

May 15, 2014



Mobivity Announces Financial Results for the First Quarter 2014

PHOENIX, May 15, 2014 /PRNewswire/ -- Mobivity Holdings Corp. (OTCQB: MFON), an award-winning provider of proprietary and patented mobile marketing technologies and solutions, today announced financial results for the first quarter ended March 31, 2014.

Recent Highlights:

- Total revenues for the first quarter of fiscal 2014 were \$903,000, while total revenues are expected to grow 20% to approximately \$1.1 million for the second quarter of fiscal 2014;
- Gross margins remained strong at 71.1%;
- Total number of locations utilizing a Mobivity product increased from 9,650 at the end of December 2013 to more than 17,000 locations at the end of March 2014
- Company closes acquisition of SmartReceipt, a leader in marketing solutions whose software products transform "traditional" retail transaction receipts into engaging "smart" receipts that feature coupons and special offers for consumers;
- A large QSR ordered more than 1,000 new installations to be completed in June of this year;
- The Company has begun trials of its SmartReceipt solution bundled with its SMS and Stamp mobile marketing solutions with new QSR brand customers who combine for more than 3,000 locations;
- At March 31, 2014, cash and equivalents totaled \$4.4 million with essentially no long-term debt.

Dennis Becker, chief executive officer of Mobivity, said, "We are elated with the market demand for our newly acquired SmartReceipt product in combination with our core SMS and Stamp mobile marketing and loyalty solutions. Beyond new business opportunities, we have just begun cross selling the unique bundling of SmartReceipt with SMS and Stamp to legacy Mobivity and SmartReceipt customers. Over the coming year, we will look to continuously cross-sell our products to existing customers, while expanding the total number of new brand locations utilizing our unique mobile marketing solutions. April was a very strong month for the Company and our existing customers are regrowing their subscriber bases from the losses induced by the new TCPA regulations imposed last October. We are looking forward to resuming topline revenue growth in the second quarter."

"We are also very excited that our largest reseller partner has concluded its rebranding and integration initiatives, and has now adopted our mobile marketing solutions as a prominent part of their online branding and product offerings going forward," added Mike Bynum, Mobivity's President. "While it has taken longer than we anticipated, the full rollout has finally commenced and we are looking forward to being a significant part of their product offering for years to come."

Mr. Becker concluded, "Mobivity is focused on providing our customer with exceptional products to drive repeat business and improve marketing efficiency. At the core of the Mobivity business model is the opportunity to capture an increasing number of locations utilizing one of our suite of mobile marketing solutions, with the capabilities to cross sell them other solutions. Our acquisition of SmartReceipt, which employs a SaaS-based monthly recurring revenue business model, is consistent with that strategy. The company has a number of strong relationships with leading quick serve locations that are ideal customers for our SMS text messaging product and Stamp! loyalty app. We look forward in 2014 to expand upon the synergistic opportunities of this acquisition and continue to progress on a number of very significant trials that are currently underway at large and prominent brands."

First Quarter 2014 Financial Results

Revenue for the first quarter of 2014 was \$903,000, down 12.1% from \$1,028,000 in the first quarter of 2013. The decrease in revenues for the quarter is attributable to an approximate \$116,000 impact due to the Telephone Consumer Protection Act (TCPA) that went into effect on October 16, 2013, and the reduction in revenues from short-term projects and legacy non-strategic customers.

Gross margins decreased slightly to 71.1% from 72.3% in the first quarter of 2013. Cost of goods sold was \$261,000 in the first quarter of 2014 compared to \$285,000 in the first quarter of 2013, with a gross margin profit of \$642,000 in the first quarter of 2014 compared to a gross profit of \$743,000 in the same period a year ago.

Operating expenses (excluding goodwill and intangible asset impairment charges) for the first quarter of 2014 were \$2,437,000 compared to \$1,023,000 in the same period of the prior year. The increase in operating expenses is primarily attributable to increases in our management team and sales infrastructure.

Operating loss was \$(1,795,000) in the three months ended March 31, 2014 compared to an operating loss of \$(280,000) in the corresponding period a year ago. Net loss for the quarter was \$(1,764,000), or \$(0.10) per diluted share, compared to a net loss of \$(2,423,000), or \$(0.63) per diluted share, in the first quarter of 2013.

Non-GAAP Adjusted Net Loss, a non-GAAP metric (see note on non-GAAP Measurements) was \$(1,409,000) during the first quarter of 2014 as compared to \$(153,000) during the prior year period.

Balance Sheet

The Company had \$3,984,000 of cash at March 31, 2014 compared to \$44,000 at March 31, 2013. Total notes payable outstanding were \$20,000 at March 31, 2014 and December 31, 2013.

Non-GAAP Measurements

This press release includes a reference to Non-GAAP adjusted net loss, which constitutes a "non-GAAP financial measure" as defined by the SEC. "Non-GAAP adjusted net loss" is our net loss before interest, depreciation, amortization, stock-based compensation, and other non-cash operating income and expenses. Non-GAAP adjusted net loss is presented

exclusively as a supplemental disclosure because our management believes that it is widely used to measure the performance, and as a basis for valuation, of companies in our industry. Our management uses Non-GAAP adjusted net loss as a measure of our operating performance and to compare our operating performance with those of our competitors. We also present Non-GAAP adjusted net loss because it is used by some investors as a way to measure a company's ability to incur and service debt, make capital expenditures and meet working capital requirements. A full reconciliation of the non-GAAP measures to GAAP can be found in the tables of today's press release. Non-GAAP adjusted net loss is supplemental to results presented under accounting principles generally accepted in the United States of America ("GAAP") and may not be comparable to similarly titled measures presented by other companies. These non-GAAP measures are used by management to facilitate period-to-period comparisons and analysis of Mobivity's operating performance and liquidity. Management believes these non-GAAP measures are useful to investors in trending, analyzing and benchmarking the performance and value of Mobivity's business. These non-GAAP measures should be considered in addition to, but not as a substitute for, other similar measures reported in accordance with GAAP.

About Mobivity

Mobivity is an award-winning provider of a suite of patented mobile marketing technologies designed to drive sales, enhance customer engagement, and reward customer loyalty for local businesses and national brands. Its solutions enable businesses across the United States to drive incremental sales and profitability by quickly and effectively communicating to their most loyal customers. Included are SmartReceipt, which transforms traditional retail transaction receipts into engaging "smart" receipts, an industry-leading text messaging product, and an innovative Stamp[™] mobile loyalty application. Additionally, Mobivity offers a unique, high definition graphical system platform that allows its clients to enhance customer or fan experience by interacting with their mobile phones and video boards or screens in real time. Mobivity's clients include national brands such as CNN, Disney, the NFL, Sony Pictures, AT&T, Chick-fil-A, NBC Universal, and numerous professional sports teams, as well as thousands of small, local businesses across the U.S. For more information, visit www.mobivity.com.

Forward Looking Statement

This press release contains forward-looking statements concerning Mobivity Holdings Corp. within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Those forward-looking statements include statements regarding the Company's plans to cross-market its products, the roll-out of the Dex Media reseller program partner,); the Company's ability to successfully integrate its recently acquired SmartReceipt operations; expectations for the growth of the Company's operations, sales force and revenue; the advantages and growth prospects of the mobile marketing industry; and the expected contributions to the Company's success by its recent additions to management. Such statements are subject to certain risks and uncertainties, and actual circumstances, events or results may differ materially from those projected in such forward-looking statements. Factors that could cause or contribute to differences include, but are not limited to, the application and enforcement of the TCPA amendments in ways not expected; our ability to successfully integrate the SmartReceipt operations and our recent additions to management; our ability to

develop the sales force required to achieve our development and revenue goals; our ability to raise additional working capital as and when needed; changes in the laws and regulations affecting the mobile marketing industry and those other risks set forth in Mobivity Holdings Corp.'s annual report on Form 10-K for the year ended December 31, 2013 filed with the SEC on March 31, 2014 and subsequently filed quarterly reports on Form 10-Q. Mobivity Holdings Corp. cautions readers not to place undue reliance on any forward-looking statements. Mobivity Holdings Corp. does not undertake, and specifically disclaims any obligation to update or revise such statements to reflect new circumstances or unanticipated events as they occur.

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MOBIVITY HOLDINGS, INC.

ITEMIZED RECONCILIATION BETWEEN NET INCOME (LOSS) AND NON-GAAP ADJUSTED NET INCOME

(Unaudited)

	Three Months Ended	
	March 31,	
\$000s except EPS	2014	2013
Net income (loss)	\$ (1,764)	\$ (2,423)
Depreciation and amortization	68	34
Change in Fair Value of Derivatives	(30)	1,002
Non-cash Stock Compensation Expense	317	94
Loss (Gain) on Contingent Considerations	-	(306)

Interest expense, Net	(1)	1,447
Non-GAAP Adjusted Net Income (Loss)	\$ (1,410)	\$ (152)
Weighted Average Diluted Shares Outstanding	17,490,954	3,869,247
Non-GAAP Adjusted EPS	\$ (0.08)	\$ (0.04)

Mobivity Holdings Corp.

Consolidated Statements of Operations

(Unaudited)

	Three months ended March 31,	
	2014	2013
Revenues		
Revenues	\$ 903,215	\$ 1,027,993
Cost of revenues	260,893	284,622
Gross margin	642,322	743,371
Operating expenses		
General and administrative	1,129,953	532,628
Sales and marketing	941,085	362,896
Engineering, research, and development	297,933	94,055
Depreciation and amortization	68,083	33,814
Goodwill impairment	-	-
Intangible asset impairment	-	-
Total operating expenses	2,437,054	1,023,393

Loss from operations	(1,794,732)	(280,022)
Other income/(expense)		
Interest income	1,731	3
Interest expense	(826)	(1,447,359)
Change in fair value of derivative liabilities	30,079	(1,001,550)
Gain on Debt Extinguishment	-	-
Gain (loss) on adjustment in contingent consideration -		305,712
Total other income/(expense)	30,984	(2,143,194)
Loss before income taxes	(1,763,748)	(2,423,216)
Income tax expense	-	-
Net loss	\$ (1,763,748)	\$ (2,423,216)
Net loss per share - basic and diluted	\$ (0.10)	\$ (0.63)
Weighted average number of shares		
during the period - basic and diluted	17,490,954	3,869,247

Mobivity Holdings Corp.

Consolidated Balance Sheets

(Unaudited)

March 31, 2014 **December 31,
2013**

ASSETS

Current assets

Cash	\$ 3,984,032	\$ 2,572,685
Accounts receivable, net of allowance for doubtful accounts of \$58,072 and \$65,975, respectively	441,698	280,667
Other current assets	128,895	140,114
Total current assets	4,554,625	2,993,466
Goodwill	5,999,765	3,108,964
Intangible assets, net	3,315,083	935,316
Other assets	90,938	63,944
TOTAL ASSETS	\$ 13,960,411	\$ 7,101,690

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

Current liabilities

Accounts payable	\$ 671,209	\$ 543,648
Accrued interest	17,769	16,943
Accrued and deferred personnel compensation	195,316	191,041
Deferred revenue and customer deposits	311,121	136,523
Notes payable	20,000	20,000
Derivative liabilities	76,097	106,176
Other current liabilities	154,446	36,372
Earn-out payable	2,321,767	34,755
Total current liabilities	3,767,725	1,085,458

Non-current liabilities

Earn-out payable	10,233	24,245
Total non-current liabilities	10,233	24,245
Total liabilities	3,777,958	1,109,703

Stockholders' equity (deficit)

Common stock, \$0.001 par value; 50,000,000 shares authorized; 16,319,786 and 3,869,688 shares issued and outstanding	22,238	16,320
Equity payable	108,170	108,170
Additional paid-in capital	60,400,993	54,452,697
Accumulated deficit	(50,348,948)	(48,585,200)
Total stockholders' equity (deficit)	10,182,453	5,991,987
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	\$ 13,960,411	\$ 7,101,690

SOURCE Mobivity Holdings Corp.