

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): August 6, 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 August 6, 2024 announcing its financial results for the quarter ended June 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 August 6, 2024, the Company posted supplementary slides (the “Slides”) regarding the Company’s financial results for the quarter ended June 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. 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

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release issued by Talkspace, Inc. dated August 6, 2024.
99.2	Supplementary Slides: Talkspace, Inc. 2024 Second Quarter Earnings Presentation dated August 6, 2024.
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: August 6, 2024

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

Talkspace

Talkspace Announces Second Quarter 2024 Results

2Q 2024 Total revenue grew 29% year-over-year, driven by 62% year-over-year growth in Payor revenue

Reduced GAAP Net loss to \$0.5 million from \$4.7 million year-over-year

2Q 2024 Adjusted EBITDA¹ of \$1.2 million

Board approved an additional \$25 million share repurchase program

NEW YORK, New York - August 6, 2024 – Talkspace, Inc. (“Talkspace” or the “Company”) (NASDAQ: TALK), today reported second quarter 2024 financial results.

June 30, 2024 (Unaudited)	Three Months		Six 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)	145.3	33%	145.3	33%
Number of completed Payor sessions	298.6	49%	582.8	57%
Number of Consumer active members at period end	10.7	(22)%	10.7	(22)%
Total revenue	\$46,058	29%	\$91,474	33%
Gross profit	\$20,951	18%	\$42,682	24%
Gross margin %	45.5%		46.7%	
Operating expenses	\$24,437	1%	\$47,847	(4)%
Net loss	\$(474)	90%	\$(1,940)	86%
Adjusted EBITDA ¹	\$1,179	130%	\$1,953	119%
Cash and cash equivalents at period end	\$114,913	—	\$114,913	—

(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.”

“Our robust second quarter performance reflects continued business execution, resulting in 29% revenue growth and our second consecutive quarter of Adjusted EBITDA profitability. We expanded our covered lives to over 145 million, launched our Medicare offering in 12 states, and made strides in optimizing our marketing efforts,” said Dr. Jon Cohen, CEO of Talkspace.

Dr. Cohen added, “This positive momentum stems from our ongoing commitment to enhancing both provider experience and patient journey, while focusing on product quality - key differentiators for Talkspace. I’m encouraged by our results, which underscore our dedication to making high-quality mental health care more accessible.”

Second Quarter 2024 Key Performance Metrics

- Revenue increased 29% over the prior-year period to \$46.1 million, driven by a 62% year-over-year increase in Payor revenue and a 20% year-over-year increase in Direct to Enterprise (“DTE”) revenue; partially offset by a 28% year-over-year Consumer revenue decline.
- Gross profit increased 18% over the prior-year period to \$21 million, and gross margin declined to 45.5% from 50% in the prior-year period, driven by a shift in revenue mix towards Payor.
- Operating expenses were \$24.4 million, an increase of 1% year-over-year, driven primarily by higher general and administrative expenses.
- Net loss was \$(0.5) million, an improvement from \$(4.7) million net loss in the second quarter of 2023, primarily driven by an increase in revenues, partially offset by an increase in cost of revenues.
- Adjusted EBITDA was \$1.2 million, an improvement from \$(4.0) million in the second 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.

Share Repurchase Program

During the second quarter of 2024, Talkspace repurchased \$8.0 million of common stock under its initial share repurchase program. On August 1, 2024 the Company’s Board of Directors approved an additional share repurchase program authorizing the Company to repurchase up to twenty-five million dollars (\$25 million) over the next 24 months. With the new authorization, the Company may repurchase, in aggregate, up to thirty-two million dollars (\$32 million) of its outstanding shares of common stock during the remainder of the programs. The Company may repurchase the shares periodically through various methods in compliance with applicable state and federal securities laws. The timing of purchases and the target number of shares will be determined by Management at its discretion based on an evaluation of the Company’s stock price, market conditions and other corporate considerations. Such repurchases will be funded from cash on hand. The repurchase program may be modified, suspended, or discontinued at any time at the Company’s discretion without prior notice.

Conference Call, Presentation Slides, and Webcast Details

The Second Quarter 2024 earnings conference call and webcast will be held Tuesday, August 6, 2024, 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) 330-2391 for U.S. participants, or +1 (240) 789-2702 for international participants, and referencing participant code 2348878. 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 151 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.

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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 factors and the other 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 Statements of Operations

	Three Months Ended June 30,			Six Months Ended June 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>						
Revenue:						
Payor revenue	\$ 29,945	\$ 18,539	61.5	\$ 58,453	\$ 33,350	75.3
DTE revenue	9,628	8,039	19.8	19,541	16,715	16.9
Consumer revenue	6,485	9,067	(28.5)	13,480	18,916	(28.7)
Total revenue	46,058	35,645	29.2	91,474	68,981	32.6
Cost of revenues	25,107	17,833	40.8	48,792	34,421	41.8
Gross profit	20,951	17,812	17.6	42,682	34,560	23.5
Operating expenses:						
Research and development	2,163	4,171	(48.1)	5,902	9,524	(38.0)
Clinical operations, net	1,661	1,675	(0.8)	3,125	3,276	(4.6)
Sales and marketing	13,269	13,045	1.7	26,278	26,514	(0.9)
General and administrative	7,344	5,329	37.8	12,542	10,693	17.3
Total operating expenses	24,437	24,220	0.9	47,847	50,007	(4.3)
Operating loss	(3,486)	(6,408)	45.6	(5,165)	(15,447)	66.6
Financial (income), net	(3,044)	(1,712)	77.8	(3,422)	(2,136)	60.2
Loss before taxes on income	(442)	(4,696)	90.6	(1,743)	(13,311)	86.9
Taxes on income	32	8	300.0	197	151	30.5
Net loss	\$ (474)	\$ (4,704)	89.9	\$ (1,940)	\$ (13,462)	85.6
Net loss per share:						
<i>Basic and Diluted</i>	\$ (0.00)	\$ (0.03)	90.0	\$ (0.01)	\$ (0.08)	87.5
Weighted average number of common shares:						
<i>Basic and Diluted</i>	169,148,522	164,195,697		168,997,734	163,003,363	

Talkspace, Inc.
Condensed Consolidated Balance Sheets

<i>(in thousands)</i>	<u>June 30, 2024</u>	<u>December 31, 2023</u>
	<i>Unaudited</i>	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 114,913	\$ 123,908
Accounts receivable, net	11,554	10,174
Other current assets	2,302	5,718
<u>Total current assets</u>	<u>128,769</u>	<u>139,800</u>
Other long-term assets	5,021	2,421
<u>Total assets</u>	<u>\$ 133,790</u>	<u>\$ 142,221</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 7,733	\$ 6,111
Deferred revenues	2,733	3,069
Accrued expenses and other current liabilities	7,313	12,468
<u>Total current liabilities</u>	<u>17,779</u>	<u>21,648</u>
Warrant liabilities	1,332	1,842
Other liabilities	635	85
<u>Total liabilities</u>	<u>19,746</u>	<u>23,575</u>
STOCKHOLDERS' EQUITY:		
Common stock	16	16
Additional paid-in capital	386,352	389,014
Accumulated deficit	(272,324)	(270,384)
<u>Total stockholders' equity</u>	<u>114,044</u>	<u>118,646</u>
<u>Total liabilities and stockholders' equity</u>	<u>\$ 133,790</u>	<u>\$ 142,221</u>

Talkspace, Inc.
Condensed Consolidated Statements of Cash Flows

<i>(in thousands)</i>	Six Months Ended June 30,	
	2024	2023
	<i>Unaudited</i>	<i>Unaudited</i>
<u>Cash flows from operating activities:</u>		
Net loss	\$ (1,940)	\$ (13,462)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	421	608
Stock-based compensation	5,359	4,432
Remeasurement of warrant liabilities	(510)	(119)
(Increase) decrease in accounts receivable	(1,380)	1,220
Decrease in other current assets	3,416	1,452
Increase (decrease) in accounts payable	1,622	(977)
Decrease in deferred revenues	(336)	(672)
Decrease in accrued expenses and other current liabilities	(5,155)	(6,058)
Other	(79)	(172)
Net cash provided by (used in) operating activities	1,418	(13,748)
<u>Cash flows from investing activities:</u>		
Capitalized internal-use software costs	(2,110)	—
Purchase of computer and equipment	(40)	(10)
Other	—	28
Net cash (used in) provided by investing activities	(2,150)	18
<u>Cash flows from financing activities:</u>		
Proceeds from exercise of stock options	1,584	1,490
Payments for employee taxes withheld related to vested stock-based awards	(1,843)	(201)
Repurchase and cancellation of common stock	(8,004)	—
Net cash (used in) provided by financing activities	(8,263)	1,289
Net decrease in cash and cash equivalents	(8,995)	(12,441)
Cash and cash equivalents at the beginning of the period	123,908	138,545
Cash and cash equivalents at the end of the period	\$ 114,913	\$ 126,104

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

A reconciliation is provided below for adjusted EBITDA to net 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 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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Net loss	\$ (474)	\$ (4,704)	\$ (1,940)	\$ (13,462)
Add:				
Depreciation and amortization	220	302	421	608
Financial (income), net ⁽¹⁾	(3,044)	(1,712)	(3,422)	(2,136)
Taxes on income	32	8	197	151
Stock-based compensation	3,107	2,129	5,359	4,432
Non-recurring expenses ⁽²⁾	1,338	—	1,338	—
Adjusted EBITDA	<u>\$ 1,179</u>	<u>\$ (3,977)</u>	<u>\$ 1,953</u>	<u>\$ (10,407)</u>

(1) For the three months ended June 30, 2024 and 2023, financial (income), net, primarily consisted of \$1.5 million (for both periods) of interest income from our money market accounts, and \$1.7 million and \$0.3 million, respectively, in unrealized gains resulting from the remeasurement of warrant liabilities. For the six months ended June 30, 2024 and 2023, financial (income), net, primarily consisted of \$3.1 million and \$2.1 million, respectively, of interest income from our money market accounts and \$0.5 million and \$0.1 million, respectively, in unrealized gains resulting from the remeasurement of warrant liabilities.

(2) For the three and six months ended June 30, 2024, non-recurring expenses, primarily consisted of severance costs related to the departure of key executives of Talkspace and other related costs.

Talkspace

2024 Second Quarter Earnings Presentation

August 6, 2024

Disclaimer

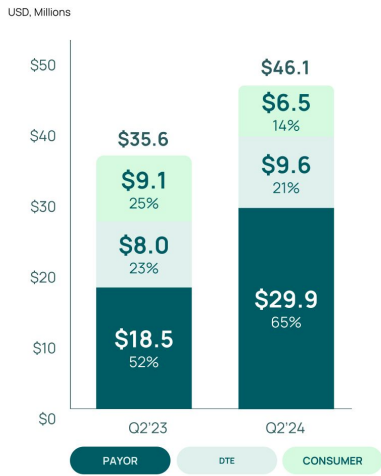
This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. All statements contained in this presentation that do not relate to matters of historical fact should be considered forward-looking, including statements 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, 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.

2Q 2024 Performance Highlights

Revenue¹ and % Composition



Payor Sessions²



Adjusted EBITDA³



(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.

2Q 2024 Business Highlights

Strong Top-Line Growth

- Robust YOY revenue growth reflects significant demand for behavioral healthcare and our ability to drive new members to the platform
- Cost discipline and benefits of scale highlight operating leverage in the business reflected in continued Adjusted EBITDA progress

Continued Payor Progress

- Payor revenue increased 62% YOY
- Sessions increased 49% and unique members increased 30% YoY
- Increased covered lives to 145m and made platform available to Medicare beneficiaries in 12 states

Direct-to-Enterprise Momentum

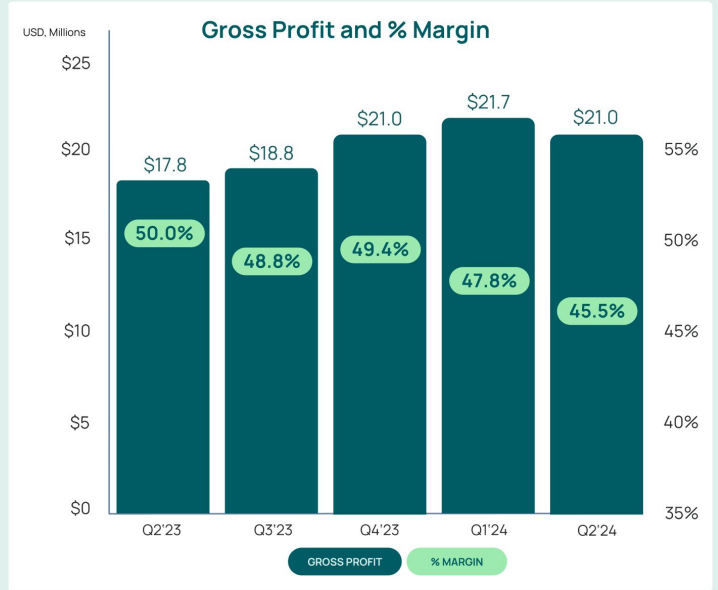
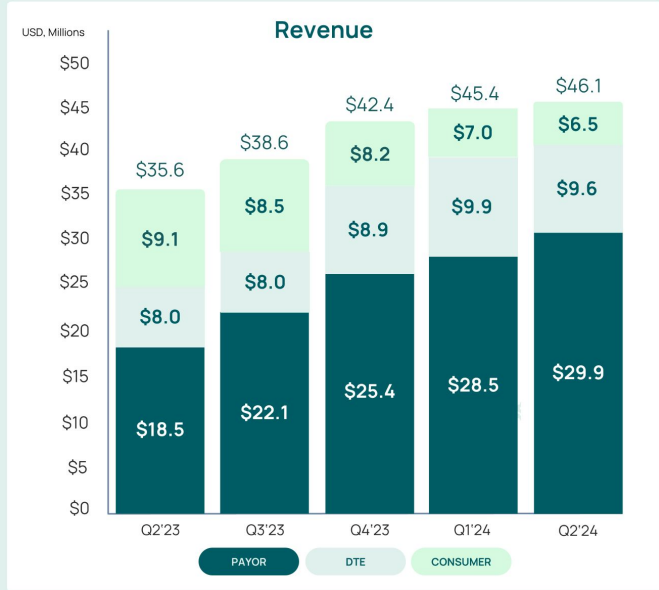
- Revenue increased 20% YOY with growing pipeline
- Continue to develop enhanced product features like the suicide ideation algorithm which identifies high risk patients
- New wins include a school district in NY state serving faculty and staff

Provider Network Expansion & Brand Awareness

- Grew provider network to 5,700+; up 34% YOY and 2% sequentially, intentionally slowing growth as efficiency improves to balance availability with patient demand
- Development of partner ecosystem and referral network strengthens brand recognition and increases cost effectiveness of member acquisition

(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.

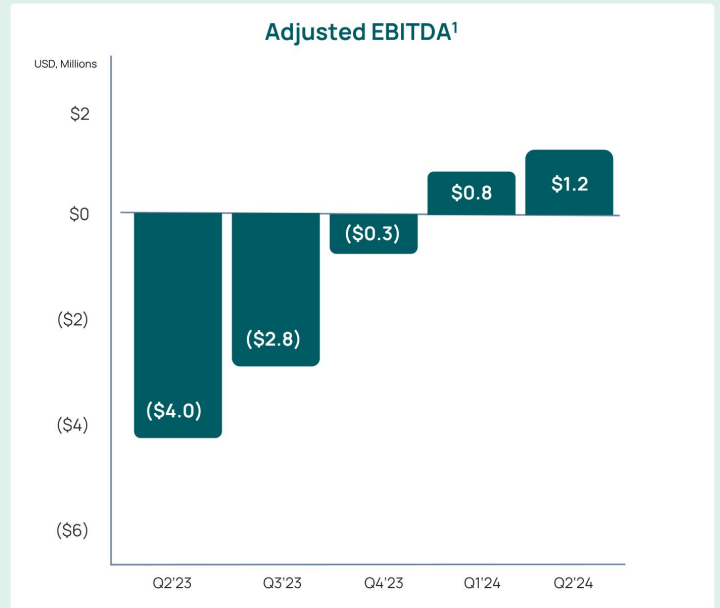
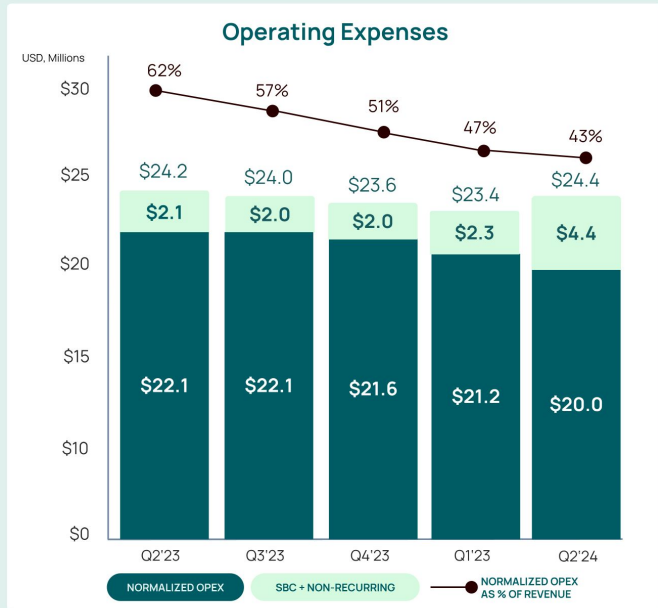
Revenue and Gross Profit



Appendix



Operating Expense and Adjusted EBITDA¹



(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 Guidance¹ Unchanged

Revenue

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

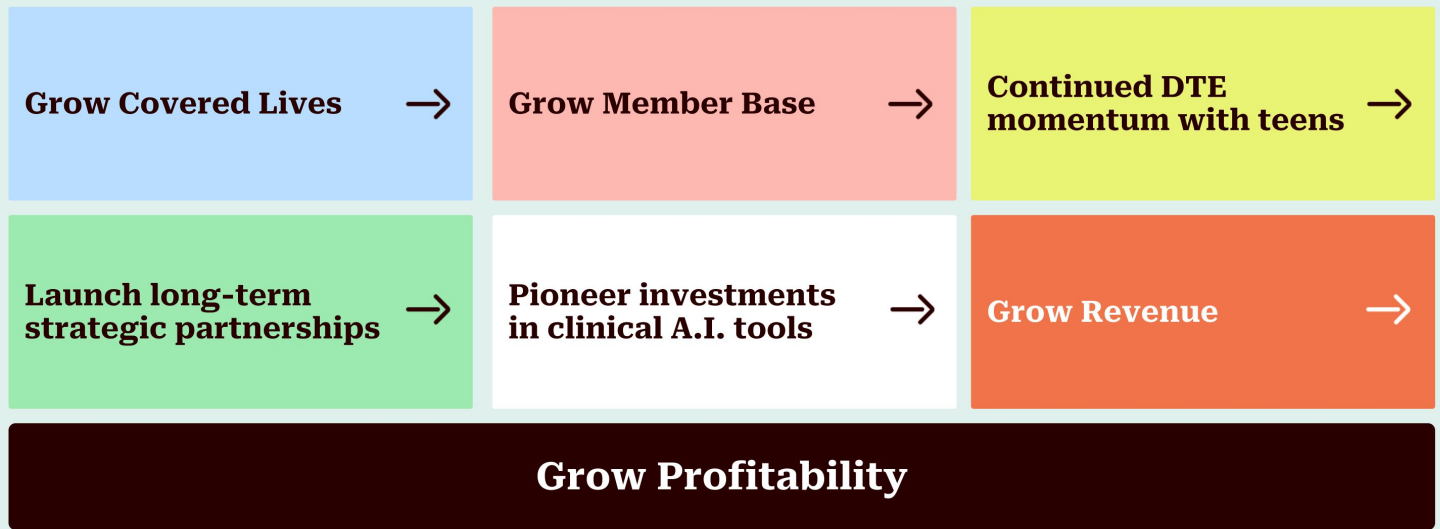
Adjusted EBITDA²

\$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.

Strong Long-Term Growth Plan



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

A reconciliation is provided below for adjusted EBITDA to net 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 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		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Net loss	\$ (474)	\$ (4,704)	\$ (1,940)	\$ (13,462)
Add:				
Depreciation and amortization	220	302	421	608
Financial (income), net ⁽¹⁾	(3,044)	(1,712)	(3,422)	(2,136)
Taxes on income	32	8	197	151
Stock-based compensation	3,107	2,129	5,359	4,432
Non-recurring expenses ⁽²⁾	1,338	—	1,338	—
Adjusted EBITDA	<u>\$ 1,179</u>	<u>\$ (3,977)</u>	<u>\$ 1,953</u>	<u>\$ (10,407)</u>

- (1) For the three months ended June 30, 2024 and 2023, financial (income), net, primarily consisted of \$1.5 million (for both periods) of interest income from our money market accounts, and \$1.7 million and \$0.3 million, respectively, in unrealized gains resulting from the remeasurement of warrant liabilities. For the six months ended June 30, 2024 and 2023, financial (income), net, primarily consisted of \$3.1 million and \$2.1 million, respectively, of interest income from our money market accounts and \$0.5 million and \$0.1 million, respectively, in unrealized gains resulting from the remeasurement of warrant liabilities.
- (2) For the three and six months ended June 30, 2024, non-recurring expenses, primarily consisted of severance costs related to the departure of key executives of Talkspace and other related costs.