

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2023

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-40903

HEALTHCARE TRIANGLE, INC.
(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

84-3559776

(I.R.S. Employer Identification No.)

7901 Stoneridge Drive, Suite 220 Pleasanton, CA

(Address of principal executive officer)

94588

(Zip Code)

(925) 270-4812

(Registrant's telephone number, including area code)

Title of each class

Common Stock, \$0.00001 par value

Ticker Symbol(s)

HCTI

Name of each exchange on which registered

The Nasdaq Stock Market LLC

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes No

As of November 13, 2023, 4,277,572 shares of the registrant's common stock, \$0.00001 par value per share, were issued and outstanding.

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NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, including the sections titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors," contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, involving substantial risks and uncertainties. The words "believe," "may," "will," "potentially," "plan," "could," "should," "predict," "ongoing," "estimate," "continue," "anticipate," "intend," "project," "expect," "seek," or the negative of these words, or terms or similar expressions conveying uncertainty of future events or outcomes, or that concern our expectations, strategy, plans or intentions, are intended to identify forward-looking statements. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected, anticipated, or expected. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements discussed under the heading "Risk Factors" and in our publicly available filings and press releases. These statements include, among other things, those regarding:

- our ability to continue to add new customers and increase sales to our existing customers;
- our ability to develop new solutions and bring them to market in a timely manner;
- our ability to timely and effectively scale and adapt our existing solutions;
- our dependence on establishing and maintaining a strong brand;
- the occurrence of service interruptions and security or privacy breaches and related remediation efforts and fines;
- system failures or capacity constraints;
- the rate of growth of, and anticipated trends and challenges in, our business and in the market for our products;
- our future financial performance, including our expectations regarding our revenue, cost of revenue, operating expenses, including changes in technology and development, marketing and advertising, general and administrative and customer care expenses, and our ability to achieve and maintain future profitability;
- our ability to continue to efficiently acquire customers, maintain our high customer retention rates and maintain the level of our customers' lifetime spend;
- our ability to provide high quality customer care;
- the effects of increased competition in our markets and our ability to compete effectively;
- our ability to grow internationally;
- the impact of fluctuations in foreign currency exchange rates on our business and our ability to effectively manage the exposure to such fluctuations;
- our ability to effectively manage our growth and associated investments, including our migration of the vast majority of our infrastructure to the public cloud;
- our ability to maintain our relationships with our partners;
- adverse consequences of our substantial level of indebtedness and our ability to repay our debt;
- our ability to maintain, protect and enhance our intellectual property;
- our ability to maintain or improve our market share;
- sufficiency of cash and cash equivalents to meet our needs for at least the next 12 months;

- beliefs and objectives for future operations;
- our ability to stay in compliance with laws and regulations currently applicable to, or which may become applicable to, our business both in the United States (U.S.) and internationally;
- economic and industry trends or trend analysis;
- our ability to attract and retain qualified employees and key personnel;
- anticipated income tax rates, tax estimates and tax standards;
- interest rate changes;
- the future trading prices of our common stock;
- our expectations regarding the outcome of any regulatory investigation or litigation;
- the amount and timing of future repurchases of our common stock under any share repurchase program;
- the potential impact of shareholder activism on our business and operations;
- the length and severity of the coronavirus (COVID-19) pandemic and its impact on our business, customers and employees; as well as other statements regarding our future operations, financial condition, growth prospects and business strategies.

We operate in very competitive and rapidly-changing environments, and new risks emerge from time-to-time. It is not possible for us to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this report may not occur, and actual results could differ materially and adversely from those implied in our forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe the expectations reflected in our forward

looking statements are reasonable, we cannot guarantee the future results, levels of activity, performance or events and circumstances described in the forward looking statements will be achieved or occur. Neither we, nor any other person, assume responsibility for the accuracy and completeness of the forward looking statements. We undertake no obligation to publicly update any forward-looking statements for any reason after the date of this report to confirm such statements to actual results or to changes in our expectations, except as required by law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

Unless expressly indicated or the context suggests otherwise, references to "Healthcare Triangle," "company," "we," "us" and "our" refer to Healthcare Triangle Inc. and its consolidated subsidiary.

PART I
FINANCIAL INFORMATION

Item 1. Financial statements

HEALTHCARE TRIANGLE, INC.
Condensed Consolidated Balance Sheets

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)		
	(In thousands)			
Assets				
Current assets				
Cash and cash equivalents	\$ 75	\$ 1,341		
Accounts receivable	4,196	5,592		
Other current assets	622	816		
Total current assets	4,893	7,749		
Property and equipment, net	49	80		
Intangible assets, net	8,220	10,570		
Goodwill	1,289	1,289		
Due from affiliates	15	1,075		
Total assets	<u><u>\$ 14,466</u></u>	<u><u>\$ 20,763</u></u>		
Liabilities and stockholders' equity				
Current liabilities				
Accounts payable	\$ 1,161	\$ 1,481		
Warrant liability	795	55		
Short term borrowing	3,479	2,412		
Other current liabilities	1,417	2,200		
Total current liabilities	<u><u>6,852</u></u>	<u><u>6,148</u></u>		
Long-term liabilities				
Contingent consideration	1,487	2,227		
Total current and long-term liabilities	<u><u>8,339</u></u>	<u><u>8,375</u></u>		
Stockholders' equity				
Preferred stock, par value \$0.00001; 10,000,000 authorized	—	—		
Series A, Super Voting Preferred Stock - 6,000 shares (1,000 votes per share)	0	0		
Common stock, par value \$0.00001; 100,000,000 authorized 4,277,572 and 4,170,953 shares issued and outstanding as of September 30, 2023 and December 31, 2022 respectively	0	0		
Additional paid-in capital	25,703	24,956		
Retained earnings/(deficit)	(19,576)	(12,568)		
Total stockholders' equity	<u><u>6,127</u></u>	<u><u>12,388</u></u>		
Total liabilities and stockholders' equity	<u><u>\$ 14,466</u></u>	<u><u>\$ 20,763</u></u>		

The accompanying notes are an integral part of these condensed consolidated financial statements.

HEALTHCARE TRIANGLE, INC.
Condensed Consolidated Statements of Operations

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(In thousands)		(In thousands)	
Net revenue	\$ 7,779	\$ 11,950	\$ 26,143	\$ 34,594
Cost of revenue (exclusive of depreciation and amortization shown separately below)	6,072	8,522	20,896	25,113
Operating expenses				
Research and development	54	1,471	695	3,183
Sales and marketing	1,101	1,815	3,888	5,206
General and administrative	1,364	1,480	4,604	4,282
Depreciation and amortization	712	909	2,388	2,464
Total operating expenses	3,231	5,675	11,575	15,135

Loss from operations	(1,524)	(2,247)	(6,328)	(5,464)
Other income			12	1,087
Interest expense	(415)	(55)	(663)	(129)
Loss before income tax	(1,939)	(2,302)	(6,979)	(4,696)
Provision for income tax	(4)	(37)	(28)	(51)
Net loss	\$ (1,943)	\$ (2,339)	\$ (7,007)	\$ (4,747)
Net loss per common share—basic and diluted	(0.46)	(0.64)	(1.66)	(1.31)
Weighted average shares outstanding used in per common share computations:				
Basic and diluted	4,228,340	3,602,289	4,228,340	3,602,289

The accompanying notes are an integral part of these condensed consolidated financial statements.

HEALTHCARE TRIANGLE, INC.
Condensed Consolidated Statements of Changes in Stockholders' Equity

	Preferred stock		Common stock		Additional paid-in capital	Retained earnings	Total stockholders' equity
	Shares	Amount	Shares	Amount			
Three Months Ended September 30, 2023 and 2022							
Balance at June 30, 2023	6,000	\$ 1	4,277,863	\$ 0	\$ 25,683	\$ (17,632)	\$ 8,051
Net loss						\$ (1,943)	\$ (1,943)
Preferential issue	—	—	\$ 0	\$ —	\$ —	—	—
Issue of stock options (ISO/NSO)	—	—	—	\$ 20	—	—	20
Shares issued for services	—	—	\$ —	—	—	—	0
Adjustment	—	(291)	—	—	—	—	—
Balance at September 30, 2023	6,000	\$ 1	4,277,572	\$ 0	\$ 25,703	\$ (19,575)	\$ 6,127
Nine Months Ended September 30, 2023 and 2022							
Balance at December 31, 2022	6,000	\$ 1	4,170,940	\$ 0	\$ 24,956	\$ (12,568)	\$ 12,388
Issue of stock options (ISO/NSO)					197	—	197
Preferential issue	—	76,923	\$ 0	\$ 499	—	—	499
Shares issued for services	—	30,000	0	\$ 51	—	—	51
Net loss	—	—	—	—	\$ (7,007)	\$ (7,007)	—
Adjustments	—	(291)	—	—	—	—	—
Balance at September 30, 2023	6,000	\$ 1	4,277,572	\$ 0	\$ 25,703	\$ (19,575)	\$ 6,127
Three Months Ended September 30, 2022							
Balance at June 30, 2022	6,000	\$ 1	3,553,667	\$ 0	\$ 19,186	\$ (5,080)	\$ 14,106
Stock compensation expenses					13	—	13
Net loss						(2,339)	(2,339)
Issuance of common stock in connection with private placement	—	393,000	—	3,580	—	—	3,580
Issuance of warrants in connection with private placement				2,308	—	—	2,308
Common stock repurchased				(91)	—	—	(91)
Balance at September 30, 2022	6,000	\$ 1	3,946,667	\$ 0	\$ 24,996	\$ (7,419)	\$ 17,577
Nine Months Ended September 30, 2022							
Balance at December 31, 2021	6,000	\$ 1	3,526,083	\$ 0	\$ 18,799	\$ (2,664)	\$ 16,135
Stock compensation expenses					40	(8)	32
Cash collected on common stock options	—	2,614	\$ 0	10	—	—	10
Shares issued for services	—	24,970	0	350	—	—	350
Net loss						(4,747)	\$ (4,747)
Issuance of common stock in connection with private placement	—	393,000	\$ 0	3,580	—	—	3,580
Common stock repurchased				(91)	—	—	(91)
Issuance of warrants in connection with private placement				2,308	—	—	2,308
Balance at September 30, 2022	6,000	\$ 1	3,946,667	\$ 0	\$ 24,996	\$ (7,419)	\$ 17,577

The accompanying notes are an integral part of these condensed consolidated financial statements.

HEALTHCARE TRIANGLE, INC.
Condensed Consolidated Statements of Cash Flows

Nine Months Ended
September 30,

	2023	2022
	(In thousands)	
Cash flows from operating activities		
Net income (loss)	\$ (7,007)	\$ (4,747)
Adjustment to reconcile net income (loss) to net cash provided by (used in) operating activities		
Depreciation and amortization	2,388	2,464
Common stock issued for services	51	350
Income from PPP	—	(1,069)
Stock compensation expenses	194	40
Changes in operating assets and liabilities:		
(Increase)/ decrease in:		
Accounts receivable	1,396	2,970
Other current assets	195	129
Due from related party	1,060	(134)
Increase/ (decrease) in:		
Accounts payable and accrued expenses	(320)	(405)
Other current liabilities	(783)	176
Payment of lease liability	—	(146)
Net cash provided by/ (used in) operating activities	<u>(2,826)</u>	<u>(372)</u>
Cash flows from investing activities		
(Purchase)/sale of property and equipment	(7)	(26)
Increase in intangible assets	—	(3,279)
Net cash provided by/ (used in) investing activities	<u>(7)</u>	<u>(3,305)</u>
Cash flows from financing activities		
Employee stock options exercised	—	10
Increase/(decrease) in short term borrowing	1,067	244
Repurchases of common stock	—	(91)
Increase in additional paid-up capital	500	5,888
Net cash provided by/ (used in) financing activities	<u>1,567</u>	<u>6,051</u>
Net increase (decrease) in cash and cash equivalents	(1,266)	2,374
Cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	\$ 1,341	\$ 1,770
Cash and cash equivalents at the end of the period	<u>\$ 75</u>	<u>\$ 4,144</u>
Supplementary disclosure of cash flows information		
Interest	663	129
Income taxes	28	51

The accompanying notes are an integral part of these condensed consolidated financial statements.

HEALTHCARE TRIANGLE, INC.
Notes To Condensed Consolidated Financial Statements
(Unaudited)
 (In thousands except share and per share data)

1) Organization and Description of Business

Healthcare Triangle Inc. ("the Company") was incorporated under the laws of the State of Nevada on October 29, 2019, and then converted into a Delaware corporation on April 24, 2020, to provide IT and data services to the Healthcare and Life Sciences ('HCLS') industry. On January 1, 2020, the Company acquired the Life Sciences Business of SecureKloud Technologies Inc. ("Parent") and on May 8, 2020, the Company acquired Cornerstone Advisors Group LLC (Healthcare Business) from its Parent.

Company reinforces healthcare progress through breakthrough technology and extensive industry know-how. Company support healthcare providers and payors, hospitals and pharma/life sciences organizations in their effort to improve health outcomes by enabling the adoption of new technologies, data enlightenment, business agility and accelerate responding to immediate business needs and competitive threats. The highly regulated HCLS industry turn to Company for expertise in digital transformation on the cloud, security and compliance, develops, data lifecycle management, healthcare interoperability, clinical and business performance optimization.

Company concentrates on accelerating value to the three healthcare sectors:

1. Pharmaceutical companies, which require improved efficiencies in the clinical trial process. Company modernizes their IT infrastructure to advance the clinical trial process to drug discovery and delivery.
2. Hospitals and health systems, which face interoperability challenges as mergers, acquisitions and partnerships drive increasing need for integrated healthcare infrastructures. Company's health IT expertise optimizes providers' enterprise digital structure needs connecting disparate systems and applying analytics capabilities.
3. Life sciences, payers and all healthcare organizations must protect and secure personal health information (PHI), a regulatory compliance mandate that Company addresses and manages for its customers.

As an organization with the deep-rooted cloud expertise, Company's technology significantly relies on Big Data, Analytics, DevOps, Security/Compliance, Identity Access Management (IAM), Machine Learning (ML), Artificial Intelligence (AI), Internet of Things (IoT) and Blockchain.

HEALTHCARE TRIANGLE, INC.
Notes To Condensed Consolidated Financial Statements
(Unaudited)

Devcool Inc

Devcool Inc ("the Company") was incorporated under the laws of the State of California on September 25, 2016. The Company solves complex technology problems and delivers innovation to healthcare industry. The Company has successfully implemented projects for top Healthcare insurance companies and hospitals across United States of America. On December 10, 2021, Healthcare Triangle, Inc (the "Company") entered into a Share Purchase Agreement (the "Share Purchase Agreement") with Devcool, Inc., a California corporation ("Devcool"), Go To Assistance Inc., a California corporation ("Seller"), and Mr. Sandeep Deokule, current Chief Executive Officer of Devcool ("SD"). Pursuant to the Share Purchase Agreement, the Company will acquire 5,000,000 shares of Devcool's Class B Common Stock, par value \$0.00001, which represents all of the issued and outstanding capital stock of Devcool (the "Acquisition"). The closing of the Acquisition occurred on December 10, 2021 (the "Closing Date"). The Company exercised control by virtue of taking over the operations from November 01, 2021 (effective date) and the financials have been consolidated from this date.

Impact of the COVID-19 Pandemic

COVID-19 has created uncertainty for our employees, members, and customers. We consider the impact of the pandemic on our business by evaluating the health of our operations, any changes to our revenue outlook, and the degree to which interest in Company's solutions have evolved during these unprecedented times. We measure our performance through several key metrics; and as gauged these performance metrics, service levels have been high, and customer engagement and satisfaction have remained strong through these tough times. While the COVID-19 pandemic has not had a material adverse impact on our financial condition and results of operations to date, the future impact of the COVID-19 outbreak on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers and our sales cycles, impact on our marketing efforts, and any reduction in spending by our customers, all of which are uncertain and cannot be predicted. We have a diverse set of customers, while some have faced headwinds, others have experienced growth. Because of COVID-19, Healthcare and Life Sciences organizations are accelerating research, rethinking patient care, and maintaining clinical and operational continuity during this unprecedented time for the global health system. COVID-19 has necessitated the adoption of digital communication channels and remote working technology within the Healthcare and Life Sciences industry at a rapid pace and our proprietary platforms and solutions addresses these challenges. Our business is focused on providing digital platform solutions to healthcare organizations and it is our mission to adequately address COVID-19 challenges for the benefit of our customers and society in general. As a result, consumers have better personal care, convenience, and value. COVID-19 is expected to drive increased utilization of technology during and after the pandemic, and such shift to a virtual approach creates a unique opportunity for our business to shape the new virtual-oriented experiences of businesses through our cloud technology and services and our value proposition resonates with a broader audience of companies as they turn their focus to safely reopening their workplaces and managing the ongoing health and well-being of employees and their families.

HEALTHCARE TRIANGLE, INC.
Notes To Condensed Consolidated Financial Statements
(Unaudited)
 (In thousands except share and per share data)

2) Summary of Significant Accounting Policies***Basis of consolidated financial statements***

The accompanying condensed consolidated financial statements include the accounts of Healthcare Triangle and its wholly owned subsidiary. The condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. All intercompany balances and transactions have been eliminated in consolidation.

The accompanying statements of operations include expenses for certain functions historically performed by the Parent company, including general corporate services, such as legal, accounting, treasury, information technology, human resources and administration. These expenses are based primarily on direct usage when identifiable, direct capital expenditures or other relevant allocations during the respective periods. We believe the assumptions underlying the accompanying condensed consolidated financial statements, including the assumptions regarding these expenses from this related party, are reasonable. Actual results may differ from these expenses, assumptions and estimates. The amounts recorded in the accompanying condensed consolidated financial statements are not necessarily indicative of the actual amount of such indirect expenses that would have been recorded had we been a separate independent entity.

Unaudited Interim Financial Information

The accompanying unaudited condensed consolidated financial statements and the related footnote disclosures have been prepared by us in accordance with GAAP for interim financial reporting and as required by Rule 10-01 of Regulation S-X. Accordingly, the unaudited condensed consolidated financial statements may not include all of the information and notes required by GAAP for audited financial statements. The year-end December 31, 2022 condensed consolidated balance sheet data included herein was derived from audited financial statements but does not include all disclosures required by GAAP for complete financial statements. In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments, consisting of items of a normal and recurring nature, necessary to present fairly our financial position as of September 30, 2023, the results of operations, comprehensive income (loss), stockholders' deficit, and cash flows for the three months ended September 30, 2023 and 2022. The results of operations for the three months ended September 30, 2023 and 2022 are not necessarily indicative of the results to be expected for the full year. The information contained herein should be read in conjunction with the audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2022 filed with the SEC. Management considers events or transactions that occur after the balance sheet date but before the financial statements are issued to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. Subsequent events have been evaluated through the date of issuance of these financial statements.

HEALTHCARE TRIANGLE, INC.
Notes To Condensed Consolidated Financial Statements
(Unaudited)
 (In thousands except share and per share data)

Accounting Policies***Use of Estimates***

The preparation of financial statements is in conformity with GAAP which requires us to make estimates, judgments and assumptions that affect the

financial statements and the notes thereto. These estimates are based on information available as of the date of the financial statements. On a regular basis, management evaluates these estimates and assumptions. Items subject to such estimates and assumptions include, but are not limited to:

- the standalone selling price for each distinct performance obligation
- the determination of the period of benefit for amortization of deferred costs.
- the fair value of assets acquired, and liabilities assumed for business combinations.
- Share based compensation including warrants

Emerging Growth Company Status

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012. We will remain an emerging growth company until the earlier of (i) December 21, 2026 (the last day of the fiscal year following the fifth anniversary of our IPO), (ii) the last day of the first fiscal year in which we have total annual gross revenue of at least \$1.07 billion, (iii) the last day of the first fiscal year in which we are deemed to be a "large accelerated filer", as defined in the rules under the Exchange Act, and (iv) the date on which we have issued more than \$1.0 billion in non-convertible debt during the prior three-year period. We refer to the Jumpstart Our Business Startups Act of 2012 herein as the "JOBS Act," and any reference herein to "emerging growth company" has the meaning ascribed to it in the JOBS Act.

We have elected to take advantage of certain of the reduced disclosure obligations in this Annual Report on Form 10-K and may elect to take advantage of other reduced reporting requirements in our future filings with the SEC. As a result, the information that we provide to our stockholders may be different from the information you might receive from other public reporting companies in which you hold equity interests. In particular, Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended (the Securities Act) for complying with new or revised accounting standards. Thus, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to avail ourselves of this extended transition period and, as a result, so long as we remain an emerging growth company, we will not be subject to the same implementation timing of new or revised accounting standards as other public companies that are not emerging growth companies until these standards apply to private companies unless we elect to early adopt as permitted by the relevant guidance for private companies.

Segment Information

The management has chosen to organize the Company around differences in products and services and segregated the reporting segments as Software Services, Managed Services and Support, and Platform Services.

Operating segments are defined as components of an enterprise about which separate financial information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and assessing performance. The Company defines the term 'chief operating decision maker' to be the Chief Financial Officer. The Chief Financial Officer along with the management team reviews the financial information presented on a consolidated basis for purposes of allocating resources and evaluating our financial performance. Accordingly, the Company has determined that it operates in three distinct reportable operating segments, and all required financial segments information can be found in the condensed consolidated financial statements.

Expenses included in segment operating profit consist principally of direct selling, delivery costs and research and development expenses. Certain Sales and Marketing expenses, General and Administrative expenses, depreciation, and amortization are not allocated to individual segments in internal management reports used by the chief operating decision maker. Accordingly, such expenses are excluded from segment operating profit and are included below as "unallocated costs" and adjusted against our total income from operations. Additionally, management has determined that it is not practical to allocate identifiable assets by segment, since such assets are used interchangeably among the segments.

Schedule of operating segment

	Three months Ended September 30, (In thousands)		Changes	
	2023	2022	Amount	%
Software services	\$ 4,918	\$ 6,177	\$ (1,259)	(20%)
Managed services and support	2,456	3,708	(1,252)	(34%)
Platform services	405	2,065	(1,660)	(80%)
Revenue	\$ 7,779	\$ 11,950	\$ (4,171)	(35%)

	Nine months Ended September 30, (In thousands)		Changes	
	2023	2022	Amount	%
Software Services	\$ 16,561	\$ 18,218	\$ (1,657)	(9%)
Managed Services and Support	8,362	11,879	(3,517)	(30%)
Platform Services	1,220	4,497	(3,277)	(73%)
Revenue	\$ 26,143	\$ 34,594	\$ (8,451)	(24%)

HEALTHCARE TRIANGLE, INC.
Notes To Condensed Consolidated Financial Statements
(Unaudited)
 (In thousands except share and per share data)

Operating profit by Operating Segment

	Three months Ended September 30, (In thousands)		Changes	
	2023	2022	Amount	%
Software services	\$ (703)	\$ (145)	\$ (558)	(385%)
Managed services and support	709	1,397	(688)	(49%)
Platform services	102	(992)	1,094	110%
Total segment operating (loss) profit	108	260	(152)	(58%)
Less: unallocated costs	1,632	2,507	(875)	(35%)

Income (loss) from operations	(1,524)	(2,247)	723	32%
Other income	—	—	—	0%
Interest expense	(415)	(55)	(360)	(655%)
Net income (loss) before income tax expenses	\$ (1,939)	\$ (2,302)	\$ 363	16%

	Nine months Ended September 30, (In thousands)		Changes	
	2023	2022	Amount	%
Software services	\$ (2,482)	\$ (665)	\$ (1,817)	(273%)
Managed services and support	2,083	3,935	(1,852)	(47%)
Platform services	(277)	(1,777)	1,500	84%
Total segment operating (loss) profit	(676)	1,493	(2,169)	(145%)
Less: unallocated costs	5,652	7,147	(1,495)	(21%)
Income (loss) from operations	(6,328)	(5,654)	(674)	(12%)
Other income	12	1,087	(1,075)	(99%)
Interest expense	(663)	(129)	(534)	(414%)
Net income (loss) before income tax expenses	\$ (6,979)	\$ (4,696)	\$ (2,283)	(49%)

Revenue from top 5 customers

Three Months Ended September 30, 2023

Schedule of concentration

Customer	Amount (In thousands)	% of Revenue
Customer 1	\$ 4,168	54%
Customer 2	714	9%
Customer 3	492	6%
Customer 4	427	5%
Customer 5	\$ 339	4%

Three Months Ended September 30, 2022

Schedule of concentration

Customer	Amount (In thousands)	% of Revenue
Customer 1	\$ 4,562	38%
Customer 2	1,840	15%
Customer 3	1,218	10%
Customer 4	1,063	9%
Customer 5	\$ 534	4%

Nine Months Ended September 30, 2023

Schedule of concentration

Customer	Amount (In thousands)	% of Revenue
Customer 1	\$ 13,617	52%
Customer 2	2,485	10%
Customer 3	1,822	7%
Customer 4	1,411	5%
Customer 5	\$ 956	4%

Nine Months Ended September 30, 2022

Schedule of concentration

Customer	Amount (In thousands)	% of Revenue
Customer 1	\$ 12,912	37%
Customer 2	4,770	14%
Customer 3	3,726	11%
Customer 4	2,963	9%
Customer 5	\$ 1,181	3%

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Revenue Recognition

We recognize revenues as we transfer control of deliverables (services, solutions, and platform) to our clients in an amount reflecting the consideration to which we expect to be entitled. To recognize revenues, we apply the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenues when a performance obligation is satisfied. We account for a contract when it has approval and commitment from all parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. We apply judgment in determining the customer's ability and intention to pay based on a variety of factors including the customer's historical payment experience.

For performance obligations where control is transferred over time, revenues are recognized based on the extent of progress towards completion of the

performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the deliverables to be provided.

Software Services

The Company enters into contractual obligations with the customers to perform (i) Strategic advisory services which include assessment of the enterprise network, applications environment and advise on the design and tools; (ii) Implementation services which include deployment, upgrades, enhancements, migration, training, documentation and maintenance of various electronic health record systems and (iii) Development services which include customization of network and applications in the public cloud environment.

Revenue from Strategic advisory, Implementation and Development services are distinct performance obligation and is recognized on time-and-material or fixed-price project basis. Revenues related to time-and-material are recognized over the period the services are provided using labor hours. Revenues related to fixed-price contracts are recognized as the service is performed using the cost-to-cost method, under which the total value of revenues is recognized based on the percentage that each contract's total labor cost to date bears to the total expected labor costs. The cost-to-cost method requires estimation of future costs, which is updated as the project progresses to reflect the latest available information; such estimates and changes in estimates involve the use of judgment. The cumulative impact of any revision in estimates is reflected in the financial reporting period in which the change in estimate becomes known and any anticipated losses on contracts are recognized immediately, where appropriate.

We may enter into contracts that consist of multiple performance obligations. Such contracts may include any combination of our deliverables. To the extent a contract includes multiple promised deliverables, we apply judgment to determine whether promised deliverables are capable of being distinct and are distinct in the context of the contract. If these criteria are not met, the promised deliverables are accounted for as a combined performance obligation. For contracts with multiple distinct performance obligations, we allocate consideration among the performance obligations based on their relative standalone selling price. Standalone selling price is the price at which we would sell a promised good or service separately to the customer. When not directly observable, we estimate standalone selling price by using the expected cost plus a margin approach. We establish a standalone selling price range for our deliverables, which is reassessed on a periodic basis or when facts and circumstances change.

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Managed Services and Support

The Company has standard contracts for its Managed Services and Support, however the statement of work contained in such contracts is unique for each customer. A typical Managed Services and Support contract would provide for some or all of the following types of services being provided to the customer: Cloud hosting, Continuous monitoring of applications, security and compliance and support.

Revenue from Managed services and support is a distinct performance obligation and recognized based on SSP (standalone selling price), rateably on a straight-line basis over the period in which the services are rendered. Contract with customers includes subcontractor services or third-party cloud infrastructure services in certain integrated services arrangements. In these types of arrangements, revenue is recognized net of costs when the Company is acting as an agent between the customer and the vendor, and gross when the Company is the principal for the transaction. In doing so, the Company first evaluates whether it controls the platform or service before it is transferred to the customer. The Company considers whether it has the primary obligation to fulfil the contract, pricing discretion and other factors to determine whether it controls the platform or service and therefore is acting as a principal or an agent. Payment for managed services and support is due monthly.

Platform Services

The Company has standard contracts for its Platform Services, however the statement of work contained in such contracts is unique for each customer. A typical Platform Services contract would provide for some or all of the following types of services being provided to the customer: Data Analytics, Backup and Recovery, through our Platform.

The revenue from Platform services is a distinct performance obligation and recognized based on SSP. During the periods presented the Company generated revenue from Platform services on a fixed-price solutions delivery model. Revenues related to fixed-price contracts are recognized as the service is performed using the cost-to-cost method, under which the total value of revenues is recognized based on the percentage that each contract's total labor cost to date bears to the total expected labor costs. The cost-to-cost method requires estimation of future costs, which is updated as the project progresses to reflect the latest available information; such estimates and changes in estimates involve the use of judgment. The cumulative impact of any revision in estimates is reflected in the financial reporting period in which the change in estimate becomes known and any anticipated losses on contracts are recognized immediately, where appropriate.

Our contractual terms and conditions for Software services, Managed Services and Support and Platform services mandate that our services are documented and subject to inspection, testing at the time of delivery to customer. In addition, the Company needs to integrate seamlessly into the customers' systems. Also, the customer has a right to cancel all, or part of the services rendered if it is not in accordance with statement of work and within the stipulated time.

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Contract Balances

The timing of revenue recognition, billings, and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and customer advances and deferred revenue (contract liabilities) on the Consolidated Balance Sheet. Amounts are billed as work progresses in accordance with agreed-upon contractual terms, generally monthly upon achievement of contractual milestones. Generally, billing occurs after revenue recognition, resulting in contract assets. However, we sometimes receive advances or deposits from our customers, particularly on our international contracts, before revenue is recognized, resulting in contract liabilities. These deposits are liquidated when revenue is recognized

The beginning and ending contract balances were as follows:

Schedule of receivables and contract liabilities

	September 30, 2023	December 31, 2022
	(In thousands)	(In thousands)
Accounts Receivable	4,196	5,592

Cash and Cash Equivalents

The Company considers all highly liquid investments (including money market funds) with an original maturity at acquisition of three months or less to be cash equivalents. The Company maintains cash balances, which may exceed federally insured limits. The Company does not believe that this results in any significant credit risk.

Accounts Receivable

The Company extends credit to clients based upon the management's assessment of their creditworthiness on an unsecured basis. The Company provides an allowance for uncollectible accounts based on historical experience and management evaluation of trend analysis. The Company includes any balances that are determined to be uncollectible in its allowance for doubtful accounts. For the quarter ended September 30, 2023 the Company did not provide an allowance for uncollectible accounts and year ended December 31, 2022 the Company provided \$222 as allowances for uncollectible accounts. Based on the information available, management believes the Company's accounts receivable are collectible.

Property and Equipment

Property and equipment are stated at cost. The Company provides for depreciation of property and equipment using the straight-line method over the estimated useful lives of the related assets ranging from 3 to 7 years. Leasehold improvements are amortized using the straight-line method over the shorter of the lease terms or the useful lives of the improvements. The Company charges repairs and maintenance costs that do not extend the lives of the assets to expenses as incurred.

Intangible Assets

We capitalize certain costs incurred for the platform development when it is determined that it is probable that the platform will be completed and will be used as intended. Costs related to preliminary project activities, post-implementation activities, training, and maintenance are expensed as incurred. Customer relationship and platform development are amortized based on finite lives using either the straight-line method or based on estimated future cash flows to approximate the pattern in which the economic benefit of the asset will be utilized. Management evaluates the useful lives of these assets on an annual basis and tests for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets.

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Goodwill

Goodwill is the excess of the cost of an acquired entity over the net amounts assigned to tangible and intangible assets acquired and liabilities assumed. Goodwill is not amortized but is subject to an annual impairment test.

The Company performs its annual goodwill impairment test on an annual basis in the fourth quarter of each fiscal year or more frequently if changes in circumstances or the occurrence of events suggest that an impairment exists. If the fair value of the reporting unit is less than its carrying value, an impairment loss is recorded to the extent that the implied fair value of the reporting unit's goodwill is less than the carrying value of the reporting unit's goodwill.

The Company's quarterly goodwill impairment test resulted in no impairment charges in the quarter ended September 30, 2023 and 2022.

Allowance for Doubtful Accounts

Trade accounts receivable are stated at the amount the Company expects to collect and do not bear interest. The collectability of trade receivable balances is regularly evaluated based on a combination of factors such as customer creditworthiness, past transaction history with the customer, current economic industry trends and changes in customer payment pattern. Additionally, if it is determined that a customer will be unable to fully meet its financial obligation, such as in the case of a bankruptcy filing or other material event impacting its business, a specific allowance for doubtful accounts may be recorded to reduce the related receivable to the amount expected to be recovered.

Although we believe that our approach to estimates and judgments regarding our allowance for doubtful accounts is reasonable, actual results could differ and we may be exposed to increases or decreases in required allowances that could be material.

Business Combinations

As per ASC 805-50 a common-control transaction does not meet the definition of a business combination because there is no change in control over the net assets. The accounting for these transactions are addressed in the "Transactions Between Entities Under Common Control". The net assets are derecognized by the transferring entity and recognized by the receiving entity at the historical cost of the parent of the entities under common control. Any difference between the proceeds transferred or received and the carrying amounts of the net assets is recognized in equity in the transferring and receiving entities' separate financial statements and eliminated in consolidation. The change in accounting principle is applied retroactively for all periods presented.

We account for business combinations using the acquisition method, which requires the identification of the acquirer, the determination of the acquisition date and the allocation of the purchase price paid by the acquirer to the identifiable tangible and intangible assets acquired, the liabilities assumed, including any contingent consideration and any non-controlling interest in the acquiree at their acquisition date fair values.

Goodwill represents the excess of the purchase price over the fair value of net assets acquired, including the amount assigned to identifiable intangible assets. Identifiable intangible assets with finite lives are amortized over their useful lives. Acquisition-related costs are expensed in the periods in which the costs are incurred. The results of operations of acquired businesses are included in our condensed consolidated financial statements from the date of effective control.

Valuation of Contingent Earn-out Consideration.

Acquisitions may include contingent consideration payments based on the achievement of certain future financial performance measures of the acquired company. Contingent consideration is required to be recognized at fair value as of the acquisition date. We estimate the fair value of these liabilities based on financial projections of the acquired companies and estimated probabilities of achievement. We believe our estimates and assumptions are

reasonable, however, there is significant judgment involved. We evaluate, on a routine, periodic basis, the estimated fair value of the contingent consideration and changes in estimated fair value, subsequent to the initial fair value estimate at the time of the acquisition, will be reflected in income or expense in the consolidated statements of operations. Changes in the fair value of contingent consideration obligations may result from changes in discount periods and rates, changes in the timing and amount of revenue and/or earnings estimates and changes in probability assumptions with respect to the likelihood of achieving the various earn-out criteria. Any changes in the estimated fair value of contingent consideration may have a material impact on our operating results.

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Earnings (Loss) Per Share.

Earnings per share ("EPS") is the amount of earnings attributable to each share of common stock. For convenience, the term is used to refer to either earnings or loss per share. EPS is computed pursuant to Section 260-10-45 of the FASB Accounting Standards Codification. Pursuant to ASC Paragraphs 260-10-45-10 through 260-10-45-16, basic EPS shall be computed by dividing income available to common stockholders (the numerator) by the weighted-average number of common shares outstanding (the denominator) during the period. Income available to common stockholders shall be computed by deducting both the dividends declared in the period on preferred stock (whether or not paid) and the dividends accumulated for the period on cumulative preferred stock (whether or not earned) from income from continuing operations (if that amount appears in the income statement) and also from net income. The computation of diluted EPS is similar to the computation of basic EPS except that the denominator is increased to include the number of additional common shares that would have been outstanding if the dilutive potential common shares had been issued during the period to reflect the potential dilution that could occur from common shares issuable through contingent shares issuance arrangement, stock options or warrants.

Fair Value Measurements

The Company measures its financial assets at fair value each reporting period using a fair value hierarchy that prioritizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1—Inputs are observable and reflect quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2—Inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

Level 3—Inputs that are unobservable

Money market funds and U.S. treasury securities are classified within Level 1 because they are valued using quoted market prices or alternative pricing sources and models utilizing market observable inputs. Other debt securities and investments are classified within Level 2 if the investments are valued using model driven valuations which use observable inputs such as quoted market prices, benchmark yields, reported trades, broker/dealer quotes or alternative pricing sources with reasonable levels of price transparency. Available-for-sale debt securities are held by custodians who obtain investment prices from a third-party pricing provider that incorporates standard inputs in various asset price models. In connection with the acquisition of Devcool, Inc., the Company recognized a liability on the acquisition date for the estimated fair value of the contingent consideration based on the probability of achieving certain milestones pursuant to the acquisition agreement. The fair value measurement of the contingent consideration is based on significant unobservable inputs and management judgment; therefore, it is categorized under Level 3 at the balance sheet date in the table below.

Schedule of balance sheet

	September 30, 2023					
	Fair Value Measured Using					
	(In thousands)					
Level 1	Level 2	Level 3	Total			
Financial liabilities:						
Warrant Liabilities		\$	795	\$	795	
Acquisition-related contingent consideration	—	—	\$	1,487	\$	
					1,487	

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Stock-Based Compensation

The Company accounts for stock-based awards to employees and consultants in accordance with applicable accounting principles, which requires compensation expense related to share-based transactions, including employee stock options, to be measured and recognized in the financial statements based on a determination of the fair value of the stock options over the instruments vesting period. Options awarded to purchase shares of common stock issued to non-employees do not need to be remeasured as per ASU 2018-07 principles.

The Company adopted the "2020 Stock Incentive Plan" (Plan). The Company has reserved 600,000 shares of the Company's Common stock.

Income taxes

The provision for income taxes was determined using the asset and liability approach of accounting for income taxes. Under this approach, deferred taxes represent the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid. The provision for income taxes represents income taxes paid or payable for the current year plus the change in deferred taxes during the period. Deferred taxes result from differences between the financial and tax basis of the Company's assets and liabilities and are adjusted for changes in tax rates and tax laws when changes are enacted. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be

realized. Deferred tax assets and liabilities are measured using enacted tax rates applicable in the years in which they are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax law is recognized in income in the period that includes the enactment date.

Advertising Costs

The Company expenses advertising cost as incurred. Advertising expense for the quarters ended September 30, 2023 and 2022 were Nil.

Concentrations

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and trade receivables. Credit risks associated with trade receivables is minimal due to the Company's customer base which consist of large customer base and ongoing procedures, which monitor the credit worthiness of its customers. For the quarter ended September 30, 2023 and 2022 revenue from the top five customers accounted for approximately 78% and 76% of total revenue respectively. For the quarter ended September 30, 2023 and year ended December 31, 2022 accounts receivable from five major customers accounted for approximately 79% and 72% of the total accounts receivables.

The Company maintains cash balances in various financial institutions. The balances are generally insured by the Federal Deposit Insurance Corporation up to \$250,000 (valid through September 30, 2023) per institution.

As of September 30, 2023 and December 31, 2022, the Company had Nil and \$816 respectively, of uninsured cash balances. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

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4) Property and Equipment

Property and equipment consisted of the following:

Schedule of property and equipment

	September 30, 2023	December 31, 2022
	(In thousands)	
Furniture and equipment	\$ 126	\$ 119
Less: Accumulated depreciation	(77)	(39)
Net fixed assets	\$ 49	\$ 80

Depreciation expenses for the quarter ended September 30, 2023, and September 30, 2022 were \$ 10 and \$8 respectively.

5) Intangible Assets

The Company's intangible assets consist primarily of intellectual property and customer relationship it acquired through various acquisitions. We capitalize certain costs incurred for the platform development when it is determined that it is probable that the platform will be completed and will be used as intended. We amortize our intangible assets that have finite lives using either the straight-line method or based on estimated future cash flows to approximate the pattern in which the economic benefit of the asset will be utilized

Intangible assets consist of the following:

	September 30, 2023			December 31, 2022			
	Weighted average Remaining Useful life (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
		(In thousands)			(In thousands)		
Customer relationships	2.97	\$ 8,667	\$ 4,755	\$ 3,912	\$ 8,667	\$ 3,523	\$ 5,144
Intellectual property	4.39	7,329	3,021	4,308	7,329	2,013	5,316
Product development	0.5	477	477	0	477	367	110
Total intangible assets		\$ 16,473	\$ 8,253	\$ 8,220	\$ 16,473	\$ 5,903	\$ 10,570

Amortization expense for the quarter ended September 30, 2023 and September 30, 2022 were \$ 701 and \$857 respectively. This amortization expense relates to capitalized software expenses, intellectual property, and customer lists.

Schedule of intangibles asset useful life

Nature of Intangibles	Useful Life
Customer relationships	5 years
Intellectual property	5 years
Product development	5 years

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Estimated annual amortization expense (including amortization expense associated with capitalized software costs) for each of the next four years are as

follows:

Schedule of amortization expense

September 30,	\$	
2023		636
2024		2,547
2025		2,547
2026		2,489
Total	\$	8,220

6) Due from Related Party

Securekcloud Technologies Inc, (Parent) is a Nevada based corporation, focusing on digital transformation for Avionics, Technology and Manufacturing Industry. As a pioneer in enabling cloud transformation for global enterprises, Securekcloud Technologies Inc is building on foundation of cloud capabilities by creating innovative platforms that are time-tested and designed to drive success in its digital transformation journey. HTI uses the capabilities and resources of the parent for the execution of the projects for its customers.

Securekcloud Technologies Inc owns 59.61% of Healthcare Triangle Inc as of September 30, 2023.

The Company entered into a Master Service Agreement, Shared Services Agreement and Rental Sublease Agreement with its parent. As per the Master Services Agreement, parent provides technical resources according to the statement of work from the Company. The initial term of the agreement is twenty-four months, which is extendable based on mutual consent. The parent charges for the services at cost. The Company received services amounting to \$946 and \$334 for the quarter ended September 30, 2023, and 2022 respectively. The Company has paid for these services during the year.

As per the terms of the Shared Services and Rental Sublease Agreement, the cost incurred by the parent on behalf of the Company are settled at cost. The Shared Services Agreement includes Development infrastructure, Sales support, Recruitment and Immigration support, Project coordination, HR and Operation support, Management /Advisory services. The Company received services amounting to \$78 and \$48 for the quarter ended September 30, 2023, and 2022 respectively. The Company has paid for these services during the year.

The Company does not have any signed lease agreement on its name and currently operates from two office locations leased by the Parent. The Company has entered into a sublease agreement with the Parent and paid rent of \$67 and \$49 for the quarter ended September 30, 2023, and 2022 respectively.

The Company has earned \$9 from sale to related parties for the quarter ended September 30, 2023, and Nil for the quarter ended September 30, 2022.

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7) Business Combination

Effective May 8, 2020, the Company acquired the entire equity of Cornerstone Advisory Services LLC in exchange for a promissory note. In accordance with the terms of the Equity Purchase Agreement dated May 8, 2020, the Company acquired 100% of the equity of Cornerstone Advisory Services LLC for a total consideration of \$7,000. The total purchase price of \$7,000 was allocated to net working capital of \$ 4,700 and intangibles of \$2,300, taking into consideration projected revenue from the acquired list of Subsidiary's customers over a period of five years.

Acquisition of Devcool, Inc.

On December 10, 2021, Healthcare Triangle, Inc. (the "Company") entered into a Share Purchase Agreement (the "Share Purchase Agreement") with Devcool, Inc., a California corporation ("Devcool"), Go To Assistance Inc., a California corporation ("Seller"), and Mr. Sandeep Deokule, current Chief Executive Officer of Devcool ("SD"). Pursuant to the Share Purchase Agreement, the Company will acquire 5,000,000 shares of Devcool's Class B Common Stock, par value \$0.0001, which represents all of the issued and outstanding capital stock of Devcool (the "Acquisition"). The closing of the Acquisition occurred on December 10, 2021 (the "Closing Date"). The Company exercised control by virtue of taking over the operation from November 01, 2021 (effective date) and the financials have been consolidated from this date.

The aggregate purchase price for the acquisition of Devcool Inc was \$7,773 consisting of:

1. \$4,500 payable to the Seller in cash on the Closing Date;
2. \$700 worth of equity of the Company's common stock (the "Common Stock") whereby the number of shares of common stock issuable to Mr. Deokule will be calculated by dividing \$700 by the volume weighted average price of the Company's common stock as reported by Bloomberg Financial Markets or if Bloomberg Financial Markets is not then reporting such prices, by a comparable reporting service of national reputation ("VWAP") for the 20 trading days immediately prior to the closing date of the Transaction. Such shares of common stock were issued as follows:
 - a) 20,930 shares of unvested Common Stock were issued to the Seller, which shall vest upon Devcool meeting one of two gross revenue targets set forth in the Share Purchase Agreement; and
 - b) 8,372 shares of unvested Common Stock were issued as retention bonus to certain key personnel of Devcool to be retained by Devcool post-Closing (the "Retention Personnel"), subject to the Retention Personnel continuing to perform services to Devcool (or its affiliates) up to and through the second anniversary of the closing date, which shares shall vest equally monthly on the corresponding day of the closing date over a period of 24 successive months; and

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3. A sum of up to \$ 2,500 as post-closing earnout payment (the "Earnout"), subject to Devcool's achievement of the applicable yearly earnout targets set

forth in the Share Purchase Agreement, which Earnout shall be payable as follows:

- a) up to \$250 worth of Common Stock (calculated based on the average of the VWAPs for the 20 trading days immediately prior to December 31, 2022) issuable to SD or the Seller as SD's nominee for achievement of the Year 1 Equity Earnout (as defined in Annexure B to the Share Purchase Agreement);
- b) up to \$1,000 payable to the Seller or its nominees in cash upon achieving the Year 1 Cash Earnout; and
- c) up to \$250 worth of Common Stock (calculated based on the average of the VWAPs for the 20 trading days immediately prior to December 31, 2023) issuable to SD or the Seller as SD's nominee for achievement of the Year 2 Equity Earnout (as defined in Annexure B to the Share Purchase Agreement).
- d) up to \$1,000 payable to the Seller or its nominees in cash upon achieving the Year 2 Cash Earnout; and

4. The Company also issued the Seller a secured non-interest-bearing promissory note in the principal amount of \$ 2,209 that matures on April 30, 2022 (the "Note") that reflects an amount owed to the Seller by the Company equal to the difference between the amount of accrued and outstanding accounts receivable on the Closing Date less the amount of accrued and outstanding accounts payable on the Closing Date.

Based on the purchase price allocation, we recorded \$1,289 of goodwill which is not tax deductible.

Presented below is the summary of the foregoing acquisitions

Allocation of purchase price

Schedule of allocation of purchase price

Asset Component	Amount
Intangible assets	\$ 6,018
Goodwill	1,289
Working capital	—
Current assets	
Cash	970
Accounts receivables	3,142
Other current assets	
	11,419
Current liabilities	
Accounts payable	758
Short term borrowing	2,209
Other current liabilities	
	679
	3,646
Net working capital acquired	7,773
Total purchase price	\$ 7,773

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8) Debt Securities

A. Common Stock Warrants

In connection with the issuance of Convertible Notes, the Company also issued Warrants to each holder of Convertible Notes which entitles the holder thereof to purchase a number of shares of our common stock equal to 50% of the number of shares that Convertible Note issued with such Warrant is convertible into at a price equal to \$10.66 per share.

The warrants are subject to certain customary adjustments in the event of stock dividends and splits, issuance of options, subsequent rights offerings, and pro rata distributions.

Warrant holders have "piggyback" registration rights as set forth therein and a breach of such rights with respect to any Warrant would result in an increase by 25% of the shares of our common stock underlying such Warrant.

As of September 30, 2023, none of the warrants have been exercised by the note holders and hence no proceeds have been received towards any of the warrants.

The Warrants have been valued using the Black-Scholes-Merton Option ("BSM") pricing model that is based on the individual characteristics of the warrants on the valuation date, which include the Company's stock fair value and assumptions for expected volatility, expected life and risk-free interest rate, as well as the present value of the minimum cash payment component of the instrument for the warrants, when applicable. Changes in the assumptions used could have a material impact on the resulting fair value of each warrant. The primary inputs affecting the value of the warrant liability are the Company's stock price and volatility in the Company's stock price, as well as assumptions about the probability and timing of certain events, such as a change in control or future equity offerings. Increases in the fair value of the underlying stock or increases in the volatility of the stock price generally result in a corresponding increase in the fair value of the warrant liability; conversely, decreases in the fair value of the underlying stock or decreases in the volatility of the stock price generally result in a corresponding decrease in the fair value of the warrant liability.

Schedule of common stock warrants

Warrants	Number of Warrants	Weighted Average Exercise price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic value
Outstanding on January 1, 2023	683,935	\$ 12.71	4	2,386
Granted	—	—	—	—
Exercised	—	—	—	—

Forfeited or expired	(74,149)	—	—	—
Outstanding on September 30, 2023	609,756	\$ 10.66	4	2,386
Exercisable on September 30, 2023	609,756	\$ 10.66	—	—

The following table summarizes the activities for our unvested warrants for the quarter ended September 30, 2023

Schedule of unvested warrants

	Number of Warrants	Weighted average Grant Date Fair Value Per warrant
Unvested on January 1, 2023	548,780	\$ 5.22
Granted	—	
Vested	(30,488)	\$ 5.64
Forfeited	—	
Unvested on March 31, 2023	518,292	\$ 5.22
Granted	—	
Vested	(30,488)	\$ 5.64
Forfeited	—	
Unvested on June 30, 2023	487,804	\$ 5.22
Granted	—	
Vested	(30,488)	\$ 5.64
Forfeited	—	
Unvested on September 30, 2023	457,316	\$ 5.22

The Company has recognized cost of nil for the quarter ended September 30, 2023, and nil for the quarter ended September 30, 2022.

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B. Warrant Liability

The Company has allocated the proceeds from convertible note between promissory notes and warrants; as of September 30, 2023, the Company has reported a Warrant liability of \$795 at fair value, with subsequent changes in their respective fair values recognized in the consolidated statement of operations at each reporting date.

The fair value of the warrant liabilities was measured using a binomial lattice model. Significant inputs into the model at the inception and reporting period measurement dates are as follows:

Schedule of fair value of warrant liabilities

	September 30, 2023
Estimated fair value of common stock warrant	\$ 5.22
Exercise price	\$ 10.66
Expected volatility	45%-52%
Expected terms (in years)	5
Risk-free interest rate	4.60%-5.46%
Dividend yield	0%

C. Short Term borrowing

The Company has obtained a credit facility from Seacoast business funding (SBF) a division of Seacoast National Bank . The funding is against the accounts receivables of the company and its subsidiary. The SBF facility charges an interest of prime rate plus 1% on a floating basis. The balance as of September 30, 2023, is \$2,997 and \$3,212 for the period ended December 31, 2022.

The Company has obtained a credit facility from Agile Lending LLC in the month of May 2023. The balance as of September 30, 2023, is \$ 482.

9) Provision for Income Taxes

The Company accounts for income taxes in accordance with FASB ASC Topic 740, *Income Taxes*. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Management evaluates all available evidence about future taxable income and other possible sources of realization of deferred tax assets. A valuation allowance is established to reduce deferred tax assets to an amount that represents management's best estimate of the amount of such deferred tax assets that more likely than not will be realized. To the extent the Company establishes a valuation allowance or increased the allowance in any given period, an expense is recognized within the provision for income taxes in the statement of income.

The Company recognizes the tax benefit from uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. The Company recognizes interest and penalties related to income tax matters as other expense in the statement of income. Based on management's evaluations, there are no uncertain tax positions requiring recognition as of the date of these financial statements.

The components of the Company's net deferred tax assets as of September 30, 2023 and December 31, 2022, were as follows (in thousands):

Schedule of deferred tax assets

	September 30, 2023	December 31, 2022
Deferred tax assets:		
Net Operating loss carry forward	\$ 1,884	\$ 2,578

Stock-based compensation	(58)	(27)
Other income (PPP loan forgiveness)	—	292
Total deferred tax asset	1,826	2,843
Less: Valuation allowance	\$ (1,826)	\$ (2,843)
Deferred tax asset, net of valuation allowance	—	—
Deferred tax liabilities	—	—
Net Deferred tax asset	—	—

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Income tax expense (benefit) was computed as follows:

Schedule of income tax expense benefit

	September 30, 2023	September 30, 2022
Federal income tax	\$ —	\$ —
State income tax	4	37
Total income taxes, current provision	4	37
Deferred Income taxes (benefit)	—	—
Total Income expenses (benefit)	\$ 4	\$ 37

The Company's effective tax rate is 0% for the quarter ended September 30, 2023 and 0% and for the quarter ended September 30, 2022. The future effective income tax rate depends on various factors, such as the Company's income (loss) before taxes, tax legislation and the geographic composition of pre-tax income.

The Company files a consolidated federal tax return with its parent and records its share of the consolidated federal tax expense on a separate return basis. The Company's current tax expense is nil. There is no liability in 2022 on account of losses.

The Company's federal and state income tax returns are generally subject to possible examination by the taxing authorities until the expiration of the related statute of limitations on those tax returns which is generally three years from the original filing deadline. The Company regularly reviews its deferred tax assets for recoverability based on historical taxable income, projected future taxable income, the expected timing of the reversals of existing taxable temporary differences and tax planning strategies. The Company's judgment regarding future profitability may change due to many factors, including future market conditions and the ability to successfully execute the business plans and/or tax planning strategies. Should there be a change in the ability to recover deferred tax assets, the Company's income tax provision would increase or decrease in the period in which the assessment is changed.

10) New Accounting Pronouncements

i) **ASU 2021-08—Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers.** For public business entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption of the amendments is permitted, including adoption in an interim period. The Company is currently evaluating the impact that the adoption of ASU 2016-02 will have on its consolidated financial statements.

(ii) **ASU 2021-10—Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance.** The amendments in this Update are effective for all entities within their scope for financial statements issued for annual periods beginning after December 15, 2021. Early application of the amendments is permitted. The Company is currently evaluating the impact that the adoption of ASU 2016-02 will have on its consolidated financial statements.

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11) Legal Matters

The Company is not involved in any action, arbitration and/or other legal proceedings that it expects to have a material adverse effect on the business, financial condition, results of operations or liquidity of the Company. All legal cost is expensed as incurred.

12) Share Based Compensation

We estimate the fair value of our stock options using the Black-Scholes option pricing model. This requires the input of subjective assumptions, including the fair value of our underlying common stock, the expected term of stock options, the expected volatility of the price of our common stock, risk-free interest rates, and the expected dividend yield of our common stock, the most critical of which, prior to our IPO, was the estimated fair value of common stock. The assumptions used in our option pricing model represent our best estimates. These estimates involve inherent uncertainties and the application of management's judgment. If factors change and different assumptions are used, our stock-based compensation expense could be materially different in the future. The resulting fair value, net of actual forfeitures, is recognized on a straight-line basis over the period during which an employee is required to provide service in exchange for the award.

These assumptions used in the Black-Scholes option pricing model, other than the fair value of our common stock, are estimated as follows:

- Expected volatility. Since a public market for our common stock did not exist prior to our IPO in October 2021 and, therefore, we do not have an extensive trading history of our common stock, we estimated the expected volatility based on the volatility of similar publicly-held entities (guideline companies) over a period equivalent to the expected term of the awards. In evaluating the similarity of guideline companies to us, we considered factors such as industry, stage of life cycle, size, and financial leverage. We intend to continue to consistently apply this process using the same or similar guideline companies to estimate the expected volatility until sufficient historical information regarding the volatility of the share price of our common stock becomes available.
- Expected term. We estimate the expected term using the simplified method, as we do not have sufficient historical exercise activity to develop reasonable expectations about future exercise patterns and post-vesting employment termination behaviour. The simplified method calculates the average period the stock options are expected to remain outstanding as the midpoint between the vesting date and the contractual expiration date of the award.
- Risk-free interest rate. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for maturities corresponding with the expected term of the option.
- Expected dividend yield. We have never declared or paid any dividends and do not presently plan to pay dividends in the foreseeable future. Consequently, we use an expected dividend yield of zero.

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We are required to estimate the fair value of the common stock underlying our stock-based awards when performing fair value calculations

Historically for all periods prior to our IPO, given the absence of a public trading market for our common stock, and in accordance with the American Institute of Certified Public Accountants Practice Guide, Valuation of Privately-Held Company Equity Securities Issued as Compensation, we exercised reasonable judgment and considered numerous objective and subjective factors to determine the best estimate of the fair value of our common stock including:

- contemporaneous valuations performed at periodic intervals by unrelated third-party specialists
- our actual operating and financial performance;
- relevant precedent transactions involving our capital stock;
- likelihood of achieving a liquidity event, such as an initial public offering or a sale of our company given prevailing market conditions and the nature and history of our business;
- market multiples of comparable companies in our industry;
- stage of development;
- industry information such as market size and growth;
- illiquidity of stock-based awards involving securities in a private company; and

In valuing our common stock prior to our IPO, our board of directors determined the enterprise value of our company using both the income approach and market approach valuation methods. The income approach estimates value based on the expectation of future cash flows that a company will generate. These future cash flows are discounted to their present values using a discount rate based on the cost of capital at a company's stage of development. The market approach estimates value based on a comparison of the subject company to comparable public companies in a similar line of business. From the comparable companies, a representative market value multiple is determined and then applied to the subject company's financial results to estimate the enterprise value of the subject company.

A summary of option activity under the employee share option plan as of December 31, 2022, and changes during the year then period is presented below.

Schedule of stock option activity

	Options		Shares of Stock		Total
	No. of Options	Weighted Average Price	No. of Shares	Weighted Average Price	
Balance available under the plan as at December 31, 2022	208,514	—	—	—	208,514
Additions to the plan	200,000	—	—	—	200,000
Incentive Stock Options (ISO)		—	—	—	
Non-Qualified Stock Options (NSO)	88,076	3.6	—	—	88,076
Cancelled/expired/exercised	12,386	4.0	—	—	12,386
Balance available under the plan as of March 31, 2023	332,824	—	—	—	332,824
Cancelled/expired/exercised	11,226	3.6	—	—	11,226
Issued	70,000	3.9	—	—	70,000
Balance available under the plan as of June 30, 2023	274,050	—	—	—	274,050
Cancelled/expired/exercised	125,956	4.3	—	—	4,786
Issued	25,000	4.6	—	—	25,000
Balance available under the plan as of September 30, 2023	375,006	—	—	—	375,006

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The following table summarizes the activities for our unvested options for the quarter ended September 30, 2023

Schedule of unvested options

	Number of options	Weighted average Grant Date Fair Value Per Option
Unvested on December 31, 2022	69,600	5.3
Granted	88,076	3.6
Vested	(54,663)	5.1
Forfeited	—	—
Unvested on March 31, 2023	<u>103,013</u>	<u>4.0</u>
Granted	—	—
Vested	(18,657)	6.4
Forfeited	—	—
Unvested on June 30, 2023	<u>84,356</u>	<u>3.7</u>
Granted	52,042	3.9
Vested	—	—
Forfeited	—	—
Unvested on September 30, 2023	<u>136,398</u>	<u>4.0</u>

The weighted-average grant date fair value of options granted during the quarter ended September 30, 2023 was \$ 3.9 and \$3.6 during the quarter ended September 30, 2022. The fair value as of the respective vesting dates of options that vested during the quarter ended September 30, 2023, was \$ 0 and \$278 during the quarter ended September 30, 2022.

As of September 30, 2023, there was \$ 546 of unrecognized share-based compensation expense related to unvested options. This unrecognized compensation expense is expected to be recognized over a weighted-average period of approximately two years based on vesting under the award service conditions.

Schedule of assumptions

	Fair value assumptions	2023	2022
Expected volatility	45%-52%	45%-52%	45%-52%
Expected terms (in years)	4	3	3
Risk-free interest rate	4.60%-5.46%	4.60%-5.46%	1.48%-2.18%
Dividend yield	0%	0%	0%

13) Net Income per share

The Company presents basic and diluted earnings per share ("EPS") data for its common stock. Basic EPS is calculated by dividing the net income attributable to stockholders of the Company by the weighted average number of shares of common stock outstanding during the period. Diluted EPS is determined by adjusting the net income attributable to stockholders of the Company and the weighted average number of shares of common stock outstanding during the period for the effects of all dilutive potential common shares, including awards under stock-based compensation arrangements.

The Company's unvested restricted stock awards are considered participating securities under FASB Codification topic, *Earnings Per Share*, because they entitle holders to non-forfeitable rights to dividends until the awards vest or are forfeited. When a company has a security that qualifies as a "participating security," the Codification requires the use of the two-class method when computing basic EPS. The two-class method is an earnings allocation formula that determines EPS for each class of common stock and participating security according to dividends declared (or accumulated) and participation rights in undistributed earnings. In determining the amount of net income to allocate to common stockholders, income is allocated to both common stock and participating securities based on their respective weighted average shares outstanding for the period, with net income attributable to common stockholders ultimately equalling net income less net income attributable to participating securities. Diluted EPS for the Company's common stock is computed using the more dilutive of the two-class method or the treasury stock method.

The company has 609,756 warrants that are exercisable at weighted average price of \$ 5.22 on September 30, 2023, and 683,935 warrants that are exercisable at weighted average price of \$5.64 at September 30, 2022.

The company has 185,434 options that are vested and exercisable on September 30, 2023.

Schedule of earning per share

	Three Months Ended September 30,	
	2023	2022
Net income attributable to common stockholders	\$ (1,943)	\$ (2,339)
Weighted average shares outstanding used in basic per common share computations	4,228,340	3,602,289
Basic /Diluted EPS	\$ (0.46)	\$ (0.64)

14) Subsequent Events

For the quarter ended September 30, 2023, the Company has evaluated subsequent events through November 13, 2023 the date, which the financial statements were available to be issued. No reportable subsequent events have occurred through November 13, 2023, which would have a significant effect on the financial statements as of September 30, 2023.

Item 2. Management's discussion and analysis of financial condition and results of operations.

The following discussion summarizes the significant factors affecting the operating results, financial condition, liquidity, and cash flows of our Company as of and for the periods presented below. The following discussion and analysis should be read in conjunction with the condensed consolidated financial statements and the related notes thereto, and the consolidated financial statements and the related notes thereto all included elsewhere in this prospectus. The statements in this discussion regarding industry outlook, our expectations regarding our future performance, liquidity, and capital resources, and all other non-historical statements in this discussion are forward-looking statements and are based on the beliefs of our management, as well as assumptions made by, and information currently available to, our management. Actual results could differ materially from those discussed in or implied by forward looking statements as a result of various factors, including those discussed below and elsewhere in this report, and in the sections entitled "Special Note Regarding Forward-Looking Statements" and "Risk Factors" contained in the Company's final prospectus for its initial public offering filed with the Securities and Exchange Commission ("SEC").

Healthcare Triangle, Inc. (the "Company") is a leading healthcare information technology company focused on advancing innovative, industry-transforming solutions in the areas of cloud services, data science, professional and managed services for the Healthcare and Life Sciences industry.

The Company was formed on October 29, 2019, as a Nevada corporation and then converted into a Delaware corporation on April 24, 2020, to provide IT and data services to the Healthcare and Life Sciences ("HCLS") industry. The business commenced on January 1, 2020, after the Parent transferred its Life Sciences business to us. As of September 30, 2023, we had a total of 47 full time employees, 160 sub-contractors, including 82 certified cloud engineers, 93 Epic Certified EHR experts and 16 MEDITECH Certified EHR experts. Many of the senior management team and the members of our board of directors hold advanced degrees and some are leading experts in software development, regulatory science, and market access. During the quarter ended September 30, 2023, we generated revenues of approximately \$ 7.78 million compared to revenue of \$ 11.95 million for the quarter ended September 30, 2022 which represents a decrease of \$ 4.17 million or 35% compared to the previous year.

Our approach leverages our proprietary technology platforms, extensive industry knowledge, and healthcare domain expertise to provide solutions and services that reinforce healthcare progress. Through our platform, solutions, and services, we support healthcare delivery organizations, healthcare insurance companies, pharmaceutical, and Life Sciences, biotech companies, and medical device manufacturers in their efforts to improve data management, develop analytical insights into their operations, and deliver measurable clinical, financial, and operational improvements.

We offer a comprehensive suite of software, solutions, platforms, and services that enables some of the world's leading healthcare and pharma organizations to deliver personalized healthcare, precision medicine, advances in drug discovery, development and efficacy, collaborative research and development, respond to real-world evidence, and accelerate their digital transformation. We combine our expertise in the healthcare technology domain, cloud technologies, DevOps and automation, data engineering, advanced analytics, security, compliance, and governance to deliver platforms and solutions that drive improved results in the complex workflows of Life Sciences, biotech, healthcare providers, and payers. Our differentiated solutions, enabled by our intellectual property and delivered as a service, provide advanced analytics, data science applications, and data aggregation in these highly regulated environments in a more compliant, secure, and cost-effective manner to our customers.

Our deep expertise in healthcare allows us to reinforce our clients' progress by accelerating their innovation. Our healthcare IT services include Electronic Health Records (EHR) and software implementation, optimization, extension to community partners, as well as application managed services, and backup and disaster recovery capabilities on public cloud. Our 24x7 managed services are used by hospitals and health systems, payers, Life Sciences, and biotech organizations in their effort to improve health outcomes and deliver deeper, more meaningful patient and consumer experiences. Through our services, our customers achieve a return on investment in their technology by delivering measurable improvements. Combined with our software and solutions, our services provide clients with an end-to-end partnership for their technology innovation.

Our Business Model

The majority of our revenue is generated by our full-time employees who provide software services and Managed Services and Support to our clients in the Healthcare and Life Sciences industry. Our software services include strategic advisory, implementation and development services and Managed Services and Support include post implementation support and cloud hosting.

Impacts of the COVID-19 Pandemic

The COVID-19 pandemic has had, and is likely to continue to have, a severe and unprecedented impact on the world and on our business. Measures to prevent its spread, including government-imposed restrictions on large gatherings, closures of face-to-face events, "shelter in place" health orders and travel restrictions have had a significant effect on certain of our business operations. In response to these business disruptions, which include a transition to remote working, reducing certain of our discretionary expenditures and eliminating non-essential travel particularly with respect to COVID-19 impacted operation and complying with health and safety guidelines to protect employees, contractors, and customers.

There has been no major impact on account of COVID19 during the quarter ended September 30, 2023.

The Company has obtained necessary funding to manage our short-term working capital requirements. The Company has not altered any credit terms with its customers and the realization from the customers have generally been on time. The Company has been able to service its debt and other obligations on time. There has been no material impact on the operational liquidity and capital resources on account of COVID-19.

Key Factors of Success

We believe that our future growth, success, and performance are dependent on many factors, including those mentioned below. While these factors present significant opportunities for us, they also represent the challenges that we must successfully address in order to grow our business and improve our results of operations.

Investment in scaling the business

We need to continuously invest in sales, and marketing to promote our solutions to new and existing customers in various geographies, and other operational and administrative functions in systems, controls and governance to support our expected growth and our transition to a public company. We anticipate that our employee strength will increase because of these investments.

Adoption of our solutions by new and existing customers

We believe that our ability to increase our customer base will enable us to drive growth. Most of our customers initially deploy our solutions within a division or geography and may only initially deploy a limited set of our available solutions. Our future growth is dependent upon our existing customers' continued success and renewals of our solutions agreements, deployment of our solutions to additional divisions or geographies and the purchase of subscriptions to additional solutions. Our growth is also dependent on the adoption of our solutions by new customers. Our customers are large organizations who typically have long procurement cycles which may lead to declines in the pace of our new customer additions.

Subscription services adoption

The key factor to our success in generating substantial recurring subscription revenues in future will be our ability to successfully market and persuade new customers to adopt our SaaS offerings. We are in the early stages of marketing our SaaS offerings such as DataEz, CloudEz and Readabl.AI, and do not yet have enough information about our competition or customer acceptance to determine whether or not recurring subscription revenue from these offerings will have a material impact on our revenue growth.

Mix of solutions and software services revenues

Another factor to our success is the ability to sell our solutions to the existing software services customers. During the initial period of deployment by a customer, we generally provide a greater number of services including advisory, implementation and training. At the same time, many of our customers have historically purchased our solutions after the deployment. Hence, the proportion of total revenues for a customer associated with software services is relatively high during the initial deployment period. While our software services help our customers achieve measurable improvements and make them stickier, they have lower gross margins than solution-based revenue. Over time, we expect the revenues to shift towards recurring and subscription-based revenues.

Components of Results of Operations

Revenues

We provide our services and manage our business under these operating segments:

- Software services
- Managed services and support
- Platform services

Software Services

The Company earns revenue primarily through the sale of software services that is generated from providing strategic advisory, implementation, and development services. The Company enters into Statement of Work (SOW) which provides for service obligations that need to be fulfilled as agreed with the customer. The majority of our software services arrangements are billed on a time and materials basis and revenues are recognized over time based on time incurred and contractually agreed upon rates. Certain software services revenues are billed on a fixed fee basis and revenues are typically recognized over time as the services are delivered based on time incurred and customer acceptance. We recognize revenue when we have the right to invoice the customer using the allowable practical expedient under ASC 606-10-55-18 since the right to invoice the customer corresponds with the performance obligations completed.

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Managed Services and Support

Managed Services and Support include post implementation support and cloud hosting. Managed Services and Support are a distinct performance obligation. Revenue for Managed Services and Support is recognized rateably over the life of the contract.

Platform Services

Platform Services from CloudEz, DataEz are offered both as a solution delivery model and as Software as a Service (SaaS) on a subscription model. readbl.ai is offered only as Software as a Service (SaaS) on a subscription model.

The revenue from solutions delivery model contains a series of separately identifiable and distinct services that represent performance obligations that are satisfied over time. During the periods presented the company generated Platform revenue on SaaS, which is recurring revenue.

Our SaaS agreements are generally non-cancellable during the term, although customers typically will have the right to terminate their agreements for cause in the event of material breach.

SaaS revenues will be recognized rateably over the respective non-cancellable subscription term because of the continuous transfer of control to the customer. Our subscription arrangements will be considered service contracts, and the customer will not have the right to take possession of the software Segment wise revenue breakup.

Cost of Revenue

Cost of revenue consists primarily of employee-related costs associated with the rendering of our services, including salaries, benefits and stock-based compensation expense, the cost of subcontractors, travel costs, cloud hosting charges and allocated overhead the cost of providing professional services is significantly higher as a percentage of the related revenues than for our subscription services due to the direct labor costs and costs of subcontractors. Our business and operational models are designed to be highly scalable and leverage variable costs to support revenue-generating activities.

While we may grow our headcount overtime to capitalize on our market opportunities, we believe our increased investment in automation, electronic health record integration capabilities, and economies of scale in our operating model, will position us to grow our platform solutions revenue at a greater rate than our cost of revenue.

Operating Expenses

Research and Development

Research and development expense (majorly our investment in innovation) consists primarily of employee-related expenses, including salaries, benefits, incentives, employment taxes, severance, and equity compensation costs for our software developers, engineers, analysts, project managers, and other employees engaged in the development and enhancement of our cloud-based platform applications. Research and development expenses also include certain third-party consulting fees. Our research and development expense excludes any depreciation and amortization.

We expect to continue our focus on developing new product offerings and enhancing our existing product offerings. As a result, we expect our research and development expense to increase in absolute dollars, although it may vary from period to period as a percentage of revenue.

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Sales and Marketing

Sales and marketing expense consists primarily of employee-related expenses, including salaries, benefits, commissions, travel, discretionary incentive compensation, employment taxes, severance, and equity compensation costs for our employees engaged in sales, sales support, business development, and marketing. Sales and marketing expense also includes operating expenses for marketing programs, research, trade shows, and brand messages, and public relations costs.

We expect our sales and marketing expenses to continue to increase in absolute dollar terms as we strategically invest to expand our business, although it may vary from period to period as a percentage of total revenues.

General and Administrative

Our general and administrative expenses consist primarily of employee-related expenses including salaries, benefits, discretionary incentive compensation, employment taxes, severance, and stock-based compensation expenses, for employees who are responsible for management information systems, administration, human resources, finance, legal, and executive management. The general and administrative expenses also include occupancy expenses (including rent, utilities, and facilities maintenance), professional fees, consulting fees, insurance, travel, contingent consideration, transaction costs, integration costs, and other expenses. Our general and administrative expenses exclude depreciation and amortization.

In the nearest future, we expect our general and administrative expenses to continue to increase to support business growth. Over the long term, we expect general and administrative expenses to decrease as a percentage of revenue.

Depreciation and Amortization Expenses

Our depreciation and amortization expense consists primarily of depreciation of fixed assets, amortization of Customer relationship and capitalized software development costs, and amortization of intangible assets. We expect our depreciation and amortization expense to increase as we expand our business organically and through acquisitions.

Other Income (Expense), Net

Other income (expense), net consists of finance cost and gains or losses on foreign currency.

Deferred revenues

Advanced billings to clients in excess of revenue earned are recorded as deferred revenue until the revenue recognition criteria are met.

Unbilled accounts receivable

Unbilled accounts receivable is a contract asset related to the delivery of our professional services for which the related billings will occur in a future period. Unbilled receivables are classified as accounts receivable on the consolidated balance sheet. Although we believe that our approach to estimates and judgments regarding revenue recognition is reasonable, actual results could differ and we may be exposed to increases or decreases in revenue that could be material.

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Provision for Income Taxes

Provision for income taxes consists of federal and state income taxes in the United States, including deferred income taxes reflecting the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes.

Results of Operations

The following tables set forth selected consolidated statements of operations data and such data as a percentage of total revenues for each of the periods indicated:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023 (In thousands)	% Sales	2022 (In thousands)	% Sales	2023 (In thousands)	% Sales	2022 (In thousands)	% Sales
Revenue	\$ 7,779	100%	\$ 11,950	100%	\$ 26,143	100%	\$ 34,594	100%
Cost of Revenue (exclusive of depreciation /amortization)	6,072	78%	8,522	71%	20,896	80%	25,113	73%
Research and Development	54	1%	1,471	12%	695	3%	3,183	9%
Sales and Marketing	1,101	14%	1,815	15%	3,888	15%	5,206	15%
General and Administrative	1,364	18%	1,480	12%	4,604	18%	4,282	12%
Depreciation and Amortization	712	9%	909	8%	2,388	9%	2,464	7%
Other Income	—	0%	—	0%	(12)	0%	(1,087)	(3%)
Interest expense	415	5%	55	0%	663	3%	129	0%
Income tax	4	0%	37	0%	28	0%	51	0%
Net income (loss)	\$ (1,943)	(25)%	\$ (2,339)	(20)%	\$ (7,007)	(27)%	\$ (4,747)	(14)%

Three Months Ended September 30, 2023 and September 30, 2022

Revenue from operations

	Three Months Ended September 30,			Changes	%
	2023	2022	Amount (In thousands, except percentages)		
Revenue	\$ 7,779	\$ 11,950	\$ (4,171)		(35%)

Revenue decreased by \$4.2 million, or 35% to \$7.78 million for the quarter ended September 30, 2023, as compared to \$11.95 million for the quarter ended September 30, 2022. Revenue from Software Services , Managed Services and support and Platform services have reduced resulting in net decrease in revenue. The Software Services are typically short-term engagements to provide software consulting and development services, which do not require continual third-party maintenance. Managed Services and Support such as cloud hosting, and cloud disaster recovery requires continuous monitoring.

Our top 5 customers accounted for 78% of the revenue in quarter ended September 30, 2023, and 76% during quarter ended September 30, 2022, respectively.

The following table has the breakdown of our revenues for the quarter ended September 30, 2023, and 2022 for each of our top 5 customers. Two of the top 5 customers in 2023 are not the same for 2022.

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Top Five Customers Revenue for three months ended September 30, 2023 and 2022.

2023

(In thousands, except percentages)

Customer	Amount	% of Revenue
Customer 1	\$ 4,168	54%
Customer 2	714	9%
Customer 3	492	6%
Customer 4	427	5%
Customer 5	\$ 339	4%

2022

(In thousands, except percentages)

Customer	Amount	% of Revenue
Customer 1	\$ 4,562	38%
Customer 2	1,840	15%
Customer 3	1,218	10%
Customer 4	1,063	9%
Customer 5	\$ 534	4%

The following table provides details of Customer 1 revenue by operating segments:

	Three Months Ended September 30,		Changes
	2023	2022	
	(In thousands, except percentages)		
Software services	\$ 3,780	\$ 3,770	\$ 10 0%
Managed services and support	388	792	(404) (51%)
Platform services	—	—	— 0%
Total Revenue	\$ 4,168	\$ 4,562	\$ (394) (9%)

Revenue from Customer 1 decreased by \$0.4 million, or 9% to \$4.2 million for the quarter ended September 30, 2023, as compared to \$4.6 million for the quarter ended September 30, 2022. Software services revenue increased by \$0.01 million or 0% to \$3.8 million for the quarter ended September 30, 2023, as compared to \$3.8 million for the quarter ended September 30, 2022. Managed Services and Support revenue decreased by \$0.4 million, or 51% to \$0.4 million for the quarter ended September 30, 2023, as compared to \$0.8 million for the quarter ended September 30, 2022.

Cost of Revenue (exclusive of depreciation /amortization)

	Three Months Ended September 30,		Changes
	2023	2022	
	(In thousands, except percentages)		
Cost of revenue (exclusive of depreciation /amortization)	\$ 6,072	\$ 8,522	\$ (2,450) (29%)

Cost of revenue, excluding depreciation and amortization decreased by \$2.5 million, or 29%, to \$6.1 million for the quarter ended September 30, 2023, as compared to \$8.5 million for the quarter ended September 30, 2022.

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Research and Development

	Three Months Ended September 30,		Changes
	2023	2022	
	(In thousands, except percentages)		
Research and development	\$ 54	\$ 1,471	\$ (1,417) (96%)

Research and development expenses decreased by \$1.42 million, or 96% to \$0.05 million for the quarter ended September 30, 2023, as compared to \$1.47 million for the quarter ended September 30, 2022.

Sales and Marketing

	Three Months Ended September 30,		Changes
	2023	2022	
	(In thousands, except percentages)		
Sales and marketing	\$ 1,101	\$ 1,815	\$ (714) (39%)

Sales and marketing expenses decreased by \$0.71 million, or 39% to \$1.1 million for the quarter ended September 30, 2023, as compared to \$1.81 million for the quarter ended September 30, 2022.

General and Administrative

	Three Months Ended September 30,		Changes
	2023	2022	
	(In thousands, except percentages)		
General and administrative	\$ 1,364	\$ 1,480	\$ (116) (8%)

General and administrative expenses decreased by \$0.12 million, or 8% to \$1.36 million for the quarter ended September 30, 2023, as compared to \$1.48 million for the quarter ended September 30, 2022.

Depreciation and amortization

	Three Months Ended September 30,		Changes
	2023	2022	
	(In thousands, except percentages)		
Depreciation and amortization	\$ 712	\$ 909	\$ (197) (22%)

Depreciation and amortization expenses decreased by \$0.20 million, or 22% to \$0.71 million for the quarter ended September 30, 2023, as compared to \$0.91 million for the quarter ended September 30, 2022.

Interest expense

	Three Months Ended September 30,			Changes	
	2023	2022		Amount	%
(In thousands, except percentages)					
Interest expense	\$ 415	\$ 55		\$ 360	655%

Interest expenses increased by \$0.36 million, or 655% to \$0.42 million for the quarter ended September 30, 2023, as compared to \$0.05 million for the quarter ended September 30, 2022. Interest expense increased in the quarter due to short term working capital borrowing availed during the year.

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Provision for Income Taxes

	Three Months Ended September 30,			Changes	
	2023	2022	(In thousands, except percentages)	Amount	%
Income taxes	\$ 4	\$ 37		\$ (33)	(89%)

Income tax expenses decreased by \$0.03 million, or 89% to \$0.004 million for the quarter ended September 30, 2023, as compared to \$0.04 million for the quarter ended September 30, 2022.

Revenue, Cost of Revenue and Operating Profit by Operating Segment

We manage and report our business under three operating segments which are Software services, Managed services and support and Platform services.

	Three Months Ended September 30,			Changes
	2023	2022	Amount	
(In thousands, except percentages)				
Software services	\$ 4,918	\$ 6,177	\$ (1,259)	(20%)
Managed services and support	2,456	3,708	(1,252)	(34%)
Platform services	405	2,065	(1,660)	(80%)
Revenue	\$ 7,779	\$ 11,950	\$ (4,171)	(35%)

Revenue from Software services decreased by \$1.3 million, or 20% to \$4.9 million for the quarter ended September 30, 2023, as compared to \$6.2 million for the quarter ended September 30, 2022. Revenue from Managed services and support decreased by \$1.3 million, or 34% to \$2.5 million for the quarter ended September 30, 2023, as compared to \$3.7 million for the quarter ended September 30, 2022. Revenue from Platform Services decreased by \$1.7 million, or 80% to \$0.41 million for the quarter ended September 30, 2023, as compared to \$2.1 million for the quarter ended September 30, 2022.

Factors affecting revenues of Software Services, Managed Services and Support and Platform Services

Our strategy is to achieve meaningful long-term revenue growth through sales of Managed Services and Support and Platform Services to existing and new clients within our target market. In order to increase our cross-selling opportunity between our operating segments and realize long time revenue growth, our focus has shifted more towards Managed Services and Support and Platform Services which is of recurring nature when compared to Software Services segment which is of non-recurring nature. This also helps in retaining existing customers by leveraging our Managed Services and Support and Platform Services as a growth agent. This renewed focus on driving demand for subscription and platform-based model will help us in expanding our customer base and enhance customer retention which is a challenge for our existing Software Services segment. Software Services contracts are driven by Time and Material and on-site employees delivering services at customers location.

Cost of Revenue

	Three Months Ended September 30,		Amount	Changes
	2023	2022		
(In thousands, except percentages)				
Software services	\$ 4,076	\$ 4,625	\$ (549)	(12%)
Managed services and support	1,747	2,310	(563)	(24%)
Platform services	249	1,587	(1,338)	(84%)
Cost of revenue	\$ 6,072	\$ 8,522	\$ (2,450)	(29%)

Cost of revenue from Software services decreased by \$0.5 million, or 12% to \$4.1 million for the quarter ended September 30, 2023, as compared to \$4.6 million for the quarter ended September 30, 2022. Cost of revenue from Managed services and support decreased by \$0.5 million, or 24% to \$1.7 million for the quarter ended September 30, 2023, as compared to \$2.3 million for the quarter ended September 30, 2022. Cost of revenue from Platform services decreased by \$1.3 million, or 84% to \$0.25 million for the quarter ended September 30, 2023, as compared to \$1.6 million for the quarter ended September 30, 2022.

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Segment operating profits by reportable segment were as follows:

Operating profit by Operating Segment

Operating profit by Operating Segment	Three months Ended September 30,		Changes	
	(In thousands)		Amount	%
	2023	2022		
Software services	\$ (703)	\$ (145)	\$ (558)	(385)%

Managed services and support	709	1,397	(688)	(49%)
Platform services	102	(992)	1,094	110%
Total segment operating (loss) profit	108	260	(152)	(58%)
Less: unallocated costs	1,632	2,507	(875)	(35%)
Income (loss) from operations	(1,524)	(2,247)	723	32%
Other income	—	—	—	(0%)
Interest expense	(415)	(55)	(360)	(655%)
Net income (loss) before income tax expenses	\$ (1,939)	\$ (2,302)	\$ 363	16%

Operating loss from Software services increased by \$0.6 million, or 385% to \$0.7 million for the quarter ended September 30, 2023, as compared to operating loss of \$0.1 million for the quarter ended September 30, 2022. Operating profit from Managed services and support decreased by \$0.7 million, or 49% to \$0.7 million for the quarter ended September 30, 2023, as compared to \$1.4 million for the quarter ended September 30, 2022. Operating profit from Platform services increased by \$1.1 million, or 110% to \$0.1 million for the quarter ended September 30, 2023, as compared to a loss of \$0.9 million for the quarter ended September 30, 2022.

Liquidity and Capital Resources

Liquidity

The current ratio measures a company's ability to pay off its current liabilities (payable within one year) with its total current assets such as cash, accounts receivable, and inventories. The higher the ratio, the better the company's liquidity position. A good current ratio is between 1.2 to 2, which means that a business has 2 times more current assets than liabilities to covers its debts. The Company's current ratio, based on the three months ended September 30, 2023, financial statement is 0.7 compared to 1.3 for the financial year ended December 31, 2022.

The Company's current debt equity ratio, based on the three months ended September 30, 2023, financial statement is 0.70, for the quarter ended September 30, 2023, compared to 0.20 for the quarter ended December 31, 2022. A debt-to-equity ratio below 1 means that a company has lower exposure to debts than equity.

The Company does not have inventory and hence the quick ratio is the same as current ratio.

Sources of Liquidity

As of September 30, 2023, our principal sources of liquidity consisted of cash and cash equivalents of \$0.08 million. We believe that the future operating cash flows of the entity will provide adequate resources to fund ongoing cash requirements. If sources of liquidity are not available or if we cannot generate sufficient cash flow from operations during the next twelve months, we may be required to obtain additional sources of funds through additional operational improvements, capital market transactions, asset sales or financing from third parties, a combination thereof or otherwise. We cannot provide assurance that these additional sources of funds will be available or, if available, would have reasonable terms.

	As of September 30, 2023	As of September 30, 2022
	(In thousands)	(In thousands)
Cash and cash equivalents	\$ 75	\$ 4,144
Short-term investments	—	—
Total cash, cash equivalents and short-term investments	\$ 75	\$ 4,144

As of September 30, 2023, our principal sources of liquidity for working capital purposes were cash, cash equivalents and short-term investments totaling \$0.08 million.

We have financed our operations primarily through financing activity and operating cash flows. We believe our existing cash, cash equivalents and short-term investments generated from operations will be sufficient to meet our working capital over the next 12 months. Our future capital requirements will depend on many factors including our growth rate, subscription renewal activity, the expansion of sales and marketing activities and the ongoing investments in platform development.

Cash Flows

The following table presents a summary of our consolidated cash flows provided by (used in) operating, investing, and financing activities for the periods indicated:

	As of September 30, 2023	As of September 30, 2022
	(In thousands)	(In thousands)
Cash flows provided by operating activities	\$ (2,826)	\$ (372)
Cash flows used in investing activities	(7)	(3,305)
Cash flows provided by financing activities	1,567	6,051
Net increase in cash and cash equivalents	\$ (1,266)	\$ 2,374

Operating Activities

Net Cash generated (used) by operating activities during the nine months ended September 30, 2023, was \$ (2.8) million compared to \$ (0.4) million for the nine months ended September 30, 2022.

Investing Activities

Net cash used in investing activities was \$ (0.01) million for the nine months ended September 30, 2023, compared to \$ (3.3) million for the nine months ended September 30, 2022.

Financing Activities

Cash (outflow)/inflow from financing activities was \$1.6 million for the nine months ended September 30, 2023, compared to \$6 million for the nine months ended September 30, 2022.

Off-Balance Sheet Arrangements

We do not have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities that would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes as defined by Item 303(a)(4) of SEC Regulation S-K, as of September 30, 2023.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

We did not have investments and do not utilize derivative financial instruments to manage our interest rate risks.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures and Changes in Internal Control over Financial Reporting

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e)) are designed to ensure that information required to be disclosed by us in reports we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the appropriate time periods, and that such information is accumulated and communicated to the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely discussions regarding required disclosure. We, under the supervision of and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of our disclosure controls and procedures. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the design and operation of our disclosure controls and procedures were effective as of September 30, 2023.

Changes in Internal Control over Financial Reporting

There were no changes to our internal control over financial reporting during the three months ended September 30, 2023, that have materially affected, or are reasonable likely to materially effect, our internal controls over financial reporting.

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PART II

OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we are involved in routine litigation that arises in the ordinary course of business. We are not currently involved in any claims outside the ordinary course of business that are material to our financial condition or results of operations.

Item 1A. Risk Factors.

As of the date of this Quarterly Report on Form 10-Q, there have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K, filed with the SEC on March 28, 2023. We may disclose changes to such factors or disclose additional factors from time to time in our future filings with the SEC.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Not applicable

Item 3. Defaults Upon Senior Securities.

Not applicable

Item 4. Mine Safety Disclosures.

Not applicable

Item 5. Other Information

None

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Item 6. Exhibits

Exhibit No.	Description
3.1	Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company's Registration Statement No. 333-259180, initially filed on August 30, 2021)
3.2	Bylaws of the Company (incorporated by reference to Exhibit 3.2 to the Company's Registration Statement No. 333-259180, initially filed on August 30, 2021)
3.3	Amendment to Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.3 to the Company's Registration Statement No. 333-259180, initially filed on August 30, 2021)
3.4	Series A Preferred Stock Certificate of Designation (incorporated by reference to Exhibit 3.4 to the Company's Registration Statement No. 333-259180, initially filed on August 30, 2021)
3.5	Series A Preferred Stock Amended and Restated Certificate of Designations (incorporated by reference to Exhibit 3.5 to the Company's Registration Statement No. 333-259180, initially filed on August 30, 2021)
4.1	Form of Underwriter's Warrant (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement No. 333-259180, initially filed on August 30, 2021)
10.1	Form of Common Stock Purchase Warrant issued pursuant to the Securities Purchase Agreement (incorporated by reference to Exhibit 10.5 to the Registrant's Registration Statement No. 333-259180, initially filed on August 30, 2021)
10.2	The Company's 2020 Stock Incentive Plan (incorporated by reference to Exhibit 10.6 to the Registrant's Registration Statement No. 333-259180, initially filed on August 30, 2021)
10.3	Form of Grant (incorporated by reference to Exhibit 10.7 to the Registrant's Registration Statement No. 333-259180, initially filed on August 30, 2021)
10.4	Master Services Agreement dated January 1, 2021 between the Company and SecureKloud Technologies, Inc. (incorporated by reference to Exhibit 10.8 to the Company's Annual Report on Form 10-K filed on March 28, 2023.)
10.5	Shared Services Agreement dated January 1, 2021 between the Company and SecureKloud Technologies, Inc. (incorporated by reference to Exhibit 10.9 to the Company's Annual Report on Form 10-K filed on March 28, 2023.)

10.6	Rental Sublease Agreement dated January 1, 2021 between SecureKloud Technologies, Inc. and the Company (incorporated by reference to Exhibit 10.10 to the Company's Annual Report on Form 10-K filed on March 28, 2023.)
10.7	Offer letter dated January 1, 2020 between the Company and Anand Kumar (incorporated by reference to Exhibit 10.12 to the Registrant's Registration Statement No. 333-259180, initially filed on August 30, 2021.)
10.8	IT Master Services Agreement effective as of May 1, 2017 between F. Hoffmann-La Roche Ltd and the Company (incorporated by reference to Exhibit 10.14 to the Registrant's Registration Statement No. 333-259180, initially filed on August 30, 2021.)
10.9	Form of Statement of Work under Master Services Agreement between F. Hoffmann-La Roche Ltd and the Company (incorporated by reference to Exhibit 10.15 to the Registrant's Registration Statement No. 333-259180, initially filed on August 30, 2021.)
10.10	Form of Common Stock Purchase Warrant to be issued to the Placement Agent for the Note and Warrant Private Offering (incorporated by reference to Exhibit 10.16 to the Registrant's Registration Statement No. 333-259180, as amended and filed on September 27, 2021.)
10.11	Share Purchase Agreement, dated December 10, 2021, among Healthcare Triangle, Inc., Devcool, Inc., Go To Assistance Inc., and Mr. Sandeep Deokule. (Incorporated by reference to the Company's Current Report on Form 8-K filed on December 14, 2021.)
10.12	Convertible Promissory Note, dated December 10, 2021 made to Go To Assistance Inc. (Incorporated by reference to the Company's Annual Report on Form 10-K filed on March 8, 2022.)
10.13	Consulting Agreement dated December 10, 2021 between the Company and Sandeep Deokule (Incorporated by reference to the Company's Annual Report on Form 10-K filed on March 8, 2022.)
21.1	List of Subsidiaries of the Company (Incorporated by reference to the Company's Annual Report on Form 10-K filed on March 8, 2022.)
31.1*	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1+	Certification of the Chief Executive Officer pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2+	Certification of the Chief Financial Officer pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

*Filed herewith

+ Furnished

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HEALTHCARE TRIANGLE, INC.

Date: November 13, 2023

/s/ Dave Rosa
Dave Rosa
Chairman of the Board and Director

Date: November 13, 2023

/s/ Lakshmanan Kannappan
Lakshmanan Kannappan
Head of Strategic Partnership
(Principal executive officer)

Date: November 13, 2023

/s/ Thyagarajan Ramachandran
Thyagarajan Ramachandran
Chief Financial Officer (principal financial and accounting officer, and principal executive officer)

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CERTIFICATION PURSUANT TO RULES 13A-14(A) AND 15D-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Lakshmanan Kannappan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2023 of Healthcare Triangle, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2023

By: */s/ Lakshmanan Kannappan*
Name: Lakshmanan Kannappan
Title: Head of Strategic Partnership
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO RULES 13A-14(A) AND 15D-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Thyagarajan Ramachandran, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2023 of Healthcare Triangle, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2023

By: /s/Thyagarajan Ramachandran

Name: Thyagarajan Ramachandran

Title: Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(18 U.S.C. Section 1350)

In connection with the Quarterly Report on Form 10-Q of Healthcare Triangle, Inc. (the “**Company**”) for the period ending September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “**Report**”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 13, 2023

By: /s/ Lakshmanan Kannappan
Name: Lakshmanan Kannappan
Title: Head of Strategic Partnership
(Principal Executive Officer)

CERTIFICATION
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(18 U.S.C. Section 1350)

In connection with the Quarterly Report on Form 10-Q of Healthcare Triangle, Inc. (the “**Company**”) for the period ending September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “**Report**”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 13, 2023

By: /s/Thyagarajan Ramachandran

Name: Thyagarajan Ramachandran
Title: Chief Financial Officer
(Principal Financial Officer)