

Talkspace

Quality Mental Health Care for All

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2025 JP Morgan Healthcare Conference

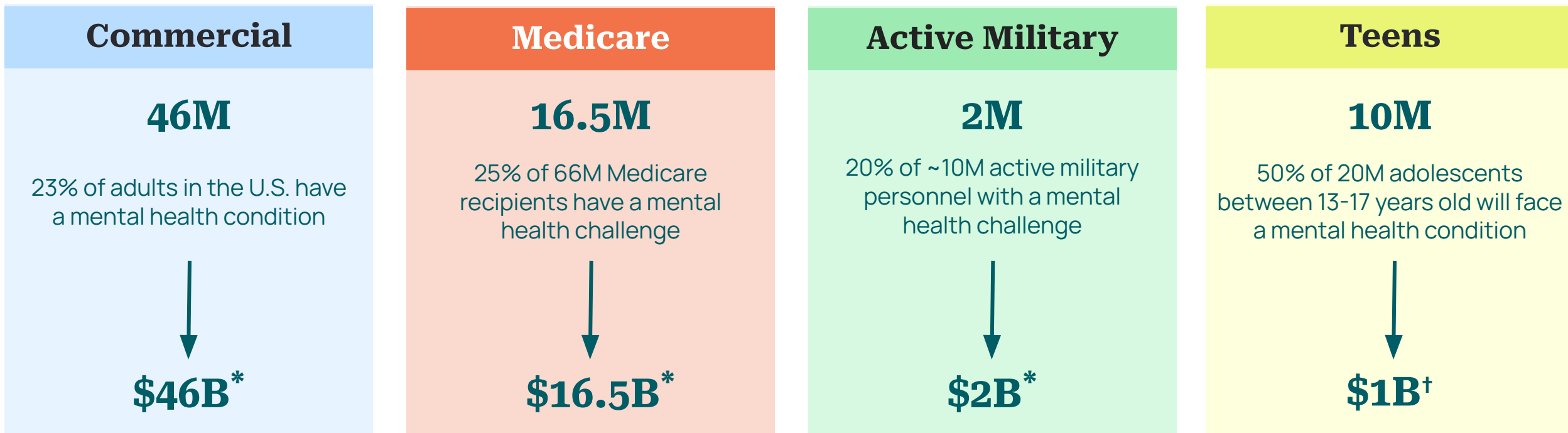


Disclaimer

This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. All statements contained in this presentation that do not relate to matters of historical fact should be considered forward-looking, including statements regarding our financial condition, anticipated financial performance, achieving profitability, business strategy and plans, market opportunity and expansion and objectives of our management for future operations. These forward-looking statements generally are identified by the words “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “forecast,” “future,” “intend,” “may,” “might,” “opportunity,” “plan,” “possible,” “potential,” “predict,” “project,” “should,” “strategy,” “strive,” “target,” “will,” or “would,” the negative of these words or other similar terms or expressions. The absence of these words does not mean that a statement is not forward-looking. Forward-looking statements are predictions, projections and other statements about future events that are based on current expectations and assumptions and, as a result, are subject to risks and uncertainties. Many important factors could cause actual future events to differ materially from the forward-looking statements in this presentation, including but not limited to: our history of losses; the rapid evolution of our business and the markets in which we operate; our ability to continue growing at the rates we have historically grown, or at all; the development of the virtual behavioral health market; a deterioration in general economic conditions as a result of inflation, increased interest rates or otherwise; competition in our industry; and our relationships with affiliated professional entities to provide physician and other professional services. The foregoing list of factors is not exhaustive. You should carefully consider the foregoing factors and the other risks and uncertainties described in under the caption “Risk Factors” in our Annual Report on Form 10-K for the annual period ended December 31, 2023 filed with the Securities and Exchange Commission (“SEC”) on March 13, 2024 and in our other documents filed from time to time with the SEC. These filings identify and address other important risks and uncertainties that could cause actual events and results to differ materially from those contained in the forward-looking statements. Forward-looking statements speak only as of the date they are made. Readers are cautioned not to put undue reliance on forward-looking statements, and, except as required by law, we assume no obligation and do not intend to update or revise these forward-looking statements, whether as a result of new information, future events, or otherwise. We do not give any assurance that we will achieve our expectations.

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The Behavioral Health market is massive and dramatically underserved



Sources: Company estimates based on data from Mental Health America, Department of HHS/OIG, Psych Central, NIMH

*Assumes ~\$1,000/adult/year of therapy

†Estimate based on direct contracting relationships and company estimates

Effectively delivering behavioral healthcare requires excellence across 4 key pillars

Talkspace

AVAILABLE

Strongest brand

Experienced & diverse
provider network

~6K providers

Referral partners

AFFORDABLE

Broadest reach

Significant in-network
coverage

158M+ Covered

ACCESSIBLE

Comprehensive platform
keeps members engaged

First appointment within
days

SUSTAINABLE

Scaled, profitable and
continuing to grow

AI drives cost efficiencies

Robust compliance and
privacy infrastructure

10 Billion clinical data points power proprietary AI engine

Talkspace

AVAILABLE

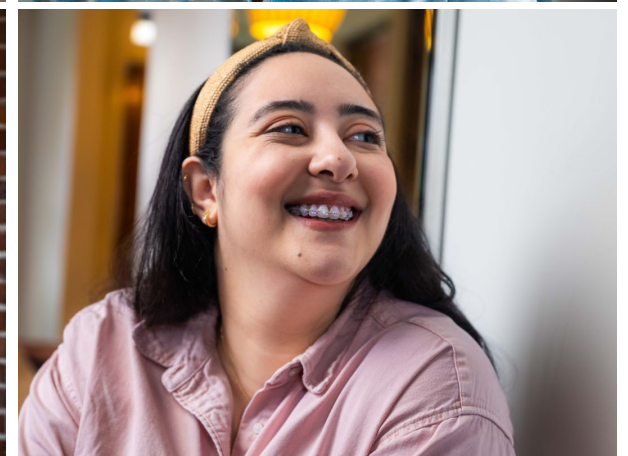
Talkspace is the most well-recognized coverage-focused brand

More people choose Talkspace, a **recognized and trusted brand**

1 in 3
people
know Talkspace

350K+
Most followed of
any BH brand
across social

"Therapy helped save my life."
- Michael Phelps



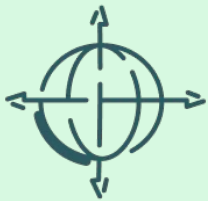
Our national, curated network meets growing demand

Network overview



~6K

Total providers in network, all master's or doctorate-level



50

States covered by provider network



~10%

Growth in number of providers in the last 12 months

Hybrid network



In-house, full-time providers



Independent contractor providers

Provider specialties



150+

Areas of expertise



~40%

Specializing in teens



~30%

LGBTQIA+ expertise

High quality care produces strong outcomes for members, payors and employers

Quality Metrics

- Time to care
- Clinical quality improvement
- Productivity & access
- Client experience
- Clinical documentation

Quality Management

- Robust hiring and onboarding standards
- Training, education, and support
- Quality management activities
- Risk management support

Provider Experience

- Hybrid W2 and contract
- Rewards & recognition
- Community & culture
- Learning, development, support
- Meaningful work and reduced admin burden
- AI provider-assist and risk detection tools

Published Outcomes*

39% ↗
better work life balance

50% ↘
fewer work hours missed

36% ↗
increase in productivity

70% ↗
see improvement within 12 weeks

Partnerships drive high intent referrals and brand awareness

Distribution partners



- Large reach, established audience
- Focused on scale and performance
- Established third-party credibility

Strategic partnerships



- Brand awareness with new audiences
- Like-minded specialty providers
- Provides access to whole-person care
- Drives utilization through provider led referrals
- Attractive customer acquisition cost

In-network benefit results in affordable access to behavioral care

An attractive in-network provider partner for payors

- Quick provider-matching
- Largest hybrid national provider network
- Commitment to serving at-risk populations

- Emphasis on quality outcomes and measurement-based care
- Flexible value-based contracts with measurable targets
- Advanced technology platform

Providing affordable behavioral care to 158M+ covered lives

Commercial

- In-network with all major commercial plans
- 60% of members have a \$0 copay
- Nearly a quarter of U.S. adults face mental health challenges

Medicare

- In-network in 45 states
- Most visits have \$0 copay
- Seniors are 2.5x more likely to suffer from anxiety, depression, or loneliness

Military

- In-network to 9.5M active-duty military, dependents & retirees covered
- 20% suffer from mental health challenges

Over 500,000 teens have Talkspace free through their city or school



Seattle Dept of Education

55K
13-24 year olds covered

Free text & live therapy



New York City Health Dept

~70%
Teens reported improvement

16,200+
Teen users across all services

57%
Live in underserved neighborhoods



Baltimore County Public Schools

~71%
Teens reported improvement

1,400+
Teen users across all services

24,000+
Msgs. betw. teens & their therapist

Teens love texting

95% of teens use text therapy

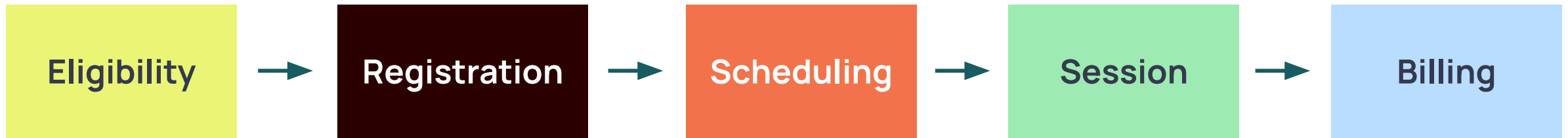
Reaching historically underserved groups

57% live in areas with higher health / economic disparities

Top presenting problems

1. Improving my relationships
2. Feeling down or depressed
3. Becoming my best self
4. Anxiety
5. Concentration or focus

Using tech to improve the member journey through ongoing optimization



All leading to better quality through stronger **therapeutic alliance**

↓ 18.5%

No show
reduction

↑ 30%

Complete 3
sessions month 1

↑ 15%

Sessions per
member*

10B+ proprietary clinical data points power our AI engine

8 Billion
words

140 M
messages

6.2 M
assessments

1.2 M
diagnoses

4.3 M
psych notes

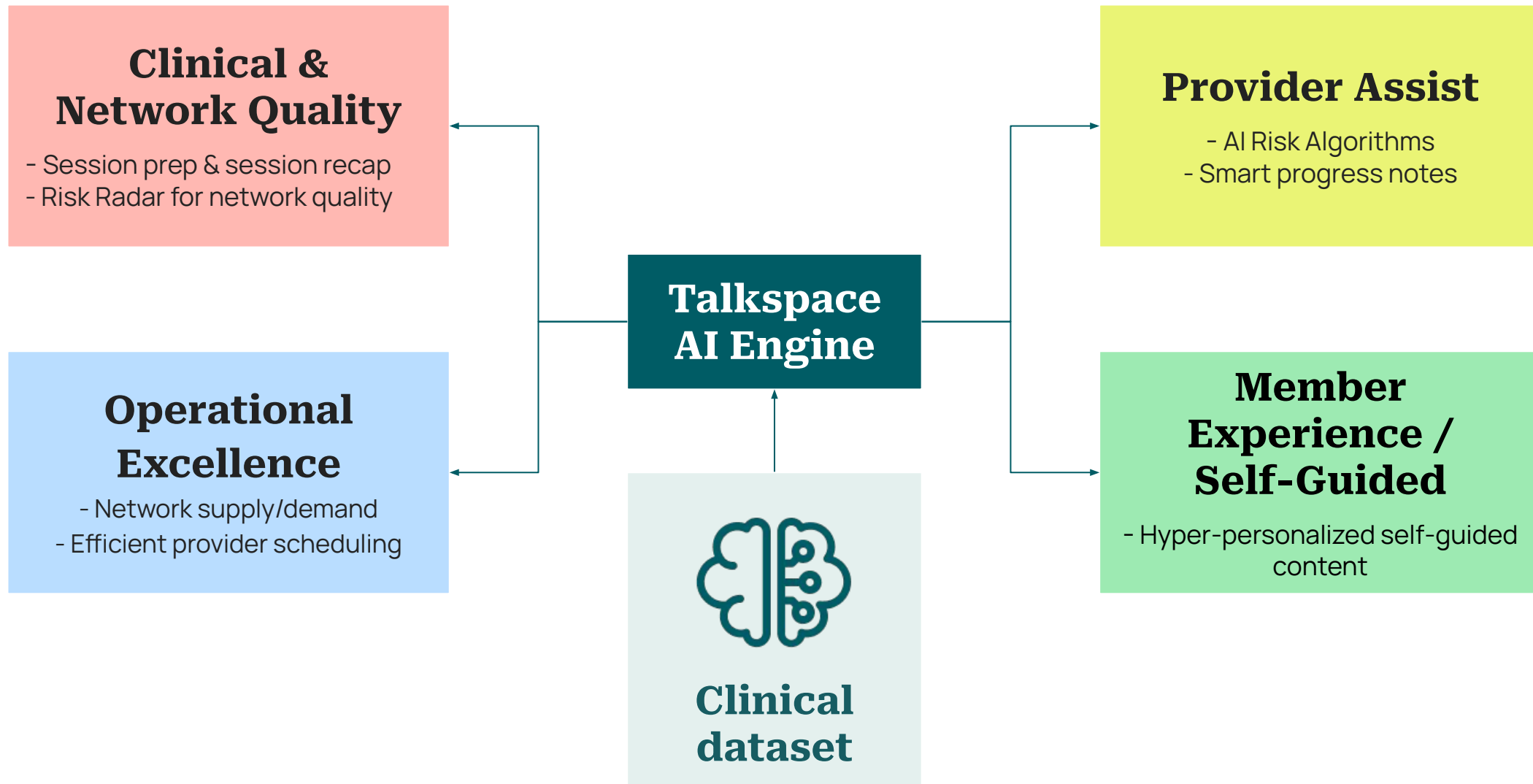
3 M
therapist ratings

450 K
treatment plans

1.4 M
treatment goals

3.8 M
clinical interventions

Our AI Engine drives better quality and efficiency



Talkspace

AI Sneak Peek >

AI Generated personalized
podcast-like episodes driving in
between session engagement



LINK: <https://shorturl.at/OSKnF>



Scaled, profitable, and continuing to grow

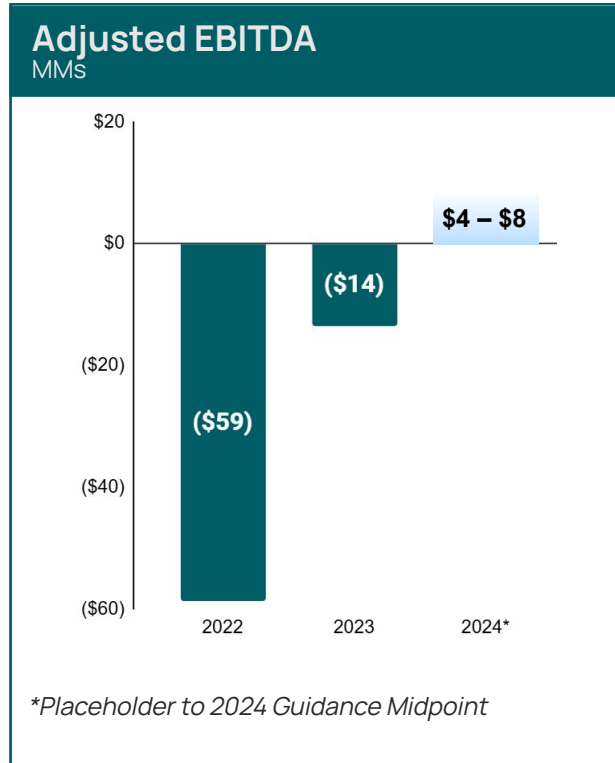
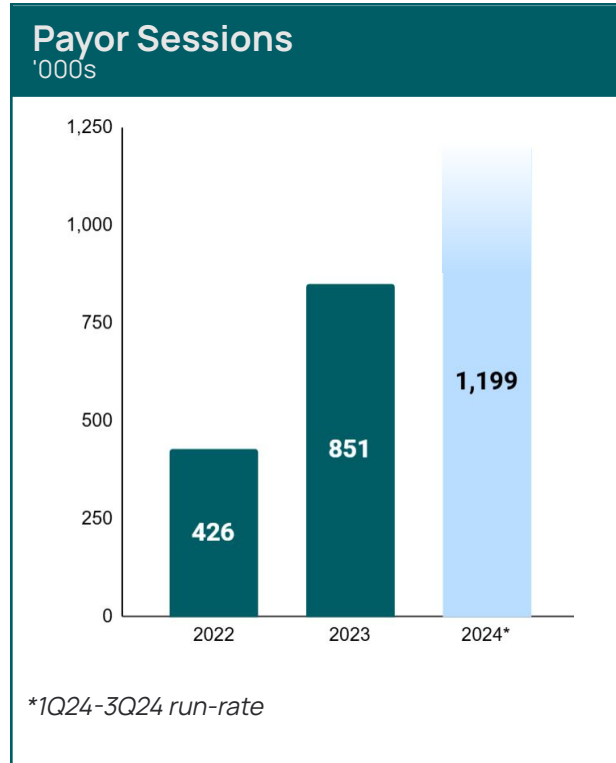
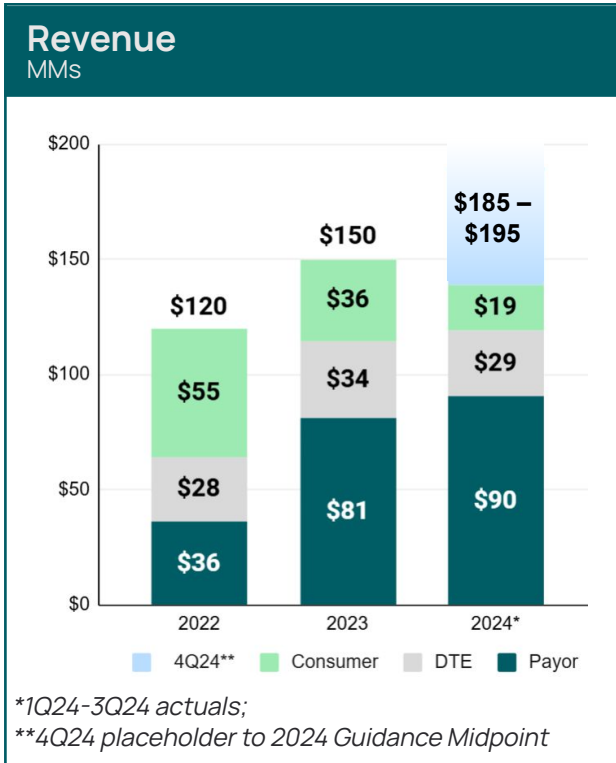
158M+
Commercial lives covered



1M+
Payor sessions

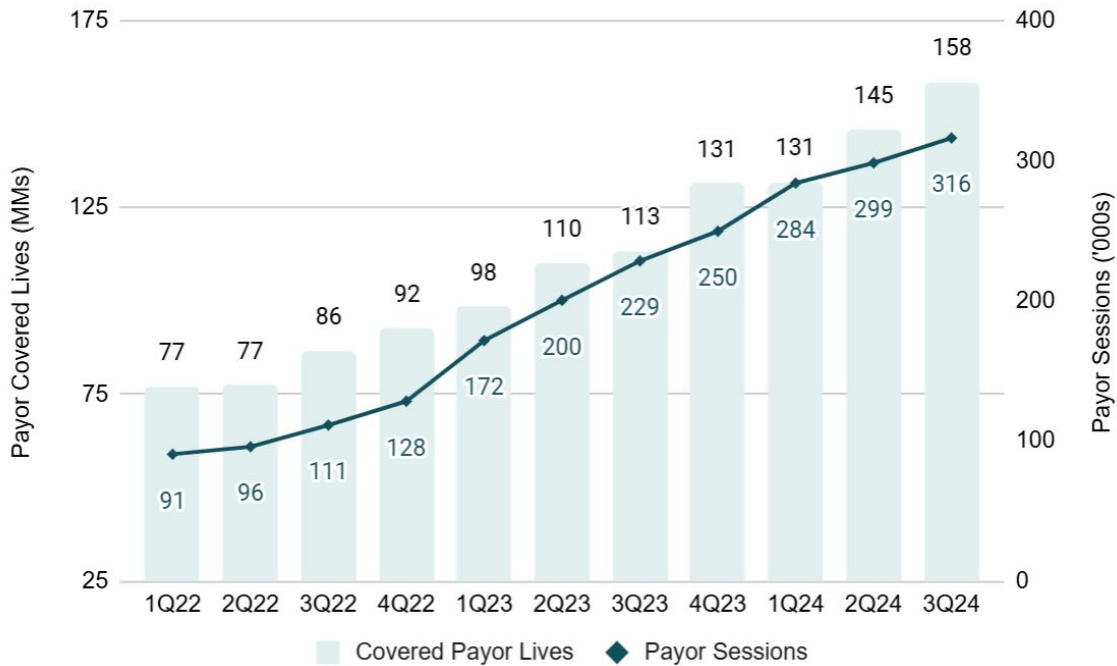


National network of
~6,000
providers

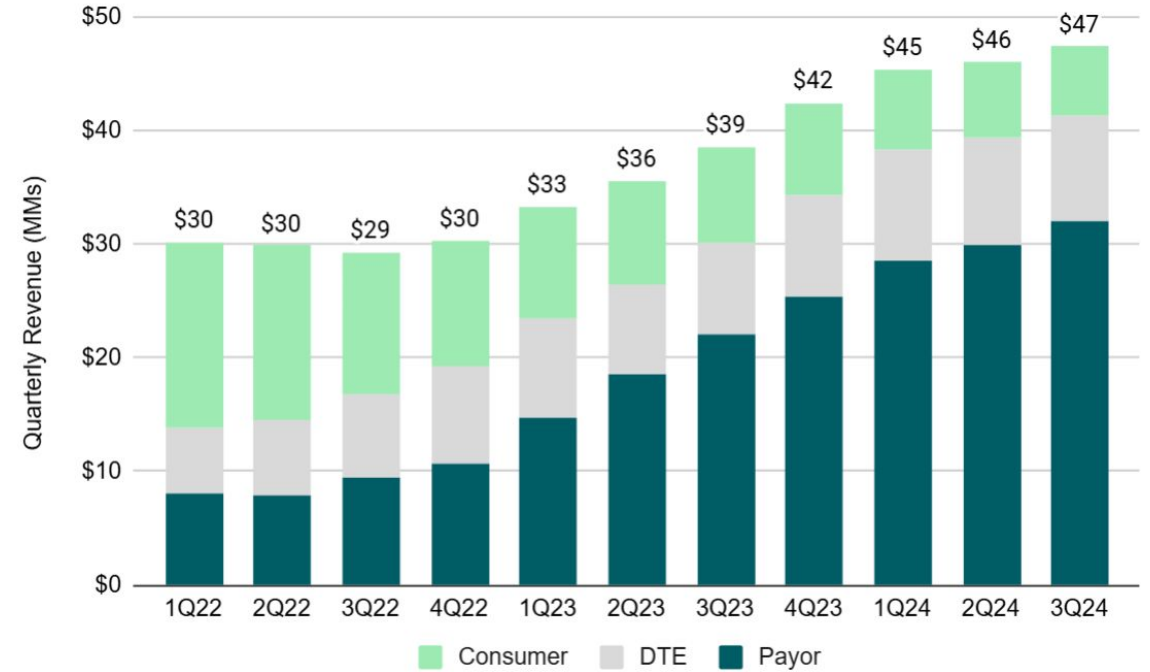


Strategic pivot to payor coverage drives growth

Covered Payor Lives and Sessions

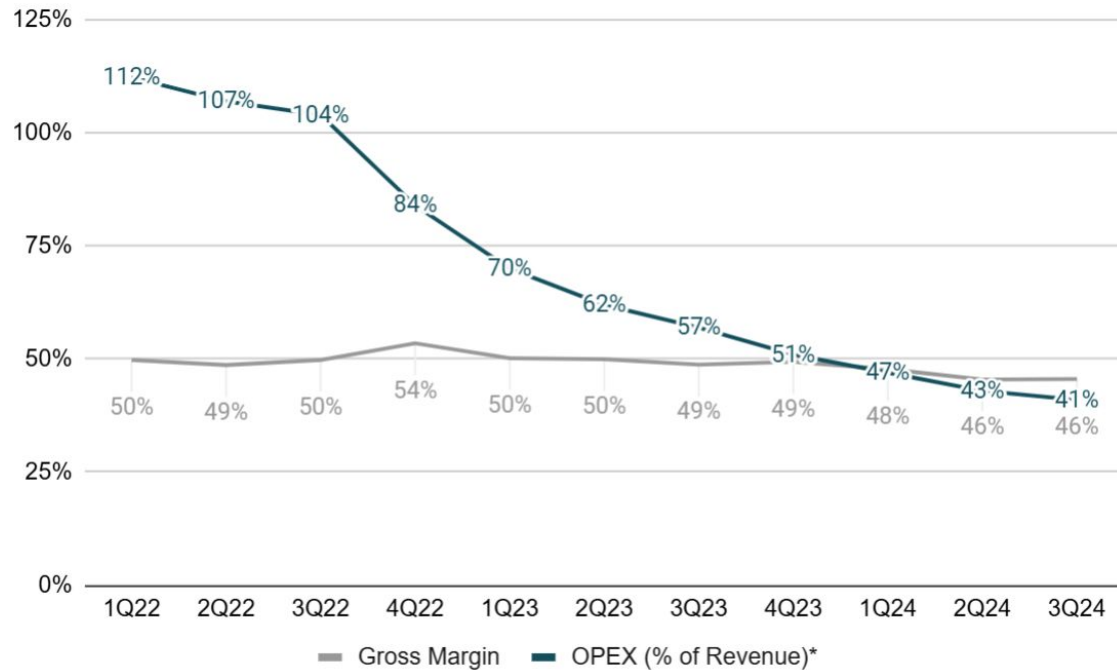


Payor-Driven Revenue Growth

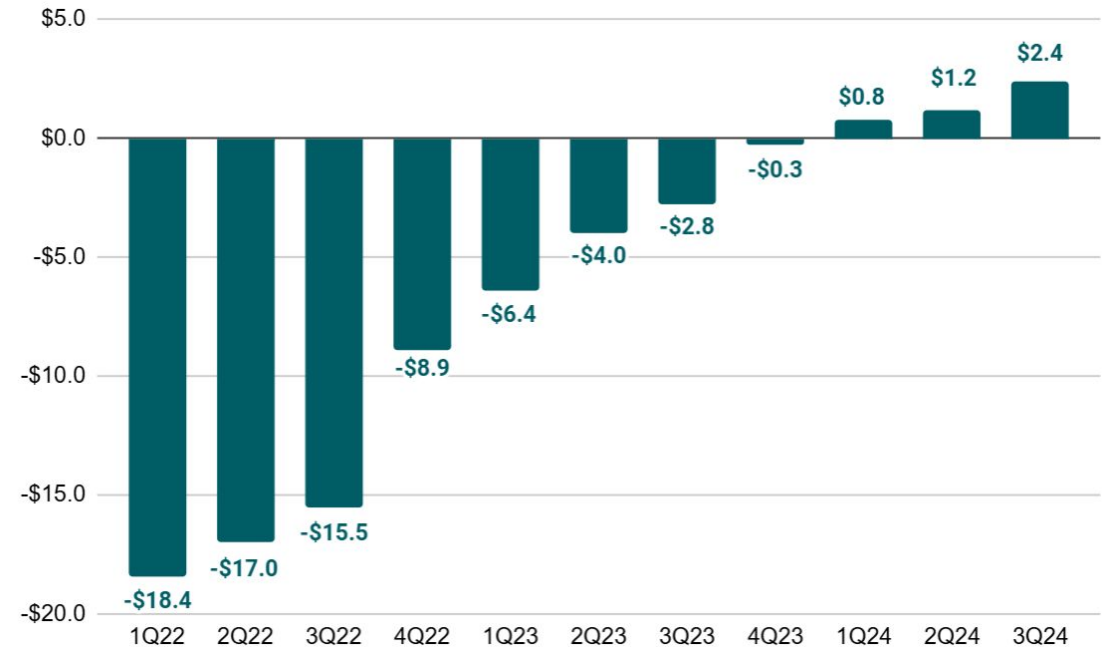


Operating leverage drives profitability

Gross Margin and OpEx as a % of Revenue



Adjusted EBITDA Over Time (MMs)



Strong balance sheet supports investments in growth and innovation

\$119 million

Cash Balance

\$0

Debt

\$7.6 million

Cash Flow from
Operations YTD

\$40 million

Authorized Share
Repurchase

2024 guidance and 3-year outlook ¹

2024 Guidance <i>Reiterated on 3Q '24 Earnings Call (Oct. 2024)</i>	
Revenue	~\$185M – \$195M <i>+23% to +30% y/y</i>
Adjusted EBITDA ²	\$4M – \$8M

3-year outlook <i>YE23-YE26, introduced February 2024</i>	
Revenue CAGR	+20% to +25%
Adjusted EBITDA ² margin	+12% to +15%

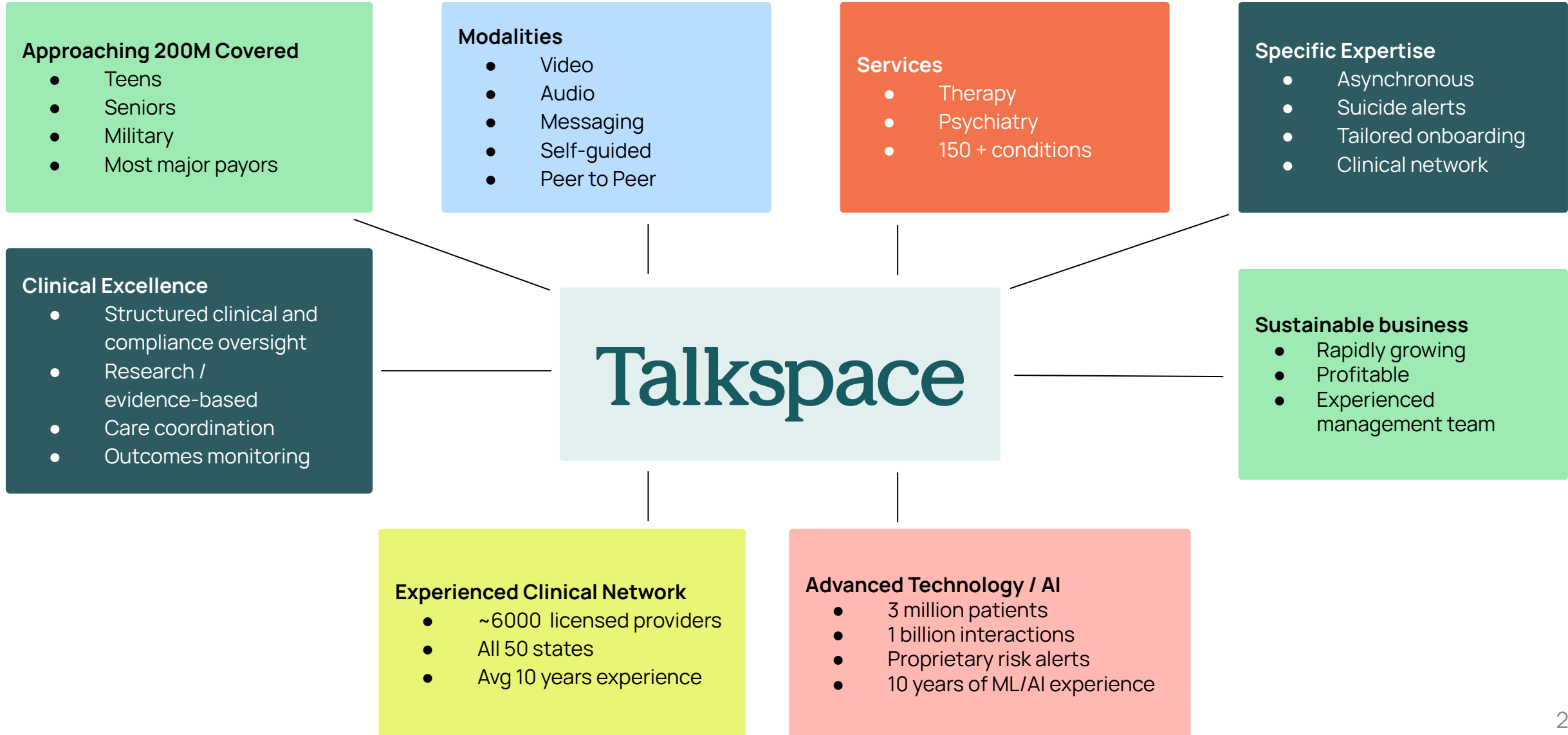
1: Guidance and Outlook are based on current market conditions and expectations and what we know today.

2: Adjusted EBITDA is a non-GAAP financial measure. We do not provide a forward-looking reconciliation of our guidance for adjusted EBITDA as the amount and significance of reconciling items required to develop meaningful comparable GAAP financial measures cannot be estimated at this time without unreasonable efforts. These reconciling items could be meaningful.

Talkspace

SUSTAINABLE

Our comprehensive solution is a competitive advantage



Appendix

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 income (loss) before income taxes, net income (loss), income (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 income (loss) and other GAAP results.

A reconciliation is provided below for adjusted EBITDA to net income (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 do not provide a forward-looking reconciliation of Adjusted EBITDA guidance as the amount and significance of the reconciling items required to develop meaningful comparable GAAP financial measures cannot be estimated at this time without unreasonable efforts. These reconciling items could be meaningful.

Reconciliation of net income (loss) to adjusted EBITDA

Adjusted EBITDA

We calculate adjusted EBITDA as net income (loss) adjusted to exclude (i) depreciation and amortization, (ii) interest and other expenses (income), net, (iii) tax benefit and expense, (iv) stock-based compensation expense, (v) impairment of goodwill, and (vi) certain non-recurring expenses, where applicable.

Talkspace, Inc. Reconciliation of Non-GAAP Results to GAAP Results

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
<i>(in thousands)</i>	<i>Unaudited</i>		<i>Unaudited</i>	
Net loss	\$ (1,306)	\$ (18,307)	\$ (19,182)	\$ (79,672)
Add:				
Depreciation and amortization	283	351	1,285	1,357
Financial (income), net	(1,330)	(2,851)	(4,245)	(3,740)
Taxes on income	53	127	218	254
Stock-based compensation	1,994	2,730	8,395	12,116
Impairment of goodwill	—	6,134	—	6,134
Non-recurring expenses	—	2,947	—	4,880
Adjusted EBITDA	<u>\$ (306)</u>	<u>\$ (8,869)</u>	<u>\$ (13,529)</u>	<u>\$ (58,671)</u>

Reconciliation of net income (loss) to adjusted EBITDA (cont'd)

Adjusted EBITDA

We calculate adjusted EBITDA as net income (loss) adjusted to exclude (i) depreciation and amortization, (ii) interest and other expenses (income), net, (iii) tax benefit and expense, (iv) stock-based compensation expense, (v) impairment of goodwill, and (vi) certain non-recurring expenses, where applicable.

Talkspace, Inc. Reconciliation of Non-GAAP Results to GAAP Results

(\$ Thousands)	2022				2023				2024		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Net income (loss)	\$ (20,360)	\$ (23,022)	\$ (17,983)	\$ (18,307)	\$ (8,758)	\$ (4,704)	\$ (4,414)	\$ (1,306)	\$ (1,466)	\$ (474)	\$ 1,874
Add:											
Depreciation and amortization	429	268	309	351	306	302	305	283	201	220	231
Financial (income) expense, net	(869)	1,865	(1,885)	(2,851)	(424)	(1,712)	(779)	(1,330)	(378)	(3,044)	(1,701)
Taxes on income	21	89	17	127	143	8	14	53	165	32	(74)
Stock-based compensation	2,368	3,839	3,179	2,730	2,303	2,129	1,969	1,994	2,252	3,107	1,931
Impairment of goodwill	—	—	—	6,134	—	—	—	—	—	—	—
Non-recurring expenses	—	—	900	2,947	—	—	105	—	—	1,338	89
Adjusted EBITDA	<u>\$ (18,411)</u>	<u>\$ (16,961)</u>	<u>\$ (15,463)</u>	<u>\$ (8,869)</u>	<u>\$ (6,430)</u>	<u>\$ (3,977)</u>	<u>\$ (2,800)</u>	<u>\$ (306)</u>	<u>\$ 774</u>	<u>\$ 1,179</u>	<u>\$ 2,350</u>