

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(D)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
Date of Report (Date of earliest event reported): October 29, 2024

**Talkspace, Inc.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction  
of incorporation)

001-39314  
(Commission  
File Number)

84-4636604  
(I.R.S. Employer  
Identification No.)

622 Third Avenue, New York, New York  
(Address of principal executive offices)

10017  
(Zip Code)

(212) 284-7206  
(Registrant's telephone number, including area code)

Not Applicable  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 2.02. Results of Operations and Financial Condition.**

Talkspace, Inc. (the “Company”) issued a press release on October 29, 2024 announcing its financial results for the quarter ended September 30, 2024. A copy of the press release issued in connection with this announcement is furnished as Exhibit 99.1 attached hereto.

The information in this Item 2.02, including the information contained in Exhibit 99.1 of this Current Report on Form 8-K, is being furnished hereby and shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”), or otherwise subject to the liabilities of such section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

**Item 7.01. Regulation FD Disclosure.**

On October 29, 2024, the Company posted supplementary slides (the “Slides”) regarding the Company’s financial results for the quarter ended September 30, 2024 on the Company’s investor relations website at <https://investors.talkspace.com/investor-relations>. The Slides are furnished as Exhibit 99.2. The Company may use the Slides, in whole or in part, and possibly with minor modifications, in connection with presentations to investors after such date.

The information contained in the Slides is summary information that is intended to be considered in the context of the Company’s Securities and Exchange Commission (“SEC”) filings and other public announcements that the Company may make, by press release or otherwise, from time to time. Except as required by law, the Company undertakes no duty or obligation to publicly update or revise the information contained in this report, although it may do so from time to time as its management believes is warranted. Any such updating may be made through the filing of other reports or documents with the SEC, through press releases or through other public disclosures.

This information in this Item 7.01, including the information contained in Exhibit 99.2 of this Current Report on Form 8-K, is being furnished hereby and shall not be deemed to be “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities of such section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

Exhibit Number	Description
<a href="#">99.1</a>	<a href="#">Press Release issued by Talkspace, Inc. dated October 29, 2024.</a>
<a href="#">99.2</a>	<a href="#">Supplementary Slides: Talkspace, Inc. 2024 Third Quarter Earnings Presentation dated October 29, 2024.</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**Talkspace, Inc.**

Date: October 29, 2024

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

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# Talkspace

## Talkspace Announces Third Quarter 2024 Results

3Q 2024 Total revenue grew 23% year-over-year, driven by 45% year-over-year growth in Payor revenue

Increased 3Q 2024 GAAP Net income to \$1.9 million from \$4.4 million net loss year-over-year

3Q 2024 Adjusted EBITDA<sup>1</sup> of \$2.4 million

**NEW YORK, New York - October 29, 2024** – Talkspace, Inc. (“Talkspace” or the “Company”) (NASDAQ: TALK), today reported third quarter 2024 financial results.

September 30, 2024 (Unaudited)	Three Months		Nine Months	
	Results	% Variance from Prior Year	Results	% Variance from Prior Year
<i>(In thousands unless otherwise noted)</i>				
Number of eligible lives at period end (in millions)	158.1	40%	158.1	40%
Number of completed Payor sessions	316.4	38%	899.2	50%
Number of Consumer active members at period end	8.6	(35)%	8.6	(35)%
Total revenue	\$47,399	23%	\$138,873	29%
Gross profit	\$21,621	15%	\$64,303	20%
Gross margin %	45.6%		46.3%	
Operating expenses	\$21,522	(10)%	\$69,369	(6)%
Net income (loss)	\$1,874	*	\$(66)	100%
Adjusted EBITDA <sup>(1)</sup>	\$2,350	*	\$4,303	*
Cash and cash equivalents at period end	\$118,994	—	\$118,994	—

\* Percentage not meaningful.

(1) Adjusted EBITDA is a non-GAAP financial measure. For a definition of the measure and a reconciliation to the most direct comparable GAAP measure, see “Reconciliation of Non-GAAP Results to GAAP Results.”

“Talkspace delivered solid third quarter financial results with 23% revenue growth and our third consecutive quarter of adjusted EBITDA profitability. We have made meaningful strides in fortifying our relationships with key payor partners who view us as the leading full-scale, pure-play behavioral health provider and truly recognize the importance of our differentiated focus on clinical excellence,” said Dr. Jon Cohen, CEO of Talkspace.

Dr. Cohen continued, “The mental health crisis remains a critical issue and Talkspace is at the forefront of addressing this need through our highly qualified network of diverse, clinically-licensed providers and our innovative platform. I’m particularly proud of our expansion to now serve more than 158 million covered lives, including increased access for seniors, teens, and members of our Military - populations with unique and pressing behavioral health needs. Our innovative approach and strategic growth have positioned us as the largest behavioral telehealth network in the U.S., enabling us to meet the escalating demand for accessible, high-quality behavioral health services.”

### **Third Quarter 2024 Key Performance Metrics**

- Revenue increased 23% over the prior-year period to \$47.4 million, driven by a 45% year-over-year increase in Payor revenue and a 17% year-over-year increase in Direct to Enterprise (“DTE”) revenue; partially offset by a 30% year-over-year Consumer revenue decline.
- Gross profit increased 15% over the prior-year period to \$21.6 million, and gross margin declined to 45.6% from 48.8% in the prior-year period, driven by a shift in revenue mix towards Payor.
- Operating expenses were \$21.5 million, a decrease of 10% year-over-year, driven primarily by lower research and development expenses due to the capitalization of internal-use software costs.
- Net income was \$1.9 million, an improvement from \$(4.4) million net loss in the third quarter of 2023, primarily driven by an increase in revenues, partially offset by an increase in cost of revenues.
- Adjusted EBITDA was \$2.4 million, an improvement from \$(2.8) million in the third quarter of 2023, primarily driven by an increase in revenues, partially offset by an increase in cost of revenues.

### **Financial Guidance**

Talkspace continues to expect fiscal year 2024 revenue to be in the range of \$185 million to \$195 million, growth of 23-30%, and adjusted EBITDA to be in the range of \$4 million to \$8 million.

## **Conference Call, Presentation Slides, and Webcast Details**

The Third Quarter 2024 earnings conference call and webcast will be held Tuesday, October 29, 2024, at 8:30 a.m. E.T. The conference call will be available via audio webcast at [investors.talkspace.com](https://investors.talkspace.com) and can also be accessed by dialing (888) 596-4144 for U.S. participants, or +1 (646) 968-2525 for international participants, and referencing participant code 2125813. A replay will be available shortly after the call's completion and remain available for approximately 90 days.

## **About Talkspace**

Talkspace (NASDAQ: TALK) is a leading virtual behavioral healthcare provider committed to helping people lead healthier, happier lives through access to high-quality mental healthcare. At Talkspace, we believe that mental healthcare is core to overall health 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, including therapy for individuals, teens, and couples, as well as psychiatric treatment and medication management (18+). With Talkspace's core therapy offerings, members are matched with one of thousands of licensed therapists within days and can engage in live video, audio, or chat sessions, and/or unlimited asynchronous text messaging sessions.

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. More than 158 million Americans have access to Talkspace through their health insurance plans, employee assistance programs, our partnerships with leading healthcare companies, or as a free benefit through their employer, school, or government agency.

For more information, visit [www.talkspace.com](https://www.talkspace.com).

## **For Investors:**

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## Forward Looking Statements

This press release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. All statements contained in this press release 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 press release, including but not limited to: (i) our business and the markets we operate in are rapidly evolving; (ii) rapid technological change in our industry; (iii) our ability to secure clients' contract renewals; (iv) our ability to maintain and expand our network of therapists, psychiatrists and other providers; (v) a decline in the prevalence of enterprise-sponsored healthcare or the emergence of new technologies may adversely impact our DTE business; (vi) if our or our vendors' security measures fail or are breached; (vii) changes in healthcare laws, regulations or trends and our ability to operate in the heavily regulated healthcare industry; and (viii) and the other factors, risks and uncertainties described under the caption “Risk Factors” in our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”) on March 13, 2024, subsequent quarterly reports on Form 10-Q and 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 unless required to do so under applicable law. We do not give any assurance that we will achieve our expectations.

**Talkspace, Inc.**  
**Condensed Consolidated Income Statements**

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
	<i>Unaudited</i>	<i>Unaudited</i>		<i>Unaudited</i>	<i>Unaudited</i>	
<i>(in thousands, except percentages, share and per share data)</i>						
<b>Revenue:</b>						
Payor revenue	\$32,039	\$22,112	44.9	\$90,492	\$55,462	63.2
DTE revenue	9,370	8,002	17.1	28,911	24,717	17.0
Consumer revenue	5,990	8,532	(29.8)	19,470	27,448	(29.1)
Total revenue	47,399	38,646	22.6	138,873	107,627	29.0
Cost of revenues	25,778	19,797	30.2	74,570	54,218	37.5
Gross profit	21,621	18,849	14.7	64,303	53,409	20.4
<b>Operating expenses:</b>						
Research and development	2,352	4,180	(43.7)	8,254	13,704	(39.8)
Clinical operations, net	1,677	1,405	19.4	4,802	4,681	2.6
Sales and marketing	12,337	13,184	(6.4)	38,615	39,698	(2.7)
General and administrative	5,156	5,259	(2.0)	17,698	15,952	10.9
Total operating expenses	21,522	24,028	(10.4)	69,369	74,035	(6.3)
Income (loss) from operations	99	(5,179)	*	(5,066)	(20,626)	75.4
Financial (income), net	(1,701)	(779)	118.4	(5,123)	(2,915)	75.7
Income (loss) before taxes on income	1,800	(4,400)	*	57	(17,711)	*
Taxes on income	(74)	14	*	123	165	(25.5)
Net income (loss)	\$1,874	\$(4,414)	*	\$(66)	\$(17,876)	99.6
<b>Net income (loss) per share:</b>						
<i>Basic</i>	\$0.01	\$(0.03)	*	\$(0.00)	\$(0.11)	99.6
<i>Diluted</i>	\$0.01	\$(0.03)	*	\$(0.00)	\$(0.11)	99.6
<b>Weighted average shares used to compute net income (loss) per share:</b>						
<i>Basic</i>	168,426,349	166,570,673		168,805,882	164,215,802	
<i>Diluted</i>	176,227,040	166,570,673		168,805,882	164,215,802	

\* Percentage not meaningful.



**Talkspace, Inc.**  
**Condensed Consolidated Balance Sheets**

<i>(in thousands)</i>	<u>September 30, 2024</u>	<u>December 31, 2023</u>
	<i>Unaudited</i>	
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 118,994	\$ 123,908
Accounts receivable, net	9,602	10,174
Other current assets	2,922	5,718
<u>Total current assets</u>	<u>131,518</u>	<u>139,800</u>
Other long-term assets	6,713	2,421
<u>Total assets</u>	<u>\$ 138,231</u>	<u>\$ 142,221</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 8,299	\$ 6,111
Deferred revenues	3,507	3,069
Accrued expenses and other current liabilities	7,247	12,468
<u>Total current liabilities</u>	<u>19,053</u>	<u>21,648</u>
Warrant liabilities	1,048	1,842
Other liabilities	542	85
<u>Total liabilities</u>	<u>20,643</u>	<u>23,575</u>
<b>STOCKHOLDERS' EQUITY:</b>		
Common stock	17	16
Additional paid-in capital	388,021	389,014
Accumulated deficit	(270,450)	(270,384)
<u>Total stockholders' equity</u>	<u>117,588</u>	<u>118,646</u>
<u>Total liabilities and stockholders' equity</u>	<u>\$ 138,231</u>	<u>\$ 142,221</u>

**Talkspace, Inc.**  
**Condensed Consolidated Statements of Cash Flows**

<i>(in thousands)</i>	Nine Months Ended September 30,	
	2024	2023
	<i>Unaudited</i>	<i>Unaudited</i>
<b><u>Cash flows from operating activities:</u></b>		
Net loss	\$ (66)	\$ (17,876)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	652	913
Stock-based compensation	7,290	6,401
Remeasurement of warrant liabilities	(794)	647
Decrease in accounts receivable	572	1,668
Decrease (increase) in other current assets	2,796	(41)
Increase in accounts payable	2,188	51
Increase (decrease) in deferred revenues	438	(733)
Decrease in accrued expenses and other current liabilities	(5,220)	(5,785)
Other	(233)	(108)
Net cash provided by (used in) operating activities	7,623	(14,863)
<b><u>Cash flows from investing activities:</u></b>		
Capitalized internal-use software costs	(3,768)	—
Other	(69)	(10)
Net cash used in investing activities	(3,837)	(10)
<b><u>Cash flows from financing activities:</u></b>		
Proceeds from exercise of stock options	1,616	2,059
Payments for employee taxes withheld related to vested stock-based awards	(2,312)	(399)
Repurchase and cancellation of common stock	(8,004)	—
Net cash (used in) provided by financing activities	(8,700)	1,660
Net decrease in cash and cash equivalents	(4,914)	(13,213)
Cash and cash equivalents at the beginning of the period	123,908	138,545
Cash and cash equivalents at the end of the period	\$ 118,994	\$ 125,332

## 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.

## 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, and (v) certain non-recurring expenses, where applicable.

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

<i>(in thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Net income (loss)	\$ 1,874	\$ (4,414)	\$ (66)	\$ (17,876)
Add:				
Depreciation and amortization	231	305	652	913
Financial (income), net <sup>(1)</sup>	(1,701)	(779)	(5,123)	(2,915)
Taxes on income	(74)	14	123	165
Stock-based compensation	1,931	1,969	7,290	6,401
Non-recurring expenses <sup>(2)</sup>	89	105	1,427	89
Adjusted EBITDA	<u>\$ 2,350</u>	<u>\$ (2,800)</u>	<u>\$ 4,303</u>	<u>\$ (13,223)</u>

(1) For the three months ended September 30, 2024, financial (income), net primarily consisted of \$1.5 million of interest income from our money market accounts and \$0.3 million in non-cash gains resulting from the remeasurement of warrant liabilities. For the nine months ended September 30, 2024, financial (income), net primarily consisted of \$4.6 million of interest income from our money market accounts and \$0.8 million in non-cash gains resulting from the remeasurement of warrant liabilities. For the three months ended September 30, 2023, financial (income), net primarily consisted of \$1.6 million of interest income from our money market accounts, partially offset by \$0.8 million in non-cash losses resulting from the remeasurement of warrant liabilities. For the nine months ended September 30, 2023, financial (income), net primarily consisted of \$3.7 million of interest income from our money market accounts, partially offset by \$0.6 million in non-cash losses resulting from the remeasurement of warrant liabilities.

(2) For the nine months ended September 30, 2024, non-recurring expenses primarily consisted of severance costs related to the departure of key executives of the Company and other related costs. For the three and nine months ended September 30, 2023, non-recurring expenses primarily consisted in losses resulting from the disposition of fixed assets.

Talkspace

# 2024 Third Quarter Earnings Presentation

October 29, 2024

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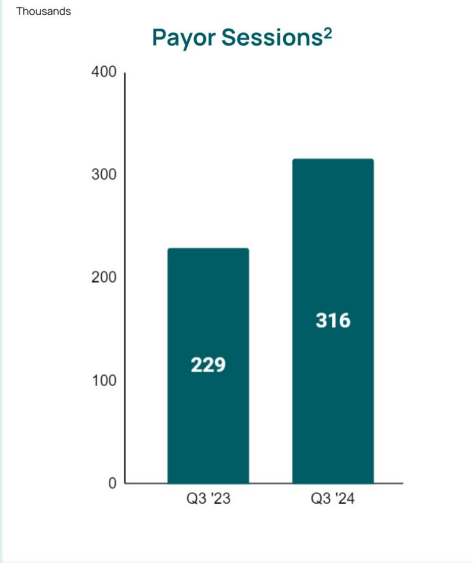
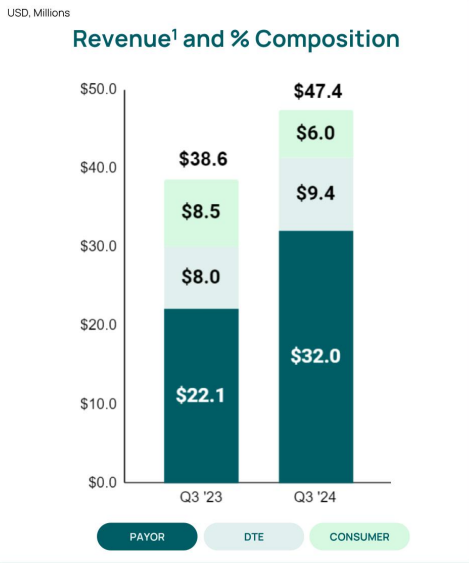
## Disclaimer

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: (i) our business and the markets we operate in are rapidly evolving; (ii) rapid technological change in our industry; (iii) our ability to secure clients' contract renewals; (iv) our ability to maintain and expand our network of therapists, psychiatrists and other providers; (v) a decline in the prevalence of enterprise-sponsored healthcare or the emergence of new technologies may adversely impact our DTE business; (vi) if our or our vendors' security measures fail or are breached; (vii) changes in healthcare laws, regulations or trends and our ability to operate in the heavily regulated healthcare industry; and (viii) and the other factors, 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, subsequent quarterly reports on Form 10-Q 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](https://investors.talkspace.com).

# 3Q 2024 Performance Highlights



(1) Revenue is presented on an as-reported basis.  
 (2) Includes sessions from Managed Behavioral Health ("MBH") and Employee Assistance Programs ("EAP").  
 (3) Adjusted EBITDA is a non-GAAP financial measure. For a reconciliation to the most directly comparable GAAP measure, see the appendix to this presentation.

# 3Q 2024 Business Highlights

## Strong Top-Line Momentum

- Robust YOY revenue growth, with 45% YoY increase from Payor, reflects significant demand for behavioral healthcare and our ability to attract new members
- Payor sessions +38% and unique active members +24% YoY
- Increased covered lives to more than 158m and launched Medicare coverage in 15 states
- DTE revenue increased 17% YoY, with a strong pipeline

## Meaningful Adjusted EBITDA Growth

- Cost discipline and benefits of scale drive meaningful growth in Adjusted EBITDA; three consecutive quarters of profitability
- Sequential Adjusted EBITDA growth of ~100%, vs. \$2.8 million loss a year ago
- Adjusted EBITDA margin expansion to 5.0% highlights operating leverage

## Efficient Provider Network Expansion

- Grew provider network to 5,900+; up 24% YOY and 3% sequentially, intentionally moderating growth to reflect recent improvements in network efficiency
- Continued product improvements for provider efficiency and experience resulted in highest ever provider NPS

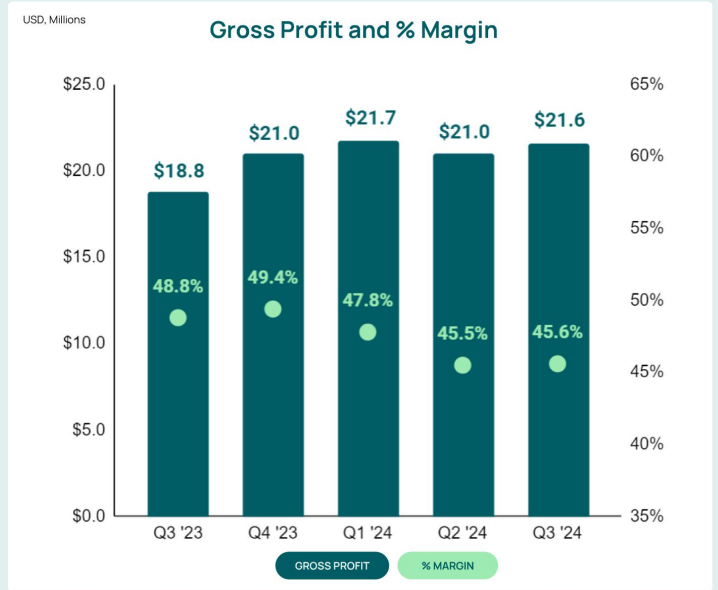
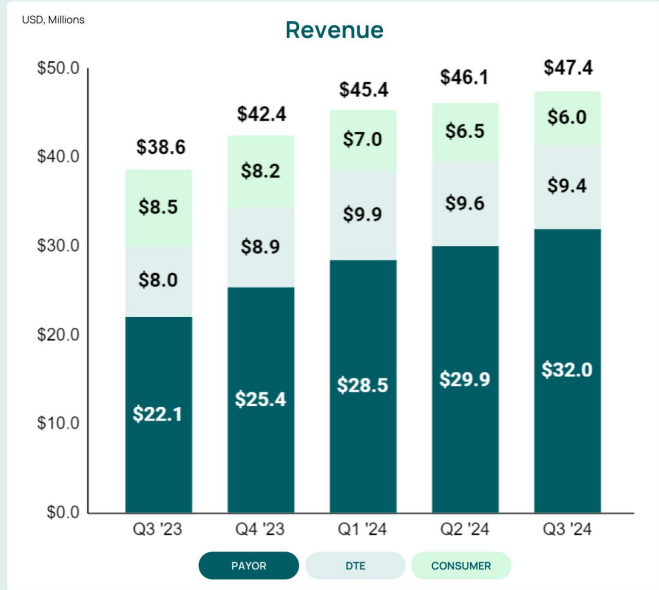
## Strategic Partnership Initiatives

- Furthering partner ecosystem strengthens brand recognition and increases cost effectiveness of member acquisition
- Launched on Amazon Health Conditions program as first behavioral health partner to enhance discoverability, ease of coverage checks and enrollment

(1) Adjusted EBITDA is a non-GAAP financial measure. For a reconciliation to the most directly comparable GAAP measure, see the appendix to this presentation.



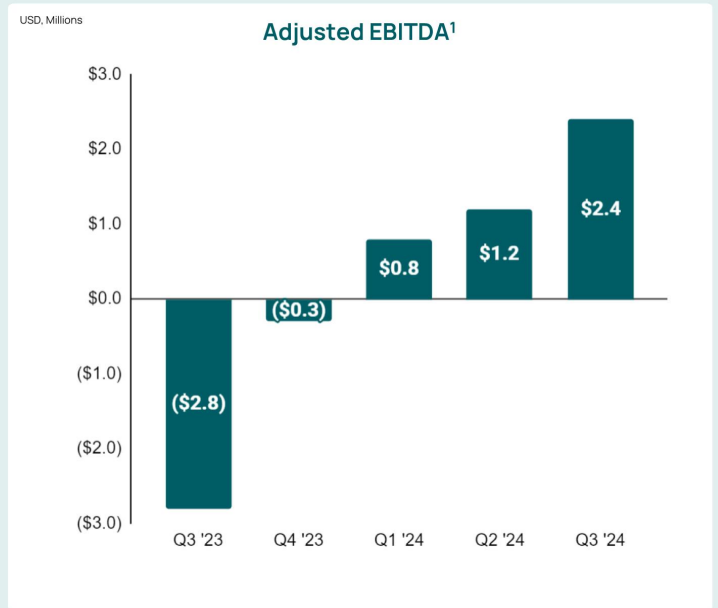
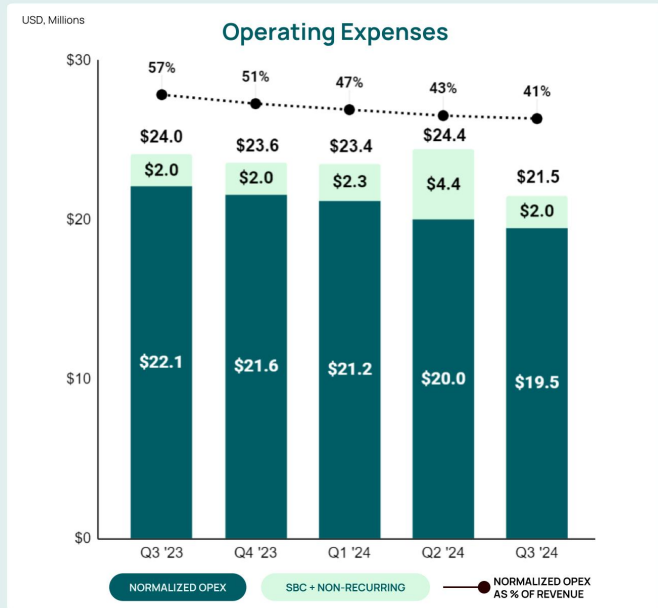
# Revenue and Gross Profit



# Appendix



# Operating Expense and Adjusted EBITDA<sup>1</sup>



(1) Adjusted EBITDA is a non-GAAP financial measure. For a reconciliation to the most directly comparable GAAP measure, see the appendix to this presentation.

# 2024 Guidance<sup>1</sup> Unchanged

## Revenue

**\$185M to \$195M**  
+23% to +30% Y/Y

## Adjusted EBITDA<sup>2</sup>

**\$4M to \$8M**  
+\$18M to \$22M Y/Y

(1) Guidance 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 items required to develop meaningful comparable GAAP financial measures cannot be estimated at this time without unreasonable efforts. These special items could be meaningful.

## 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 Loss to Adjusted EBITDA

### Adjusted EBITDA

We calculate adjusted EBITDA as net 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, and (v) certain non-recurring expenses, where applicable.

<i>(in thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Net income (loss)	\$ 1,874	\$ (4,414)	\$ (66)	\$ (17,876)
Add:				
Depreciation and amortization	231	305	652	913
Financial (income), net <sup>(1)</sup>	(1,701)	(779)	(5,123)	(2,915)
Taxes on income	(74)	14	123	165
Stock-based compensation	1,931	1,969	7,290	6,401
Non-recurring expenses <sup>(2)</sup>	89	105	1,427	89
Adjusted EBITDA	<u>\$ 2,350</u>	<u>\$ (2,800)</u>	<u>\$ 4,303</u>	<u>\$ (13,223)</u>

- (1) For the three months ended September 30, 2024, financial (income), net, primarily consisted of \$1.5 million of interest income from our money market accounts and \$0.3 million in non-cash gains resulting from the remeasurement of warrant liabilities. For the nine months ended September 30, 2024, financial (income), net, primarily consisted of \$4.6 million of interest income from our money market accounts and \$0.8 million in non-cash gains resulting from the remeasurement of warrant liabilities. For the three months ended September 30, 2023, financial (income), net, primarily consisted of \$1.6 million of interest income from our money market accounts partially offset by \$0.8 million in non-cash losses resulting from the remeasurement of warrant liabilities. For the nine months ended September 30, 2023, financial (income), net, primarily consisted of \$3.7 million of interest income from our money market accounts partially offset by \$0.6 million in non-cash losses resulting from the remeasurement of warrant liabilities.
- (2) For the nine months ended September 30, 2024, non-recurring expenses, primarily consisted of severance costs related to the departure of key executives of the Company and other related costs. For the three and nine months ended September 30, 2023, non-recurring expenses primarily consisted in losses resulting from the disposition of fixed assets.