting policies are essential to understanding and interpreting the financial results reported on the condensed consolidated financial statements. The significant accounting policies used in the preparation of the Company's consolidated financial statements are summarized in Note 2 to the financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. Certain of those policies are considered to be particularly important to the presentation of the Company's financial results because they require management to make difficult, complex or subjective judgments, often as a result of matters that are inherently uncertain.

During the six months ended June 30, 2024, there were no material changes to matters discussed under the heading "Critical Accounting Policies and Estimates" in Part II, Item 7 of the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Recent Accounting Pronouncements

Information regarding recent accounting developments and their impact on our results can be found in Note 2, "Summary of Significant Accounting Policies and Estimates" in the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 and in Note 2, "Significant Accounting Policies" in the notes to the condensed consolidated financial statements of this Quarterly Report on Form 10-Q.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (the “Quarterly Report”) contains forward-looking statements. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements other than statements of historical facts contained in this Quarterly Report may be forward-looking statements. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “targets,” “projects,” “contemplates,” “believes,” “estimates,” “forecasts,” “predicts,” “potential” or “continue” or the negative of these terms or other similar expressions. Forward-looking statements contained in this Quarterly Report include, but are not limited to, statements regarding our future results of operations and financial position, industry and business trends, stock-based compensation, revenue recognition, business strategy, plans and market growth.

The forward-looking statements in this Quarterly Report and other such statements we publicly make from time-to-time are only predictions. We base these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition, and results of operations. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to, the important factors discussed in Part I, Item 1A, “Risk Factors” of the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023 and subsequent quarterly reports on Form 10-Q, including this report. The forward-looking statements in this Quarterly Report are based upon information available to us as of the date of this Quarterly, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely upon these statements.

You should read this Quarterly Report and the risk factors discussed in Part I, Item 1A, “Risk Factors” of the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023 with the understanding that our actual future results, levels of activity, performance and achievements may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements. These forward-looking statements speak only as of the date of this Quarterly Report. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained in this Quarterly Report on Form 10-Q or any forward-looking statements we may publicly make from time-to-time, whether as a result of any new information, future events or otherwise.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

During the six months ended June 30, 2024, there were no material changes to the information contained in Part II, Item 7A of the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosures.

Based on their evaluation as of June 30, 2024, our management, including our Chief Executive Officer and Chief Financial Officer, have concluded that our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) were effective to provide reasonable assurance that information required to be disclosed by the Company in reports filed or submitted under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the United States Securities and Exchange Commission's ("SEC") rules and forms and (ii) accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that occurred during the second quarter of fiscal year 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We will continue to evaluate each quarter whether there are changes that materially affect our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, believes that our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives and are effective at the reasonable assurance level. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

The Company has no material pending legal proceedings as of June 30, 2024, for more details see Note 6, “Commitments and Contingencies” in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Item 1A. Risk Factors.

In addition to the other information set forth in this Quarterly Report, you should carefully consider the factors discussed under Part I, Item 1A. “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023. These factors could materially adversely affect our business, financial condition, liquidity, results of operations and capital position, and could cause our actual results to differ materially from our historical results or the results contemplated by any forward-looking statements contained in this Quarterly Report. During the six months ended June 30, 2024, there were no material changes to the information contained in Part I, Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Below is a summary of stock repurchases for the three months ended June 30, 2024. See Note 7, “Capital Stock” in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, as well as the section entitled “Liquidity Capital Resources-Share Repurchase Program” in Part I, Item II of this Quarterly Report on Form 10-Q for information regarding our stock repurchase program.

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program (In Thousands) (1)
April 1 - 30	—	\$ —	—	\$ 15,000
May 1 - 31	1,780,512	2.76	1,780,512	10,086
June 1 - 30	1,168,380	2.64	1,168,380	7,001
Total	2,948,892		2,948,892	

- (1) On February 22, 2024, the Company’s Board of Directors approved the Initial Repurchase Program with an initial repurchase capacity of \$15.0 million. As of June 30, 2024, \$7.0 million remained available for share repurchases under the Initial Repurchase Program. On August 1, 2024, the Company’s Board of Directors approved an additional share repurchase program authorizing the Company to repurchase up to an additional \$25.0 million of its common stock and warrants. After giving effect to this new program and remaining authority under Initial Share Repurchase Program, the Company currently has authority to repurchase up to an aggregate of \$32.0 million of its common stock and warrants.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

There were no “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement” (as the terms are defined in Item 408(a) of Regulation S-K of the Exchange Act) adopted, modified or terminated during the fiscal quarter ended June 30, 2024 by our directors and Section 16 officers.

Item 6. Exhibits.

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Filed/ Furnished Herewith
10.24 †	Employment Offer Letter, dated as of May 17, 2024, by and between Talkspace, Inc. and Ian Harris.	*
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a).	*
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a).	*
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.	**
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.	**
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data file because its XBRL tags are embedded within the Inline XBRL document.	*
101.SCH	Inline XBRL Taxonomy Extension Schema with Embedded Linkbase Documents.	*
104	Cover Page Interactive Data File (as formatted as Inline XBRL and contained in Exhibit 101).	*

* Filed herewith.

** Furnished herewith.

† Indicates management contract or compensatory plan.

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 thereunto duly authorized.

Talkspace, Inc.

Date: August 8, 2024

By: /s/ Jon Cohen
Jon Cohen
Chief Executive Officer

Date: August 8, 2024

By: /s/ Ian Harris
Ian Harris
Chief Financial Officer

May 17, 2024

Ian Jiro Harris
c/o Talkspace,
Inc.
622 Third Avenue
New York, NY 10017
Dear Ian,

We are very pleased to offer you (“**you**” or “**Employee**”) the position of “Chief Financial Officer” (this “**Position**”) with Talkspace LLC (the “**Company**” or “**Talkspace**”), reporting direct to the Chief Executive Officer, with an anticipated start date of May 20, 2024 (“**Start Date**”). This offer of at-will employment is conditioned on your satisfactory completion of certain requirements, as explained in this letter. Your employment is subject to the terms and conditions set forth in this letter, which override anything communicated to you, orally or in writing, during your interview or as part of any other communication, about your employment with Talkspace LLC.

A. Position Responsibilities, and Supervision.

As an employee in this Position, you will be classified as exempt and not entitled to overtime compensation pursuant to applicable federal, state and local wage and hour laws. You will be subject to all applicable employment and other policies of Talkspace, as outlined in the Talkspace Handbook and elsewhere.

In this Position you will perform duties and responsibilities that are reasonable and consistent with this Position, as may be assigned to you from time to time. You agree to devote your full business time, attention, and best efforts to the performance of your duties and to the furtherance of Talkspace’s interests. You will be permitted to serve on up to two (2) for-profit boards of directors without the prior written consent of the Board of Directors of the Company (the “**Board**”), provided that such board service does not materially interfere or conflict with your duties and responsibilities to the Company.

B. Compensation and Benefits.

1. Salary and Pay Frequency. As a full-time employee you will receive an annual salary of \$400,000 subject to tax and other withholdings as required by law, which will be paid semi-monthly in accordance with the Company's normal payroll procedures (your “**Base Salary**”). Talkspace reserves the right, in its sole discretion, to prospectively modify your compensation at any time and for any reason, to the extent permitted by applicable law.

2. Annual Bonus. You will be eligible for an annual bonus under the Company's annual incentive program (your "**Annual Bonus**"). Your Annual Bonus for 2024 reflecting

the pro-rated 2024 year will be 7/12ths on your target Annual Bonus, which going forward will be equal to 100% of your annual salary or \$400,000 currently. Your Annual Bonus will be awarded based on the achievement of both individual and Company goals as communicated to you by the Company on an annual basis, approved by the Board, and subject to the terms and conditions of the applicable program. For 2024 and future years, you will have the opportunity to achieve up to a total of 150% of your target Annual Bonus (consistent with all other executive bonus program guidelines for 2024-2025) based on achieving max goals as defined by the CEO and Board of Directors.

3. Inducement Grant. Subject to approval by the Board or its Committee and your continued employment through the applicable anniversary grant dates, you will receive an inducement grant consisting of an equity-based compensation award with annual vesting over four years; vesting at the end of each year on the anniversary of the Grant Award Date (the "**Inducement Grant**"). The Inducement Grant shall be granted in the form of 300,000 restricted stock units. The Grant Award Date will be June 1, 2024, the next open Company grant window.

4. Equity Award. Subject to standard approval of the Board (or a subcommittee thereof), the Company shall grant to you equity-based compensation awards under the Talkspace, Inc. 2021 Incentive Award Plan (the "**Plan**") for the 2024 fiscal year with an aggregate approximate value equal to 7/12ths of your annual expected target Long Term Incentive Compensation based on a 2024 fiscal year expectation of a full year \$650,000 award level. Of such amount, 80% shall be granted in the form of a restricted stock units and 20% in the form of ISO eligible options (the "**Award**"), subject to your continued employment through the applicable grant date and subject to continued CEO and Board approval of the estimated ratio of RSU to ISOs. The number of shares of Company common stock subject to the Award will be determined by dividing the applicable the Award grant value by the average Fair Market Value (as defined in the Plan) of the Company's common stock over the five (5) trading days immediately preceding (but not including) the applicable grant date. Subject to your continued service with the Company through the applicable vesting date, the Award shall vest with respect to 25% of the shares underlying such Award, on the first anniversary of the grant date, and as to the remaining 75% of the shares underlying such Award, in substantially equal installments on each of the 12 quarterly anniversaries thereafter (the "**Vesting Schedule**"). The terms and conditions of each Award shall be set forth in one or more separate award agreement(s) in a form(s) prescribed by the Company, to be entered into by the Company and you (the "**Award Agreements**"). Except as otherwise specifically provided in this Agreement, Award(s) shall be governed in all respects by the terms of and conditions of the Plan and the applicable Award Agreement.

5. Benefits. During your employment, you will be entitled to the benefits generally made available to regular, full-time salaried employees of the Company as summarized in the attached Benefits Overview. The Company reserves the right to adjust its benefits program from time to time as the Company sees fit.

6. Executive Severance Plan. Subject to approval by the Compensation Committee of the Board, you shall be a Tier 1 participant in the Talkspace, Inc. Executive Severance Plan (the “**Severance Plan**”), a copy of which is attached hereto as **Exhibit A**.

C. Contingencies; At-Will Employment.

1. Contingencies. This offer of employment is conditioned upon your:

i. Execution of (a) the Confidential Information, Restrictive Covenant and Work for Hire Agreement attached hereto as **Exhibit B** (the “**Agreement**”) and (b) the Company’s Employee Handbook;

ii. Successful completion of a background check; and

iii. Completion of applicable immigration, payroll and tax forms, and to provide documentation of your eligibility to work in the United States, as required by the Immigration Reform and Control Act of 1986.

2. At-Will Employment. Your employment will be at-will, meaning that you or Talkspace may terminate the employment relationship at any time, with or without cause, and with or without notice. Any contrary representations that may have been made to you are superseded by this offer letter. This is the full and complete agreement between you and Talkspace on this term. Although your duties, title, compensation, and benefits, as well as Talkspace’s personnel policies and procedures, may change from time to time, the “at will” nature of your employment may only be changed in an express agreement signed by you and an authorized representative of Talkspace.

D. Miscellaneous.

1. Governing Law. The validity, interpretation, enforceability, and performance of this letter shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to conflict of laws provisions thereof. Each party hereto hereby consents to the personal and exclusive jurisdiction and venue of the courts of the State of Delaware and expressly waives any claim of improper venue and any claim that such courts are an inconvenient forum.

2. Whole Agreement. This contract is intended by the parties to be the full and final expression of their agreement and shall not be contradicted by any prior written or oral agreement.

3. Severability. Any part, provision, representation or warranty of this Agreement which is prohibited, or which is held to be void or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof. Any part, provision, representation or warranty of this Agreement which is prohibited or unenforceable or is held to be void or unenforceable in any

jurisdiction shall be ineffective, as to such jurisdiction, to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof.

4. Representations. You hereby represent and warrant the following:

i. You are not bound by any employment contract, restrictive covenant or other restriction preventing you from entering into employment with or carrying out your responsibilities for the Company, or which is in any way inconsistent with the terms of this letter;

ii. Except as disclosed in writing to the Company, and included in Schedule A to this Agreement, you are not bound by the terms of any agreement with any previous employer or other party to refrain from using or disclosing any trade secret or confidential or proprietary information in the course of my engagement with the Company or to refrain from competing, directly or indirectly, with the business of such previous employer or any other party; and

iii. Your performance of all the terms of this Agreement and your engagement with the Company does not and will not breach any agreement to keep in confidence proprietary information, knowledge or data acquired by you in confidence or in trust prior to your engagement with the Company, and you will not disclose to the Company or induce the Company to use any confidential information or material belonging to any previous employer or others.

iv. You currently are not, nor have ever been, included on the List of Excluded Individuals/Entities (LEIE) from Federally funded health care programs pursuant to section 1128 of the Social Security Act (and from Medicare and State health care programs under section 1156 of the Act) by the Office of Inspector General, or otherwise.

5. Entire Agreement. This letter, along with the Restrictive Covenant Agreement, sets forth the terms of your employment with the Company and supersedes any prior representations or agreements whether written or oral.

6. Assignment. This letter is personal to the Employee and shall not be assigned by the Employee. Any purported assignment by the Employee shall be null and void from the initial date of the purported assignment. The Company may assign this letter to any successor or assign (whether direct or indirect, by purchase, merger, consolidation, or otherwise) to all or substantially all of the business or assets of the Company, or to any subsidiary or affiliate of the Company. This Agreement shall inure to the benefit of the Company and permitted successors and assigns.

* * *

We are excited about the prospect of you joining our team. If you have any questions about the above details, please contact People Operations at peopleops@talkspace.com. If you wish to

accept this Position, please sign below and return this letter agreement within three (3) business days; after three business days, this offer will be deemed to be withdrawn.

Very truly yours,

DocuSigned by:

Jon Cohen

A6293A9267A548F...

Jon Cohen
Chief Executive Officer
Talkspace

Acceptance of Offer

I have read and understand all the terms of the offer of employment set forth in this letter and I accept each of those terms. I also understand and agree that my employment is at-will and, with the exception of a subsequent written agreement signed by an authorized Talkspace representative, no statements or communications, whether oral or written, will modify my at-will employment status. I further understand that this letter is Talkspace's complete offer of employment to me and this letter supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, with respect to my employment. I have not relied on any agreements or representations, express or implied, that are not set forth expressly in this letter.

By: DocuSigned by:
Ian Harris
Name: F24758F3558745F...
Date:

EXHIBIT A

**TALKSPACE, INC.
AMENDED AND RESTATED EXECUTIVE SEVERANCE PLAN**

Talkspace, Inc., a Delaware corporation (the "Company"), has adopted this Talkspace, Inc. Amended and Restated Executive Severance Plan, including the attached Exhibits (the "Plan"), for the benefit of Participants (as defined below) on the terms and conditions hereinafter stated. The Plan, as set forth herein, is intended to provide severance protections to a select group of management or highly compensated employees (within the meaning of ERISA (as defined below)) in connection with qualifying terminations of employment.

1. **Defined Terms.** Capitalized terms used but not otherwise defined herein shall have the meanings indicated below:

1.1"Base Compensation" means the Participant's monthly base salary rate in effect immediately prior to a Qualifying Termination, disregarding any reduction which gives rise to Good Reason.

1.2 "Board" means the Board of Directors of the Company.

1.3"Cash Severance" means the cash severance payable to a Participant, determined in accordance with Exhibit A or Exhibit B attached hereto, as applicable.

1.4"Cause" means, except as may otherwise be provided in a Participant's employment agreement to the extent such agreement is in effect at the relevant time, any of the following events:

(a) the Participant's willful failure substantially to perform his or her duties and responsibilities to the Company (other than any such failure resulting from the Participant's incapacity due to physical or mental illness or any such actual or anticipated failure after his or her issuance of a notice of termination for Good Reason) or carry out or comply with a lawful and reasonable directive of the Company, in each case, after a written demand for performance is delivered to the Participant by the Committee, which demand specifically identifies the manner in which the Committee believes that the Participant has not performed his or her duties;

(b) the Participant's deliberate violation of a Company policy;

(c) the Participant's commission of, including any entry by the Participant of a guilty or no contest plea to, any felony under any state, federal or foreign law or any crime involving moral turpitude, or the Participant's commission of unlawful harassment or discrimination;

(d) the Participant's commission of any act of fraud, embezzlement, dishonesty or any other willful misconduct that has caused or is reasonably expected to result in material reputational, economic or financial injury to the Company;

(e) the Participant's unlawful use (including being under the influence) or possession of illegal drugs on the Company's (or any affiliate's) premises or while performing the Participant's duties

and responsibilities;

(f) the Participant's willful misconduct or gross negligence with respect to any material aspect of the Company's business or a material breach by the Participant of his or her fiduciary duty to the Company;

(g) the unauthorized use or disclosure by the Participant of any proprietary information or trade secrets of the Company or any other party to whom the Participant owes an obligation of nondisclosure as a result of his or her relationship with the Company; or

(h) the Participant's willful breach of any of his or her obligations under any written agreement or covenant with the Company.

The determination as to whether a Participant is being terminated for Cause shall be made in good faith by the Committee and shall be conclusive and binding on the Participant. With respect to the foregoing definition, the term "Company" will be interpreted to include any subsidiary, parent, affiliate, or any successor thereto, if appropriate.

1.5 "Change in Control" shall have the meaning set forth in the Company's 2021 Incentive Award Plan, as may be amended from time to time.

1.6 "CIC Protection Period" means (i) for purposes of a Qualifying Termination by the Company without Cause, the period beginning three months prior to the date of a Change in Control and ending on and including the one-year anniversary of the date of a Change in Control, and (ii) for purposes of a Qualifying Termination by a Participant with Good Reason, the period beginning on and including the date of a Change in Control and ending on and including the one-year anniversary of the date of a Change in Control.

1.7 "CIC Termination" means a Qualifying Termination which occurs during the CIC Protection Period.

1.8 "Claimant" shall have the meaning set forth in Section 11.1 hereof.

1.9 "COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1985.

1.10 "COBRA Period" means the number of months used to calculate the COBRA Premium Payment, determined in accordance with Exhibit A or Exhibit B attached hereto, as applicable.

1.11 "COBRA Premium Payment" shall have the meaning set forth in Section 4.2(b) hereof.

1.12 "Code" means the Internal Revenue Code of 1986, as amended from time to time, or any successor thereto.

1.13 "Committee" means the Compensation Committee of the Board, or such other committee as may be appointed by the Board to administer the Plan.

1.14 "Date of Termination" means the effective date of the termination of the Participant's employment.

1.15 “Effective Date” shall have the meaning set forth in Section 2 hereof.

its subsidiaries.

1.16 “Employee” means an individual who is an employee of the Company or any of

1.17 “Equity Award” means a Company equity-based award that vests solely based on

the passage of time granted under any equity-based award plan of the Company, including, but not limited to, the Company’s 2021 Incentive Award Plan, as may be amended from time to time.

1.18 “ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

1.19 “Excise Tax” shall have the meaning set forth in Section 7.1 hereof.

1.20 “Good Reason” means the occurrence of any one or more of the following events without the Participant’s prior written consent, unless the Company fully corrects the circumstances constituting Good Reason (provided such circumstances are capable of correction) as provided below:

(a) a material diminution in the Participant’s position (including status, offices, titles and reporting requirements), authority, duties or responsibilities, excluding for this purpose any isolated, insubstantial or inadvertent actions not taken in bad faith and which are remedied by the Company promptly after receipt of notice thereof given by the Participant;

(b) a change in the location at which the Participant performs his or her principal duties for the Company to a new location that materially impacts the time zone, the ability to access sufficient broadband or hours of availability for work in real time that materially differs from the location on the date on which the Participant first becomes a Participant in the Plan; or

(c) any material reduction in Base Compensation.

Notwithstanding the foregoing, the Participant will not be deemed to have resigned for Good Reason unless (1) the Participant provides written notice to the Company setting forth in reasonable detail the facts and circumstances claimed by the Participant to constitute Good Reason within 90 days after the date of the occurrence of any event that the Participant knows or should reasonably have known to constitute Good Reason; (2) the Company fails to cure such acts or omissions within 30 days following its receipt of such notice; and (3) the effective date of the Participant’s termination for Good Reason occurs no later than 60 days after the expiration of the Company’s cure period. With respect to the foregoing definition, the term “Company” will be interpreted to include any subsidiary, parent, affiliate, or any successor thereto, if appropriate.

1.21 “Independent Advisors” shall have the meaning set forth in Section 7.2 hereof.

1.22 “Participant” means each Employee who is selected by the Administrator to participate in the Plan and is provided with (and, if applicable, countersigns) a Participation Notice in accordance with the Plan, other than any Employee who, at the time of his or her termination of employment, is covered by a plan or agreement with the Company or a subsidiary that provides for cash

severance or termination benefits that explicitly supersedes and/or replaces the payments and benefits provided under this Plan. For the avoidance of doubt, retention bonus payments, change in control bonus payments and other similar cash payments shall not constitute “cash severance” for purposes of this definition. Notwithstanding anything in this Plan to the contrary, each of the Chief Executive Officer, the Chief Operating Officer, and the Chief Financial Officer of the Company shall be a Tier 1 Participant in the Plan.

1.23 “Participation Notice” shall have the meaning set forth in Section 2 hereof.

1.24 “Pro-Rata Target Bonus” means the Participant’s Target Incentive Compensation for the year of termination, pro-rated by multiplying the Target Incentive Compensation by the quotient obtained by dividing (i) the number of days during the year that the Participant was employed through the Qualifying Termination date by (ii) the total number of days in the year.

1.25 “Qualifying Termination” means a termination of the Participant’s employment by (i) the Company without Cause or (ii) the Participant during the CIC Protection Period for Good Reason. Notwithstanding anything contained herein, in no event shall a Participant be deemed to have experienced a Qualifying Termination (a) if such Participant is offered and/or accepts a comparable employment position with the Company or any subsidiary, or (b) if in connection with a Change in Control or any other corporate transaction or sale of assets involving the Company or any subsidiary, such Participant is offered and accepts a comparable employment position with the successor or purchaser entity (or an affiliate thereof), as applicable. A Qualifying Termination shall not include a termination due to the Participant’s death or disability.

1.26 “Release” shall have the meaning set forth in Section 4.4 hereof.

1.27 “Severance Benefits” means the severance payments and benefits to which a Participant may become entitled pursuant to Section 4 of the Plan and Exhibit A or Exhibit B, as applicable and each as attached hereto.

1.28 “Target Incentive Compensation” means the Participant’s target cash performance bonus, if any, for the year in which the Date of Termination occurs.

1.29 “Total Payments” shall have the meaning set forth in Section 7.1 hereof.

2. **Effectiveness of the Plan; Notification.** The Plan shall become effective on June 22, 2021 (the “Effective Date”). The Administrator shall, pursuant to a written notice to any Employee (a “Participation Notice”), notify each Participant that such Participant has been selected to participate in the Plan.

3. **Administration.** Subject to Section 13.3 hereof, the Plan shall be interpreted, administered and operated by the Committee (the “Administrator”), which shall have complete authority, subject to the express provisions of the Plan, to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan, and to make all other determinations necessary or advisable for the administration of the Plan. The Administrator may delegate any of its duties hereunder to a subcommittee, or to such person or persons from time to time as it may designate other than to any Participant in the Plan, and the Administrator may delegate (other than to any Participant in the Plan) its duty to provide a Participation Notice to a Participant in the Plan. All decisions, interpretations and other actions of the

Administrator (including with respect to whether a Qualifying Termination has occurred) shall be final, conclusive and binding on all parties who have an interest in the Plan.

4. **Severance Benefits.**

4.1 Eligibility. Each Employee who qualifies as a Participant and who experiences a Qualifying Termination is eligible to receive Severance Benefits under the Plan.

4.2 Qualifying Termination Payment. In the event that a Participant experiences a Qualifying Termination (other than a CIC Termination), then, subject to the Participant's execution and, to the extent applicable, non-revocation of a Release in accordance with Section 4.4 hereof, and subject to any additional requirements specified in the Plan, the Company shall pay or provide to the Participant the following Severance Benefits:

(a) Cash Severance Payment. The Company shall pay to the Participant an amount equal to the Cash Severance determined in accordance with Exhibit A attached hereto. Subject to Section 6.2 hereof, the Cash Severance (as set forth on Exhibit A) shall be paid in substantially equal installments in accordance with the Company's normal payroll practice over the Base Compensation continuation period set forth on Exhibit A, but commencing on the first payroll date following the 60th day following the Date of Termination (and amounts otherwise payable prior to such first payroll date shall be paid on such date without interest thereon).

(b) COBRA. Subject to the requirements of the Code, if the Participant properly elects healthcare continuation coverage under the Company's group health plans pursuant to COBRA, to the extent that the Participant is eligible to do so, then the Company shall directly pay or, at its election, reimburse the Participant for the COBRA premiums for the Participant and the Participant's covered dependents (in an amount determined based on the same benefit levels as would have applied if the Participant's employment had not been terminated based on the Participant's elections in effect on the Date of Termination) until the earlier of the end of the month during which the Participant's COBRA Period, determined in accordance with Exhibit A attached hereto, ends or the date the Participant becomes eligible for healthcare coverage under a subsequent employer's health plan (the "COBRA Premium Payment"). Notwithstanding the foregoing, (i) if any plan pursuant to which such benefits are provided is not, or ceases prior to the expiration of the period of continuation coverage to be, exempt from the application of Code Section 409A under Treasury Regulation Section 1.409A-1(a)(5), or (ii) the Company is otherwise unable to continue to cover the Participant under its group health plans without penalty under applicable law (including without limitation, Section 2716 of the Public Health Service Act), then, in either case, an amount equal to each remaining Company reimbursement shall thereafter be paid to the Participant in substantially equal monthly installments over the COBRA Period (or the remaining portion thereof).

4.3 CIC Termination Payment. In the event that a Participant experiences a CIC Termination, then, subject to the Participant's execution and, to the extent applicable, non-revocation of a Release in accordance with Section 4.4 hereof, and subject to any additional requirements specified in the Plan:

(a) The Company shall pay or provide to the Participant, as applicable, an amount equal to the Cash Severance determined in accordance with Exhibit B attached hereto. Subject to Section 6.2 hereof, the Cash Severance (as set forth on Exhibit B) shall be paid in substantially equal installments

in accordance with the Company's normal payroll practice over the Base Compensation continuation period set forth on Exhibit B, but commencing on the first payroll date following the 60th day following the Date

of Termination (and amounts otherwise payable prior to such first payroll date shall be paid on such date without interest thereon); provided, that in the event the CIC Termination occurs prior to a Change in Control, then any incremental Cash Severance that would have been payable between the Date of Termination and the Change in Control date (i.e., incremental Cash Severance above the Cash Severance payable upon a Qualifying Termination that is not a CIC Termination) instead shall be paid in a single lump sum on the date of the Change in Control;

(b) The Company shall provide to the Participant the COBRA Premium Payment set forth in Section 4.2(b) hereof; provided, however, that the COBRA Period shall be determined in accordance with Exhibit B attached hereto (instead of in accordance with Exhibit A);

(c) The Company shall pay or provide to the Participant, as applicable, the Participant's Pro-Rata Target Bonus, payable in a single lump sum no later than the 60th day following the Date of Termination in accordance with the Company's normal payroll practice; and

(d) Each outstanding Equity Award held by the Participant as of his or her Date of Termination shall vest as specified in Exhibit B, and, as applicable, become exercisable upon the later of the effectiveness of the Release and as of immediately prior to the consummation of a Change in Control.

4.4 Release. Notwithstanding anything herein to the contrary, no Participant shall be eligible or entitled to receive or retain any Severance Benefits under the Plan unless he or she executes a general release of claims substantially in the form attached hereto as Exhibit C (the "Release") within 21 days (or 45 days if necessary to comply with applicable law) after the Date of Termination and, if he or she is entitled to a seven day post-signing revocation period under applicable law, does not revoke such Release during such seven day period.

2. **Limitations.** Notwithstanding any provision of the Plan to the contrary, if a Participant's status as an Employee is terminated for any reason other than due to a Qualifying Termination, the Participant shall not be entitled to receive any Severance Benefits under the Plan, and the Company shall not have any obligation to such Participant under the Plan.

3. **Section 409A.**

3.1 General. To the extent applicable, the Plan shall be interpreted and applied consistent and in accordance with Code Section 409A and Department of Treasury regulations and other interpretive guidance issued thereunder. Notwithstanding any provision of the Plan to the contrary, to the extent that the Administrator determines that any payments or benefits under the Plan may not be either compliant with or exempt from Code Section 409A and related Department of Treasury guidance, the Administrator may in its sole discretion adopt such amendments to the Plan or take such other actions that the Administrator determines are necessary or appropriate to (a) exempt the compensation and benefits payable under the Plan from Code Section 409A and/or preserve the intended tax treatment of such compensation and benefits, or (b) comply with the requirements of Code Section 409A and related Department of Treasury guidance; *provided, however*, that this Section 6.1 shall not create any obligation on the part of the Administrator to adopt any such amendment or take any other action, nor shall the Company have any liability for failing to do so.

3.2 Potential Six-Month Delay. Notwithstanding anything to the contrary in the Plan, no amounts shall be paid to any Participant under the Plan during the six-month period following such

Participant's "separation from service" (within the meaning of Code Section 409A(a)(2)(A)(i) and Treasury Regulation Section 1.409A-1(h)) to the extent that the Administrator determines that paying such amounts at the time or times indicated in the Plan would result in a prohibited distribution under Code Section 409A(a)(2)(B)(i). If the payment of any such amounts is delayed as a result of the previous sentence, then on the first business day following the end of such six-month period (or such earlier date upon which such amount can be paid under Code Section 409A without resulting in a prohibited distribution, including as a result of the Participant's death), the Participant shall receive payment of a lumpsum amount equal to the cumulative amount that would have otherwise been payable to the Participant during such six-month period without interest thereon.

3.3 Separation from Service. A termination of employment shall not be deemed to have occurred for purposes of any provision of the Plan providing for the payment of any amounts or benefits that constitute "nonqualified deferred compensation" under Code Section 409A upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Code Section 409A and, for purposes of any such provision of the Plan, references to a "termination," "termination of employment" or like terms shall mean "separation from service".

3.4 Reimbursements. To the extent that any payments or reimbursements provided to a Participant under the Plan are deemed to constitute compensation to the Participant to which Treasury Regulation Section 1.409A-3(i)(1)(iv) would apply, such amounts shall be paid or reimbursed reasonably promptly, but not later than December 31st of the year following the year in which the expense was incurred. The amount of any such payments eligible for reimbursement in one year shall not affect the payments or expenses that are eligible for payment or reimbursement in any other taxable year, and the Participant's right to such payments or reimbursement of any such expenses shall not be subject to liquidation or exchange for any other benefit.

3.5 Installments. For purposes of applying the provisions of Code Section 409A to the Plan, each separately identified amount to which a Participant is entitled under the Plan shall be treated as a separate payment. In addition, to the extent permissible under Code Section 409A, the right to receive any installment payments under the Plan shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment as permitted under Treasury Regulation Section 1.409A-2(b)(2)(iii). Whenever a payment under the Plan specifies a payment period with reference to a number of days, the actual date of payment within the specified period shall be within the sole discretion of the Company.

4. Limitation on Payments.

4.1 Best Pay Cap. Notwithstanding any other provision of the Plan, in the event that any payment or benefit received or to be received by a Participant (including any payment or benefit received in connection with a termination of the Participant's employment, whether pursuant to the terms of the Plan or any other plan, arrangement or agreement) (all such payments and benefits, including the Severance Benefits, being hereinafter referred to as the "Total Payments") would be subject (in whole or part), to the excise tax imposed under Code Section 4999 (the "Excise Tax"), then, after taking into account any reduction in the Total Payments provided by reason of Code Section 280G in such other plan,

arrangement or agreement, the Cash Severance benefits under the Plan shall first be reduced, and any noncash severance payments shall thereafter be reduced, to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax but only if (a) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total

Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to (b) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which the Participant would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments).

4.2 Certain Exclusions. For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, (a) no portion of the Total Payments, the receipt or retention of which the Participant has waived at such time and in such manner so as not to constitute a "payment" within the meaning of Code Section 280G(b), will be taken into account; (b) no portion of the Total Payments will be taken into account which, in the written opinion of an independent, nationally recognized accounting firm (the "Independent Advisors") selected by the Company, does not constitute a "parachute payment" within the meaning of Code Section 280G(b)(2) (including by reason of Code Section 280G(b)(4)(A)) and, in calculating the Excise Tax, no portion of such Total Payments will be taken into account which, in the opinion of Independent Advisors, constitutes reasonable compensation for services actually rendered, within the meaning of Code Section 280G(b)(4)(B), in excess of the "base amount" (as defined in Code Section 280G(b)(3)) allocable to such reasonable compensation; and (c) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Independent Advisors in accordance with the principles of Code Sections 280G(d)(3) and (4).

5. **No Mitigation.** No Participant shall be required to seek other employment or attempt in any way to reduce or mitigate any Severance Benefits payable under the Plan and the amount of any such Severance Benefits shall not be reduced by any other compensation paid or provided to any Participant following such Participant's termination of employment.

6. **Successors.**

6.1 Company Successors. The Plan shall inure to the benefit of and shall be binding upon the Company and its successors and assigns. Any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets shall assume and agree to perform the obligations of the Company under the Plan.

6.2 Participant Successors. The Plan shall inure to the benefit of and be enforceable by each Participant's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, legatees or other beneficiaries. If a Participant dies while any amount remains payable to such Participant hereunder, all such amounts shall be paid in accordance with the terms of the Plan to the executors, personal representatives or administrators of such Participant's estate.

7. **Notices.** All communications relating to matters arising under the Plan shall be in writing and shall be deemed to have been duly given when hand delivered, faxed, emailed or mailed by reputable

overnight carrier or United States certified mail, return receipt requested, addressed, if to a Participant, to the address or email address on file with the Company or to such other address or email address as the Participant may have furnished to the other in writing in accordance herewith and, if to the Company, to such address or email address as may be specified from time to time by the Administrator, except that notice of change of address shall be effective only upon actual receipt.

8. **Claims Procedure; Arbitration.**

8.1 Claims. Generally, Participants are not required to present a formal claim in order to receive benefits under the Plan. If, however, any person (the “Claimant”) believes that benefits are being denied improperly, that the Plan is not being operated properly, that fiduciaries of the Plan have breached their duties, or that the Claimant’s legal rights are being violated with respect to the Plan, the Claimant must file a formal claim, in writing, with the Administrator. This requirement applies to all claims that any Claimant has with respect to the Plan, including claims against fiduciaries and former fiduciaries, except to the extent the Administrator determines, in its sole discretion that it does not have the power to grant all relief reasonably being sought by the Claimant. A formal claim must be filed within 90 days after the date the Claimant first knew or should have known of the facts on which the claim is based, unless the Administrator consents otherwise in writing. The Administrator shall provide a Claimant, on request, with a copy of the claims procedures established under Section 11.2 hereof.

8.2 Claims Procedure. The Administrator has adopted procedures for considering claims (which are set forth in Exhibit D attached hereto), which it may amend or modify from time to time, as it sees fit. These procedures shall comply with all applicable legal requirements. These procedures may provide that final and binding arbitration shall be the ultimate means of contesting a denied claim (even if the Administrator or its delegates have failed to follow the prescribed procedures with respect to the claim). The right to receive benefits under the Plan is contingent on a Claimant using the prescribed claims and arbitration procedures to resolve any claim.

9. Covenants.

9.1 Restrictive Covenants. A Participant’s right to receive and/or retain the Severance Benefits payable under this Plan is conditioned upon and subject to the Participant’s continued compliance with any restrictive covenants (e.g., confidentiality, non-solicitation, non-disparagement) contained in any other written agreement between the Participant and the Company, as in effect on the date of the Participant’s Qualifying Termination.

9.2 Return of Property. A Participant’s right to receive and/or retain the Severance Benefits payable under the Plan is conditioned upon the Participant’s return to the Company of all Company documents (and all copies thereof) and other Company property (in each case, whether physical, electronic or otherwise) in the Participant’s possession or control.

10. Miscellaneous.

10.1 Entire Plan; Relation to Other Agreements. The Plan, together with any Participation Notice issued in connection with the Plan, contains the entire understanding of the parties relating to the subject matter hereof and supersedes any prior agreement, arrangement and understanding between any Participant, on the one hand, and the Company and/or any subsidiary, on the other hand, with respect to the

subject matter hereof. Severance payable under the Plan is not intended to duplicate any other severance benefits payable to a Participant by the Company. By participating in the Plan and accepting the Severance Benefits hereunder, the Participant acknowledges and agrees that any prior agreement, arrangement and understanding between any Participant, on the one hand, and the Company and/or any subsidiary, on the other hand, with respect to the subject matter hereof is hereby revoked and ineffective with respect to the Participant (including with respect to any severance arrangement contained in an effective employment agreement, employment letter agreement by and between the Participant and the Company (and/or any subsidiary)).

10.2 No Right to Continued Service. Nothing contained in the Plan shall (a) confer upon any

Participant any right to continue as an employee of the Company or any subsidiary, (b) constitute any contract of employment or agreement to continue employment for any particular period, or (c) interfere in any way with the right of the Company to terminate a service relationship with any Participant, with or without Cause.

10.3 Termination and Amendment of Plan. The Plan may not be amended, modified, suspended or terminated except with the express written consent of each Participant who would be adversely affected by any such amendment, modification, suspension or termination.

10.4 Survival. Section 7 (Limitation on Payments), Section 11 (Claims Procedure; Arbitration) and Section 12 (Covenants) hereof shall survive the termination or expiration of the Plan and shall continue in effect.

10.5 Severance Benefit Obligations. Notwithstanding anything contained herein, Severance Benefits paid or provided under the Plan may be paid or provided by the Company or any subsidiary employer, as applicable.

10.6 Withholding. The Company shall have the authority and the right to deduct and withhold an amount sufficient to satisfy federal, state, local and foreign taxes required by law to be withheld with respect to any Severance Benefits payable under the Plan.

10.7 Benefits Not Assignable. Except as otherwise provided herein or by law, no right or interest of any Participant under the Plan shall be assignable or transferable, in whole or in part, either directly or by operation of law or otherwise, including without limitation by execution, levy, garnishment, attachment, pledge or in any manner; no attempted assignment or transfer thereof shall be effective; and no right or interest of any Participant under the Plan shall be liable for, or subject to, any obligation or liability of such Participant. When a payment is due under the Plan to a Participant who is unable to care for his or her affairs, payment may be made directly to his or her legal guardian or personal representative.

10.8 Applicable Law. The Plan is intended to be an unfunded "top hat" pension plan within the meaning of U.S. Department of Labor Regulation Section 2520.104-23 and shall be interpreted, administered, and enforced as such in accordance with ERISA. To the extent that state law is applicable, the statutes and common law of the State of Delaware, excluding any that mandate the use of another jurisdiction's laws, will apply.

10.9 Validity. The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision of the Plan, which shall remain in full force and effect.

10.10 Captions. The captions contained in the Plan are for convenience only and shall have no bearing on the meaning, construction or interpretation of the Plan's provisions.

10.11 Expenses. The expenses of administering the Plan shall be borne by the Company or its successor, as applicable.

10.12 Unfunded Plan. The Plan shall be maintained in a manner to be considered "unfunded" for purposes of ERISA. The Company shall be required to make payments only as benefits become due and payable. No person shall have any right, other than the right of an unsecured general creditor against the Company, with respect to the benefits payable hereunder, or which may be payable

hereunder, to any Participant, surviving spouse or beneficiary hereunder. If the Company, acting in its sole discretion, establishes a reserve or other fund associated with the Plan, no person shall have any right to or interest in any specific amount or asset of such reserve or fund by reason of amounts which may be payable to such person under the Plan, nor shall such person have any right to receive any payment under the Plan except as and to the extent expressly provided in the Plan. The assets in any such reserve or fund shall be part of the general assets of the Company, subject to the control of the Company.

10.13 Effective Date: This plan was originally made effective as of June 22, 2021 and was amended and restated effective as of February 6, 2022.

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Talkspace LLC Executive Offer Letter 17
May 2024

Exhibit A

CALCULATION OF QUALIFYING TERMINATION SEVERANCE AMOUNTS*

Tier	Cash Severance	COBRA Period (1)
1	12 months of Base Compensation continuation (continuation period is 12 months)	12 months
2	6 months of Base Compensation continuation (continuation period is 6 months)	6 months

(1) COBRA Period begins on the first day of the calendar month following the calendar month in which the Date of Termination occurs.

* For clarity, a Participant who experiences a Qualifying Termination and becomes entitled to payments/benefits pursuant to this Exhibit A shall not be entitled to a Pro-Rata Target Bonus and/or accelerated vesting of any Equity Awards.

CALCULATION OF CIC TERMINATION SEVERANCE AMOUNTS

Tier	Cash Severance	Pro-Rata Target Bonus	Equity Acceleration	COBRA Period (1)
1	24 months of Base Compensation continuation + 200% Target Incentive Compensation (continuation period is 24 months)	Pro-Rata Target Bonus	Full vesting acceleration of Equity Awards.	18 months
2	12 months of Base Compensation continuation + 100% Target Incentive Compensation (continuation period is 12 months)			12 months

(1) COBRA Period begins on the first day of the calendar month following the calendar month in which the Date of Termination occurs.



FORM OF RELEASE

[To be attached]

DETAILED CLAIMS PROCEDURES

Section 1.1. Claim Procedure. Claims for benefits under the Plan shall be administered in accordance with Section 503 of ERISA and the Department of Labor Regulations thereunder. The Administrator shall have the right to delegate its duties under this Exhibit and all references to the Administrator shall be a reference to any such delegate, as well. The Administrator shall make all determinations as to the rights of any Participant, beneficiary, alternate payee or other person who makes a claim for benefits under the Plan (each, a "Claimant"). A Claimant may authorize a representative to act on his or her behalf with respect to any claim under the Plan. A Claimant who asserts a right to any benefit under the Plan he has not received, in whole or in part, must file a written claim with the Administrator. All written claims shall be submitted to the head of Human Resources of Talkspace, Inc.

(a) Regular Claims Procedure. The claims procedure in this subsection (a) shall apply to all claims for Plan benefits.

(1) Timing of Denial. If the Administrator denies a claim in whole or in part (an "adverse benefit determination"), then the Administrator will provide notice of the decision to the Claimant within a reasonable period of time, not to exceed 90 days after the Administrator receives the claim, unless the Administrator determines that an extension of time for processing is required. In the event that the Administrator determines that such an extension is required, written notice of the extension will be furnished to the Claimant before the end of the initial 90 day review period. The extension will not exceed a period of 90 days from the end of the initial 90 day period, and the extension notice will indicate the special circumstances requiring such extension of time and the date by which the Administrator expects to render the benefit decision.

(2) Denial Notice. The Administrator shall provide every Claimant who is denied a claim for benefits with a written or electronic notice of its decision. The notice will set forth, in a manner to be understood by the Claimant:

- (i) the specific reason or reasons for the adverse benefit determination;
 - (ii) reference to the specific Plan provisions on which the determination is based;
 - (iii) a description of any additional material or information necessary for the Claimant to perfect the claim and an explanation as to why such information is necessary; and
 - (iv) an explanation of the Plan's appeal procedure and the time limits applicable
-

to such procedures, including a statement of the Claimant's right to bring an action under Section 502(a) of ERISA after receiving a final adverse benefit determination upon appeal.

(3) Appeal of Denial. The Claimant may appeal an initial adverse benefit determination by submitting a written appeal to the Administrator within 60 days of receiving notice of the denial of the claim. The Claimant:

(i) may submit written comments, documents, records and other information relating to the claim for benefits;

(ii) will be provided, upon request and without charge, reasonable access to and copies of all documents, records and other information relevant to the Claimant's claim for benefits; and

(iii) will receive a review that takes into account all comments, documents, records and other information submitted by the Claimant relating to the appeal, without regard to whether such information was submitted or considered in the initial benefit determination.

(4) Decision on Appeal. The Administrator will conduct a full and fair review of the claim and the initial adverse benefit determination. The Administrator holds regularly scheduled meetings at least quarterly. The Administrator shall make a benefit determination no later than the date of the regularly scheduled meeting that immediately follows the Plan's receipt of an appeal request, unless the appeal request is filed within 30 days preceding the date of such meeting. In such case, a benefit determination may be made by no later than the date of the second regularly scheduled meeting following the Plan's receipt of the appeal request. If special circumstances require a further extension of time for processing, a benefit determination shall be rendered no later than the third regularly scheduled meeting of the Administrator following the Plan's receipt of the appeal request. If such an extension of time for review is required, the Administrator shall provide the Claimant with written notice of the extension, describing the special circumstances and the date as of which the benefit determination will be made, prior to the commencement of the extension. The Administrator generally cannot extend the review period any further unless the Claimant voluntarily agrees to a longer extension. The Administrator shall notify the Claimant of the benefit determination as soon as possible but not later than five days after it has been made.

(5) Notice of Determination on Appeal. The Administrator shall provide the Claimant with written or electronic notification of its benefit determination on review. In the case of an adverse benefit determination, the notice shall set forth, in a manner intended to be understood by the Claimant:

(i) the specific reason or reasons for the adverse benefit determination;

(ii) reference to the specific Plan provisions on which the adverse benefit determination is based;

(iii) a statement that the Claimant is entitled to receive, upon request and without charge, reasonable access to, and copies of, all documents, records and other information relevant to the claim for benefits;

(iv) a statement describing any voluntary appeal procedures offered by the Plan

and the Claimant's right to obtain the information about such procedures; and

(v) a statement of the Claimant's right to bring an action under Section 502(a) of ERISA.

(b) Exhaustion; Judicial Proceedings. No action at law or in equity shall be brought to recover benefits under the Plan until the claim and appeal rights described in the Plan have been exercised

and the Plan benefits requested in such appeal have been denied in whole or in part. If any judicial proceeding is undertaken to appeal the denial of a claim or bring any other action under ERISA other than a breach of fiduciary claim, the evidence presented may be strictly limited to the evidence timely presented to the Administrator. Any such judicial proceeding must be filed by the earlier of: (a) one year after the Administrator's final decision regarding the claim appeal or (b) one year after the Participant or other Claimant commenced payment of the Plan benefits at issue in the judicial proceeding. The jurisdiction and venue for any judicial proceedings arising under or relating to the Plan will be exclusively in the courts in California, including the federal courts located there should federal jurisdiction exist. This paragraph (c) shall not be construed to prohibit the enforcement of any arbitration agreements.

(c) Administrator's Decision is Binding. Benefits under the Plan shall be paid only if the Administrator decides in its sole discretion that a Claimant is entitled to them. In determining claims for benefits, the Administrator has the authority to interpret the Plan, to resolve ambiguities, to make factual determinations, and to resolve questions relating to eligibility for and amount of benefits. Subject to applicable law, any decision made in accordance with the above claims procedures is final and binding on all parties and shall be given the maximum possible deference allowed by law. A misstatement or other mistake of fact shall be corrected when it becomes known and the Administrator shall make such adjustment on account thereof as it considers equitable and practicable.

EXHIBIT B

Confidential Information, Restrictive Covenant and Work for Hire Agreement

This Confidential Information, Restrictive Covenant and Work for Hire Agreement (hereinafter referred to as the “**Agreement**”) is dated as of June 1, 2024, (hereinafter referred to as the “**Effective Date**”) and is between: Talkspace LLC (hereinafter the “**Company**”), having a place of business at 2578 Broadway #607, New York, NY 10025, and Ian Harris (hereinafter referred to in the first person as “**I**”, “**you**” or “**your**”).

In consideration for my engagement by the Company, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, I hereby agree as follows:

1. Confidentiality.

You acknowledge that, during the course of your employment by the Company, I may become privy to confidential, non-public information of the Company, its subsidiaries, affiliates, clients, consultants, employees, contractors, collectively comprise the “Company”) and that any unauthorized use or communication of such Confidential Information (defined below) could damage the Company’s business. You shall hold strictly confidential, secret and inviolate all such Confidential Information and shall not disclose or cause or permit to be disclosed any Confidential Information to any person, party or other entity unless specifically designated by Company, and are similarly bound not to disclose or cause or permit to be disclosed any Confidential Information to any employee of the Company not having reasonable Company business needs for access to such information. “Confidential Information” means all information concerning the Company (including but not limited to any information concerning any Company clients or other proprietary information or trade secret of the Company), other than information generally available to the public, except for information that becomes public through the breach of this Agreement, specifically including without limitation, PHI (as defined in Section 6.2 below) information or documents in whatever form maintained that relates in any way to the Company’s business opportunities, business plans, business methods, clients, and/or vendors (including lists, contact information, contracts, terms, preferences, requirements and/or dealings with such individuals/entities), frameworks, models, marketing, sales, purchasing, merchandising, operations, pricing, costing, research, analyses, designs, drawings, files, records, data, plans, specifications, financials, training, database, engineering, computer programs, electronic communications systems, technical information, employees, contractors, compensation, trade secrets, patented processes, inventions, copyrights, techniques and other information in any way concerning or referring to the Company, its products, services, research, concepts, processes, engineering and/or development and all other information concerning how the Company creates, develops, acquires or maintains its products, services and marketing plans, targets its potential clients and otherwise operates its business, or otherwise designates as confidential. Confidential Information also shall include any information or documents created by you in connection with your employment or for the Company’s benefit.

2. Inventions and Patents.

2.1.I agree to promptly and fully disclose to the Company any and all inventions, discoveries, trade secrets and improvements, whether or not patentable and whether or not they are made, conceived or reduced to practice during working hours or using the Company's data or facilities, which I develop, make, conceive or reduce to practice during my engagement with the Company, either solely or jointly with others (collectively, the "**Developments**"). All Developments shall be the sole property of the Company, and I hereby assign to the Company, without further compensation, all my right, title and interest in and to the Developments and any and all related patents, patent applications, copyrights, copyright applications, trademarks, trademark applications and trade names in the United States and elsewhere. Notwithstanding the foregoing, Developments shall not include any inventions, discoveries, trade secrets or improvements that: (i) are not made, conceived or reduced to practice during working hours; (ii) are not made, conceived or reduced to practice using the Company's information, data or facilities; and (iii) do not relate to the present business of the Company, any business that is competitive therewith, or any future business in which the Company engages.

2.2.I agree to keep and maintain adequate and current written records of all Developments (in the form of notes, sketches, drawings and as may be specified by the Company), which records shall be available to and remain the sole property of the Company at all times.

2.3.I agree to assist the Company in obtaining and enforcing patent, copyright and other forms of legal protection for the Developments in any country. Upon request, I will sign all applications, assignments, instruments and papers and perform all acts necessary or desired by the Company to assign all such Developments fully and completely to the Company and to enable the Company, its successors, assigns and nominees, to secure and enjoy the full and exclusive benefits and advantages thereof. I understand that my obligations under this Paragraph 1 will continue after the termination of my engagement with the Company and that during my engagement I will perform such obligations without further compensation, except for reimbursement of expenses incurred at the request of the Company. I further understand that if I am requested to perform any obligations under this Paragraph 1 after my engagement with the Company terminates, I shall receive for such performance a reasonable per diem fee, as well as reimbursement of any expenses incurred at the request of the Company.

2.4.In addition to my agreements set forth in subparagraph 1.3, I hereby constitute and appoint the Company, its successors and assigns, my true and lawful attorney, with full power of substitution for me, and in my name, place and stead or otherwise, but on behalf of and for the benefit of the Company, its successors and assigns, to take all actions and execute all documents on behalf of me necessary to effect the assignment set forth in subparagraph 1.1, and from time to time to institute and prosecute in my name or otherwise, but at the direction and expense and for the benefit of the Company and its successors and assigns, any and all proceedings at law, in equity or otherwise, which the Company, its successors or assigns may deem proper in order to collect, assert or enforce any claim, right or title of any

kind in and to the Developments and to defend and compromise any and all actions, suits and proceedings in respect of any of the Developments and to do any and all such acts and things

in relation thereto as the Company, its successors or assigns shall deem advisable, and I hereby declare that the appointment hereby made and the powers hereby granted are coupled with an interest and are and shall be irrevocable by me in any manner or for any reason.

2.5.In order to avoid disputes over the application of this assignment to prior inventions or copyrightable materials, I have listed on **Schedule A** to this Agreement descriptions of patentable inventions and copyrightable materials that I have developed and/or reduced to practice prior to my engagement with the Company and that I believe are, accordingly, excepted from the provisions of this Paragraph 1.

3. Proprietary Information.

3.1.I recognize that my relationship with the Company is one of high trust and confidence because of my access to and contact with the trade secrets and confidential and proprietary information of the Company and of others through the Company. I will not at any time, either during my engagement with the Company or thereafter, disclose to others, or use for my own benefit or the benefit of others, any of the Developments or any confidential, proprietary or secret information owned, possessed or used by the Company (collectively, "**Proprietary Information**"). Such property shall not be erased, discarded or destroyed without specific instructions from the Company to do so. By way of illustration, but not limitation, Proprietary Information includes trade secrets, processes, data, knowhow, marketing plans, forecasts, financial statements, budgets, licenses, prices, costs and employee, customer and supplier lists. I understand that the Company from time to time has in its possession information which is claimed by others to be proprietary and which the Company has agreed to keep confidential. I agree that all such information shall be Proprietary Information for purposes of this Agreement.

3.2.My undertaking and obligations under this Paragraph 2 will not apply, however, to any Proprietary Information which: (i) is or becomes generally known to the public through no action on my part; (ii) is generally disclosed to third parties by the Company without restriction on such third parties; (iii) is approved for release by written authorization of the Board of Directors of the Company; or (iv) is required to be disclosed pursuant to subpoena, order of judicial or administrative authority, or in connection with judicial proceedings to which the Company or I am a party, provided that I shall have given the Company written notice of such disclosure at least 14 days prior to such disclosure in order to provide the Company with an opportunity to oppose and/or object to such disclosure and any such disclosure is subject to all applicable governmental and judicial protection available for like material.

3.3.Upon termination of my engagement with the Company or at any other time upon request, I will promptly deliver to the Company all copies of computer programs, specifications, drawings, blueprints, data storage devices, notes, memoranda, notebooks, drawings, records, reports, files and other documents (and all copies or reproductions of such

materials) in my possession or under my control, whether prepared by me or others, in whatever form on whatever medium, which contain Proprietary Information. I acknowledge that this material is the sole property of the Company.

3.4. If requested to do so by the Company, I agree to sign a Termination Certificate in which I confirm that I have complied with the requirements of the preceding paragraph and that I am aware that certain restrictions imposed upon me by this Agreement continue after termination of my engagement. I understand, however, that my rights and obligations under this Agreement will continue even if I do not sign a Termination Certificate.

4. Absence of Restrictions Upon Disclosure and Competition.

4.1. I hereby represent that, except as I have disclosed in writing to the Company, and included in **Schedule A** to this Agreement, I am not bound by the terms of any agreement with any previous employer or other party to refrain from using or disclosing any trade secret or confidential or proprietary information in the course of my engagement with the Company or to refrain from competing, directly or indirectly, with the business of such previous employer or any other party.

4.2. I further represent that my performance of all the terms of this Agreement and my engagement with of the Company does not and will not breach any agreement to keep in confidence proprietary information, knowledge or data acquired by me in confidence or in trust prior to my engagement with the Company, and I will not disclose to the Company or induce the Company to use any confidential information or material belonging to any previous employer or others.

5. Restrictive Covenants.

5.1. Non-Solicitation. You agree that during your employment with the Company and for a period of six (6) months immediately following the termination of your employment with the Company for any reason (the “**Non-Solicitation Restricted Period**”), you shall not recruit or otherwise solicit or induce any employees or clients of the Company, to terminate their engagement with, or otherwise cease their relationships with, the Company or any of its subsidiaries during my engagement with the Company and throughout the Non-Solicitation Restricted Period. In addition, you shall not recruit or otherwise solicit any person who was an employee of the Company during any time within six months prior to the end of your engagement with the Company.

For so long as I am engaged with the Company and for a period of six full months thereafter, I will not, without the express written consent of the Company, directly or indirectly, engage in, participate in, or assist, as owner, part-owner, partner, director, officer, trustee, employee, agent or consultant, or in any other capacity, any business organization or person, do business that is related to internet based behavioral health platforms.

5.2. Non-Disparagement. You shall not make, publish or communicate to any person or entity or in any public forum any defamatory or disparaging remarks, comments or statements concerning the Company, its products or services, its current and former parents, subsidiaries, divisions, investors, affiliates, related entities (including clients, contractors, subcontractors, and other companies and individuals with which the Company conducts business), and the

current and former owners, officers, directors, shareholders, members, managers, employees, agents, insurers, representatives, successors and assigns of all such entities, or take any action that reasonably would cause any third party to do so. Nothing herein is intended to preclude or dissuade you from engaging in activities protected by state or federal law, including the National Labor Relations Act.

6. Other Obligations.

6.1. Other Agreements. I acknowledge that the Company from time to time may have agreements with others which impose obligations or restrictions on the Company regarding inventions made during the course of work under such agreements or regarding the confidential nature of such work. I agree to be bound by all such obligations and restrictions which are made known to me and to take all action necessary to discharge the obligations of the Company under such agreements.

6.2. Protected Health Information. Talkspace contracts with Therapist Consultants to provide certain services and acts, in this respect, as a “Business Associate/ Covered Entity.” As an Employee, you may incidentally or inadvertently encounter, view or access certain Confidential Information maintained by Talkspace which may qualify as Protected Health Information (“**PHI**”) or electronic PHI within the meaning of the Health Insurance Portability and Accountability Act of 1996, as amended, and the privacy and security standards promulgated pursuant thereto (“**HIPAA**”). In this case, the definition of “Confidential Information” means any and all non-public, medical, financial and personal information in whatever form (written, oral, visual or electronic) possessed or obtained by either party. Confidential Information shall include all information which (i) either party has labeled in writing as confidential, (ii) is identified at the time of disclosure as confidential, (iii) is commonly regarded as confidential in the healthcare industry, or (iv) is PHI as defined by HIPAA. You agree that while working with Talkspace to maintain the confidentiality of any PHI that you may incidentally or inadvertently encounter, view or have access to as part of your employment. You also agree not to further use or disclose any PHI that you incidentally or inadvertently view or obtains access to and further agree to implement appropriate safeguards to prevent any further use or disclosure of any PHI that you incidentally or inadvertently access. You agree to comply with all applicable laws and regulations, including HIPAA and the HITECH Act, to the extent applicable in your employment, to fulfill your obligations under this Agreement.

7. Miscellaneous.

7.1. The partial or complete invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

7.2. This Agreement supersedes all prior agreements, written or oral, between me and the Company relating to the subject matter of this Agreement. This Agreement may not be modified, changed or discharged in whole or in part, except by an agreement in writing signed by me and the Company. This Agreement does not constitute an engagement agreement, and

no changes in my compensation, title or duties or any other terms or conditions of my engagement, including, without limitation, the termination of my engagement, shall affect the provisions of this Agreement except as stated herein.

7.3.As used herein, the term “Company” shall include **Talkspace Inc., Talkspace LLC, Talkspace Network LLC**, and any of its predecessors, subsidiaries, subdivisions or affiliates. The Company shall have the right to assign this Agreement to its successors and assigns and all covenants and agreements hereunder shall inure to the benefit of and be enforceable by said successors or assigns. I agree not to assign any of my obligations under this Agreement. This Agreement will be binding upon my heirs, executors and administrators.

7.4.No delay or omission by the Company in exercising any right under this Agreement will operate as a waiver of that or any other right. A waiver or consent given by the Company on any one occasion is effective only in that instance and will not be construed as a bar to or waiver of any right on any other occasion.

7.5.I expressly consent to be bound by the provisions of this Agreement for the benefit of the Company or any subsidiary or affiliate thereof to whom my engagement may be transferred without the necessity that this Agreement be re-signed at the time of such transfer.

7.6.This Agreement shall be deemed to be a sealed instrument and shall be governed by and construed in accordance with the laws of the State of California. I hereby expressly consent to the jurisdiction of the courts of the state where the Company has its principal place of business in the United States (currently New York) to adjudicate any dispute arising under this Agreement.

7.7.I recognize that irreparable damages would be caused to the Company, and that monetary damages would not compensate the Company for its loss, should I breach the terms of this Agreement. Accordingly, in addition to all other remedies available to the Company at law or in equity, upon a showing by the Company that I have violated or am about to violate the terms of this Agreement, I hereby consent to the entry by a court of competent jurisdiction of an injunction or declaratory judgment enforcing the terms of this Agreement,

including without limitation preventing disclosure or further disclosure by me of Proprietary Information.

7.8.If any one or more provisions of this Agreement shall for any reason be held to be excessively broad as to time, duration, geographical scope, activity or subject, it shall be construed, by limiting and reducing it, so as to be enforceable to the extent compatible with the applicable law as it shall then appear.

I HAVE READ ALL OF THE PROVISIONS OF THIS AGREEMENT AND I UNDERSTAND, AND AGREE TO, EACH OF SUCH PROVISIONS, EFFECTIVE AS OF THE DATE FIRST ENTERED ABOVE.

Accepted and Agreed:

Talkspace Ian Harris

By: _____

Date: 5/17/2024

DocuSigned by:
Name: Jon Cohen
Ian Harris
Title: Chief Executive Officer and Board Member

Date: _____
5/20/2024

DocuSigned by:
Jon Cohen
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SCHEDULE A

List of prior inventions and original works (if any):

Not applicable



CERTIFICATION

I, Jon Cohen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Talkspace, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2024

By: /s/ Jon Cohen
Jon Cohen
Chief Executive Officer

CERTIFICATION

I, Ian Harris, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Talkspace, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2024

By: /s/ Ian Harris
Ian Harris
Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Talkspace, Inc. (the "Company") for the period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 8, 2024

By: /s/ Jon Cohen
Jon Cohen
Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Talkspace, Inc. (the "Company") for the period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 8, 2024

By: /s/ Ian Harris
Ian Harris
Chief Financial Officer
