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Zacks Small-Cap Research

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Healthcare Triangle, Inc. (HCTI-NASDAQ)

HCTI: Initiating Coverage of Differentiated Information Technology Provider Focused on the Healthcare Industry, with Building Revenue/Earnings Growth Profile

Based on our DCF model, we think HCTI could trade up to $6.00. We look for a considerable upward revaluation for the stock, as awareness/appreciation of the company's unique business model, accelerating/sustainable growth prospects, competitive positioning across high-growth markets, revenue remix, and profitability inflection increasingly take hold. Moreover, further acquisitions of strategically complementary assets likely represent powerful catalysts.

Current Price (10/24/25)	$2.68
Valuation	**$6.00**

INITIATION

Healthcare Triangle, Inc. (NASDAQ: HCTI) is an information technology company leveraging proprietary technology platforms and domain expertise to provide differentiated cloud, data science, and professional and managed services to the Healthcare and Life Sciences industry. Clients include healthcare delivery organizations, pharmaceutical, life sciences, biotech, insurance, and medical device companies focused on increasingly realizing clinical, financial, and operational improvements via digital transformation solutions. Separately, the company recently announced an LOI to acquire Teyame.AI, a leading provider of AI-powered customer experience solutions projected to generate $34 million of revenue and $4+ million of EBITDA in 2025.

The company was incorporated in 2019 and is headquartered in Pleasanton, California.

SUMMARY DATA

52-Week High	**$473.10**
52-Week Low	**$1.49**
One-Year Return (%)	**-98.01**
Beta	**0.86**
Average Daily Volume (sh)	**1,533,240**
Shares Outstanding (mil)	**6**
Market Capitalization ($mil)	**$16**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**1**
Insider Ownership (%)	**8**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**-33.4**
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	**Above-Average**
Type of Stock	**Small-Value**
Industry	**Health Info. Services**

ZACKS ESTIMATES

Revenues

(in thousands of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2024	4,109 A	2,984 A	2,413 A	2,190 A	11,696 A
2025	3,704 A	3,558 A	4,981 E	6,974 E	19,217 E
2026					27,895 E
2027					33,474 E

Earnings/Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2024	-$104.07 A	-$70.72 A	-$54.89 A	-$59.14 A	-$281.58 A
2025	-$43.00 A	-$0.58 A	-$0.22 E	-$0.14 E	-$1.37 E
2026					-$0.25 E
2027					$0.01 E

Quarterly revenues/EPS may not equal annual revenues/EPS due to rounding.

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INVESTMENT THESIS

We are initiating coverage of **Healthcare Triangle, Inc. (NASDAQ: HCTI)** with a 12-month price target of $6.00, translating into sizeable upside from the stock's current price. Healthcare Triangle Healthcare Triangle Inc. (HCTI) is an information technology company providing digital transformation on the cloud, security and compliance, data lifecycle management, healthcare interoperability, and clinical and business performance optimization to the Healthcare and Life Sciences (HCLS) industry.

Our investment thesis revolves around:

1. **Differentiated model:** At a high level, the HCLS industry continues to deal with challenges as it relates to optimizing digital transformation solutions (more broadly) and data analytics services (more specifically) to enhance clinical outcomes, consumer experiences, and financial performance. At the crux of the issue, the healthcare industry remains highly fragmented, with incompatible legacy technology systems across hospitals, providers, pharmacies, and insurance companies.

   Healthcare Triangle's platform, solutions, and services leverage proprietary technology to support better clinical outcomes and operating efficiencies via data management/analytics optimization. Key competitive advantages for HCTI include the company's: 1) domain expertise across cloud technologies, data analytics, AI/ML, security, and governance; 2) long-standing strategic partnerships with leading public cloud providers in addition to EHR vendors; and 3) compliance subject matter experts ensure Health Insurance Portability and Accountability Act (HIPAA) compliant services.

   From a solutions perspective, HCTI offers a comprehensive suite of software, platforms, and services targeting healthcare providers and life sciences companies. This includes EHR software implementation and optimization, post-implementation support, application managed services, and cloud-based backup and disaster recovery. Proprietary software platforms include CloudEz and DataEz that enable cloud transformation, automation, data management, security and data governance, and operations management, as well as Readabl.AI, an Artificial Intelligence-based system that transforms unstructured paper-based information (documents, faxes, clinical reports) into structured EHR data, thereby reducing manual inputs and related processing times.

2. **Multi-layered growth story:** Revenues started to reaccelerate in 1H25 (up 58% vs. 2H24), and we look for momentum to continue to build in the back half of 2025, with outsized growth in 2026 and 2027. Key drivers include: a) a massive and growing industry, with the U.S. healthcare IT market projected to grow from $160.5 billion in 2024 to $566.5 billion in 2034 (with higher growth anticipated for HCTI's key verticals), as healthcare organizations continue to face various operational headwinds, rising costs, and shifting regulatory backdrops; b) HCTI's differentiated/integrated technology-enabled services designed to improve patient and consumer outcomes and drive operational efficiencies; c) a broader footprint, with management focused on increasingly leveraging the team's strong domain expertise to further expand the company's geographic reach beyond the U.S; d) further expanding HCTI's wallet share with existing software services clients by increasingly activating higher-margin/recurring managed services solutions post initial deployment periods; and e) Healthcare Triangle maintains a strong track record of accretive strategic acquisitions that have expanded the company's footprint and augmented growth via revenue synergies.

3. **Accelerating revenues + margin expansion:** Our model calls for slowing net losses of ($1.37) and ($0.25) per share for 2025 and 2026, respectively, followed by essentially breakeven EPS in 2027. Looking out to 2028, we forecast EPS to hit $0.42. Key modeling inputs include reaccelerating revenue growth and rising margins. From a top line perspective, we forecast total net revenues of $19.2 million in 2025, up 64% from $11.7 million in 2024 reflecting a sizeable backlog in addition to ~$2 million of new wins thus far this year, as well as ~$2 million of "high-probability opportunities." Beyond this year, we look for ongoing growth, with revenues of $27.9 million, $33.5 million, and $40.2 million in 2026, 2027, and 2028, respectively. Importantly, our model does not incorporate accretion related to the potential acquisition of Teyame.AI, a leading provider of AI-powered customer experience solutions projected to generate $34 million of revenue and $4+ million of EBITDA in 2025.

   At a high level, strong revenue growth combined with rising margins likely translates into a favorable inflection in profitability followed by accelerating growth in operating income. More specifically, we look for gross margins to expand from 14% in 2Q25 to 34% in 2028 reflecting an ongoing mix shift in favor of highly-

scalable/higher-margin subscription services and platform revenues. Target gross margins remain elevated across HCTI's key verticals including EHR (30%+), Healthcare Cloud (40%+), and AI Solutions (70%+). In fact, management remains steadfast in eschewing lower-margin (sub-25%) contracts. Following through, we expect rising gross profits combined with ongoing cost optimization to drive a powerful inflection in profitability, with key drivers likely including stepped up operational efficiencies, streamlined expenses, and rising economies of scale.

4. **Valuation opportunity:** The stock's current depressed valuation likely reflects declining revenues in 2024 and limited top-line growth thus far in 2025, ongoing net losses, heightened going concern risk, and the potential for dilutive equity capital raises to fund growth. That said, we look for a considerable upward revaluation for the stock, as awareness and appreciation of the company's unique business model, accelerating/sustainable growth prospects, competitive positioning across high-growth markets, revenue profile remix, profitability inflection, and valuation disconnect increasingly take hold. Indeed, we look for a substantial step up in HCTI's earnings power, as well as a steadier revenue growth profile, which we believe are not reflected in the stock at current levels. Moreover, further acquisitions of strategically complementary assets at attractive valuations likely represent powerful catalysts for HCTI.

   Despite what we believe to be conservative inputs/assumptions, our DCF model suggests a wide disconnect between HCTI's improving fundamentals and the stock's current price. Furthermore, we looked at peer valuation multiples to validate our DCF-based price target. To be sure, comparable Healthcare Information Services (companies that develop and provide comprehensive physician practice management systems and software for hospitals, medical practices, and managed-care organizations) small cap stocks trade at ~18x next year's earnings. We recognize most companies on the list are meaningfully larger, with considerable infrastructure, resource, and financial advantages. Furthermore, we forecast ongoing net losses through next year, with around breakeven EPS in 2027 for HCTI. That said, we look for HCTI to benefit from a steeper growth curve through 2028 when we project EPS to hit $0.42. Applying a peer-average forward P/E multiple (reasonably in our minds given HCTI's stronger growth outlook) to our 2028 EPS estimate of $0.42, then discounting back the implied share price by a couple of years yields a fair value of approximately $6.00 for the stock.

DIFFERENTIATED MODEL

Healthcare Triangle Inc. (HCTI) is an information technology company providing digital transformation on the cloud, security and compliance, data lifecycle management, healthcare interoperability, and clinical and business performance optimization to the Healthcare and Life Sciences (HCLS) industry.

The company has established relationships with renowned hospitals and life sciences/pharmaceutical companies across the United States. Key client segments include:

- **Hospitals and health systems:** HCTI remains well positioned to capitalize on rising demand for integrated healthcare infrastructure and enterprise-wide digital solutions and analytics, particularly following stepped-up M&A and partnership activity.

- **Life sciences companies:** HCTI's cloud security & compliance and data analytics services safeguard personal health information (PHI) and enhance customer experiences and outcomes, including clinical datasets, while ensuring regulatory adherence and supporting operational efficiency across life sciences workflows.

- **Pharmaceutical companies:** The company's advisory, development, implementation, and managed services facilitate discovery, as well as clinical and commercialization initiatives. The company's expertise spans regulated environments, leveraging HIPAA-aligned processes and r2 HITRUST-certified platforms to ensure secure, compliant data management.

Stepping back, the HCLS industry continues to deal with challenges as it relates to optimizing digital transformation solutions (more broadly) and data analytics services (more specifically) to enhance clinical outcomes, consumer experiences, and financial performance. At the crux of the issue, the healthcare industry remains highly fragmented, with incompatible legacy technology systems across hospitals, providers, pharmacies, and insurance companies. To be sure, the industry continues to make inroads when it comes to digitizing clinical, financial (billing, revenue cycle management), and operational (human resources, etc.) data. That said, demand continues to build for integrated systems that collect and store data across various sources/formats in a secure and compliant environment, while generating insightful analytics. Furthermore, recent regulations prioritize interoperability to promote data exchangeability, thereby reinforcing the benefits of systems integrated within Electronic Health Record (EHR) systems on the front-end.

Healthcare Triangle's platform, solutions, and services leverage proprietary technology to support better clinical outcomes and operating efficiencies via data management/analytics optimization. Key competitive advantages for HCTI include the company's: 1) domain expertise across cloud technologies, data analytics, AI/ML, security, and governance; 2) long-standing strategic partnerships with leading public cloud providers including Amazon Web Services (AWS), Google Cloud, and Microsoft Azure Cloud in addition to EHR vendors MEDITECH and EPIC Systems (Exhibit 1); and 3) compliance subject matter experts ensure Health Insurance Portability and Accountability Act (HIPAA) compliant services across GxP compliances, with HCTI's technology platforms CloudEz and DataEz maintaining Health Information Trust (r2 HITRUST) certifications (Exhibit 2).

Exhibit 1. Strategic Partnerships with Leading Cloud & EHR Providers

Source: Company reports.

Exhibit 2. Compliance Expertise

Source: Company reports.

From a solutions perspective, HCTI offers a comprehensive suite of software, platforms, and services targeting healthcare providers and life sciences companies (Exhibits 3 and 4). This includes EHR software implementation and optimization, post-implementation support, application managed services, and cloud-based backup and disaster recovery. These solutions digitize patient and clinical data, improve documentation accuracy, streamline record sharing, and strengthen operational efficiency across the organization. As background, EHR systems digitize patients' medical data including demographics, historical notes, medications, and reports, thereby improving documentation accuracy and efficiency, expediting the sharing of patient records, and upgrading data security. Proprietary software platforms include CloudEz and DataEz that enable cloud transformation, automation, data management, security and data governance, and operations management (Exhibits 5 and 6), as well as Readabl.AI, an Artificial Intelligence-based system that transforms unstructured paper-based information (documents, faxes, clinical reports) into structured EHR data (Exhibit 7), thereby reducing manual inputs and related processing times.

At a high level, AI adoption rates across the healthcare market in the U.S. are projected to rise from approximately 15% currently to in excess of 35% by 2030. Key AI use cases include billing/collections to optimize receivables, revenue cycle management to enhance financial projections, claims management to minimize insurance denials, insurance verification, and operations management to reduce operating expenses, more effectively manage inventory, and keep capital expenditures in check. Moreover, clinical AI use cases involve predictive technologies that analyze medical conditions and symptoms to diagnose patients and/or recommend treatments.

Exhibit 3. Healthcare Solutions

EHR Implementation & Optimization *(integrated with readabl.ai)* – Improves operational efficiency and reduces errors

Health IT Managed Services – Predictable costs with 24/7 uptime

Data Life Cycle Management – HIPAA-compliant, secure, and optimized

Community Connect & Acquisitions – Expands reach and enables network integration

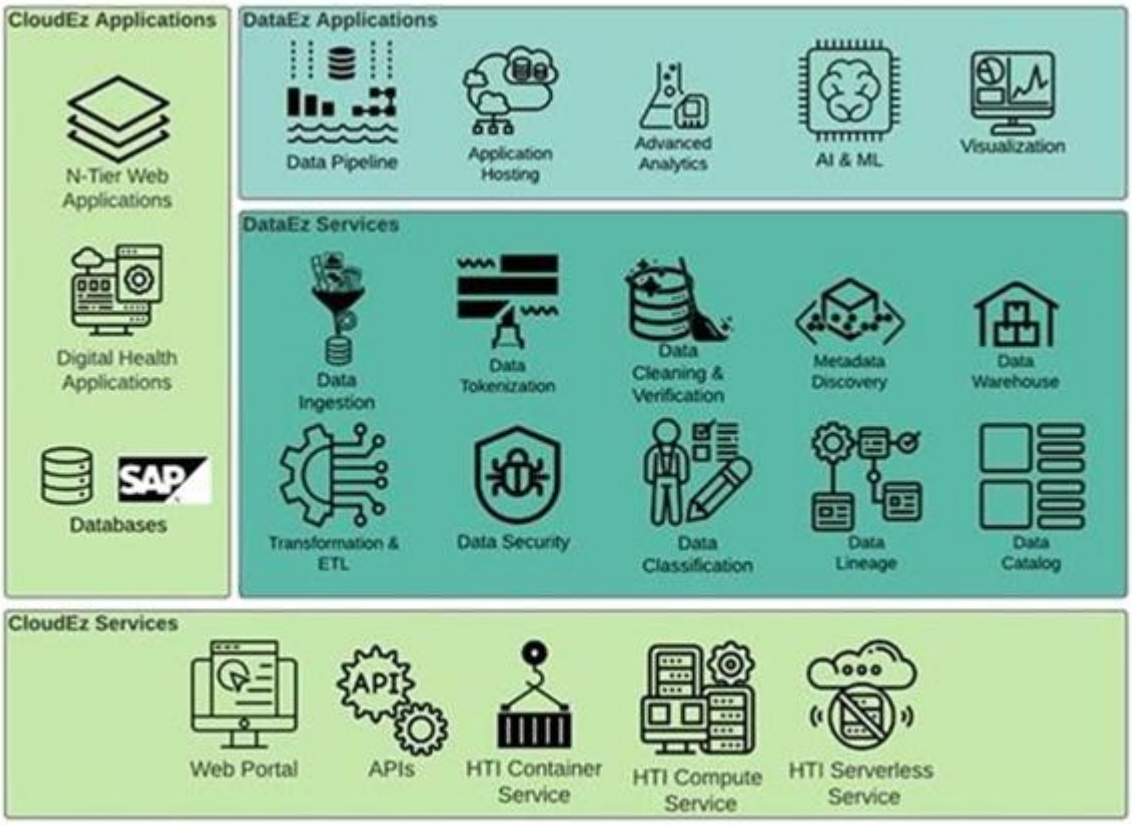
Source: Company reports.

Exhibit 4. Life Sciences Solutions

Multi-Cloud Foundation Accelerators – Speed to market for new therapies
Enterprise Data Platform for Analytics & Collaboration – Improves R&D and compliance
Cloud Security & Compliance – Protects sensitive research data
Next Gen Cloud Managed Services – Lower costs, higher performance
Next Gen Data Ops Services – Enables AI/ML readiness

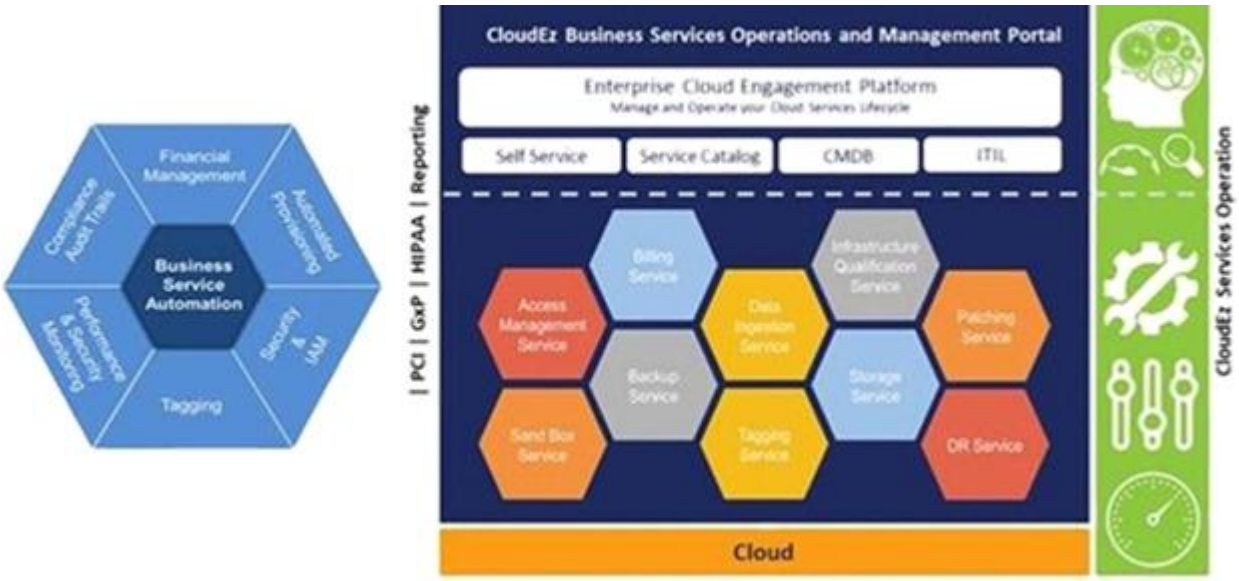
Source: Company reports.

Exhibit 5. CloudEZ/DataEZ Applications



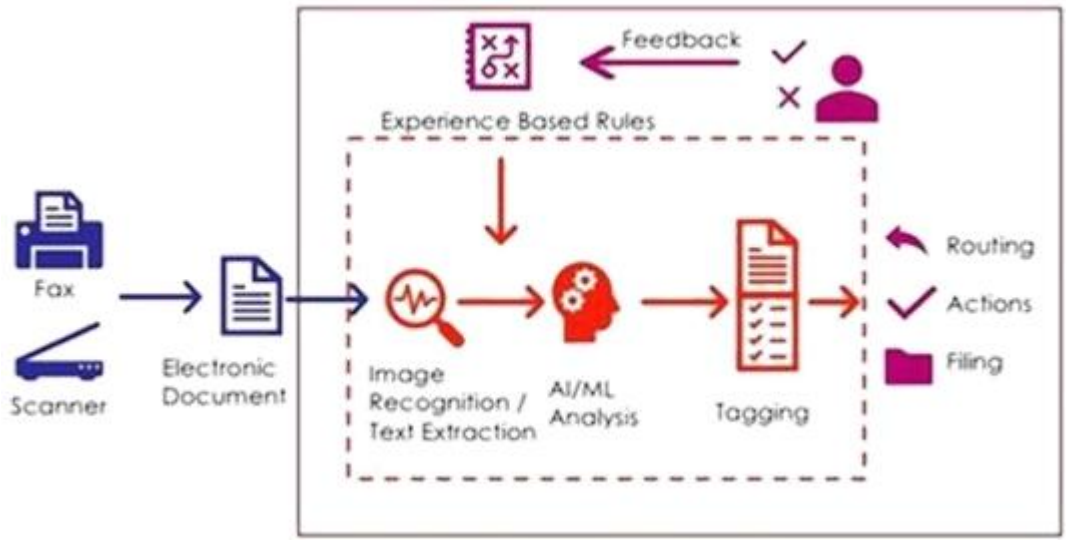
Source: Company reports.

Exhibit 6. CloudEZ Platform



Source: Company reports.

Exhibit 7. Readabl.ai



Source: Company reports.

MULTI-LAYERED GROWTH STORY

HCTI's revenues were down across-the-board in 2024, with most of the year-over-year decline a function of a slowdown in non-recurring software services contracts. That said, revenues started to reaccelerate in 1H25 (up 58% vs. 2H24), and we look for momentum to continue to build in the back half of 2025, with outsized growth in 2026 and 2027. Key drivers include:

1. **Building Total Addressable Market:** At a high level, Information Technology (IT) services companies focused on the healthcare industry typically develop, implement, and maintain software (and in many cases, provide related hardware/infrastructure) for healthcare providers designed to more effectively manage data, enhance operational efficiencies, and optimize patient experience/outcomes. In aggregate, the global healthcare IT market is projected to grow from $238.3 billion in 2023 to $1.4 trillion in 2034, representing a Compound Annual Growth Rate (CAGR) of 17.5%. Zooming in, the healthcare IT market here in the U.S. is forecast to rise from $160.5 billion in 2024 to $566.5 billion in 2034, equating to about a 13.5% CAGR (Exhibit 8).

   More broadly, healthcare organizations continue to face various operational headwinds including ongoing transitions to technology-focused/value-based care models, reimbursement challenges, as insurance plans continue to evolve, mounting data entry/management administrative burdens, and staffing turnover/shortages. As such, we believe HCTI remains well positioned to capitalize on healthcare providers increasingly looking to leverage technology, specifically AI, to drive operational efficiencies. More specific industrywide growth drivers likely include:

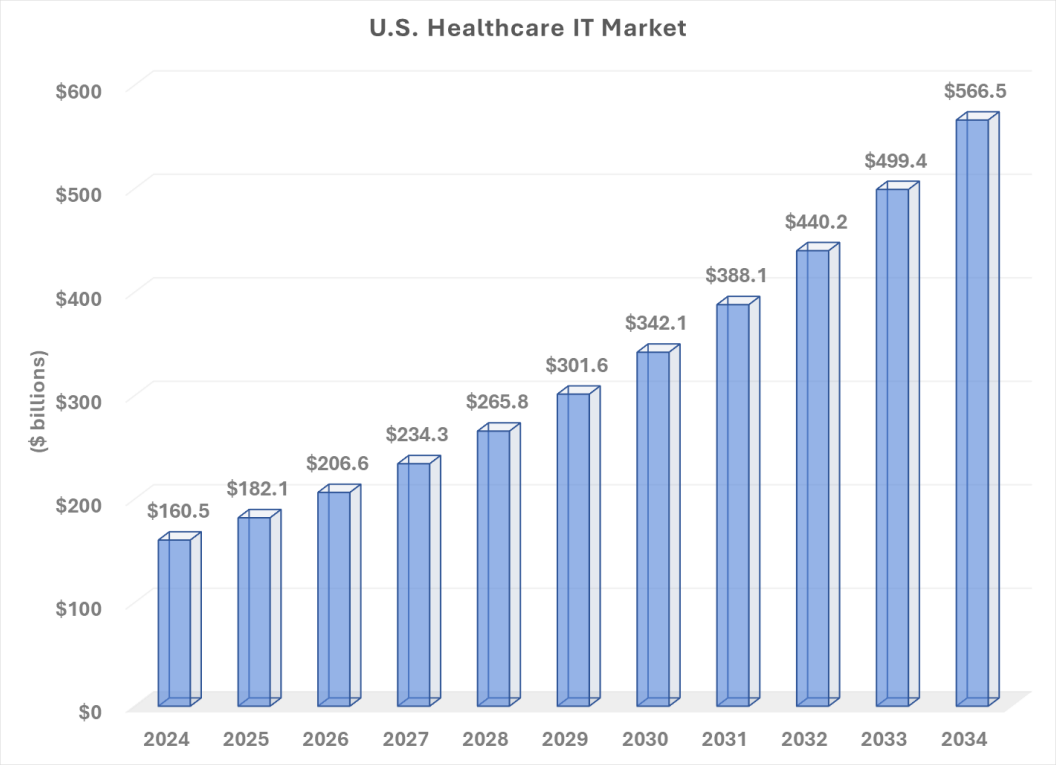
   a. **Rising costs:** Rising health insurance costs and evolving plan designs continue to impact billing/collections processes and patient experiences across smaller medical practices, large physician groups, and broader healthcare organizations. As such, providers are increasingly turning to bundled technology solutions to enhance related economics. Furthermore, third-party sourced solutions eliminate the need for outsized upfront investments in IT-related infrastructure, thereby shifting the financial burden from capital expenditure to operating costs.

   b. **Shifting demographics:** Federal health insurance programs including Medicaid and Medicare are becoming more prevalent, particularly as the U.S. population continues to age. With government-sponsored health insurance programs typically paying out lower reimbursement rates relative to private insurance plans, providers/practices are increasingly focused on streamlining expenses.

   c. **Regulatory reform:** Healthcare organizations need to remain in compliance with continually shifting regulatory/legislative requirements. Healthcare services providers often facilitate compliance with the dynamic regulatory landscape.

   d. **Evolving technologies:** The rising adoption of advanced technologies including cloud computing and Artificial Intelligence (AI) continues to enhance accessibility, flexibility, interoperability, productivity, efficacy, data centralization, integrity, and continuity, and innovation across the healthcare IT market.

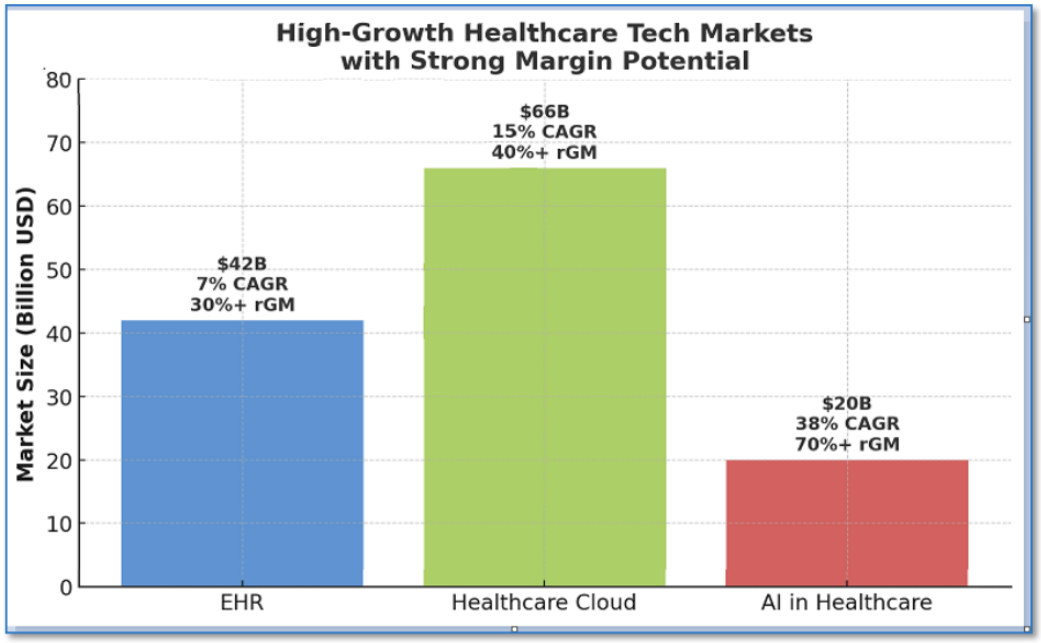
Exhibit 8. Strong Growth Forecast for the U.S. Healthcare IT Market



Source: Analyst work from Towards Healthcare.

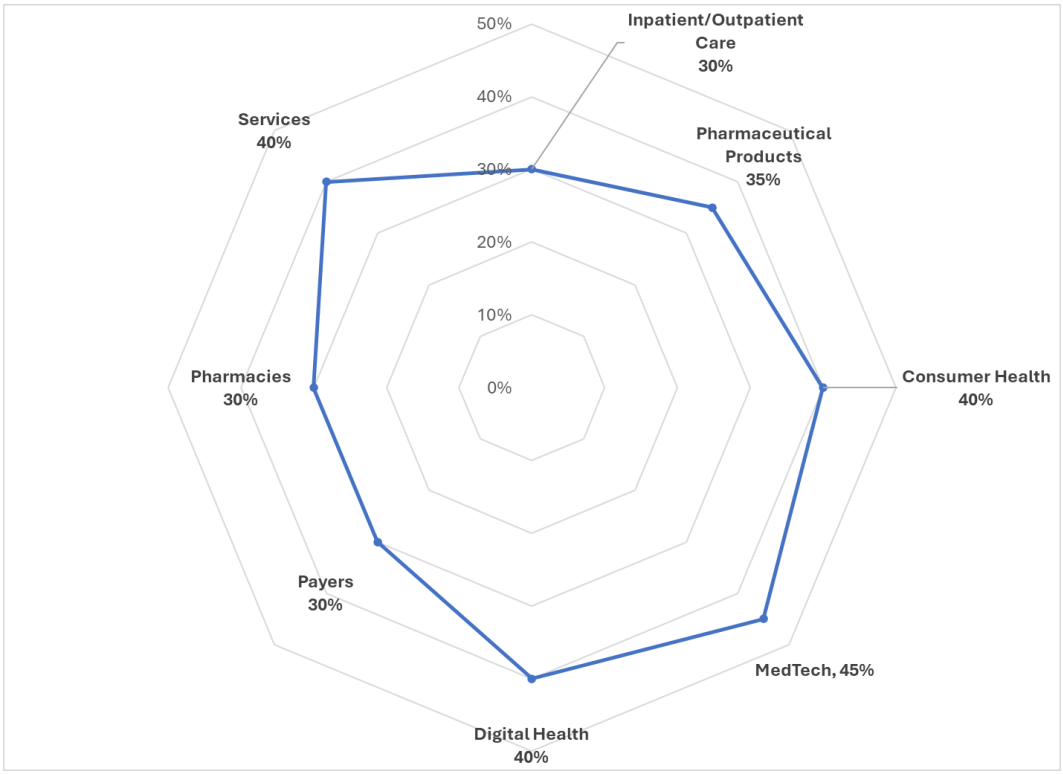
Similarly, HCTI's key verticals each maintain large Total Addressable Markets (TAMs). Indeed, compiling data from various studies suggests HCTI can increasingly tap into an estimated $128 billion revenue opportunity in aggregate. As shown in Exhibit 9, the EHR industry currently represents a $42 billion market that is projected to generate a Compound Annual Growth Rate (CAGR) of 7%, Healthcare Cloud services providers booked $66 billion of annual revenue that is forecast to grow 15% per year, while AI solutions are expected to deliver a 38% revenue CAGR across the sector. In fact, AI adoption rates are forecast to hit 30% to 45% across various healthcare industry constituencies by 2030 (Exhibit 10).

Exhibit 9. Massive, High-Growth Verticals



Source: Grand View Research, Markets and Markets, Transparent Market Research, Statista, Frost & Sullivan, and McKinsey & Company.

Exhibit 10. AI Adoption across the Global Healthcare Market in 2030



Source: Analyst work from PwC.

2. **Differentiated technology:** The company's technology-enabled services span scalable cloud architecture, data analytics, AI/Machine Learning integration, proprietary security and compliance frameworks, and governance designed to improve patient and consumer outcomes and drive operational efficiencies. More specifically, HCTI's services incorporate Big Data, DevOps, Identity Access Management (IAM), Internet of Things (IoT), and Blockchain technologies.

   From a product standpoint, HCTI announced the company's recently-created subsidiary QuantumNexis (focused on AI-powered digital health solutions) launched its Ezovion Digital Healthcare Solutions platform on the Microsoft Azure Marketplace. Ezovion is a cloud-native Hospital Information Management System (HIMS) platform designed to digitize and streamline administrative/operational workflows including patient registration, billing, diagnostics, health records, and mobile health enablement. The Microsoft Azure Marketplace enhances Ezovion's accessibility to global healthcare providers, thereby likely accelerating related adoption/growth. In addition, the company more recently introduced Readeable.AI, an AI-powered medical document automation platform that transforms unstructured documents/clinical text into structured data that can be integrated leading EHR platforms, thereby enhancing productivity and operating efficiencies.

3. **Global expansion:** Management remains focused on increasingly leveraging the team's strong domain expertise to further expand the company's geographic reach beyond the U.S. In fact, HCTI maintains an office in Canda, with clients across the Middle East and Asia, and the company recently announced QuantumNexis secured strategic partnerships with an on-demand lifestyle digital insurer and a Third-Party Administrator (TPA) in Malaysia. The partnerships represent a potential $2 million revenue opportunity in aggregate.

4. **Cross-/up-selling:** A key focus remains further expanding HCTI's wallet share with existing software services clients by increasingly activating higher-margin/recurring managed services solutions post initial deployment periods, as well maintaining high contract renewal rates. More specifically, senior officials continue to deepen engagements by deploying a broader set of solutions or tapping incremental divisions and/or geographies within existing healthcare provider clients. Indeed, HCTI recently announced multi-year contracts with a university medical system in California and a hospital network in Georgia, thereby deepening existing client relationships.

5. **Strategic M&A:** Healthcare Triangle maintains a strong track record of accretive strategic acquisitions that have expanded the company's footprint and augmented growth via revenue synergies. In fact, HCTI recently formed QuantumNexis through the acquisitions of Niyama Healthcare, a SaaS platform focused on mental health solutions, and Ezovion Solutions, a Hospital Information System (HIS) and EHR company servicing healthcare providers in India, Southeast Asia, and Europe. From a financing standpoint, the consideration included $1.5 million in cash, $3 million in restricted common stock, and up to $1.2 million in earnout payments based on financial performance through the first 12 months post closings.

   Furthermore, HCTI recently announced a Letter of Intent (LOI) to acquire Teyame.AI, a leading provider of AI-powered Customer Experience (CX) solutions based in Spain. More specifically, Teyame offers call center/telemarketing, KPI reporting/data analytics, and marketing strategy services, along with omnichannel CX platforms leveraging Agentic AI, or autonomous systems incorporating Large Language Models (LLMs) that independently plan/execute multi-step workflows. Stepping back, Teyame will likely transition into a separate subsidiary of Healthcare Triangle assuming the acquisition closes, with management focused on cross-selling Teyame's CX solutions to enhance patient engagement across HCTI, as well as leveraging Teyame's presence in Spain to increasingly penetrate the LatAm and U.S. markets. While terms of the transaction have not yet been announced, we suspect the acquisition will align with HCTI's typical deal structure involving an upfront consideration comprised of cash and stock combined with earnout payments. Assuming a definitive agreement can be reached, we would expect the acquisition to close later in the fourth quarter of this year.

ACCELERATING REVENUE + MARGIN EXPANSION

Our model calls for slowing net losses of ($1.37) and ($0.25) per share for 2025 and 2026, respectively, followed by essentially breakeven EPS in 2027. Looking out to 2028, we forecast EPS to hit $0.42.

Key modeling inputs include:

1. **Reaccelerating revenue growth:** From a top line perspective, HCTI generates revenue by providing: 1) advisory, development, implementation, and managed services; 2) post-implementation cloud hosting, monitoring, security and compliance services, and related support (recurring monthly fees); and/or 3) data analytics, backup/recovery, and document automation (readeabl.ai) platform services in the form of recurring Software-as-a-Service (Saas) fees. In aggregate, we forecast total net revenues of $19.2 million in 2025, up 64% from $11.7 million in 2024 reflecting a sizeable backlog ($15.8 million of committed fees mostly related to multi-year-contracts) in addition to ~$2 million of new wins (largely SaaS-based) thus far this year, as well as ~$2 million of "high-probability opportunities." Beyond this year, we look for ongoing growth, with revenues of $27.9 million, $33.5 million, and $40.2 million in 2026, 2027, and 2028, respectively (Exhibit 11).

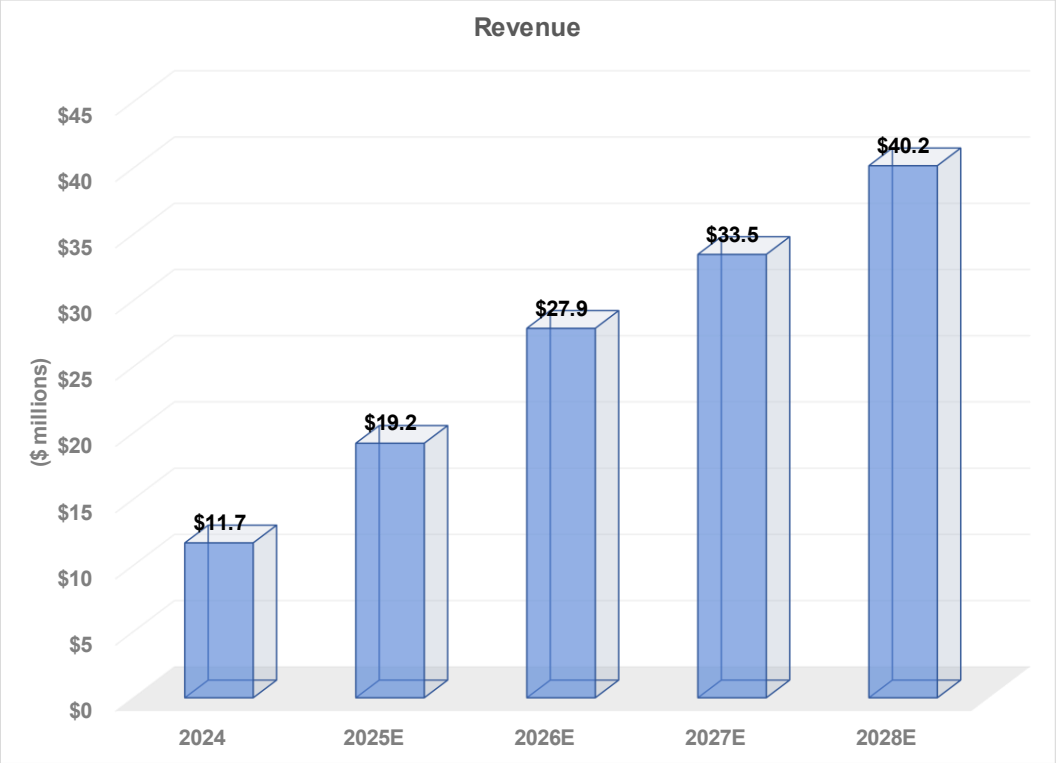
   From a mix perspective, the senior management team continues to focus on building recurring subscription/platform fees via SaaS offerings and multi-year contracts across target markets (as opposed to software advisory/implementation/development fees that remain more one-time in nature), thereby driving rising customer growth, upselling & cross-selling opportunities, and client retention, as well as a more stable/predictable revenue trajectory. Cloud-based platform applications include CloudEz, DataEz, and Readabl.ai.

   Next, beyond heightened renewal activity (with reups renegotiated at more favorable terms for HCTI, in many cases), the RFP pipeline remains strong, with ongoing discussions across hospitals, healthcare providers, and clinics, boding well for new contract wins, as Healthcare Triangle's competitive advantages increasingly resonate with potential clients. Importantly, contracts typically remain in force over multiple-year periods, thereby enhancing revenue growth and stability, all else equal. Moreover, senior management remains focused on further building out the salesforce and broadening marketing initiatives to stoke demand for the company's Managed Services & Support and Platform Services solutions.

   Importantly, our model does not incorporate accretion related to the potential acquisition of Teyame.AI, a leading provider of AI-powered customer experience solutions projected to generate $34 million of revenue and $4+ million of EBITDA in 2025. From a funding standpoint, we expect incremental transactions to involve cash and stock, with multi-year earnout payments.

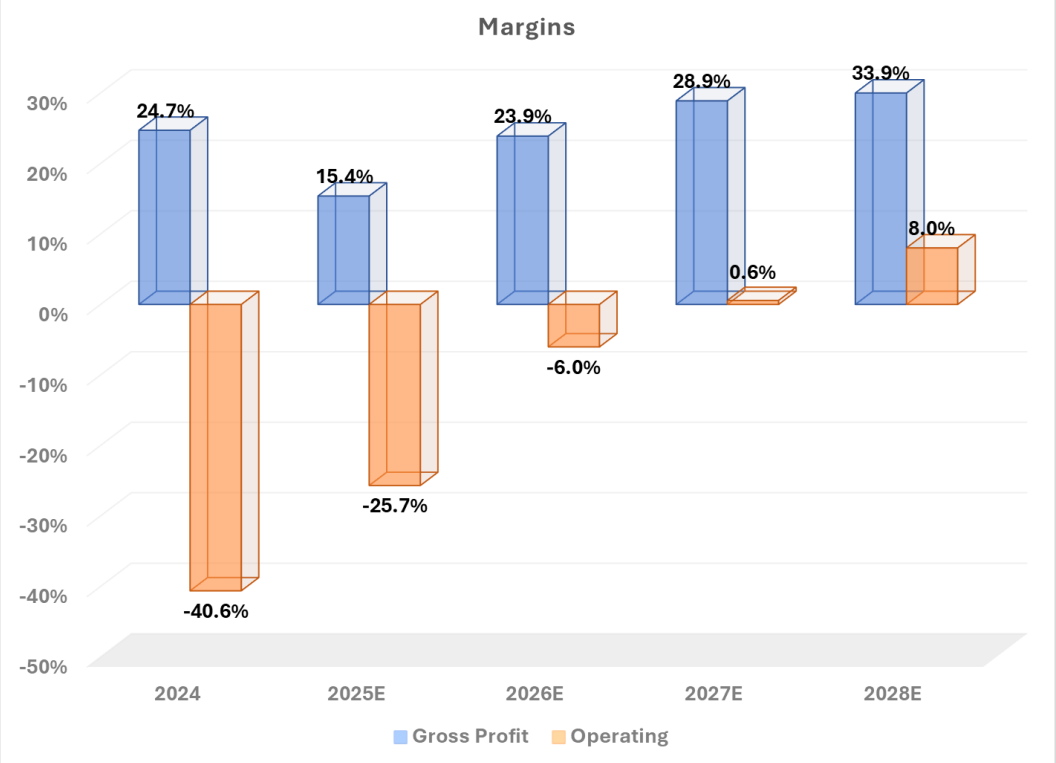
2. **Margin expansion story:** At a high level, strong revenue growth combined with rising margins likely translates into a favorable inflection in profitability followed by accelerating growth in operating income (Exhibit 13). More specifically, we look for gross margins to expand from 14% in 2Q25 to 34% in 2028 (Exhibit 12) reflecting an ongoing mix shift in favor of highly-scalable/higher-margin subscription services and platform revenues. Target gross margins remain elevated across HCTI's key verticals including EHR (30%+), Healthcare Cloud (40%+), and AI Solutions (70%+). In fact, management remains steadfast in eschewing lower-margin (sub-25%) contracts. Following through, we expect rising gross profits combined with ongoing cost optimization to drive a powerful inflection in profitability, with operating margins reaching mid-single digits by 2028. Key drivers include stepped up operational efficiencies – particularly as it relates to increasingly leveraging AI-focused automation – streamlined expenses, and rising economies of scale.

Exhibit 11. Strong Revenue Growth…



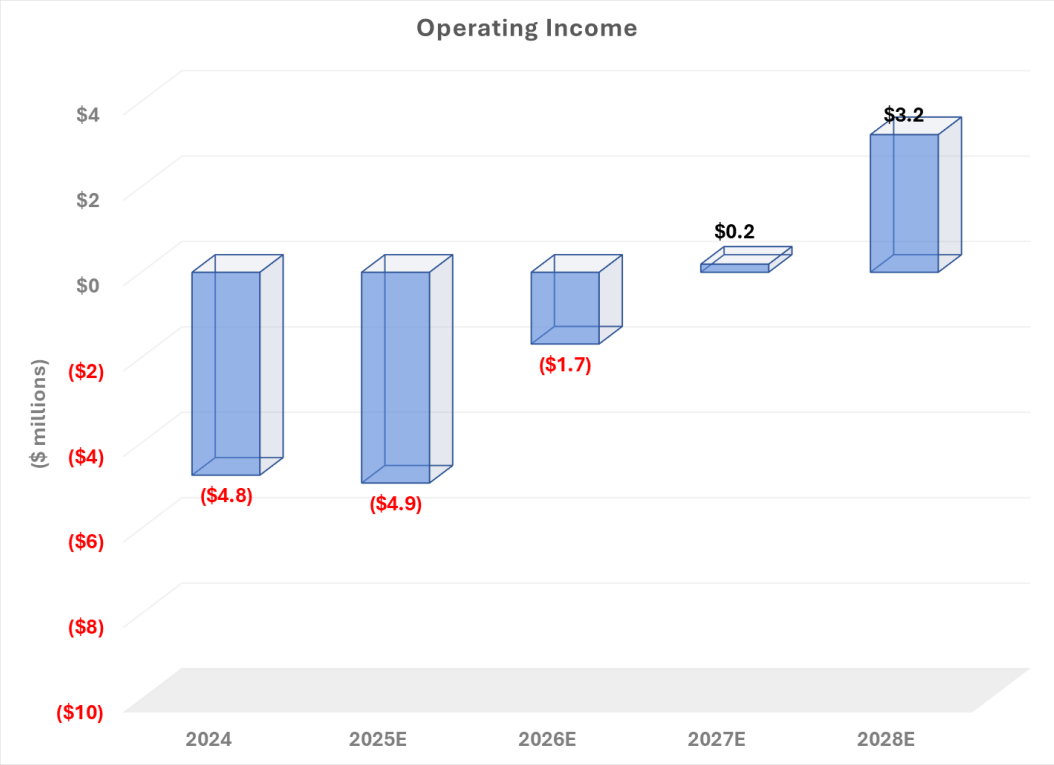
Source: Company reports and Zacks Small Cap Research estimates and calculations.

Exhibit 12. …Combined with Rising Margins…



Source: Company reports and Zacks Small Cap Research estimates and calculations.

Exhibit 13. …Likely Drives Stepped-Up Operating Income



Source: Company reports and Zacks Small Cap Research estimates and calculations.

2Q25 FINANCIAL RESULTS

- HITI generated $3.6 million of revenue during 2Q25, up 19% compared to $3.0 million in 2Q24, and bringing 1H25 revenues to $7.3 million. The year-over-year growth in 2Q25 reflected higher software services fees (shorter-term engagements focused on consulting and development) partially offset by lower managed services revenue (recurring cloud hosting/disaster recovery and monitoring contracts).

- After factoring in cost of revenue of $3.1 million, gross profit totaled $0.5 million for 2Q25 representing a gross margin of 13.9%, or up 500 basis points on a sequential-quarter basis.

- In aggregate, operating expenses totaled $1.9 million for 2Q25 compared to $2.3 million for the year-ago quarter. Much of the year-over-year decline can be attributed to lower research & development and depreciation & amortization costs partially offset by higher general & administrative expenses.

- Putting it all together, HCTI reported a net loss of $1.4 million for the quarter ended June 30, 2025, versus a net loss of $1.5 million for the year-ago period. Net loss per share came in at $0.58 for F2Q25 compared to $70.72 (skewed by the recent 1-for-249 reverse stock split) for 2Q24.

- As of June 30, 2025, cash and cash equivalents on the balance sheet totaled $3.2 million compared to $29,000 as of June 30, 2024, with the step up largely a function of net proceeds from equity issuances.

- HCTI maintained a $415,000 balance on the company's Seacoast National Bank credit facility as of June 30, 2025, down from $589,000 as of December 31, 2024. The facility carries an interest rate of 8.5% on advances against accounts receivables.

MANAGEMENT TEAM

Dave Rosa
Chairman of the Board of Directors

Mr. Dave Rosa has served as a member of Healthcare Triangle's Board of Directors since 2021. Concurrently, Mr. Rosa serves as President and Chief Executive Officer of NeuroOne Medical Technologies (NMTC) and maintains positions on the boards of other healthcare companies. Prior to joining Healthcare Triangle, Mr. Rosa held senior management roles at several medical device/healthcare technology companies. Mr. Rosa holds a Master of Business Administration degree from Duquesne University, and a Bachelor of Science degree in Commerce and Engineering from Drexel University.

Sujatha Ramesh
Chief Operating Officer

Ms. Sujatha Ramesh has served as Healthcare Triangle's Chief Operating Officer since March 2025 and Board Director. Prior to joining Healthcare Triangle, Ms. Ramesh held senior executive positions at Citigroup and senior management roles at Publicis Sapient, Infinite Computer Solutions, and Capgemini. She holds a Master of Business Administration (MBA) from the NYU Stern School of Business and a Master of Science in Information Systems and Applications. Ms. Ramesh has been recognized as a Who's Who in America Honored Listee for her contributions to technology, strategic leadership, and enterprise transformation. She has also served as a featured speaker at industry forums, including the Global Financial Market Intelligence Topic.

David Ayanoglou
Chief Financial Officer

Mr. David Ayanoglou has served as Healthcare Triangle's Chief Financial Officer since April 2025. Prior to joining the company, Mr. Ayanoglou provided corporate finance/financial reporting consulting services to Technology and Healthcare companies and held senior financial roles at Open Text and KPMG LLP. Mr. Ayanoglou is a Chartered Professional Accountant and Chartered Business Valuator, and graduated from the University of Toronto Rotman School of Business.

VALUATION OPPORTUNITY

We are initiating coverage of Healthcare Triangle with a price target of $6.00 representing meaningful upside potential from the stock's current levels. The stock's current depressed valuation likely reflects declining revenues in 2024 and limited top-line growth thus far in 2025, ongoing net losses, heightened going concern risk (discussed in the Investment Risks section), and the potential for dilutive equity capital raises to fund growth.

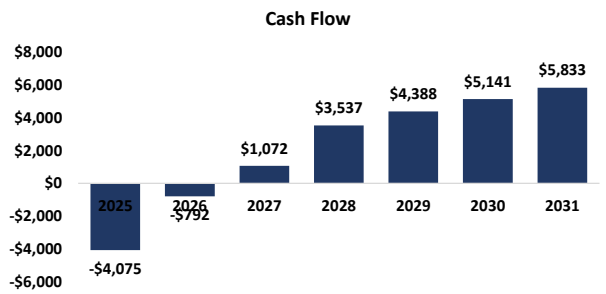
That said, we look for a considerable upward revaluation for the stock, as awareness and appreciation of the company's unique business model, accelerating/sustainable growth prospects, competitive positioning across high-growth markets, revenue profile remix, profitability inflection, and valuation disconnect increasingly take hold. As discussed earlier, we look for a substantial step up in HCTI's earnings power, as well as a steadier revenue growth profile, which we believe are not reflected in the stock at current levels. Moreover, further acquisitions of strategically complementary assets at attractive valuations likely represent powerful catalysts for HCTI.

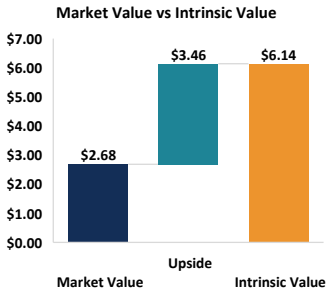
Turning to valuation, despite what we believe to be conservative inputs/assumptions, our DCF model suggests a wide disconnect between HCTI's improving fundamentals and the stock's current price. As shown in Exhibit 14, key inputs include: 1) explicit EBIT forecasts through 2028; 2) slowing EBIT growth through the end of the forecast period; 3) a 12% discount rate; 4) a perpetual growth rate of 4% despite sustainably higher growth rates for the foreseeable future; and 5) an exit EV/EBITDA multiple of 5x.

Exhibit 14. DCF Model

Healthcare Triangle, Inc.
DCF Model ($ 000s)

Assumptions	
Tax Rate	20%
Discount Rate	12%
Perpetural Growth Rate	4%
EV/EBITDA Mulltiple	5.0x
Fiscal Year End	12/31/24
Current Price	2.68
Shares Outstanding	5,832
Debt	415
Cash	3,228
Capex	-





Source: Company reports and Zacks Small Cap Research estimates and calculations.

Furthermore, we looked at peer valuation multiples to validate our DCF-based price target. As shown in Exhibit 15, comparable Healthcare Information Services (companies that develop and provide comprehensive physician practice management systems and software for hospitals, medical practices, and managed-care organizations) small cap stocks trade at ~18x next year's earnings. We recognize most companies on the list are meaningfully larger, with considerable infrastructure, resource, and financial advantages. Furthermore, we forecast ongoing net losses through next year, with around breakeven EPS in 2027 for HCTI. That said, we look for HCTI to benefit from a steeper growth curve through 2028 when we project EPS to hit $0.42. Applying a peer-average forward P/E multiple (reasonably in our minds given HCTI's stronger growth outlook) to our 2028 EPS estimate of $0.42, then discounting back the implied share price by a couple of years yields a fair value of approximately $6.00 for the stock.

Exhibit 15. Peers Trading at 18x Forward-Year EPS

Healthcare Triangle, Inc.
Valuation Comps
($ millions)

Company	Ticker	10/24/25 Price	Mrkt Cap	Earnings Per Share 2025E	Earnings Per Share 2026E	Earnings Per Share Growth	Price/Earnings 2025E	Price/Earnings 2026E
Definitive Healthcare Corp.	DH	$2.97	$309	$0.23	$0.26	13%	12.9x	11.4x
Forian Inc.	FORA	$2.19	$68	$0.06	$0.09	50%	36.5x	24.3x
Health Catalyst, Inc.	HCAT	$3.24	$228	$0.26	$0.42	62%	12.5x	7.7x
LifeMD, Inc.	LFMD	$6.30	$299	$0.17	$0.45	165%	37.1x	14.0x
OptimizeRx Corporation	OPRX	$21.68	$403	$0.65	$0.78	20%	33.4x	27.8x
Simulations Plus, Inc. (1)	SLP	$17.83	$359	$0.99	$0.85	-14%	18.0x	21.0x
Spok Holdings, Inc.	SPOK	$16.18	$333	$0.86	$0.81	-6%	18.8x	20.0x
Talkspace, Inc.	TALK	$2.76	$461	$0.04	$0.11	175%	68.9x	25.0x
TruBridge, Inc.	TBRG	$19.79	$297	$1.99	$2.25	13%	9.9x	8.8x
Averages						**53%**	**27.5x**	**17.8x**

(1) Represents F2025 (Aug) and F2026 estimates.
Source: Company reports and Zacks Small-Cap Research.

INVESTMENT RISKS

1. **Going concern:** Despite strong revenue growth, our model calls for ongoing net losses through next year, thereby exacerbating going concern risk. Indeed, we forecast a net loss of $5.3 million for this year following a net loss of $6.0 million 2024. From a liquidity standpoint, cash on the balance sheet stood at $3.2 million as of June 30, 2025, up from $20,000 at December 31, 2024, following a $15.2 million private placement in February, while short-term borrowings remained modest at $415,000 as of the end of 2Q25. Assuming continued net losses and operating cash flows remain negative for an extended period, we suspect management may need to tap the equity/convertible debt markets to raise additional capital to fund the business and/or incremental acquisitions. Any incremental equity offerings likely result in further dilution to existing shareholders and result in near-term pressure on the stock price. That said, the company recently completed a series of financial transactions that involved the exercise of existing warrants to purchase 1.4 million shares (at a reduced exercise price of $2.00) raising $2.9 million in exchange for new warrants with strike prices of $3.00 per share.

2. **Elevated competition:** To be sure, the Healthcare IT industry remains quite fragmented and highly competitive. Larger/well-established companies, with considerable infrastructure, resource, technology, marketing, branding, distribution, and financial advantages often garner outsized market shares, particularly given burdensome regulatory backdrops, and/or exert meaningful pricing pressure on smaller/less diversified competitors. In addition, other healthcare IT companies may come to market with comparable or enhanced products/services at lower price points, thereby driving accelerating demand and/or market share gains. Finally, broader technology firms may increasingly focus on hospitals and healthcare providers further intensifying competition within HCTI's target markets. As a result, stepped-up competition likely negatively impacts HCTI's growth trajectory, market share, fee rates, revenue, profits, and/or margins.

3. **Reliance on third parties:** HCTI's remains dependent on hosting, transmission, and data center services provided by third-party firms. In particular, HCTI leverages software/infrastructure development, sales, recruitment, and immigration support, project coordination, human resources, and management/advisory services from SecureKloud. Any material disruptions in service could have an adverse effect on HCTI's business operations, reputation, or financial performance. Furthermore, HCTI maintains strategic relationships with third-party data center hosting facilities operated by Amazon Web Services, Google Cloud, and Microsoft Azure Cloud. Key benefits include broader distribution, enhanced brand recognition, and rising adoption of HCTI's products and services, with any failures/damages to strategic partners' facilities likely resulting in interruptions and/or lack of availability to Healthcare Triangle's platforms.

4. **Regulatory landscape:** The healthcare industry remains highly regulated, with HCTI's various business lines, particularly Electronic Health Records services, directly or indirectly subject to numerous Federal agencies, acts, regulations, and state laws, as well as varying policies/standards across counties outside of the U.S. More relevant statutes include the Health Insurance Portability and Accountability Act (HIPPA), the Health Information Technology for Economic and Clinical Health (HITECH) Act, the 21st Century Cures Act, the Anti-Kickback Statute (AKS), the Federal Food, Drug, and Cosmetic Act (FDCA), the European Union's General Data Protection Regulation (GDPR), the California Consumer Privacy Act of 2018 (CCPA), and the Affordable Care Act (ACA). Failure to comply with applicable regulations may adversely impact the company's operations, increase costs, and/or expose HCTI to material legal liabilities/penalties. Looking ahead, incremental healthcare reform likely adds uncertainty to HCTI's operational and financial outlooks.

PROJECTED GAAP INCOME STATEMENT

Healthcare Triangle, Inc.
($ thousands)

	Quarterly								Annual					Y/Y Growth			
	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25E	4Q25E	2024	2025E	2026E	2027E	2028E	2024	2025E	2026E	2027E
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28	Dec-24	Dec-25	Dec-26	Dec-27
Net Revenue	**4,109**	**2,984**	**2,413**	**2,190**	**3,704**	**3,558**	**4,981**	**6,974**	**11,696**	**19,217**	**27,895**	**33,474**	**40,168**	**-65%**	**64%**	**45%**	**20%**
Cost of revenue	3,095	2,086	1,691	1,934	3,375	3,064	4,165	5,657	8,806	16,261	21,232	23,805	26,558	-67%	85%	31%	12%
Gross Profit	**1,014**	**898**	**722**	**256**	**329**	**494**	**816**	**1,317**	**2,890**	**2,956**	**6,662**	**9,669**	**13,611**	**-57%**	**2%**	**125%**	**45%**
Operating Expenses:																	
Bad debt expense	0	0	0	170	0	0	0	0	170	0	0	0	0	NM	-100%	NM	NM
Research and development	127	207	175	(80)	144	55	77	108	429	384	431	517	621	-46%	-11%	12%	20%
Sales and marketing	883	631	294	395	373	616	763	928	2,203	2,680	2,598	3,117	3,339	-53%	22%	-3%	20%
General and administrative	1,181	904	1,077	788	1,198	1,182	1,206	1,230	3,950	4,815	5,313	5,844	6,428	-31%	22%	10%	10%
Depreciation and amortization	536	534	343	(524)	12	0	0	0	889	12	0	0	0	-43%	-99%	-100%	NM
Impairment expense	0	0	0	0	0	0	0	0	0	0	0	0	0	-100%	NM	NM	NM
Total Operating Expenses	**2,727**	**2,276**	**1,889**	**749**	**1,727**	**1,853**	**2,045**	**2,266**	**7,641**	**7,891**	**8,342**	**9,479**	**10,388**	**-47%**	**3%**	**6%**	**14%**
Operating Income/(Loss)	**(1,713)**	**(1,378)**	**(1,167)**	**(493)**	**(1,398)**	**(1,359)**	**(1,229)**	**(949)**	**(4,751)**	**(4,935)**	**(1,679)**	**190**	**3,222**	**NM**	**NM**	**NM**	**NM**
Other Income/(Expense):																	
Other income	0	0	0	7	111	13	0	0	7	124	0	0	0	-42%	1671%	-100%	NM
Interest expense	(149)	(131)	(80)	(853)	(413)	(21)	(25)	(35)	(1,213)	(493)	(138)	(138)	(138)	NM	NM	NM	NM
Other income/(expenses), net	(149)	(131)	(80)	(846)	(302)	(8)	(25)	(35)	(1,206)	(369)	(138)	(138)	(138)	NM	NM	NM	NM
Pre-Tax Income/(Loss)	**(1,862)**	**(1,509)**	**(1,247)**	**(1,339)**	**(1,700)**	**(1,367)**	**(1,254)**	**(984)**	**(5,957)**	**(5,305)**	**(1,818)**	**52**	**3,084**	**NM**	**NM**	**NM**	**NM**
Income taxes	0	(1)	(2)	(9)	0	0	0	0	(12)	0	0	0	0	NM	NM	NM	NM
Net Income/(Loss)	**(1,862)**	**(1,510)**	**(1,249)**	**(1,348)**	**(1,700)**	**(1,367)**	**(1,254)**	**(984)**	**(5,969)**	**(5,305)**	**(1,818)**	**52**	**3,084**	**NM**	**NM**	**NM**	**NM**
Earnings/(loss) per share	**($104.07)**	**($70.72)**	**($54.89)**	**($59.14)**	**($43.00)**	**($0.58)**	**($0.22)**	**($0.14)**	**($281.58)**	**($1.37)**	**($0.25)**	**$0.01**	**$0.42**	**NM**	**NM**	**NM**	**NM**
Weighted avg shares outstanding	18	21	23	23	40	2,343	5,832	7,261	21	3,869	7,261	7,261	7,261	26%	18152%	88%	0%

Source: Company reports and Zacks SCR estimates and calculations.

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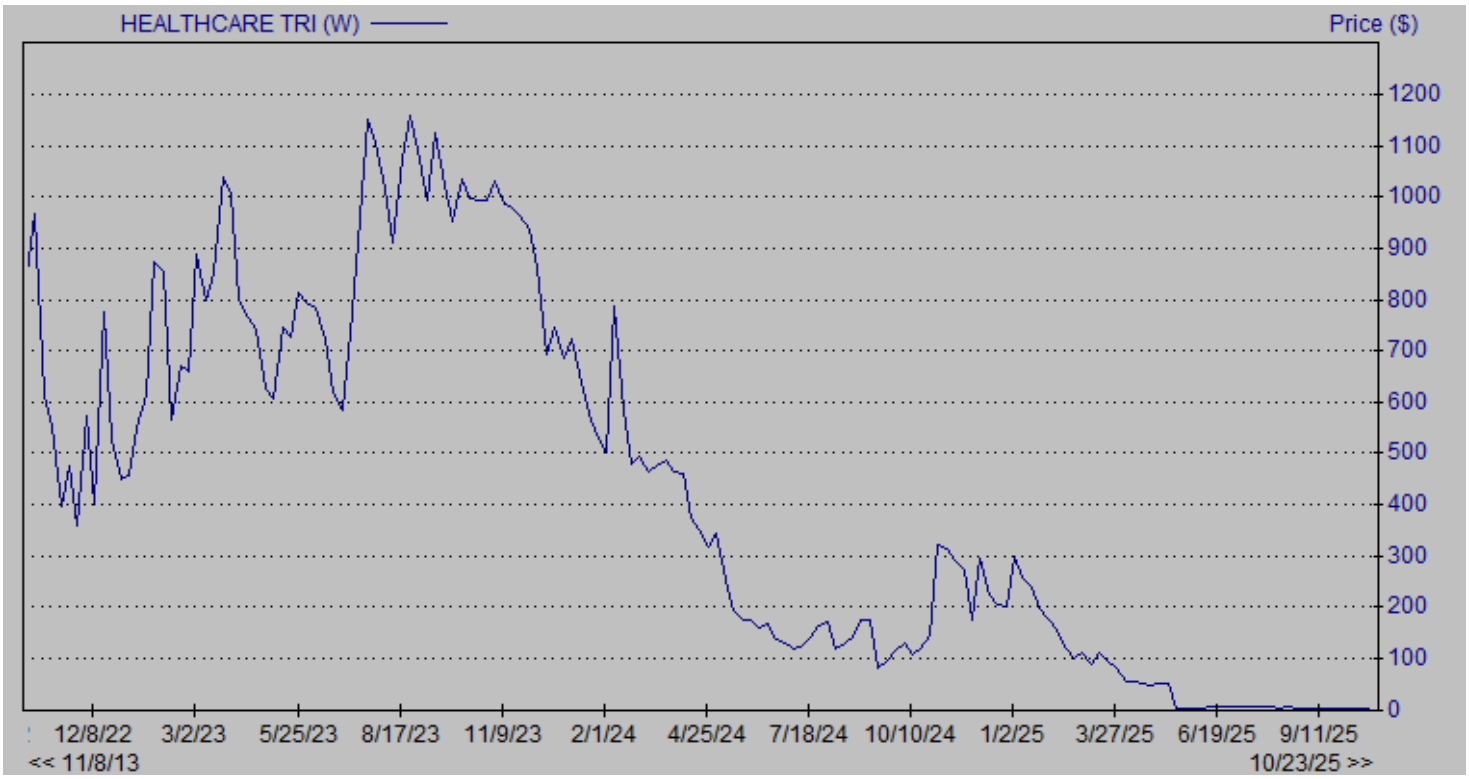
PROJECTED BALANCE SHEET

Healthcare Triangle, Inc.
($ thousands)

	Quarterly								Annual					Y/Y Growth			
	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25E	4Q25E	2024	2025E	2026E	2027E	2028E	2024	2025E	2026E	2027E
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28	Dec-24	Dec-25	Dec-26	Dec-27
Assets																	
Current assets:																	
Cash and cash equivalents	301	29	28	20	6,826	3,228	3,260	6,156	20	6,156	6,402	6,658	6,925	-98%	30679%	4%	4%
Accounts Receivable	2,095	2,005	1,610	1,110	1,907	1,862	1,881	1,899	1,110	1,899	1,975	2,054	2,137	-69%	71%	4%	4%
Due from affiliates	0	0	0	497	0	3,320	3,353	3,387	497	3,387	3,522	3,663	3,810	NM	581%	4%	4%
Other current assets	773	299	146	322	1,107	455	460	464	322	464	483	502	522	-61%	44%	4%	4%
Total current assets	3,169	2,333	1,784	1,949	9,840	8,865	8,954	11,906	1,949	11,906	12,382	12,878	13,393	-66%	511%	4%	4%
Furniture and equipment, net	33	24	17	12	0	3	3	3	12	3	3	4	4	-73%	-74%	8%	8%
Due from affiliates	33	363		0	1,945	0	0	0	0	0	0	0	0	-100%	NM	NM	NM
Goodwill and other intangibles, net	3,637	3,301	2,965	0	0	5,700	6,068	5,947	0	5,947	5,471	5,033	4,631	-100%	NM	-8%	-8%
Total Assets	**6,872**	**6,021**	**4,766**	**1,961**	**11,785**	**14,568**	**15,025**	**17,856**	**1,961**	**17,856**	**17,857**	**17,915**	**18,027**	**-71%**	**811%**	**0%**	**0%**
Liabilities																	
Current liabilities:																	
Accounts payable	2,013	1,937	2,298	2,539	1,618	2,074	2,095	2,116	2,539	2,116	2,200	2,288	2,380	30%	-17%	4%	4%
Short-term borrowing	1,795	1,726	1,082	2,650	775	415	980	980	2,650	980	980	980	980	-30%	-63%	0%	0%
Other current liabilities	2,187	2,504	2,704	1,386	815	670	677	683	1,386	683	711	739	769	-27%	-51%	4%	4%
Total current liabilities	5,995	6,167	6,084	6,575	3,208	3,159	3,751	3,779	6,575	3,779	3,891	4,008	4,129	-14%	-43%	3%	3%
Convertible notes	888	0	0	0	0	0	0	0	0	0	0	0	0	-100%	NM	NM	NM
Contingent consideration	500	500	500	500	0	1,200	1,200	1,200	500	1,200	1,200	1,200	1,200	0%	140%	0%	0%
Total Liabilities	**7,383**	**6,667**	**6,584**	**7,075**	**3,208**	**4,359**	**4,951**	**4,979**	**7,075**	**4,979**	**5,091**	**5,208**	**5,329**	**-14%**	**-30%**	**2%**	**2%**
Total Shareholders' Equity	**(511)**	**(646)**	**(1,818)**	**(5,114)**	**8,577**	**10,209**	**10,073**	**12,877**	**(5,114)**	**12,877**	**12,766**	**12,707**	**12,699**	**NM**	**NM**	**-1%**	**0%**
Total Liabilities & Shareholders' Equity	**6,872**	**6,021**	**4,766**	**1,961**	**11,785**	**14,568**	**15,025**	**17,856**	**1,961**	**17,856**	**17,857**	**17,915**	**18,027**	**-71%**	**811%**	**0%**	**0%**

Source: Company reports and Zacks SCR estimates and calculations.

HISTORICAL STOCK PRICE



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