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Zacks Small-Cap Research

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Health in Tech Inc. (HIT-NASDAQ)

HIT: Looking to 2027 to Leverage 2026 Growth Initiatives; Recent Measures Aim to Maximize Operational Efficiency, Support Growth

Looking to 2027, HIT's recent measures are aimed at optimizing new products & maximizing operational efficiency. HIT appointed a new CEO & new directors. We these believe these steps aim to reaccelerate growth, balance capital needs with minimizing dilution & contain costs to boost operating leverage.

OUTLOOK

HIT has laid the groundwork for growth going forward, including introducing new enhancements such as large-employer underwriting and a 3-year rate hold for large employers, among others. HIT expects the CEO transition will help enhance its operational success and, going into 2027, has indicated that its priorities include scaling HitRix, advancing HITChain, expanding distribution and evaluating strategic growth opportunities including potential complementary M&A to accelerate growth.

Current Price (11/19/26)	$0.34
Valuation	**$1.80**

SUMMARY DATA

52-Week High	**$2.10**
52-Week Low	**$0.30**
One-Year Return (%)	**-70**
Beta	**N/A**
Average Daily Volume (sh)	**176,026**
Shares* Outstanding (mil)	**67**
Market Capitalization ($mil)	**$27**
Short Interest Ratio (days)	**N/A**
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**

*A shares

Risk Level	**High**
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	7 A	7 E	30 E
2027					37 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	-0.11 A	-0.06 E	-0.16 E
2027					-0.10 E

Quarters might not sum due to rounding & share counts

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3Q26 HIGHLIGHTS

Looking to 2027 to leverage '26 growth initiatives, recent measures aim to optimize new product deployments, maximize operational efficiency & support growth

Health in Tech (HIT-NASDAQ), an AI-enabled InsurTech platform, reported 3Q26 results last week. With an eye to 2027 as a year of leveraging the many growth initiatives made over the last several quarters, HIT has implemented recent measures aimed at optimizing deployments of new products and solutions and maximizing operational efficiency. Among these, last month HIT appointed a new Chief Executive Officer, Sanjay Shrestha, as the company looks to build on the infrastructure it has established to support growth. He previously served as a director on and strategic advisor to HIT's board, which along with his earlier professional experience, HIT expects will enhance its operational success going forward. HIT Founder Tim Johnson has transitioned to Executive Chairman.

The company has also named a new Independent Director, Chair of the Compensation and appointed a new board directors who has significant Wall Street research and capital markets experience. We believe the board changes are aimed at balancing capital needs with goals of minimizing dilution, among other factors. To the extent that HIT potentially can better align insider interests more closely with those of shareholders, we would view that positively.

As indicated, HIT has laid the groundwork for growth going forward, including introducing new enhancements such as large-employer underwriting and 3-year rate hold for large employers, among others. 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. Into 2027, management indicated that its priorities include scaling HitRix, advancing HITChain, expanding distribution and evaluating strategic growth opportunities including potential complementary M&A to help re-accelerate growth. In terms of expanding distribution, HIT announced that a national third-party administrator (TPA) serving more than 650 employers and covering more than 100k employees is now live on the company's eDIYBS platform.

Product Offering	Description	Key Value
1-Year Rate Product	**One-year self-funded health plan with stop-loss protection** • Leverages SMR for customized plan design • Leverages eDIYBS for AI-enabled underwriting and quoting	✔ Tailored coverage with risk protection ✔ Flexible, cost-effective for employers
HitRix	**A stop-loss marketing and placement workflow platform** • End-to-end quotation, market routing and binding workflow • Used by brokers, MGUs and carriers	✔ Streamlined distribution and placement ✔ Broader market access through **one platform**
3-Year Rate Stabilization Program(1)	**A multi-year self-funded plan with rate stability** • Leverages SMR for plan customization and multi-year design • Leverages eDIYBS for underwriting and risk assessment	✔ Three-year rate certainty with self-funded flexibility ✔ Greater cost predictability for employers
HitChain(1)	**A blockchain-based claims administration and settlement platform** • Designed to streamline claims processing and payment settlement • Connects healthcare providers, third-party administrators ("TPAs") and payers through secure, verifiable workflows	✔ Faster provider payment and greater transparency ✔ Shared, verifiable data across the claim lifecycle

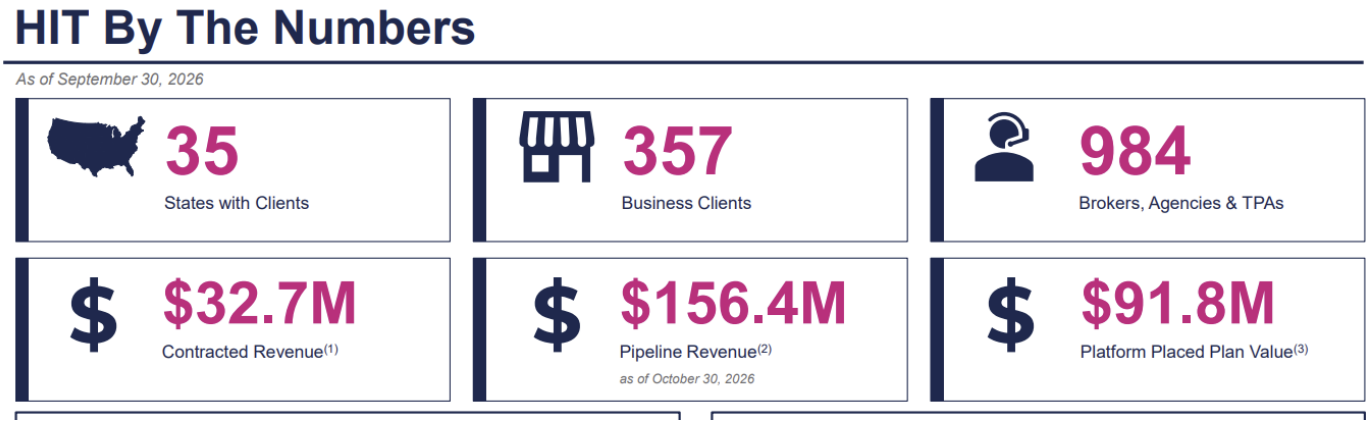
Source: Company Presentation

3Q26 results were mixed, we believe, regarding the benefits of the many growth measures launched in 2026. For example, revenue was $6.6 million, compared to $8.5 million in 3Q25, but pipeline revenue was $156.4 million as of October 30, 2026, up from $66.3 million as of July 31, 2026. Pipeline revenue represents policies that are in quoting or binding status. Currently, the company's rule of thumb implies an expected conversion rate of 3% to 7% of pipeline revenue will be realized as revenue, which would equate to about $4.7 million to $10.9 million. Among the many goals the new CEO has is the goal to boost that conversion rate substantially.

The company attributed the substantial increase of its sales pipeline to the full completion of onboarding new carriers, entering into the peak sales season ahead of December and January policies effective dates and expanding its distribution network, which grew by roughly 15.9% year-over-year.

The year-over-year 3Q26 revenue 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 believes the carrier transition is substantially completed at this point. The company also has indicated that quarterly reported revenue is generally 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 a leading indicator. At the same time, HIT also indicated that certain initiatives have taken longer than originally anticipated to commercialize and leverage.

The company revised its full-year 2026 revenue outlook to ~$30 million, primarily reflecting the delayed commencement of certain new policies resulting from the transition to a new carrier, which shifted the anticipated revenue into 2027. Going forward, HIT is focused on accelerating policy onboarding, improving conversion rates, and translating its existing pipeline into 2027 revenue growth. In addition to improving its execution and operating performance and scaling existing business, the new CEO will also lead activities around identifying and evaluating potential strategic acquisitions and partnerships, among other prospective opportunities.



Source: Company Presentation

In 3Q26, HIT recognized a provision for credit loss of $5.3 million, which contributed to a 146% increase in total operating expense. For the first 9 months of 2026, HIT recognized a provision for credit loss of $6.1 million. The provision reflects management's updated assessment of its book, of which $2.4 million reflects deferred administration surplus receivable associated with a legacy arrangement, $1.9 million of the bad debt expenditure related to accounts receivable connecting to the carrier transition and $0.9 million related to the loan receivable write-off, in part reflecting the focus on the domestic market, not international, opportunity. Going forward, HIT is focused on cost optimizations, including a recent headcount reduction to manage the cost base. HIT recorded a net loss of $7.1 million, or ($0.11) per share, compared to net income of $0.5 million, or $0.01 per share, in 3Q25.

As of the end of 3Q26, total contracted revenue was $32.7 million for the first nine months of 2026, of which $24.4 million was recognized as GAAP revenue in 2026 to-date through 3Q26. The platform placed land value (PPPV) at 3Q26 was $91.8 million, up from $84 million and $82 million at the end of the two prior quarters respectively. The PPPV 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.

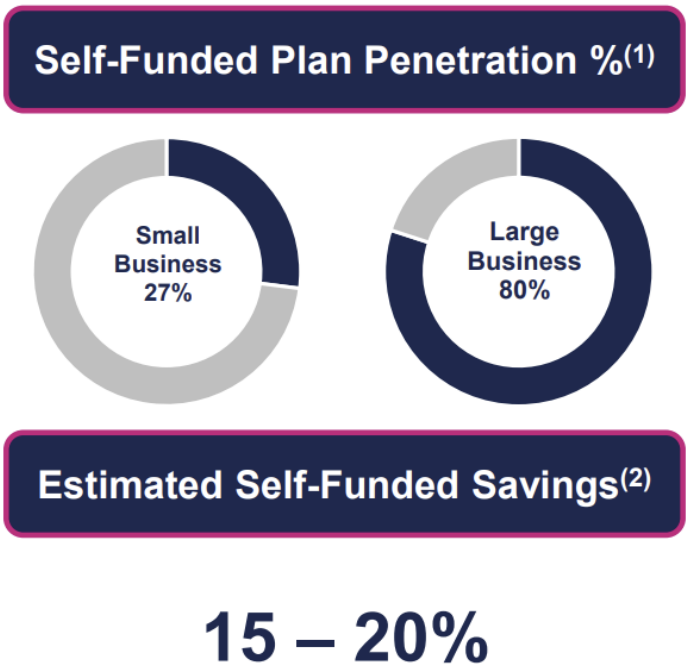
HIT optimistic about 3-year rate stabilization program

HIT has secured its first employer group under the 3-year rate stabilization program, which management believes offers proof of concept of the program's prospects. The program is designed to eliminate fluctuations of healthcare costs, which HIT has noted is frequently the 2nd largest expense for many organizations. The program 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 and management is optimistic about its prospects.

HitRix - Self-funded plans present sizable potential opportunity for growth

In addition, HIT is optimistic about HitRix, which it believes 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.

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

HIT believes its ability to shorten and accelerate the development cycle creates a significant competitive advantage. The company estimates that its penetration of the broker pool is substantially below 1%, implying a significant opportunity, and is focused on expanding its broker network.

Cash balance

HIT had a cash balance of $10.1 million at September 30, 2026, to support its growth initiatives. Net cash provided by financing activities year-to-date through September 30, 2026, was $11.5 million, up from $6.0 million at June 30, 2026, which included a private investment in public equity (PIPE) financing in 1Q26 that raised gross proceeds of about $7.0 million. As indicated, we believe recent measures are aimed at balancing capital needs with goals of minimizing dilution, among other potential positives.

VALUATION

With the delays in realizing revenue from recent growth measures, we believe HIT needs to demonstrate that it is back on track in order to see share price multiple expansion. However, updates from the new CEO in conjunction with 4Q26 release could provide a clearer roadmap and contribute to multiple expansion, in our view. We believe recent steps are designed to reaccelerate growth, balance capital needs with minimizing dilution, contain costs and potentially better align insider and shareholder interests, although super voting B shares held by insiders could mitigate the latter.

We have lowered our 2027 revenue forecast and valuation multiple. We use a P/S multiple at the midpoint of the under 2x to more than 5x revenue range for the overall insurance sector, compared to the high end earlier. We these believe recent steps aim to reaccelerate growth, balance capital needs with minimizing dilution and contain costs to improve operating leverage. Reflecting HIT's anticipated strong growth prospects, we believe these metrics could prove conservative.

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 2027 revenue forecast. On this basis, we derive a near-term valuation of about $1.80 per HIT share, compared to $4.10 earlier. 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 remain optimistic about the company's opportunities.

RECENT NEWS

- HIT expanded national distribution through a TPA serving 100k+ employees on November 19, 2026.
- On November 18, 2026, Health In Tech appointed Tim Cortes as Independent Director, Chair of the Compensation Committee.
- On November 17, 2026, HIT appointed Christina R. Valauri to its Board of Directors.
- HIT announced 3Q26 results on November 12, 2026.
- On October 20, 2026, HIT appointed Sanjay Shrestha as CEO.
- 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 a Chief Technology Officer.
- On January 13, 2026, Health In Tech announced Zain Hasan as Chief Growth Officer.

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	3Q26A	4Q26E	2026E	2027E
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	$632,613	$695,874	$4,069,948	$4,436,244
Total fee revenues	5,663,000	7,223,273	7,100,489	6,476,204	26,462,966	7,302,832	6,783,973	5,954,439	6,252,161	26,293,405	32,340,888
Total revenues	**$8,014,984**	**$9,313,849**	**$8,490,093**	**$7,508,585**	**$33,327,511**	**$8,771,646**	**$8,056,620**	**$6,587,052**	**$6,948,035**	**$30,363,353**	**$36,777,132**
Cost of revenues	2,659,585	3,003,979	3,346,277	3,379,942	12,389,783	4,262,247	4,134,127	3,524,692	3,682,459	15,603,525	17,726,577
Gross profit	5,355,399	6,309,870	5,143,816	4,128,643	20,937,728	4,509,399	3,922,493	3,062,360	3,265,577	14,759,829	19,050,554
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	2,061,695	3,426,006	9,995,191	10,715,657
G&A expenses	3,246,765	3,775,453	3,451,907	3,180,137	13,654,262	3,455,558	4,269,094	3,116,656	3,904,797	14,746,105	14,598,644
Provision for credit losses	-	-	-	-	-	-	-	5,337,768	-	-	-
R&D	537,721	582,609	235,819	213,113	1,569,262	920,395	875,811	938,564	833,620	3,568,390	3,389,971
Total operating expenses	4,874,741	5,584,800	4,650,293	4,299,456	19,409,290	6,667,554	7,360,794	11,454,683	8,164,424	28,309,687	28,704,272
Other income (expense):											
Interest income	85,366	108,198	111,699	104,659	409,922	67,471	69,568	64,627			
Interest expenses			-		-		100,000	(20,000)			
Other income / (expense) net	118,399	-	(5,000)	(377,587)	(264,188)	22,334	(52,341)	(906,432)	-	-	-
Total other income (expense)	203,765	108,198	106,699	(272,928)	145,734	89,805	117,227	(861,805)	144,406	(510,367)	398,572
Pretax income / (loss)	684,423	833,268	600,222	(443,741)	1,674,172	(2,068,350)	(3,321,074)	(9,254,128)	(4,754,441)	(14,060,225)	(9,255,146)
Taxes	(185,831)	(202,637)	(148,046)	141,184	(395,330)	480,069	809,888	2,147,653	793,771	4,231,381	2,406,338
Net income continuing operations	498,592	630,631	452,176	(302,557)	1,278,842	(1,588,281)	(2,511,186)	(7,106,475)	(3,960,670)	(9,828,844)	(6,848,808)
Discontinued operations											
Noncontrolling interests								(40,062)	(27,725)	(68,802)	(68,488)
Net (loss) income to HIT								(7,066,413)	(3,932,945)	(9,760,042)	(6,780,320)
Net income per share											
Continuing operations	$0.01	$0.01	$0.01	($0.01)	$0.02	($0.03)	($0.04)	($0.11)	($0.06)	($0.16)	($0.10)
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	63,078,291	63,080,891	61,585,482	62,085,482

Source: Company reports, Zacks

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HISTORICAL STOCK PRICE



Source: Yahoo Finance

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