Talkspace Announces First Quarter 2025 Results

May 6, 2025

1Q 2025 Total revenue grew 15% year-over-year to $52.2 million
driven by 33% year-over-year growth in Payor revenue

1Q 2025 Net income of $0.3 million and adjusted EBITDA[1] of $2.0 million

1Q 2025 Share repurchases of $7.0 million

NEW YORK, May 06, 2025 (GLOBE NEWSWIRE) -- Talkspace, Inc. ("Talkspace" or the "Company") (NASDAQ: TALK), today reported first quarter 2025 financial results.

	Three Months Ended March 31, 2025		
Unaudited		**Results**	**% Variance from Prior Year**
(In thousands unless otherwise noted)			
Number of completed Payor sessions during the period		350.0	23%
Number of Unique Active Payor members during the period		101.2	17%
Total revenue	$	52,182	15%
Gross profit	$	23,281	7%
Gross margin %		44.6%	
Operating expenses	$	24,366	4%
Net income	$	318	*
Adjusted EBITDA (1)	$	1,955	153%
Cash and cash equivalents at period end	$	60,077	—
Short-term marketable securities	$	48,274	—

* 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 GAAP Results to Non-GAAP Results."

Dr. Jon Cohen, CEO of Talkspace, said, "I'm pleased with our first quarter performance as we continue to execute on our mission to make high-quality mental health care accessible, affordable, and available at scale. This Mental Health Awareness Month, we reaffirm our commitment to breaking down barriers to care for millions of Americans through our 'Let's Face It' campaign, highlighting the ways our platform empowers members to overcome obstacles to their mental health. The progress we've made in driving both growth and profitability, while continuously innovating and enhancing our product demonstrates the sustainability of our model."

First Quarter 2025 Key Performance Metrics

- Revenue increased 15% over the prior-year period to $52.2 million, driven by a 33% year-over-year increase in Payor revenue, partially offset by a 32% year-over-year decline in Consumer revenue.
- Gross profit increased 7% over the prior-year period to $23.3 million, and gross margin declined to 44.6% from 47.8% in the prior-year period, driven by a shift in revenue mix towards Payor.
- Operating expenses were $24.4 million, an increase of 4% year-over-year.
- Net income was $0.3 million, an improvement from $(1.5) million net loss in the first quarter of 2024, primarily driven by an increase in revenues, partially offset by an increase in cost of revenues.
- Adjusted EBITDA was $2.0 million, an improvement from $0.8 million adjusted EBITDA in the first quarter of 2024, primarily driven by an increase in revenues, partially offset by an increase in cost of revenues.

Financial Guidance

The following guidance is based on current market conditions and expectations and the information available to the Company today. For 2025

Talkspace continues to expect:

- Revenue to be in the range of $220 million to $235 million
- Adjusted EBITDA to be in the range of $14 million to $20 million

Conference Call, Presentation Slides, and Webcast Details

The First Quarter 2025 earnings conference call and webcast will be held Tuesday, May 6, 2025, at 8:30 a.m. E.T. The conference call will be available via audio webcast at 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 **1021845**. 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. Most 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.

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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) rapid technological change in our industry; (ii) our ability to secure clients' contract renewals; (iii) our ability to maintain and expand our network of therapists, psychiatrists and other providers; (iv) a decline in the prevalence of enterprise-sponsored healthcare or the emergence of new technologies may adversely impact our DTE business; (v) if our or our vendors' security measures fail or are breached; (vi) changes in healthcare laws, regulations or trends and our ability to operate in the heavily regulated healthcare industry; and (vii) 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 12, 2025, 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 Statements of Income
(Unaudited)

	Three Months Ended March 31,		
	2025	**2024**	**% Change**

(in thousands, except percentages, share and per share data)

Revenue:			
Payor revenue	$ 37,842	$ 28,508	32.7
DTE revenue	9,583	9,913	(3.3)
Consumer revenue	4,757	6,995	(32.0)
Total revenue	52,182	45,416	14.9
Cost of revenues	28,901	23,685	22.0
Gross profit	23,281	21,731	7.1
Operating expenses:			
Research and development	3,319	3,739	(11.2)
Clinical operations, net	1,856	1,464	26.8
Sales and marketing	13,984	13,009	7.5
General and administrative	5,207	5,198	0.2
Total operating expenses	24,366	23,410	4.1
Loss from operations	(1,085)	(1,679)	(35.4)
Financial income, net	(1,526)	(378)	(303.7)
Income (loss) before income taxes	441	(1,301)	*
Income tax expense	123	165	(25.5)
Net income (loss)	$ 318	$ (1,466)	*
Net income (loss) per share:			
Basic	$ 0.00	$ (0.01)	*
Diluted	$ 0.00	$ (0.01)	*
Weighted average shares used to compute net income (loss) per share:			
Basic	168,670,861	168,846,946	
Diluted	175,545,887	168,846,946	

* Percentage not meaningful.

Talkspace, Inc.
Condensed Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)

	Three Months Ended March 31,		
	2025	**2024**	**% Change**
(in thousands)			
Net income (loss)	$ 318	$ (1,466)	*
Other comprehensive income:			
Change in unrealized gains on marketable debt securities	25	—	100.0
Total other comprehensive income	25	—	100.0
Total comprehensive income (loss)	$ 343	$ (1,466)	*

* Percentage not meaningful.

Talkspace, Inc.
Condensed Consolidated Balance Sheets

	March 31, 2025	**December 31, 2024**
(in thousands)	*Unaudited*	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 60,077	$ 76,692
Marketable securities	48,274	41,118
Accounts receivable, net	13,249	9,643
Other current assets	2,519	2,729

Total current assets	124,119	130,182
Fixed assets, net	8,016	6,259
Other long-term assets	2,110	2,236
Total assets	$ 134,245	$ 138,677
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 10,526	$ 7,710
Accrued expenses and other current liabilities	4,744	8,031
Deferred revenues	3,849	3,282
Total current liabilities	19,119	19,023
Warrant liabilities	1,206	1,690
Other liabilities	502	569
Total liabilities	20,827	21,282
STOCKHOLDERS' EQUITY:		
Common stock	17	17
Additional paid-in capital	382,292	386,612
Accumulated deficit	(268,918)	(269,236)
Accumulated other comprehensive income	27	2
Total stockholders' equity	113,418	117,395
Total liabilities and stockholders' equity	$ 134,245	$ 138,677

Talkspace, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended March 31,	
	2025	**2024**
(in thousands)		
Cash flows from operating activities:		
Net income (loss)	$ 318	$ (1,466)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	666	201
Accretion of marketable securities	(176)	—
Stock-based compensation	2,333	2,252
Remeasurement of warrant liabilities	(484)	1,146
Increase in accounts receivable	(3,606)	(861)
Decrease in other current assets	210	1,301
Increase (decrease) in accounts payable	2,816	(306)
Increase (decrease) in deferred revenues	567	(186)
Decrease in accrued expenses and other current liabilities	(3,798)	(5,470)
Other	(85)	(2)
Net cash used in operating activities	(1,239)	(3,391)
Cash flows from investing activities:		
Purchases of marketable securities	(10,428)	—
Proceeds from maturities of marketable securities	3,430	—
Capitalized internal-use software costs	(1,997)	(366)
Other	(24)	(19)
Net cash used in investing activities	(9,019)	(385)
Cash flows from financing activities:		
Proceeds from exercise of stock options	678	741
Payments for employee taxes withheld related to vested stock-based awards	(571)	(595)
Repurchase of common stock for retirement	(6,464)	—
Net cash (used in) provided by financing activities	(6,357)	146
Net decrease in cash and cash equivalents	(16,615)	(3,630)
Cash and cash equivalents at the beginning of the period	76,692	123,908
Cash and cash equivalents at the end of the period	$ 60,077	$ 120,278

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) stock-based compensation expense, (iii) financial income, net, (iv) income tax expense, and (v) certain non-recurring expenses, where applicable.

Talkspace, Inc.
Reconciliation of GAAP Results to Non-GAAP Results
(Unaudited)

	Three Months Ended March 31,	
	2025	**2024**
(in thousands)		
Net income (loss)	$ 318	$ (1,466)
Add:		
Depreciation and amortization	649	201
Stock-based compensation	2,333	2,252
Financial income, net	(1,526)	(378)
Income tax expense	123	165
Non-recurring expenses	58	—
Adjusted EBITDA	$ 1,955	$ 774