

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

FORM 10-K

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2023**

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: **001-38543**

**OptimizeRx Corporation**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction of  
incorporation or organization)

**26-1265381**

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

**260 Charles Street Suite 302  
Waltham, MA**

(Address of principal executive offices)

**02453**

(Zip Code)

Registrant's telephone number: **248-651-6568**

Securities registered under Section 12(b) of the Exchange Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.001	OPRX	NASDAQ Capital Market

Securities registered under Section 12(g) of the Exchange Act: None

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 checkmark 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, a smaller reporting company, or an emerging growth 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

Non-accelerated filer

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.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently

completed second fiscal quarter. \$235,326,034

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. 18,183,914 common shares as of April 12, 2024.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

Certain portions of the registrant's definitive proxy statement, in connection with its 2024 Annual Meeting of Shareholders, to be filed with the Securities and Exchange Commission within 120 days after December 31, 2023, are incorporated by reference into PART III of this Annual Report on Form 10-K.

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## **PART I**

### **Forward-Looking Statements**

This Annual Report on Form 10-K contains statements that relate to future events and expectations and, as such, constitute forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995. Certain statements, other than purely historical information, including estimates, projections, statements relating to our strategies, outlook, business and financial prospects, business plans, objectives, and expected operating results, and the assumptions upon which those statements are based, are “forward-looking statements.” These forward-looking statements generally are identified by the words “believes,” “project,” “expects,” “anticipates,” “estimates,” “intends,” “strategy,” “plan,” “may,” “will,” “would,” “will be,” “will continue,” “will likely result,” and similar expressions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. Forward-looking statements are not guarantees of future performance. Although OptimizeRx believes that the expectations reflected in any forward-looking statements are based on reasonable assumptions, these expectations may not be attained and it is possible that actual results may differ materially from those indicated by these forward-looking statements due to a variety of risks, uncertainties and changes in circumstances, many of which are beyond OptimizeRx’s control.

For a discussion of some of the specific factors that could cause actual results to differ materially from the information contained in this report, see the following sections of this report: Part I, Item 1A. “Risk Factors,” and Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” including the disclosures under “Critical Accounting Estimates”. Market projections are subject to the risks discussed in this report and other risks in the market. OptimizeRx disclaims any intention or obligation to update publicly any forward-looking statements, whether in response to new information, future events or otherwise, except as required by applicable law.

Unless otherwise specified or the context otherwise requires, when used in this Annual Report on Form 10-K, the terms “we,” “our,” “us,” “OptimizeRx,” or the “Company” refer to OptimizeRx Corporation and its subsidiaries.

### **Item 1. Business**

#### **General**

OptimizeRx is a digital health technology company enabling care-focused engagement between life sciences organizations, healthcare providers, and patients at critical junctures throughout the patient care journey. Connecting over two million U.S. healthcare providers and millions of their patients through an intelligent omni-channel technology platform embedded within a proprietary point-of-care network, as well as mass digital communications channels, OptimizeRx helps life sciences organizations engage and support their customers.

We are a Nevada corporation organized in September 2008. We conduct our operations through our wholly-owned subsidiaries, Healthy Offers, Inc. (d/b/a Medix Health or “Medix Health”), a Nevada corporation, CareSpeak Communications, Inc., a New Jersey corporation, CareSpeak Communications, d.o.o., a controlled foreign corporation incorporated in Croatia, and Cyberdiet, a controlled foreign corporation incorporated in Israel.

We employ a “land and expand” strategy focused on growing our existing client base and generating greater and more consistent revenues, in part through the continued shift in our business model toward enterprise level engagements, while also broadening our platform with innovative proprietary solutions such as our Artificial Intelligence (AI) powered Dynamic Audience and Activation Platform (“DAAP”), expanding on previous iterations of the RWD.AI technology, which uses sophisticated machine-learning algorithms to find the best audiences in the correct channels at the right time.

## Industry Background

Life sciences organizations face a challenging commercial landscape. In recent years, they have met increased competition, shrinking market sizes, and inconsistent access to patients and healthcare professionals - their most important customers. 81% of new drug approvals are specialty medications, leading to more complex diagnosis criteria, increased utilization management by healthcare payors, and lengthy wait times for patients to begin treatment after care decisions are made.

As a result, life sciences organizations have increasingly turned to technology solutions to support their commercial strategies. Spending on digital solutions to facilitate greater access to their end markets accounts for one-third of their collective commercial spend in the United States of approximately \$30 billion.

We believe significant opportunity exists to address the unmet needs of life sciences organizations as they relate to digital solutions, including omnichannel access to health care professionals, for complex commercial challenges.

## 2023 Company Highlights

1. Net revenue increased to \$71.5 million in 2023, a 15% increase over 2022.
2. Gross profit increased to \$42.9 million in 2023 from \$39.0 million in 2022 with corresponding gross margins of 60.0% and 62.4%, respectively.
3. Meaningfully increased our DAAP footprint. With 2023 having 24 DAAP deals compared to only six deals in 2022.
4. Acquired Medicx Health, a leading healthcare consumer-focused omnichannel marketing and analytics company that significantly expands our footprint with consumers and patients.
5. Refocused operations on core solutions to streamline efficiencies and better position the Company to capitalize on synergies with Medicx Health, focusing on Audience Development, Audience Activation and Media Execution, and Financial Messaging.

## Principal Solutions

The Company's original solution was Financial Messaging - the delivery of treatment-specific financial support information for patients distributed directly to healthcare prescribers through a combination of our proprietary technology and a network of electronic health record (EHR) and electronic prescribing (ERx) platforms. Over time, the demand for different types of communication and marketing solutions among life sciences organizations, healthcare providers, and patients led us to expand upon our initial solution to increase the variety of health-related information we deliver, as well as the platforms, technology, and audiences through and to which we deliver. Today, we offer diverse tech-enabled marketing solutions through our AI-generated DAAP, which enables customers to execute traditional marketing campaigns on our proprietary digital point-of-care network, as well as dynamic marketing campaigns that optimize audiences in real time to increase the value of treatment information for healthcare professionals and patients in response to clinical care events.

Our principal solutions, available individually or through our DAAP, can be summarized as follows:

### *Audience Development*

- AI-generated dynamic audience creation using predictive analytics via machine learning methods applied to real-world data (RWD) to assist healthcare providers (HCPs) in identifying patients who may be qualified for specific therapies, raise awareness of patient access pathways, and identify early indicators of non-adherence among patient populations. This solution has a "patient-first" focus, helping manufacturers identify which HCPs to engage by first identifying if they currently care for qualified patients, based on where they are in their care journey and disease state. These AI models provide our clients with the most relevant targets and fuel the deployment of programs across our other solutions.
- Creation of consumer audiences using our privacy-safe and HIPAA-compliant Micro-Neighborhood Targeting® technology available for traditional media execution through major programmatic Demand-Side Platforms (DSPs)

### ***Audience Activation and Media Execution***

- HCP media execution delivering awareness (brand, therapeutic support, affordability, HUB, limited distribution, and patient support program) messaging via our HCP omnichannel network including digital point-of-care banners within clinical workflow applications, such as EHR systems and ERx platforms, programmatic social media, and programmatic display.
- Consumer audience media execution delivering consumer awareness via our consumer omnichannel network including programmatic display, programmatic connected television (CTV)/over-the-top (OTT), programmatic social media, addressable television (ATV), digital out-of-home (OOH), programmatic audio (podcasts, apps, radio), and email/direct mail.

### ***Financial Messaging***

- Financial Messaging solution providing prescribers visibility to branded copay offers directly within their EHR systems and/or ERx platforms. It allows prescribers to print, digitally send directly to patients via SMS, and/or digitally send copay offer details electronically to the dispensing pharmacy. Our solution addresses the fact that many healthcare systems and prescribers are looking for an easier, more effective way to increase affordable access to their prescribed branded medications.

### **Sales and Marketing**

We employ a sales team of over 20 people, marketing our solutions to new and existing clients. Our sales team drives awareness of the increased value of our technology stack as an AI tech-enabled marketing platform. Accordingly, our sales efforts are not directed merely at selling individual solutions, but more broadly towards selling enterprise platform engagements with access to our full set of solutions.

Our sales and marketing teams work closely together to cultivate customer relationships. We use a number of methods to market and promote our solutions, including digital advertising, industry events, trade shows, conferences, media coverage, social media and email. In 2023, we enhanced our RWD.AI platform solution to become the premier platform to devise and execute Next-Best-Action marketing strategies within healthcare professional audiences and branded the platform as DAAP.

### **Technology**

To support our growth and provide maximum security, scalability, and flexibility, all of our systems, including from acquisitions, are now hosted and integrated in the cloud. Our technology development and systems management core team is in the U.S. and in Croatia, with contractors in India and Ukraine to provide bench depth, rich skills experience, and business economies. The teams are organized into Centers of Excellence focused on Product Domains, Quality Assurance, Information Security, Data Warehousing and Business Intelligence, Platform Services, and Internal Systems Support. Systems enhancements in 2023 included upgrades and documentation of processes and procedures and security implementation for ongoing cybersecurity, Sarbanes Oxley, HIPAA, and customer security assessments, and in achieving enterprise HITRUST recertification.

### **Competition**

Our solutions face competition from numerous other companies, both in attracting users and in generating revenue from advertisers and sponsors. We compete for users with online services and websites that provide savings on medications and healthcare products. Our messaging offerings compete for pharmaceutical budgets with a variety of other forms of advertising and promotion.

Our solutions compete broadly in the highly competitive pharmaceutical and life sciences digital marketing industry that is dominated by large well-known companies with established names, solid market niches, and wide arrays of product offerings and marketing networks. Many of our competitors have greater financial, technical, product development, marketing and other resources than we do. These companies may be better known than we are and have more customers or users than we do. As a result, many of these companies may respond more quickly to new or emerging technologies and standards and changes in customer requirements.

These companies may be able to invest more resources in research and development, strategic acquisitions, and sales and marketing. We generally compete on the basis of several factors, including size of our network, quality of our service, our ability to target specific customer needs, and to a lesser extent, price. For more information on risks relating to our competition, see Item 1A. Risk Factors.

### **Intellectual Property**

Historically, we have created intellectual property or obtained intellectual property through commercial relationships and in connection with acquisitions.

We own patents important to our business, and we expect to continue to file patent applications to protect our research and development investments in new products. As of December 31, 2023, we held five patents and two pending patent applications, including foreign counterpart patents and foreign applications. For the United States, patents may last 20 years from the date of the patent's filing, subject to term adjustments made by the patent office.

In addition, we own registered trademarks in the United States and other countries. As of December 31, 2023, OPTIMIZERx, OPTIMIZEMD, CareSpeak, DIETWATCH, Innovate4Outcomes, SPRx, SPx, RMDY, Specialty Express, TELAREP, Medicx, Micro-Neighborhood, and Geomedical Targeting are our registered trademarks. We also have several pending trademark applications.

We also have licenses to intellectual property for the use and sale of certain of our solutions. In addition, we obtain other intellectual property rights and/or licenses used in connection with our business when practical and appropriate.

### **Government Regulation**

The healthcare industry and, in particular, our customers and partners are subject to U.S. federal, state and local laws and regulations, including those governing fraud, abuse, privacy and security. Many of these laws and regulations are complicated and how they might apply to us, our customers, our partners, or the specific services and relationships we have with our customers and partners are not always well-defined. Our failure, or perceived failure, to accurately apply, or comply with, these laws and regulations could subject us to significant fines and liability, result in reputational harm, and adversely affect our business. Any new or amended laws or regulations that impose significant operational restrictions and compliance requirements may negatively impact our business. See Item 1A. Risk Factors for more information on the impact of Government Regulations on OptimizeRx.

### **Employees**

As of December 31, 2023, we had 116 full-time employees and 1 part-time employee in the U.S, as well as 19 full-time employees in Croatia. None of our employees are represented by a labor union or collective bargaining agreement with respect to their employment with us. The majority of our employees work remotely and are geographically distributed across the United States and Croatia. We supplement our workforce with contractors in the United States and internationally on an as-needed basis. We consider our relationship with our employees to be good and have not experienced any work stoppages.

We are dedicated to providing a supportive and respectful environment to our employees where everyone feels valued, and we celebrate both the differences and similarities among our people. We also believe that diversity in all areas, including cultural background, experience and thought, is essential to bettering a professional environment and in making our Company stronger. Our Diversity, Equity, Inclusion & Belonging Committee (DEI&B) is actively engaged in improving our culture, hiring practices and training. In 2023, we upheld the Parity Pledge – a commitment made in 2021 to interview and consider at least one qualified woman and one underrepresented minority for every open role, VP or higher. In addition, the DEI&B Committee sponsored quarterly events in 2023, including “Historic Women Inventors”, “Mental Health Awareness”, “Step Challenge”, and “Affinity Groups”.

We prioritize recruiting, retaining, and incentivizing a highly qualified, diverse workforce as the success of our Company is dependent on the skills, experience, and efforts of our employees. A skilled workforce not only improves a company's performance, but also contributes to overall employee satisfaction and enhances human capital. We have increased our focus on training and development for our current employees and have implemented a Learning Management System where current and future training modules will be presented and tracked for reporting purposes. We offer other learning and development opportunities and resources to support our employees in achieving and enhancing their development objectives. We equip our managers with the skills and tools to provide ongoing coaching and feedback so employees can maximize their performance and potential, delivering success for the Company and the employee.

We pay our employees competitively and offer a broad range of company-paid benefits, which we believe are competitive with others in our industry. Moreover, we believe our long-term incentives are structured in a manner to provide time-based vesting schedules that are retentive and we incentivize select employees through the granting of stock-based awards and cash-based performance bonus awards.

#### **Available Information**

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith, we file reports, proxy and information statements and other information with the Securities and Exchange Commission (the "SEC"). You can read our SEC filings over the Internet at the SEC's website at [www.sec.gov](http://www.sec.gov). Our filings with the SEC are also available free of charge through the investor relations section of our website at [www.optimizerx.com](http://www.optimizerx.com). Reports are available free of charge as soon as reasonably practicable after we electronically file them with, or furnish them to, the SEC. From time to time, we also use multiple social media channels to communicate with the public about OptimizeRx. It is possible that the information we post on social media could be deemed to be material information. Therefore, we encourage you to review the information we post on the social media channels listed on our investor relations website, if any.

Information contained on or accessible through the websites and social media channels referred to above is not incorporated by reference in, or otherwise a part of, this Annual Report, and any references to these websites and social media channels are intended to be inactive textual references only.

#### **Item 1A. Risk Factors**

##### **Risks Relating to Our Business**

***Because we have historically experienced losses, if we are unable to achieve profitability, our financial condition and company could suffer.***

With the exception of 2021, we have historically incurred losses as a result of investing in future growth. We incurred losses in 2023 as a result of our increased spending to build the organization to support expected future growth – both through additional new hires, as well as through acquisitions. While we have increased revenues, we have not yet consistently achieved profitability due to these investments and non-cash expenses. Our ability to achieve consistent profitability depends on our ability to generate sales through our technology platform and advertising model, while maintaining reasonable expense levels. If we do not achieve sustainable profitability, it may impact our ability to continue our operations.

***Seasonal trends in the pharmaceutical brand marketing industry could affect our operating results.***

In general, the pharmaceutical brand marketing industry experiences seasonal trends that affect the vast majority of participants in the pharmaceutical digital marketing industry. Many pharmaceutical companies allocate the largest portion of their brand marketing to the fourth quarter of the calendar year. As a result, the first quarter tends to reflect lower activity levels and lower revenue, with gradual increases in the following quarters. We generally expect these seasonality trends to continue and our ability to effectively manage our resources in anticipation of these trends may affect our operating results.

***Developing and implementing new and updated applications, features and services for our solutions may be more difficult than expected, may take longer and cost more than expected and may not result in sufficient increases in revenue to justify the costs.***

Attracting and retaining users of our solutions requires us to continue to improve the technology underlying those solutions and to continue to develop new and updated applications, features and services for those solutions. If we are unable to do so on a timely basis or if we are unable to implement new applications, features and services without disruption to our existing ones, we may lose potential users and clients. The costs of development of these enhancements may negatively impact our ability to achieve profitability.

We rely on a combination of internal development, strategic relationships, licensing and acquisitions to develop our solutions and related applications, features and services. Our development and/or implementation of new technologies, applications, features and services may cost more than expected, may take longer than originally expected, may require more testing than originally anticipated and may require the acquisition of additional personnel and other resources. There can be no assurance that the revenue opportunities from any new or updated technologies, applications, features or services will justify the amounts spent.

***Any failure to offer high-quality customer support for our solutions may adversely affect our relationships with our customers and harm our financial results.***

Once our solutions are implemented, our customers use our support organization to resolve technical issues relating to our solutions. In addition, we also believe that our success in selling our solutions is highly dependent on our business reputation and on favorable recommendations from our existing customers. Any failure to maintain high-quality customer support, or a market perception that we do not maintain high-quality support, could harm our reputation, adversely affect our ability to maintain existing customers or sell our solutions to existing and prospective customers, and harm our business, operating results and financial condition.

We may be unable to respond quickly enough to accommodate short-term increases in customer demand for support services. Increased customer demand for these services, without corresponding revenues, could also increase costs and adversely affect our operating results.

***We are dependent on a concentrated group of customers.***

Because the pharmaceutical industry is dominated by large companies with multiple brands, our revenue is concentrated in a relatively small number of companies. We have approximately 100 pharmaceutical manufacturers as customers, and our revenues are concentrated in these customers. Loss of one or more of our larger customers could have a negative impact on our operating results. Our top five customers represented approximately 44% of revenue for the year ended December 31, 2023. In each of 2023 and 2022, we had one customer that each represented over 10% of our revenues.

We expect that we will continue to depend upon a relatively small number of customers for a significant portion of our total revenues for the foreseeable future. The loss of any of these customers or groups of customers for any reason, or a change of relationship with any of our key customers could cause a material decrease in our total revenues.

Additionally, mergers or consolidations among our customers in the healthcare industry could reduce the number of our customers and could adversely affect our revenues and sales. In particular, if our customers are acquired by entities that are not also our customers, that do not use our solutions or that have more favorable contract terms with competitors and choose to discontinue, reduce or change the terms of their use of our solutions, our business and operating results could be materially and adversely affected.

***If we are unable to maintain our contracts with electronic prescription platforms, our business will suffer.***

We are reliant upon our contracts with leading electronic prescribing (“ERx”) platforms and electronic health record (“EHR”) systems to generate a portion of the revenues received from our customers. Such arrangements subject us to a number of risks, including the following:

- Our ERx and EHR partners may experience financial, regulatory or operational difficulties, which may impair their ability to focus on and fulfill their contract obligations to us;
- Legal disputes or disagreements, including the ownership of intellectual property, may occur with one or more of our ERx and EHR partners and may lead to lengthy and expensive litigation or arbitration;
- Significant changes in an ERx and EHR partner’s business strategy may adversely affect a partner’s willingness or ability to satisfy obligations under any such arrangement;
- An ERx and EHR partner could terminate the partnership arrangement, which could negatively impact our ability to sell our solutions and achieve revenues; and
- The failure of an ERx or EHR partner to provide accurate and complete financial information to us or to maintain adequate and effective internal control over its financial reporting may negatively affect our ability to meet our financial reporting obligations as required by the SEC. See Part II, Item 9A. “Controls and Procedures.”

We generated 36.4% and 31.8% of our revenue through our largest partner in 2023 and 2022, respectively. As such, the inability to maintain these relationships could adversely impact our business.

***Our agreements with ERx and EHR channel partners are subject to audit.***

Our agreements with our ERx and EHR channel partners provide for revenue-sharing payments to them based on the revenue we generate through their platforms and systems. These payments are subject to audit by our channel partners, at their cost, and if there is a dispute as to the calculation, we may be liable for additional payments. Some agreements would require us to also pay for the cost of the audit if an underpayment is determined to be in excess of a certain amount.

***If we fail to attract new customers or retain and expand existing customers, our business and future prospects may be materially and adversely impacted.***

We currently work with many leading pharmaceutical companies, medical device manufacturers, associations, and other companies. While we have experienced customer growth, this growth may not continue at the same pace in the future or at all. Achieving growth in our customer base may require us to engage in increasingly sophisticated and costly sales and marketing efforts that may not result in additional customers. We may also need to modify our pricing model to attract and retain such customers. If we fail to attract new customers or fail to maintain or expand existing relationships in a cost-effective manner, our business and future prospects may be materially and adversely impacted.

***Actual or perceived failures to comply with applicable laws and regulations that affect the healthcare industry, including data protection, privacy and security, fraud and abuse laws, regulations, standards and other requirements could adversely affect our business, results of operations, and financial condition.***

The global data protection landscape is rapidly evolving, and we are or may become subject to numerous state, federal and foreign laws, requirements and regulations governing the collection, use, disclosure, retention, and security of personal information, including health-related information. This evolution may create uncertainty in our business, affect our ability to operate in certain jurisdictions or to collect, store, transfer, use and share personal information, necessitate the acceptance of more onerous obligations in our contracts, result in liability or impose additional costs on us. The cost of compliance with these laws, regulations and standards is high and is likely to increase in the future. Any failure or perceived failure by us to comply with federal, state or foreign laws or regulation, our internal policies and procedures or our contracts governing our processing of personal information could result in negative publicity, government investigations and enforcement actions, claims by third parties, and damage to our reputation, any of which could have a material adverse effect on our operations, financial performance and business.

We also may be bound by contractual obligations and other obligations relating to privacy, data protection, and information security that are more stringent than applicable laws and regulations. The costs of compliance with, and other burdens imposed by, laws, regulations, standards, and other obligations relating to privacy, data protection, and information security are significant. Although we work to comply with applicable laws, regulations, and standards, our contractual obligations and other legal obligations, these requirements are evolving and may be modified, interpreted and applied in an inconsistent manner from one jurisdiction to another, and may conflict with another or other legal obligations with which we must comply. Accordingly, our failure, or perceived inability, to comply with these laws, regulations, standards, and other obligations may limit the use and adoption of our solution, reduce overall demand for our solution, lead to regulatory investigations, breach of contract claims, litigation, and significant fines, penalties, or liabilities for actual or alleged noncompliance or slow the pace at which we close sales transactions, any of which could harm our business.

The Health Insurance Portability and Accountability Act of 1996, or HIPAA, and the rules promulgated thereunder require certain entities, referred to as Covered Entities, to comply with established standards, including standards regarding the privacy and security of protected health information, or PHI. HIPAA further requires that Covered Entities enter into agreements meeting certain regulatory requirements with their business associates, as such term is defined by HIPAA, which, among other things, obligate the business associates to safeguard the covered entity's PHI against improper use and disclosure. While we are not a Covered Entity, we have contracted as a business associate of our Covered Entity customers and, as such, may be regulated by HIPAA and have contractual obligations under such agreements, including to enter into business associate agreements with our third-party vendors. We, and our Covered Entity customers might face significant contractual liability pursuant to such business associate agreements if the business associate breaches the agreement or causes the Covered Entity to fail to comply with HIPAA.

Certain other laws and regulations such as federal and state anti-kickback and false claims laws may apply to us indirectly through our relationships with our customers and partners. Violations can result in considerable penalties and sanctions. If we are found to have violated, or to have facilitated the violation of such laws, we could be subject to significant penalties.

***The markets in which we operate are competitive, continually evolving and, in some cases, subject to rapid change.***

Our solutions face competition from numerous other companies, both in attracting users and in generating revenue from advertisers and sponsors. We compete for users with online services and websites that provide savings on medications and healthcare products, including both commercial sites and not-for-profit sites. We compete for advertisers and sponsors with health-related web sites, general purpose consumer web sites that offer specialized health sub-channels, other high-traffic web sites that include both healthcare-related and non-healthcare-related content and services, search engines that provide specialized health searches, and advertising networks that aggregate traffic from multiple sites.

Many of our competitors have greater financial, technical, product development, marketing and other resources than we do. These organizations may be better known than we are and have more customers or users than we do. We cannot provide assurance that we will be able to compete successfully against these organizations or any alliances they have formed or may form. Since there are no substantial barriers to entry into the markets in which we participate, we expect that competitors will continue to enter these markets.

***Developments in the healthcare industry could adversely affect our business.***

Most of our revenue is derived from pharmaceutical manufacturers and could be affected by changes affecting the broader healthcare industry, including decreased spending in the industry overall.

General reductions in expenditures by healthcare industry participants could result from, among other things:

- Government regulation or private initiatives that affect the manner in which healthcare industry participants interact with consumers and the general public;
- Government regulation prohibiting the use of coupons by patients covered by federally funded health insurance programs;
- Consolidation of healthcare industry participants;
- Reductions in governmental funding for healthcare; and
- Adverse changes in business or economic conditions affecting healthcare industry participants.

Even if general expenditures by industry participants remain the same or increase, developments in the healthcare industry may result in reduced spending in some or all of the specific market segments that we serve now or may serve in the future. For example, use of our solutions and services could be affected by:

- A decrease in the number of new drugs or medical devices coming to market; and
- A decrease in marketing expenditures by pharmaceutical or medical device companies.

The healthcare industry has changed significantly in recent years and we expect that significant changes will continue to occur. However, the timing and impact of developments in the healthcare industry are difficult to predict. We cannot assure you that the demands for our solutions and services will continue to exist at current levels or that we will have adequate technical, financial and marketing resources to react to changes in the healthcare industry.

***If we are unable to manage growth, our operations could be adversely affected.***

Our ability to manage growth effectively will depend on our ability to improve and expand operations, including our financial and management information systems, and to recruit, train and manage personnel. There can be no assurance that management will be able to manage growth effectively. To manage growth effectively, we will be required to continue to implement and improve our operating and financial systems and controls to expand, train and manage our employee base. Our ability to manage our operations and growth effectively will require us to continue to expend funds to enhance our operational, financial and management controls, reporting systems and procedures, and to attract and retain sufficient talented personnel.

If we do not properly manage the growth of our business, we may experience significant strains on our management and operations and disruptions in our business. Various risks arise when companies grow too quickly. If our business grows too quickly, our ability to meet customer demand in a timely and efficient manner could be challenged. We may also experience development delays as we seek to meet increased demand for our solutions. Our failure to properly manage the growth that we or our industry might experience could negatively impact our ability to execute on our operating plan and, accordingly, could have an adverse impact on our business, our cash flow and results of operations, and our reputation with our current or potential customers.

***We may not be able to identify suitable acquisition candidates, complete acquisitions or integrate acquisitions successfully.***

We may not be able to identify suitable acquisition candidates, complete acquisitions, or integrate acquisitions successfully. We may seek additional acquisition opportunities, both to further diversify our business and to penetrate or expand important product offerings or markets. There are no assurances, however, that we will be able to successfully identify suitable candidates, negotiate appropriate terms, obtain financing on acceptable terms, complete proposed acquisitions, successfully integrate acquired businesses, or expand into new markets. Once acquired, operations may not achieve anticipated levels of revenues or profitability. Acquisitions involve risks, including difficulties in the integration of the operations, technologies, services and products of the acquired companies and the diversion of management's attention from other business concerns. Although our management will endeavor to evaluate the risks inherent in any particular transaction, there are no assurances that we will properly ascertain all such risks. Difficulties encountered with acquisitions could have a material adverse impact on our business.

***Our acquisition activities may disrupt our ongoing business and may involve increased expenses, and we may not realize the financial and strategic goals contemplated at the time of a transaction.***

We have acquired, and may in the future acquire, companies, businesses, products, services and technologies. Acquisitions involve significant risks and uncertainties, including:

- our ongoing business may be disrupted, an acquisition may involve increased expenses, and our management's attention may be diverted by acquisition, transition, or integration activities;
- we may not further our business strategy as we expected,
- we may not realize any synergies or other anticipated benefits of an acquisition or such synergies or benefits may take longer than anticipated to be realized;
- we may overpay for our investments, or otherwise not realize the financial returns contemplated at the time of the acquisition;
- integration with acquired operations or technology may be more costly or difficult than expected and such integration may not be successful;
- we may be unable to retain the key employees, customers and other channel partners of the acquired operation;
- we may not realize the anticipated increases in our revenues from an acquisition; and
- our use of cash to pay for acquisitions may limit other potential uses of our cash.

***Impairment charges for goodwill or other intangible assets may be increased as we shift our focus away from our non-core businesses.***

Annually, we evaluate goodwill and long-lived assets to determine if impairment has occurred. Additionally, interim reviews are performed whenever events or changes to the business could indicate possible impairment. Any future impairment of our goodwill or long-lived assets could require us to record an impairment charge, which would negatively impact our results of operations. For example, our strategic shift away from non-core business resulted in an impairment of one or more of our long-lived assets. See Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations - Results of Operation of the Years Ended December 31, 2023 and 2022 - Operating Expenses."

***Market conditions could adversely change and our earnings could decline resulting in charges to impair intangible assets, such as goodwill.***

As a result of our various acquisitions, the consolidated balance sheet at December 31, 2023 contains goodwill of approximately \$78.4 million and intangible assets, net of approximately \$49.4 million. We evaluate on an ongoing basis whether facts and circumstances indicate any impairment to the carrying value of indefinite-lived intangible assets such as goodwill. As circumstances after an acquisition can change, we may not realize the value of these intangible assets. During the year ended December 31, 2023, we recorded impairment charges, related to certain intangible assets, of approximately \$6.7 million. Any future impairment charges related to our goodwill or long-lived assets could require us to record additional impairment charges, which would negatively impact our results of operations.

***Restrictions in our Credit Agreement could adversely affect our business, financial condition, results of operations, ability to make distributions, and the value of our securities.***

Our Credit Agreement contains customary affirmative covenants, including, among others, covenants pertaining to the delivery of financial statements; certain financial covenants; notices of default and certain other material events; payment of obligations; preservation of corporate existence, rights, privileges, permits, licenses, franchises and intellectual property; maintenance of property and insurance and compliance with laws, as well as customary negative covenants, including, among others, limitations on the incurrence of liens and entering into capital leases, investments and indebtedness; mergers and certain other fundamental changes; dispositions of assets; restricted payments; changes in our line of business; transactions with affiliates and burdensome agreements. These covenants could affect our ability to operate our business, increase the amount of interest expense we ultimately pay pursuant to the Credit Agreement, and may limit our ability to take advantage of potential business opportunities as they arise.

Our ability to comply with the covenants and restrictions contained in our Credit Agreement, may be affected by events beyond our control, including prevailing economic, financial, and industry conditions. If market or other economic conditions deteriorate, our ability to comply with these covenants may be impaired. A failure to comply with these provisions could result in a default or an event of default. Upon an event of default, unless waived, the lenders could elect to terminate their commitments, cease making further loans, require cash collateralization of letters of credit, cause their loans to become due and payable in full, foreclose against any assets securing the debt under our Credit Agreement and force us and our subsidiaries into bankruptcy or liquidation. If the payment of our debt is accelerated, our assets may be insufficient to repay such debt in full, and the holders of our stock could experience a partial or total loss of their investment.

***Servicing debt and funding other obligations requires a significant amount of cash, and our ability to generate sufficient cash depends on many factors, some of which are beyond our control.***

Our ability to make payments on and refinance our indebtedness and to fund our operations and capital expenditures depends on our ability to generate cash flow and secure financing in the future. Our ability to generate future cash flow depends, among other things, on future operating performance, general economic conditions, competition, and legislative and regulatory factors affecting our operations and business.

Some of these factors are beyond our control. There is no assurance that our business will generate cash flow from operations or that future debt or equity financings will be available to us to enable us to pay our indebtedness or to fund other needs. As a result, we may need to refinance all or a portion of our indebtedness on or before maturity. There is no assurance that we will be able to refinance any of our indebtedness on favorable terms, or at all. Any inability to generate sufficient cash flow or refinance our indebtedness on favorable terms could have an adverse effect on our financial condition.

***Our business and growth may suffer if we are unable to attract and retain members of our senior management team and other key employees.***

Our success has been largely dependent on the skills, experience and efforts of our senior management team and key employees and the loss of the services of any of our senior management team or other key employees, without a properly executed transition plan, could have an adverse effect on us. The loss of any member of our senior management team or any of our other key employees could damage critical customer relationships, result in the loss of vital knowledge, experience and expertise, lead to an increase in recruitment and training costs, and make it more difficult to successfully operate our business and execute our business strategy. We may not be able to find qualified potential replacements for these individuals and the integration of potential replacements may be disruptive to our business.

Furthermore, our business also depends on our ability to attract and retain qualified management, sales and technical personnel. However, competition for these types of employees is intense due to the limited number of qualified professionals with expertise in our industry. Our ability to meet our business development objectives will depend in part on our ability to recruit, train, incentivize, and retain top quality people with advanced skills who understand our industry, technology, and business. Our compensation arrangements, including our equity award programs, are essential to retaining our senior management team and other key employees, but may not always be successful in attracting new employees or retaining and motivating our existing key employees for reasons that may include movement in our stock price or our ability to maintain or increase our equity pool. If we are unable to engage, incentivize, and retain the necessary personnel, our business may be materially and adversely affected.

***Geopolitical events may affect our business and our customer base and have a material adverse impact on our sales and operating results.***

Our results of operations may be affected by the conditions in the global capital markets and the economy generally, both in the U.S. and elsewhere in the world. The war between Russia and Ukraine as well as the conflict between Israel and Hamas have caused uncertainty in the credit markets and could cause our customers and potential customers to postpone or reduce spending on technology products or services or put downward pressure on prices, which could have an adverse effect on our business.

***We could be subject to economic, political, regulatory and other risks arising from our international operations.***

Operating in international markets requires significant resources and management attention and will subject us to regulatory, economic and political risks that may be different from, and incremental to, those in the United States. In addition to the risks that we face in the United States, our international operations in Israel and Croatia, may involve risks that could adversely affect our business, including:

- difficulties and costs associated with staffing and managing foreign operations;
- natural or man-made disasters, political, social and economic instability, including wars, terrorism and political unrest, outbreak of disease, boycotts, curtailment of trade, and other business restrictions;
- compliance with United States laws, such as the Foreign Corrupt Practices Act, export controls and economic sanctions, and local laws prohibiting corrupt payments to government officials;
- unexpected changes in regulatory requirements;
- less favorable foreign intellectual property laws;
- adverse tax consequences such as those related to repatriation of cash from foreign jurisdictions into the United States, non-income related taxes such as value-added tax or other indirect taxes, changes in tax laws or their interpretations, or the application of judgment in determining our global provision for income taxes and other tax liabilities given inter-company transactions and calculations where the ultimate tax determination is uncertain;

- fluctuations in currency exchange rates, which could impact expenses of our international operations and expose us to foreign currency exchange rate risk;
- profit repatriation and other restrictions on the transfer of funds;
- differing payment processing systems as well as use and acceptance of electronic payment methods, such as payment cards;
- new and different sources of competition; and
- different and more stringent user protection, data protection, privacy and other laws.

Our failure to manage any of these risks successfully could harm our international operations and our overall business, as well as results of our operations.

***We may in the future be adversely affected by health epidemics and pandemics, including COVID-19, which may significantly harm our business, prospects, financial condition and operating results.***

We face risks related to health epidemics and other outbreaks, including the global outbreak of the novel coronavirus and the disease caused by it, COVID-19. During 2020, the spread of the novel coronavirus led to disruption and volatility in the global capital markets. If such disruption and volatility recurs, there could be an increase to our cost of capital and an adverse effect on our ability to access the capital markets. In addition, efforts to contain the COVID-19 pandemic led to implementing numerous measures to try to contain the virus, such as travel bans and restrictions, quarantines, stay-at-home or shelter-in-place orders, and business shutdowns. The extent to which a pandemic, epidemic or outbreak of an infectious disease impacts our operations will depend on future occurrences, which are highly uncertain and cannot be predicted with confidence, including the duration of any outbreak and the actions to contain or treat its impact, among others. We are prepared to take steps to modify our business practices and mitigate the impact of the emergence and spread of new variants and resurgences, or another pandemic or epidemic; however, there can be no assurance that such steps will be successful, or that our business operations, or the operations of our customers or partners will not be materially and adversely affected by the consequences of such pandemic or epidemic, which could materially impact our results of operations, cash flows, and financial condition.

#### **Risks Related to Inflation, Interest Rates, and Other Adverse Economic Conditions**

***Inflation, the current interest rate environment, and other adverse economic conditions may adversely affect our business, results of operations and financial condition.***

Recently, inflation has increased throughout the U.S. economy. In an inflationary environment, we may experience increases in the prices of labor and other costs of doing business. Additionally, cost increases may outpace our expectations, causing us to use our cash and other liquid assets faster than forecasted. If we are unable to successfully manage the effects of inflation, our business, operating results, cash flows and financial condition may be adversely affected. The occurrence or perception of an economic slowdown or recession, or of a further increase in inflation, may have a negative impact on the global economy and may reduce customer demand for our products and services.

In addition, macroeconomic effects such as changes in interest rates and other measures taken by central banks and other policy makers could have a negative effect on overall economic activity that could reduce our customers' demand for our products and services. Changing interest rates may have unpredictable effects on markets, may result in heightened market volatility and may detract from our performance to the extent we are exposed to such interest rates and/or volatility. An adjustment in rates would impact our variable rate debt. If interest rates increase or remain elevated, we could face higher debt service requirements, which would adversely affect our cash flow and could adversely impact our results of operations. If we are unable to generate sufficient cash flow to service our debt or to fund our other liquidity needs, we could need to restructure or refinance all or a portion of our debt. Any refinancing of indebtedness could be at higher interest rates, thereby resulting in an overall increase in interest expense.

Adverse changes in demand could impact our business, collection of accounts receivable and our expected cash flow generation, which may adversely impact our financial condition and results of operations.

## **Risks Related to Our Intellectual Property and Technology**

***We are dependent, in part, on our intellectual property. If we are not able to protect our proprietary rights or if those rights are invalidated or circumvented, our business may be adversely affected.***

Our business is dependent, in part, on our ability to innovate, and, as a result, we are reliant on our intellectual property. We generally protect our intellectual property through patents, trademarks, trade secrets, confidentiality and nondisclosure agreements and other measures to the extent our budget permits. There can be no assurance that patents will be issued from pending applications that we have filed or that our patents will be sufficient to protect our key technology from misappropriation or falling into the public domain, nor can assurances be made that any of our patents, patent applications, trademarks or our other intellectual property or proprietary rights will not be challenged, invalidated or circumvented. In the event a competitor or other party successfully challenges our solutions, processes, patents or licenses or claims that we have infringed upon their intellectual property, we could incur substantial litigation costs defending against such claims, be required to pay royalties, license fees or other damages or be barred from using the intellectual property at issue, any of which could have a material adverse effect on our business, operating results and financial condition. We cannot assure that steps taken by us to protect our intellectual property and other contractual agreements for our business will be adequate, that our competitors will not independently develop or patent substantially equivalent or superior technologies or be able to design around patents that we may receive, or that our intellectual property will not be misappropriated.

If we are unable to protect our proprietary rights, we may be at a disadvantage to others who do not incur the substantial time and expense we incur. Preventing unauthorized use or infringement of our intellectual property rights is inherently difficult. Moreover, it may be difficult or practically impossible to detect theft or unauthorized use of our intellectual property. Any of the foregoing could have a material adverse effect upon our business, financial condition and results of operations.

***Cybersecurity incidents could disrupt business operations, result in the loss of critical and confidential information, and adversely impact our reputation and results of operations.***

Global cybersecurity threats can range from uncoordinated individual attempts to gain unauthorized access to our information technology (IT) systems to sophisticated and targeted measures known as advanced persistent threats. While we employ extensive measures to prevent, detect, address and mitigate these threats (including access controls, insurance, vulnerability assessments, continuous monitoring of our IT networks and systems, maintenance of backup and protective systems and user training and education), cybersecurity incidents, depending on their nature and scope, could potentially result in the misappropriation, destruction, corruption or unavailability of critical data and confidential or proprietary information (our own or that of third parties) and the disruption of business operations. The potential consequences of a material cybersecurity incident include reputational damage, loss of customers, loss of income, litigation with customers and other parties, loss of trade secrets and other proprietary business data and increased cybersecurity protection and remediation costs, which in turn could adversely affect our competitiveness and results of operations.

***We may be unable to support our technology to further scale our operations successfully.***

Our plan is to grow through further integration of our technology in electronic platforms. Our growth will place significant demands on our management and technology development, as well as our financial, administrative and other resources. We cannot guarantee that any of the systems, procedures and controls we put in place will be adequate to support the commercialization of our operations. Our operating results will depend substantially on the ability of our officers and key employees to manage changing business conditions and to implement and improve our financial, administrative and other resources. If we are unable to respond to and manage changing business conditions, or the scale of our solutions, services and operations, then the quality of our services, our ability to retain key personnel and our business could be harmed.

***Our business will suffer if our network systems fail or become unavailable.***

A reduction in the performance, reliability and availability of our network infrastructure would harm our ability to distribute our solutions to our users, as well as our reputation and ability to attract and retain customers. Our systems and operations could be damaged or interrupted by fire, flood, power loss, telecommunications failure, internet breakdown, earthquake and similar events. Our systems could also be subject to viruses, break-ins, sabotage, acts of terrorism, acts of vandalism, hacking, cyber-terrorism and similar misconduct. We might not carry adequate business interruption insurance to compensate us for losses that may occur from a system outage. Any system error or failure that causes interruption in availability of our solutions or an increase in response time could result in a loss of potential customers, which could have a material adverse effect on our business, financial condition and results of operations. If we suffer sustained or repeated interruptions, then our solutions and services could be less attractive to our users and our business would be materially harmed.

## Risks Relating to Our Common Stock

*If a market for our common stock is not maintained, shareholders may be unable to sell their shares.*

Our common stock is traded under the symbol “OPRX” on the Nasdaq Capital Market. We do not currently have a consistent active trading market. There can be no assurance that a consistent active and liquid trading market will develop or, if developed, that it will be sustained.

Historically, our securities have been thinly traded. Accordingly, it may be difficult to sell shares of our common stock without significantly depressing the value of the stock. Unless we are successful in developing continued investor interest in our stock, sales of our stock could continue to result in major fluctuations in the price of the stock.

*We may need to raise additional capital to grow our business and may not be able to do so on favorable terms, if at all.*

We may need to raise additional capital in the future, including to expand our operations and pursue our growth strategies, to respond to competitive pressures, or to meet capital needs in response to operating losses or unanticipated working capital requirements. Our inability to raise additional capital on acceptable terms in the future may limit our ability to continue to operate our business and further expand our operations.

*The market price of our common stock may be highly volatile and could fluctuate widely in price in response to various factors, many of which are beyond our control.*

Our stock price is subject to a number of factors, including:

- Technological innovations or new solutions and services by us or our competitors;
- Government regulation of our solutions and services;
- The establishment of partnerships with other healthcare companies;
- Intellectual property disputes;
- Additions or departures of key personnel;
- Sales of our common stock;
- Our ability to execute our business plan;
- Operating results below or exceeding expectations;
- Our operating and financial performance and prospects;
- Loss or addition of any strategic relationship;
- General financial, domestic, international, economic, industry and other market trends or conditions; and
- Period-to-period fluctuations in our financial results.

Our stock price may fluctuate widely as a result of any of the above. In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common stock.

***We do not expect to pay dividends in the foreseeable future and any return on investment may be limited to the value of our common stock.***

We have never declared or paid any cash dividends on our common stock. We currently intend to retain all available funds and future earnings, if any, to fund our future growth and do not expect to declare or pay any dividend on shares of our common stock in the foreseeable future. As a result, the success of an investment in our common stock may depend entirely upon any future appreciation in its value. There is no guarantee that our common stock will appreciate in value or even maintain the price at which it is purchased.

***Anti-takeover provisions may make it more difficult for a third party to acquire control of us, even if the change in control would be beneficial to shareholders.***

The Company is a Nevada corporation. Anti-takeover provisions in Nevada law and our charter and bylaws could make it more difficult for a third party to acquire control of us. These provisions could adversely affect the market price of the common stock and could reduce the amount that shareholders might receive if the Company is sold. For example, our charter provides that the board of directors may issue preferred stock without shareholder approval. In addition, our bylaws provide that shareholders cannot act by written consent and that directors may be removed by shareholders only with the approval of the holders of not less than two-thirds of the voting power of the issued and outstanding stock entitled to vote at an annual or special meeting of the shareholders.

### **Risks Related to Being a Public Company**

***We have identified a material weakness in our internal control over financial reporting. Failure to remediate the material weakness or any other material weaknesses that we identify in the future could result in material misstatements in our financial statements.***

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, as amended, our management is required to report on the effectiveness of our internal control over financial reporting. The rules governing the standards that must be met for management to assess our internal control over financial reporting are complex and require significant documentation, testing and possible remediation. Annually, we perform activities that include reviewing, documenting and testing our internal control over financial reporting. In addition, if we fail to maintain the adequacy of our internal control over financial reporting, we will not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002. If we fail to achieve and maintain an effective internal control environment, we could suffer misstatements in our financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could result in significant expenses to remediate any internal control deficiencies and lead to a decline in our stock price.

The Company has identified a material weakness in the Company's internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis. For further discussion of the material weaknesses, see Item 9A, Controls and Procedures.

We cannot provide assurance that we have identified all, or that we will not in the future have additional, material weaknesses in our internal control over financial reporting. As a result, we may be required to implement further remedial measures and to design enhanced processes and controls to address deficiencies. If we do not effectively remediate the material weakness identified by management and maintain adequate internal controls over financial reporting in the future, we may not be able to prepare reliable financial reports and comply with our reporting obligations under the Exchange Act on a timely basis. Any such delays in the preparation of financial reports and the filing of our periodic reports may result in a loss of public confidence in the reliability of our financial statements, which, in turn, could materially adversely affect our business, the market value of our common stock and our access to capital markets.

**Item 1B. Unresolved Staff comments**

None

**Item 1C. Cybersecurity*****Risk Management and Strategy***

Our information security and risk management program is designed to identify, assess, and manage material risks from cybersecurity threats to our applications, computer networks, third-party hosted services, communications systems, hardware and software, and our critical data, including intellectual property, confidential information that is proprietary, strategic or competitive in nature, personal information, or PHI (collectively, “Information Systems”).

Our information security program’s basis is a comprehensive set of policies and procedures covering various information security domains (collectively, “Information Security Policies”), including, but not limited to:

- Access control,
- Endpoint protection,
- Third-party oversight,
- Education, training, and awareness,
- Network security,
- Risk management,
- Incident response,
- Business continuity and disaster recovery,
- Data protection and privacy, and
- Other security domains.

Our risk management process is based on a standard methodology, and risks are identified based on:

- Annual risk assessments,
- Information on past incidents,
- Internal audits,
- Security penetration tests, and
- Other security assessments.

All risks are documented in a central Risk Register and tracked for mitigation and other treatment decisions.

Our information security program is audited annually against a well-known security framework, by an accredited third party. We currently carry a HITRUST certification, which is a security assessment that targets the healthcare industry and HIPAA compliance. We are currently working towards a SOC 2 audit and assessment, which has more general applicability and covers the trust services criteria of security, confidentiality, privacy, accessibility, and processing integrity.

In 2023, we stored and processed certain PHI on behalf of customers. From a cybersecurity perspective, this data was stored on secure AWS managed servers in the contiguous United States and encrypted at rest and in transit. End users did not have permission to access PHI unless the end user's account had the proper end user role permissions (ie HCPs or hub service providers). These end user roles were assigned according to the customer's needs to see the information. At all times, such information was segregated so that one customer could not access records containing PHI that were associated with another customer. In late 2023, we discontinued PHI processing; however, certain PHI remains stored on the secure AWS managed servers to the extent information needs to be accessed by a customer.

Our external audits and assessments identify and evaluate material risks from cybersecurity threats against our overall business objectives on a periodic basis and form the basis of internal reports, which can be shared with the management team, the Audit Committee of the Board of Directors, and the Board of Directors to evaluate our overall enterprise risk.

Our incident response program consists of an Incident Response Plan document and a cross-functional Incident Response Team, which are defined in our Information Security Policies. All workforce members are trained on incident reporting procedures, and there is a single point of contact for reporting all incidents. Incident response training is conducted annually, followed by a tabletop exercise. Our Incident Response Plan instructs personnel on how to notify our Incident Response Team in case of an incident. The VP of Information Security is the point person for incident responses and coordinates mitigation and remediation of cybersecurity incidents. We log all incidents and response plans for purposes of internal documentation. We report critical incidents to the management team, the Audit Committee, and the Board of Directors.

The Company's VP of Information Security is responsible for implementing Information Security Policies on a day-to-day basis along with the Security Team (as defined in the Information Security Policies), which includes the VP of Information Security, the Chief Product Officer, the VP of Data Engineering and Platform Services, and the VP of Technology (Information Technology).

We use third-party service providers to perform a variety of functions throughout our business, including, but not limited to infrastructure support and maintenance, CRM, contract management, data hosting, and miscellaneous finance and accounting projects. We assess our vendors with respect to cybersecurity risk according to the services provided, the sensitivity of the Information Systems at issue, and the provider's identity. In appropriate cases, we will seek enhanced contractual obligations or guarantees related to cybersecurity on the service provider. Vendor risk assessments are performed before each vendor is engaged, and annual reviews are conducted to ensure vendors continue to meet security requirements.

We also maintain technical errors and omissions insurance which includes a cyber incident endorsement of up to \$20 million with a premium of \$60,700. This endorsement provides coverage for Network Security and Privacy, Privacy Regulation Proceeding, Privacy Event Expense Reimbursement, Extortion Demand Reimbursement, Data Restoration, Network Restoration, Business Interruption and System Failure. This coverage reimburses the most common costs for information security incidents, including attorney's fees, consumer notification costs, and regulatory fines.

The Company has no material incidents to report through the date of this filing.

For more information on risks from cybersecurity threats that may materially affect the Company, see Item 1A. "Risk Factors".

## ***Governance***

The Board of Directors' oversight function includes cybersecurity risk management. The Board of Directors has tasked the Audit Committee with overseeing the Company's cybersecurity risk management processes and with determining which threats are likely to impact the Company's strategy, business operations, and financial condition.

Our cybersecurity risk assessment and management processes are implemented and maintained by our VP of Information Security and the Security Team. For strategic decisions regarding cybersecurity, the VP of Information Security consults with the Chief Product Officer, the Chief Financial Officer, the General Counsel and Chief Compliance Officer, and the VP of Compliance.

The VP of Information Security is responsible for hiring appropriate personnel, performing vendor risk assessments, and communicating information security priorities to relevant personnel, so that we can build cybersecurity risk considerations into our business practices. The VP of Information Security also plans related budgets, designs cybersecurity processes, and reviews security assessments and related reports.

The Board of Directors has three members with skills and experience in information security and cybersecurity through their experience as current and former executives of digital technology companies.

## **Item 2. Properties**

Currently, we do not own any real estate. As of December 31, 2023, we have operating leases for office space in four multi-tenant facilities. The leases include office spaces in Waltham, Massachusetts, Clarkston, Michigan, Scottsdale, Arizona, and Zagreb, Croatia. Our principal executive offices are located at 260 Charles Street, Waltham, Massachusetts 02453.

The lease in Waltham, Massachusetts expires July 31, 2026, and has a monthly rent with escalating payments of \$5,778 to \$6,848. The lease in Clarkston, Michigan expires November 30, 2025, with a three-year renewal option through 2028, and has a monthly rent of \$2,445. The lease in Scottsdale, Arizona expires April 30, 2025, and has a monthly rent with escalating payments of \$9,304 to \$9,727. The Company entered into a lease for new office space in Zagreb, Croatia on July 1, 2023, which expires on June 30, 2029, but which grants the tenant the option to terminate the lease with 30-day notice before each lease anniversary and has a monthly rent of approximately \$3,038. The former lease in Zagreb, Croatia, with a monthly rent of approximately \$1,883 was terminated effective June 30, 2023.

## **Item 3. Legal Proceedings**

From time to time, we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. We are currently not a party to any material legal or administrative proceedings, and we are not aware of any pending or threatened material legal or administrative proceedings against us.

## **Item 4. Mine Safety Disclosures**

Not applicable.

#### Item 4.1 Information About Our Executive Officers

The following information sets forth the names, ages, and positions of our executive officers as of April 15, 2024.

Name	Age	Positions and Offices Held
William J. Febbo	55	Chief Executive Officer
Stephen L. Silvestro	46	President
Marion Odence-Ford	59	General Counsel and Chief Compliance Officer
Edward Stelmakh	58	Chief Financial Officer and Chief Operations Officer
Doug Besch	42	Chief Product Officer
Theresa Greco	51	Chief Commercial Officer

Set forth below is a brief description of the background and business experience of each of our current executive officers.

##### William J. Febbo

Mr. Febbo joined the Company as Chief Executive Officer and as a director in February 2016. Mr. Febbo founded Plexuus, LLC, a payment processing business for medical professionals in September 2015 and remained its Chairman from September 2015 to December 2020. From April 2007 to September 2015, Mr. Febbo served as Chief Operating Officer of Merriman Holdings, Inc., an investment banking firm, where he assisted with capital raises in the tech, biotech, cleantech, consumer and resources industries. Mr. Febbo was a co-founder of, and from September 2013 to September 2015 served as Chief Executive Officer of, Digital Capital Network, Inc., a transaction platform for institutional and accredited investors. Mr. Febbo was a co-founder of, and from January 1999 to September 2015 was Chief Executive Officer of, MedPanel, LLC, a provider of market intelligence and communications for the pharmaceutical, biomedical, and medical device industries. Since 2017, Mr. Febbo has been a faculty member of the Massachusetts Institute of Technology's linQ program, which is a collaborative initiative focused on increasing the potential of innovative research to benefit society and the economy. Mr. Febbo currently serves as a director of LifeMD Inc, a publicly traded provider of virtual primary care that offers telemedicine, laboratory and pharmacy services and specialized treatment across more than 200 conditions, and as a director of Augmedix, Inc., a publicly traded provider of automated medical documentation and data services. Previously, Mr. Febbo served as a director of Modular Medical, a publicly traded development stage medical device company focused on the design, development and eventual commercialization of an innovative insulin pump. In addition, Mr. Febbo has been a board member of the United Nations Association of Greater Boston, a resource for the citizens of Greater Boston on the broad agenda of critical global issues addressed by the UN and its agencies, since 2004.

On January 29, 2018, FINRA accepted a Letter of Acceptance, Waiver and Consent (the "Consent") submitted by William Febbo. Without admitting or denying the findings, Mr. Febbo consented to the sanctions and to the entry of findings that he permitted Merriman Capital, Inc. to conduct a securities business while below its net capital requirement. From August 2012 to October 2015, Mr. Febbo was the Financial and Operations Principal (FinOp) for a registered broker-dealer, Merriman Capital, Inc. ("Merriman"). During certain months while Mr. Febbo was FinOp, FINRA found that certain of Merriman's net capital filings with FINRA were inaccurate because of the method by which Merriman calculated net capital and that, when corrected, it was retroactively determined that Merriman had operated below its minimum net capital requirements. Mr. Febbo, as FinOp, signed certain of these reports and was thus held responsible. Based on the Consent, in settlement, Mr. Febbo, who was then no longer registered with any broker-dealer, accepted a fine of \$5,000, a 10-business day suspension from acting as FinOp for any FINRA member and required to requalify by examination for the Series 27 license before again acting in a FinOp capacity.

##### Stephen L. Silvestro

Mr. Silvestro was appointed the Company's President as of October 2023. He joined the Company as Chief Commercial Officer in April 2019. Prior to joining the Company, Mr. Silvestro was with CCH® Tagetik, a Wolters Kluwer company that provides corporate performance management software solutions for planning, consolidation and reporting, as its Vice President and General Manager from January 2018 until April 2019. From April 2017 to January 2018, Mr. Silvestro was with Prognos Health, Inc., a healthcare data and analytics company, as its Chief Commercial Officer and, before that, from September 2007 to April 2017, he was with Decision Resources Group, a multi-national corporation that provides high value global data solutions, analytics and consulting services to pharmaceutical, biotech, medical device, healthcare provider and payer, and managed care companies, in various capacities with him last serving as Executive Vice President, Head of Global Sales.

**Marion Odence-Ford**

Ms. Odence-Ford joined the Company as General Counsel & Chief Compliance Officer in February 2021. From April 2013 to June 2020, Ms. Odence-Ford was Vice President & Deputy General Counsel at Decision Resources Group, a multi-national corporation that provides high value global data solutions, analytics and consulting services to pharmaceutical, biotech, medical device, healthcare provider and payer, and managed care companies. From November 2004 to November 2012, Ms. Odence-Ford was Vice President & Associate General Counsel at CRA International, Inc. (dba Charles River Associates), a global consulting firm that offers economic, financial, and strategic expertise to major law firms, corporations, accounting firms, and governments around the world. From May 2004 to November 2004, Ms. Odence-Ford was a member of the GTC Law Group, LLP, a law firm specializing in the business affairs of companies in the high tech and biotech industries. Prior to joining the GTC Law Group, Ms. Odence-Ford worked on the legal teams of Bank of America Corporation/Fleet Boston Financial Corporation from November 2002 to May 2004, and Akamai Technologies, Inc. from October 1999 to November 2002. Ms. Odence-Ford began her legal career in private practice at Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, PC, where she advised public and private companies on corporate matters.

**Edward Stelmakh**

Mr. Stelmakh joined the Company as Chief Financial Officer and Chief Operating Officer in October 2021. Prior to joining the Company, Mr. Stelmakh served as Senior Vice President, Chief Financial Officer and Chief Operating Officer of Otsuka America Pharmaceuticals Inc. (“Otsuka”), a US division of a Japanese global healthcare enterprise, since April 2020. Previously, he held various positions at Otsuka including Senior Vice President and Chief Financial Officer (December 2017 – March 2020) and Vice President and Chief Financial Officer (December 2015 – November 2017). From March 2010 to December 2015, Mr. Stelmakh worked at Covance, a division of LabCorp, Inc., as Vice President, Finance, Clinical Development and Commercialization Services. Prior thereto, Mr. Stelmakh held a variety of positions of increasing responsibilities at Johnson & Johnson, Sanofi-Aventis, Organon/Schering-Plough and Mylan.

**Doug Besch**

Dr. Besch joined the Company in May 2021 as SVP Product Strategy & Innovation and became the Company’s Chief Product Officer in October 2022. Prior to joining the Company, from January 2018 to May 2021, Dr. Besch was the Vice President over Payor and Market Access Solutions for Clarivate (previously Decision Resources Group (DRG)), a multi-national corporation that provides high value global data solutions, analytics and consulting services to pharmaceutical, biotech, medical device, healthcare provider and payer, and managed care companies. Prior to Clarivate, from January 2012 to June 2017, Dr. Besch was a co-founder and the Chief Product Officer for Rx Savings Solution, a company which helps members and payers reduce prescription drug costs through a combination of clinical technology, transparency, member engagement and concierge support. Dr. Besch holds a PharmD and MBA from Creighton University and practiced as a pharmacist for the Walgreens Boots Alliance corporation from 2007 through 2013.

**Theresa Greco**

Ms. Greco joined the Company in October 2023 as the Company’s Chief Commercial Officer with the Company’s acquisition of Healthy Offers, Inc. (“Medicx Health”), where Ms. Greco served as its President since August 2022. Prior to joining Medicx Health, Ms. Greco was at Prognos Health, Inc., a healthcare data and analytics company, from August 2018 to January 2022 as its Chief Commercial Officer where she led all aspects of product strategy, marketing, sales, and customer delivery. Prior to Prognos, Ms. Greco held the Chief Commercial Officer position at MediSpend, a global technology company focused on life sciences compliance solutions. From August 2010 through August 2017, Ms. Greco was with LexisNexis Healthcare through their acquisition of Health Market Science, where she held a variety of progressive executive positions including in Customer Success, Product Strategy, Commercial Strategy, and Sales that contributed to revenue growth and profitability that yielded a successful exit. Ms. Greco led the Life Sciences consulting group providing consultation and technology solutions to life sciences companies for master data management at Computer Sciences Corporation from April 2008 to August 2010. Prior to 2008, Ms. Greco held various positions at IQVIA and Pfizer.

## **PART II**

### **Item 5. Market for Registrant’s Common Equity and Related Stockholder Matters and Issuer Purchases of Equity Securities**

Our common stock is traded under the symbol “OPRX” on the Nasdaq Capital Market. At April 12, 2024, there were approximately 8,453 shareholders of record of our common stock.

We currently intend to retain future earnings for the operation of our business. We have never declared or paid cash dividends on our common stock, and we do not anticipate paying any cash dividends in the foreseeable future. Any payment of future dividends will be at the discretion of our board of directors and will depend upon, among other things, our earnings, financial condition, capital requirements, level of indebtedness, and other factors that our board of directors deems relevant.

For the information regarding our equity compensation plans, see PART III, Item 12, “Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.”

#### **Issuer Purchases of Equity Securities**

On March 14, 2023, we announced that our Board of Directors had authorized the repurchase of up to \$15 million of our outstanding common stock. Under this program, share repurchases may be made from time to time depending on market conditions, share price and availability and other factors at our discretion. During the quarter ended December 31, 2023, no shares were repurchased under the program. As of December 31, 2023, \$7,488,116 of shares were available for repurchase under the program. This stock repurchase authorization expired on March 12, 2024.

### **Item 6. Reserved**

### **Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

#### **Overview**

We are a digital health technology company enabling care-focused engagement between life sciences organizations, healthcare providers, and patients at critical junctures throughout the patient care journey. Connecting over two million U.S. healthcare providers and millions of their patients through an intelligent omnichannel technology platform embedded within a proprietary point-of-care network, as well as mass digital communications channels, OptimizeRx helps life sciences organizations engage and support their customers.

Historically, our revenue was generated primarily through the facilitation of various types of messages to health care providers via their EHR systems and ERx platforms using the OptimizeRx proprietary network to solve the ever-increasing communication barriers between pharmaceutical representatives and healthcare providers that have presented in the rapidly changing healthcare industry. Over time, as the demand for communication of an increasing variety of different health information between life science companies, providers, and patients continued to rise, our platform has evolved to provide Audience Development and Audience Creation and Media Execution across numerous different messaging types that leverage our technology platform and media distribution channels. In addition, the October 2023 acquisition of Medicx Health provided the Company with a significant footprint for direct-to-consumer healthcare marketing. We employ a “land and expand” strategy focused on growing our existing client base and generating greater and more consistent revenues in part through the continued shift in our business model toward enterprise level engagements, while also broadening our platform with innovative proprietary virtual communication solutions such as our AI-powered DAAP, expanding on previous iterations of the RWD.AI technology, which uses sophisticated machine-learning algorithms to find the best audiences in the correct channels at the right time. Our strategy for driving revenue growth is also expected to work in tandem with our efforts to increase margin and profitability as revenue drivers such as DAAP have inherently higher margins than most other messaging solutions we offer.

## Customer Concentration

Because the pharmaceutical industry is dominated by large companies with multiple brands, our revenue is concentrated in a relatively small number of companies. We have approximately 100 pharmaceutical companies as customers, and our revenues are concentrated in these customers. Loss of one of more of our larger customers could have a negative impact on our operating results. Our top five customers represented approximately 44% and 39% of our revenue for the years ended December 31, 2023 and December 31, 2022, respectively. In each of 2023 and 2022, we had one customer that each represented more than 10% of our revenues.

## Seasonality

In general, the pharmaceutical brand marketing industry experiences seasonal trends that affect the vast majority of participants in the pharmaceutical digital marketing industry. Many pharmaceutical companies allocate the largest portion of their brand marketing to the fourth quarter of the calendar year. As a result, the first quarter tends to reflect lower activity levels and lower revenue, with gradual increases in the following quarters. We generally expect these seasonality trends to continue and our ability to effectively manage our resources in anticipation of these trends may affect our operating results.

## Impact of Macroeconomic Events

Unfavorable conditions in the economy may negatively affect the growth of our business and our results of operations. For example, macroeconomic events including rising inflation and the U.S. Federal Reserve raising interest rates have led to economic uncertainty. In addition, high levels of employee turnover across the pharmaceutical industry as well as a fewer number of U.S. drug approvals could create additional uncertainty within our target customer markets. Historically, during periods of economic uncertainty and downturns, businesses may slow spending, which may impact our business and our customers' businesses. Adverse changes in demand could impact our business, collection of accounts receivable and our expected cash flow generation, which may adversely impact our financial condition and results of operations.

## Key Performance Indicators

We monitor the following key performance indicators to help us evaluate our business, measure our performance, identify trends affecting our business and make strategic decisions. We have updated the definition of "top 20 pharmaceutical manufacturers" in our key performance indicators to be based upon Fierce Pharma's most updated list of "The top 20 pharma companies by 2022 revenue". We previously used "The top 20 pharma companies by 2020 revenue". As a result of this change, prior periods have been restated for comparative purposes.

**Average revenue per top 20 pharmaceutical manufacturer.** Average revenue per top 20 pharmaceutical manufacturer is calculated by taking the total revenue the company recognized through pharmaceutical manufacturers listed in Fierce Pharma's "The top 20 pharma companies by 2022 revenue" over the last twelve months, divided by the total number of the aforementioned pharmaceutical manufacturers that our solutions helped support over that time period. The Company uses this metric to monitor its progress in "landing and expanding" with key customers within its largest customer vertical and believe it also provides investors with a transparent way to chart our progress in penetrating this important customer segment. The increase in the average in 2023 as compared to 2022 is primarily the result of stronger DAAP related revenue streams and the Company's October 2023 acquisition of Medix Health, which added to 2023 revenues and was not included in the 2022 amounts.

	<b>Twelve Months Ended</b>	
	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Average revenue per top 20 pharmaceutical manufacturer	\$ 2,566,832	\$ 2,136,746

**Percent of top 20 pharmaceutical manufacturers that are customers.** Percent of top 20 pharmaceutical manufacturers that are customers is calculated by taking the number of revenue generating customers that are pharmaceutical manufacturers listed in Fierce Pharma’s “The top 20 pharma companies by 2022 revenue” over the last 12 months, which is then divided by 20 - which is the number of pharmaceutical manufacturers included in the aforementioned list. The Company uses this metric to monitor its progress in penetrating key customers within its largest customer vertical and believes it also provides investors with a transparent way to chart our progress in penetrating this important customer segment.

	<b>Twelve Months Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Percent of top 20 pharmaceutical manufacturers that are customers	90%	90%

**Percent of total revenue attributable to top 20 pharmaceutical manufacturers.** Percent of total revenue attributable to top 20 pharmaceutical manufacturers is calculated by taking the total revenue the company recognized through pharmaceutical manufacturers listed in Fierce Pharma’s “The top 20 pharma companies by 2022 revenue” over the last twelve months, divided by our consolidated revenue over the same period. The Company uses this metric to monitor its progress in “landing and expanding” with key customers within its largest customer vertical and believes it also provides investors with a transparent way to chart our progress in penetrating this important customer segment. Our revenue from customers that aren’t top 20 pharmaceutical manufacturers stayed relatively consistent year over year.

	<b>Twelve Months Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Percent of total revenue attributable to top 20 pharmaceutical manufacturers	65%	62%

**Net revenue retention.** Net revenue retention is a comparison of revenue generated from all customers in the previous twelve-month period to total revenue generated from the same customers in the following twelve-month period (i.e., excludes new customer relationships for the most recent twelve-month period). The Company uses this metric to monitor its ability to improve its penetration with existing customers and believes it also provides investors with a metric to chart our ability to increase our year-over-year penetration and revenue with existing customers. The retention rate in 2023 increased due to stronger DAAP related revenue streams from existing clients and the Company’s 2023 acquisition of Medicx Health.

	<b>Twelve Months Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Net revenue retention	105%	90%

**Revenue per average full-time employee.** We define revenue per average full-time employee as total revenue over the last twelve months divided by the average number of employees over the last twelve months (i.e., the average between the number of FTEs at the end of the reported period and the number of FTEs at the end of the same period of the prior year). The Company uses this metric to monitor the productivity of its workforce and its ability to scale efficiently over time and believes the metric provides investors with a way to chart our productivity and scalability. Our revenue rate per employee stayed relatively consistent year over year.

	<b>Twelve Months Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Revenue per average full-time employee	\$ 586,242	\$ 606,312

## Results of Operations for the Years Ended December 31, 2023 and 2022

The following table sets forth, for the periods indicated, the dollar value and percentage of total return represented by certain items in our consolidated statements of operations:

(in thousands, except percentage data)	Years Ended December 31,			
	2023		2022	
Total Revenue	\$ 71,522	100.0%	\$ 62,450	100.0%
Cost of Revenues	28,622	40.0%	23,483	37.6%
Gross margin	42,900	60.0%	38,967	62.4%
Operating expenses	69,302	96.9%	51,258	82.1%
Loss from operations	(26,402)	(36.9)%	(12,291)	(19.7)%
Other income	1,238	1.7%	852	1.4%
Loss before provision for income taxes	(25,164)	(35.2)%	(11,438)	(18.3)%
Income tax benefit	7,598	10.6%	—	—%
Net loss	\$ (17,566)	(24.6)%	\$ (11,438)	(18.3)%

\* Balances and percentage of total revenue information may not add due to rounding

### Net Revenue

Our net revenue increased 15% to \$71.5 million for the year ended December 31, 2023 from \$62.5 million for the year ended December 31, 2022. Of the 15% increase, 7.3% resulted from the acquisition of Medix Health, in October, with the remaining increase due to stronger DAAP related sales.

### Cost of Revenues

Our total cost of revenues, composed primarily of revenue-share expense paid to our network partners, increased in the year ended December 31, 2023, compared to the year ended December 31, 2022. Our cost of revenues as a percentage of revenue increased to approximately 40% in the year ended December 31, 2023, from approximately 38% in the year ended December 31, 2022. This increase in our cost of revenues as a percentage of revenue resulted primarily due to an unfavorable channel partner mix.

### Gross Margin

Our gross margin, which is the difference between our revenues and our cost of revenues, increased from 2022 to 2023 but our gross margin percentage decreased to 60.0% in 2023 from 62% in 2022. We had higher revenues in 2023, which increased gross margin but during 2023, there was a decrease in the percentage of activity flowing through our lower cost channels compared with 2022.

### Operating Expenses

Total operating expenses increased to \$69.3 million for the year ended December 31, 2023, from \$51.3 million for the year ended December 31, 2022, an increase of approximately 35%. The increase includes approximately \$6.7 million, related to impairment charges, approximately \$4.5 million of transaction costs associated with the purchase of Medix Health, and a loss on the disposal of a business of \$2.1 million.

The detail by major category is reflected in the table below.

(in thousands)	Years Ended December 31	
	2023	2022
Stock-based compensation	\$ 13,717	\$ 15,746
Depreciation and amortization	2,402	2,022
Impairment charges	6,738	—
Loss on disposal of a business	2,142	—
Transaction costs	4,482	—
Other sales, general, and administrative expense	39,820	33,490
Total operating expense	\$ 69,302	\$ 51,258

Stock-based compensation decreased to \$13.7 million for the year ended December 31, 2023, from \$15.7 million for the year ended December 31, 2022, as a result of the lower grant date fair value of awards due to declines in the Company's stock price.

Depreciation and amortization increased to \$2.4 million for the year ended December 31, 2023, from \$2.0 million for the year ended December 31, 2022, as a result of the amortization associated with the identifiable intangibles arising from the Medix Health acquisition.

The impairment charges recorded during 2023 relate to intangible assets, primarily technology and patent and trademarks relating to certain non-core products. The Company determined that the carrying value of these long-lived assets was not recoverable on an undiscounted basis and accordingly, an impairment charge was recognized to the extent fair value exceeds carrying value. The fair value of the assets was determined based on various estimates and assumptions including internal estimates of cash flows directly attributable to the assets, the useful life of the assets and residual value, if any.

The loss on disposal of a business is discussed in Part II, Item 8. Financials Statements and Supplementary Data; Note 7 - Goodwill and Intangibles.

Transaction related costs arose due to the acquisition of Medix Health, discussed in Part II, Item 8. Financials Statements and Supplementary Data; Note 3 - Acquisitions.

Other sales, sales general, and administrative expense increased to \$39.8 million for the year ended December 31, 2023 from \$33.5 million for the year ended December 31, 2022. The acquisition of Medix Health increased Operating expense, primarily compensation and amortization, by approximately \$2.5 million year on year. In addition, within the other sales, general and administrative expenses, there were a variety of increases, the largest of which was in compensation, which increased by \$3.3 million from \$20.8 million in 2022 to \$24.1 million in 2023. The increase is due to the addition of Medix Health employees since the acquisition date and higher severance, employee benefit and commission costs.

***Other income (expense)***

Other Income (Expense) was comprised of the following:

<b>(in thousands)</b>	<b>Years Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Other income (expense)		
Interest expense	\$ (1,454)	\$ —
Other income	500	—
Interest income	2,192	852
	<u>\$ 1,238</u>	<u>\$ 852</u>

Interest expense represents interest charges on our Term Loan, which was raised during the year to partially fund the acquisition of Medix Health, together with the amortization of the related issuance costs, (see Part II, Item 8. Financials Statements and Supplementary Data; Note 12 - Long Term Debt for further details concerning our Term loan).

Other income represents the net proceeds from the sale of customer assets, primarily contracts, relating to two non-core products.

Interest income represents interest earned on our short-term investments, which were realized during 2023 in order to partially fund the acquisition of Medix Health. Interest earned in 2022 reflects the shorter period and lower average balance on amounts held in short-term investments during that period.

### ***Income tax benefit***

The income tax benefit recorded in 2023 represents the partial reversal of our valuation allowance, previously recorded against the value of our net operating loss (“NOL”) carryforwards. In evaluating our ability to recover our deferred tax assets, in full or in part, we consider all available positive and negative evidence, including our past operating results, the impact of the Medicx Health transaction on our consolidated tax returns, and our forecast of future earnings, future taxable income and prudent and feasible tax planning strategies.

The assumptions utilized in determining future taxable income require significant judgment and are consistent with the plans and estimates we are using to manage the underlying businesses. Actual operating results in future years could differ from our current assumptions, judgments and estimates.

### ***Net Income (Loss)***

We finished the year ended December 31, 2023 with a net loss of \$17.6 million, compared to \$11.4 million during the year ended December 31, 2022. The reasons for specific components are discussed above. Overall, we had an increase in revenue and gross margin partially offset by increased operating expenses. In addition, the loss in both periods included significant noncash items. We had \$25.0 million in noncash operating expenses in 2023 compared to \$17.8 million in noncash operating expenses in 2022.

### **Liquidity and Capital Resources**

Historically, our primary sources of liquidity have been cash receipts from customers and proceeds from equity offerings. On October 11, 2023, we entered into a financing agreement that provided for a \$38 million term loan (the “Term Loan”), the proceeds of which were to fund, in part, the acquisition of Medicx Health. See Part II, Item 8. Financials Statements and Supplementary Data; Note 12 - Long Term Debt.

As of December 31, 2023, we had total current assets of \$54.3 million, compared with current liabilities of \$17.9 million, resulting in working capital of \$36.4 million and a current ratio of 3.0 to 1. This compares with a working capital balance of \$90.2 million and a current ratio of 11.7 to 1 at December 31, 2022. This decrease in working capital, as discussed in more detail below, is primarily the result of our common stock buyback program and the acquisition of Medicx Health, which was funded from a combination of cash on hand, short-term investments and the Term Loan.

We believe that funds generated from operations, together with existing cash and cash equivalents, will be sufficient to finance our current operations and planned growth for the next twelve months. We do not anticipate the need to raise any additional cash to support operations. However, we could require additional debt or equity financing if we were to make any significant acquisitions for cash during that period. In addition, we believe we can generate the cash needed to operate beyond the next 12 months from operations.

### **Contractual Obligations**

The Company’s contractual obligations and cash commitments at December 31, 2023, consisted of long term debt, operating lease liabilities, and payments to partners to acquire minimum amounts of media, data or messaging capabilities as follows:

- Long-term debt: Total obligations under the Term Loan were \$38.3 million, with \$2.0 million due over the next twelve months. For details regarding long-term obligations, see Part II, Item 8. Financial Statements and Supplementary Data; Note 12 – Long Term Debt in the Consolidated Financial Statements.
- Lease liabilities: Total obligations under short- and long-term operating leases were \$0.7 million, with \$0.3 million due over the next twelve months. For details regarding short- and long-term operating lease liabilities, see Part II, Item 8. Financial Statements and Supplementary Data; Note 13 – Leases in the Consolidated Financial Statements.
- Partner payment obligations: Total obligations for partner payments were \$25.1 million, with \$11.0 million due over the next twelve months. For details regarding the Company’s future payments to partners to acquire minimum amounts of media, data or messaging capabilities, see Part II, Item 8. Financial Statements and Supplementary Data; Note 16 – Commitments.

## Term Loan

On October 11, 2023 (the "Loan Date"), in connection with the acquisition of Medicx Health, we entered into a financing agreement that provided for a \$40.0 million term loan.

The outstanding principal amount of the Term Loan is repayable in quarterly installments on the last business day of each fiscal quarter commencing on December 31, 2023, in an amount equal to 1.25% of the principal amount. The outstanding unpaid principal amount of the Term Loan, and all accrued and unpaid interest thereon, shall be due and payable on the earliest of (i) the fourth anniversary of the closing of the financing agreement and funding of the Term Loan and (ii) the date on which the Term Loan is declared due and payable pursuant to the terms of the financing agreement. The Term loan bears a variable interest rate which is currently priced at 14.1%.

We incurred debt issuance costs of approximately \$2.3 million, in connection with this Term Loan and made repayments of approximately \$1.7 million.

We are subject to market risks arising from changes in interest rates which relate primarily to the Term Loan our term loan, which is variable rate debt. (see Part II, Item 8. Financials Statements and Supplementary Data; Note 12 - Long Term Debt). Our potential additional interest expense over one year that would result from a hypothetical, instantaneous and unfavorable change of 100 basis points in the interest rate on all of our variable rate obligations would be approximately \$0.4 million on a pre-tax basis.

See Part II, Item 8. Financials Statements and Supplementary Data; Note 12 - Long Term Debt for additional information regarding the Term Loan.

## Cash Flows

Following is a table with summary data from the consolidated statement of cash flows for the years ended December 31, 2023 and 2022, as presented.

<b>(in thousands)</b>	<b>2023</b>	<b>2022</b>
Net cash (used in) / provided by operating activities	\$ (7,239)	\$ 10,654
Net cash used in investing activities	(25,337)	(58,176)
Net cash provided / (used in) by financing activities	28,220	(18,951)
Net decrease in cash and cash equivalents	<u>\$ (4,356)</u>	<u>\$ (66,473)</u>

Our operating activities used \$7.2 million in the year ended December 31, 2023, as compared with approximately \$10.7 million provided by operating activities in the year ended December 31, 2022. We had a net loss of \$17.6 million for 2023, and a net increase in working capital of \$7.9 million, notably accounts receivable, which increased as a result of higher fourth quarter billings, which was partially offset by non-cash expenses of \$25.0 million.

The cash provided in 2022 was the result of our net loss of \$11.4 million offset by non-cash expenses of \$17.8 million and a decrease in net working capital of \$4.0 million, generated by the collection of receivables.

Investing activities used \$25.3 million in 2023, compared with \$58.2 million in 2022. In addition to the cash payment, net of cash acquired of \$82.9 million related to the acquisition of Medicx Health, we purchased \$162.8 million and redeemed \$218.7 million in Treasury bills during 2023. We also incurred capitalized software development costs of \$0.8 million, and purchased \$0.1 million of tangible property, primarily personal computers and received \$2.5 million from the disposal of our Access products (see Part II, Item 8. Financials Statements and Supplementary Data; Note 7 - Goodwill and Intangibles).

During 2022, we made a \$2.0 million investment in EvinceMed technology, purchased \$55.9 million in Treasury bills and incurred \$0.2 million and \$0.1 million, respectively related to capitalized software development and tangible property.

Financing activities provided \$28.2 million in 2023 and used \$19.0 million in 2022. During 2023, we raised \$38 million pursuant to the Term Loan to partially fund the acquisition of Medix Health. In connection with the Term Loan we incurred debt issuance costs of approximately \$2.3million, and have made repayments of approximately \$1.7 million. In addition, during 2023, we repurchased 526,999 shares of common stock for \$7.5 million.

The cash used in 2022, related to the repurchase of 1,214,398 shares of common stock for \$20.0 million, partially offset by \$1.1 million from the exercise of stock options.

### **Off Balance Sheet Arrangements**

As of December 31, 2023, there were no off-balance sheet arrangements.

### **Critical Accounting Estimates**

Our discussion and analysis of our financial condition and results of operations are based upon the Consolidated Financial Statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the periods presented. Actual results could differ from those estimates and assumptions. See Part II, Item 8. Financial Statements and Supplementary Data; Note 2 - Summary of Significant Accounting Policies, for a discussion of significant accounting policies. Actual results may differ materially from these estimates due to different assumptions or conditions. The following areas all require the use of subjective or complex judgments, estimates and assumptions:

#### Business Combination

Business combinations are accounted for under the acquisition method. Assets acquired and liabilities assumed as part of a business acquisition are generally recorded at their estimated fair value at the date of acquisition. The excess of purchase price over the amount allocated to the assets acquired and liabilities assumed is recorded as goodwill. In determining the fair value of assets acquired, including intangible assets, the Company uses a variety of methods. The method used to estimate the fair values of intangible assets incorporates significant estimates and assumptions regarding the estimates a market participant would make in order to evaluate an asset, including a market participant's use of the asset, future cash inflows and outflows, probabilities of success, asset lives, and the appropriate discount rates. This judgement and determination effects the amount of consideration paid that is allocated to assets acquired and liabilities assumed in the business purchase transaction. The Company engages third-party appraisal firms to assist in determining fair value of assets acquired and liabilities assumed when appropriate.

During the remeasurement period, which extends no later than one year from the acquisition date, the Company may record certain adjustments to the carrying value of the assets acquired and liabilities assumed with a corresponding offset to goodwill.

#### Revenue Recognition

Recognition of revenue requires evidence of a contract, probable collection of proceeds, and completion of substantially all performance obligations. We use a 5-step model to recognize revenue. These steps are: identify the contract with a customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract, and recognize revenue when or as the performance obligations are satisfied.

Revenues are primarily generated from content delivery activities in which we deliver financial, clinical, or brand messaging through a distribution network of eprescribers and electronic health record technology providers (channel partners), directly to consumers, or from reselling services that complement the business. This content delivery for a customer is referred to as a program. Unless otherwise specified, revenue is recognized based on the selling price to customers.

Our contracts are generally all less than one year and the primary performance obligation is delivery of messages or other forms of content, but the contract may contain additional services. Additional services may include program design, which is the design of the content delivery program, set up, and reporting. We consider set up and reporting services to be complimentary to the primary performance obligation and recognized through performance of the delivery of content. We consider the design of the programs and related consulting services to be performance obligations separate from the delivery of messages.

As the content is distributed through the platform and network of channel partners (a transaction), these transactions are recorded, and revenue is recognized, over time as the distributions occur. Revenue for transactions can be realized based on a price per message, a price per redemption, as a flat fee occurring over a period of time, or upon completion of the program, depending on the client contract. We recognize setup fees that are required for integrating client offerings and campaigns into the rule-based content delivery system and network over the life of the initial program, based either on time, or units delivered, depending upon which is most appropriate in the specific situation. Should a program be cancelled before completion, the balance of set up revenue is recognized at the time of cancellation, as set up fees are nonrefundable. Additionally, we also recognize revenue for providing program performance reporting and maintenance, either by our company directly delivering reports or by providing access to our online reporting portal that the client can utilize. This reporting revenue is recognized over time as the messages are delivered. Program design, which is the design of the content delivery program, and related consulting services are recognized as services are performed.

In some instances, we license certain of our software applications in arrangements that do not include other performance obligations. In those instances, we record license revenue when the software is delivered for use to the licensee. In instances where our contracts included Software as a Service, the revenue is recognized over the subscription period as services are delivered to the customer.

In some instances, we also resell messaging solutions that are available through channel partners that are complementary to the core business and client base. These partner specific solutions are frequently similar to our own solutions and revenue recognition for these programs is the same as described above. In instances where we sell solutions on a commission basis, net revenue is recognized based on the commission-based revenue split that we receive. In instances where we resell these messaging solutions and have all financial risk and significant operation input and risk, we record the revenue based on the gross amount sold and the amount paid to the channel partner as a cost of sales.

#### Cost of Revenues

The primary cost of revenue is revenue-share expense. Based on the volume of transactions that are delivered through the channel partner network, we provide a revenue-share to compensate the partner for their promotion of the campaign. Revenue-shares are a negotiated percentage of the transaction fees and can also be specific to special considerations and campaigns. In addition, we pay revenue-share to ConnectiveRx as a result of a 2014 legal settlement in an amount equal to the greater of 10% of financial messaging distribution revenues generated through our integrated network, or \$0.37 per financial message distributed through our integrated network. As our solution mix has expanded and our revenues have grown, financial messaging has become a smaller percentage of our revenues and these payments to ConnectiveRx, a smaller portion of our revenue-share. The contractual amount due to the channel partners is recorded as an expense at the time the message is distributed. Additionally, within the cost of revenues is data acquisition costs which are amortized over the period for which we have access to the data.

#### Intangible Assets

Intangible assets are stated at cost. Finite-lived assets are being amortized over their estimated useful lives of fifteen to seventeen years for patents, eight years for customer relationships, fifteen years for tradenames, two to four years for covenants not to compete, and three to ten years for software and websites, all using the straight-line method.

Intangible assets are reviewed whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Impairment of assets with definite-lives is generally determined by comparing projected undiscounted cash flows expected to be generated by the asset, or asset groups, to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted basis, an impairment is recognized to the extent fair value exceeds carrying value. Determining the extent of impairment, if any, typically requires various estimates and assumptions including cash flows directly attributable to the asset, the useful life of the asset and residual value, if any. When necessary, the Company uses internal cash flow estimates, quoted market prices and appraisals, as appropriate, to determine fair value. Actual results could vary from these estimates. In addition, the remaining useful life of the impaired asset is revised, if necessary.

We recorded impairment charges of \$6.7 million against the value of our intangible assets during the year ended December 31, 2023. No events or circumstances were noted that would be indicative of potential impairment during the year ended December 31, 2022.

#### Goodwill

We evaluate goodwill for impairment during our fiscal fourth quarter, or more frequently if an event occurs or circumstances change.

For both the years ended December 31, 2023 and 2022 our annual reviews determined there was no impairment as our single reporting unit had a fair value in excess of its carrying value. During the year ended December 31, 2023, following the disposal of the Access business, we performed an interim review of our goodwill balance and also determined that there was no impairment due the fair value of our single reporting unit being in excess of its carry value.

The use of different assumptions, estimates or judgments in the goodwill impairment testing process may significantly increase or decrease the estimated fair value of a reporting unit. Generally, changes in DCF estimates would have a similar effect on the estimated fair value of the reporting unit.

Goodwill impairment charges may be recognized in future periods to the extent changes in factors or circumstances occur, including deterioration in the macro-economic environment or in the equity markets, including the market value of the Company's common shares, deterioration in its performance or its future projections, or changes in its plans for one or more reporting units.

#### Stock-based Compensation

We use the fair value method to account for stock-based compensation. The fair value of the equity instrument is charged directly to compensation expense and additional paid-in capital over the period during which services are rendered. The fair value of each award is estimated on the date of each grant.

For time-based options, fair value is estimated using the Black-Scholes option pricing model that uses the following assumptions. Estimated volatilities are based on the historical volatility of our stock over the same period as the expected term of the options. The expected term of options granted represents the period of time that options granted are expected to be outstanding. We use historical data to estimate option exercise behavior and to determine this term. The risk-free rate used is based on the U.S. Treasury yield curve in effect at the time of the grant using a time period equal to the expected option term. We have never paid dividends and do not expect to pay any dividends in the future.

The Black-Scholes option valuation model and other existing models were developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. These option valuation models require the input of, and are highly sensitive to, subjective assumptions including the expected stock price volatility. Our stock options have characteristics significantly different from those of traded options, and changes in the subjective input assumptions could materially affect the fair value estimate.

For restricted stock units, the fair value is based on the market value of the Company's common stock on the date of grant. For market based restricted stock units, fair value is estimated using a Monte Carlo simulation model. This valuation technique includes estimating the movement of stock prices and the effects of volatility, interest rates and dividends.

#### **Recently Issued Accounting Pronouncements**

In November 2023, the Financial Accounting Standards Board ("FASB"), issued Accounting Standards Update ("ASU") No. 2023-07 ("ASU 2023-07"), Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. ASU 2023-07 requires annual and interim disclosures that are expected to improve reportable segment disclosures, primarily through enhanced disclosures about significant segment expenses. The provisions of ASU 2023-07 are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact of adopting ASU 2023-07.

In December 2023, the FASB issued ASU No. 2023-09 ("ASU 2023-09"), Income Taxes (Topic 740): Improvements to Income Tax Disclosures. ASU 2023-09 addresses investor requests for more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. This update also includes certain other amendments to improve the effectiveness of income tax disclosures. The provisions of ASU 2023-09 are effective for annual periods beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact of adopting ASU 2023-09.

#### **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

See section "Term Loan" under Liquidity and Capital Resources above.

## Item 8. Financial Statements and Supplementary Data

Index to Financial Statements Required by Article 8 of Regulation S-X:

### Audited Financial Statements:

F-1	<a href="#">Report of Independent Registered Public Accounting Firm (PCAOB id 1195);</a>
F-4	<a href="#">Consolidated Balance Sheets as of December 31, 2023 and 2022;</a>
F-5	<a href="#">Consolidated Statements of Operations for the years ended December 31, 2023 and 2022;</a>
F-6	<a href="#">Consolidated Statement of Stockholders' Equity for the year ended December 31, 2023;</a>
F-7	<a href="#">Consolidated Statement of Stockholders' Equity for the year ended December 31, 2022;</a>
F-8	<a href="#">Consolidated Statements of Cash Flows for the years ended December 31, 2023 and 2022; and</a>
F-9	<a href="#">Notes to Consolidated Financial Statements</a>

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of OptimizeRx Corporation

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of OptimizeRx Corporation and Subsidiaries (the “Company”) as of December 31, 2023 and 2022, and the related consolidated statements of operations, stockholders’ equity and cash flows for the years then ended, and the related notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

### **Critical Audit Matters**

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they related.

#### *Critical Audit Matter - Revenue Recognition*

As disclosed in Note 2 to the consolidated financial statements, the Company recognizes revenue upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services.

The principal considerations for our determination that performing procedures relating to revenue recognition is a critical audit matter is that significant judgment is exercised by the Company in determining revenue recognition for customer agreements and includes the following: (1) determining whether services are considered distinct performance obligations that should be accounted for separately versus together, (2) the pattern and timing of delivery for each distinct performance obligation, and (3) identification and treatment of contract terms that may impact the timing and amount of revenue recognized.

#### *How the Critical Audit Matter Was Addressed in the Audit*

The audit procedures we performed to address this critical audit matter included the following: (1) obtaining an understanding of the design and implementation of controls related to identifying distinct performance obligations, determining the timing of revenue recognition, and estimating any variable consideration, (2) selecting of a sample of customer agreements and testing management's identification and treatment of contract terms, (3) testing the mathematical accuracy of management's calculations of revenue and the associated timing of revenue recognized in the consolidated financial statements, (4) confirming data utilized to recognize revenue with third-party service providers to ensure completeness and accuracy of the data used to recognize revenue, and (5) confirming with the Company's customers the contract terms and conditions of agreements and completion of the Company's performance obligations under the contract.

#### *Critical Audit Matter – Business Combination and Valuation of Intangible Assets*

As disclosed in Notes 3 and 7 to the consolidated financial statements, on October 24, 2023, the Company completed the acquisition of Healthy Offers, Inc. (d/b/a Medicx Health or "Medicx") for total consideration of approximately \$95.9 million. Of the acquired intangible assets, \$34 million of customer relationships and \$8.3 million of technology solutions were recorded. The valuation methods used to determine the estimated fair value of these intangible assets included the multi-period excess earnings approach for customer relationships and the relief from royalty method for technology solutions. Several significant assumptions and estimates were involved in the application of these valuation methods, including forecasted revenues, royalty rates, gross margins, discount rates, and attrition rates.

The principal considerations for our determination that performing procedures relating to the valuation of customer relationships and developed technology acquired in the acquisition of Medicx is a critical audit matter are (i) the significant judgment used by management when developing the fair value estimate of the customer relationships and developed technology acquired, (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to the forecasted revenues, gross margins, discount rate, and attrition rate for customer relationships and forecasted revenues, royalty rate, and discount rate for developed technology acquired, and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

*How the Critical Audit Matter Was Addressed in the Audit*

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included (i) obtaining an understanding of the design and implementation of controls relating to the acquisition accounting, including controls over management's valuation of the customer relationships and developed technology acquired, (ii) reading the purchase agreement, (iii) testing management's process for developing the fair value estimate of the customer relationships and developed technology acquired, (iv) evaluating the appropriateness of the multi-period excess earnings and relief from royalty methods used by management, (v) testing the completeness and accuracy of the underlying data used in the multi-period excess earnings and relief from royalty methods, and (vi) evaluating the reasonableness of the significant assumptions used by management related to forecasted revenues, gross margins, discount rate, and attrition rate for customer relationships and forecasted revenues, royalty rate, and discount rate for developed technology acquired.

Evaluating the reasonableness of the significant assumptions used by management related to the forecasted revenues and gross margins for customer relationships and developed technology involved considering (i) the current and past performance of the Medicx business and (ii) whether the assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating (i) the appropriateness of the multi-period excess earnings and relief from royalty methods and (ii) the reasonableness of the discount rate, royalty rate, and attrition rate assumptions for customer relationships and the royalty rate assumptions for developed technology acquired.

We have served as the Company's auditor since 2020.

/s/ UHY LLP

Sterling Heights, Michigan  
April 15, 2024

**OPTIMIZERx CORPORATION**  
**Consolidated Balance Sheets**

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 13,852,456	\$ 18,208,685
Short-term investments	—	55,931,821
Accounts receivable, net of allowance for credit losses of \$239,172 and \$352,043 at December 31, 2023 and 2022, respectively	36,253,214	22,155,301
Taxes receivable	1,035,754	—
Prepaid expenses and other	3,189,468	2,280,828
<b>Total Current Assets</b>	<b>54,330,892</b>	<b>98,576,635</b>
Property and equipment, net	149,407	137,448
Other Assets		
Goodwill	78,357,074	22,673,820
Patent rights, net	6,184,742	1,940,178
Technology assets, net	9,012,756	7,702,895
Tradename and customer relationships, net	34,198,084	3,379,838
Operating lease right-of-use assets	572,895	235,320
Security deposits and other assets	568,048	5,051
<b>Total Other Assets</b>	<b>128,893,599</b>	<b>35,937,102</b>
<b>TOTAL ASSETS</b>	<b>\$ 183,373,898</b>	<b>\$ 134,651,185</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities		
Current portion of long-term debt	\$ 2,000,000	\$ —
Accounts payable – trade	2,227,177	1,549,979
Accrued expenses	7,754,781	2,601,246
Revenue share payable	5,505,701	3,990,440
Current portion of lease liabilities	221,625	89,902
Deferred revenue	171,841	164,309
<b>Total Current Liabilities</b>	<b>17,881,125</b>	<b>8,395,876</b>
Non-current Liabilities		
Long-term debt, net	34,230,737	—
Lease liabilities, net of current portion	371,438	144,532
Deferred tax liabilities, net	4,337,424	—
<b>Total Liabilities</b>	<b>56,820,724</b>	<b>8,540,408</b>
Commitments and contingencies (See Note 16)		
Stockholders' Equity		
Preferred stock, \$0.001 par value, 10,000,000 shares authorized, none issued and outstanding at December 31, 2023 and 2022, respectively	—	—
Common stock, \$0.001 par value, 166,666,667 shares authorized, 19,899,679 and 18,288,571 shares issued at December 31, 2023 and 2022, respectively	19,899	18,289
Treasury stock, \$0.001 par value, 1,741,397 and 1,214,398 purchased at December 31, 2023 and 2022, respectively	(1,741)	(1,214)
Additional paid-in-capital	190,792,980	172,785,800
Accumulated deficit	(64,257,964)	(46,692,098)
<b>Total Stockholders' Equity</b>	<b>126,553,174</b>	<b>126,110,777</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 183,373,898</b>	<b>\$ 134,651,185</b>

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

**OPTIMIZERx CORPORATION**  
**Consolidated Statements of Operations**

	<b>For the year ended December 31, 2023</b>	<b>For the year ended December 31, 2022</b>
Net revenue	\$ 71,521,506	\$ 62,450,156
Cost of revenues, exclusive of depreciation and amortization presented separately below	28,621,589	23,483,336
Gross margin	<u>42,899,917</u>	<u>38,966,820</u>
<b>Operating Expenses</b>		
Stock-based compensation	13,717,333	15,745,822
Loss on disposal of a business	2,142,319	—
Impairment charges	6,737,580	—
Depreciation and amortization	2,401,628	2,022,029
Other sales, general and administrative expenses	44,302,771	33,489,707
Total operating expenses	<u>69,301,631</u>	<u>51,257,558</u>
Loss from operations	(26,401,714)	(12,290,738)
<b>Other income (expense)</b>		
Interest expense	(1,453,764)	—
Other income	500,001	—
Interest income	2,191,689	852,298
Total other income (expense), net	<u>1,237,926</u>	<u>852,298</u>
Loss before provision for income taxes	(25,163,788)	(11,438,440)
Income tax benefit	7,597,922	—
Net loss	<u>\$ (17,565,866)</u>	<u>\$ (11,438,440)</u>
Weighted average number of shares outstanding – basic	<u>17,124,801</u>	<u>17,783,992</u>
Weighted average number of shares outstanding – diluted	<u>17,124,801</u>	<u>17,783,992</u>
Loss per share – basic	<u>\$ (1.03)</u>	<u>\$ (0.64)</u>
Loss per share – diluted	<u>\$ (1.03)</u>	<u>\$ (0.64)</u>

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

**OPTIMIZERx CORPORATION**  
**Consolidated Statement of Stockholders' Equity for the Year**  
**Ended December 31, 2023**

	Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount			
Balance, January 1, 2023	18,288,571	\$ 18,289	(1,214,398)	\$ (1,214)	\$ 172,785,800	\$ (46,692,098)	\$ 126,110,777
Stock-based compensation expense							
Options	—	—	—	—	5,925,416	—	5,925,416
Restricted stock	—	—	—	—	7,791,917	—	7,791,917
Issuance of common stock:							
For stock options exercised	24,668	25	—	—	181,081	—	181,106
For acquisition	1,444,581	1,444	—	—	12,089,698	—	12,091,142
For restricted stock units vested, net of cancelled units	141,859	141	—	—	(459,033)	—	(458,892)
Repurchase of common stock	—	—	(526,999)	(527)	(7,521,899)	—	(7,522,426)
Net loss for the year	—	—	—	—	—	(17,565,866)	(17,565,866)
Balance, December 31, 2023	<u>19,899,679</u>	<u>\$ 19,899</u>	<u>(1,741,397)</u>	<u>\$ (1,741)</u>	<u>\$ 190,792,980</u>	<u>\$ (64,257,964)</u>	<u>\$ 126,553,174</u>

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

**OPTIMIZERx CORPORATION**  
**Consolidated Statement of Stockholders' Equity for the Year**  
**Ended December 31, 2022**

	Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulate Deficit	Total
	Shares	Amount	Shares	Amount			
Balance, January 1, 2022	17,860,975	\$ 17,861	\$ —	\$ —	\$ 166,615,514	\$ (35,253,658)	\$ 131,379,717
Stock-based compensation expense							
Options	—	—	—	—	4,956,619	—	4,956,619
Restricted stock	—	—	—	—	10,789,203	—	10,789,203
Issuance of common stock:							
For stock options exercised	156,910	157	—	—	1,205,724	—	1,205,881
For acquisition	240,741	241	—	—	9,374,214	—	9,374,455
For restricted stock units vested, net of cancelled units	29,945	30	—	—	(132,430)	—	(132,400)
Repurchase of common stock	—	—	(1,214,398)	(1,214)	(20,023,044)	—	(20,024,258)
Net loss for the year	—	—	—	—	—	(11,438,440)	(11,438,440)
Balance, December 31, 2022	<u>18,288,571</u>	<u>\$ 18,289</u>	<u>(1,214,398)</u>	<u>\$ (1,214)</u>	<u>\$ 172,785,800</u>	<u>\$ (46,692,098)</u>	<u>\$ 126,110,777</u>

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

**OPTIMIZERx CORPORATION**  
**Consolidated Statements of Cash Flows**

	<b>For the year ended December 31, 2023</b>	<b>For the year ended December 31, 2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (17,565,866)	\$ (11,438,440)
Adjustments to reconcile net loss to net cash (used in) / provided by operating activities:		
Depreciation and amortization	2,401,628	2,022,029
Asset impairment charges	6,737,580	—
Loss on disposal of business	2,142,319	—
Increase in bad debt expense	665,973	363,512
Stock-based compensation	13,717,333	15,745,822
Amortization of debt issuance costs	210,737	—
Change in operating assets and liabilities, net of the effects of acquisitions:		
Accounts receivable	(8,712,954)	2,281,773
Prepaid expenses and other assets	(573,333)	2,650,951
Accounts payable	(1,320,150)	943,171
Revenue share payable	1,515,262	(387,776)
Accrued expenses and other liabilities	1,305,164	(301,366)
Deferred tax liabilities	(7,695,374)	—
Deferred revenue	(67,472)	(1,225,598)
<b>NET CASH (USED IN) / PROVIDED BY OPERATING ACTIVITIES</b>	<b>(7,239,153)</b>	<b>10,654,078</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(87,073)	(81,005)
Proceeds from sale of property and equipment	10,000	—
Cash paid for acquisitions, net of cash acquired	(82,947,264)	(2,000,000)
Proceeds from sale of business	2,540,000	—
Purchase of short-term investments	(162,777,510)	(55,931,821)
Redemptions of short-term investments	218,709,331	—
Capitalized software development costs and other	(784,349)	(163,560)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(25,336,865)</b>	<b>(58,176,386)</b>
<b>CASH FLOWS (USED IN) / PROVIDED BY FINANCING ACTIVITIES:</b>		
Proceeds from long-term debt, net of issuance costs	37,730,000	—
Repayment of long-term debt	(1,710,000)	—
Repurchase of common stock	(7,522,426)	(20,024,258)
Proceeds from exercise of stock options, net of cash paid for withholding taxes	(277,785)	1,073,481
<b>NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES</b>	<b>28,219,789</b>	<b>(18,950,777)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(4,356,229)</b>	<b>(66,473,085)</b>
<b>CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD</b>	<b>18,208,685</b>	<b>84,681,770</b>
<b>CASH AND CASH EQUIVALENTS – END OF PERIOD</b>	<b>\$ 13,852,456</b>	<b>\$ 18,208,685</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Cash paid for interest	\$ 1,212,619	\$ —
ROU assets obtained in exchange for lease obligations	\$ 459,580	\$ —
Reduction of EvinceMed purchase price for amounts previously paid	\$ —	\$ 708,334
Shares issued in connection with acquisition	\$ 12,091,142	\$ 9,374,455
Cash paid for income taxes	\$ 48,222	\$ —

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

**OPTIMIZER<sub>x</sub> CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

NOTE 1 – ORGANIZATION AND NATURE OF BUSINESS

OptimizeRx is a digital health technology company enabling care-focused engagement between life sciences organizations, healthcare providers, and patients at critical junctures throughout the patient care journey. Connecting over two million U.S. healthcare providers and millions of their patients through an intelligent technology platform embedded within a proprietary point-of-care network, as well as mass digital communications channels, OptimizeRx helps life sciences organizations engage and support their customers.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America and are presented in US dollars.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions have been made in determining the allowance for credit losses, carrying value of assets, fair values assigned to acquired long-lived assets, depreciable and amortizable lives of tangible and intangible assets, the carrying value of liabilities, the valuation allowance for deferred tax assets, the timing of revenue recognition and related revenue-share expenses, and inputs used in the calculation of stock based compensation. Actual results could differ from these estimates.

Principles of Consolidation

The financial statements reflect the consolidated results of OptimizeRx Corporation, a Nevada corporation, and its wholly owned subsidiaries: OptimizeRx Corporation, a Michigan corporation, Healthy Offers, Inc., a Nevada corporation, CareSpeak Communications, Inc., a New Jersey corporation, Cyberdiet, a controlled foreign corporation incorporated in Israel, and CareSpeak Communications D.O.O., a controlled foreign corporation incorporated in Croatia. Together, these companies are referred to as “OptimizeRx” and “the Company.” All material intercompany transactions have been eliminated.

Segment reporting

We operate in one reportable segment and use consolidated net income as its measure of segment profit and loss. Overall, our business involves connecting life science companies to patients and providers. We have a common customer base for all of our solutions, which are primarily all communications with healthcare providers or patients on behalf of life science customers. Our customers are geographically located in the U.S., although we have two technology centers located internationally. We do not prepare separate internal income statements by solution as our focus is on selling enterprise arrangements covering multiple solutions that span the entire patient journey with a specific brand.

Reclassifications

Certain items in the previous year financial statements have been reclassified to match the current year presentation.

**OPTIMIZERx CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign Currency

The Company's functional currency is the U.S. dollar, however it pays certain expenses related to its two foreign subsidiaries in the local currency, which is the shekel for its subsidiary in Israel and the euro for its Croatian subsidiary. All transactions are recorded at the exchange rate at the time of payment. If there is a time lag between the time of recording the liability and the time of payment, a gain or loss is recorded in the Consolidated Statement of Operations due to any fluctuations in the exchange rate.

Cash and Cash Equivalents

For purposes of the accompanying financial statements, the Company considers all highly liquid instruments, consisting of money market accounts, with an initial maturity of three months or less to be cash equivalents.

Investments

We account for marketable securities in accordance with ASC 320, "Investments - Debt Securities", which require that certain debt securities be classified into one of three categories: held-to-maturity, available-for-sale, or trading securities, and depending upon the classification, value the security at amortized cost or fair market value.

Fair Value of Financial Instruments

Fair value is defined as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity. In addition, the fair value of liabilities should include consideration of non-performance risk including our own credit risk.

In addition to defining fair value, the disclosure requirements around fair value establish a fair value hierarchy for valuation inputs, which is expanded. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of the three levels, which is determined by the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

Level 1 – Inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.

Level 2 – Inputs are based upon significant observable inputs other than quoted prices included in Level 1, such as quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques. The Company's stock options and warrants are valued using level 3 inputs.

The Company's carrying amounts of financial instruments including cash and cash equivalents, accounts receivable, accounts payable, and other current liabilities approximate their fair values due to their short maturities.

**OPTIMIZERx CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are reported at realizable value, net of allowances for credit losses, which is estimated and recorded in the period the related revenue is recorded. The Company does not seek collateral to secure its accounts receivable and amounts billed are generally due within a short period of time based on terms and conditions normal for our industry. The Company has a standardized approach to estimate and review the collectability of its receivables based on a number of factors, including the period they have been outstanding. Historical collection and payer reimbursement experience is an integral part of the estimation process related to allowances for doubtful accounts. In addition, the Company regularly assesses the state of its billing operations in order to identify issues, which may impact the collectability of these receivables or reserve estimates. If current or expected future economic trends, events, or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past-due receivable balances are written off when the Company’s collection efforts have been exhausted.

The Company’s customers are primarily large well-capitalized companies, and historically there has been very little bad debt expense. Bad debt expense was \$665,973 and \$363,512 for the years ended December 31, 2023 and 2022, respectively. The allowance for credit losses was \$239,172 and \$352,043 as of December 31, 2023 and 2022, respectively.

The changes in the allowance for credit losses in each of the years ended December 31, 2023 and 2022, were as follows:

	<b>2023</b>	<b>2022</b>
Balance at beginning of year	\$ 352,043	\$ 241,219
Bad debt expense	665,973	363,512
Write-offs	(778,844)	(252,688)
Balance at end of year	<u>\$ 239,172</u>	<u>\$ 352,043</u>

From time to time, we may record revenue based on our revenue recognition policies described below in advance of being able to invoice the customer. Included in accounts receivable are unbilled amounts of \$4,198,312, and \$3,582,735, at December 31, 2023, and 2022, respectively.

Property and Equipment

Property and equipment are stated at cost and are being depreciated over their estimated useful lives of three to five years for office equipment and three years for computer equipment using the straight-line method of depreciation for book purposes. Maintenance and repair charges are expensed as incurred.

Leases

Lease-related assets, or Operating lease right-of-use (“ROU”) assets, are recognized at the lease commencement date at amounts equal to the respective lease liabilities, adjusted for prepaid lease payments, initial direct costs, and lease incentives received. Lease-related liabilities are recognized at the present value of the remaining contractual fixed lease payments, discounted using our incremental borrowing rate. The Company reviews all options to extend, terminate, or purchase its ROU assets at the commencement of the lease and on an ongoing basis and accounts for these options when they are reasonably certain of being exercised.

Operating lease expense is recognized on a straight-line basis over the lease term, while variable lease payments are expensed as incurred.

The short-term lease recognition exemption is applied for leases with terms at commencement of not greater than 12 months.

**OPTIMIZERx CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible Assets

Intangible assets are stated at cost. Finite-lived assets are being amortized over their estimated useful lives of fifteen to seventeen years for patents, eight years for customer relationships, fifteen years for tradenames, two to four years for covenants not to compete, and three to ten years for software and websites, all using the straight-line method. These assets are evaluated when there is a triggering event.

Long-lived assets, such as property and equipment and amortizing intangible assets are reviewed whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Impairment of assets with definite-lives is generally determined by comparing projected undiscounted cash flows expected to be generated by the asset, or asset groups, to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted basis, an impairment is recognized to the extent fair value exceeds carrying value. Determining the extent of impairment, if any, typically requires various estimates and assumptions including cash flows directly attributable to the asset, the useful life of the asset and residual value, if any. When necessary, the Company uses internal cash flow estimates, quoted market prices and appraisals, as appropriate, to determine fair value. Actual results could vary from these estimates. In addition, the remaining useful life of the impaired asset is revised, if necessary.

We recorded impairment charges of \$6.7 million against the value of our intangible assets during the year ended December 31, 2023. No events or circumstances were noted that would be indicative of any potential impairment during the year ended December 31, 2022.

Goodwill

Goodwill represents the excess of the purchase price over the fair value assigned to the net tangible and identifiable intangible assets of an acquired business.

Goodwill is assessed for impairment at least annually as of December 31, of each year, or more frequently if an event occurs or circumstances change that would reduce the fair value of a reporting unit below its carrying value.

A qualitative assessment can be performed to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying value. If the reporting unit does not pass the qualitative assessment, then the reporting unit's carrying value is compared to its fair value.

The fair value of a reporting unit is calculated using the income approach (including Discounted Cash Flow ("DCF") and validated using a market approach with the involvement of a third-party valuation specialist. The income approach uses expected future cash flows for the reporting unit and discounts those cash flows to present value. Expected future cash flows are estimated using management assumptions of growth rates, including long-term growth rates, capital expenditures and cost efficiencies. Future acquisitions or divestitures are not included in the expected future cash flows. The Company uses a discount rate based on a calculated weighted average cost of capital which is adjusted for company specific risk premiums. The market approach compares the valuation multiples of similar companies to that of the associated reporting unit. The Company then reconciles the calculated fair values to its market capitalization. The fair value is then compared to its carrying value including goodwill. If the fair value is in excess of its carrying value, the related goodwill is not impaired. If the fair value is less than carrying value, an impairment charge is recognized, equivalent to the amount that the carrying value exceeds the fair value.

Revenue Recognition

Recognition of revenue requires evidence of a contract, probable collection of proceeds, and completion of substantially all performance obligations. We use a 5-step model to recognize revenue. These steps are: identify the contract with a customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract, and recognize revenue when or as the performance obligations are satisfied.

**OPTIMIZERx CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues are primarily generated from content delivery activities in which the Company delivers financial, clinical, or brand messaging through a distribution network of eprescribers and electronic health record technology providers (channel partners), directly to consumers, or from reselling services that complement the business. This content delivery for a customer is referred to as a program. Unless otherwise specified, revenue is recognized based on the selling price to customers.

The Company's contracts are generally all less than one year and the primary performance obligation is delivery of messages, or content, but the contract may contain additional services. Additional services may include program design, which is the design of the content delivery program, set up, and reporting. We consider set up and reporting services to be complimentary to the primary performance obligation and recognized through performance of the delivery of content. We consider program design and related consulting services to be performance obligations separate from the delivery of messages. The net contract balance for contracts in progress at December 31, 2023 and 2022 was \$2.0 million and \$5.4 million, respectively. The outstanding performance obligations are expected to be satisfied during the year ended December 31, 2024.

In certain circumstances, the Company will offer sales rebates to customers based on spend volume. Rebates are typically contracted based on a quarterly or annual spend amount based on a volume threshold or tiered model. At the beginning of the year, the rebate percentage is estimated based on input from the sales team and analysis of prior year sales. Thereafter, the open contract balance for the customer is assessed quarterly to ensure the estimated rebate percentage being used for the rebate accrual remains reasonable. The estimated amount of variable consideration will be included in the transaction price only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. For the year ended 2023, there were three contracts with customers that included a rebate clause.

As the content is distributed through the platform and network of channel partners (a transaction), these transactions are recorded, and revenue is recognized over time as the distributions occur. Revenue for transactions can be realized based on a price per message, a price per redemption, as a flat fee occurring over a period of time, or upon completion of the program, depending on the client contract. The Company recognizes setup fees that are required for integrating client offerings and campaigns into the rule-based content delivery system and network over the life of the initial program, based either on time, or units delivered, depending upon which is most appropriate in the specific situation. Should a program be cancelled before completion, the balance of set up revenue is recognized at the time of cancellation, as set up fees are nonrefundable. Additionally, the Company also recognizes revenue for providing program performance reporting and maintenance, either by the Company directly delivering reports or by providing access to its online reporting portal that the client can utilize. This reporting revenue is recognized over time as the messages are delivered. Program design, which is the design of the content delivery program, and related consulting services are recognized as services are performed.

Disaggregation of Revenue

Consistent with ASC Topic 606, we have disaggregated our revenue by timing of revenue recognition. The majority of our revenue is recognized over time as solutions are provided. A small portion of our revenue related to program development, solution architect design, and other solutions is recognized at a point in time upon delivery to customers. A break down is set forth in the table below.

	<b>2023</b>	<b>2022</b>
Revenue recognized over time	\$ 63,527,477	\$ 55,437,418
Revenue recognized at a point in time	7,994,029	7,012,738
<b>Total Revenue</b>	<b>\$ 71,521,506</b>	<b>\$ 62,450,156</b>

**OPTIMIZERx CORPORATION**  
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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In some instances, we license certain of our software applications in arrangements that do not include other performance obligations. In those instances, we record license revenue when the software is delivered for use to the license. In instances where our contracts included Software as a Service, the revenue is recognized over the subscription period as services are delivered to the customer.

In some instances, the Company also resells messaging solutions that are available through channel partners that are complementary to the core business and client base. These partner specific solutions are frequently similar to our own solutions and revenue recognition for these programs is the same as described above. In instances where the Company sells solutions on a commission basis, net revenue is recognized based on the commission-based revenue split that the Company receives. In instances where the Company resells these messaging solutions and has all financial risk and significant operation input and risk, the Company records the revenue based on the gross amount sold and the amount paid to the channel partner as a cost of sales.

Cost of Revenues

Cost of Revenues include revenue-share expense and costs associated with licensing data from third parties. Cost of revenues does not include depreciation and amortization which is listed separately on the statements of operations. Based on the volume of transactions that are delivered through the channel partner network, the Company provides a revenue-share to compensate the partner, or others, for their promotion of the campaign. Revenue-shares are a negotiated percentage of the transaction fees and can also be specific to special considerations and campaigns.

Income Taxes

Income taxes are computed using the asset and liability method. Under the asset and liability method, deferred income tax assets and liabilities are determined based on the differences between the financial reporting and tax basis of assets and liabilities and are measured using the currently enacted tax rates and laws. A valuation allowance is provided for the amount of deferred tax assets that, based on available evidence, are not expected to be realized.

Significant judgments are required in order to determine the realizability of these deferred tax assets. In assessing the need for a valuation allowance, the Company evaluates all significant available positive and negative evidence, including historical operating results, estimates of future taxable income and the existence of prudent and feasible tax planning strategies. Changes in the expectations regarding the realization of deferred tax assets could materially impact income tax expense in future periods.

The Company recognizes the tax benefit from uncertain tax positions if it is more likely than not that the tax positions 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% likelihood of being realized upon ultimate settlement. It is the Company's policy to include interest and penalties related to tax positions as a component of income tax expense.

Concentration of Credit Risks

The Company maintains its cash and cash equivalents in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts; however, amounts in excess of the federally insured limit may be at risk if the bank experiences financial difficulties. As of December 31, 2023 and 2022 the Company had \$13,260,816 and \$15,669,837, respectively, in cash balances in excess of federally insured limits, primarily at Bank of America.

**OPTIMIZERx CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Research and Development

The Company expenses research and development expenses as incurred. There was no research and development expense for the years ended December 31, 2023 and 2022.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising costs, included in Other general and administrative expenses were \$775,548 and \$743,975, for the years ended December 31, 2023 and 2022, respectively.

Stock-based Compensation

The Company uses the fair value method to account for stock-based compensation. The fair value of the equity instrument is charged directly to compensation expense and additional paid-in capital over the period during which services are rendered. The fair value of each award is estimated on the date of each grant.

For restricted stock awards, the fair value is based on the market value of the Company's common stock on the date of grant. For market based restricted stock units, the fair value was estimated using a Monte Carlo simulation model. This valuation technique included estimating the movement of stock prices and the effects of volatility, interest rates and dividends. At the year ended December 31, 2023 there are no market based restricted stock units outstanding.

For options, fair value is estimated using the Black-Scholes option pricing model that uses the following assumptions. Estimated volatilities are based on the historical volatility of the Company's common stock over the same period as the expected term of the options. The expected term of options granted represents the period of time that options granted are expected to be outstanding. The Company uses historical data to estimate option exercise behavior and to determine this term. The risk-free rate used is based on the U.S. Treasury yield curve in effect at the time of the grant using a time period equal to the expected option term. The Company has never paid dividends and do not expect to pay any dividends in the future.

	<u>2023</u>	<u>2022</u>
Expected dividend yield	0%	0%
Risk free interest rate	3.76% - 4.74%	0.82% - 4.38%
Expected option term	3.5 years	3.5 years
Turnover/forfeiture rate	0%	0%
Expected volatility	67% - 72 %	68% - 71 %
Weighted average grant date fair value	\$ 6.58	\$ 12.82

The Black-Scholes option valuation model and other existing models were developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. These option valuation models require the input of, and are highly sensitive to, subjective assumptions including the expected stock price volatility. The Company's stock options have characteristics significantly different from those of traded options, and changes in the subjective input assumptions could materially affect the fair value estimate.

Loss Per Common and Common Equivalent Share

The computation of basic (loss) earnings per common share is computed using the weighted average number of common shares outstanding during the year. The computation of diluted (loss) earnings per common share is based on the basic weighted average number of shares outstanding during the year plus common stock equivalents, which would arise from the exercise of options and warrants outstanding using the treasury stock method and the average market price per share during the year. The number of common shares potentially issuable upon the exercise of certain awards that were excluded from the diluted loss per common share calculation in 2023 and 2022 was 31,727 and 93,626 related to options, and 52,607 and 170,859 related to restricted stock units, for a total of 84,334 and 264,485, respectively, because they are anti-dilutive, as a result of the net losses incurred in each of the years ended December 31, 2023 and 2022.

**OPTIMIZERx CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The computation of weighted average shares outstanding and the basic and diluted earnings per common share for the years ended December 31, 2023 and 2022 consisted of the following:

	<b>Year ended December 31, 2023</b>		
	<b>Net (Loss)</b>	<b>Shares</b>	<b>Per Share Amount</b>
Basic EPS	\$ (17,565,866)	17,124,801	\$ (1.03)
Effect of dilutive securities	—	—	—
Diluted EPS	\$ (17,565,866)	17,124,801	\$ (1.03)
	<b>Year ended December 31, 2022</b>		
	<b>Net Income</b>	<b>Shares</b>	<b>Per Share Amount</b>
Basic EPS	\$ (11,438,440)	17,783,992	\$ (0.64)
Effect of dilutive securities	—	—	—
Diluted EPS	\$ (11,438,440)	17,783,992	\$ (0.64)

Recently Issued Accounting Guidance

ASU Topic 2021-08 *Business Combinations (Topic 805), Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, which requires contract assets and contract liabilities acquired in a business combination to be recognized and measured by the acquirer on the acquisition date in accordance with ASC 606, Revenue from Contracts with Customers, as if it had originated the contracts. The standard was effective for the Company's fiscal year beginning January 1, 2023. The adoption of this standard did not have a material effect on our financial position, results of operations, or cash flows.

*Not Yet Adopted*

In November 2023, the FASB issued ASU No. 2023-07 ("ASU 2023-07"), Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. ASU 2023-07 requires annual and interim disclosures that are expected to improve reportable segment disclosures, primarily through enhanced disclosures about significant segment expenses. The provisions of ASU 2023-07 are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact of adopting ASU 2023-07.

In December 2023, the FASB issued ASU No. 2023-09 ("ASU 2023-09"), Income Taxes (Topic 740): Improvements to Income Tax Disclosures. ASU 2023-09 addresses investor requests for more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. This update also includes certain other amendments to improve the effectiveness of income tax disclosures. The provisions of ASU 2023-09 are effective for annual periods beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact of adopting ASU 2023-09.

**OPTIMIZERx CORPORATION**  
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NOTE 3 – ACQUISITIONS

On October 24, 2023, the Company acquired 100% of the issued and outstanding preferred and common stock of Healthy Offers, Inc., a Nevada corporation d/b/a Medicx Health. Medicx Health is a healthcare consumer-focused omnichannel marketing and analytics company. The acquisition of Medicx Health is expected to enhance and expand the Company’s technology offerings, providing additional opportunities for revenue growth.

The acquisition date fair value of consideration transferred was calculated as follows:

Net cash transferred	\$ 83,888,239
Fair value of common stock transferred	12,091,142
Fair value of consideration transferred	<u>\$ 95,979,381</u>

The goodwill balance reflects the benefits associated with future iterations of the technology platforms, new customer relationships anticipated as a result of the transaction and market participant synergies from economies of scale and is not deductible for tax purposes.

In addition, the Company is required to remit, upon collection from the appropriate authorities, approximately \$1.0 million related to certain state and federal income tax receivables which were included on Medicx Health’s balance sheet at the date of acquisition. The Company has recorded \$1.0 million in Taxes receivable, to reflect the receivables due to the Company and \$1.0 million in Accrued expenses, to reflect the total amount due to the former stockholders of Medicx Health.

The following table summarizes the estimated fair value of assets acquired and liabilities assumed at the acquisition date:

**Assets Acquired**

Cash	\$ 940,974
Accounts receivable	6,028,048
Taxes receivable	1,035,754
Prepaid expenses and other	912,719
Property and equipment	33,476
Customer relationships intangible	34,000,000
Trademark and patent intangible	5,700,000
Technology intangibles	8,300,000
Operating lease right-of-use assets	145,075
Deposits	9,727
	<u>57,105,773</u>

**Liabilities Assumed**

Accounts payable	1,997,348
Accrued expenses	3,848,403
Lease liabilities	166,098
Deferred revenue	75,003
Deferred tax liabilities	12,032,798
	<u>18,119,650</u>
Net assets acquired	38,986,123
Goodwill	56,993,258
Fair value of consideration transferred	<u>\$ 95,979,381</u>

**OPTIMIZERx CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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NOTE 3 – ACQUISITIONS (CONTINUED)

The Company used a third-party valuation specialist to value the intangible assets acquired. The identifiable intangibles are being amortized on a straight line basis over the following estimated useful lives:

Customer relationship intangible	15 years
Trademark and patent intangible	10 years
Technology intangibles	4 to 10 years

The Company recognized \$4.3 million of acquisition related costs that were expensed in the current period. These costs are included in the consolidated statement of operations in the line item entitled “Other sales, general and administrative expenses.”

The results of operations of Medix Health have been included in the consolidated statement of operations since the date of acquisition.

The amounts of revenue and net income of Medix Health included in the Company’s consolidated statement of operations for the period from the acquisition date until December 31, 2023, are as follows:

Revenue	\$ 4,546,497
Net income	314,082

The following represents the pro-forma consolidated statement of operations as if Medix Health had been included in the consolidated results of the Company for the full years ended December 31, 2023, and 2022:

<b>Pro-forma consolidated statement of operations</b>	<b>Year ended</b>	
	<b>December 31, 2022</b>	
	<b>2023</b>	<b>2022</b>
Revenue	\$ 97,066,241	\$ 90,521,236
Net loss	(18,616,303)	(16,157,521)

These amounts have been calculated after applying the Company’s accounting policies, adjusting Medix Health results to reflect the additional amortization that would have been charged assuming the fair value adjustments to intangible assets had been applied on January 1, 2022, full year interest expense associated with the term loan and elimination of interest income on short-term investments that were used to fund the acquisition, one time transaction related items, including the amounts incurred by the Company, discussed above and \$9.6 million in transaction related expenses incurred by Medix Health.

On April 14, 2022, we completed the acquisition of substantially all of the assets of EvinceMed Corp., a privately held leading provider of delivering end-to-end automation for specialty pharmaceutical transactions. We completed the acquisition to expand the breadth of the solutions we offer our customers, particularly where specialty medications are involved, The acquisition included the full Market Access Management Platform for supporting pharma manufacturers, hub providers and pharmacies to improve patient access, speed to therapy and activation of affordability programs.

The consideration was comprised of \$2.0 million in cash, the issuance of 240,741 shares of common stock valued at \$9,374,455, and \$708,334 of amounts previously paid. The total purchase price was \$12,082,789. Of the 240,741 shares of common stock, 185,185 were issued at closing and 55,556 were issued but held back to secure potential adjustments to the purchase price that may result from the indemnification obligations of and the EvinceMed shareholder indemnitors. The holdback amount will be released twelve months from the closing, subject to any adjustments for the payment by EvinceMed and the shareholder indemnitors for its and their indemnification obligations. The purchase price was allocated to acquired technology totaling \$4,149,000 with an estimated useful life of 8 years and the remaining \$7,933,789 was allocated to goodwill. Goodwill represents the processes and synergies expected by integrating those processes with our own. The full amount of goodwill will be deductible for tax purposes using a 15 year life. The increase in goodwill for the period is fully accounted for by this acquisition. We determined pro forma data was immaterial for financial reporting purposes.

Acquisition costs of approximately \$19,739 were expensed as incurred.

**OPTIMIZERx CORPORATION**  
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**NOTE 4 – INVESTMENT SECURITIES**

There were no investment securities held at December 31, 2023.

At December 31, 2022 the Company held \$55.9 million in U.S. government and agency securities. All securities had maturity dates of less than one year. The Company reported these securities at amortized cost. The amortized cost approximates fair value at December 31, 2022 due to the short nature of the securities.

Proceeds from the maturities of these securities during 2023 were used to partially fund the acquisition of Medicx Health. See Note 3 - Acquisitions.

**NOTE 5 – PREPAID EXPENSES**

Prepaid expenses consisted of the following as of December 31, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Revenue share and exclusivity payments	\$ 1,495,127	\$ 1,025,000
Software	407,480	408,063
Insurance	369,504	221,580
Data	513,244	152,533
Other	404,113	473,652
Total prepaid expenses	<u>\$ 3,189,468</u>	<u>\$ 2,280,828</u>

**NOTE 6 – PROPERTY AND EQUIPMENT**

The Company owned equipment recorded at cost, which consisted of the following as of December 31, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Computer equipment	\$ 266,370	\$ 230,467
Furniture and fixtures	33,899	38,500
	<u>300,269</u>	<u>268,967</u>
Less accumulated depreciation	150,862	131,519
Property and equipment, net	<u>\$ 149,407</u>	<u>\$ 137,448</u>

Depreciation expense was \$99,849 and \$85,725 for the years ended December 31, 2023 and 2022, respectively.

**NOTE 7 – GOODWILL AND INTANGIBLE ASSETS**

**Goodwill**

Our goodwill is related to the acquisitions of Medicx Health in 2023, EvinceMed in 2022, RMDY Health, Inc. in 2019 and CareSpeak Communications in 2018. Goodwill is not amortizable for financial statement purposes.

The Company performed its annual goodwill impairment review in the fourth quarters of each of the years ended December 31, 2023 and 2022, and also performed an interim impairment review as of November 30, 2023, following the completion of the transaction with Mercalis, Inc., which is discussed below. In both cases it was determined that the fair value of the Company's single reporting unit was greater than its carrying value.

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NOTE 7 – GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

The fair value of any reporting units, used in the annual assessments in 2023 and 2022, is classified as Level 3 measurements within the fair value hierarchy due to significant unobservable inputs such as discount rates, projections of revenue, cost of revenue and operating expense growth rates, long-term growth rates and income tax rates.

Changes in the carrying amount of goodwill on the consolidated balance sheet consist of the following:

Balance at January 1, 2022	\$ 14,740,031
Acquisitions	7,933,789
Impairments	—
Balance January 1, 2023	<u>\$ 22,673,820</u>
Acquisitions	56,993,258
Disposal of business	(1,310,004)
Impairments	—
Balance December 31, 2023	<u><u>\$ 78,357,074</u></u>

During the year ended December 31, 2023, we entered into various agreements, including a Product License Agreement and Platform Assets Purchase Agreement, with Mercalis, Inc. (“Mercalis”), collectively the “Transaction”. Under the terms of the Transaction, Mercalis agreed to purchase certain customer contract assets and liabilities related to the Company’s Access and Patient Engagement technologies. In addition, Mercalis was granted a perpetual license to the Access products and a non-exclusive two-year term license to the Patient Engagement products. Total consideration due for the Transaction was \$3,740,000 including \$2,540,000 related to the Access products.

The Access products portion of the Transaction was deemed to be the disposal of a business for accounting purposes and accordingly the Company recorded a loss on disposal of \$2,142,319 including the allocation of a portion of the Company’s goodwill balance of \$1,310,004 and the net book value of the underlying technology assets of \$3,327,844.

**Intangible Assets**

Intangible assets included on the consolidated balance sheets consist of the following:

	<u>December 31, 2023</u>			<b>Weighted Average Life Remaining</b>
	<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>	<b>Net</b>	
Patent rights	\$ 7,163,729	\$ 978,987	\$ 6,184,742	8.8
Technology assets	12,387,622	3,374,866	9,012,756	6.6
Other intangible assets				
Tradename	134,000	—	134,000	10.7
Non-compete agreements	1,093,000	1,093,000	—	—
Customer relationships	34,923,000	858,916	34,064,084	14.6
Total Tradename and customer relationships	<u>36,150,000</u>	<u>1,951,916</u>	<u>34,198,084</u>	
Total intangible assets	<u><u>\$ 55,701,351</u></u>	<u><u>\$ 6,305,769</u></u>	<u><u>\$ 49,395,582</u></u>	

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NOTE 7 – GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

	December 31, 2022			Weighted Average Life Remaining
	Gross Carrying Amount	Accumulated Amortization	Net	
Patent rights	\$ 3,364,729	\$ 1,424,551	\$ 1,940,178	8.5
Technology assets	12,859,660	5,156,765	7,702,895	5.1
Other intangible assets				
Tradenname	3,586,000	776,966	2,809,034	11.7
Non-compete agreements	1,093,000	1,093,000	—	—
Customer relationships	923,000	352,196	570,804	7.4
Total other	5,602,000	2,222,162	3,379,838	
Total intangible assets	\$ 21,826,389	\$ 8,803,478	\$ 13,022,911	

During the year ended December 31, 2023, we recorded asset impairment charges of \$6,737,580 relating to Technology assets patent rights and tradenames that were not considered to be core solutions on a go forward basis, resulting in lower projected revenues for these solutions, as well as the outcome of the disposal of the Access products discussed above.

Intangibles are being amortized on a straight-line basis over the following estimated useful lives.

Patents	15 – 17 years
Tradenames	15 years
Non-compete agreements	2 – 4 years
Customer relationships	8 years
Technology assets	3 – 10 years

The Company recorded amortization expense of \$2,301,779 and \$1,936,304 in the years ended December 31, 2023 and 2022, respectively. Expected future amortization expense of the intangibles assets as of December 31, 2023 is as follows:

Year ended December 31,	
2024	\$ 4,202,841
2025	4,128,899
2026	4,079,117
2027	3,972,613
2028	3,724,330
Thereafter	29,287,782
Total	\$ 49,395,582

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**NOTE 8 – DEFERRED REVENUE**

The Company has several signed contracts with customers for the distribution of financial messaging, or other services, which include payment in advance. The payments are not recorded as revenue until the revenue is earned under its revenue recognition policy discussed in Note 2. Deferred revenue was \$171,841 and \$164,309 as of December 31, 2023 and 2022, respectively. These contracts are all short term in nature and all revenue is expected to be recognized within 12 months, or less. Following is a summary of activity in the deferred revenue account for the year ended December 31, 2023.

Balance January 1, 2023	\$ 164,309
Revenue recognized	(12,358,640)
Amount collected	12,291,169
Amount acquired	75,003
Balance December 31, 2023	<u>\$ 171,841</u>

Following is a summary of activity in the deferred revenue account for the year ended December 31, 2022.

Balance January 1, 2022	\$ 1,389,907
Revenue recognized	(13,455,253)
Amount collected	12,229,655
Balance December 31, 2022	<u>\$ 164,309</u>

**NOTE 9 – RELATED PARTY TRANSACTIONS**

During the year ended December 31, 2010, the Company acquired the technical contributions and assignment of all exclusive rights to and for a key patent in process at the time from a former Chief Executive Officer (“CEO”), in exchange for a total payment in shares of common stock and options valued at \$930,000 at the time of the acquisition and recorded the patent at that cost. That patent remains in Patents on the consolidated balance sheet as of December 31, 2023.

Jim Lang, one of our Board Members, is the CEO of Eversana, a leading global provider of services to the life sciences industry. Eversana is similar to other customers we generate revenue from, such as agencies or resellers. During the years ended December 31, 2023 and 2022, we have recognized \$335,897 and \$401,972, respectively, in revenue from contracts engaged with Eversana. These contracts were sourced by Eversana on behalf of life science customers of theirs. The contracts are at market rates and were generated in the normal course of business.

**NOTE 10 – STOCKHOLDERS’ EQUITY**

**Preferred Stock**

The Company had 10,000,000 shares of preferred stock, \$0.001 par value per share, authorized as of December 31, 2023. No shares were issued or outstanding in either 2022 or 2023.

**Common Stock**

The Company had 166,666,667 shares of common stock, \$0.001 par value per share, authorized as of December 31, 2023. There were 18,158,282 and 17,074,173 shares of common stock outstanding, net of shares held in treasury, at December 31, 2023 and 2022, respectively.

We issued 24,668 shares of common stock and received proceeds of \$181,106 in 2023 in connection with the exercise of options under our 2013 Equity Incentive Plan. We also issued 156,910 shares of common stock and received proceeds of \$1,205,881 in 2022 in connection with the exercise of options under our 2013 Equity Incentive Plan.

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NOTE 10 – STOCKHOLDERS’ EQUITY (CONTINUED)

We issued 141,859 shares of common stock in 2023 and 29,945 shares of common stock in 2022 in connection with the vesting of restricted stock units under our 2013 and 2021 Equity Incentive Plans and discussed in greater detail in Note 11, Stock Based Compensation. Some of the participants utilized a net withhold settlement method, in which shares were surrendered to cover payroll withholding taxes. Of the shares issued to participants during the year ended December 31, 2023 and 2022, respectively, 42,489 and 8,416 shares, valued at \$458,892 and \$132,400, were surrendered and subsequently cancelled.

**Treasury Stock**

During the quarter ended March 31, 2023, the Board authorized a share repurchase program, under which the Company may repurchase up to \$15 million of its outstanding common stock. This stock repurchase authorization expires on the earlier of March 12, 2024, or when the repurchase of \$15 million of shares of its common stock has been reached. Through December 31, 2023, the Company repurchased 526,999 shares of our common stock for a total of \$7,522,426, including commissions paid on repurchases. At December 31, 2022, the Company repurchased 1,214,398 shares of our common stock for a total of \$20,021,830, including commissions paid on repurchases. These shares were recorded as Treasury Shares using the par value method.

During the year ended December 31, 2022, the Board authorized a share repurchase program, under which the Company may repurchase up to \$20.0 million of its outstanding common stock. Through December 31, 2022, we repurchased 1,214,398 shares of our common stock for a total of \$20,024,258, including commissions paid on repurchases. These shares were recorded as Treasury Shares using the par value method.

NOTE 11 – STOCK BASED COMPENSATION

The Company sponsors two stock-based incentive compensation plans.

The first plan is known as the 2013 Incentive Plan (the “2013 Plan”) and was established by the Board of Directors of the Company in June 2013. The 2013 Plan, as amended, authorized the issuance of 3,000,000 shares of Company common stock. The amended plan was approved by shareholders. A total of 345,435 shares of common stock underlying options and 111,628 shares of common stock underlying restricted stock unit awards were outstanding at December 31, 2023. In connection with the adoption of a new plan in 2021, the Company froze the 2013 Plan. At December 31, 2023, there were no shares available for grant under the 2013 Plan.

In 2021, the Company adopted a new plan known as the 2021 Equity Incentive Plan (“2021 Plan”). The plan was established by the Board of Directors and approved by shareholders in August 2021. A total of 2,500,000 shares are authorized for issuance under the 2021 Plan. A total of 1,209,626 shares of common stock underlying options and 631,581 shares of common stock underlying restricted stock unit awards were outstanding at December 31, 2023. At December 31, 2023, 276,844 shares were available for grant under the 2021 Plan.

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NOTE 11 – STOCK BASED COMPENSATION (CONTINUED)

The 2021 Plan allows the Company to grant incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units, performance awards and other stock-based awards. Incentive stock options may only be granted to persons who are regular full-time employees of the Company at the date of the grant of the option. Non-qualified options may be granted to any person, including, but not limited to, directors, officers, employees and consultants, who the Company's Board or Compensation Committee determines. The exercise price of options granted under the 2021 Plan must be equal to at least 100% of the fair market value of our common stock as of the date of the grant of the option. Options granted under the 2021 Plan are exercisable as determined by the Compensation Committee and specified in the applicable award agreement. In no event will an option be exercisable after ten years from the date of grant.

Stock Options

The compensation cost that has been charged against income related to options for the years ended December 31, 2023 and 2022, was \$5,925,416 and \$4,956,619, respectively. No income tax benefit was recognized in the consolidated statements of income and no compensation was capitalized in any of the years presented. During the year ended December 31, 2023, we granted certain performance based options, the expense for which will be recorded over time once the achievement of the performance is deemed probable. There was no expense related to these options recorded during the period. The fair value of these instruments was calculated using the Black-Scholes option pricing model.

During 2022, the Company granted certain performance based stock options, the expense for which will be recorded over time once the achievement of the performance is deemed probable. There was no expense related to these options recorded during the period.

The Company had the following option activity during the year ended December 31, 2023 and 2022:

	Number of Options	Weighted average exercise price	Weighted average remaining contractual life (years)	Aggregate intrinsic value \$
Outstanding at January 1, 2022	783,547	\$ 34.17		
Granted	862,938	\$ 25.43		
Exercised	(156,910)	\$ 7.69		
Expired or forfeited	(182,705)	\$ 37.13		
Outstanding at December 31, 2022	1,306,870	\$ 31.14	2.7	\$ 1,537,752
Granted	426,703	\$ 12.50		
Exercised	(24,668)	\$ 7.34		
Expired or forfeited	(153,844)	\$ 30.70		
Outstanding, December 31, 2023	1,555,061	\$ 26.38	3.4	\$ 1,046,481
Exercisable, December 31, 2023	586,274	\$ 33.10	2.6	\$ 239,110

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NOTE 11 – STOCK BASED COMPENSATION (CONTINUED)

The table below reflects information for the total options outstanding at December 31, 2023

<b>Range of Exercise Prices</b>	<b>Number of Options</b>	<b>Weighted average remaining contractual life (years)</b>	<b>Weighted average exercise price</b>
\$4.20 to \$10.00	108,044	4.3	\$ 8.02
\$10.00 to \$20.00	851,751	3.8	\$ 14.35
\$20.00 to \$40.00	247,284	2.7	\$ 33.91
\$40.00 to \$60.00	247,723	2.6	\$ 48.30
\$60.00 to \$96.70	100,259	2.7	\$ 75.54
Total	<u>1,555,061</u>	3.4	\$ 26.38

The table below reflects information for the vested options outstanding at December 31, 2023.

<b>Range of Exercise Prices</b>	<b>Number of Options</b>	<b>Weighted average remaining contractual life (years)</b>	<b>Weighted average exercise price</b>
\$4.20 to \$10.00	15,667	1.1	\$ 7.54
\$10.00 to \$20.00	222,707	2.9	\$ 14.34
\$20.00 to \$40.00	143,670	2.4	\$ 31.79
\$40.00 to \$60.00	138,776	2.5	\$ 49.36
\$60.00 to \$96.70	65,454	2.7	\$ 75.80
Total	<u>586,274</u>	2.6	\$ 33.58

A summary of the status of the Company's non-vested options as of December 31, 2023, and changes during the year ended December 31, 2023, is presented below.

<b>Nonvested Options</b>	<b>Options</b>	<b>Weighted average exercise price</b>
Nonvested at January 1, 2022	1,056,187	\$ 30.51
Granted	426,703	\$ 12.50
Vested	(381,992)	\$ 31.61
Forfeited	(132,111)	\$ 52.07
Nonvested at December 31, 2023	<u>968,787</u>	\$ 22.03

There is \$8,956,198 of expense remaining to be recognized over a period of approximately 1.77 years related to options outstanding at December 31, 2023.

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NOTE 11 – STOCK BASED COMPENSATION (CONTINUED)

Restricted Stock Units

The Company had the following restricted stock unit (“RSU”) activity during the years ended December 31, 2023 and 2022:

	Number of RSUs	Weighted average grant date fair value	Weighted average remaining contractual life (years)
Outstanding at January 1, 2022	399,738	\$ 52.99	
Granted	467,043	\$ 25.69	
Forfeited	(39,346)	\$ 44.06	
Shares issued	(29,945)	\$ 59.41	
Withheld and cancelled	(8,416)	\$ 68.69	
Outstanding at December 31, 2022	789,074	\$ 36.95	2.0
Granted	383,406	\$ 12.30	
Forfeited	(244,923)	\$ 58.18	
Vested and issued	(141,859)	\$ 31.38	
Withheld and cancelled	(42,489)	\$ 32.47	
Outstanding at December 31, 2023	743,209	\$ 18.62	1.7

The Company granted restricted stock units of 383,406 and 467,043 units in 2023 and 2022, respectively, and valued at \$4,714,564 and \$11,996,111, respectively. These restricted stock units vest over a period of 1 year to 5 years. The Company recognized expense of \$7,791,917 and \$10,789,203 in 2023 and 2022, respectively, related to these restricted stock units. A total of \$11,106,405 remains to be recognized at December 31, 2023 over a period of 1.95 years.

In the year ended December 31, 2023, certain participants utilized a net withhold settlement method, in which shares were surrendered to cover payroll withholding tax. Of the shares issued to participants during the year ended December 31, 2023 and 2022, respectively, 42,489 and 31,243 shares, valued at \$458,892 and \$100,290, were surrendered and subsequently cancelled.

During 2022, the Company granted certain performance based restricted stock units, the expense for which will be recorded over time once the achievement of the performance is deemed probable. There was no expense related to these restricted stock units recorded during the period.

Non-employee Directors Compensation

The director’s compensation program calls for the grant of restricted stock units with a one year vesting period. The Company granted 26,470 restricted stock units to its non-employee directors, valued at \$750,130 in 2022. These restricted stock units vested in 2023. There were 50,305 restricted stock units, valued at \$750,050 granted to the non-employee directors in 2023 that will vest in 2024, 12 months from the grant dates.

Equity Award Modification

On April 16, 2023, the Compensation Committee approved a grant to the CEO of 86,685 restricted stock units and 161,698 stock options with a grant date fair value of \$2.5 million to vest over a three-year period. Concurrently, the CEO forfeited his October 2021 grant of 182,398 market-based restricted stock units. The forfeiture and accompanying grant are considered an equity modification according to ASC 718, *Compensation-Stock Compensation*. The additional compensation value created by the termination and issuance of new equity awarded, as measured using a Monte Carlo simulation, was approximately \$1.9 million in total. Under ASC 718 this results in a non-cash expense in current and future periods to be recognized over a three-year period. These expense values are reflected and included in the option and restricted stock expense values discussed above.

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NOTE 12 – LONG-TERM DEBT

Long-term debt consisted of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Term loan, due in 2027	\$ 38,290,000	\$ —
Less: current portion of long-term debt	(2,000,000)	—
Less: unamortized issuance costs	(2,059,263)	—
Long-term debt, net	<u>\$ 34,230,737</u>	<u>\$ —</u>

On October 11, 2023, the Company entered into a Financing Agreement (the “Financing”) which provided for a term loan (the “Term Loan”) of \$40 million, the net proceeds of which were used to partially finance the Medicx Health transaction described in Note 3 “Acquisitions”. In connection with the Financing the Company incurred issuance costs of approximately \$2.3 million, which were capitalized and are being amortized to interest expense over the life of the Term Loan. Amortization of debt issuance costs for the year ended December 31, 2023, was \$210,737.

The Company’s obligations under the Financing are secured by all of the Company’s and its subsidiaries’ assets (including a pledge of all of the capital stock and equity interests of its subsidiaries).

The Term Loan is repayable in quarterly installments, beginning December 31, 2023, equivalent to 1.25% or \$500,000, of the original principal amount, with the outstanding unpaid principal and all accrued but unpaid interest due and payable on the earlier of (i) the fourth anniversary of the closing date of the Term Loan or (ii) the date on which the Term Loan is declared due and payable pursuant to the terms of the Financing.

The Company may prepay, subject to an Applicable Premium, 3% if the prepayment is made on a date that is up to and including the first anniversary of closing, 2%, if the prepayment is made up to and including the second anniversary, 1% if the prepayment is made up to and including the third anniversary and zero thereafter, all or a portion of the Term Loan and, under certain circumstances, including certain asset disposals and the raising of indebtedness not permitted under the Financing is required to make mandatory prepayments of the principal balance. If the prepayment occurs within 12 months of the date of the loan, the Company is also required to pay lost interest from the prepayment date to one year from the loan funding date.

In addition, the Company is required to make a mandatory prepayment on March 31, of each year, commencing with 2025, equivalent to Excess Cash Flow multiplied by a percentage factor of 25%, if the leverage ratio is 3.60 to 1.00 or less, 50% if the leverage ratio is greater than 3.60 to 1 or less than or equal to 4.10 to 1.00 and 75%, if the leverage ratio is greater than 4.10 to 1.00. Excess Cash Flow is defined in the Financing as Consolidated EBITDA for the previous fiscal year less scheduled principal and interest payments, capital expenditure, cash taxes and any cash expenses/gains added back to net income in the calculation of Consolidated EBITDA, adjusted for any increase/decrease in working capital during the fiscal year.

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NOTE 12 – LONG-TERM DEBT (CONTINUED)

During the year ended December 31, 2023, the Company made total principal repayments of \$1.7 million, including a mandatory prepayment of \$1.2 million as a result of an asset sale completed during the year.

At the Company’s option the Term Loan, or any portion thereof bears interest at either:

- a. The greater of (a) 4.00% per annum, (b) the Federal Funds Rate plus 0.50% per annum, (c) the one month Secured Funds Overnight Rate (“SOFR”), plus an adjustment of 26.161 basis point and 1.00% per annum, and (d) the rate last quoted by The Wall Street Journal as the “Prime Rate”, plus an Applicable Margin of 7.5%; or
- b. Three-month SOFR plus an adjustment of 26.161 basis points and an Applicable Margin of 8.5%

As of December 31, 2023, the Loan bears interest at 14.1% per annum, with the effective interest rate for the year ended December 31, 2023, including the amortization of debt issuance costs and Applicable Premium and interest penalties of \$181,895 associated with the prepayment during the year ended December 31, 2023, was 19.6%.

The Financing requires the Company to maintain the following financial covenants:

- a. A maximum leverage ratio, as defined in the Financing as follows:

<b>Fiscal Quarter End</b>	<b>Leverage ratio</b>
March 31, 2024	4.50 to 1.00
June 30, 2024	4.00 to 1.00
September 30, 2024	3.50 to 1.00
December 31, 2024	3.00 to 1.00
March 31, 2025	2.50 to 1.00
June 30, 2025	2.25 to 1.00
September 30, 2025, and thereafter	2.00 to 1.00

- b. Liquidity, as defined in the Financing, of at least \$5.0 million.

The Company was in compliance with its financial covenants as of December 31, 2023, and received a waiver from its lender to extend the date for providing the Company's audited financial statements from March 31, 2024, to April 15, 2024.

The Financing contains customary events of default, which include, (subject to, in certain circumstances to grace and cure periods), non-payment of principal and interest, non-compliance with certain covenants, commencement of bankruptcy proceedings and a change in control.

Payments due on the Loan in each of the next four years subsequent to December 31, 2023, are as follows:

<b>For the year ending December 31,</b>	
2024	\$ 2,000,000
2025	2,000,000
2026	2,000,000
2027	32,290,000
	<u>\$ 38,290,000</u>

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NOTE 13 – LEASES

In February 2016, the Financial Accounting Standards Board (“FASB”) issued new accounting guidance on leases. The accounting standard, effective January 1, 2019, requires virtually all leases to be recognized on the balance sheet. Under the guidance, we have elected not to separate lease and non-lease components in recognition of the lease-related assets and liabilities, as well as the related lease expense.

We had operating leases with terms greater than 12 months for office space in four multi-tenant facilities, which are recorded as ROU assets and Operating lease liabilities.

For the years ended December 31, 2023 and 2022, the Company’s lease cost consisted of the following components, each of which is included in operating expenses within the Company’s consolidated statements of operations:

	<b>2023</b>	<b>2022</b>
Operating lease cost	\$ 95,765	\$ 100,771
Short-term lease cost (1)	38,850	75,784
<b>Total lease cost</b>	<b>\$ 134,615</b>	<b>\$ 176,555</b>

(1) Short-term lease cost includes any lease with a term of less than 12 months.

The table below presents the future minimum lease payments to be made under operating leases as of December 31, 2023:

**For the year ending December 31,**

2024	\$ 260,016
2025	178,082
2026	113,802
2027	65,866
2028	45,160
Total	662,926
Less: present value discount	69,863
<b>Total lease liabilities</b>	<b>\$ 593,063</b>

The weighted average remaining lease term for operating leases is 3.17 and the weighted average discount rate used in calculating the operating lease asset and liability is 6.7%. Cash paid for amounts included in the measurement of lease liabilities was \$78,875. For the year ended December 31, 2023, payments on lease obligations were \$91,228 and amortization on the right of use assets was \$94,564. For the year ended December 31, 2022, payments on lease obligations were \$101,405 and amortization on the right of use assets was \$101,433.

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NOTE 14 – MAJOR CUSTOMERS AND VENDORS

The Company had the following customers that accounted for 10% or greater of revenue in either 2023 or 2022. No other customers accounted for more than 10% of revenue in either year presented.

	2023		2022	
	\$	%	\$	%
Customer A	5,825,151	8.1	6,817,682	10.9
Customer B	10,275,210	14.4	3,876,580	6.2

Our accounts receivable included two agencies, that represented multiple customers, that individually made up more than 10% of our accounts receivable at December 31, 2023 in the percentages of 28.3% and 14.1%. As of December 31, 2022, our accounts receivable included two entities, including one agency that represented multiple customers that individually made up more than 10% of our accounts receivable in the percentages of 13.3% and 10.8%.

The Company generates a portion of its revenues through its EHR and ePrescribe partners. There were three key partners and/or vendors through which 10% or greater of its revenue was generated in either 2023 or 2022 as set forth below. The amounts in the table below reflect the amount of revenue generated through those partners.

	2023		2022	
	\$	%	\$	%
Partner A	26,035,135	36.4	19,882,511	31.8
Partner B	13,955,426	19.5	12,494,227	20.0
Partner C	6,498,694	9.1	6,578,661	10.5

NOTE 15 – INCOME TAXES

As of December 31, 2023, the Company had net operating loss (“NOLs”) carry-forwards for federal income tax purposes of approximately \$16.7 million, consisting of pre-2018 losses in the amount of approximately \$3.3 million that expire from 2033 through 2037, and post-2017 losses in the amount of approximately \$13.4 million that will never expire. These net operating losses are available to offset future taxable income. The Company was formed in 2008 as a Nevada Corporation. Activity prior to incorporation is not reflected in the Company’s corporate tax returns. In the future, the cumulative net operating loss carry-forward for income tax purposes may differ from the cumulative financial statement loss due to timing differences between book and tax reporting.

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NOTE 15 – INCOME TAXES (CONTINUED)

The provision for Federal income tax consists of the following for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Federal income tax benefit (expense) attributable to:		
Current operations	\$ 5,284,000	\$ 2,402,000
State tax effect, net of federal benefit	569,000	545,000
Option exercise benefits (expenses), net of Section 162M limitations	(3,100,000)	(268,000)
Transaction costs	(360,000)	—
Other adjustments	44,922	221,000
Valuation allowance	5,160,000	(2,900,000)
Income tax benefit	<u>\$ 7,597,922</u>	<u>\$ —</u>
	<u>2023</u>	<u>2022</u>
Current tax benefit (expense) - Federal	\$ —	\$ —
Current tax benefit (expense) - State	(97,452)	—
Total current (expense)	<u>(97,452)</u>	<u>—</u>
Deferred tax benefit (expense) - Federal	6,488,661	—
Deferred tax benefit (expense) - State	1,206,713	—
Total deferred benefit	<u>7,695,374</u>	<u>—</u>
Total tax benefit on loss	<u>\$ 7,597,922</u>	<u>\$ —</u>

**OPTIMIZERx CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

NOTE 15 – INCOME TAXES (CONTINUED)

The cumulative tax effect of significant items comprising our net deferred tax amount at the expected rate of 21% is as follows as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Deferred tax assets attributable to:		
Net operating loss carryover	\$ 4,864,000	\$ 5,545,000
Stock compensation	3,744,000	3,953,000
Operating lease liability	115,000	63,000
Section 174 capitalized expenses	2,533,000	789,000
Fixed assets	—	126,000
Other	103,000	16,000
Deferred tax assets	<u>\$ 11,720,000</u>	<u>\$ 10,492,000</u>
Deferred tax liabilities attributable to:		
Intangibles	\$ (12,393,000)	\$ (2,102,000)
Operating lease right-of-use assets	(110,000)	(63,000)
Goodwill	—	(106,000)
Other	(198,424)	(59,000)
Deferred tax liabilities	<u>(12,701,424)</u>	<u>(2,330,000)</u>
Net deferred tax (liability) asset	<u>\$ (981,424)</u>	<u>\$ 8,162,000</u>
Valuation allowance	<u>(3,356,000)</u>	<u>(8,162,000)</u>
Net deferred tax liabilities	<u>\$ (4,337,424)</u>	<u>\$ —</u>

The valuation allowance decreased \$4,806,000, during the year ended December 31, 2023, as we determined that a portion of the deferred tax assets associated with historical NOL's were realizable. The ultimate realization of deferred tax assets is dependent upon the Company's ability to generate sufficient taxable income during the periods in which the net operating losses expire and the temporary differences become deductible. The Company has determined that there is significant uncertainty that the results of future operations and the reversals of existing taxable temporary differences will generate sufficient taxable income to realize the deferred tax assets; therefore, a valuation allowance has been recorded. In making this determination, the Company considered historical levels of income, projections for future periods, and the significant amount of tax deductions to be generated from the future exercise of stock options.

The tax years 2020 to 2023 remain open for potential audit by the Internal Revenue Service. There are no uncertain tax positions as of December 31, 2022 or December 31, 2023, and none are expected in the next 12 months. The Company's foreign subsidiaries are cost centers that are primarily reimbursed for expenses, as a result they generate an immaterial amount of income or loss. Pretax book income (loss) is all from domestic operations. Up to four years of returns remain open for potential audit in foreign jurisdictions, however any audits for periods prior to ownership by the Company are the responsibility of the previous owners.

Under certain circumstances issuance of common shares can result in an ownership change under Internal Revenue Code Section 382, which limits the Company's ability to utilize carry-forwards from prior to the ownership change. Any such ownership change resulting from stock issuances and redemptions could limit the Company's ability to utilize any net operating loss carry-forwards or credits generated before this change in ownership. These limitations can limit both the timing of usage of these laws, as well as the loss of the ability to use these net operating losses. The Company had an ownership change as described in IRC Section 382 on March 18, 2014. The Company NOL's generated up until March 18, 2014, have been fully released.

**OPTIMIZERx CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

NOTE 16 – COMMITMENTS AND CONTINGENT LIABILITIES

Legal

From time to time, the Company may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. We are currently not a party to any material legal or administrative proceedings, and we are not aware of any pending or threatened material legal or administrative proceedings against us.

Commitments

From time to time, the Company enters into arrangements with partners to acquire minimum amounts of media, data or messaging capabilities. As of December 31, 2023, the Company had commitments for future minimum payments of \$24.7 million that will be reflected in cost of revenues during the years from 2024 through 2028. Minimum payments are due in 2024, 2025, 2026, 2027 and 2028 in the amounts of \$10.6 million, \$8.3 million, \$3.3 million, \$2.4 million and \$0.1 million, respectively.

NOTE 17 – RETIREMENT PLAN

The Company sponsors a defined contribution 401(k) profit sharing plan which was adopted in December 2015, effective in January 2016. Under the terms of the plan, the Company matches 100% of the first 3% of payroll contributed by the employee and 50% of the next 2% of payroll contributed by the employee to a maximum of 4% of an employee's payroll. There was expense of \$726,660 and \$489,780 recorded in 2023 and 2022, respectively, for the Company's contributions to the plan.

NOTE 18 – SUBSEQUENT EVENTS

None.

## **Item 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

### **Item 9A. Controls and Procedures**

#### **Evaluation of Disclosure Controls and Procedures.**

We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosures.

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, conducted an evaluation, as of the end of the period covered by this report, of the effectiveness of our disclosure controls and procedures, as such term is defined in Exchange Act Rule 13a-15(e). Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that, as of the end of the period covered by this report, due to a material weakness in our internal control over financial reporting, our disclosure controls and procedures, as defined in Rule 13a-15(e), were not effective at the reasonable assurance level.

To address the material weakness referenced above, the Company performed additional analysis and performed other procedures in order to prepare the audited consolidated financial statements in accordance with generally accepted accounting principles (GAAP). Accordingly, management believes that the consolidated financial statements included in this Annual Report on Form 10-K fairly present, in all material respects, our financial condition, results of operations and cash flows for the periods presented.

#### **Management's Report on Internal Control Over Financial Reporting.**

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f). Internal control over financial reporting is a process designed 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 in the United States of America. The Company's internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, any system of internal control over financial reporting, no matter how well defined, may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. The Company's management, with the participation of our Chief Executive Officer and our Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2023. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control — Integrated Framework (2013). Based on this assessment using those criteria, management identified the following material weaknesses existed as of December 31, 2023: inadequate controls to ensure that data received from third-party service organizations is complete and accurate. As a result, based on the COSO criteria, the Company's management has concluded that we did not maintain effective internal control over financial reporting as of December 31, 2023.

### **Plan for Remediation of Material Weakness**

Management is actively engaged in the planning for, and implementation of, remediation efforts to address the material weakness identified above. Management intends to implement the following remediation steps:

- a. The Company will require each third-party service organization to provide a SOC-1, Type 2 report to us.
- b. If a SOC-1, Type 2 report is not available, the Company will evaluate each third-party's relevant system(s) and reporting directly through inquiry and substantive testing of such third-party's control environment.
- c. If we are unable to obtain a valid SOC-1 Type 2 report or perform substantive testing of such third-party's control environment, the Company will implement a channel partner qualification and program triaging process, which would include modifying customer contracts, limiting the volume of activity with those third-parties and establishing other controls to ensure the completeness and accuracy of information received from those third-parties, such as performing tagging procedures where possible.

Management believes the measures described above will remediate the material weakness that we have identified. During the quarter ended December 31, 2023, the Company continued to engage with the third-party service organizations to discuss the reporting requirements. As management continues to evaluate and improve our disclosure controls and procedures and internal control over financial reporting, the Company may decide to take additional measures to address control deficiencies or determine to modify, or in appropriate circumstances not to complete, certain of the remediation measures identified.

### **Changes in Internal Controls Over Financial Reporting.**

Except as noted above, there was no change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act), that occurred during the quarter ended December 31, 2023, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

### **Item 9B. Other Information**

#### ***Adoption of 10b5-1 Trading Plan***

During the year ended December 31, 2023, certain of our officers and directors adopted Rule 10b5-1 trading arrangements as follows:

On June 15, 2023, Mr. William J. Febbo, the Chief Executive Officer of the Company, adopted a written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) (the "Febbo Rule 10b5-1 Trading Plan). The Febbo 10b5-1 Trading Plan, which has a term of one year, provides for the sale of up to 300,000 shares of common stock pursuant to the terms therein.

On June 15, 2023, Ms. Marion Odence-Ford, the General Counsel & Chief Compliance Officer of the Company, adopted a written plan for the purchase or sale of our securities that is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) (the "Odence-Ford Rule 10b5-1 Trading Plan). The Odence-Ford 10b5-1 Trading Plan, which has a term of one year, provides for the sale of up to 7,000 shares of common stock pursuant to the terms therein.

### ***William Febbo's Employment Agreement***

On April 12, 2024, the Company entered into an amended and restated employment letter agreement with William J. Febbo (the "Febbo Employment Agreement") which updates and supersedes in its entirety his prior employment agreement, as amended (the "Febbo Prior Employment Agreement") to, among other things, eliminate the single trigger cash severance which was payable to Mr. Febbo in connection with a change in control, remove the Company's 280G tax gross-up payment obligation afforded to Mr. Febbo under the Febbo Prior Employment Agreement, and provide for an equity grant to Mr. Febbo of 90,000 restricted stock units which vest over three years. In connection with the Febbo Employment Agreement, the Compensation Committee amended the OptimizeRx Corporation Executive Severance Plan to make Mr. Febbo a participant of such plan (as described below). As a result, all of Mr. Febbo's prior rights to severance and change in control benefits under the Febbo Prior Employment Agreement were removed from the Febbo Employment Agreement. Mr. Febbo's amended severance and/or change in control benefits are now set forth in full in the Amended Severance Plan (as defined below).

The foregoing summary of Mr. Febbo's Employment Agreement is not complete and is qualified in its entirety by reference to the complete text of the Febbo Employment Agreement, a copy of which is filed as Exhibit 10.26 to this Form 10-K and is incorporated herein by reference.

### ***Stephen Silvestro's Employment Agreement***

On April 12, 2024, the Company entered into an amended and restated employment letter agreement with Stephen Silvestro (the "Silvestro Employment Agreement") which updates and supersedes in its entirety his prior employment agreement, as amended (the "Silvestro Prior Employment Agreement") to, among other things, remove the Company's 280G tax gross-up payment obligation afforded to Mr. Silvestro under the Silvestro Prior Employment Agreement.

The foregoing summary of Mr. Silvestro's Employment Agreement is not complete and is qualified in its entirety by reference to the complete text of the Silvestro Employment Agreement, a copy of which is filed as Exhibit 10.27 to this Form 10-K and is incorporated herein by reference.

### ***Amended Executive Severance Plan***

On April 12, 2024, the Compensation Committee amended the OptimizeRx Corporation Executive Severance Plan (the "Amended Severance Plan") to include Mr. Febbo as a participant in the Amended Severance Plan, to remove former and add new executive management team members, and to increase the Severance Benefits (as defined below) payable to Mr. Silvestro.

The Amended Severance Plan provides that if Mr. Febbo or Mr. Silvestro is terminated without cause or resigns for Good Reason, he will be paid (i) an amount equal to 1.5 times his base salary, paid in installments over 18 months, (ii) an amount equal to his target annual bonus in effect at the time of termination, paid in a lump sum, and (iii) payment by the Company of COBRA premiums for such executive and his spouse and eligible dependents for up to 12 months following termination (the payments in (i), (ii) and (iii) collectively referred to as "Severance Benefits").

The Amended Severance Plan also provides Change in Control termination and death benefits to executive management team members. Mr. Silvestro's benefits under such provisions were not changed in connection with the Amended Severance Plan. The Amended Severance Plan provides that if Mr. Febbo is terminated without cause or resigns for Good Reason three months prior to or 24 months following a Change in Control, in addition to the Severance Benefits, Mr. Febbo will be paid a lump sum payment equal to 5.0 times his then current base salary. The Severance Plan also provides that if Mr. Febbo is terminated due to death or disability, he (or his estate) will be paid an amount equal to his target annual bonus in effect at the time of termination, paid in a lump sum. Terms not otherwise defined herein have the meanings assigned to them in the Amended Severance Plan.

The foregoing description of the Amended Severance Plan is not complete and is qualified in its entirety by reference to the complete text of the Amended Severance Plan, a copy of which is filed as Exhibit 10.28 to this Form 10-K and is incorporated herein by reference.

### **Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.**

None

### **PART III**

#### **Item 10. Directors, Executive Officers and Corporate Governance**

Except for the information provided in PART I, Item 4.1, “Information About Our Executive Officers” and as set forth below, the required information is incorporated by reference from our definitive proxy statement for our 2024 Annual Meeting of Shareholders, including, but not necessarily limited to, the sections entitled “Proposal No. 1 Election of Directors, “Committees of the Board of Directors” and “Information Regarding Security Holders Delinquent Section 16(a) Reports.”

We have a Code of Business Conduct and Ethics (the “Code”) that applies to our directors, officers, and employees. Only the Board may grant a waiver of any provision for a director, executive officer, or any other principal financial officer, and any such waiver, or any amendment to the Code, will be promptly disclosed as required at [www.optimizerx.com](http://www.optimizerx.com). The Code can be found on the Company’s website at [www.optimizerx.com](http://www.optimizerx.com) under “Investor Relations - Governance.” The information on the website is not and should not be considered part of this Form 10-K and is not incorporated by reference in this Form 10-K.

#### **Item 11. Executive Compensation**

The required information is incorporated by reference from our definitive proxy statement for our 2024 Annual Meeting of Shareholders, including, but not necessarily limited to, the sections entitled “Director Compensation” and “Executive Compensation”.

#### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.**

Except for the information set forth below, the required information is incorporated by reference from our definitive proxy statement for our 2024 Annual Meeting of Shareholders, including, but not necessarily limited to, the section entitled “Information Regarding Security Holders.”

## Equity Compensation Plan Information

The following table details information regarding our existing equity compensation plans as of December 31, 2023:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
	(a)	(b)	(c)
Equity compensation plans approved by security holders			
2013 Equity Compensation Plan – Options	345,435	33.43	0
2013 Equity Compensation Plan – Restricted Stock Units	111,628	N/A	0
2021 Equity Incentive Plan – Options	1,209,626	23.80	276,844
2021 Equity Incentive Plan – Restricted Stock Units	631,581	N/A	0
Equity compensation plans not approved by security holders	<u>0</u>	<u>N/A</u>	<u>0</u>
Total	<u><u>2,298,270</u></u>		<u><u>276,844</u></u>

## Item 13. Certain Relationships and Related Transactions, and Director Independence

The required information is incorporated by reference from our definitive proxy statement for our 2024 Annual Meeting of Shareholders, including, but not necessarily limited to, the sections entitled “Certain Relationships and Related Transactions” and “Corporate Governance - Director Independence.”

## Item 14. Principal Accounting Fees and Services

The required information is incorporated by reference from our definitive proxy statement for our 2024 Annual Meeting of Shareholders, including, but not necessarily limited to, the sections entitled “Ratification of UHY LLP as Independent Registered Public Accounting Firm – Independent Registered Public Accountant Fee Information” and “Ratification of UHY LLP as Independent Registered Public Accounting Firm – Pre-Approval Policies and Procedures.”

## PART IV

### Item 15. Exhibits and Financial Statements Schedules

- (a) The consolidated financial statements and exhibits listed below are filed as part of this Annual Report on Form 10-K.
- (1) The Company's consolidated financial statements, the notes thereto and the report of the Independent Registered Public Accounting Firm are included in PART II, Item 8. "Financial Statements and Supplementary Data."
  - (2) Financial statement schedules have been omitted because they are not applicable, not required, or the required information is included in the Consolidated Financial Statements or Notes thereto.
  - (3) Exhibits. Reference is made to Item 15(b) below.
- (b) *Exhibits*. The Exhibit Index, which immediately precedes the signature page, is incorporated by reference into this Annual Report on Form 10-K.
- (c) *Financial Statement Schedules*. Reference is made to Item 15(a)(2) above.

### Item 16. Form 10-K Summary

None

## EXHIBIT INDEX

Exhibit Number	Description
3.1	<a href="#">Articles of Incorporation of OptimizeRx Corporation (the "Company") Incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-1 (Registration No. 333-155280) filed on November 12, 2008.</a>
3.2	<a href="#">Certificate of Correction, dated April 30, 2018. Incorporated by reference to Exhibit 3.5 to the Company's Annual Report on Form 10-K for the year ended December 31, 2018.</a>
3.3	<a href="#">Third Amended and Restated Bylaws of the Company. Incorporated by reference to Exhibit 3.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 2022.</a>
4.1	<a href="#">Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934. Incorporated by reference to Exhibit 4.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2021.</a>
10.1†	<a href="#">Fourth Amended and Restated 2013 Equity Incentive Plan. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 12, 2020.</a>
10.2†	<a href="#">OptimizeRx 2021 Equity Incentive Plan. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 25, 2021.</a>
10.3†	<a href="#">Form of Stock Option Award for grants under the OptimizeRx Corporation 2021 Equity Incentive Plan. Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on August 25, 2021.</a>
10.4†	<a href="#">Form of Performance Stock Option Award for grants under the OptimizeRx Corporation 2021 Equity Incentive Plan. Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on August 25, 2021.</a>
10.5†	<a href="#">Form of Restricted Stock Unit Award for grants under the OptimizeRx Corporation 2021 Equity Incentive Plan. Incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on August 25, 2021.</a>

10.6†	<a href="#"><u>Form of Performance Restricted Stock Unit Award for grants under the OptimizeRx Corporation 2021. Incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on August 25, 2021</u></a>
10.7†	<a href="#"><u>Amended Employment Agreement by and between the Company and William J. Febbo. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 26, 2019.</u></a>
10.8†	<a href="#"><u>Amendment to the Employment Agreement with William Febbo. Incorporated by reference to Exhibit 10.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019.</u></a>
10.9†	<a href="#"><u>Addendum to the Employment Agreement with William J. Febbo. Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021.</u></a>
10.10*†	<a href="#"><u>Third Addendum to the Employment Agreement with William J. Febbo. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 19, 2021.</u></a>
10.11†	<a href="#"><u>Employment Agreement by and between the Company and Stephen Silvestro. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 3, 2019.</u></a>
10.12†	<a href="#"><u>Amendment to the Employment Agreement with Stephen Silvestro. Incorporated by reference to Exhibit 10.5 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019.</u></a>
10.13†	<a href="#"><u>Amendment to Employment Agreement by and between the Company and Stephen Silvestro dated February 28, 2022. Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on March 4, 2022.</u></a>
10.14†	<a href="#"><u>Employment Agreement with Marion Odence-Ford. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 11, 2021.</u></a>
10.15†	<a href="#"><u>Amendment to Employment Agreement by and between the Company and Marion Odence-Ford dated February 28, 2022. Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on March 4, 2022.</u></a>
10.16*†	<a href="#"><u>Offer Letter by and between the Company and Edward Stelmakh. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 30, 2021.</u></a>
10.17†	<a href="#"><u>OptimizeRx Corporation 2022 Cash Bonus Plan. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 4, 2022.</u></a>
10.18†	<a href="#"><u>OptimizeRx Corporation Executive Severance Plan. Incorporated by reference to Exhibit 10.18 to the Company's Annual Report on Form 10-K filed on March 10, 2023.</u></a>
10.19†	<a href="#"><u>Fourth Addendum to the Employment Agreement with William J. Febbo. Incorporated by reference to Exhibit 10.19 to the Company's Annual Report on Form 10-K filed on March 10, 2023.</u></a>
10.20	<a href="#"><u>Agreement and Plan of Merger dated as of October 11, 2023 by and among OptimizeRx Corporation, Healthy Offers, Inc., the securityholders of Healthy Offers, Inc. who are party to the Agreement, and Michael Weintraub, not in his individual capacity, but solely in his capacity as the representative, agent and attorney-in-fact of the Securityholders. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 16, 2023.</u></a>
10.21	<a href="#"><u>Support Agreement, dated as of October 11, 2023 by and among the stockholders party thereto, OptimizeRx Corporation and Healthy Offers, Inc. Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on October 16, 2023.</u></a>
10.22	<a href="#"><u>Financing Agreement, dated as of October 11, 2023, by and among OptimizeRx Corporation, the lenders from time to time party thereto, and Blue Torch Finance, LLC, as collateral agent and administrative agent. Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on October 16, 2023.</u></a>
10.23	<a href="#"><u>Letter Agreement, dated as of October 11, 2023, OptimizeRx Corporation and Blue Torch Finance, LLC. Incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on October 16, 2023.</u></a>
10.24	<a href="#"><u>Common Stock Purchase Agreement dated October 24, 2023 by and among the Company and the Management Investors. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 25, 2023.</u></a>
10.25	<a href="#"><u>Amendment No. 1 to Financing Agreement, dated March 29, 2024. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 2, 2024.</u></a>
10.26*†**	<a href="#"><u>Amended and Restated Employment Agreement by and between the Company and William J. Febbo dated April 12, 2024.</u></a>

10.27†**	<a href="#">Amended and Restated Employment Agreement by and between the Company and Stephen Silvestro dated April 12, 2024.</a>
10.28†**	<a href="#">Amended OptimizeRx Corporation Executive Severance Plan dated April 12, 2024.</a>
14.1	<a href="#">Code of Business Conduct and Ethics Incorporated by reference to Exhibit 14.1 to the Company's Current Report on Form 8-K filed on June 25, 2021.</a>
19.1**	<a href="#">OptimizeRx Corporation Insider Trading Policy</a>
21.1**	<a href="#">List of Subsidiaries</a>
23.1**	<a href="#">Consent of UHY LLP</a>
31.1**	<a href="#">Certification of Chief Executive Officer pursuant to Securities Exchange Act Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
31.2**	<a href="#">Certification of Chief Financial Officer pursuant to Securities Exchange Act Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
32.1**	<a href="#">Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
97.1**	<a href="#">OptimizeRx Corporation Clawback Policy</a>
101.INS**	Inline XBRL Instance Document
101.SCH**	Inline XBRL Schema Document
101.CAL**	Inline XBRL Calculation Linkbase Document
101.DEF**	Inline XBRL Definition Linkbase Document
101.LAB**	Inline XBRL Label Linkbase Document
101.PRE**	Inline Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

† Management Contracts and Compensatory Plans, Contracts or Arrangements.

\* Exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company agrees to furnish supplementally a copy of any omitted exhibit to the SEC upon request.

\*\* Provided herewith.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### OptimizeRx Corporation

By: /s/ William J. Febbo  
William Febbo

Title: Chief Executive Officer

Date: April 15, 2024

By: /s/ Edward Stelmakh  
Edward Stelmakh

Title: Chief Financial Officer  
Chief Operations Officer

Date: April 15, 2024

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ William J. Febbo</u> William J. Febbo	Chief Executive Officer and Director (principal executive officer)	April 15, 2024
<u>/s/ Edward Stelmakh</u> Edward Stelmakh	Chief Financial Officer and Chief Operations Officer (principal financial and accounting officer)	April 15, 2024
<u>/s/ Lynn O'Connor Vos</u> Lynn O'Connor Vos	Chairperson	April 15, 2024
<u>/s/ Gus D. Halas</u> Gus D. Halas	Director	April 15, 2024
<u>/s/ Patrick Spangler</u> Patrick Spangler	Director	April 15, 2024
<u>/s/ James Lang</u> James Lang	Director	April 15, 2024
<u>/s/ Greg Wasson</u> Greg Wasson	Director	April 15, 2024
<u>/s/ Catherine Klema</u> Catherine Klema	Director	April 15, 2024



March 6, 2024

William J. Febbo  
142 Calle Violeta  
San Juan, Puerto Rico 00927

Dear Will,

On behalf of OptimizeRx Corporation (the "Company"), we are excited to make this amended and restated employment offer to you for the full-time, exempt position of Chief Executive Officer and member of the Company Board of Directors (this "Amended and Restatement Employment Agreement"), effective upon execution of this Amended and Restatement Employment Agreement (the "Effective Date"). For purposes of determining employment tenure, February 22, 2016 shall be recognized as your start date of employment.

**Base Salary.** You will be entitled to receive an annual base salary of \$450,000.00 at the rate of \$18,750.00 per semi-monthly pay period, representing payment for all hours worked, with such increases (but no decreases, unless mutually agreed) as may be determined by the Compensation Committee of the Company's Board of Directors (the "Compensation Committee") from time to time (as increased from time to time, the "Base Salary"). Your Base Salary is payable in accordance with the Company's regular payroll practices and subject to customary and required withholdings and deductions.

**Annual Bonus.** In addition to the Base Salary, you will be eligible to receive annual cash bonuses under the Company's 2022 Cash Bonus Plan and/or any other cash incentive plan maintained by the Company (such plan, the "Bonus Plan"), as determined by the Compensation Committee in its sole discretion within the parameters, and subject to the terms and conditions, of the Bonus Plan, with a target bonus of 100% of your Base Salary. Any bonus payments paid to you is entirely at the discretion of the Compensation Committee and will be subject to the Company's and your personal performance achievements and to customary tax deductions.

**Equity.** The Compensation Committee has authorized the Company to grant you sixty thousand (60,000) restricted stock units ("RSUs"). Subject to the Board of Directors' approval, the grant date will be April 15, 2024. The RSUs shall vest in equal one-third increments over a three (3) year period, commencing on the first anniversary of the grant date.

Following the Effective Date, you may receive additional grants of equity awards under the Company's 2021 Equity Incentive Plan and/or any other equity-related incentive plan maintained by the Company (such plan, the "Equity Plan"), as determined by the Compensation Committee in its sole discretion within the parameters, and subject to the terms and conditions, of the Equity Plan. The treatment of any equity awards held by you under the Equity Plan in connection with the termination of your employment shall be determined under the Equity Plan and/or award agreement relating to such award.

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Consistent with the foregoing, any equity granted to you, whether restricted stock units (“RSUs”) or options to purchase the Company’s common stock (“Options”) will be granted to you pursuant to the terms of the Equity Plan, as may be amended from time to time, attached hereto as **Exhibit A**, and the applicable award agreements in substantially similar forms to those attached hereto as **Exhibit B**, and the Options for the awards shall be at an exercise price equal to the fair market value of the underlying common stock as determined by the closing trading price of the Company’s common stock on the Nasdaq Stock Exchange on the grant date.

**Additional Compensation.** You shall be eligible to receive such other compensation as may from time to time be awarded to you by the Compensation Committee, in its sole discretion.

**Severance Pay.** If you undergo a Covered Termination as defined by the Company’s 2023 Executive Severance Plan (the “Severance Plan”), as amended, and attached hereto as **Exhibit C**, you shall receive severance benefits within the parameters, and subject to the terms and conditions, of the Severance Plan, including your continued compliance with the terms and conditions of this Agreement, your Business Protection Agreement, and execution of the Company Separation Agreement, waiver and release.

**Employee Benefits.** In addition to your compensation, you will continue to have the opportunity to participate in various Company benefit programs offered to employees, pursuant to the terms and conditions of such programs, including a 401(k) plan, group medical, dental and vision insurance as well as life, AD&D insurance, short and long-term disability benefits. Our 401k plan includes a company match of up to 4%, based on individual contribution. You will also be eligible to participate in our flexible Paid Time Off (PTO) policy. Please note that the Company reserves the right to change or discontinue any of our benefits, plans, providers, and policies, at any time.

**Job Responsibilities.** As CEO, your responsibilities will be as outlined by the Board of Directors and relayed to you from time to time. You shall devote substantially all of your business time (excluding periods of vacation and other approved leaves of absence) to the performance of your duties with the Company, provided the foregoing shall not prevent you from participating in charitable, civic, educational, professional, community or industry affairs or, with prior written approval of the Board in accordance with the Company’s Corporate Governance Guidelines, serving on the board of directors or advisory boards of other companies. If at any time service on any board of directors or advisory board would, in the good faith judgment of the Board, conflict with your fiduciary duty to the Company or create any appearance thereof, you shall, as soon as reasonably practicable considering any fiduciary duty to the other entity, resign from such other board of directors or advisory board after written notice of the conflict is received from the Board. Service on the boards of directors or advisory boards disclosed by you to the Company on which you are serving as of the Effective Date are hereby approved.

**Expense Reimbursement.** We will reimburse you for all approved business expenditures including travel costs incurred by you pursuant to the terms of the Company travel policy.

**At-Will Employment.** Please note that you are not being offered employment for a definite period of time, and that either you or the Company may terminate your employment at any time for any reason, with or without cause or notice, except as prohibited by law. Nothing in this Amended and Restatement Employment Agreement should be interpreted as creating anything other than an at-will employment relationship.

Business Protection Agreement. The Company considers the protection of its confidential information, proprietary materials and goodwill to be extremely important. The Business Protection Agreement you executed on March 5, 2024, and as attached hereto as **Exhibit D** shall remain in full force and effect.

Certifications. As a condition of your employment, you certify and reaffirm to the Company that you are free to enter into and fully perform the duties of your position, and that you are not subject to any employment, confidentiality, non-competition or other agreement that would restrict your performance for the Company. If you are subject to any such agreement, please forward it to the Company as soon as possible.

Additionally, as a condition of your employment, you certify and reaffirm that you will not disclose to or use for the benefit of the Company any trade secret or confidential or proprietary information of any previous employer. You further certify and reaffirm that you have not divulged or used any such information for the benefit of the Company, and that you have not and will not misappropriate any such information from any former employer.

Entire Agreement. This Amended and Restatement Employment Agreement and your signed Business Protection Agreement, states the terms of your employment and supersedes and cancels any prior oral or written representations, offers or promises made by the Company and any understandings or agreements, whether written or oral, between the Company and you, including but not limited to the employment offer made to you on February 12, 2016, as amended on March 10, 2020, September 24, 2020, October 15, 2021, and March 8, 2023 (the "Original Febbo Employment Agreement"). Upon execution of this Amended and Restatement Employment Agreement, the Original Febbo Employment Agreement shall terminate in its entirety and the terms set forth therein shall be null and void.

If you have any questions, please do not hesitate to call me to discuss. Please sign and date below and return one copy of this letter to the Company.

With best regards,

/s/ Marion Odence-Ford

\_\_\_\_\_  
Marion Odence-Ford  
General Counsel & Chief Compliance Officer

Acknowledged and agreed:

William J. Febbo  
\_\_\_\_\_  
Printed Name

/s/ William J. Febbo  
\_\_\_\_\_  
Signature

April 12, 2024  
\_\_\_\_\_  
Date

**OptimizeRx Corporation  
2021 Equity Incentive Plan**

**OptimizeRx Corporation  
2021 Equity Incentive Plan  
Forms of Award Agreements**

**OptimizeRx Corporation  
2023 Executive Severance Plan**

**Febbo Business Protection Agreement**



March 1, 2024

Stephen Silvestro  
41 Fletcher Lane  
Hollis, NH 03049

Dear Steve,

On behalf of OptimizeRx Corporation (the "Company"), we are excited to make this amended and restated employment offer to you for the full-time, exempt position of President (this "Amended and Restatement Employment Agreement"), effective upon execution of this Amended and Restatement Employment Agreement (the "Effective Date"). For purposes of determining employment tenure, April 29, 2019 shall be recognized as your start date of employment.

Base Salary. You will be entitled to receive an annual base salary of \$400,000.00 at the rate of \$16,666.66 per semi-monthly pay period, representing payment for all hours worked, with such increases (but no decreases, unless mutually agreed) as may be determined by the Compensation Committee of the Company's Board of Directors (the "Compensation Committee") from time to time (as increased from time to time, the "Base Salary"). Your Base Salary is payable in accordance with the Company's regular payroll practices and subject to customary and required withholdings and deductions.

Annual Bonus. In addition to the Base Salary, you will be eligible to receive annual cash bonuses under the Company's 2022 Cash Bonus Plan and/or any other cash incentive plan maintained by the Company (such plan, the "Bonus Plan"), as determined by the Compensation Committee in its sole discretion within the parameters, and subject to the terms and conditions, of the Bonus Plan, with a target bonus of 60% of your Base Salary. Any bonus payments paid to you is entirely at the discretion of the Compensation Committee and will be subject to the Company's and your personal performance achievements and to customary tax deductions.

Equity. Following the Effective Date, you may receive grants of equity awards under the Company's 2021 Equity Incentive Plan and/or any other equity-related incentive plan maintained by the Company (such plan, the "Equity Plan"), as determined by the Compensation Committee in its sole discretion within the parameters, and subject to the terms and conditions, of the Equity Plan. The treatment of any equity awards held by you under the Equity Plan in connection with the termination of your employment shall be determined under the Equity Plan and/or award agreement relating to such award.

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Consistent with the foregoing, any equity granted to you, whether restricted stock units (“RSUs”) or options to purchase the Company’s common stock (“Options”) will be granted to you pursuant to the terms of the Equity Plan, as may be amended from time to time, attached hereto as **Exhibit A**, and the applicable award agreements in substantially similar forms to those attached hereto as **Exhibit B**, and the Options for the awards shall be at an exercise price equal to the fair market value of the underlying common stock as determined by the closing trading price of the Company’s common stock on the Nasdaq Stock Exchange on the grant date.

**Additional Compensation.** You shall be eligible to receive such other compensation as may from time to time be awarded to you by the Compensation Committee, in its sole discretion.

**Severance Pay.** If you undergo a Covered Termination as defined by the Company’s 2023 Executive Severance Plan (the “Severance Plan”), as amended, and attached hereto as **Exhibit C**, you shall receive severance benefits within the parameters, and subject to the terms and conditions, of the Severance Plan, including your continued compliance with the terms and conditions of this Agreement, your Business Protection Agreement, and execution of the Company Separation Agreement, waiver and release.

**Employee Benefits.** In addition to your compensation, you will continue to have the opportunity to participate in various Company benefit programs offered to employees, pursuant to the terms and conditions of such programs, including a 401(k) plan, group medical, dental and vision insurance as well as life, AD&D insurance, short and long-term disability benefits. Our 401k plan includes a company match of up to 4%, based on individual contribution. You will also be eligible to participate in our flexible Paid Time Off (PTO) policy. Please note that the Company reserves the right to change or discontinue any of our benefits, plans, providers, and policies, at any time.

**Job Responsibilities.** As President, your responsibilities are outlined in the job description attached hereto as **Exhibit D**. You shall devote substantially all of your business time (excluding periods of vacation and other approved leaves of absence) to the performance of your duties with the Company, provided the foregoing shall not prevent you from participating in charitable, civic, educational, professional, community or industry affairs.

**Expense Reimbursement.** We will reimburse you for all approved business expenditures including travel costs incurred by you pursuant to the terms of the Company travel policy.

**At-Will Employment.** Please note that you are not being offered employment for a definite period of time, and that either you or the Company may terminate your employment at any time for any reason, with or without cause or notice, except as prohibited by law. Nothing in this Amended and Restatement Employment Agreement should be interpreted as creating anything other than an at-will employment relationship.

**Business Protection Agreement.** The Company considers the protection of its confidential information, proprietary materials and goodwill to be extremely important. The Business Protection Agreement you executed on March 25, 2019, and as attached hereto as **Exhibit E** shall remain in full force and effect.

Certifications. As a condition of your employment, you certify and reaffirm to the Company that you are free to enter into and fully perform the duties of your position, and that you are not subject to any employment, confidentiality, non-competition or other agreement that would restrict your performance for the Company. If you are subject to any such agreement, please forward it to the Company as soon as possible.

Additionally, as a condition of your employment, you certify and reaffirm that you will not disclose to or use for the benefit of the Company any trade secret or confidential or proprietary information of any previous employer. You further certify and reaffirm that you have not divulged or used any such information for the benefit of the Company, and that you have not and will not misappropriate any such information from any former employer.

Entire Agreement. This Amended and Restatement Employment Agreement and your signed Business Protection Agreement, states the terms of your employment and supersedes and cancels any prior oral or written representations, offers or promises made by the Company and any understandings or agreements, whether written or oral, between the Company and you, including the employment offer made to you on March 18, 2019, as amended on March 10, 2020 and February 28, 2022 (the "Original Silvestro Employment Agreement"). Upon execution of this Amended and Restatement Employment Agreement, the Original Silvestro Employment Agreement shall terminate and the terms set forth therein shall be null and void.

If you have any questions, please do not hesitate to call me to discuss. Please sign and date below and return one copy of this letter to the Company.

With best regards,

/s/Marion Odenca-Ford  
\_\_\_\_\_  
Marion Odenca-Ford  
General Counsel & Chief Compliance Officer

Acknowledged and agreed:

\_\_\_\_\_  
Stephen Silvestro  
Printed Name

\_\_\_\_\_  
/s/ Stephen Silvestro  
Signature

\_\_\_\_\_  
April 12, 2024  
Date:

**OptimizeRx Corporation  
2021 Equity Incentive Plan**

**OptimizeRx Corporation  
2021 Equity Incentive Plan  
Forms of Award Agreements**

**OptimizeRx Corporation  
2023 Executive Severance Plan**

**OptimizeRx Corporation  
President Job Description**

**Silvestro Business Protection Agreement**

**OPTIMIZERX CORPORATION  
EXECUTIVE SEVERANCE PLAN\***

**Plan Document/Summary Plan Description**

OptimizeRx Corporation (the “Company”) has adopted this OptimizeRx Corporation Executive Severance Plan (the “Plan”) for the benefit of certain employees of the Company and its subsidiaries (hereinafter referred to as the “Company Group”), on the terms and conditions hereinafter stated, effective as of the Effective Date.

The Plan is not intended to be an “employee pension benefit plan” or “pension plan” within the meaning of Section 3(2) of ERISA. Rather, the Plan is intended to be a “welfare benefit plan” within the meaning of Section 3(1) of ERISA and to meet the descriptive requirements of a plan constituting a “severance pay plan” within the meaning of regulations published by the Secretary of Labor at Title 29, Code of Federal Regulations, Section 2510.3-2(b). Accordingly, any benefits paid pursuant to the terms of the Plan are not deferred compensation for purposes of ERISA, and no Participant shall have a vested right to such benefits. To the extent applicable, it is intended that portions of the Plan either comply with or be exempt from the provisions of Section 409A of the Code. The Plan shall be administered in a manner consistent with this intent and any provision that would cause the Plan to fail to either constitute a welfare benefit plan under ERISA or comply with or be exempt from Section 409A of the Code, as the case may be, shall have no force and effect. This document serves as both the plan document as required under Section 402 of ERISA as well as a summary plan description as required under Section 104(b) of ERISA.

1. **Definitions.** Capitalized terms used in this Plan shall have the meanings ascribed to such terms in Appendix A.

2. **Eligibility.**

Except as otherwise provided under the Plan, each Participant is eligible to receive severance pay and severance benefits under the Plan if such Participant:

(a) remains in the employ of the Employer through the date of a Covered Termination, death or Disability;

(b) fulfills the normal responsibilities of such Participant’s position, including, but not limited to, meeting regular attendance, specific transitional activities, workload and other standards of the Employer,

(c) executes and does not revoke the Release Agreement; and

(d) complies with and, during the term of the Severance Period (and in some instances, for some period following the expiration of the Severance Period in accordance with the terms of the BPA), remains compliant with, all the terms of such BPA.

\*Amended April 12, 2024

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### 3. Termination of Employment.

(a) Payments on Covered Termination. If a Participant designated on Appendix B hereto undergoes a Covered Termination, in addition to any Accrued Obligations, subject to such Participant's execution, delivery to the Company, and non-revocation of a Release Agreement, as contemplated in subsection (e) below, and continued compliance with the BPA during the Severance Period (and in some instances, for some period following the expiration of the Severance Period in accordance with the terms of the BPA), such Participant shall be entitled to the following payments and benefits:

(i) the Target Bonus, which will be payable to the Participant in a lump sum within 60 days following the date of termination, and

(ii) (A) the applicable Cash Severance Amount set forth on Appendix B, payable in substantially equal installments as continuous pay in accordance with the Company's payroll practices as in effect from time to time over the applicable number of months set forth on Appendix B, commencing on the 60th day following the date of termination, *provided* that the first such payment shall include all amounts that would have been paid to the Participant in accordance with the Company's payroll practices if such payments had begun on the date of the Participant's Covered Termination; and (B) the COBRA Payment, payable in monthly installments during the Subsidized COBRA Period (or apply such amount to the payment of such continuation coverage), commencing on the 60th day following the date of termination, *provided* that the first such payment shall include all amounts that would have been paid or provided to Participant in accordance with the Company's payroll practices if such payments had begun on the date of the Participant's Covered Termination.

(b) Payments on Change in Control Covered Termination. If a Participant undergoes a Change in Control Covered Termination, subject to such Participant's execution, delivery to the Company, and non-revocation of a Release Agreement, as contemplated in subsection (e) below, and continued compliance with the BPA during the Severance Period (and in some instances, for some period following the expiration of the Severance Period in accordance with the terms of the BPA), such Participant shall be entitled to the following payment in addition to the payments and benefits set forth in Section 3(a): a lump-sum cash payment equal to the applicable CIC Covered Termination Payment Amount set forth on Appendix C, payable within 60 days following the later of (A) the date of the Participant's Change in Control Covered Termination or (B) the closing date of the applicable Change in Control. For the avoidance of doubt, if a Participant's name is not set forth on Appendix C hereto, such Participant is ineligible to receive any payments under this Section 3(b).

Payments and benefits described under subsections (a) and (b) may be made by the Company or any other member of the Company Group, as determined by the Company in its sole discretion, including, without limitation, the Employer.

(c) Payments on Death or Disability. In the event a Participant's employment with the Employer is terminated due to such Participant's death or Disability, in addition to any Accrued Obligations, the Participant (or the Participant's estate, as applicable) shall receive the Target Bonus, payable in a lump sum within 60 days following the date of termination; *provided, however*, in the case of the Participant's termination due to Disability, the Participant must execute, deliver to the Company, and not revoke the Release Agreement, as contemplated in subsection (e) below, and continue to comply with the BPA during the Severance Period (and in some instances, for some period following the expiration of the Severance Period in accordance with the terms of the BPA).

\*Amended April 12, 2024

(d) Other Termination Events. If a Participant's employment is terminated for any reason other than pursuant to a Covered Termination, death or Disability, such Participant shall not be entitled to the Severance Pay or other benefits under the Plan.

(e) Release Agreement. Notwithstanding any provision herein to the contrary, the payment of any amount or provision of any benefit pursuant to this Section 3 (other than the Accrued Obligations) shall be conditioned upon a Participant's execution, delivery to the Company, and non-revocation of the Release Agreement (and the expiration of any revocation period contained in such Release Agreement) within 60 days following the date of a Covered Termination. If a Participant fails to execute the Release Agreement in such a timely manner or timely revokes his or her acceptance of such release following its execution, such Participant shall not be entitled to Severance Pay or any other benefits under the Plan. Further, to the extent that any of the payments hereunder constitute "nonqualified deferred compensation" for purposes of Section 409A of the Code, any payment of any amount or provision of any benefit otherwise scheduled to occur prior to the 60th day following the date of such Covered Termination, but for the condition of executing the Release Agreement as set forth herein, shall not be made until the first regularly scheduled payroll date following such 60th day, after which any remaining payments shall thereafter be provided to the Participant according to the applicable schedule set forth herein.

(f) Clawback/Forfeiture. Notwithstanding any provision herein to the contrary, the payment of any amount or provision of any benefit pursuant to subsections (a) or (b) above (other than the Accrued Obligations) shall be conditioned upon and subject to the Clawback Policy.

#### **4. Treatment of Awards.**

Any outstanding Awards granted to the Participant under (i) the Stock Plan shall vest in accordance with the terms of the Stock Plan and the applicable award agreement, or (ii) the Company's 2013 Equity Incentive Plan, as amended, shall vest in accordance with the terms of the 2013 Equity Incentive Plan, as amended, and the applicable award agreement.

#### **5. Additional Terms.**

(a) Taxes. Severance and other payments and benefits under the Plan will be subject to all required federal, state and local taxes and may be affected by any legally required withholdings. Payments under the Plan are not deemed "compensation" for purposes of the retirement plans, savings plans, and incentive plans of the Company Group. Accordingly, no deductions will be taken for any retirement and savings plan and such plans will not accrue any benefits attributable to payments under the Plan.

(b) Set-Off; Mitigation. The Company's obligation to pay the Participant the amounts provided and to make the arrangements provided hereunder shall not be subject to set-off, counterclaim, or recoupment of amounts owed by the Participant to the Company or its Affiliates. The Participant shall not be required to mitigate the amount of any payment provided pursuant to the Plan by seeking other employment or otherwise, and the amount of any payment provided for pursuant to the Plan shall not be reduced by any compensation earned as a result of the Participant's other employment or otherwise.

\*Amended April 12, 2024

(c) Specified Employees. Notwithstanding anything herein to the contrary, if (i) at the time of a Participant's Covered Termination, such Participant is a "specified employee" as defined in Section 409A of the Code, and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of employment is necessary in order to prevent the imposition of any accelerated or additional tax under Section 409A of the Code, then the commencement of the payment of any such payments or benefits hereunder will be deferred (without any increase or decrease in such payments or benefits ultimately paid or provided to the Participant) until the date that is six months following such Participant's Covered Termination (or the earliest date that is permitted under Section 409A of the Code), and (ii) any other payments of money or other benefits due to the Participant hereunder would cause the application of an accelerated or additional tax under Section 409A of the Code, such payments or other benefits shall be deferred if deferral will make such payment or other benefits compliant under Section 409A of the Code, or otherwise such payment or other benefits shall be restructured, to the extent possible, in a manner, determined by or at the direction of the Committee, that does not cause such an accelerated or additional tax or result in additional cost to the Company. The Company shall consult with its legal counsel and tax advisors in good faith regarding the implementation of this Section 5(c); provided, however, that none of the Company any other member of the Company Group, or any of their respective employees or representatives, shall have any liability to the Participant with respect thereto.

#### **6. Termination or Amendment of the Plan.**

The Plan may be amended, terminated or discontinued in whole or in part, at any time and from time to time at the discretion of the Board or the Committee; provided, however, that no such amendment, termination or discontinuance shall, without a Participant's consent, adversely affect any Participant that has undergone a Covered Termination prior to the effective date of any such amendment, termination or discontinuance; provided further, that following (x) the date the Company has entered into an agreement the consummation of which would result in a Change in Control (until such time as the Change in Control occurs or such agreement is terminated) or (y) a Change in Control, the Plan may not be amended, terminated or discontinued in whole or in part, at any time prior to the second anniversary of the date of such Change in Control without the written consent of each affected Participant.

#### **7. Limitation of Certain Payments.**

Except as otherwise provided in an individual employment agreement, in the event that any payments and/or benefits due to a Participant under the Plan and/or any other arrangements are determined by the Company to constitute "excess parachute payments" as defined under Section 280G of the Code, any cash severance payable under the Plan shall be reduced by the minimum amount necessary, subject to the last sentence of this paragraph, such that the present value of such "parachute payments" (as defined under Section 280G of the Code) is below 300% of such Participant's "base amount" (as defined under Section 280G of the Code), and by accepting participation in the Plan. Notwithstanding the foregoing, no payments or benefits shall be reduced under this Section 7 unless (a) the net amount of such payments and benefits, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced payments and benefits), is greater than or equal to (b) the net amount of such payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such payments and benefits and the amount of excise tax imposed under Section 4999 of the Code as to which such Participant would be subject in respect of such unreduced payments and benefits and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced payments). For purposes hereof, (i) the order in which any amounts are deemed to be reduced, if applicable, is (A) cash payments, (B) other non-cash forms of benefits, and (C) equity-based payments and acceleration of vesting, and (ii) within any such category of payments and benefits (that is, (i)(A), (i)(B) or (i)(C) above), (A) a reduction shall occur first with respect to amounts that are not "deferred compensation" within the meaning of Section 409A of the Code and then with respect to amounts that are and (B) to the extent that any such amounts are to be made over time (e.g., in installments, etc.), then the amounts shall be reduced in reverse

\*Amended April 12, 2024

## 8. Miscellaneous.

(a) No Right to Continued Employment. Nothing contained in the Plan shall confer upon any Participant any right to continue in the employ of any member of the Company Group nor interfere in any way with the right of the Company Group to terminate his or her employment, with or without Cause.

(b) Plan Not Funded. Amounts payable under the Plan shall be payable from the general assets of the Company, and no special or separate reserve, fund or deposit shall be made to assure payment of such amounts. No Participant, beneficiary or other Person shall have any right, title or interest in any fund or in any specific asset of the Company by reason of participation hereunder. Neither the provisions of the Plan, nor the creation or adoption of the Plan, nor any action taken pursuant to the provisions of the Plan shall create, or be construed to create, a trust of any kind or a fiduciary relationship between the Company and any Participant, beneficiary or other Person. To the extent that a Participant, beneficiary or other Person acquires a right to receive payment under the Plan, such right shall be no greater than the right of any unsecured general creditor of the Company. Notwithstanding the foregoing, the Company shall have the right to implement or set aside funds in a grantor trust, subject to the claims of the Company's creditors or otherwise, to discharge its obligations under the Plan.

(c) Non-Transferability of Benefits and Interests. All amounts payable under the Plan are non-transferable, and no amount payable under the Plan shall be subject in any manner to sale, transfer, anticipation, alienation, assignment, pledge, encumbrance or charge. This Section 9(c) shall not apply to an assignment of a contingency or payment due (i) after the death of a Participant to the deceased Participant's legal representative or beneficiary, or (ii) after the disability of a Participant to the disabled Participant's personal representative.

(d) Discretion of Company, Board and Committee. Any decision made or action taken by, or inaction of, the Company, the Board, or the Committee arising out of or in connection with the creation, amendment, construction, administration, interpretation and effect of the Plan that is within its authority hereunder or applicable law shall be within the absolute discretion of such entity and shall be conclusive and binding upon all Persons.

\*Amended April 12, 2024

(e) Indemnification. Neither the Board nor the Committee, nor any employee of the Company, nor any Person acting at the direction thereof (each such Person an “Affected Person”), shall have any liability to any Person (including without limitation, any Participant), for any act, omission, interpretation, construction or determination made in connection with the Plan (or any payment made under the Plan). Each Affected Person shall be indemnified and held harmless by the Company against and from any loss, cost, liability or expense (including attorneys’ fees) that may be imposed upon or incurred by such Affected Person in connection with or resulting from any action, suit or proceeding to which such Affected Person may be a party or in which such Affected Person may be involved by reason of any action taken or omitted to be taken under the Plan and against and from any and all amounts paid by such Affected Person, with the Company’s approval, in settlement thereof, or paid by such Affected Person in satisfaction of any judgment in any such action, suit or proceeding against such Affected Person; *provided*, that the Company shall have the right, at its own expense, to assume and defend any such action, suit or proceeding and, once the Company gives notice of its intent to assume the defense, the Company shall have sole control over such defense with counsel of the Company’s choice. The foregoing right of indemnification shall not be available to an Affected Person to the extent that a court of competent jurisdiction in a final judgment or other final adjudication, in either case, not subject to further appeal, determines that the acts or omissions of such Affected Person giving rise to the indemnification claim resulted from such Affected Person’s bad faith, fraud or willful wrongful act or omission. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which Affected Persons may be entitled under the Company’s organizational documents, as a matter of law, or otherwise, or any other power that the Company may have to indemnify such Person or hold them harmless.

(f) Section 409A. Notwithstanding any provision of the Plan to the contrary, if any benefit provided under the Plan is subject to the provisions of Section 409A of the Code, the provisions of the Plan will be administered, interpreted and construed in a manner necessary to comply with Section 409A of the Code or an exception thereto. Notwithstanding any provision of the Plan to the contrary, in no event shall the Company (or its employees, officers or directors) have any liability to any Participant (or any other Person) due to the failure of the Plan to satisfy the requirements of Section 409A of the Code or any other applicable law. For purposes of the application of Section 409A of the Code, each payment in a series of payments under this Plan will be deemed a separate payment.

(g) No Duplication; Treatment of Other Severance Arrangements. In no event shall any Participant receive the severance benefits provided for herein in addition to severance benefits provided for under any Other Severance Arrangement; *provided*, that if such Participant is covered by any Other Severance Arrangement, such Participant shall only be entitled to receive the greater of (x) the payments and benefits set forth in this Plan and (y) the payments and benefits set forth in, and subject to the terms, conditions and restrictions of, the Other Severance Arrangement.

\*Amended April 12, 2024

(h) Governing Law. All questions pertaining to the construction, regulation, validity and effect of the provisions of the Plan shall be determined in accordance with the laws of the State of Nevada.

(i) Notice. Any notice or other communication required or which may be given pursuant to the Plan shall be in writing and shall be deemed to have been duly given when delivered by hand or overnight courier or two days after it has been mailed by United States express or registered mail, return receipt requested, postage prepaid, addressed to the Company at the address set forth below, or to the Participant at his or her most recent address on file with the Company.

OptimizeRx Corporation  
260 Charles Street, Suite 302  
Waltham, MA 02453  
c/o General Counsel

(j) Captions. Captions and headings are given to the sections and subsections of the Plan solely as a convenience to facilitate reference. Such captions and headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

(k) Successors. The Plan shall inure to the benefit of and be binding upon the Company and its successors.

\*Amended April 12, 2024

## Appendix A

### Definitions

#### 1. Definitions.

(a) “Accrued Obligations” means (i) all accrued but unpaid Base Salary through the date of a Covered Termination, (ii) any unpaid or unreimbursed expenses incurred in accordance with the policies of the Employer, and (iii) any benefits provided under the employee benefit plans and programs of the Company Group in which the Participant participates immediately prior to, and is due upon or continues after, a termination of employment, including rights with respect to Company equity.

(b) “Affiliate” means any entity which, at the time of reference, directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the Company.

(c) “Annual Bonus Program” means the annual cash incentive bonus program in which the Participant participates as of the date of such Participant’s Covered Termination, if any.

(d) “Anticipatory Termination” means a Covered Termination occurring within the three months prior to the occurrence of a Change in Control; *provided*, that it is reasonably demonstrated that such termination (A) was at the request of a third party who has taken steps reasonably calculated or intended to effect the Change in Control (and such transaction is actually consummated) or (B) otherwise arose in connection with or in anticipation of the Change in Control (and such transaction is actually consummated).

(e) “Asset Sale” means a Change in Control resulting from the consummation of a sale or other disposition of all or substantially all of the assets of the Company.

(f) “Award” has the meaning set forth in the Stock Plan.

(g) “Base Salary” means the Participant’s then current annual base salary rate immediately prior to his or her Covered Termination (or, if higher, the annual base salary immediately prior to an event that constitutes Good Reason hereunder).

(h) “Board” means the Board of Directors of the Company.

(i) “Business Protection Agreement” or “BPA” shall mean the Business Protection Agreement executed by Participant, as may be updated or amended from time to time to reflect changes in law and/or differences in applicable state law. BPA shall mean the agreement substantially in the form attached hereto as Exhibit A, as may be updated or amended from time to time to reflect changes in law and/or differences in applicable state law.

(j) “Cash Severance Amount” means, with respect to any Participant, the “Cash Severance Amount,” as set forth on Appendix B, as attached hereto, as applicable.

\*Amended April 12, 2024

(k) “Cause” means the occurrence of any of the following as determined by the Committee:

(i) the Participant’s conviction of, or plea of guilty or *nolo contendere* to, (1) a felony under federal law or the law of the state in which such action occurred or (2) any other crime involving moral turpitude;

(ii) the Participant’s willful and continued failure to perform the Participant’s employment duties (other than any such failure resulting from the Participant’s incapacity due to a Disability); *provided, however*, that the Company shall have provided the Participant with written notice that such actions are occurring and, where practical, the Participant has been afforded at least 15 days to cure same;

(iii) the Participant’s willfully engaging in misconduct in the performance of the Participant’s duties for the Employer (including, but not limited to, theft, fraud, embezzlement and securities law violations, a violation of the Company’s “Code of Ethics and Business Conduct” or other written policies, or a material breach of the Business Protection Agreement or any other restrictive covenants to which the Participant is subject) that is materially injurious to the Company, or, in the good faith determination of the Committee, is potentially materially injurious to the Company, monetarily or otherwise.

For purposes of this Section 1(j), no act, or failure to act, on the part of the Participant shall be considered “willful,” unless done, or omitted to be done, by the Participant in bad faith and without a reasonable belief that the Participant’s action or omission was in, or not opposed to, the best interests of the Company (including reputationally). Prior to any termination for Cause, the Participant will be given five business days written notice specifying the alleged Cause event. After providing the notice in foregoing sentence, the Board or the Chief Executive Officer of the Company may suspend the Participant with full pay and benefits until a final determination has been made.

(l) “Change in Control” has the meaning set forth in the Stock Plan.

(m) “Change in Control Covered Termination” means a (i) a Covered Termination occurring during the two-year period commencing on the date of a Change in Control or (ii) an Anticipatory Termination.

(n) “CIC Covered Termination Payment Amount” means, with respect to any Participant, the “CIC Covered Termination Payment Amount,” as set forth on Appendix C, as attached hereto, as applicable. (o) “Clawback Policy” means any clawback, forfeiture or other similar policy adopted by the Board or the Committee from time to time.

(o) “COBRA Payment” means, provided the Participant validly elects continuation coverage under COBRA or similar state law for the Participant, his spouse and/or dependents, an amount equal to the monthly COBRA premium for continued health insurance coverage payable in monthly installments over the number of months in the Subsidized COBRA Period set forth on Appendix B, as attached hereto, as applicable.

\*Amended April 12, 2024

(p) “Code” means the Internal Revenue Code of 1986, as amended, and the rules, regulations or other interpretative guidance promulgated thereunder, as well as any successor laws in replacement thereof.

(q) “Committee” means the Compensation Committee of the Board.

(r) “Covered Termination” means a Participant’s termination of employment with the Employer by the Employer without Cause or by the Participant for Good Reason; *provided, however*, that no such termination shall be considered a Covered Termination if such Participant’s employment with the Employer is terminated:

(i) solely by reason of a transfer to the employ of another member of the Company Group;

(ii) upon the expiration of a leave of absence by reason of his or her failure to return to work at such time unless, at such time, there is not an available position for which such Participant is qualified; or

(iii) in connection with an Asset Sale if either (A) in connection with such Asset Sale such Participant was offered employment with the purchaser or an Affiliate thereof in an Asset Sale (I) within a 25-mile radius of such Participant’s current work site for a comparable position and (II) with the same or greater Base Salary, and with comparable annual bonus and equity compensation opportunity, and the Participant fails to accept such employment offer, or (B) notwithstanding the comparable terms and conditions of employment being available within a 25-mile radius, such Participant voluntarily elected not to participate in the selection process for employment with the purchaser or an Affiliate thereof in an Asset Sale.

(s) “Disability” means a Participant’s substantial inability to perform Participant’s duties due to partial or total disability or incapacity resulting from a mental or physical illness, injury or other health-related cause for a period of 90 consecutive days or 180 non-consecutive days in any 12 months period.

(t) “Effective Date” means March 8, 2023, as amended on March 1, 2024.

(u) “Eligible Employee” means each non-union, salaried, full-time employee of the Company Group. Eligible Employees shall, in no event, include: (i) independent contractors, (ii) temporary employees, (iii) individuals treated other than as employees for federal income and employment tax purposes at the time such individual performs services, (iv) employees who are regularly scheduled to work less than 20 hours per week, and (v) individuals who the Company designates as “non-benefits eligible.”

(v) “Employer” means, with respect to any Participant, the member of the Company Group by which such Participant is employed.

(w) “ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the rules, regulations or other interpretive guidance promulgated thereunder, as well as any successor laws in replacement thereof.

\*Amended April 12, 2024

(x) “Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules, regulations or other interpretive guidance promulgated thereunder, as well as any successor laws in replacement thereof.

(y) “Good Reason” means the occurrence of any of the following events without the Participant’s consent:

(i) a material diminution in the Participant’s title, authorities, duties or responsibilities;

(ii) any reduction in the Participant’s Base Salary, other than a reduction of not more than 15% implemented in connection with an across-the-board reduction affecting all similarly-situated executive employees of the Company;

(iii) the assignment to the Participant of duties or responsibilities which are materially inconsistent with any of the Participant’s duties and responsibilities;

(iv) the failure of any purchaser (or an Affiliate thereof) in an Asset Sale by agreement in writing, to expressly, absolutely and unconditionally assume and agree to perform the Plan, in the same manner and to the same extent that the Company would be required to perform the Plan if no such Asset Sale had taken place; or

(v) upon or within twenty-four (24) months following a Change in Control, (A) a reduction in the Participant’s Base Salary in effect immediately prior to the Change in Control or (B) a material reduction in the sum of (1) the Participant’s Target Bonus for the last completed fiscal year immediately prior to the Change in Control plus (2) the grant date fair value of equity or equity-based awards granted to the Participant under the Stock Plan for the last completed fiscal year immediately prior to the Change in Control;

*provided*, that any of the events described in clauses (i) – (iii) and (v) above shall constitute Good Reason only if the Participant provides the Company (or applicable employer following a Change in Control) with written objection to the event or condition within 90 days following the occurrence thereof, the Company (or applicable employer following a Change in Control) does not reverse or otherwise cure the event or condition within 30 days of receiving that written objection, and the Participant resigns employment within 30 days following the expiration of that cure period.

(z) “Other Severance Arrangements” means any plans, policies, guidelines, arrangements, agreements, letters and/or other communication, whether formal or informal, written or oral sponsored by the Company or any of its Affiliates and/or entered into by any representative of the Company or any of its Affiliates that might otherwise provide severance benefits upon a Covered Termination.

(aa) “Participant” means an Eligible Employee who is designated as a Participant by the Committee, subject to the requirements of Section 2. For purposes hereof, the Committee shall be permitted to (i) designate groups of Eligible Employees by category, job title or other classification it deems appropriate as Participants without the need to identify any individual Participant by name, provided that the Committee may determine in its sole discretion that any one or more Eligible Employees within a designated group shall not be a Participant in the Plan and (ii) delegate to Company management the authority to determine whether specific individuals qualify as Participants within the parameters set forth by the Committee.

\*Amended April 12, 2024

(bb) “Person” means any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act).

(cc) “Release Agreement” means a release and/or waiver of claims in the form customarily provided by the Company Group to terminated employees, pursuant to which a Participant may be required to (i) acknowledge the receipt of the severance payment and other benefits, and (ii) release the Company and its Affiliates (including the Employer and its Affiliates) and other Persons designated by the Company from any and all claims and liabilities, whether known or unknown, or suspected or unsuspected, from the beginning of time until Participant’s execution of the Release Agreement, including without limitation, those arising from his or her employment or termination thereof (other than with respect to the Participant’s rights under the Plan).

(dd) “Severance Pay” means the Cash Severance Amount set forth on Appendix B for each Participant, payable in substantially equal installments in accordance with the Company’s payroll practices as in effect from time to time over the applicable number of months set forth on Appendix B.

(ee) “Severance Period” means the number of months set forth on Appendix B indicating the time the Cash Severance Amount will be paid to each Participant for a Covered Termination.

(ff) “Stock Plan” means the OptimizeRx Corporation 2021 Equity Incentive Plan, as amended from time to time (or any successor plan thereto adopted by the Company for the purpose of providing equity and other incentive compensation to the employees and other service providers of the Company or its Affiliates).

(gg) “Subsidized COBRA Period” means, with respect to any Participant, the period set forth on Appendix B, as attached hereto, as applicable.

(hh) “Target Bonus” means the Participant’s target annual bonus under the Annual Bonus Program.

\*Amended April 12, 2024

**Appendix B**

**Severance Payments on Covered Termination**

<b>Participant</b>	<b>Subsidized COBRA Period</b>	<b>Cash Severance Amount</b>
William Febbo	From the date of the Covered Termination until the earliest of (x) 12 months thereafter, (y) the date the Participant becomes eligible for coverage under a subsequent employer's health plan, or (z) the date the Participant and/or the Participant's beneficiary(ies) cease to be eligible under COBRA.	1.5 times the Participant's Base Salary, paid in equal installments over 18 months
Stephen Silvestro	From the date of the Covered Termination until the earliest of (x) 12 months thereafter, (y) the date the Participant becomes eligible for coverage under a subsequent employer's health plan, or (z) the date the Participant and/or the Participant's beneficiary(ies) cease to be eligible under COBRA.	1.5 times the Participant's Base Salary, paid in equal installments over 18 months
Edward Stelmakh	From the date of the Covered Termination until the earliest of (x) 12 months thereafter, (y) the date the Participant becomes eligible for coverage under a subsequent employer's health plan, or (z) the date the Participant and/or the Participant's beneficiary(ies) cease to be eligible under COBRA.	1.0 times the Participant's Base Salary, paid in equal installments over 12 months
Marion Odence-Ford	From the date of the Covered Termination until the earliest of (x) 12 months thereafter, (y) the date the Participant becomes eligible for coverage under a subsequent employer's health plan, or (z) the date the Participant and/or the Participant's beneficiary(ies) cease to be eligible under COBRA.	1.0 times the Participant's Base Salary, paid in equal installments over 12 months
Douglas Besch	From the date of the Covered Termination until the earliest of (x) 6 months thereafter, (y) the date the Participant becomes eligible for coverage under a subsequent employer's health plan, or (z) the date the Participant and/or the Participant's beneficiary(ies) cease to be eligible under COBRA.	0.5 times the Participant's Base Salary, paid in equal installments over 6 months
Theresa Greco	From the date of the Covered Termination until the earliest of (x) 6 months thereafter, (y) the date the Participant becomes eligible for coverage under a subsequent employer's health plan, or (z) the date the Participant and/or the Participant's beneficiary(ies) cease to be eligible under COBRA.	0.5 times the Participant's Base Salary, paid in equal installments over 6 months

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Appendix C

Payments on Change in Control Covered Termination

<u>Participant</u>	<u>CIC Covered Termination Payment Amount</u>
William Febbo	5.0 times the Participant's Base Salary
Stephen Silvestro	2.0 times the Participant's Base Salary
Edward Stelmakh	2.0 times the Participant's Base Salary
Marion Odenice-Ford	2.0 times the Participant's Base Salary
Douglas Besch	1.0 times the Participant's Base Salary
Theresa Greco	1.0 times the Participant's Base Salary

\*Amended April 12, 2024

**Exhibit A**

**OPTIMIZERX CORPORATION**

**BUSINESS PROTECTION AGREEMENT**

In consideration of my employment with OptimizeRx Corporation, a Nevada corporation with its principal place of business in Waltham, Massachusetts, (the "Company"), and in recognition that (i) as an employee of the Company I will have access to Confidential Information (defined in Section 9 below), customers and corporate opportunities of Company, and (ii) if I become employed or affiliated with a Competing Organization (defined in Section 9 below), Company will be at risk, I agree with Company as follows:

1. Confidential Information.

a. No Unauthorized Disclosure or Use. While employed by Company and thereafter, I shall not, directly or indirectly, use or disclose to anyone outside of Company any Confidential Information other than pursuant to my employment by and for the benefit of Company.

b. Ownership of Confidential Information. I agree that all originals and all copies of manuscripts, letters, notes, notebooks, reports, models, computer files and other materials containing, representing, evidencing, recording, or constituting any Confidential Information (created by myself or others) shall be the sole property of Company or the property of third parties who lawfully disclosed the Confidential Information under obligations of confidentiality.

c. Third Party Confidential Information. I understand that Company from time to time has in its possession information which is claimed by others to be proprietary or confidential and which Company has agreed or is under an obligation to keep confidential. I agree that all such information shall be Confidential Information for purposes of this Agreement.

2. Developments.

a. Ownership. I agree that all Developments (defined in Section 9 below) created during the period of my employment with Company (whether or not made on Company's premises, during work hours or disclosed by me to Company), together with all products or services which embody these Developments, shall be the sole property of Company.

b. Assignment and Cooperation. I agree, for all Developments created during the period of my employment with Company or during the six month period following termination of my employment with Company, (i) to make and maintain adequate and current written records of all Developments, and to disclose all Developments promptly, fully and in writing to Company immediately upon development of the same and at any time upon request, (ii) that I hereby assign and will assign to Company all my right, title and interest in and to all Developments and to anything tangible which evidences, incorporates, constitutes, represents or records any Developments, (iii) to cooperate and assist Company in obtaining and maintaining any governmental protection it may seek for Developments, and to execute all documents that may be required therefor, and (iv) if any Developments constitute works made for hire under the laws of the United States, they shall be exclusive property of the Company, and should any Developments be held by a court of competent jurisdiction not to be a 'work made for hire', I hereby and will assign to Company all copyrights, patents and other proprietary rights I may have in any Developments, together with rights to file for and own wholly without restriction United States and foreign copyrights, patents, and trademarks with respect thereto. In the event the Company is unable to secure my signature on any application for patent, copyright or other analogous protection relating to any Development, whether because of my physical or mental incapacity or for any other reason whatsoever, I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as my agent and attorney-in-fact (which designation and appointment shall be (i) deemed coupled with an interest and (ii) irrevocable, and shall survive my death or incapacity), to act for and in my behalf and stead to execute and file any application and to do all other lawfully permitted acts to further the prosecution and issuance of patents, copyrights or other analogous protections with the same legal force and effect as if executed by me.

\*Amended April 12, 2024

c. Prior Developments. I agree that the foregoing assignment covers all results, outputs and products of my work for Company prior to the date hereof (whether as an employee or as a consultant), and that all related copyrights, patents and other intellectual property rights, and that all such results, output and products are Developments and the sole property of Company.

3. Exceptions to this Agreement. I understand that Company does not desire to acquire from me any trade secrets or confidential business information that I may have acquired from others. I have informed Company, in the space below, of any (i) continuing obligations that I may have to any previous employers which require me not to disclose information to Company or compete with any such previous employers; and (ii) confidential information or developments which I claim as my own or otherwise intend to exclude from this Agreement because it was developed by me prior to the date of this Agreement. I understand that after execution of this Agreement I shall have no right to exclude confidential information or developments from this Agreement.

(If there are none, please enter the word "None"; attach additional pages as necessary)

Note: For obligations not to disclose information to Company or compete with any such previous employers, give the date of each obligation, identify the parties owed each obligation and the nature of any restriction. Please attach any such agreement(s) to this Agreement.

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4. Employee's Obligation to Cooperate. At any time upon the request of Company, I shall execute all documents and perform all acts which Company considers necessary or advisable to secure its rights hereunder and to carry out the intent of this Agreement.

5. Return of Property. At any time upon the request of Company, and in any event upon cessation of employment, I shall return promptly to Company all Company property, including all Confidential Information and Developments and any copies thereof.

6. Employment At-Will. Nothing in this Agreement shall require that Company employ me for any period of time. I understand that I am an employee-at-will and that my employment relationship with Company may be terminated by Company or me at any time for any reason, with or without prior notice. I further understand that the employment-at-will relationship between me and Company cannot be modified by oral or written statements from supervisors, managers or others at Company; the at-will nature of my employment with Company can only be modified by a written agreement signed by the CEO of Company.

\*Amended April 12, 2024

7. Restrictive Covenants.

a. I acknowledge and agree that Company has invested substantial time, money and resources in the development of its Confidential Information and the development and retention of its customers, clients, collaborators, and employees. I further acknowledge that during the course of my employment, I may be introduced to customers, clients, and collaborators of Company, and agree that any “goodwill” associated with any customer, client, or collaborator belongs exclusively to Company. In recognition of the foregoing, I specifically acknowledge and agree that while I am employed by Company and for a period of one (1) year after termination of such employment (for any reason, whether voluntary or involuntary) I will not directly or indirectly in any position or capacity engage in the following activities for myself or for any other person, business, corporation, partnership or other entity:

(i) call upon, solicit, divert, or accept, or attempt to solicit or divert any of Company’s business or prospective business from any of Company’s customers, clients, or collaborators, or prospective customers, clients, or collaborators with whom I had contact or whose dealings with Company I coordinated or supervised or about whom I obtained Confidential Information, unless I obtain prior written consent of Company;

(ii) refer, request, solicit, induce, hire (or attempt or assist in doing any of these actions) any employee or other persons (including consultants) who may have performed work or services for Company within one (1) year prior to the termination of my employment with Company to perform work or services for any person or entity other than Company; or

(iii) become employed by, associated with or render services to any Competing Organization in connection with any Competing Product anywhere in the world where Company does business or is planning to do business. I understand and agree that this covenant not to compete is reasonable in that I can continue my chosen profession when I leave the employment of Company so long as I do not work for companies that are Competing Organizations in connection with Competing Products and so long as I do not disclose confidential, proprietary and trade secret information of Company. I understand and agree that it does not impose an unnecessary restraint because of the nature of the confidential, proprietary and trade secret information of Company related to the Competing Products which mandates protection in the geographical areas described above. I also understand and agree that the covenant is necessary to protect the goodwill and confidential, proprietary and trade secret information of Company.

I ACKNOWLEDGE THAT THESE RESTRICTIONS SHALL APPLY AND BE BINDING REGARDLESS OF CHANGES IN MY POSITION, DUTIES, GEOGRAPHIC LOCATION, RESPONSIBILITIES OR COMPENSATION DURING MY EMPLOYMENT.

b. Confirmation of Post-Employment Status. I agree to inform Company, for a period of one year following the termination of my employment, of every place of employment and every affiliation I have in a company or business enterprise, directly or indirectly, as an employee, owner, manager, stockholder, consultant, director, officer, or partner. If I fail to so inform Company, and I have violated the obligations set forth in this Section 7, the one-year period shall run from the date that Company first learned of my activity.

c. Small Ownership Exemption. The provisions of this Section 7 shall not apply to ownership of less than one percent (1%) of the stock of any publicly traded corporation.

8. Corporate Compliance. I agree that I will abide by all policies and procedures that Company may have in effect from time to time, including without limitation, the Code of Conduct, Acceptable Use Policy, or any other corporate compliance programs or policies. I further acknowledge that failure to abide by policies and procedures may result in discipline, including immediate termination of my employment. Nothing herein limits my at-will employment with Company, pursuant to paragraph six (6) above.

\*Amended April 12, 2024

9. Definitions. The following terms, as used in this Agreement, shall have the meanings set forth below:

a. "Competing Organization" shall mean persons, organizations, or any other entity, including myself, engaged in, or considering to become engaged in, research or development, production, distribution, marketing, providing or selling of a Competing Product.

b. "Competing Product" shall mean products, processes, or services of any person, organization, or entity other than Company, in existence or under development, which are substantially similar, may be substituted for, or applied to substantially similar end use of the products, processes or services with which I worked on in any capacity, including a sales or marketing capacity, at any time during my employment with Company or about which I acquired Confidential Information through my work with Company.

c. "Confidential Information" shall mean all trade secrets, proprietary information, and other data or information (and any tangible evidence, record or representation thereof), whether prepared, conceived or developed by an employee of Company (including myself) or received by Company from an outside source, which is in the possession of Company (whether or not the property of Company) and which is maintained in confidence by Company, including, but not limited to: (i) technical and business information; (ii) information relating to the design, manufacture, application, know-how, research and development of Company's products and services including Developments; (iii) sources of supply and material; (iv) operating and other cost data; (v) information relating to present, past or prospective customers, customer relationships, customer proposals, price lists and data relating to pricing of products or services; (vi) patient medical records and all other information relating to patients; and (vii) any other information not generally known in the industry, including specifically, all information contained in manuals, memoranda, formulae, plans, drawings and designs, specifications, supply sources, and records of Company whether or not legended or otherwise identified by Company as "Confidential Information." Notwithstanding the foregoing, the term Confidential Information shall not apply to information which senior management of Company has voluntarily disclosed to the public without restriction or which has otherwise lawfully entered the public domain.

d. "Developments" shall mean all Confidential Information and all other discoveries, inventions, ideas, concepts, research and other information, processes, products, methods and improvements, or parts thereof (including, without limitation, all computer programs, algorithms, subroutines, source codes, object codes, designs, and improvements), conceived, developed, or otherwise made by me, alone or jointly with others and in any way relating to the Corporation's present or proposed services, programs or products or to tasks assigned to me during the course of my employment, whether or not patentable or subject to copyright protection and whether or not reduced to tangible form or reduced to practice.

e. "Company" includes OptimizeRx and all other companies or entities currently or which in the future are related or affiliated with OptimizeRx.

\*Amended April 12, 2024

#### 10. Miscellaneous Provisions.

a. Entire Agreement and Amendment. This Agreement contains the entire and only agreement between Company and me respecting the subject matter hereof, and it supersedes all prior agreements and representations with regard to the subject matter hereof; provided however, to the extent I have a prior written agreement with Company regarding confidentiality, noncompetition, nonsolicitation, and/or developments, that agreement shall remain in full force and effect, as applicable. In the event of any inconsistency between this Agreement and any other contract between Company and me, the provisions of this Agreement shall prevail (unless such other contract expressly supersedes this Agreement). No modification of this Agreement shall be binding upon me or Company unless made in writing and signed by an authorized officer of Company.

b. Survival and Waivers. This Agreement will remain in effect if I am transferred, promoted, or reassigned to work on functions other than my present functions anywhere within Company. My obligations under this Agreement shall survive the termination of my employment with Company regardless of the manner of or reasons for such termination, and regardless of whether such termination constitutes a breach of any other agreement I may have with Company. This Agreement shall inure to the benefit of, and be binding upon, Company and me and our respective heirs, legal representatives, successors and assigns. This Agreement may be assigned by Company for no additional consideration and without my consent to any successor entity in the event of a merger, acquisition, change of control, or sale of all or a part of the business or assets of Company. I acknowledge that the term "Company," as used in this Agreement, shall also mean any such successor entity as the context requires. Failure by Company to insist upon strict compliance with any term of this Agreement shall not be deemed a waiver of that or any other right.

c. Interpretation. In the event that any provision of this Agreement shall be determined to be unenforceable by any court of competent jurisdiction by reason of its extending for too great a period of time or over too large a geographic area or over too great a range of activities, it shall be interpreted to extend only over the maximum period of time, geographic area or range of activities as to which it may be enforceable. If after application of the immediately preceding sentence, any provision of this Agreement shall be determined to be invalid, illegal or otherwise unenforceable by any court of competent jurisdiction, the validity, legality and enforceability of the other provisions of this Agreement shall not be affected. Except as otherwise provided in this paragraph, any invalid, illegal or unenforceable provision of this Agreement shall be severable and all other provisions hereof shall remain in full force and effect.

d. Equitable Relief. I acknowledge and agree that (i) the provisions set forth in this Agreement are necessary and reasonable to protect Company's Confidential Information and goodwill; (ii) the specific time, geography and scope provisions set forth in Section 7 are reasonable and necessary to protect Company's business interests; and (iii) in the event of my breach of any of the agreements set forth in this Agreement, Company would suffer substantial irreparable harm and that Company would not have an adequate remedy at law for such breach. In recognition of the foregoing, I agree that in the event of a breach or threatened breach of any of these covenants, in addition to such other remedies as Company may have at law, without posting any bond or security, Company shall be entitled to seek and obtain equitable relief, in the form of specific performance, or temporary, preliminary or permanent injunctive relief, or any other equitable remedy which then may be available.

e. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the substantive laws of the state of Nevada without regard to its principles of conflicts of laws, and shall be deemed to be effective as of the first day of my employment by Company. Both parties further agree that any action, demand, claim or counterclaim relating to this Agreement shall be resolved by a judge alone, and both parties hereby waive and forever renounce the right to a trial before a civil jury.

\*Amended April 12, 2024

BY PLACING MY SIGNATURE HEREUNDER, I ACKNOWLEDGE THAT I HAVE HAD ADEQUATE OPPORTUNITY TO REVIEW THESE TERMS AND CONDITIONS AND TO REFLECT UPON AND CONSIDER THE TERMS AND CONDITIONS OF THIS AGREEMENT. I FURTHER ACKNOWLEDGE THAT I FULLY UNDERSTAND ITS TERMS AND THAT I VOLUNTARILY EXECUTED THIS AGREEMENT.

Date: \_\_\_\_\_

Date: \_\_\_\_\_

EMPLOYEE:

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

ACCEPTED:

OPTIMIZERx CORPORATION

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

\*Amended April 12, 2024

**OPTIMIZERX CORPORATION****INSIDER TRADING POLICY**

This Insider Trading Policy (“Policy”) provides the standards of OptimizeRx Corporation (“OptimizeRx” or the “Company”) with respect to transactions in securities of the Company and the handling of confidential information about OptimizeRx and the companies with which OptimizeRx does business. The federal securities laws prohibit insider trading. Insider trading occurs when a person uses material non-public information obtained through involvement with the Company to make decisions to engage in transactions in the Company’s securities or transmits such information to any other person who may trade on the information. Please note that this insider trading policy supplements the restrictions set forth in the Company’s Code of Business Conduct and Ethics.

This Policy applies to all transactions in the Company’s securities, including common stock, options and any other securities that the Company may issue, such as preferred stock, notes, bonds and convertible securities, as well as to derivative securities relating to any of the Company’s securities, whether or not issued by the Company (referred to in this Policy as the “Company’s securities”). The term “transactions” or “trading” means broadly any purchase, sale or other transaction to acquire, transfer or dispose of securities, including market option exercises, gifts or other contributions, exercises of stock options granted under the Company’s equity plans, sales of stock acquired upon the exercise of options and the vesting of restricted stock and restricted stock units and trades made under an employee benefit plan.

Section 1 hereof applies to all of the directors, officers and employees of the Company and its subsidiaries. Section 1 of this Policy also applies to such persons’ family members, other members of such persons’ households and entities controlled by such persons, as described in more detail below. The Company may also determine that other persons should be subject to Section 1 of this Policy, such as contractors or consultants. Section 2 hereof applies to all directors and Officers of the Company and the employees described in Appendix A hereto. Section 2 of this Policy also applies to such persons’ family members, other members of such persons’ households and entities controlled by such persons, as described in more detail below. Section 3 hereof sets forth additional requirements applicable to directors and Officers of the Company.

If this Policy applies to you, it also applies to family members who reside with you (including a spouse, a child, a child away at college, stepchildren, grandchildren, parents, stepparents, grandparents, siblings, in-laws and adoptive relationships) or are financially dependent on you, and also includes other family members whose transaction in securities are directed by you or are subject to your influence or control (collectively referred to as “Family Members”). This Policy also applies to any other person who lives in your household and to any legal entities (such as a corporation, partnership or trust) that are influenced or controlled by you (collectively referred to as “Controlled Entities”).

Transactions by your Family Members, household members and Controlled Entities should be treated for the purposes of this Policy as if they were for your own account. ***Accordingly, all references to you with regard to all trading restrictions and pre-clearance procedures in this Policy also apply to your Family Members, household members and Controlled Entities. You are personally responsible for the actions of your Family Members, household members and Controlled Entities.***

The Company has established a “Compliance Committee,” consisting of the Company’s General Counsel, Chief Financial Officer and Chief Executive. All determinations and interpretations by a member of the Compliance Committee shall be final and not subject to further review.

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**Any violation of this Policy may result in immediate dismissal and may subject you to both civil and criminal penalties. This is an extremely important matter, and we urge you to read the following with care. If you have any questions about this Policy, including its application to any proposed transaction, you may obtain additional guidance from a member of the Compliance Committee. Do not try to resolve uncertainties on your own, as the rules relating to insider trading are often complex, not always intuitive and carry severe consequences.**

## **Section 1: Trading Restrictions and Guidelines**

Section 1 of this Policy applies to all of the directors, officers and employees of the Company and its subsidiaries. Section 1 of this Policy also applies to such persons' Family Members, household members and Controlled Entities. *All references to you with regard to all trading restrictions in this Policy also apply to your Family Members, household members and Controlled Entities.* The Company may also determine that other persons should be subject to Section 1 of this Policy, such as contractors or consultants.

### **A. General Policy - Prohibition Against Trading On or Tipping Material Non-Public Information**

While in the possession of material non-public information relating to OptimizeRx, you may not directly or indirectly through family members or other persons or entities:

1. Engage in transactions in Company securities, except as otherwise specified in this Policy under the heading "Certain Exceptions to the Trading Restrictions in this Policy."
2. Recommend the purchase or sale of any Company securities; or
3. Communicate material non-public information concerning OptimizeRx to any other person (including relatives, friends or business associates), except to the extent necessary to perform authorized work for OptimizeRx or as required or specifically permitted by law or legal process. Nor should such information be discussed with any person within OptimizeRx under circumstances where it could be overheard. Written information should be appropriately safeguarded and should not be left where it may be seen by persons not entitled to the information.

In addition, if, in the course of employment with the Company or the performance of services on the Company's behalf, you learn material non-public information about another company with which the Company proposes to, or does, business, including a vendor, customer or supplier of the Company, you may not (i) trade in that company's securities until the information becomes public or is no longer material, or (ii) communicate that information or make any recommendation relating to the buying or selling of securities of such company to any other person, including family and friends, business associates, or in any consulting capacity.

There are no exceptions to this Policy, except as specifically noted herein. Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure), or small transactions, are not excepted from this Policy. The securities laws do not recognize any mitigating circumstances, and, in any event, even the appearance of an improper transaction must be avoided to preserve the Company's reputation for adhering to the highest standards of conduct. This means that you may have to forgo a proposed transaction in the Company's or another company's securities even if you planned to make the transaction before learning the material non-public information and even though you believe that waiting may cause you to suffer an economic loss or not realize anticipated profit.

This Policy continues to apply to transactions in Company securities even after termination of service to OptimizeRx. If an individual is in possession of material non-public information when his or her service terminates, that individual may not trade in Company securities until that information has become public or is no longer material. Unless notified otherwise by the Company, persons who leave during a blackout period will continue to be subject to such blackout period after termination of service to OptimizeRx. The pre-clearance procedures specified in Section 2 will cease to apply to transactions in Company securities upon the expiration of any blackout period or other Company-imposed trading restrictions applicable at the time of the termination of service.

## B. Definitions

Material Information. Material information is any information that a reasonable investor would consider important in determining whether to buy, sell or hold securities. Positive or negative information may be material to investors. A determination as to whether information is material depends on all of the related facts and circumstances. Material information is not limited to historical facts but may also include projections and forecasts. Materiality is based on an assessment of all the facts and circumstances and is often evaluated by courts and enforcement authorities with the benefit of hindsight.

Information that you should consider material includes, but is not limited to:

- earnings information and quarterly results;
- financial forecasts, including earnings estimates;
- changes in previously released forecasts;
- significant merger, acquisition or divestiture proposals or agreements;
- major customer wins or losses;
- changes in auditors;
- significant changes in the Company's prospects;
- significant or unusual borrowing or liquidity issues;
- equity or debt offerings;
- purchases or redemptions of securities;
- change in management or the Company's board of directors;
- significant related party transactions;
- development of a significant new product or service;
- pending or threatened significant litigation, or the resolution of such litigation; and
- significant cybersecurity incidents.

Non-public Information. Information that has not been disclosed to the public is generally considered to be non-public information. Information is considered to be public when it has been released in a manner that is reasonably designed to provide broad, non-exclusionary distribution (e.g., by means of a press release or an SEC filing) and after enough time has elapsed to permit the investment market to absorb and evaluate the information. As a general rule, information should not be considered fully absorbed by the market until after the second business day after the day on which the information is released. Note that the information disseminated must be some form of "official" announcement. In other words, the fact that rumors, speculation, or statements attributed to unidentified sources are public is insufficient to be considered broadly distributed even when the information is accurate.

Officer. Officer means the individuals classified by the Company as officers for purposes of SEC rules under Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

### C. Trading Blackout Periods

Quarterly Blackout Periods. You cannot engage in transactions in Company securities during a blackout period. OptimizeRx has established four routine quarterly blackout periods (“Quarterly Blackout Periods”). Each Quarterly Blackout Period begins at the close of trading on the 15<sup>th</sup> day of the final month of each fiscal quarter (i.e. March 15th, June 15th, September 15th, and December 15th) and ends on the commencement of trading on Nasdaq on the third trading day following the day on which OptimizeRx makes a public news release of its quarterly or annual earnings for the prior fiscal quarter or fiscal year, as the case may be.

Under certain very limited circumstances, a person subject to this restriction may be permitted to trade during a Quarterly Blackout Period, but only if the Compliance Committee concludes that the person does not in fact possess material non-public information. Persons wishing to trade during a Quarterly Blackout Period must contact the Compliance Committee for approval at least two business days in advance of any proposed transaction involving Company securities. Such request may be granted in the sole discretion of the Compliance Committee. Exceptions to the Quarterly Blackout Periods are granted infrequently and only in exceptional circumstances. *All exception requests should be emailed to the Compliance Committee at [preclearance@optimizerrx.com](mailto:preclearance@optimizerrx.com).*

Event-Specific Blackout Periods. In addition to the Quarterly Blackout Periods, the Compliance Committee may issue instructions from time to time advising some or all personnel that they may not engage in transactions in Company securities for certain periods, or that our securities may not be traded without prior approval (an “Event-Specific Blackout Period”). Due to the confidential nature of the events that may trigger these sorts of blackout periods, the Compliance Committee may find it necessary to inform affected individuals of a blackout period without disclosing the reason. If you are made aware of such a blackout period, do not disclose its existence to anyone. Exceptions will not be granted during an Event-Specific Blackout Period.

### D. Certain Exceptions to the Trading Restrictions in this Policy

The trading restrictions in this Policy (including the blackout period restrictions) do not apply in the case of the following transactions, except as specifically noted:

Exercise of Stock Options. The trading restrictions in this Policy do not apply to the exercise of an employee stock option acquired pursuant to the Company’s equity plans, or to the exercise of a tax withholding right pursuant to which a person has elected to have the Company withhold shares subject to an option to satisfy tax withholding requirements. The trading restrictions in this Policy **do** apply, however, to any sale of stock as part of a broker-assisted cashless exercise of an option, or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

Vesting of Restricted Stock Awards and Restricted Stock Unit Awards. The trading restrictions in this Policy do not apply to the vesting of restricted stock or restricted stock units, or the exercise of a tax withholding right pursuant to which you elect to have the Company withhold shares of stock to satisfy tax withholding requirements upon the vesting of any restricted stock or restricted stock unit. The trading restrictions in this Policy **do** apply, however, to any market sale of restricted stock and shares of stock received upon the vesting of restricted stock units.

Rule 10b5-1 Trading Plan. The trading restrictions in this Policy do not apply to purchases or sales of the Company’s securities pursuant to a pre-approved Rule 10b5-1 trading program (a “Rule 10b5-1 Plan”). Implementation of a Rule 10b5-1 Plan under the Exchange Act provides an affirmative defense (which must be proven) from insider trading liability under Rule 10b-5. A Rule 10b5-1 Plan must be entered into at a time when the person entering into the plan is not aware of material non-public information. Once the plan is adopted, the person must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded or the date of the trade. The plan must either specify the amount, pricing and timing of transactions in advance or delegate discretion on these matters to an independent third party. Entry into a Rule 10b5-1 Plan must comply with the requirements set forth in “Rule 10b5-1 Plans” below.

E. Rule 10b5-1 Plans

Entry into a Rule 10b5-1 Plan requires the prior written approval of the Compliance Committee (which approval may include an email confirmation). Any Rule 10b5-1 Plan must be submitted for approval five days prior to the entry into the Rule 10b5-1 Plan. *All pre-clearance submissions should be emailed to the Compliance Committee at [preclearance@optimizerx.com](mailto:preclearance@optimizerx.com).* No further pre-approval of transactions conducted pursuant to the Rule 10b5-1 Plan will be required. You may not adopt a Rule 10b5-1 Plan during any Quarterly Blackout Period or Event-Specific Blackout Period, or at a time when you are aware of material non-public information. The following requirements apply to all Rule 10b5-1 Plans:

- directors and Officers may not commence sales under a Rule 10b5-1 plan until the later of (i) 90 days following the date of adoption or modification of such plan; or (ii) two business days following the disclosure of the Company's financial results in a Form 10-K or Form 10-Q relating to the fiscal quarter in which the Rule 10b5-1 plan was adopted or modified (but not to exceed 120 days following plan adoption or modification);
- all persons other than directors and Officers, may not commence sales under a Rule 10b5-1 plan until 30 days following the date of adoption or modification of such plan;
- directors and Officers must provide a representation in the Rule 10b5-1 plan certifying that, on the date of adoption or modification of the plan, they (i) are not aware of material nonpublic information about the Company or its securities; and (ii) are adopting or modifying the plan in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5;
- subject to the limited exceptions set forth in Rule 10b5-1, you may not maintain multiple, overlapping plans;
- subject to the limited exceptions set forth in Rule 10b5-1, you can utilize only one single-trade plan (i.e. a plan designed to effect only a single transaction) during any 12 month period; and
- you must act in good faith with respect to the Rule 10b5-1 plan, not just in connection with entering into the plan.

The Company may impose additional restrictions on Rule 10b5-1 Plans, including without limitation:

- requiring that all plans be managed by an administrator selected by the Company;
- restrictions on termination or modification of plans;
- prohibition on entry into new plans for extended periods following termination of an existing plan; and
- prescribed periods during which persons may enter into plans.

Modification or termination of Rule 10b5-1 Plans are generally discouraged absent compelling circumstances. Any modification to any Rule 10b5-1 Plan is treated as the entry into a new plan and must comply with all of the above requirements.

F. Violations of Insider Trading Laws

Penalties for trading on or communicating material non-public information can be severe, both for individuals involved in such unlawful conduct and their employers and supervisors, and may include jail terms, criminal fines, civil penalties and civil enforcement injunctions. Given the severity of the potential penalties, compliance with this Policy is absolutely mandatory. Individuals also may be prohibited from serving as directors or officers of the Company or any other public company. Keep in mind that there are no limits on the size of a transaction that will trigger insider trading liability; relatively small trades have in the past occasioned SEC investigations and lawsuits.

Legal Penalties. A person who violates insider trading laws by engaging in transactions in a company's securities when he or she has material non-public information can be sentenced to a substantial jail term and required to pay a penalty of several times the amount of profits gained or losses avoided.

In addition, a person who tips others may also be liable for transactions by the tippees to whom he or she has disclosed material non-public information. Tipsters can be subject to the same penalties and sanctions as the tippees, and the SEC has imposed large penalties even when the tipster did not profit from the transaction. The SEC can also seek substantial penalties from any person who, at the time of an insider trading violation, "directly or indirectly controlled the person who committed such violation," which would apply to the Company and/or management and supervisory personnel.

Company-imposed Penalties. An individual who violates this Policy may be subject to disciplinary action by the Company, including dismissal or removal for cause.

G. Additional Guidelines

The Company considers it improper and inappropriate for those employed by or associated with the Company to engage in short-term or speculative transactions in the Company's securities or in other transactions in the Company's securities that may lead to inadvertent violations of the insider trading laws. It therefore is the Company's policy that any persons covered by this Policy may not engage in any of the following transactions (even if they do not possess material non-public information):

Short Sales. You may not engage in short sales of the Company's securities (sales of securities that are not then owned), including a "sale against the box" (a sale with delayed delivery). Short sales of Company securities may evidence an expectation on the part of the seller that the securities will decline in value, and therefore have the potential to signal to the market that the seller lacks confidence in the Company's prospects. In addition, short sales may reduce a seller's incentive to seek to improve the Company's performance. For these reasons, short sales of Company securities are prohibited.

Publicly Traded Options. You may not engage in transactions in publicly traded options related to the Company's securities, such as puts, calls and other derivative securities, on an exchange or in any other organized market. Given the relatively short term of publicly traded options, transactions in options related to the Company's securities may create the appearance that you are trading based on material non-public information and focus your attention on short-term performance at the expense of the Company's long-term objectives. Accordingly, transactions in publicly traded options related to the Company's securities on an exchange or in any other organized market are prohibited by this Policy.

Hedging Transactions. Hedging or monetization transactions can be accomplished through a number of possible mechanisms, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds. Such hedging transactions may permit you to continue to own Company securities obtained through employee benefit plans or otherwise, but without the full risks and rewards of ownership. When that occurs, you may no longer have the same objectives as the Company's other stockholders. Therefore, you are prohibited from engaging in any such transactions.

Margin Accounts and Pledges. Securities held in a margin account or pledged as collateral for a loan may be sold without your consent by the broker if you fail to meet a margin call or by the lender in foreclosure if you default on the loan. A margin or foreclosure sale that occurs when you are aware of material non-public information may, under some circumstances, result in unlawful insider trading. Therefore, you are prohibited from holding Company securities in margin accounts or pledging Company securities as collateral for a loan.

## **Section 2: Additional Restrictions Applicable to Directors, Officers and Designated Employees**

Section 2 of this Policy imposes additional restrictions and applies to all directors and Officers of the Company and the employees described in Appendix A hereto (“Designated Employees”). This section of the Policy also applies to such persons’ Family Members, household members and Controlled Entities.

### **A. Pre-Clearance**

OptimizeRx requires that all directors, Officers and Designated Employees, as well as their respective Family Members, household members and Controlled Entities, obtain prior written approval from the Compliance Committee (which approval may include an email confirmation) before engaging in any transaction in Company securities. A request for pre-clearance should be submitted to the Compliance Committee at least two business days in advance of the proposed transaction. The Compliance Committee is under no obligation to approve a transaction submitted for pre-clearance, and may determine not to permit the transaction. If a person seeks pre-clearance and permission to engage in the transaction is denied, then he or she should refrain from initiating any transaction in Company securities, and should not inform any other person of the restriction. If approved, the transaction must be completed within five business days, but in no event after the commencement of a blackout period. If the transaction does not occur during the five business day period, pre-clearance of the transaction must be re-requested. A form of “Request for Approval” is attached as Appendix B hereto and should be used to request approval hereunder, unless otherwise notified by a member of the Compliance Committee. *All pre-clearance requests should be emailed to the Compliance Committee at [preclearance@optimizerx.com](mailto:preclearance@optimizerx.com).*

The Compliance Committee’s approval of a transaction submitted for pre-clearance does not constitute legal advice, does not constitute confirmation that you do not possess material non-public information and does not relieve you of any of your legal obligations.

A member of the Compliance Committee may not trade in our securities unless another member of the Compliance Committee has approved the trade(s) in accordance with this Policy’s procedures.

### **B. Use of Rule 10b5-1 Plans**

Directors, Officers and Designated Employees, as well as their respective Family Members, household members and Controlled Entities, who wish to trade in Company securities are strongly encouraged to trade such securities pursuant to a Rule 10b5-1 Plan. See Section 1E above.

### Section 3: Additional Requirements Applicable to Directors and Officers

Directors and Officers of the Company (the “Section 16 Insiders”) are also subject to the reporting and short-swing profit rules under Section 16 of the Exchange Act.

#### A. Reporting Requirements

Section 16(a) requires the directors and Officers of the Company to file reports with the SEC that identify their beneficial ownership of the Company’s equity securities and any transactions they make in those securities. A Form 3 must be filed no later than the tenth (10th) calendar day after an individual becomes a director or Officer of the Company, and any subsequent change in beneficial ownership by a Section 16 Insider must, unless exempt from reporting or eligible for deferred reporting, be reported on a Form 4 filed within two business days. These reports must be filed with the SEC via EDGAR and are therefore immediately publicly available upon filing. Section 16(a) imposes the obligation to file ownership reports with the SEC on the individual insiders, not on the Company. However, the Company must disclose any delinquent Section 16 filers in its annual proxy statement and identify the trading information that was not properly filed. While it is not the Company’s obligation to do so, it is the Company’s practice to assist each of its Section 16 Insiders in filing their Section 16(a) reports: In order to facilitate timely compliance, a Section 16 Insider (or his or her broker) must immediately report (no later than the same day such Section 16 Insider engages in the transaction) detailed trade information, in writing, to Company’s General Counsel and Chief Financial Officer for all transactions made in Company securities by such insider, any family members, household members and entities that such insider controls. Although it is the individual responsibility and legal obligation of each director and Officer to comply with the reporting requirements described herein, the Compliance Officers will, upon being advised of a transaction, endeavor to prepare and, pursuant to a power of attorney, timely file Section 16(a) reports on behalf of each Section 16 Insider. A power of attorney (the “POA”) that authorizes Company personnel to prepare, complete and file Section 16(a) reports, and otherwise act on a Section 16 Insider’s behalf regarding Section 16(a) reports, is attached hereto as Appendix C. Section 16 Insiders who would like the Company to assist them with their Section 16(a) reports should sign the POA and return it to the Company’s General Counsel and Chief Financial Officer.

In addition to the disclosure requirements imposed by Section 16 of the Exchange Act, directors and Officers of the Company are required to file a Form 144 before making an open market sale of OptimizeRx securities. Form 144 notifies the SEC of your intent to sell OptimizeRx securities. This form is generally prepared and filed by your broker.

#### B. Short-Swing Profit Rules

Section 16(b) provides for the recovery of “short-swing” profits from a Section 16 Insider resulting from certain transactions in Company securities “beneficially owned” by them. Specifically, a Section 16 Insider is required by law to turn over to the Company any “profit” realized upon a purchase followed by a sale, or a sale followed by a purchase, of any equity security of the Company that is beneficially owned by him or her and made within a period of less than six months. A profit may result even if the purchase and sale involve different types of equity securities. Moreover, any sale or purchase may be matched with any purchase or sale within the period such that there may be recoverable “profit” even if there has been no economic benefit to the individual in question. The good faith of a director or Officer is irrelevant to whether recovery is required under Section 16.

Transactions in the Company’s securities by persons related to a Section 16 Insider (e.g., spouse, children, grandchildren and in-laws), or by entities in which he or she may have an indirect interest (e.g., partnerships, corporations and trusts) may be attributed to the Section 16 Insider. Accordingly, such related persons or entities should be advised not to engage in trades within six months of trades engaged in by the Section 16 Insider, or engaged in by each other, without considering the implications of the short-swing profit rules.

Approved and adopted: June 22, 2021

Amended: March 7, 2023

**Appendix A**

**DESIGNATED EMPLOYEES**

Our current Designated Employees for purposes of our Insider Trading Policy are on file with the Compliance Committee. The Compliance Committee may alter the list of Designated Employees at any time, in which case the Compliance Committee will provide written notice to any individuals added or removed from such list.

**Appendix B**

**REQUEST FOR APPROVAL TO TRADE COMPANY SECURITIES**

Number of Securities (e. g., shares): \_\_\_\_\_

Type of Security [check all applicable boxes]

- Common stock
- Restricted stock
- Stock Option
- Debt Securities
- Other \_\_\_\_\_

Type of Transaction [check all applicable boxes]

- Stock option exercise (must complete applicable exercise form)
- Purchase
- Sale
- Gift (Name of Donee)
- Rule 10b5-1 Plan (attach a copy of the 10b5-1 Plan to this request form)
- Sale under benefit plans
- Other \_\_\_\_\_

Broker Contact Information

Company Name \_\_\_\_\_  
Contact Name \_\_\_\_\_  
Telephone \_\_\_\_\_  
Fax \_\_\_\_\_  
Account Number \_\_\_\_\_  
Social Security or other Tax Identification Number \_\_\_\_\_

Status (check all applicable boxes and complete blanks)

- Employee – Citizenship \_\_\_\_\_, Country in which you are based \_\_\_\_\_
- Board Member

I am not currently in possession of any material non-public information relating to OptimizeRx Corporation. I hereby certify that the statements made on this form are true and correct. I have also discussed any questions I had with respect to OptimizeRx's insider trading policy and its applicability to the transactions contemplated hereby with a member of the Compliance Committee.

Signature \_\_\_\_\_ Print Name \_\_\_\_\_

Date: \_\_\_\_\_ Telephone Number \_\_\_\_\_

\_\_\_\_\_  
(office use only)

Request Approved (transaction must be completed within 5 business days after approval)

Request Denied

Request Approved with the following modification: \_\_\_\_\_

Signature & Date \_\_\_\_\_

**Appendix C**

**POWER OF ATTORNEY**

Know all by these presents, that the undersigned hereby constitutes and appoints each of Marion Odence-Ford and Ed Stelmakh, individually, with full power of substitution, the undersigned's true and lawful attorney-in-fact to:

- (1) execute for and on behalf of the undersigned, in the undersigned's capacity as an officer and/or director of OptimizeRx Corporation (the "Company"), Forms 3, 4, and 5 in accordance with Section 16(a) of the Securities Exchange Act of 1934 and the rules thereunder;
- (2) do and perform any and all acts for and on behalf of the undersigned which may be necessary or desirable to complete and execute any such Form 3, 4, or 5, complete and execute any amendment or amendments thereto, and timely file such form with the U.S. Securities and Exchange Commission and any stock exchange or similar authority; and
- (3) take any other action of any type whatsoever in connection with the foregoing which, in the opinion of such attorney-in-fact, may be of benefit to, in the best interest of, or legally required by, the undersigned, it being understood that the documents executed by such attorney-in-fact on behalf of the undersigned pursuant to this Power of Attorney shall be in such form and shall contain such terms and conditions as such attorney-in-fact may approve in such attorney-in-fact's discretion.

The undersigned hereby grants to each such attorney-in-fact, individually, full power and authority to do and perform any and every act and thing whatsoever requisite, necessary, or proper to be done in the exercise of any of the rights and powers herein granted, as fully to all intents and purposes as the undersigned might or could do if personally present, with full power of substitution or revocation, hereby ratifying and confirming all that each such attorney-in-fact, or each such attorney-in-fact's substitute or substitutes, shall lawfully do or cause to be done by virtue of this Power of Attorney and the rights and powers herein granted. The undersigned acknowledges that each such attorney-in-fact, in serving in such capacity at the request of the undersigned, is not assuming, nor is the Company assuming, any of the undersigned's responsibilities to comply with Section 16 of the Securities Exchange Act of 1934.

This Power of Attorney shall remain in full force and effect until the undersigned is no longer required to file Forms 3, 4, and 5 with respect to the undersigned's holdings of and transactions in securities issued by the Company, unless earlier revoked by the undersigned in a signed writing delivered to the foregoing attorney-in-fact.

IN WITNESS WHEREOF, the undersigned has caused this Power of Attorney to be executed as of this \_\_\_ day of \_\_\_\_, 20\_\_.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

**OptimizeRx Corporation**

List of Subsidiaries

- Healthy Offers, Inc. (d/b/a Medicx Health), a Nevada corporation
- CareSpeak Communications, Inc., a New Jersey corporation
- CareSpeak Communications, d.o.o., a controlled foreign corporation incorporated in Croatia
- Cyberdiet, a controlled foreign corporation incorporated in Israel



**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in the following registration statements on Forms S-8 (File Nos. 333-259218; 333-237630; 333-230212; 333-210653; and 333-189439) of OptimizeRx Corporation and Subsidiaries (the "Company") of our report dated April 15, 2024, with respect to the consolidated financial statements of the Company as of December 31, 2023 and 2022 and for the years then ended, which is included in this Annual Report on Form 10-K of the Company.

*/s/ UHY LLP*

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Sterling Heights, Michigan  
April 15, 2024

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND  
CHIEF FINANCIAL OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, William J. Febbo, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2023, of OptimizeRx Corp (the “registrant”);
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 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: April 15, 2024

/s/ William J. Febbo

By: William J. Febbo

Title: Chief Executive Officer, Principal Executive Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND  
CHIEF FINANCIAL OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Edward Stelmakh, certify that;

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2023, of OptimizeRx Corp (the “registrant”);
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 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: April 15, 2024

/s/ Edward Stelmakh

By: Edward Stelmakh

Title: Chief Financial Officer, Principal Financial Officer  
and Principal Accounting Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND  
CHIEF FINANCIAL OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the annual Report of OptimizeRx Corp (the "Company") on Form 10-K for the year ended December 31, 2023 filed with the Securities and Exchange Commission (the "Report"), I, William J. Febbo, Chief Executive Officer of the Company, and I, Edward Stelmakh, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that

1. The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the consolidated financial condition of the Company as of the dates presented and the consolidated result of operations of the Company for the periods presented.

By: /s/ William J. Febbo  
Name: William J. Febbo  
Title: Chief Executive Officer, Principal Executive Officer  
Date: April 15, 2024

By: /s/ Edward Stelmakh  
Name: Edward Stelmakh  
Title: Chief Financial Officer, Principal Financial Officer  
and Principal Accounting Officer  
Date: April 15, 2024

This certification has been furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

**OPTIMIZERX CORPORATION****CLAWBACK POLICY**

The Board of Directors (the “Board”) of OptimizeRx Corporation (the “Company”) has determined that it is in the best interests of the Company to adopt this Clawback Policy (this “Policy”), which provides for the recovery of certain incentive compensation in the event of an Accounting Restatement (as defined below). This Policy is designed to comply with, and shall be interpreted to be consistent with, Section 10D of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), Rule 10D-1 promulgated under the Exchange Act (“Rule 10D-1”) and Nasdaq Listing Rule 5608.

**1. Definitions**

For purposes of this Policy, the following capitalized terms shall have the meanings set forth below.

“*Accounting Restatement*” means an accounting restatement of the Company’s financial statements due to the Company’s material noncompliance with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

“*Clawback Period*” means the three completed fiscal years immediately preceding the date on which the Company is required to prepare an Accounting Restatement, as well as any transition period (that results from a change in the Company’s fiscal year) within or immediately following those three completed fiscal years (except that a transition period that comprises a period of at least nine months shall count as a completed fiscal year). The “*date on which the Company is required to prepare an Accounting Restatement*” is the earlier to occur of (a) the date the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if the Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement; or (b) the date a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement.

“*Erroneously Awarded Compensation*” means, in the event of an Accounting Restatement, the amount of Incentive-Based Compensation previously received that exceeds the amount of Incentive-Based Compensation that otherwise would have been received had it been determined based on the restated amounts in such Accounting Restatement, and must be computed without regard to any taxes paid by the relevant Executive Officer; provided, however, that for Incentive-Based Compensation based on stock price or total stockholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in an Accounting Restatement: (i) the amount of Erroneously Awarded Compensation must be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total stockholder return upon which the Incentive-Based Compensation was received; and (ii) the Company must maintain documentation of the determination of that reasonable estimate and provide such documentation to The Nasdaq Stock Market (“Nasdaq”).

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“*Executive Officer*” means the Company’s president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. An executive officer of the Company’s parent or subsidiary is deemed an “Executive Officer” if the executive officer performs such policy making functions for the Company.

“*Financial Reporting Measure*” means any measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures that are derived wholly or in part from such measures; provided, however, that a Financial Reporting Measure is not required to be presented within the Company’s financial statements or included in a filing with the U.S. Securities and Exchange Commission (“SEC”) to qualify as a “Financial Reporting Measure.” For purposes of this Policy, Financial Reporting Measures include, but are not limited to, stock price and total stockholder return.

“*Incentive-Based Compensation*” means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure. Incentive-Based Compensation is “*received*” for purposes of this Policy in the Company’s fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of such Incentive-Based Compensation occurs after the end of that period.

## **2. Policy Application.**

This Policy applies to Incentive-Based Compensation received by an Executive Officer (a) after beginning services as an Executive Officer; (b) if that person served as an Executive Officer at any time during the performance period for such Incentive-Based Compensation; and (c) while the Company had a listed class of securities on a national securities exchange.

## **3. Policy Recovery Requirement.**

In the event the Company is required to prepare an Accounting Restatement, the Company shall reasonably promptly recoup the amount of any Erroneously Awarded Compensation received by any Executive Officer during the Clawback Period. In the event of an Accounting Restatement, the Board shall determine, in its sole discretion, the amount of any Erroneously Awarded Compensation for each Executive Officer in connection with such Accounting Restatement.

## **4. Method of Recoupment.**

The Board shall determine, in its sole discretion, the timing and method for promptly recouping such Erroneously Awarded Compensation, which may include without limitation: (a) seeking reimbursement of all or part of any cash or equity-based award, (b) cancelling prior cash or equity-based awards, whether vested or unvested or paid or unpaid, (c) cancelling or offsetting against any planned future cash or equity-based awards, (d) forfeiture of deferred compensation, subject to compliance with Section 409A of the Internal Revenue Code and the regulations promulgated thereunder and (e) any other method authorized by applicable law or contract. Subject to compliance with any applicable law, the Board may affect recovery under this Policy from any amount otherwise payable to the Executive Officer, including amounts payable to such individual under any otherwise applicable Company plan or program, including base salary, bonuses or commissions and compensation previously deferred by the Executive Officer.

The Company is authorized and directed pursuant to this Policy to recoup Erroneously Awarded Compensation in compliance with this Policy unless the Compensation Committee has determined that recovery would be impracticable solely for the following limited reasons, and subject to the following procedural and disclosure requirements:

- The direct expense paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement, the Company must make a reasonable attempt to recover such Erroneously Awarded Compensation, document such reasonable attempt(s) to recover and provide that documentation to Nasdaq;
- Recovery would violate home country law of the Company where that law was adopted prior to November 28, 2022. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of home country law of the Company, the Company must obtain an opinion of home country counsel, acceptable to Nasdaq, that recovery would result in such a violation, and must provide such opinion to Nasdaq; or
- Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

#### **5. No Indemnification of Executives Officers.**

Notwithstanding the terms of any indemnification or insurance policy or any contractual arrangement with any Executive Officer that may be interpreted to the contrary, the Company shall not indemnify any Executive Officers against the loss of any Erroneously Awarded Compensation, including any payment or reimbursement for the cost of third-party insurance purchased by any Executive Officers to fund potential clawback obligations under this Policy.

#### **6. Required Policy-Related Filings.**

The Company shall file all disclosures with respect to this Policy in accordance with the requirements of the federal securities laws, including disclosures required by SEC filings.

#### **7. Acknowledgement.**

Each Executive Officer shall sign and return to the Company within thirty (30) calendar days following the later of (i) the effective date of this Policy set forth below or (ii) the date such individual becomes an Executive Officer, the Acknowledgement Form attached hereto as Appendix A, pursuant to which the Executive Officer agrees to be bound by, and to comply with, the terms and conditions of this Policy.

#### **8. Administration**

This Policy shall be administered by the Board or, if so designated by the Board, the Compensation Committee, in which case references herein to the Board shall be deemed references to the Compensation Committee. Any determinations made by the Board shall be final and binding on all affected individuals.

## **9. Policy Not in Limitation**

The Board intends that this Policy shall be applied to the fullest extent of the law. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company under applicable law or pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company.

Nothing contained in this Policy, and no recoupment or recovery as contemplated by this Policy, shall limit any claims, damages or other legal remedies the Company or any of its affiliates may have against an Executive Officer arising out of or resulting from any actions or omissions by the Executive Officer.

## **10. Amendment; Termination.**

The Board may amend, modify, supplement, rescind or replace all or any portion of this Policy at any time and from time to time in its discretion, and shall amend this Policy as it deems necessary to comply with applicable law or any rules or standards adopted by a national securities exchange on which the Company's securities are listed.

## **11. Successors.**

This Policy is binding and enforceable against all Executive Officers and their beneficiaries, heirs, executors, administrators or other legal representatives.

## **12. Effective Date.**

This Policy shall be effective as of October 2, 2023. The terms of this Policy shall apply to any Incentive-Based Compensation that is received by Executive Officers on or after October 2, 2023, even if such Incentive-Based Compensation was approved, awarded or granted to Executive Officers prior to such date.

Approved and adopted: November 10, 2023

**Appendix A**

**OPTIMIZERX CORPORATION**

**CLAWBACK POLICY**

**ACKNOWLEDGEMENT FORM**

By signing below, the undersigned acknowledges and confirms that the undersigned has received and reviewed a copy of the OptimizeRx Corporation (the “**Company**”) Clawback Policy (the “**Policy**”).

By signing this Acknowledgement Form, the undersigned acknowledges and agrees that the undersigned is and will continue to be subject to the Policy and that the Policy will apply both during and after the undersigned’s employment or service with the Company. Further, by signing below, the undersigned agrees to abide by the terms of the Policy, including, without limitation, by returning any Erroneously Awarded Compensation (as defined in the Policy) to the Company to the extent required by, and in a manner consistent with, the Policy.

EXECUTIVE OFFICER

\_\_\_\_\_  
Signature

Print Name

\_\_\_\_\_  
Date