

Zacks Small-Cap Research

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Health in Tech Inc.

(HIT-NASDAQ)

HIT: Self-Funded Plans Present Sizable Potential Opportunity for Growth

With ~80% of large businesses offering self-funded health plans, but only about 27% of SMB offering these plans & HIT's view that its AI-powered solutions makes it simpler for businesses of all sizes to choose and offer a stop loss plan, HIT believes that the total addressable market opportunity is significant and that it has substantial opportunity for growth and penetration.

OUTLOOK

HIT is focused on scaling and accelerating adoption of its platform and plans to boost spending in 2026 to enhance and market the platform. Upcoming new features include underwriting tools for the larger employer segment of the market, a 3-year rate stabilization program and data analysis capabilities to facilitate opportunities. The company anticipates strong revenue growth in 2026 and reiterated revenue guidance of \$45m-\$50m, a ~35%-50% y/y anticipated advance.

Current Price (5/15/26) \$1.06
Valuation \$4.10

SUMMARY DATA

52-Week High \$4.02
52-Week Low \$0.56
One-Year Return (%) 66
Beta N/A
Average Daily Volume (sh) 387,088

Shares Outstanding (mil) 66
Market Capitalization (\$mil) \$70
Short Interest Ratio (days) 1.2
Institutional Ownership (%) N/A
Insider Ownership (%) 72

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 2026 Estimate N/A
P/E using 2027 Estimate N/A

Risk Level Avg
Type of Stock Small-Growth

ZACKS ESTIMATES

Revenue

(in millions of \$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2024	5 A	5 A	4 A	5 A	19 A
2025	8 A	9 A	9 A	8 A	33 A
2026	9 A	7 E	15 E	16 E	48 E
2027					78 E

EPS or Loss Per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
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 A	-0.01 A	0.02 A
2026	-0.03 A	-0.03 E	-0.00 E	-0.00 E	-0.06 E
2027					0.10 E

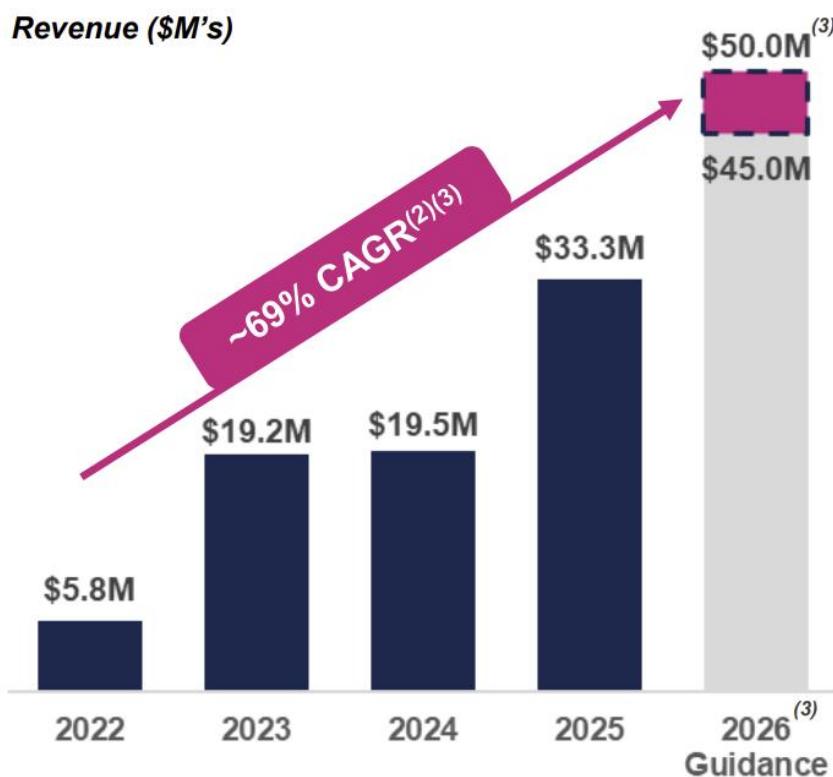
Quarters might not sum due to rounding & share counts

Disclosures on page 11

INVESTING FOR FUTURE GROWTH

Health in Tech (HIT-NASDAQ), an AI-enabled InsurTech platform, announced 1Q26 results last week. Revenue grew by an impressive 9.4% year-over-year to \$8.8 million. We believe this growth reflects the strong momentum the company's platform is experiencing as HIT continues to engage with new and existing customers, extend its target market and expand its reach, as it broadens its solutions offerings as the company continues to invest to support future growth, it recorded a net loss of \$1.6 million, or (\$0.03) per share, compared to \$0.5 million, or \$0.01 per share, in 1Q25.

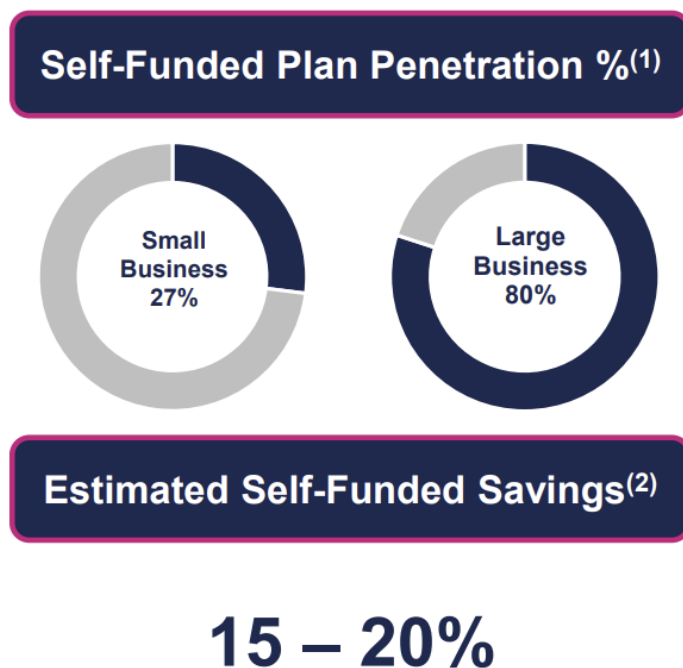
The company reiterated its previous guidance range for expected revenue of \$45 million to \$50 million. This represents roughly 35%-50% year-over-year anticipated revenue growth. We are raising our 2026 revenue forecast to \$46 million, up from \$41 million earlier. It would not surprise us if this proved conservative.



Laying the groundwork for growth in 2026 and beyond

HIT is laying the groundwork for growth in 2026 and beyond, as the company believes it operates in a sizable and often difficult to navigate self-funded stop-loss insurance market. Citing industry estimates, the company believes that about 80% of large businesses offer self-funded health plans, but only about 27% of medium and small businesses (SMB) do. Self-funded health care plans allow organizations to manage costs but the complexity of initially finding and offering a plan has made it challenging for many businesses. HIT believes its AI-powered solutions makes it simpler for businesses of all sizes to choose and offer a stop loss plan. There are about 1.1 million insurance brokers in the U.S., according to management, and the self-funded healthcare market is estimated at about \$0.9 trillion. Thus, HIT believes that the total addressable market opportunity is significant and that it has substantial opportunity for further growth and market penetration.

Self-funded plans present sizable potential opportunity for growth



Source: [Company presentation](#) ⁽²⁾ Intercept Health

Given the anticipated opportunity, the company is focused on accelerating adoption of its platform and scaling the technology. HIT plans to boost spending in 1H26 to enhance and market the platform. A significant enhancement that is expected to boost growth is the recent extension of HIT's underwriting capabilities into larger employer segments of the market. It is still early in this initiative. Reflecting the relatively longer sales cycle for larger organizations, we expect growth to accelerate in the back half of 2026 into 2027. Over time, we expect substantial operating leverage as HIT scales its AI-driven platform, although we anticipate some margin compression in 2026 as the company invests in and markets new features and tools.

The company continues to introduce new enhancements such as large-employer underwriting within eDIYBS and a planned 3-year rate hold for large employers, among other planned commercial launches. The company expect to complete market testing of the 3-year rate stabilization program in 1H 2026. It is designed to provide cost stability and predictability for employers. HIT also intends to begin beta testing a new data-driven solution that integrates physiological data and claims data to produce insights that management teams can leverage to inform their insurance decision making processes. As HIT adds new features, combining AI-driven automation and underwriting support with human quality control, and as revenue is anticipated to grow, the company expects to further increase its operating leverage. Longer term, the company also intends to leverage blockchain secured claims capabilities.

HIT intends to increase its investment in sales and marketing in 2026 to expand its broker network and leverage a scalable commercial strategy. While in the past, growth has been driven primarily by word of mouth and through a relatively small in-house sales team, the company intends to expand its sales team and engage in more structured outreach, marketing initiatives and direct engagement to brokers. HIT believes the investments it has earmarked in 2026 are critical to enable the company to garner a larger share of a sizable market opportunity and that it will benefit from early mover advantage. HIT also intends to increase and diversify the number of participating insurance carriers on its platform. Management believes the platform is disrupting the healthcare insurance market, reflecting its ability to shorten the timeline to research and obtain affordable insurance in efficiently online. By comparison, the

underwriting process traditionally has been conducted in a manual, time-intensive way, particularly – according to HIT – in the large employer segment. Its AI-driven platform facilitates development and deployment of insurance capabilities within about one to two quarters compared to the traditional insurance cycle, in which new product and service deployments can often take one to two years to implement, according to the company. HIT believes its ability to shorten and accelerate the development cycle creates a significant competitive advantage.

HIT continues to offer solutions to lower costs, complexities & is encouraged by early interest from large-employers

HIT’s legacy target addressable market (TAM) is primarily comprised of SMEs (the small and medium-sized enterprises). The majority of U.S. firms fall into this category, according to the U.S. Small Business Association (SBA). However, HIT is optimistic about the prospects for its AI-powered solutions for businesses of all sizes. The company believes the HIT platform can also make it easier for larger organizations to obtain insurance plans that are appropriate for their organizations. The sales cycle for larger organizations is relatively long, with annual contracts generally closing in July and at year end so it is still somewhat early in the process.

However, reflecting interest it has generated to-date, the company is encouraged about its opportunities in the large-employer segment, as HIT concurrently continues to expand its offerings and reach for the SME market. HIT is optimistic about the traction it is seeing as it continues to engage with new and existing customers, extend its target market as it broadens its solutions offerings and expands its reach and as it adds brokers and forms new relationships.

HIT By The Numbers

As of March 31, 2026



	Revenue	Adj. EBITDA ⁽³⁾	2026 Revenue Guidance ⁽⁴⁾
Q1 2026	\$8.8M +9% YoY	\$(1.3M) N/A	\$45M - \$50M ~43% YoY Growth at the Midpoint
Q1 2025	\$8.0M +56% YoY	\$1.2M +163% YoY	
FY 2025	\$33.3M +71% YoY	\$4.1M +81% YoY	

Source: [Quarterly-Presentation](#)

The platform placed land value (PPLV) at 1Q26 was \$82 million and commitments, or contracted revenue to be recognized in the remainder of 2026 was about \$22.9 million. the PPLV represents the total contractual value of self-funded health plans with stop-loss insurance placed through the platform, covering the duration of the plans’ contractual term, which generally is 12 months from the plan’s effective date. The \$82.0 million of self-funded stop-loss plans consists of self-funded health plans and bundled stop-loss premiums.

HIT believes its penetration of the broker pool is substantially below 1%, implying a significant opportunity, as the platform enables a growing number of solutions for employers to manage rising healthcare costs. The national focus on affordable healthcare access as costs rise creates a positive tailwind, we believe, for the company's growing portfolio of solutions. HIT continues to offer solutions to lower costs and complexities around securing affordable healthcare. HIT also continues to introduce features to make it easier for brokers to secure new business. For example, HIT recently introduced broker messaging features to facilitate communications and early feedback from brokers has been positive.

Cash balance to support growth initiatives

The company closed a private investment in public equity (PIPE) financing in 1Q26, issuing 5.6 million shares and raising gross proceeds of about \$7.0 million. Institutional investors participated. The funds are earmarked to expand sales distribution, develop new technology and new products, with spending expected to be 1H weighted in 2026 to set the stage for accelerating growth beginning in 2H 2026. HIT had a cash balance of \$10.3 million at March 31, 2026, to support its growth initiatives.

Self-Funded Healthcare Plans (SFPs) provide cost and flexibility benefits

The self-funded healthcare landscape

Health in Tech's online marketplace is designed to make it easier for businesses to obtain affordable self-funded benefits plans and stop loss insurance. Self-funded benefits plans have traditionally been out of reach for small/medium businesses. Until relatively recently, self-funded benefits plans have generally been designed primarily for large corporations. Based on data from the KFF 2025 Employer Health Benefit Survey (¹ below), the company estimates that SFP penetration among small businesses is about 27% compared to 80% for larger organizations.

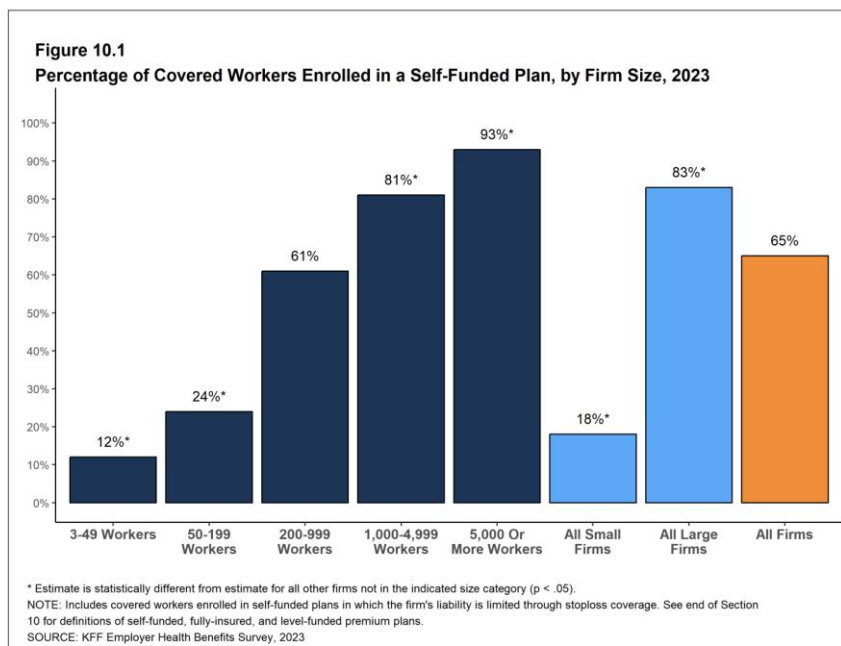
The company also believes that many TPAs, brokers and MGUs avoid selling stop loss insurance for self-funded benefits plans, reflecting the complexity of navigating and difficulty of closing the sales process. The company offers SMBs tools to create and support self-funded benefits plans and believes its solutions can help smaller businesses avoid many of the challenges in order to access cost effective health care plans. Last year, the company formed a partnership with MARPAI and Vitable DPC to offer competitive quotes in enhanced self-funded solutions, which HIT expects will facilitate its ability to offer competitively priced self-funded health plans. The company also believes its ability to bundle SFPs with stop-loss insurance features is an attractive enhancement.

According to KKF, "Many firms, particularly larger firms, choose to pay for some or all of the health services of their workers directly from their own funds rather than by purchasing health insurance for them. This is called self-funding... Self-funding is common among larger firms because they can spread the risk of costly claims over a large number of workers and dependents." Many employers that sponsor self-funded plans also have stop-loss coverage in order to limit their liabilities, according to industry sources.

The company's technology can offer customized plan to meet employers' specific needs for self-funded benefits plans. HIT recently expanded its stop-loss self-funded healthcare plan offerings to deliver 100+ pre-configured, customized stop-loss healthcare programs. This increases the offerings and options brokers can provide to employers, including the flexibility to further customize plans when employers require specific changes, and supports shorter sales cycles, and scalable distribution.

The company recently formed a strategic collaboration with Benefit Re, a fast-growing insurance carrier providing both healthcare and property & casualty (P&C) insurance, to enhance brokers' ability to offer healthcare solutions for employers and improve speed-to-market and scalability across its distribution

network. According to HIT, Benefit Re has a 3-year 85% employer retention rate, reflecting its alignment between internal pricing discipline and risk management with employers' long-term needs. The company views this relationship as creating opportunities for it to expand into the P&C category down the road.



VALUATION

Reflecting HIT's anticipated strong growth prospects, we use a P/S multiple at the high end of the under 2x to more than 5x revenue range for the overall insurance sector as a general benchmark, on a price-to-sales (P/S) basis. We assign a roughly 75% risk adjustment confidence multiple to our 2026 revenue forecast. On this basis, we derive a near-term valuation of about \$4.10 per HIT share. If revenue ramps faster/slower than we anticipate, our confidence multiple might prove conservative. 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.

We believe the growing focus on healthcare access and costs creates a positive tailwind around securing affordable healthcare and the company continues to expand and strengthen its platform and offering suite. We are optimistic about the company's opportunities and while 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, we would expect HIT to enjoy better growth rates than many companies at this point in its development.

RECENT NEWS

- HIT announced 1Q26 results on May 13, 2026.
- Health In Tech announced a \$7.0 million placement on March 27, 2026.
- On March 17, 2026, HIT and Amazon Web Service advanced tier service partner Ciklum announced a strategic collaboration to accelerate the development of the AI-driven InsurTech platform.
- On February 24, 2026, Health In Tech appointed former SAP and IBM executive Sri Rajagopalan as Chief Technology Officer.
- On January 13, 2026, Health In Tech announced Zain Hasan as Chief Growth Officer.
- On January 12, 2026, HIT unveiled Davos 2026 Independent InsurTech Summit Agenda, in which it participated.
- Health In Tech announced a collaboration with Benefit Re to introduce 100+ customized stop-loss self-funded plans on January 7, 2026.
- On December 2, 2025, Health In Tech announced the voluntary extension of its lock-up period.
- On November 11, 2025, HIT announced that it would showcase HITChain at the Web Summit in Lisbon.

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.
- HIT might need to raise capital to support its strategy that might be dilutive to 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.
- Class B shares are entitled to 10 votes per share versus one for Class A shares.

FINANCIAL MODEL

Health in Tech

Health in Tech Income Statement and Projections (\$)

	1Q25A	2Q25A	3Q25A	4Q25A	2025A	1Q26A	2Q26E	3Q26E	4Q26E	2026E
Revenue underwriting modeling (ICE)	\$2,351,984	\$2,090,576	\$1,389,604	\$1,032,381	\$6,864,545	\$1,468,814	\$1,881,518	\$1,862,069	\$1,548,572	\$6,760,973
Total fee revenues	5,663,000	7,223,273	7,100,489	6,476,204	26,462,966	7,302,832	5,417,455	13,561,934	14,765,745	41,047,966
Total revenues	\$8,014,984	\$9,313,849	\$8,490,093	\$7,508,585	\$33,327,511	\$8,771,646	\$7,298,973	\$15,424,003	\$16,314,317	\$47,808,939
Cost of revenues	2,659,585	3,003,979	3,346,277	3,379,942	12,389,783	4,262,247	3,547,301	7,866,242	8,320,301	23,996,091
Gross profit	5,355,399	6,309,870	5,143,816	4,128,643	20,937,728	4,509,399	3,751,672	7,557,762	7,994,015	23,812,848
<i>Operating expenses</i>										
Sales and marketing expenses	1,090,255	1,226,738	962,567	906,206	4,185,766	2,291,601	2,353,642	3,239,041	3,426,006	11,310,291
G&A expenses	3,246,765	3,775,453	3,451,907	3,180,137	13,654,262	3,455,558	3,545,467	3,866,136	3,904,797	14,771,958
R&D	537,721	582,609	235,819	213,113	1,569,262	920,395	920,522	825,367	833,620	3,499,904
Total operating expenses	4,874,741	5,584,800	4,650,293	4,299,456	19,409,290	6,667,554	6,819,632	7,930,543	8,164,424	29,582,153
<i>Other income (expense):</i>										
Interest income	85,366	108,198	111,699	104,659	409,922	67,471	-	-	-	-
Interest expenses	-	-	-	-	-	-	-	-	-	-
Other income / (expense) net	118,399	-	(5,000)	(377,587)	(264,188)	22,334	-	-	-	-
Total other income (expense)	203,765	108,198	106,699	(272,928)	145,734	89,805	259,675	142,977	144,406	636,863
Pretax income	684,423	833,268	600,222	(443,741)	1,674,172	(2,068,350)	(2,808,285)	(229,805)	(26,002)	(5,132,442)
Taxes	(185,831)	(202,637)	(148,046)	141,184	(395,330)	480,069	730,154	50,557	5,721	1,266,501
Net income continuing operations	498,592	630,631	452,176	(302,557)	1,278,842	(1,588,281)	(2,078,131)	(179,248)	(20,282)	(3,865,941)
Discontinued operations	-	-	-	-	-	-	-	-	-	-
<i>Net income per share</i>										
Continuing operations	\$0.01	\$0.01	\$0.01	(\$0.01)	\$0.02	(\$0.03)	(\$0.03)	(\$0.00)	(\$0.00)	(\$0.06)
Discontinued operations	-	-	-	-	-	-	-	-	-	-
Avg shares out FD	56,996,936	55,632,357	58,774,334	58,635,562	57,509,797	57,353,021	65,533,000	65,533,125	65,533,250	63,488,099

Source: Company reports, Zacks

HISTORICAL STOCK PRICE



Source: Yahoo Finance

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