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Zacks Small-Cap Research

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Health in Tech Inc. (HIT-NASDAQ)

HIT: Newly Formed Advisory Board and Advisor With Extensive Public Affairs Experience Appear Timely

HIT has appointed former U.S. Ambassador Edward McMullen, Jr. to its newly formed Advisory Board effective immediately. We believe the creation of this board and the former ambassador's background, with decades of experience in diplomacy, public affairs, and strategic policy, could be particularly helpful as HIT advances its growth strategy against a backdrop of uncertain government policies.

Current Price (5/2/25)	$0.61
Valuation	**$2.05**

OUTLOOK

As HIT continues to expand services and enhance its platform, the company aims to broaden its target market, as it believes that organizations of all sizes can benefit from its AI-driven technology platform, which is designed to streamline and facilitate the process of researching and obtaining healthcare insurance. HIT began development of a large-group third-party AI-powered underwriting solutions for mid-sized and larger businesses and, in 1Q25, delivered solutions to large employers, including one that employs 1k+ people.

SUMMARY DATA

52-Week High	**$7.59**
52-Week Low	**$0.51**
One-Year Return (%)	**N/A**
Beta	**N/A**
Average Daily Volume (sh)	**1,923,948**
Shares Outstanding (mil)	**57**
Market Capitalization ($mil)	**$34**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**N/A**
Insider Ownership (%)	**N/A**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2025 Estimate	**N/A**
P/E using 2026 Estimate	**N/A**

Risk Level	**High**
Type of Stock	**Small-Growth**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023	4 A	5 A	5 A	5 A	19 A
2024	5 A	5 A	4 A	5 A	19 A
2025	8 A	8 E	7 E	7 E	31 E

EPS or Loss Per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023	0.01 A	0.01 A	0.01 A	0.02 A	0.05 A
2024	0.01 A	0.01 A	0.01 A	-0.01 A	0.01 A
2025	0.01 A	0.01 E	0.01 E	0.01 E	0.02 E

Quarters might not sum due to rounding & share counts

Disclosures on page 8

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NEWLY FORMED ADVISORY BOARD APPEARS TIMELY

New Board member: extensive experience in public affairs & policy

Health in Tech (HIT-NASDAQ) is an insurtech operating an AI-powered online marketplace platform to facilitate and improve employers' ability to obtain health insurance. The company, which provides enterprise SaaS (Software-as-a-Service) solutions for online processing and sales of insurance and benefit plans, announced this week that it has appointed former U.S. Ambassador to Switzerland and Liechtenstein, Edward McMullen Jr., to its newly formed Advisory Board effective immediately.

Against a backdrop of uncertainty around government policies

We believe his background, with decades of experience in diplomacy, public affairs, and strategic policy, could be particularly helpful as HIT advances its growth strategy against a backdrop of shifting government policies. In fact, according to The Hill, "health insurance is generally considered to be an essential employee benefit in the U.S…However, for those working for smaller businesses, particularly businesses with less than 50 employees, access to healthcare is becoming increasingly precarious…. [and] Healthcare costs are projected to continue rising, with national healthcare spending expected to reach 19.6% of GDP by 2031 compared to 18.3% in 2021."

HIT's third party AI-backed technology is designed to simplify the underwriting process and make it more transparent so that customers can make informed decisions regarding what plans work best for their organizations. Licensed brokers registered on the platform can log in to review offerings and select policy plans, upload the required data to obtain a bindable quote on what the plan will cost and then sell the plan to business organizations.

While the majority of U.S. firms are characterized as small- to medium-business – the U.S. Small Business Association (SBA) notes that in 2022, small businesses with 500 or fewer employees made up 99.9% of all U.S. businesses and 99.7% of firms with paid employees – HIT expects to broaden its total addressable market (TAM) as it provides solutions that enhance efficiencies and streamline healthcare insurance processes for employers *regardless of their size*, including enabling faster quoting. The company also expects to lower total medical expenses for business clients by aggregating critical data and records in one online location, providing easy secure access and leveraging AL/ML to seek medical professionals to improve access to comprehensive healthcare. According to the Centers for Medicare & Medicaid Services' National Health Expenditure Data, U.S. health care spending was about $4.5 trillion in 2022, with the U.S. spending 2X as much on health per capita compared to the average of peer nations, according to the Commonwealth Fund. Harvard Magazine notes that "The high cost of medical care in the U.S. is one of the greatest challenges the country faces and it affects everything from the economy to individual behavior…"

Simplifying and facilitating the process for businesses of all sizes

Given this need, HIT began developing AI-assisted underwriting solutions for mid-sized and larger businesses in 3Q24, consistent with the strategy designed to expand its TAM. HIT began beta development of a large-group third-party AI-powered underwriting platform in November 2024. Thus, while HIT's primary customers have generally been small and medium businesses that employ from five to 150 employees, the HIT platform is also expected to make it easier for larger organizations to obtain insurance plans that are appropriate for their organizations. HIT is extremely optimistic about its prospects with larger organizations, based on interest it has generated to-date.

In 1Q25, the company delivered solutions to large employers, including one organization that employs more than 1,000 people. HIT believes its proprietary technology platform is highly scalable to support a growing customer base, as more and more businesses seek affordable and risk appropriate healthcare insurance solutions for the employees. The company believes its strengths include its ability to upgrade

and innovate its technology and the products it offers backed by its AI/ML-enabled technology capabilities and deliver efficiency and security features to a growing customer base. HIT believes the infrastructure it has established in 2024 and early 2025 position the company for strong growth in 2025 and beyond. The company expects to accelerate its new program development and further expand its broker and text of insurance, TPA (third party administrator) network and its footprint going forward and expects momentum to continue as product development and service innovations advance. Overall, the number of enrolled employees (EE) insured via its platform, considered a critical indicator of growth and market penetration, reached 24,307 in 1Q25, up 16.8% compared to 20,802 in 1Q24.

Health in Tech also can shorten the time required to process insurance underwritings compared to the traditional process that relies more heavily on manual processing, thereby shortening the sales cycle. In most cases, this streamlined approach reduces processing time to approximately two minutes compared to the traditional manual quoting model that involves sending multiple documents to underwriters for manual review and return of documents before generating bindable quotes. Approximately 80% of bindable quotes provided through the Health in Tech platform use AI alone without requiring additional manual review. The company also believes its AI/ML enabled technology completes the process more efficiently and with fewer errors compared to manual processes**.** By comparison, competitors can often take up to two weeks to process and close underwritings, according to a Frost & Sullivan report.

The company believes it is well-positioned to execute its growth strategy and monetize its platforms by offering fee-based services for products that it can white label for multiple clients. Health in Tech intends to add additional TPAs, MGUs, and brokers to its platforms and believes its free-to-use eDIYBS platform, which offers a fee based model if/when it is used by a broker, TPA or other, can gain traction and attract more agencies to use its platforms. As it moves forward, HIT intends to ramp up marketing activities to help expand its customer base while simultaneously launching new complementary products to expand its product suite. The company had cash and equivalents of $7.6 million at March 31, 2025 to advance its growth strategy, compared to $7.8 million at year-end 2024 and up from $2.4 million at year-end 2023.

Recent addition to Board of Directors

In addition, the company recently also strengthened its board, appointing Sanjay Shrestha to the board on April 10, 2025. He has extensive experience in scaling platform-based businesses, according to the company, and currently serves as President of Plug Power, which he joined in 2019 as Chief Strategy Officer. Prior to that, his experience includes capital markets as a research analyst at Lazard Capital Markets and First Albany Capital.

RECENT RESULTS

The company reported 1Q25 highlights last month and provided guidance. Revenue grew 56% year-over-year to $8.0 million, compared to $5.1 million in 1Q24. Revenue in January-February 2025 came in at roughly $5.7 million, according to HIT, exceeding the full quarter of 1Q24.

The company bills service fees on a monthly basis per enrolled employee (EE). As noted, the number of EEs insured via its platform reached 24,307 EEs billed for various services, up 16.8% compared to 20,802 in 1Q24. On the higher revenue, pretax income was $0.7 million and the pretax margin was 8.5% compared to $0.2 million and 3.7%, respectively, in 1Q24. The company expects further operating leverage as revenue ramps.

We are modifying our model to reflect recent results and guidance. We expect the 2025 gross margin to remain relatively stable compared to the 1Q25 level, at about 67%. With 1Q25 as an anticipated run rate, our OpEx forecast is revised to $19.5 million compared to $13 million earlier. With these changes and the share count reflecting roughly the 1Q25 level, we expect quarterly EPS to be roughly $0.01 (ranging from about $0.006 to $0.009), for 2025 annual EPS forecast at about $0.02.

VALUATION

We believe it is difficult to compare HIT shares to those of other publicly traded companies. HIT does not underwrite insurance and assume risk, but facilitates the underwriting process using its technology platform. There does not seem to be a direct comprehensive competitor but using the overall insurance sector as a general benchmark, on a price-to-sales (P/S) basis, these players trade at multiples that range from under 2x to more than 5x revenue. We would also expect HIT to enjoy better growth rates than many companies at this point in its development.

We assign a roughly 95% risk adjustment confidence multiple to our 2025 forecast. If revenue ramps faster than we anticipate, our confidence multiple might prove conservative. At this point, we believe using the P/S multiple at the high end of the range and applying the above-noted confidence factor is appropriate. With these metrics, we derive a near-term valuation of about $2.05 per HIT share on this basis. If the company delivers milestones earlier than anticipated, it could impact these multiples and adjustments.

If HIT can deliver on its growth initiatives, in success we would anticipate share price appreciation over time. Any delay or failure in successful execution of the strategy could represent a potential risk to The company’s valuation and cause the share price to decline. The company believe the risk / reward ratio could be attractive for investors who have a higher than average risk tolerance and longer time horizon.

RECENT NEWS

- HIT announced a new Advisory Board and new advisor on April 30, 2025.
- On April 14, 2025, HIT announced 1Q25 financial results.
- Health In Tech expanded its executive team on March 17, 2025, to drive growth and innovation.
- On January 27, 2025, HIT announced plans to attend the 2025 HCAA Executive Forum with Self-Funding Solutions.
- Health In Tech announced a collaboration with MARPAI and Vitable DPC to offer competitive quotes in enhanced self-funded solutions on January 22, 2025.
- Health In Tech closed its Initial Public Offering on December 24, 2024.

RISKS

We believe risks to Health in Tech achieving its goals, and to The company's valuation, include the following, among other risks.

- HIT might not gain market share in new areas as quickly as the company expects, which could lead to slower than anticipated revenue ramp.
- The company could incur unanticipated costs associated with its initiatives.
- Competition could increase.
- The company might need to raise capital to support its strategy that might be dilutive to current shareholders.
- Insiders hold a controlling interest in the company's voting rights, making HIT a controlled company. The interests of insiders might differ from those of other shareholders.
- The company faces technology risk. Its platform is new generation but competitors might launch newer technology capabilities that would require HIT to further upgrade.
- General economic and policy uncertainty might impact HIT more than we anticipate.

FINANCIAL MODEL

Health in Tech

Health in Tech Income Statement and Projections ($)

	2023	1Q24	2Q24	3Q24	4Q24*	2024	1Q25A	2Q25E	3Q25E	4Q25E	2025E
Revenue underwriting modeling (ICE)	$8,226,852	$1,784,635	$1,639,105	$1,528,451	$1,697,080	$6,649,271	$2,351,984	$2,352,102	$2,116,891	$1,905,202	$8,726,179
Revenues from fees:											
SMR	8,085,596	2,532,922	2,595,545	2,250,549	2,470,284	9,849,300	5,663,000	$5,606,370	5,326,052	$5,322,856	21,918,277
HI Card	2,839,054	807,374	767,840	679,921	737,200	2,992,335	-	-	-	-	-
Total fee revenues	10,924,650	3,340,296	3,363,385	2,930,470	3,207,484	12,841,635	5,663,000	5,606,370	5,326,052	5,322,856	21,918,277
Total revenues	**$19,151,502**	**$5,124,931**	**$5,002,490**	**$4,458,921**	**$4,904,564**	**$19,490,906**	**$8,014,984**	**$7,958,472**	**$7,442,943**	**$7,228,058**	**$30,644,457**
Cost of revenues	2,303,911	989,911	974,727	979,628	1,107,173	4,051,439	2,659,585	2,602,420	2,423,422	2,356,347	10,041,774
Gross profit	16,847,591	4,135,020	4,027,763	3,479,293	3,797,391	15,439,467	5,355,399	5,356,051	5,019,521	4,871,711	20,602,682
Operating expenses											
Sales and marketing expenses	3,380,375	1,043,208	974,522	508,467	632,060	3,158,257	1,090,255	1,092,436	1,105,545	1,072,378	4,360,614
G&A expenses	8,079,329	1,999,194	1,816,679	1,813,520	2,848,014	8,477,407	3,246,765	3,253,259	3,254,885	3,267,905	13,022,813
R&D	2,004,796	760,196	701,626	718,424	633,653	2,813,899	537,721	538,796	539,066	506,722	2,122,305
Total operating expenses	13,464,500	3,802,598	3,492,827	3,040,411	4,113,727	14,449,563	4,874,741	4,884,490	4,899,496	4,847,005	19,505,732
Other income (expense):											
Interest income	40,857	24,312	31,339	38,460	28,774	122,885	85,366				
Interest expenses	(2,052)	(165,000)	(165,000)	(165,000)	-	(495,000)					-
Other income / (expense) net	-	-	-	94,397	176,814	271,211	118,399	-	-	-	-
Total other income (expense)	38,805	(140,688)	(133,661)	(32,143)	205,588	(100,904)	203,765	163,012	146,711	140,842	654,330
Pretax income	3,421,896	191,734	401,275	406,739	(110,748)	889,000	684,423	634,573	266,736	165,549	1,751,280
Taxes	(945,236)	(91,198)	(63,268)	(30,653)	(33,404)	(218,523)	(185,831)	(164,989)	(72,019)	(44,698)	(467,537)
Net income continuing operations	2,476,660	100,536	338,007	376,086	(144,152)	670,477	498,592	469,584	194,717	120,850	1,283,744
Discontinued operations	1,481,254	-									
		-									
Net income per share											
Continuing operations	$0.05	-	-	-	-	$0.01	$0.01	$0.01	$0.01	$0.01	$0.02
Discontinued operations	$0.03	-	-	-	-	-					
Avg shares out FD	47,837,566	51,769,358	51,769,358	51,769,358	52,716,018	53,662,677	56,996,936	56,997,386	56,997,486	56,997,586	56,997,349

Source: Company reports, Zacks *Implied

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HISTORICAL STOCK PRICE



Source: Yahoo Finance

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