

Talkspace (Q4 2025 Earnings)

February 19, 2026

Corporate Speakers:

- Jon Cohen; Talkspace; Chief Executive Officer
- Ian Harris; Talkspace; Chief Financial Officer

Participants:

- Steven Dechert; KeyBanc Capital Markets; Analyst
- Ryan MacDonald; Needham; Analyst
- Richard Close; Canaccord Genuity; Analyst
- Charles Rhyee; TD Cowen; Analyst
- Robert Brooks; Northland Capital Markets; Analyst
- Steven Valiquette; Mizuho Securities; Analyst
- Peter Warendorf; Barclays; Analyst

PRESENTATION

Operator

At this time I'd like to welcome everyone to the Talkspace Fourth Quarter and Full Year 2025 Earnings Call. (Operator Instructions) The press release and presentation of earnings results can be accessed on Talkspace's IR website.

The presentation will be used to walk you through today's remarks. Leading today's call are CEO, Dr. Jon Cohen; and CFO, Ian Harris. Management will offer their prepared remarks and then take your questions.

Certain measures that will be discussed on today's call are expressed on a non-GAAP basis and have been adjusted to exclude the impact of one-off items. Reconciliations of these non-GAAP measures are included in the earnings release and on the website, talkspace.com.

As a reminder, the company will be discussing forward-looking information today which may include forecasts, targets and other statements regarding plans, goals, strategic priorities and anticipated financial results.

While these statements represent the company's best current judgment about future results and performance as of today, actual results are subject to many risks and uncertainties that could cause actual results to differ materially from expectations.

Important factors that may affect future results are described on Talkspace's most recent SEC reports and today's earnings press release. For more information, please review the safe harbor disclaimer on Slide 2. Now I will turn the call over to Dr. Jon Cohen.

Jon Cohen

Good morning. And thank you for joining the call today to review our fourth quarter and full year 2025 results. When I joined Talkspace at the end of 2022, the strategic pivot had already begun shifting from our Consumer model to a Payor fee-for-service model.

Today, I am proud to look back at the progress we've made financially, operationally and towards our mission to deliver comprehensive, personalized mental health care to all.

Since 2022, we have grown revenue at a CAGR of 24%, driven by Payor Sessions annualized growth of about 56%. During this time our operating expenses as a percentage of revenue continued to decline, helping to drive operating leverage and improved EBITDA margins.

For the full year of 2025, we delivered revenue of approximately \$229 million, an increase of 22% year-over-year, driven by payer growth of 38%. In addition, we more than doubled adjusted EBITDA, growing from about \$7 million in 2024 to \$15.8 million in 2025, which represents an adjusted EBITDA margin of 7%.

Our growth in Payor, where we now cover well over 200 million lives through insurance and employer benefits is driven by two factors. One, strategic initiatives we have put in place to bring people to Talkspace including targeted efforts to increase awareness and drive high-intent referrals as well as deepen partnerships with the Payors to improve the patient journey and make it easier to find care and, two, our expanding offerings within the Payor channel to cater to new populations and differing levels of acuity. Both of these initiatives are underpinned by our continuous improvements to the member journey and our clinical network.

We continue to drive increased consumer awareness through our paid media strategies, search optimization, partnerships and scaling brand recognition.

Our awareness campaigns have been very successful over the last three years as recognition of the Talkspace brand continues to go up, while our spending on marketing has significantly decreased over the same period.

Our initiatives to drive high-intent referrals has been successful with increasing volumes month-over-month from Amazon, Zocdoc and our strategic partners.

We're also seeing a strong and growing presence of Talkspace in large language models due to the work our team has done to optimize on and off our website for increased visibility and citations.

In the fourth quarter, general purpose LLMs drove an increasing percentage of traffic and checkouts as we continue to expand this new and growing channel. Recognizing that we provide high-quality clinical care, the Payors have partnered with us on several new initiatives to further simplify the patient experience.

This includes directory integrations with several of our Payor partners and some utilizing single sign-on so that patients can log into both platforms with ease. Others are embedding Talkspace scheduling into their directories so that patients can book sessions without leaving the Payor site.

We are currently working with one partner to launch the capability for their care coordinators to schedule Talkspace appointments on behalf of patients, a tool we will expand with other partners and Payors. During the year, we also expanded our offerings within the Payor channel.

We invested in our psychiatry business, grew both military and Medicare enrollment and acquired Wisdo, the lower acuity AI-powered social health platform specializing in peer-to-peer community and coaching.

On military, our enrollment continues to grow month-over-month following our January 2025 launch as does patient engagement through our direct-to-enterprise contract with the Navy.

Our Medicare enrollment also continues to grow, and with the acquisition of Wisdo, we've seen increased interest in Medicare Advantage plans given Wisdo's proven impacts on loneliness and social isolation.

In addition, Wisdo's partnership with Novo Nordisk to provide group coaching for patients on GLP-1's opens a new door for us into a previously untapped category of pharma partnerships.

Our youth programs which we initially launched at the end of 2023 across major markets including New York, Baltimore, Seattle, and North Carolina continue to deliver strong measurable impact on scale.

In New York City alone, more than 45,000 teens are enrolled in our Teenspace program. 66% of enrolled teens showed measurable clinical improvement with the most common presenting needs being anxiety, depression, relationship challenges, and stress management. The program is reaching historically underserved communities with nearly 45% of participants living in areas with high health and income disparities and 82% identifying as BIPOC.

Engagement remains very strong with over 90% of teens actively texting with their therapists and more than half choosing messaging as their exclusive modality. The results of these programs reinforce Teenspace as a scalable public-private partnership model and Talkspace's leadership in youth mental health solutions.

Specifically, in psychiatry, we expanded our network of psychiatry providers to over 400 providers, and we made a number of improvements to the patient journey to streamline processes like simplifying medication management workflow to be able to send medications directly to the member's pharmacy of choice.

In April, we launched our integration with Amazon Pharmacy, allowing members to seamlessly fill prescriptions from their Talkspace provider and get fast, free, home delivery, making for a more convenient patient experience.

Further, we created an easy pathway for members using Talkspace for therapy to receive an internal referral to a Talkspace psychiatrist, an investment for which we are seeing strong traction.

Turning to AI. We are continuing to utilize the technology to improve business operations and incorporate AI enhancements into the platform to further improve the patient journey and provider workflow. These enhancements have reduced friction in several areas, lowering the number of registration drop-offs and leading more patients to successfully begin their care journey.

Once a member is onboarded, we have also made it easier to schedule their appointments, increasing the number of patients that continue care after a first session. These efforts have resulted in an increase in the number of checkouts and a 49% increase in the number of patients completing a third session in the first month of care.

Another factor contributing to our increase in session growth has been the success of Talkcast, our individualized AI-generated podcast that I've talked about in the past. When members open a Talkcast episode between their first and second sessions, they are 20% more likely to complete a second and third session. To date, we have produced over 76,000 episodes which have been overwhelmingly well received. 95% of provider reviews and 92% of client reviews have been positive.

In addition, our network management strategy has brought continued focus on curating our network of clinicians to optimize for the specific utilization trends we are seeing, ensuring that we have clinicians available in the right space at the right times to align with patient demand.

Now let me turn to the TalkAI agent that we have been developing over the last year. Although general purpose large language models are now being utilized by a huge number of the global population, they were never built to support mental health.

While these models have democratized access for millions, which is a good thing, they have unfortunately led to a rash of reported harmful outcomes. Mental health support requires something far more specialized and nuanced including challenging distorted thinking, recognizing delusions, and identifying risk in real time.

The TalkAI agent we have built is designed to be the first safe AI agent specifically developed for mental health support, utilizing clinically recognized standards of care with continuous human oversight and privacy HIPAA protection. The LLM is trained and fine-tuned on Talkspace's massive mental health data set, identifies 10 areas of risk in

real time, supports appropriate decision-making, and avoids the pitfalls already seen in general purpose LLMs.

It keeps clinicians constantly in the loop with clear escalation pathways to connect users at risk to a licensed human clinician in real time. TalkAI does not replace clinicians, but rather extends their reach, adhering to strict clinical standards while identifying new users who may need human interaction.

I believe that the need for human care by trained therapists will increase as millions more people will be identified that need professional help beyond what our agent will provide. We are currently beta testing this quarter with the expectation to be in the market late in Q2.

In summary, as you can see, we have come a long way in three years. There remains a tremendous opportunity in front of us and one we are positioned to continue to aggressively pursue.

In addition to the core business, we believe we have strategically positioned ourselves to be a leader in the application of AI to mental health services in this rapidly moving current environment. I am pleased with the Q4 results and our full year business performance.

Looking ahead to 2026, I am very optimistic about our capability and opportunity to continue to grow the business, expand profitability, and I'm encouraged by the strong momentum we have seen thus far in 2026. And now I'll turn the call over to Ian.

Ian Harris

Good morning. And thank you for joining us. I want to first echo Jon's sentiment that we ended the year with some really solid momentum, and we are well positioned for that to continue.

Today I'll review our fourth quarter financial results before walking you through our financial outlook for 2026. Turning to the fourth quarter results. Total revenue for the quarter was \$63.0 million, representing a 29.3% year-over-year increase.

Our Payor business continued to be the primary growth driver with revenue of \$47.7 million, up 41% year-over-year. Growth was driven by increased session volume and expansion across existing clients.

Specifically, the number of sessions for the quarter was 450,000, representing a 36.3% year-over-year increase.

Furthermore, the number of unique active Payor members for the quarter was 124,000, representing a 29.7% year-over-year increase. Within direct-to-enterprise, revenue was \$11.6 million, an increase of 21.8% year-over-year.

As we noted on our third quarter call several new launches shifted from the third quarter into the fourth, and DTE also benefited from the inclusion of the Wisdo acquisition, which closed on October one and benefited from revenue associated with implementation work for certain new accounts.

Consumer revenue was \$3.7 million, down 30.4% year-on-year, consistent with our intentional prioritization of both Enterprise and Payor channels.

Gross profit was \$26.9 million, up 24.4% year-over-year, resulting in a gross margin of 42.7% in the quarter. This was down 169 basis points year-over-year, primarily reflecting revenue mix shift towards Payor. Operating expenses were \$23.1 million, an increase of 9.6% year-over-year, as we incorporated the team from the Wisdo acquisition.

Importantly, operating expenses as a percentage of revenue improved meaningfully to 36.7%, down 660 basis points compared to the fourth quarter in 2024. Adjusted EBITDA was \$6.6 million, representing 147.1% year-on-year growth with an adjusted EBITDA margin of 10.4%, up nearly 500 basis points versus the prior year.

Turning to the balance sheet, we ended the quarter with \$92.6 million in cash, a decrease of \$25.2 million year-on-year, driven primarily by our share repurchases which totaled \$17.2 million in 2025 for the full year as well as the acquisition of Wisdo.

Now, turning to the guidance. For the full year 2026, we are providing initial guidance as follows: we expect revenue to be in a range of \$275 million to \$290 million, representing 20% to 27% year-on-year growth.

We expect adjusted EBITDA to be in the range of \$30 million to \$35 million, representing growth of 90% to 122%.

Looking back at our 3-year outlook introduced in early 2024 and which extends through this year, we expect to deliver a 3-year revenue CAGR of approximately 23% using the midpoint of our 2026 guidance, which is consistent with the 3-year outlook's stated target of 20% to 25%. From a profitability perspective, we anticipate exiting 2026 with EBITDA margins in the mid-teens towards the high end of our 12% to 15% target range from that outlook.

I want to share a few points on the underlying assumptions behind our outlook. From a quarterly cadence perspective, we anticipate revenue growing over the course of the year and, similar to last year, with the first half representing a little less than 50% of annual revenue as active Payor members and sessions grow throughout the year.

In terms of our revenue mix, we expect Payor revenue growth to be in line with the Payor growth rate we experienced in 2025, driven by the activation strategies Jon outlined earlier.

As we've discussed in the past, the Payor business brings a high degree of visibility given the longer retention of a Payor member compared to someone paying out of pocket and a material portion of our 2026 Payor revenue will actually come from Payor members already on the platform as of year-end 2025. We expect DTE to grow in the low single-digit percentages again this year.

As a reminder, the first quarter historically has the highest number of accounts up for renewal and therefore sees the highest attrition of any quarter in the year. Q4 performance also benefited from certain implementation revenue, so we would expect DTE revenue in Q1 to be sequentially lower than Q4. And finally, Consumer revenue will continue to decline by design. However, it's a much smaller headwind overall given the less material starting point in 2026.

While the midpoint of 2026 revenue guidance represents 23% growth year-over-year, our Q4 run-rate revenue, which is over \$250 million, implies 12% growth at the midpoint. This is thanks to the accelerating growth we drove over the course of 2025. These trends, along with the internal efficiency measures that we continue to implement will drive further operating leverage through the P&L.

Specifically, for adjusted EBITDA margins, we anticipate starting the year in the high single-digit percentages and exiting 2026 in the mid-teens, which will result in a similar quarterly cadence of adjusted EBITDA as we saw in 2025.

In summary, we believe Talkspace is well positioned for sustainable growth and continued margin expansion, supported by strong momentum in our Payor business, improving operating leverage and increasing visibility into future demand. With that, we'll open the call for questions. Operator?

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And we'll take our first question from Steven Dechert.

Steven Dechert

^ Congrats on a solid quarter. Just around your large language model that you're currently in beta testing, what do you see as the key challenges in getting people that are currently using the general purpose large language models using yours as you roll it out? Thank you.

Jon Cohen

Thanks, Steve. This is obviously very much work in progress. As we stated, we're in beta with people registering as we speak to go through that testing of what this thing looks like.

This thing is positioned as a place to have a serious conversation where your information is protected and where you have both security and safety behind you, I can't tell you yet

because it's such early days about what kind of movement we'll have, what kind of people will use this versus the other LLMs. That is just absolutely a work in progress.

So, my message right now is to stay tuned. We will have a lot more information once we finish the beta.

We've seen a little bit of early results. But right now my answer really is to stay tuned and let's just see what happens. It is being -- it will be positioned as somewhat different than the general purpose LLMs.

I'm not obviously trying to be evasive I'm just telling you it's just early days, and we have a lot of interesting information right now but we're certainly going to talk about it more as the next several months evolve.

Steven Dechert

Got it. Yes. Totally understand. And Ian, you just mentioned on the '26 guide that most of the revenue is already from members on the platform.

So, I guess I'm wondering, does the high end of the guide perhaps imply that's from additional new members that aren't currently on the platform? Or just maybe what gets us to the high end of the guide said more simply?

Ian Harris

Yes. Steve, just to clarify, I think in my prepared remarks, I said a material amount of Payor revenue is from existing members on the platform.

I want to call that out just because people forget, right, under the Payor model, that sort of longer lifetime on the platform and that's sort of longer tail of revenue allows us from a visibility standpoint to have a much higher level of conviction in terms of modeling out the Payor revenue, right?

So as we start Jan 1, it's not a majority, but think of it as 30% to 50% range of our Payor revenue is actually coming from folks we already have on the platform.

But in addition to that, obviously we're going to, to Jon's comments, keep driving both from paid marketing work, additional organic work we're doing on the marketing front which there's a lot of really exciting LLM sort of optimization work we're doing. And then very importantly, the directory integrations we're doing with the Payors and getting sort of more embedded with the Payors to lower that friction for people that find us through their insurance portal.

So that will all drive new users throughout the year as we've done sequentially throughout '25 which then obviously has that long tail of sessions pulling through as well.

Operator

We'll take our next question from Ryan MacDonald with Needham.

Ryan MacDonald

Congrats on a great quarter. Ian, maybe just to sort of double down on the directory integrations. Obviously showing some great success with the first Payor partner that you've rolled that out with. Can you just remind us on sort of how many additional sort of deep integrations you'll have sort of with additional partners this year? And I guess, what have you learned from the first partner that can be replicable to sort of continue that strong utilization with these additional Payors as we go throughout the year?

Ian Harris

Yes. I can start, and then I'll hand it over to Jon. I mean on the first Payor, like you said, it's been extremely successful. They're happy in so far as they're bringing a much friendlier consumer experience to their members and making it easier and candidly less frustrating, right, that sort of finding your care journey.

And we view it as, obviously from a CAC perspective, very accretive, right, to get that incremental conversion and additional traffic coming from the Payor.

It's early in '26, Ryan. So we're obviously working hard to do more. I would say line of sight we have today, there's probably, depending on how you look at it, call it, three directory integrations we're doing in the early part of '26.

So for sure, at least three. I think in terms of what that represents materiality-wise versus the one last year, it's probably about similar size all in all, population-wise, maybe a little bit bigger in the aggregate, the three.

So as big or bigger of an opportunity as we saw with the integration in '25. What we're learning is, it's interesting. Some of these directories, it's sort of the first time they're doing these integrations, so we are sort of in this beneficial position where we're working in tandem with them on the design of how the directory works which obviously gives us a level of influence to sort of shape what that experience looks like from our own knowledge, having done this, right, for a decade as a marketplace business ourselves.

So they really appreciate the sort of edification we're able to bring there, but also helps us candidly, in terms of the algorithm, what helps screen providers higher? Is it quality? Is it schedule and sort of how that sort of search algorithm is designed, we sort of have a seat at the table for that.

Ryan MacDonald

Really helpful color there. Thanks, Ian. And then obviously a lot of the success that you've had in the Payor business to date has been on the commercial side and obviously in the military. Curious to get your thoughts about sort of the potential opportunity within Medicare sort of in 2026, particularly with CMS rolling out this access program.

Is this sort of a potential opportunity to sort of supercharge or sort of fuel deeper Medicare efforts or to drive better utilization there? And are you intending to participate in the program?

Jon Cohen

Yes. Thanks for the question. So the answer to that is on the access program is yes. We are acutely aware of the access program. We talked about it. Quite honestly, we are -- we have submitted. We want to be part of it. It is outcome-based.

We're very comfortable with what an outcome-based model would look like. So the answer to that is yes. We -- also, as you heard me say, we're -- the Wisdo acquisition on Medicare and MA has been very positive and continues to grow.

And as we said in the past, we continue to see month-over-month increases. It's been no surprise as I've talked about in the past. It's a relatively difficult market to penetrate only because it's so ubiquitous and it's across all 50 states.

But we are making -- let's put it this way, we are making progress. But between Wisdo, access program, the stuff we're doing on the ground, we continue to be confident in how it will grow.

Operator

We'll move next to Richard Close with Canaccord Genuity.

Richard Close

Congratulations on a strong year and outlook. Jon, at the end of your comments, you said something about momentum already here in '26. And I was just curious if you could go a little bit deeper in terms of what you're seeing already through almost two months, the basis of that comment?

Jon Cohen

I would -- the comment is because at the beginning of the year, it really does somewhat change things because people coming back on, they're looking at the insurances, they're beginning to reengage at a bunch of different levels.

But most of what we're gauging everything on is people coming onto the platform and doing sessions. So, my comment was purposeful that we're continuing as we exit 2025 to see the momentum continue early on in '26.

Ian Harris

Yes. And Richard, as you know we take January as an opportunity to do a bunch of sort of marketing campaigns, right, post holidays, post New Year's resolution season.

So a lot of sort of wood behind the ball from a marketing effort standpoint. The momentum Jon is alluding to is just that, right? The checkouts we're seeing, the CAC

environment we're seeing, getting in front of folks and all of that's contemplated in the guide, consistent with the guidance.

Richard Close

Okay. Second question would be just like overall behavioral health care costs, I know we've talked about this in the past, but I mean you look at some of the benefit brokers and they cite increased behavioral health as one of the top expenses. And obviously some of that's inpatient, but outpatient playing a role as well.

I'm just curious your conversations with Payors in terms of rising health care costs. And you just did mention with respect to Medicare, you're comfortable with outcomes-based and whatnot.

Just curious how you're thinking about potential utilization management or reimbursement changes and just the overall marketplace with respect to behavioral health?

Jon Cohen

Yes. I think it's consistent with some prior discussions. We know -- obviously watching what's going on in health care costs, people paying more for their premiums. But remember, the mental health, not just the TAM, the market, but the more people engage in mental health, it actually saves people.

As you know there's a huge amount of data out there already that a good mental health support program saves people on the medical side. So that's one. Number two is the majority of costs that people are looking at to reiterate is really on the in-hospital side and the in-hospital diagnosis.

It's really not -- it's not on what we're doing on the outpatient side. The outpatient side of mental health is a very, very small piece of the pie right now for the health care spend nationally. And then we -- some of the other products, when the talk AI agent comes to fruition. It will be a lower cost option.

The Payors already know that. So I think there's a lot of positives from what we're doing. But I don't think that -- I don't think the global or national issues relative to the health care cost should have any impact on us. I just continue to see this to grow because it's actually a win-win for everybody, more people get mental health.

Richard Close

As a follow-up to that, do you think your ability to show outcomes and the data that you have is a differentiator where maybe Payors skinny down the number of providers that they're -- or vendors that they're actually utilizing for these services?

Jon Cohen

Absolutely. So we already have a couple of early value-based contracts. They're relatively rudimentary, quite honestly. It's time to first appointment, time to second appointment, how many people show up. But -- so all of those things we have in place.

So we're very comfortable with anybody almost that comes to us for a value-based arrangement because we already have that in place. And one of the reasons that we are so comfortable because of the network.

So the curated network is a really big deal, meaning we monitor -- as you know we monitor the quality, we look at what therapists are doing. That's really important on a value-based contract because you have to be able to measure outcomes. And to measure outcomes, you got to be able to control your network. And what I mean by control the network, you got to be able to look and see what the quality is that's being delivered.

So having those -- having all of that in place is really, really important to be able to deliver on a value-based contract. So we're pretty comfortable with all that.

Ian Harris

And that dynamic you alluded to, Richard, I think that is exactly what is playing out with the directory dynamics, right? It's no coincidence we're being tapped to do these initial embedded directories. It's a function of years and years of providing them that data exactly as you allude to, the clinical oversight, the QBRs we do with the Payors, the audits.

So they're, in some ways, rewarding us in that sort of -- I don't know if you use this phrase, Richard, but narrowing the network a little bit. Clearly, by doing these directories with us, we would expect, as we saw with that one Payor last year to take sort of outsized portion of share of their Payor portal traffic. So it's sort of indirectly them doing exactly what you're hypothesizing.

Operator

We'll take our next question from Charles Rhyee with TD Cowen.

Charles Rhyee

Jon, I wanted to ask a question, right? You kind of made the comment earlier, right? A lot of people are now seeking out information, but they're not just going to a search engine anymore, right? They're going into ChatGPT or something and asking them. And so you've talked about how do you optimize to be picked up by these LLMs so that people can get directed to you.

And it sounds like is this like the new SEO? Like is even search engine optimization as much of a thing? Is it really now how do you optimize to be picked up by LLMs? Because it's something that we've heard from other companies as well more recently.

And then connected to that really is, how do you then connect from maybe that kind of initial outreach by patient who is -- a patient who is going through a chat like an LLM or

a ChatGPT or something and get them to your AI bot, right which would be more a protected environment for patients. How do we bridge those two? Or how do we get them to search you first? Let me just start there.

Jon Cohen

Right. So great question. So actually, just -- I don't know if you've seen it, there's an article in New York Times this morning all about search engine optimization through LLMs. And I have talked about this. We have put in place. Our marketing folks have been aware of this for quite some time.

So we actually have people who just are working through LLM search strategies so that we do appear on whether it's Gemini or Claude or ChatGPT. So we have been optimizing -- there's another term for it. It's called generic -- I think it's called generative optimization as opposed to SEO.

But however, saying that we are not only aware of it, but we put in place mechanisms to make sure that people do find us. And we track it also, by the way. So we have seen this go up month to month to month.

People who are finding us on the other LLMs, the number of people, it continues to increase month-to-month. So one, that's what we're doing on the SEO, very comfortable about where we are relative to that strategy.

In terms of people finding us is an interesting question because we have not gone to market yet. We do have a fairly fully baked initial marketing plan so that people will find us depending on what they're looking for. Now there's a lot of nuances to that.

We don't have time here to probably talk about all that. But meaning are they really looking for therapists? Are they looking to have a serious conversation? There's a lot of different things that people look for.

We -- so as I mentioned a couple of minutes ago, our view on this is that if you want to have a serious conversation that's confidential, particularly around relationships or other issues that may be bothering you and your information is protected, HIPAA protected, and we have significant clinical background, that people will then make a decision about where they will go depending on what they want.

We don't -- the answer, of course, is we don't have the answer yet. But we are being positioned. We are -- we'll start off being positioned in a little bit different mode than the others. But the -- I can't even say the jury is out because we haven't gone yet.

So we will know more, as I said, once we finish the beta in terms of why people are coming to it, how people are using it which will be a significant bunch of data points about how we relatively -- how we go to market after that.

Ian Harris

We'll have a separate marketing initiative and budget just for the LLM product, right? So in the guide, there's little to no revenue associated with TalkAI revenue which, as Jon alluded to, will launch this summer publicly. But there'll also be a separate marketing effort there.

While we don't historically disclose traffic or conversion numbers on our core platform, suffice it to say, if you just look at even the best-in-breed e-comm brands, you can imagine there's a ton of traffic coming to our site who never check out, right?

So we actually view based on the research we've done, the TalkAI product is going to be absolutely TAM expansionary for us because there's a lot of people who are curious about therapy, they come, they search, but as you know it's not sort of a fleeting decision somebody makes just to buy something, right, to enter therapy.

So a lot of people actually come to our site and never check out and we actually think this is going to capture, I don't want to call it a lower intent, but maybe a group of people who are not quite ready to see a human-to-human therapy session, but are willing to take on sort of this more of a GPT type interface. So we'll have a separate marketing effort around that from a paid standpoint.

But I also want to flag just from organic, we think there's a lot of folks coming to our site today who are not monetizing at all that we will retain once we have a TalkAI product. And that -- and this is completely separate from the GEO, the generative engine optimization work which I would agree with your succinct take, it is sort of like the new frontier for SEO which honestly, we're benefiting a lot from our historical strength in SEO. And so it's -- as Jon said, it's a small but growing very fast sort of channel for us on the core side.

Charles Rhyee

Okay. That's really helpful. And that kind of clarifies some of my thoughts because I was just curious how do you transition people if they're searching through a ChatGPT, but it's -- what you're saying is that the low-hanging fruit is all the people that come to your website already that you want to monetize. So at least you have this initial base, and it seems like people are getting to you in some fashion.

My second question, though, is maybe -- have you had any discussions with like a Humana? When we think about the MA opportunity, we've obviously seen now the advanced rate notice for 2027 is actually quite poor, and we're looking at potentially another round of benefit cuts from plans going into -- not this year, but going into next year.

Where does behavioral health, do you think in your partners' minds sit in terms of benefits? Is that something that you think they might look to cut back on? Or is this something that you think is pretty safe?

Jon Cohen

Yes. I mean if you're alluding to employers, I can't answer you. We have a -- most of that is through...

Charles Rhyee

I was thinking about Medicare Advantage for '27 just because of the...

Jon Cohen

Yes. Our view right now is that Payors continue to be very interested in what we're offering and MA continues to grow. But we'll continue to talk to whoever is out there.

I think that Humana is another whole question about how they're going to approach the market now. But I can't tell you anything more except that we still continue to have interest on the MA side.

Operator

We'll take our next question from Bobby Brooks with Northland Capital Markets.

Robert Brooks

As we think about how you guys are mapping out driving higher utilization into 2026, what are the three or so most important levers you feel you have at your disposal to help drive that?

Jon Cohen

Well no particular order. We've talked at length already about the directory integration. I think you've heard me talk about the change that we made in the patient journey this year have had very, very significant impact on the number of people that are booking checkouts, booking for sessions, second and third. That's been a really big add.

And so I think as I talked about before that's a never-ending journey. There are literally -- you can't believe how many more things you could do to test and to change to make sure that you actually get more people through to the funnel and through the funnel.

So that's the second. I would say, again, no particular order, the third is partnerships. You've heard us talk about the growth in both Amazon, Zocdoc and the 20-plus other partners that we've announced.

We will continue to lean in on the partnership expansion because a lot of it -- it's beneficial for both the partners and for us to get the referrals.

So I would say that those three levers, journey, partnership and certainly directories. And probably in a general sense, number four is just our ongoing relationship with the Payors.

Robert Brooks

Got it. And then just curious to hear more on the beta testing of TalkAI. And obviously it's still early, but wanted to know -- wanted to hear more what's the plan -- like what -- how are you thinking of early plans of commercializing it? Are you -- and maybe are you

in any active conversations with kind of the larger LLMs of potentially licensing it? Just trying to get a sense on that.

Jon Cohen

Yes. Our go-to-market is to be direct-to-consumer first which is what we've talked about is the launch and then -- and test all the different models about who's coming, why they're coming, what sort of price point makes sense.

So that whole direct-to-consumer is the number one focus. We are in discussions with multiple -- to be honest, with several other entities about their interest in our LLM. And I would just say just TBD -- but there are other discussions going on with other people who are interested in what we're doing.

Ian Harris

On the early learnings of the beta which, call it, a little bit shy of 1,000 users at the moment, we've been -- I don't want to say pleasantly surprised, but it's been really interesting to see just how engaged folks are with the product.

And this has been well covered in sort of general reporting on LLMs, but the willingness of people to share with the AI therapy product -- therapeutic product as opposed to a human has been quite astonishing. So very, very, I'd say, promising sort of engagement and retention thus far.

And then as Jon said, the intention would be like any sort of product-led growth strategy, start with D2C right, sort of an out-of-pocket revenue model, take the learnings from that and that initial data from those initial cohorts which will then inform how we would approach it more on the enterprise side, talking to whether that's employers, other large groups.

Robert Brooks

That's super helpful. And then just last one for me. Jon, when we were on the road in December, I thought you made a really interesting remark that I think would be good to hear on the call about, obviously you've had a long career in the medical field and have seen -- have been in kind of a couple of different spaces of it.

And you mentioned how another -- in your past lives, you've never seen -- people -- insurance companies are always coming to ask for lower prices, but that's not what you've seen. Could you maybe reiterate that comment?

Jon Cohen

Sure. So -- yes, we talked about we expect single-digit increases -- increases in our Payor reimbursements on our fee-for-service. So we are negotiating, we are going back with them. There are several coming up where we'll look for small increased rates.

What you're alluding to is, yes, the prior industries where I've been, whether it's physician networks, hospital, ERGs, laboratories, it's usually the reverse. They're usually looking for how much less they're going to pay you.

It just turns out that the mental health space is something that the Payors really, really continue to be interested in promoting and supporting relative to their relationship with the employers and their employees.

So because we are, as I said, not just available, accessible, but an affordable option for them and significantly scalable, we remain very attractive to the Payors, so -- which, as Ian alluded to, which is why the partnerships and everything else are really, really important to us. So the long-winded answer to, yes, I'm very happy that we get increased rates. It's a bit of a surprise to me.

Operator

We'll move next to Steven Valiquette with Mizuho Securities.

Steven Valiquette

A couple of questions here. First on the '26 revenue guidance, obviously coming in pretty strong versus the high end of the range that you targeted three years ago.

I guess, are you able to provide any color or just remind us roughly how much revenue you're expecting from Wisdo in '26? I'm just trying to get a sense for just rough approximation for like the organic versus the inorganic growth this year. I'll let you answer that one first, and I'll ask the follow-up after that.

Ian Harris

Steve, yes, we haven't broken out Wisdo separately. It will show up depending on the type of contract, most likely in DTE or the Payor lines of business and to a lesser extent, a little bit of the consumer there.

So it's embedded in the three business lines we report out. I would think of it if you're -- I understand the question sort of inorganic benefit from them. It's fairly modest, so single-digit millions contribution for '26.

Steven Valiquette

Okay. Got it. Okay. And then yes, the next question here. I guess with the industry environment rapidly moving right now which you kind of alluded to, not just in relation to AI, but other factors as well. Does this increase your appetite and/or need to look at additional external assets or possibly do additional tuck-in acquisitions this year?

I know it's always hard to answer those questions, but I guess the question would be, are you well positioned the way you think you are right now with your own enhancements on the internally developed TalkAI agent and recent Wisdo addition. But I just wanted to get your sense for that.

Ian Harris

Yes. No. We appreciate the question. I mean certainly, we have the wherewithal to do more tuck-ins, right? We ended the year with almost \$93 million of cash and equivalents on the balance sheet.

I would say, given we just did the Wisdo acquisition, we want to make sure that's a successful outcome. It's the first tuck-in we've done in a number of years and for this management team, our first. So our main priority is to make sure that one is successful.

I would say the excitement and resources and attention that we're dedicating to the TalkAI project is very substantive. And so the sort of de novo organic internal developed growth opportunities is probably where I would -- if I had to bet, we'll spend most of the time.

So nothing immediate in terms of our portfolio that feels like a gaping hole that we need to address inorganically. I would say we feel very good about the hand we have today sort of already under our roof.

And then as you know just on that cash point, we bought back \$17 million of stock in 2025, still have a very good amount of capacity under our existing buyback program. So in terms of uses of cash, that's another one. We obviously have that sort of arrow in our quiver for '26.

Jon Cohen

Yes. I would add that on the -- it's an interesting question you have there on the TalkAI and even all of our other AI initiatives to improve the business and patient journey. Just as a reminder that Talkspace has been around 14 years and it's always been an innovative company quite honestly. I mean it was -- they did most of the original work for texting and messaging and then got approval for that.

So when we made the decision to further invest in AI initiatives, again, just to remind you, the company reported out AI risk algorithms back in 2018 and 2019. So this -- the reason I bring that up is we have a fair degree of significant expertise on the inside relative to our ability to do this kind of work.

Obviously you don't have everything and you go outside and you get other people to help on a consulting basis, whatever you need. But the core Talkspace technology capability is very, very high.

Operator

We'll take our next question from Peter Warendorf with Barclays.

Peter Warendorf

Just curious, given the anticipated growth this year, if you guys are comfortable with the size of the provider network as it is right now? And if there are any specific pockets that you feel like you might need to address?

Ian Harris

Peter, the short answer is yes. We feel very good about it. We actually -- Jon had some notes in his prepared remarks about what we call the curated network. So we're actively pruning, engaging, trying to activate. And I think it was, maybe Bobby's question, sort of the rank ordering of how we're activating folks.

One of the indirect components of that which I think is not as obvious because really on the supply side is making sure we're engaging the network to have adequate availability such that when someone comes in and they want a certain day at a certain time a certain type of therapists, we have that, right?

And there's a lot of creative ways we're working on the product to make sure we're capturing that sort of consumer intent in real time. So short answer is we feel very good about where it is. It will grow here and there. It's very specific state by state.

If we add a big partner with a certain type of population, do we need to ramp up hiring there? We've had numerous examples where our recruiting team has proven again and again, they're very effective and very nimble in ramping up supply when and if needed.

But as sort of a run rate basis, we feel very good about where we are. The one area I would flag which we grew quite a bit in 2025 was on the psych side.

So Jon talked about it as one of the more exciting sort of newer service offerings for us, psych. And what we mean by that is really medication management has been a very small-ish, but very fast-growing component of our Payor business. And so you'll see, I think in our 10-K, we ramped up our provider network on the psych side quite a bit in '25.

Peter Warendorf

Got it. Okay. And then one quick one on the consumer side. The DTC revenue obviously is becoming a smaller headwind every year. But just curious how much of that you guys think you're capturing elsewhere on the Payor side of the business as that revenue kind of continues to fade away?

Ian Harris

Yes. I would say most of it we capture. I mean as you go through the registration flow, we make it pretty unavoidable for a prospective consumer -- prospective member, I should say, to not share with us your insurance info.

So we very much lead with that intent to capture you on the Payor side. Now that said, there's always for whatever reason, the long -- small tail folks we don't cover or they just rather pay out of pocket for whatever reason. There is always that option.

But we surmise we're capturing most of that consumer attrition. And then, yes, to your point, it will be less of a headwind on a dollar basis in '26, just given the smaller starting point in the year. So quickly becoming sort of more and more immaterial.

Operator

And that does conclude the Q&A portion of today's call. And this also brings us to the end of today's meeting. We appreciate your time and participation. You may now disconnect. Good-bye.