August 14, 2026

Zacks Small-Cap Research

Sponsored – Impartial - Comprehensive

Brad Sorensen
312-265-9674
bsorensen@zacks.com

scr.zacks.com

101 N. Wacker Drive, Chicago, IL 60606

Healthcare Triangle, Inc. (HCTI-NASDAQ)

HCTI: Transformation Taking Hold

HCTI is a health tech company offering valuable solutions to many players in the health care arena.

We value HCTI at $3.15 per share based on a discounted cash flow model.

Current Price (8/13/26)	$1.73
Valuation	**$3.15**

OUTLOOK

Healthcare Triangle, Inc. (HCTI) operates at the intersection of healthcare delivery and cloud-based data infrastructure, positioning itself as a specialized provider of digital transformation solutions tailored to the highly regulated healthcare industry. The company's core business centers on helping hospitals, life sciences firms, and payers migrate, manage, and optimize their data and applications in the cloud.

The company released Q2 financials that showed substantial evidence that the recent transformation of the company is having a positive impact.

SUMMARY DATA

52-Week High	**$238.92**
52-Week Low	**$1.02**
One-Year Return (%)	**-99.13**
Beta	**1.11**
Average Daily Volume (sh)	**2,479,619**
Shares Outstanding (mil)	**3**
Market Capitalization ($mil)	**$5**
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	**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	3,489 A	3,140 A	13,891 A
2026	9,855 A	9,193 A	9,653 E	10,135 E	38,836 E
2027					40,541 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	-$0.43 A	-$0.07 A	-$44.58 E
2026	-$6.84 A	-$1.56 A	-$0.97 E	-$0.87 E	-$10.23 E
2027					-$3.18 E

Quarterly revenues/EPS may not equal annual revenues/EPS due to rounding and reverse share split.

Outlook

Healthcare Triangle (NASDAQ: HCTI) is beginning to show tangible evidence that its strategy of transforming from a relatively small healthcare IT services provider into a broader AI-driven technology company is gaining traction. The company's second-quarter 2026 results, released August 13, provide perhaps the clearest indication yet of that transformation: revenue increased 158% year over year, gross profit jumped 322%, and gross margin expanded substantially. Just as importantly, the businesses acquired earlier this year continued to perform strongly in their second quarter under HCTI ownership, suggesting that the dramatic growth reported in the first quarter was not simply a one-quarter acquisition effect.

HCTI historically built its business around providing technology services to hospitals, health systems, payers and pharmaceutical/life-sciences companies. Its core capabilities include cloud migration and management, healthcare data analytics, cybersecurity and compliance, interoperability and EHR-related services. Its HITRUST-certified Cloud and Data Platform is marketed through CloudEz and DataEz, providing healthcare customers with an infrastructure designed for the security and regulatory requirements surrounding sensitive healthcare information. The legacy business currently consists primarily of Software Services and Managed Services and Support. Software Services generated $1.55 million of Q2 revenue and includes strategic consulting, implementation and software development work. Managed Services and Support generated another $1.27 million and includes post-implementation support and cloud hosting. The latter is strategically important because HCTI is attempting to move its revenue mix away from one-time projects toward recurring managed, platform and subscription revenue. Management believes this approach can increase customer retention while creating additional opportunities to cross-sell services into existing healthcare relationships.

We believe the most significant change to the company, however, is the addition of Customer Engagement Services following HCTI's acquisition of Teyame 360 and Datono Mediacion. The acquired operations provide AI-enabled customer acquisition, digital marketing, telemarketing, lead generation, customer support and omnichannel engagement services. They serve financial institutions, insurers, intermediaries and other customers and bring HCTI both a new revenue stream and technology that can ultimately be integrated with its healthcare offerings.

That acquisition is already having a dramatic financial impact. Customer Engagement Services produced $6.31 million of Q2 revenue, representing approximately 69% of HCTI's total quarterly revenue. More importantly, the segment produced approximately $1.64 million of gross profit, equivalent to a roughly 26% gross margin. That margin is above HCTI's historical companywide margin and was the largest contributor to the improvement in consolidated profitability.

We are also encouraged that Teyame continues to grow rather than merely adding a static block of acquired revenue. On August 6, HCTI announced that Teyame had generated as much revenue from one of Spain's leading health-insurance customers during the first six months of 2026 as it generated from that customer during all of 2025. HCTI now projects approximately €2 million of annual revenue from that relationship. Teyame manages the customer's omnichannel acquisition strategy by combining AI-powered engagement with direct account management.

HCTI is also building another AI-focused growth platform through its newly created Purpose Health subsidiary. Announced July 27, Purpose Health is designed to target healthcare providers, payers, life-sciences and MedTech companies in the U.S. and internationally with AI infrastructure, agentic-AI applications, advanced data management, cloud platforms, security solutions and managed IT services. HCTI appointed veteran healthcare technology executive Sumit Ganguli as Purpose Health's Chairman and CEO, with the objective of building higher-margin, multi-year recurring revenue relationships.

The company is also looking beyond software and services. On July 29, HCTI signed a non-binding letter of intent to acquire a 51% interest in Australia's CosmoInnovations for proposed consideration of approximately $23.5 million. CosmoInnovations operates in MedTech, BeautyTech and consumer health and has more than 25 proprietary technologies, 27 granted international patents and 61 pending patent applications. Its portfolio spans areas including skincare, light therapy, respiratory wellness, oral health, pain management, transdermal delivery and home-based care. Management has indicated that the business has a commercial pipeline targeting more than $50 million of cumulative revenue over the first three years following an acquisition, although investors should recognize that the transaction remains subject to due diligence and definitive agreements and that those revenue figures are targets rather than guarantees.

The second-quarter financial results provide the strongest support for the positive investment thesis. Revenue increased from $3.56 million in Q2 2025 to $9.19 million in Q2 2026, a 158% increase. Gross profit increased even faster, rising 322% from $0.49 million to $2.07 million. As a result, gross margin expanded from just 13.8% to 22.5%, an 870-basis-point improvement.

The six-month comparison is even more striking. Revenue for the first half of 2026 reached $19.05 million compared with $7.26 million during the comparable 2025 period, an increase of 162%. Gross profit climbed 444% to $4.46 million from $0.82 million, while first-half gross margin more than doubled from 11.3% to 23.4%.

There obviously remains some work to do on profitability, which we believe is the next step. HCTI reported a Q2 net loss of approximately $4.4 million versus roughly $1.4 million a year earlier, with general and administrative expense rising sharply to approximately $4.8 million. Some of the increased expense structure accompanies acquisitions, integration and the company's broader growth strategy, but reducing corporate overhead relative to revenue will be an important measure of future execution. Encouragingly, the underlying segments are considerably closer to profitability than the consolidated loss initially suggests: Managed Services generated a segment profit before interest, depreciation and other items, while the Customer Engagement business produced $1.64 million in gross profit and was close to breakeven at the pre-tax segment level.

Overall, HCTI today looks substantially different from the company that entered 2026. The legacy cloud, data, healthcare IT and managed-services operations remain the foundation, but Teyame and Datono have added a much larger AI-enabled customer-engagement operation; Purpose Health creates a vehicle for pursuing recurring AI and managed-services revenue in healthcare; and the proposed CosmoInnovations transaction could add an entirely new proprietary-product and intellectual-property dimension.

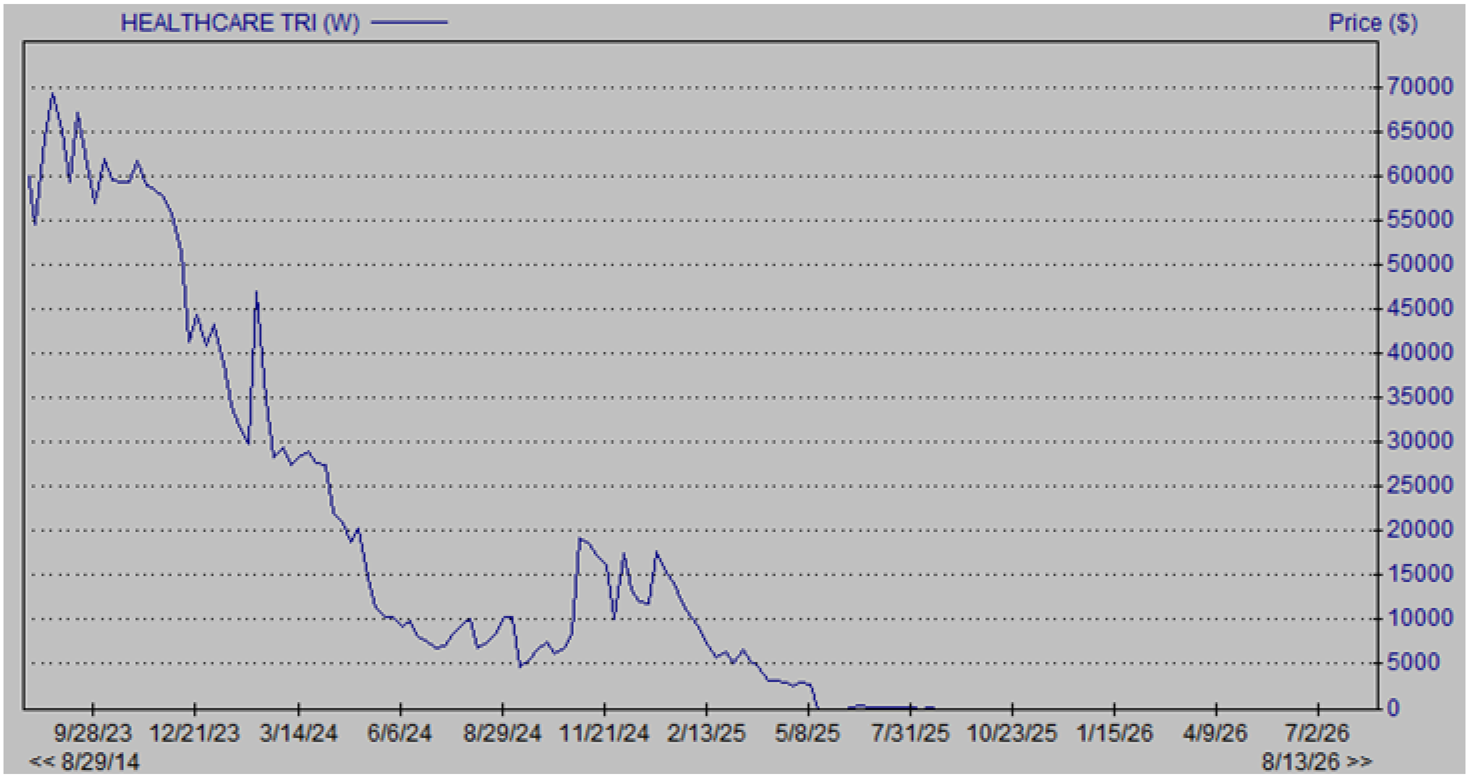
Most importantly, the strategy is beginning to appear in the numbers. Two consecutive quarters of triple-digit revenue growth, a 322% increase in Q2 gross profit, a near doubling of consolidated gross margin versus the prior-year quarter, and continued organic progress at Teyame provide evidence that HCTI's transformation is moving beyond corporate announcements and into financial results.

For investors willing to accept the risks associated with a micro-cap company, the potential upside lies in our belief that HCTI is still in the early stages of creating a much larger company. The key milestones over the coming quarters will be continued growth from Teyame, progress in converting Purpose Health into meaningful recurring revenue, additional gross-margin expansion, better control of corporate expenses and, potentially, completion and successful integration of CosmoInnovations. If management can deliver on those objectives, the sharp improvement in revenue and gross profit seen during the first half of 2026 could represent the beginning rather than the culmination of HCTI's transformation.

Income Statement and Balance Sheet

Healthcare Triangle Income Statement and Balance Sheet (in thousands of $)	1Q2025A	2Q2025A	3Q2025A	4Q2025A	1Q2026A	2Q2026A	3Q2026E	4Q2026E	2027E
Revenues	3,704	3,558	3,489	3,140	9,855	9,193	9,653	10,135	40,541
Cost of Goods Sold	3,375	3,064	2,871	2,691	7,462	7,126	7,482	7,856	31,426
Gross Profit	329	494	618	449	2,393	2,067	2,170	2,279	9,115
Operating Expenses									
Bad Debt Expense	0	0	0	17	125	17	0	0	0
Research and development	144	55	59	278	85	51	61	73	294
Sales and marketing	373	616	1,022	1,073	1,779	720	742	764	3,055
General and administrative	1,198	1,182	2,085	2,872	3,217	4,821	4,869	4,918	19,672
Depreciation and amort.	12	0	63	642	810	529	518	508	2,032
Impairment Charge	0	0	(20)	0	0	0	0	0	0
Total Operating Expenses	1,727	1,853	3,209	4,882	6,016	6,138	6,190	6,263	25,053
Other income and (expenses)									
Interest expense	(413)	(21)	(46)	(87)	(85)	(89)	(89)	(89)	(356)
Other income, net	111	13	731	36	(2,656)	(231)	40	45	110
Total other (income) and expenses, net	(302)	(8)	685	(51)	(2,741)	(320)	(49)	(44)	(246)
Gain/(Loss) from before income taxes	(1,700)	(1,367)	(1,906)	(4,484)	(6,364)	(4,391)	(4,069)	(4,028)	(16,183)
Income Taxes	0	0	0	0	0	(24)	0	0	0
Net gain/(loss)	(1,700)	(1,367)	(1,906)	(4,484)	(6,364)	(4,415)	(4,069)	(4,028)	(16,183)
Basic and diluted loss per share	$ (43.00)	$ (0.58)	$ (0.43)	$ (0.07)	$ (6.84)	$ (1.56)	$ (0.97)	$ (0.87)	$ (3.18)
Basic and diluted wtd avg common shares	40	2,343	4,444	61,873	931	2,806	4,209	4,630	5,093
Assets									
Current Assets:									
Cash	6,826	3,228	1,629	7,625	4,315	1,906	2,097	2,306	2,537
Accounts Receivable	1,907	1,862	2,441	2,070	8,367	6,186	6,805	7,485	8,234
Due from affiliates	-	3,320	3,502	3,456	-	-	-	-	-
Other Current Assets	1,107	455	370	-	6,213	1,554	1,709	1,880	2,068
Total Current Assets	9,840	8,865	7,942	13,151	18,895	9,646	10,611	11,672	12,839
Furniture and Equipment, net	-	3	5	5	1,330	3,260	3,195	3,131	3,068
Due from affiliates	1,945	-	-	2,946	-	-	-	-	-
Goodwill and other intangibles, net	-	5,700	5,891	6,634	59,937	60,734	60,734	60,734	60,734
Total Assets	11,785	14,568	13,838	22,736	80,162	73,640	74,539	75,537	76,641
Liabilities and stockholder equity									
Current liabilities:									
Accounts Payable	1,618	2,074	1,308	744	3,288	1,199	1,319	1,451	1,596
Short-term borrowing	775	415	1,530	10,737	9,088	9,165	10,082	11,090	12,199
Other current liabilities	815	670	1,074	1,311	8,617	5,626	6,189	6,807	7,488
Total Current Liabilities	3,208	3,159	3,912	12,792	20,993	15,990	17,589	19,348	21,283
Long-term Liabilities:									
Convertible Notes	-	-	-	-	-	-	-	-	-
Contingent consideration	-	1,200	1,200	-	5,000	5,000	5,000	5,000	5,000
Other liabilities	-	-	-	-	1,472	3,551	-	-	-
Total long-term liabilities	-	1,200	1,200	-	6,472	8,551	5,000	5,000	5,000
Total liabilities	3,208	4,359	5,112	12,792	27,465	24,541	22,589	24,348	26,283
Total stockholders equity	8,577	10,209	8,726	9,944	52,697	49,099	51,951	51,189	50,358
Total liabilities and stockholder equity	11,785	14,568	13,838	22,736	80,162	73,640	74,539	75,537	76,641

HISTORICAL STOCK PRICE



DISCLOSURES

The following disclosures relate to relationships between Zacks Small-Cap Research ("Zacks SCR"), a division of Zacks Investment Research ("ZIR"), and the issuers covered by the Zacks SCR Analysts in the Small-Cap Universe.

ANALYST DISCLOSURES

I, Michael Kim, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report. I believe the information used for the creation of this report has been obtained from sources I considered to be reliable, but I can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice.

INVESTMENT BANKING AND FEES FOR SERVICES

Zacks SCR does not provide investment banking services nor has it received compensation for investment banking services from the issuers of the securities covered in this report or article.
Zacks SCR has received compensation from the issuer directly, from an investment manager, or from an investor relations consulting firm engaged by the issuer for providing non-investment banking services to this issuer and expects to receive additional compensation for such non-investment banking services provided to this issuer. The non-investment banking services provided to the issuer includes the preparation of this report, investor relations services, investment software, financial database analysis, organization of non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Zacks SCR. The fees for these services vary on a per-client basis and are subject to the number and types of services contracted. Fees typically range between ten thousand and fifty thousand dollars per annum. Details of fees paid by this issuer are available upon request.

POLICY DISCLOSURES

This report provides an objective valuation of the issuer today and expected valuations of the issuer at various future dates based on applying standard investment valuation methodologies to the revenue and EPS forecasts made by the SCR Analyst of the issuer's business.
SCR Analysts are restricted from holding or trading securities in the issuers that they cover. ZIR and Zacks SCR do not make a market in any security followed by SCR nor do they act as dealers in these securities. Each Zacks SCR Analyst has full discretion over the valuation of the issuer included in this report based on his or her own due diligence. SCR Analysts are paid based on the number of companies they cover. SCR Analyst compensation is not, was not, nor will be, directly or indirectly, related to the specific valuations or views expressed in any report or article.

ADDITIONAL INFORMATION

Additional information is available upon request. Zacks SCR reports and articles are based on data obtained from sources that it believes to be reliable, but are not guaranteed to be accurate nor do they purport to be complete. Because of individual financial or investment objectives and/or financial circumstances, this report or article should not be construed as advice designed to meet the particular investment needs of any investor. Investing involves risk. Any opinions expressed by Zacks SCR Analysts are subject to change without notice. Reports or articles or tweets are not to be construed as an offer or solicitation of an offer to buy or sell the securities herein mentioned.

CANADIAN COVERAGE

This research report is a product of Zacks SCR and prepared by a research analyst who is employed by or is a consultant to Zacks SCR. The research analyst preparing the research report is resident outside of Canada, and is not an associated person of any Canadian registered adviser and/or dealer. Therefore, the analyst is not subject to supervision by a Canadian registered adviser and/or dealer, and is not required to satisfy the regulatory licensing requirements of any Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and is not required to otherwise comply with Canadian rules or regulations.