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# Zacks Small-Cap Research

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## Health in Tech Inc. (HIT-NASDAQ)

### HIT: Strong Momentum, With Robust Network and Revenue Growth as HIT Expands Reach, Sees Traction Rise

HIT reported 2Q25 revenue up an impressive 86% y/y to $9.3m vs. $5.0m in 2Q24 & ahead of our ~$8m forecast. Enrolled employees (EEs) insured via the platform reached 24,839, up 30% y/y as HIT expands its market reach and sees strong adoption across its growing distribution network, which expanded 87% to 778 partners.

| | |
|---|---|
| Current Price (7/22/25) | $ 1.69 |
| **Valuation** | **$3.25** |

## OUTLOOK

As it executes its strategy to continue to expand its reach and distribution, HIT has added many new distribution partnerships, including with large players such as leading pharmacy benefit manager (PBM) MedImpact subsidiary, Verdegard Administrators, and Hilb Group, which ranks among the top 25 U.S. insurance brokers, among others. Moreover, HIT is preparing to launch AI-powered solutions for mid-sized and larger businesses later in 2025 and is optimistic about the prospects, based on interest it has generated to-date. Concurrently, HIT continues to serve and expand its offerings for the small- to medium enterprise (SME) market.

## SUMMARY DATA

| | |
|---|---|
| **52-Week High** | **$7.59** |
| **52-Week Low** | **$0.51** |
| **One-Year Return (%)** | **N/A** |
| **Beta** | **N/A** |
| **Average Daily Volume (sh)** | **472,004** |
| **Shares Outstanding (mil)** | **57** |
| **Market Capitalization ($mil)** | **$92** |
| **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 | 9 A | 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 A | 0.01 E | 0.01 E | 0.02 E |

Quarters might not sum due to rounding & share counts

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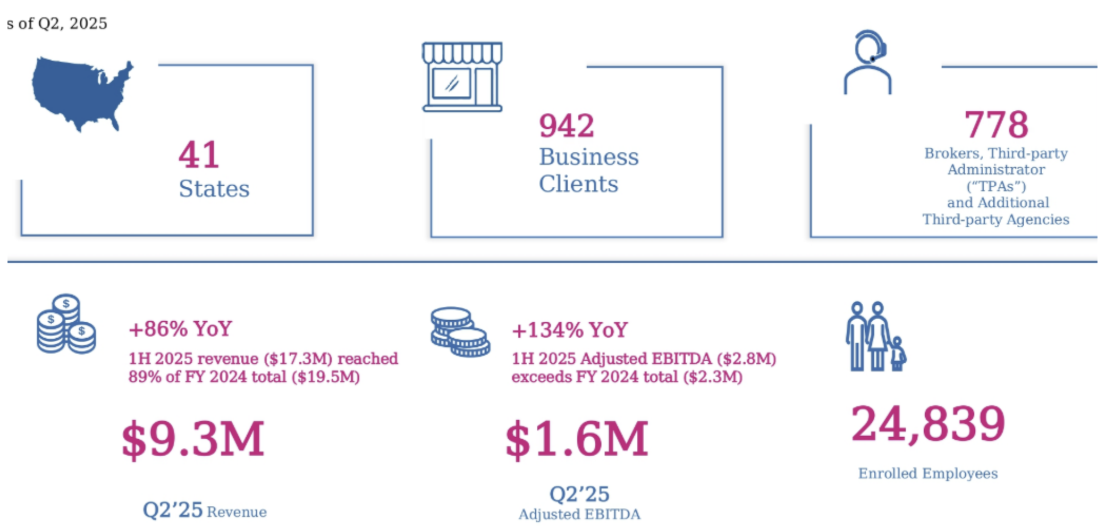
## 2Q25: STRONG NETWORK AND REVENUE GROWTH

### *Lowering the costs & complexity of securing access to healthcare*

Health in Tech (HIT-NASDAQ), an insurtech operating an AI-powered online marketplace platform to facilitate and improve employers' ability to obtain health insurance, reported strong 2Q25 results this week. The company provides enterprise SaaS (Software-as-a-Service) solutions for online processing and sales of insurance and benefit plans, solutions that we believe seem particularly timely amid the economic and regulatory uncertainty that could impact employers seeking healthcare solutions for employees. 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."

This creates a positive tailwind, we believe, as the company continues to offer solutions to lower costs and complexities around securing healthcare. HIT also continues to deepen and broaden its product offering and engage with new and existing customers.

We believe the company's 2Q25 results reflect its growing traction, as it expands its reach, offering suite and target markets. Revenue grew an impressive 86% year-over-year to $9.3 million, compared to $5.0 million in 2Q24 and ahead of our roughly $8 million forecast. Revenue in just the first half of 2025 equals almost 90% of total full year 2024 revenue.




Source: Company presentation

### *EEs up ~30% y/y as distribution network expands 87%; HIT notes strong adoption across the growing network*

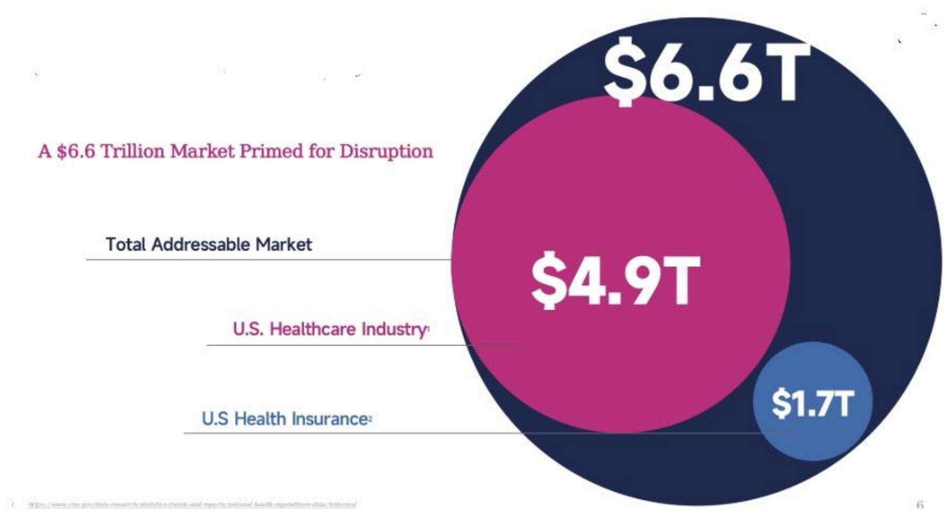
The company bills service fees per enrolled employee (EE) on a monthly basis. The number of EEs insured via its platform therefore is considered a critical indicator of growth and market penetration. In 2Q25, the company's platform had 24,839 EEs billed for various services, up about 30% compared to 2Q24 EEs. The company believes the increase in billed EEs also reflects that HIT is expanding its market reach and seeing strong adoption across its growing network.

HIT's distribution network has expanded 87% year-over-year to 778 partners, reflecting the company's strategy to extend the network beyond traditional broker channels, according to management, including partnerships with Third-party Administrators (TPAs), regional healthcare benefit providers and service platforms supporting small businesses, combined with rising adoption. For example, highlights of new business affiliations includes with Verdegard Administrators, Unified Health Plans, Hilb Group, and Baily Insurance.

Verdegard Administrators is an integrated TPA that is owned by MedImpact, which is a leading pharmacy benefit manager (PBM). MedImpact manages prescription benefits for more than 20 million members, according to HIT, which expects the partnership to help it lower expenses for small businesses. This is particularly important giving high costs of providing access to comprehensive healthcare, as indicated earlier. 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.

Unified Health Plans has a broad provider network across Kansas. Hilb Group ranks among the top 25 U.S. insurance brokers, according to *Insurance Journal.* The partnership is expected to expand HIT's reach to provide self-funded health benefit solutions to a broader network of small and mid-size employers. The affiliation with Baily Insurance, a co-founder and partner in Fusion Health Plans, which provides cost-effective tech-enabled solutions, is another expected positive for HIT.

The company continues to expand its network and reach. Moreover, despite the recent 87% year-over-year distribution network expansion, HIT believes the size of the market implies significant opportunities to further expand its distribution, reflecting the anticipated benefits of its solutions.




ource: Company presentation

On the higher 2Q25 revenue, pretax income was $0.8 million and the pretax margin was 8.0% compared to $0.4 million and 3.7%, respectively, in 2Q24. We expect the 2025 gross margin to improve slightly compared to the 1H25 level. The company expects further operating leverage as revenue ramps.

## *Simplifying and facilitating the process for a broadening target market*

HIT's strategy is to continue to expand its reach and add additional partners to its platforms. Moreover, HIT believes its proprietary technology platform is highly scalable to support a growing customer base, as more businesses seek affordable and risk appropriate healthcare insurance solutions for the employees for organizations of a broad range of sizes. The majority of U.S. firms are characterized as small- to medium-business, which has been HIT's primary target market.

The company believes the HIT platform can also make it easier for larger organizations to obtain insurance plans that are appropriate for their organizations. HIT is preparing to launch AI-powered solutions for mid-sized and larger businesses later in 2025 and is optimistic about its prospects, based on interest it has generated to-date. Concurrently, it continues to serve and expand offerings and reach for the SME (the small and medium-sized enterprises) market. The U.S. Small Business Association (SBA) notes that in 2022, small businesses with 500 or fewer employees made u 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*.

The company had cash and equivalents of $8.1 million at June 30, 2025, to advance its growth strategy compared to $7.6 million and $7.8 million, respectively, at 1Q25 and year-end 2024, and up from $2.4 million at year-end 2023.

## VALUATION

We are modifying our model following recent results. To account for seasonality and possibility that there was some slight revenue pull forward in 2Q25 reflecting this seasonality, we are shaving our 3Q25 revenue forecast slightly to $7.0 million compared to $7.4 million earlier. Our 4Q25E revenue forecast is unchanged, Combined with the 2Q25 beat, this makes our updated 2025 revenue estimate $31.6 million, compared to our prior estimate of $30.6 million. With slight modifications to our 2H25 OpEx forecasts following 2Q25, our 2025 annual EPS forecast remains unchanged at about $0.02.

There does not seem to be a direct comprehensive competitor for HIT, which does not underwrite insurance and assume risk, but facilitates the underwriting process using its technology platform. However, 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.

At this point, we believe using the P/S multiple at the high end of the range, along with the confidence factor, is appropriate. We assign a roughly 95% risk adjustment confidence multiple to our revised 2025 revenue forecast. If revenue ramps faster than we anticipate, our confidence multiple might prove conservative. On this basis, we derive a near-term valuation of about $3.25 per HIT share. Our prior validation was $2.05. 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. We 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 2Q25 results on July 21, 2025.
- 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

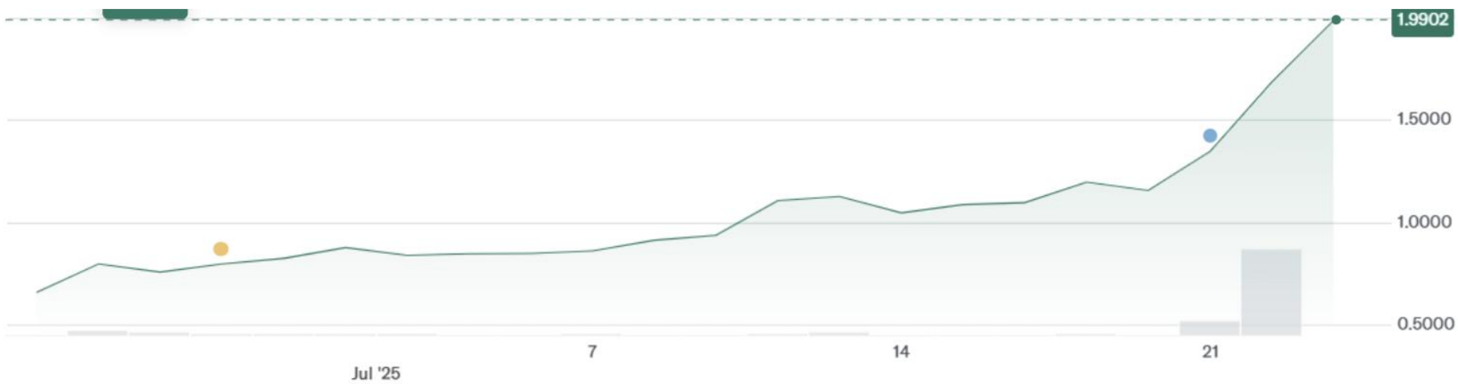
### Health in Tech

**Health in Tech Income Statement and Projections ($)**

| | 1Q24 | 2Q24 | 3Q24 | 4Q24* | 2024 | 1Q25A | 2Q25A | 3Q25E | 4Q25E | 2025E |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenue underwriting modeling (ICE) | $1,784,635 | $1,639,105 | $1,528,451 | $1,697,080 | $6,649,271 | $2,351,984 | $2,090,576 | $2,116,891 | $1,905,202 | $8,464,654 |
| *Revenues from fees:* | | | | | | | | | | |
| SMR | 2,532,922 | 2,595,545 | 2,250,549 | 2,470,284 | 9,849,300 | 5,663,000 | $7,223,273 | 4,933,045 | $5,322,856 | 23,142,174 |
| HI Card | 807,374 | 767,840 | 679,921 | 737,200 | 2,992,335 | - | - | - | - | - |
| Total fee revenues | 3,340,296 | 3,363,385 | 2,930,470 | 3,207,484 | 12,841,635 | 5,663,000 | 7,223,273 | 4,933,045 | 5,322,856 | 23,142,174 |
| **Total revenues** | **$5,124,931** | **$5,002,490** | **$4,458,921** | **$4,904,564** | **$19,490,906** | **$8,014,984** | **$9,313,849** | **$7,049,936** | **$7,228,058** | **$31,606,828** |
| Cost of revenues | 989,911 | 974,727 | 979,628 | 1,107,173 | 4,051,439 | 2,659,585 | 3,003,979 | 2,009,233 | 2,099,028 | 9,771,825 |
| Gross profit | 4,135,020 | 4,027,763 | 3,479,293 | 3,797,391 | 15,439,467 | 5,355,399 | 6,309,870 | 5,040,704 | 5,129,030 | 21,835,003 |
| *Operating expenses* | | | | | | | | | | |
| Sales and marketing expenses | 1,043,208 | 974,522 | 508,467 | 632,060 | 3,158,257 | 1,090,255 | 1,226,738 | 895,797 | 868,923 | 4,081,713 |
| G&A expenses | 1,999,194 | 1,816,679 | 1,813,520 | 2,848,014 | 8,477,407 | 3,246,765 | 3,775,453 | 3,520,026 | 3,521,786 | 14,064,029 |
| R&D | 760,196 | 701,626 | 718,424 | 633,653 | 2,813,899 | 537,721 | 582,609 | 565,736 | 571,394 | 2,257,460 |
| Total operating expenses | 3,802,598 | 3,492,827 | 3,040,411 | 4,113,727 | 14,449,563 | 4,874,741 | 5,584,800 | 4,981,559 | 4,962,103 | 20,403,203 |
| *Other income (expense):* | | | | | | | | | | |
| Interest income | 24,312 | 31,339 | 38,460 | 28,774 | 122,885 | 85,366 | 108,198 | | | |
| Interest expenses | (165,000) | (165,000) | (165,000) | - | (495,000) | | | | | - |
| Other income / (expense) net | - | - | 94,397 | 176,814 | 271,211 | 118,399 | - | - | - | - |
| Total other income (expense) | (140,688) | (133,661) | (32,143) | 205,588 | (100,904) | 203,765 | 108,198 | 114,108 | 112,967 | 539,039 |
| Pretax income | 191,734 | 401,275 | 406,739 | (110,748) | 889,000 | 684,423 | 833,268 | 173,253 | 279,895 | 1,970,839 |
| *Taxes* | (91,198) | (63,268) | (30,653) | (33,404) | (218,523) | (185,831) | (202,637) | (41,581) | (75,572) | (505,620) |
| Net income continuing operations | 100,536 | 338,007 | 376,086 | (144,152) | 670,477 | 498,592 | 630,631 | 131,672 | 204,323 | 1,465,219 |
| Discontinued operations | - | | | | | | | | | |
| | - | | | | | | | | | |
| *Net income per share* | | | | | | | | | | |
| Continuing operations | $0.00 | $0.01 | $0.01 | ($0.00) | $0.01 | $0.01 | $0.01 | $0.01 | $0.01 | $0.02 |
| Discontinued operations | - | - | - | - | - | | | | | |
| Avg shares out FD | 51,769,358 | 51,769,358 | 51,769,358 | 52,716,018 | 53,662,677 | 56,996,936 | 55,632,357 | 55,632,757 | 55,632,857 | 55,973,727 |

Source: Company reports, Zacks *Implied

## HISTORICAL STOCK PRICE




Source: Yahoo Finance

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