



OptimizeRx Reports First Quarter 2021 Financial Results, Revenue Up 48% on Rising Enterprise Adoption of Digital Health

May 6, 2021

- Revenue Up 48% to \$11.2 million, closing on 33 enterprise contracts
- Expanded recurring revenue stream, reaching new base of customers
- Cash flow positive from operations of \$1.7 million

ROCHESTER, Mich., May 06, 2021 (GLOBE NEWSWIRE) -- [OptimizeRx Corp.](#) (the "Company") (Nasdaq: OPRX), a leading provider of digital health solutions for life science companies, physicians and patients, reported results for the three months ended March 31, 2021. Quarterly comparisons are to the same year-ago period.

Financial Highlights

- Revenue in the first quarter of 2021 increased 48% to a record \$11.2 million, from \$7.6 million as compared to the same year ago period.
- Gross profit in the first quarter of 2021 increased 41% to \$6.1 million.
- GAAP net loss totaled \$0.6 million or \$(0.04) per basic and diluted share in the first quarter.
- Non-GAAP net income in the first quarter totaled \$0.6 million or \$0.04 per basic and \$0.03 per fully diluted share respectively (see definition of this non-GAAP measure and reconciliation to GAAP, below).
- Cash and cash equivalents totaled \$82.3 million as of March 31, 2021 as compared to \$10.5 million as of December 31, 2020. This was a result of an equity offering in February where we raised \$70.7 million.

Operational Highlights

- Secured new enterprise-level deals for 2021 that provide access to the company's full suite of solutions and nationwide digital healthcare platform.
- Enhanced our leadership team by adding a General Counsel & Chief Compliance Officer as well as elevated the Chief Technology Officer to report directly to the CEO.
- Secured multiple new channel partnerships outside of electronic health record companies for additional reach to oncologists and other specialties.
- Committed to an inclusion and diversity pledge.
- Enhanced our patient engagement commercial team to further scale that portion of the business.
- Consolidated our technology centers of excellence in Croatia.
- Completed all integration work for previous two acquisitions and paid last earnout payment related to acquisitions.
- Maintained a no travel, virtual operational plan with a particular focus on training, open communication, and great work culture.

Management Commentary

"We've had a strong start to the new year and are pleased with the Company's financial and operational performance. We finished the quarter cash flow positive from operations, generating meaningful revenue growth, and closing on client renewals and new business alike," said OptimizeRx CEO, William Febbo. "The demand for OptimizeRx's digital health platform and services has increasingly become self-evident as we continue to invest in the business, supporting further enterprise growth well into the near and foreseeable future.

"To put this into perspective, of the 46 enterprise engagements announced at the end of 2020, we closed on 33 of these this quarter, worth \$25 million in annual contract value. What is clear is that the business is highly resistant to macro shocks as the acceleration and adoption of digital health remains a long-term trend.

"In order to support this exciting growth while maintaining operational excellence, we have enhanced the Company's infrastructure across strategic functions and leadership roles. This expansion of human capital is directly in line with the planned buildout of a vibrantly growing, highly scalable technology business across its sales, technology centers, engagement and new business development lifecycles. The result of our success is not just reflected in our financial results but have been shared in the feedback that we receive from clients and partners. We take pride in the relevance of OptimizeRx's suite of solutions for the enhancement of stakeholder engagement and alignment to the patient journey both inside and outside of the electronic health record, and daily workflows of physicians and patients accessing our solutions.

Mr. Febbo concluded, "We have been very fortunate to be an early mover and proponent of digital health communications and care management,

connecting life sciences to the full care continuum. The growth and recognition that OptimizeRx has earned in the last few years has been truly remarkable and we look forward to continuing to serve patients, healthcare providers and the life sciences while delivering significant shareholder value to our investors.”

Q12021 Financial Summary

Total revenue reported for the three months ended March 31, 2021 was approximately \$11.2 million, an increase of 48% over the approximately \$7.6 million from the same period in 2020. The increased revenue resulted from increases in sales in all our solutions.

Gross margin decreased to 55% from 57% in the year-ago quarter, with the decrease related to a change in solution mix.

Operating expenses totaled \$6.8 million and remained relatively flat from \$6.6 million in the same year-ago quarter. The moderate increase was due to the company's efforts to expand its solutions and build out its organization for future growth.

Net loss on a GAAP basis was approximately \$0.6 million or \$(0.04) per basic and diluted share, as compared to a net loss of \$2.2 million or \$(0.15) per basic and fully diluted share in the first quarter of 2020.

Non-GAAP net income was \$0.6 million or \$0.04 per basic and \$0.03 per fully diluted share, compared to non-GAAP net loss of \$0.8 million or \$(0.06) per basic and fully share in the same year-ago period (see definition of this non-GAAP measure and reconciliation to GAAP, below).

Cash and cash equivalents totaled \$83 million as of March 31, 2021, as compared to \$10.5 million as of December 31, 2020. This was a result of an equity offering in February where we raised \$71 million.

Conference Call

OptimizeRx management will host the presentation, followed by a question-and-answer period.

Date: Thursday, May 6, 2021

Time: 4:30 p.m. Eastern time (1:30 p.m. Pacific time)

Web access: <http://public.viavid.com/index.php?id=144705>

Toll-free dial-in number: 1-800-496-4039

International dial-in number: 1-323-347-3281

Conference ID: 5789519

Please call the conference telephone number five minutes prior to the start time.

A replay of the call will remain available for 12 months via the Investors section of the OptimizeRx website at www.optimizerx.com/investors.

Definition and Use of Non-GAAP Financial Measures

This earnings release includes a presentation of non-GAAP net income (loss) and non-GAAP earnings (loss) per share or non-GAAP EPS, both of which are non-GAAP financial measures.

The company defines non-GAAP net income (loss) as GAAP net income (loss) with an adjustment to add back depreciation, amortization, stock-based compensation, acquisition expenses, income or loss related to the fair value of contingent consideration, and deferred income taxes. Non-GAAP EPS is defined as non-GAAP net income (loss) divided by the number of weighted average shares outstanding on a basic and diluted basis. The company has provided non-GAAP financial measures to aid investors in better understanding its performance. Management believes that these non-GAAP financial measures provide additional insight into the operations and cashflow of the company.

Because of varying available valuation methodologies, subjective assumptions and the variety of equity instruments that can impact a company's non-cash operating expenses, management believes that providing non-GAAP financial measures that excludes non-cash expenses allows for meaningful comparisons between the company's core business operating results and those of other companies, as well as provides an important tool for financial and operational decision making and for evaluating the company's own core business operating results over different periods of time.

The company's non-GAAP net income (loss) and non-GAAP EPS measures may not provide information that is directly comparable to that provided by other companies in the company's industry, as other companies in the industry may calculate such non-GAAP financial results differently. The company's non-GAAP net income (loss) and non-GAAP EPS are not measurements of financial performance under GAAP and should not be considered as an alternative to operating income or as an indication of operating performance or any other measure of performance derived in accordance with GAAP. The company does not consider these non-GAAP measures to be substitutes for or superior to the information provided by its GAAP financial results.

The table, "Reconciliation of non-GAAP to GAAP Financial Measures," included below, provides a reconciliation of non-GAAP net income (loss) and non-GAAP EPS for the three months ended March 31, 2021 and 2020.

About OptimizeRx

OptimizeRx is a digital health company that provides communications solutions for life science companies, physicians and patients. Connecting over half of healthcare providers in the U.S. and millions of patients through a proprietary network, the OptimizeRx digital health platform helps patients afford and stay on medications. The platform unlocks new patient and physician touchpoints for life science companies along the patient journey, from point-of-care, to retail pharmacy, through mobile patient engagement.

For more information, follow the company on [Twitter](#), [LinkedIn](#) or visit www.optimizerx.com.

Important Cautions Regarding Forward-Looking Statements

This press release contains forward-looking statements within the definition of Section 27A of the Securities Act of 1933, as amended, and such as in section 21E of the Securities and Exchange Act of 1934, as amended. These forward-looking statements should not be used to make an investment decision. The words 'estimate,' 'possible' and 'seeking' and similar expressions identify forward-looking statements, which speak only as to the date the statement was made. The company undertakes no obligation to publicly update or revise any forward-looking statements, whether because of new information, future events, or otherwise. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be

predicted, or quantified. Future events and actual results could differ materially from those set forth in, contemplated by, or underlying the forward-looking statements. The risks and uncertainties to which forward-looking statements are subject include, but are not limited to, the effect of government regulation, competition, and other material risks.

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**OPTIMIZERx CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)**

| | March 31, 2021 | December 31, 2020 |
|---|-----------------------|----------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 82,278,696 | \$ 10,516,776 |
| Accounts receivable, net | 14,738,890 | 17,885,705 |
| Prepaid expenses | 3,519,528 | 4,456,611 |
| Total Current Assets | 100,537,114 | 32,859,092 |
| Property and equipment, net | 142,119 | 148,854 |
| Other Assets | | |
| Goodwill | 14,740,031 | 14,740,031 |
| Technology assets, net | 5,049,334 | 5,251,822 |
| Patent rights, net | 2,304,923 | 2,349,570 |
| Right of use assets, net | 422,635 | 445,974 |
| Other intangible assets, net | 4,361,665 | 4,519,552 |
| Security deposits and other assets | 12,859 | 12,859 |
| Total Other Assets | 26,891,447 | 27,319,808 |
| TOTAL ASSETS | \$ 127,570,680 | \$ 60,327,754 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current Liabilities | | |
| Accounts payable – trade | \$ 499,279 | \$ 618,250 |
| Accrued expenses | 869,791 | 2,420,361 |
| Revenue share payable | 3,493,805 | 4,969,868 |
| Current portion of lease obligations | 119,389 | 123,220 |
| Current portion of contingent purchase price payable | - | 1,610,813 |
| Deferred revenue | 448,140 | 285,795 |
| Total Current Liabilities | 5,430,404 | 10,028,307 |
| Non-current Liabilities | | |
| Lease obligations, net of current portion | 305,039 | 325,533 |
| Total Non-current liabilities | 305,039 | 325,533 |
| Total Liabilities | 5,735,443 | 10,353,840 |
| Commitments and contingencies (See note 7) | - | - |
| Stockholders' Equity | | |
| Preferred stock, \$0.001 par value, 10,000,000 shares authorized, none issued and outstanding at March 31, 2021 or December 31, 2020 | - | - |
| Common stock, \$0.001 par value, 166,666,667 shares authorized, 17,260,588 and 15,223,340 shares issued and outstanding at March 31, 2021 and December 31, 2020, respectively | 17,261 | 15,223 |
| Additional paid-in-capital | 158,087,090 | 85,590,428 |
| Accumulated deficit | (36,269,114) | (35,631,737) |

| | | |
|--|----------------|---------------|
| Total Stockholders' Equity | 121,835,237 | 49,973,914 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 127,570,680 | \$ 60,327,754 |

OPTIMIZERx CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

| | For the Three Months Ended March 31, | |
|--|---|----------------|
| | 2021 | 2020 |
| TOTAL REVENUE | \$ 11,229,211 | \$ 7,584,602 |
| COST OF REVENUES | 5,104,603 | 3,241,763 |
| GROSS MARGIN | 6,124,608 | 4,342,839 |
| OPERATING EXPENSES | 6,762,916 | 6,602,091 |
| LOSS FROM OPERATIONS | (638,308) | (2,259,252) |
| OTHER INCOME | | |
| Interest Income | 931 | 55,321 |
| TOTAL OTHER INCOME | 931 | 55,321 |
| LOSS BEFORE PROVISION FOR INCOME TAXES | (637,377) | (2,203,931) |
| PROVISION FOR INCOME TAXES | - | - |
| NET LOSS | \$ (637,377) | \$ (2,203,931) |
| WEIGHTED AVERAGE SHARES OUTSTANDING | | |
| BASIC | 16,101,837 | 14,609,499 |
| DILUTED | 16,101,837 | 14,609,499 |
| NET LOSS PER SHARE | | |
| BASIC | \$ (0.04) | \$ (0.15) |
| DILUTED | \$ (0.04) | \$ (0.15) |

OPTIMIZERx CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

| | For the Three Months Ended March 31, | |
|--|---|----------------|
| | 2021 | 2020 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net loss | \$ (637,377) | \$ (2,203,931) |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities: | | |
| Depreciation, amortization and non-cash lease expense | 526,180 | 519,669 |
| Stock-based compensation | 582,159 | 754,512 |
| Stock issued for board service | 124,994 | 100,000 |
| Provision for loss on accounts receivable | 20,000 | - |
| Changes in: | | |
| Accounts receivable | 3,126,815 | (1,643,495) |
| Prepaid expenses and other assets | 937,083 | (2,099,448) |
| Accounts payable | (118,971) | 55,105 |
| Revenue share payable | (1,476,063) | 1,021,811) |
| Accrued expenses and other liabilities | (1,581,415) | (154,473) |
| Deferred revenue | 162,345 | (88,576) |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | 1,665,750 | (3,738,826) |

CASH FLOWS USED IN INVESTING ACTIVITIES:

| | | |
|---------------------------------------|----------|----------|
| Purchase of intangible assets | (64,693) | |
| Purchase of equipment | (19,871) | (15,937) |
| NET CASH USED IN INVESTING ACTIVITIES | (84,564) | (15,937) |

CASH FLOWS PROVIDED BY FINANCING ACTIVITIES:

| | | |
|--|---------------|---------------|
| Proceeds from public offering of common stock, net of offering costs | 70,671,536 | - |
| Proceeds from exercise of stock options | 1,120,011 | 112,152 |
| Payment of contingent consideration | (1,610,813) | - |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | 70,180,734 | 112,152 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 71,761,920 | (3,642,611) |
| CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD | 10,516,776 | 18,852,680 |
| CASH AND CASH EQUIVALENTS - END OF PERIOD | \$ 82,278,696 | \$ 15,210,069 |

SUPPLEMENTAL CASH FLOW INFORMATION:

| | | |
|--|------|------|
| Cash paid for interest | \$ - | \$ - |
| Cash paid for income taxes | \$ - | \$ - |
| Lease liabilities arising from right of use assets | \$ - | \$ - |

OPTIMIZERx CORPORATION
RECONCILIATION of NON-GAAP to GAAP FINANCIAL MEASURES
(UNAUDITED)

| | For the Three Months Ended March 31, | |
|--------------------------------------|---|----------------|
| | 2021 | 2020 |
| Net loss | \$ (637,377) | \$ (2,203,931) |
| Depreciation and amortization | 526,180 | 519,669 |
| Stock-based compensation | 707,153 | 854,512 |
| Non-GAAP net income (loss) | \$ 595,956 | \$ (829,750) |
| Non-GAAP net income (loss) per share | | |
| Basic | \$ 0.04 | \$ (0.06) |
| Diluted | \$ 0.03 | \$ (0.06) |
| Weighted average shares outstanding: | | |
| Basic | 16,101,837 | 14,609,499 |
| Diluted | 17,085,582 | 14,609,499 |



Source: OptimizeRx Corporation