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Zacks Small-Cap Research

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Health in Tech Inc. (HIT-NASDAQ)

HIT: Contracted & Pipeline Revenue Leading Indicators That Arguably Point to Strong Prospects

HIT believes contracted & pipeline revenue are strong leading indicators of the momentum its platform is experiencing. At 2Q26-end, contracted revenue was $32.3m, with $14.0m expected to be recognized as GAAP revenue in 2H26. As HIT continues to engage with new and existing customers, pipeline revenue was $66.3m (of which $1.9m became contracted revenue subsequently).

Current Price (8/25/26)	$1.01
Valuation	**$4.10**

OUTLOOK

With the 1st employer group for 3-year rate stabilization program secured pre-official launch & several organizations evaluating it, HIT is optimistic about its prospects, as HIT prepares to introduce the program. It is designed to eliminate fluctuations of healthcare costs, which holds potential appeal for many large enterprises. Also, HitRix is set to launch in 2H26; Self-funded plans present sizable potential opportunity for growth & HIT believes the HitRix platform is the first comprehensive marketplace for the large group self-funded stop-loss market, which generally is characterized by complexity that often makes it difficult for large employers to navigate.

SUMMARY DATA

52-Week High	**$4.02**
52-Week Low	**$0.85**
One-Year Return (%)	**-65**
Beta	**N/A**
Average Daily Volume (sh)	**119,140**
Shares Outstanding (mil)	**66**
Market Capitalization ($mil)	**$66**
Short Interest Ratio (days)	**3.6**
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	8 A	11 E	13 E	41 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	-0.04 A	-0.03 E	-0.02 E	-0.12 E
2027					0.10 E

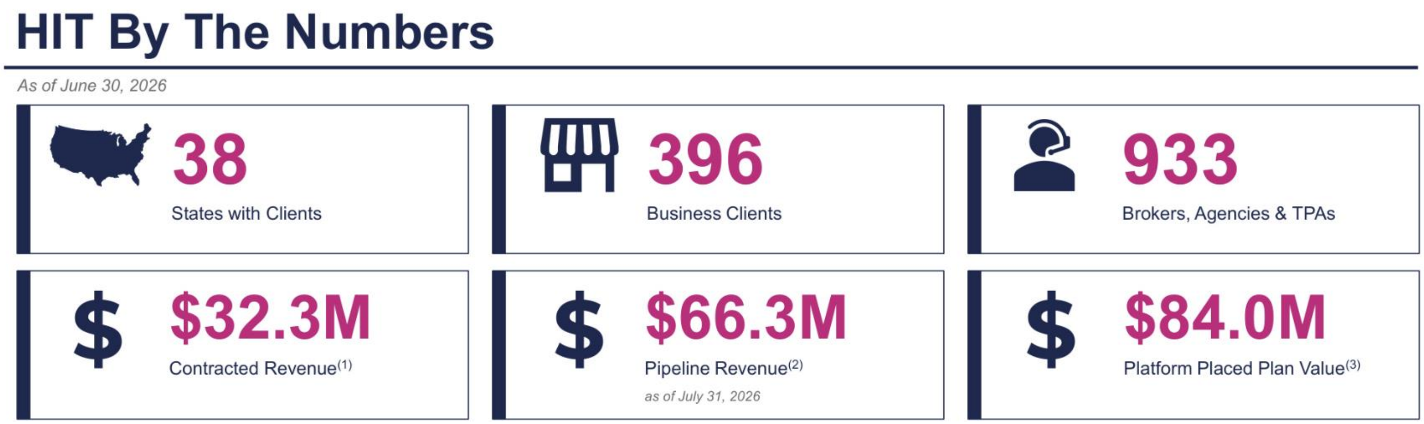
Quarters might not sum due to rounding & share counts

Disclosures on page 10

2Q26 HIGHLIGHTS

Contracted & Pipeline revenue: leading indicators to reflect momentum of HIT platform

Health in Tech (HIT-NASDAQ), an AI-enabled InsurTech platform, reported 2Q26 revenue of $8.1 million, compared to $9.3 million in 2Q25. The year-over-year decline primarily reflects timing of onboarding new carriers, which shifted effective start dates of some policies forward. In 2Q26, HIT onboarded a new carrier partner and the effective dates of several policies shifted forward. When the company sells a policy, it does not recognize 100% of the revenue upfront, but ratably on a monthly basis over the 12- to 36-month life of the policy. The company noted that this equates to quarterly reported revenue being a lagging indicator of the momentum of its business, with contracted revenue — from policies that have been sold and are secured and will be recognized over the policy term — as the leading indicator.



Source: [Company presentation]

As of the end of 2Q26, total contracted revenue was $32.3 million, of which $17.3 million was recognized as GAAP revenue in 1H26. Another $14.0 million is expected to be recognized as GAAP revenue in 2H26 and $1.0 million in 2027. In addition, as HIT continues to engage with new and existing customers, extend its target market and expand its reach and broaden its solutions offerings, pipeline revenue was $66.3 million at the end of 2Q26 (of this, $1.9 million became contracted revenue subsequent to the end of the quarter). The remaining $64.4 million represents policies that are being quoted or are in binding status. The company expects to realize a 15% to 40% conversion rate on pipeline revenue. The company believes these metrics are better indicators to reflect the momentum the company's platform is experiencing.

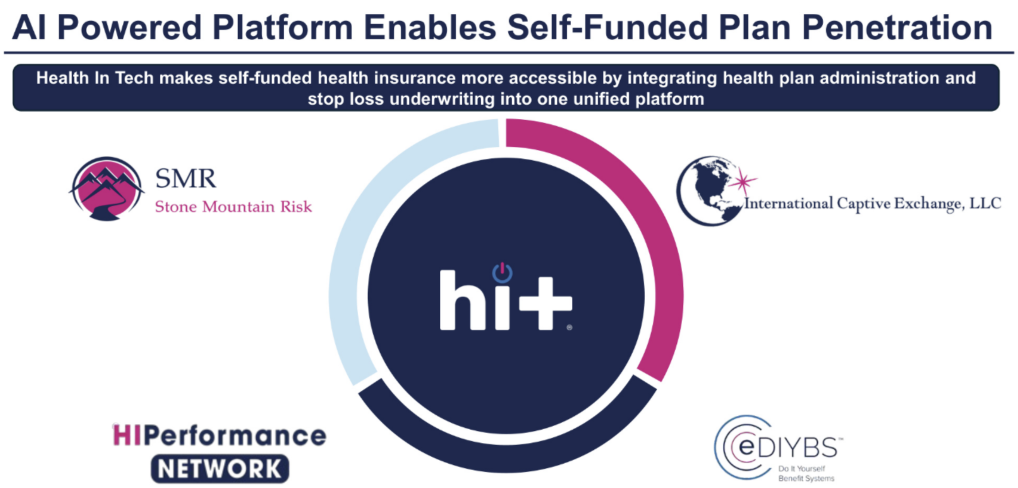
The platform placed land value (PPLV) at 2Q26 was $84 million, up from $82 million at the end of the prior quarter. The PPLV represents the total contractual value of self-funded health plans with stop-loss insurance placed through the platform, covering the duration of the plans' contractual term, which generally is 12 months from the plan's effective date. The $84.0 million of self-funded stop-loss plans consists of self-funded health plans and bundled stop-loss premiums. HIT recorded a net loss of $2.5 million, or ($0.04) per share, compared to net income of $0.6 million, or $0.01 per share, in 2Q25.

With 1st employer group for 3-year rate stabilization program secured pre-official launch & several high-profile organizations evaluating it, HIT is optimistic about its prospects

Importantly, prior to its actual commercial launch, HIT secured its first employer group under the 3-year rate stabilization program, which management believes offers proof of concept of the program's prospects, as HIT prepares to introduce the program in the capital markets. The program is designed to eliminate fluctuations of healthcare costs, which HIT noted frequently is the 2nd largest expense for many organizations. It is designed to provide cost stability and predictability for employers. This potentially appeals to many large enterprises, in particular government agencies and municipalities, in order to secure multiyear budget certainty in annual healthcare costs. Several high-profile government organizations currently are evaluating participating in the 3-year rate stabilization program and management is optimistic about its prospects.

HitRix set to launch officially in 2H26; Self-funded plans present sizable potential opportunity for growth

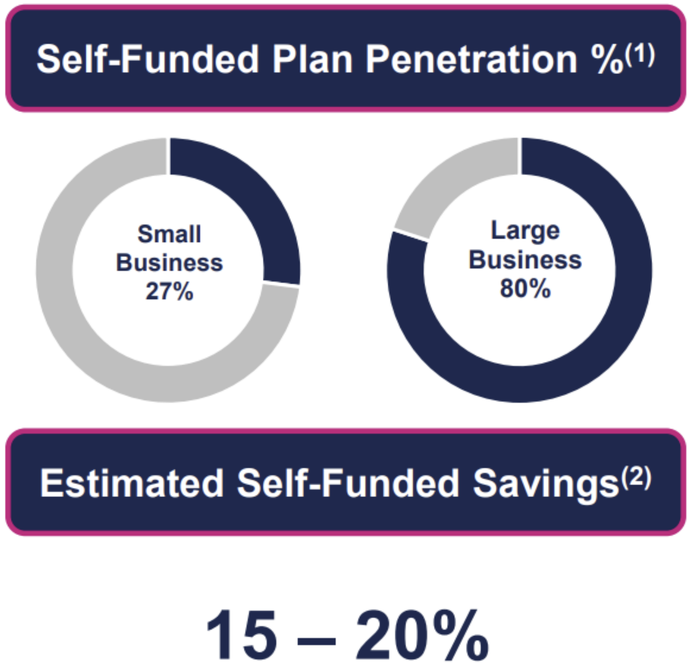
In addition, HIT is on-track to launch HitRix officially in 2H26. The company believes the HitRix platform is the first comprehensive marketplace built for the large group self-funded stop-loss market. As noted in earlier reports, the self-funded stop-loss market generally is characterized by complexity that often makes it difficult for large employers to navigate and understand. It is also characterized by a manual fragmented process, according to HIT, that has not been updated in decades. By comparison, the company's existing platform, eDIYBS, serves the small group market, which is highly concentrated with only a few carriers offering stop-loss plans.



Source: [Company presentation]

Reflecting interest it has generated to-date, the company is encouraged about its opportunities in the large-employer segment. 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.

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.



Source: Company presentation ([2]) Intercept Health

Laying the groundwork for future growth

HIT is laying the groundwork for growth going forward, as the company believes it operates in a sizable insurance market. The company continues to introduce new enhancements such as large-employer underwriting and 3-year rate hold for large employers discussed above, among other planned commercial launches, it would not surprise us if operating results fluctuated somewhat on an interim quarterly basis.

Another potential enhancement is 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.

Given the anticipated opportunity, the company is focused on accelerating adoption of its platform and scaling the technology. HIT is investing to enhance and market its platforms. 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. 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, as noted. It is still early in this initiative. The sales cycle for larger organizations is generally longer relative to that for smaller organizations.

HIT is focused on expanding its broker network. While in the past, growth has been driven primarily by word of mouth and through a relatively small in-house sales team, the company is engaged in more structured outreach, marketing initiatives and direct engagement to brokers. HIT believes the investments it has earmarked in 2026 are critical to enable it 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 diversity 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 believes its penetration of the broker pool is substantially below 1%, implying a significant opportunity, as the platform enables a growing number or 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 increased in 1H26 to support growth initiatives

HIT had a cash balance of $6.5 million at June 30, 2026, to support its 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-into 2027.

VALUATION

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, reflecting HIT's anticipated strong growth prospects. Moreover, this is a general benchmark on a price-to-sales (P/S) basis, as HIT's business model is differs significantly. 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. We also believe that the inclusion of HIT shares in the Russell Microcap® Index can help expand the pool of potential investors.

RECENT NEWS

- HIT announced 2Q26 results on August 13, 2026.
- On June 29, 2026., HIT was added to the Russell Microcap® Index.
- 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.

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**	**2Q26A**	**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	$1,272,647	$1,862,069	$1,548,572	$6,152,102
Total fee revenues	5,663,000	7,223,273	7,100,489	6,476,204	26,462,966	7,302,832	6,783,973	9,022,684	11,729,489	34,838,978
Total revenues	**$8,014,984**	**$9,313,849**	**$8,490,093**	**$7,508,585**	**$33,327,511**	**$8,771,646**	**$8,056,620**	**$10,884,753**	**$13,278,061**	**$40,991,080**
Cost of revenues	2,659,585	3,003,979	3,346,277	3,379,942	12,389,783	4,262,247	4,134,127	5,986,614	7,302,933	21,685,922
Gross profit	5,355,399	6,309,870	5,143,816	4,128,643	20,937,728	4,509,399	3,922,493	4,898,139	5,975,127	19,305,158
Operating expenses										
Sales and marketing expenses	1,090,255	1,226,738	962,567	906,206	4,185,766	2,291,601	2,215,889	3,239,041	3,426,006	11,172,537
G&A expenses	3,246,765	3,775,453	3,451,907	3,180,137	13,654,262	3,455,558	4,269,094	3,866,136	3,904,797	15,495,585
R&D	537,721	582,609	235,819	213,113	1,569,262	920,395	875,811	825,367	833,620	3,455,193
Total operating expenses	4,874,741	5,584,800	4,650,293	4,299,456	19,409,290	6,667,554	7,360,794	7,930,543	8,164,424	30,123,315
Other income (expense):										
Interest income	85,366	108,198	111,699	104,659	409,922	67,471	69,568			
Interest expenses			-		-		100,000			
Other income / (expense) net	118,399	-	(5,000)	(377,587)	(264,188)	22,334	(52,341)	-	-	-
Total other income (expense)	203,765	108,198	106,699	(272,928)	145,734	89,805	117,227	142,977	144,406	494,415
Pretax income	684,423	833,268	600,222	(443,741)	1,674,172	(2,068,350)	(3,321,074)	(2,889,427)	(2,044,890)	(10,323,741)
Taxes	(185,831)	(202,637)	(148,046)	141,184	(395,330)	480,069	809,888	801,789	793,771	2,885,517
Net income continuing operations	498,592	630,631	452,176	(302,557)	1,278,842	(1,588,281)	(2,511,186)	(2,087,638)	(1,251,119)	(7,438,224)
Discontinued operations										
Net income per share										
Continuing operations	$0.01	$0.01	$0.01	($0.01)	$0.02	($0.03)	($0.04)	($0.03)	($0.02)	($0.12)
Discontinued operations										
Avg shares out FD	56,996,936	55,632,357	58,774,334	58,635,562	57,509,797	57,353,021	62,829,725	65,533,125	65,533,250	62,812,280

Source: Company reports, Zacks

HISTORICAL STOCK PRICE

Source: Yahoo Finance

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