



Talkspace

A leader in virtual behavioral healthcare

42nd Annual J.P. Morgan Healthcare Conference

Jon R. Cohen, M.D., CEO

Jennifer Fulk, CFO

JANUARY 11, 2024



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, 2022 filed with the Securities and Exchange Commission (“SEC”) on March 10, 2023 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 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.

Certain information contained in this presentation relate to or are based on studies, publications, surveys and other data obtained from third-party sources and the Company’s own internal estimates and research. While the Company believes these third-party sources to be reliable as of the date of this presentation, it has not independently verified, and makes no representation as to the adequacy, fairness, accuracy or completeness of, any information obtained from third-party sources, and you are urged not to give undue weight to such third-party information. While the Company believes its internal research is reliable, such research has not been verified by any independent source.

This presentation may contain the measure Adjusted EBITDA, Adjusted EBITDA margin, and non-GAAP costs and expenses (including non-GAAP cost of revenue, research and development, sales and marketing, and general and administrative) which are non-GAAP financial measure. For additional information about the measure and a reconciliation to the most closely comparable GAAP measure see the Talkspace Investors Relations website at investors.talkspace.com.

The U.S. is facing a behavioral health crisis

Prevalence of behavioral health issues is high

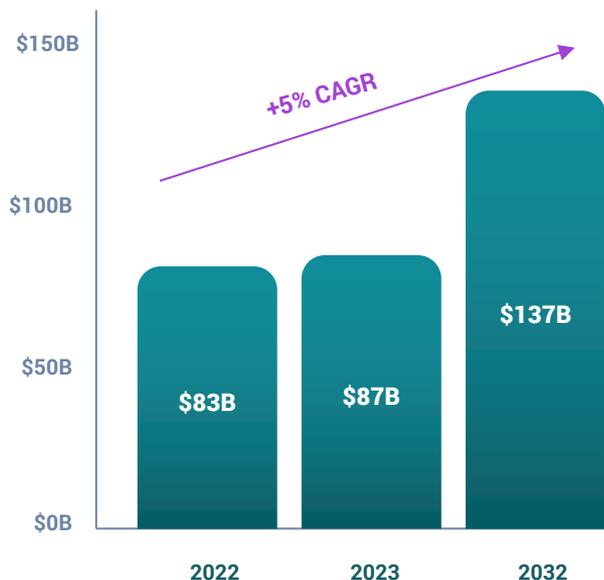
32%

Of adults reported symptoms of **anxiety or depression** in February 2023¹

\$48B

Economic cost of **lost productivity** due to mental health issues³

Projected U.S. Behavioral Health Market Growth⁵



Affordability and insurance access remain major challenges

42%

of U.S. adults with a diagnosable condition reported in 2023 that they **could not afford** to access the treatment they needed²

34%

Of survey respondents reported difficulties **finding any therapist** who accepted their insurance⁴

1: KFF
2: Forbes
3: Gallup
4: NAMI
5: Precedence Research

Talkspace is part of the solution

Affordable, accessible, and easily available

Therapy

- Typically match in 1-2 days
- 120+ conditions treated
- Live video, text, audio, asynchronous messaging
- Coverage available via insurance, EAP, employers, schools, cash pay



Self-Guided

- Personalized courses
- Daily journaling
- Live classes with a therapist



Psychiatry

- Psychiatric evaluation
- Prescriptions and ongoing medication management



National network growing to meet demand

Network overview

5K+

Total providers in network

50

States covered by provider network

~60%

Growth in number of providers in the last 12 months

Hybrid network



In-house, full-time providers



Independent contractor providers

120+ conditions treated

Anxiety

Depression

Family issues

Grief

Trauma

Loneliness

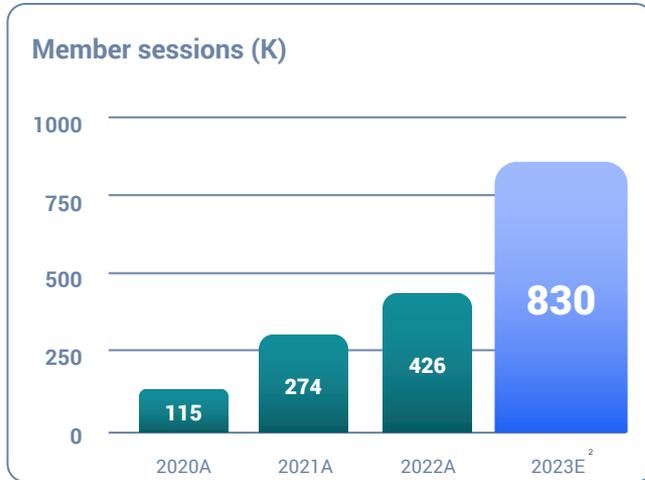
Eating disorders

Others

Two distinct, growing business lines

Largest in-network virtual behavioral health provider in the US

130M¹ covered lives



Leading direct-to-enterprise provider with employers, schools and government

TAO GROUP
HOSPITALITY

lendingtree

UK University of
Kentucky

NYC
Health

Education

Health care

Retail

Technology

Hospitality

¹ Largest in-network provider based on data of disclosed covered lives.
² Q3'23 reported covered lives, in addition to approximate 15M additional cited during Q3'23 Earnings Call; actual results to be reported later in Q1'24
³ Calculated based on flat Payor sessions in Q4'23 relative to Q3'23 based on Nov '23 reported guidance; actual results to be reported later in Q1'24

Combating the youth mental health crisis

The U.S. is facing a dire crisis among our youth

The U.S. Surgeon General:
Mental health is the defining public health crisis of our time

40%

Of teenagers state that they struggle with **persistent feelings of sadness or hopelessness**¹

62%

Increase in suicide rate among young people ages 10-24 between 2007 and 2021¹

Talkspace is having an impact in schools



Making a difference in the lives of teens



"Knowing that I can text my therapist whenever I need and she can get back to me as soon as she can is also really comforting. I always know that somebody is there for me when I need them."

– Ice

We continue to lead with innovation

A.I. tools to support clinical efficacy and operational excellence

Proprietary machine learning model helps providers identify and respond to suicide risk

- Detects language patterns consistent with high-risk behaviors that place individuals at risk for self-harm
- 83% accurate when compared with a human expert¹
- Has flagged 32k members since launch, of whom more than 50% demonstrated improved outcomes
- Model was re-validated for teen members
- Additional clinical and business operations A.I. tools in development



Psychotherapy Research

ISSN: 0145 (Online) journal homepage: <https://www.tandfonline.com/doi/full/10.1080/10503307.2020.1781952>

Just in time crisis response: suicide alert system for telemedicine psychotherapy settings

Niels Bantilan, Matteo Malgaroli, Bonnie Ray & Thomas D. Hull

To cite this article: Niels Bantilan, Matteo Malgaroli, Bonnie Ray & Thomas D. Hull
Just in time crisis response: suicide alert system for telemedicine psychotherapy settings, *P*
Research

To link to this article: <https://doi.org/10.1080/10503307.2020.1781952>

Published online: 19 Jun 2020

Submit your article to this journal

View related articles

View Crossmark data

Full Terms & Conditions of access and use can be found at
<https://www.tandfonline.com/action/journalInformation?journalCode=prps>



Proprietary AI Algorithm Alerts Therapists to Suicide Risk in Patients Utilizing the Talkspace Platform

September 12, 2020

PDF Version

NEW YORK (BUSINESS WIRE)—Sep. 12, 2020—In light of Suicide Prevention Awareness Month, Talkspace announced the results of its unique AI algorithm over the last three years of identifying individuals at risk of self-harm or suicide. Using machine learning capabilities, the Talkspace platform can detect language patterns consistent with high-risk behaviors that place individuals at risk for self-harm. The analysis runs real-time on messages sent by patients in their secure and encrypted virtual therapy room and triggers an urgent alert to the therapist. While Talkspace is not a crisis response service, an alert that an individual is displaying signs of suicidal ideation allows the provider to respond with appropriate care. A subset of anonymized, consenting clients flagged for risk suggests the model is 83% accurate.

"Technology will never replace that uniquely human interaction that occurs between provider and patient. However, we will prioritize machine learning capabilities that offer clinical assistance to improve the ability of our therapists to deliver the highest quality of care," said Jon Cohen, MD, CEO of Talkspace. "In light of escalating suicide rates in the midst of a growing mental health crisis, developing and scaling technological aids for early intervention is mission critical for Talkspace."

The natural language processing (NLP) model was developed by Talkspace in partnership with researchers at NYU Grossman School of Medicine and received an anonymous, clinician-reviewed therapy transcript to distinguish messages displaying suicidal risk from those without. Research published in *Psychotherapy Research*, titled "Just in time crisis response: Suicide alert system for telemedicine psychotherapy settings" (NYU Grossman School of Medicine, Bantilan, N., Malgaroli, M., Ray, B. & Hull, T.D. (2020)), presents evidence that the suicide and risk detection algorithm identified risk from non-risk content with 83% accuracy when compared to a human expert evaluating that same material.

Since 2019, when it was introduced onto the platform, Talkspace's proprietary NLP model has flagged approximately 32,000 Talkspace members whose written messages to their therapists have shown signs of suicidality or risk of self-harm. Of those flagged individuals who continued to receive care through Talkspace, more than 50% demonstrated improved outcomes. According to an internal provider feedback survey, 67% of Talkspace mental health providers feel the ability to be useful in providing clinical care and managing elevated risk. Talkspace will continue to develop AI technology with the goal of supporting mental health providers, enhancing quality of care, and improving outcomes for patients.

About Talkspace

Talkspace (Nasdaq: TALK) is a leading virtual behavioral healthcare company committed to helping people lead healthier, happier lives through access to high-quality mental healthcare. At Talkspace, we believe that mental health care is essential to overall healthcare and should be available to everyone. Talkspace pioneered the ability to text with a licensed therapist from anywhere and now offers a comprehensive suite of mental health services from self-guided products to individual and couples therapy. In addition to psychiatric treatment and medication management, with Talkspace's core psychotherapy offering, members are matched with one of thousands of licensed providers across all 50 states and can choose from a variety of subscription plans including live video, text or audio chat sessions and/or asynchronous text messaging.

All care offered at Talkspace is delivered through an easy-to-use, fully-encrypted web and mobile platform that meets HIPAA, Federal, and state regulatory requirements. Talkspace covers approximately 110 million lives as of June 30, 2020, through our partnerships with employers, health plans, and paid benefits programs.

For more information, visit www.talkspace.com.

View source version on businesswire.com: <https://www.businesswire.com/news/home/20200912088781/en/>

Name:
John Kim | john@talkspace.com

Source: Talkspace

Proven track record of delivering results

✓ Progress to break-even

2022A EBITDA: -\$60M
2023E EBITDA: -\$16M¹

✓ Reduction in Opex

2022A: \$120M
2023E: \$88M²

✓ Growth of provider network

~60%

✓ Increased covered lives

2022A: 92M
2023E: 130M³

✓ Increased payor sessions

2022A: 430K
2023E: 830K⁴

✓ Launch of teen offering

New York
Baltimore County

¹ Guidance provided during Q3'23 Earnings Call on November; actual results to be reported later in Q1 '24

² Assumes Q4'23 OPEX flat to Q3'23; actual results to be reported later in Q1 '24

³ Q3'23 reported covered lives, in addition to approximate 15M additional cited during Q3'23 Earnings Call; actual results to be reported later in Q1'24

⁴ Calculated based on flat Payor sessions in Q4'23 relative to Q3'23 based on Nov '23 reported guidance; actual results to be reported later in Q1'24

Note: OPEX reflected as recurring OPEX, less SBC and D&A

Strong long-term growth plan



Reach break-even by
end of Q1



Strong cash position
(>\$120M)



Grow profitability



Grow covered lives



Maintain strength with
employers



Continued momentum with
teens and public schools



Pioneer investments in clinical A.I. tools



Launch needle-moving strategic
partnerships

Medicare: 2024 launch

Market covered lives

34M

Standard Medicare

32M

Medicare Advantage

Older adults are also struggling with mental health challenges

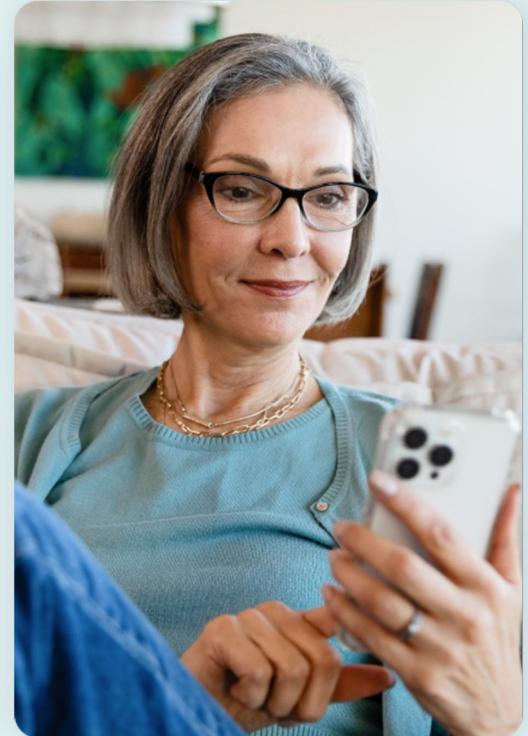
2.5x

Increase in prevalence of anxiety or depression among those 65+ between 2018 and 2020¹

And are likely to use Talkspace as a remedy

61%

Of those 65+ years old use smartphones²





Talkspace

A leader in virtual behavioral healthcare

42nd Annual J.P. Morgan Healthcare Conference

Jon R. Cohen, M.D., CEO

Jennifer Fulk, CFO

JANUARY 11, 2024

