

## Mobivity Reports Financial Results for the Third Quarter of Fiscal 2013

PHOENIX, Nov. 14, 2013 /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 quarter ended September 30, 2013.

### Third Quarter 2013 and Other Recent Business Highlights:

- Q3 2013 Net Revenues increased 3.0% to \$1,036,000 from \$1,006,000 in Q3 2012;
- Subscriber-based revenues increased 79% compared to the period a year ago;
- Year to date subscription-based revenues increased 260%;
- Q3 2013 Gross Margin increased 9.8% to \$767,000 from \$699,000 in Q3 2012;
- Newly acquired resellers channel revenues from the Front Door Insights (FDI) asset acquisition increased reseller revenues 36% compared to FDI's reseller revenue during Q2, 2013;
- Mobivity's Stampt smartphone loyalty app transactions grew 15% to more than 900,000 over Q2, 2013.

Dennis Becker, Chairman and Chief Executive Officer of Mobivity, commented "The third quarter of this year was focused on the preparation and implementation phase of our growth initiatives under the direction of our newly appointed management team. We have successfully completed the integration of the Front Door Insights assets into our operations and have recently begun to relaunch FDI resellers with both our enhanced SMS mobile marketing tools and Stampt smartphone loyalty application. There are now over 2,500 sales reps selling Mobivity's solutions both direct and indirectly across the United States. We have also begun to procure an increasing number of patent licensees acknowledging our intellectual property and its relevance to the mobile marketing industry. With management expansion, FDI integration, and reseller deployments behind us, we are anxious to transition to fully focusing on growth and expanding on our existing user-base of more than 11,000 local merchants."

### Quarterly Results

Revenues for the third quarter of 2013 were \$1,036,000, an increase of \$30,000, or 3.0%, compared to the same period in 2012. The net increase is primarily attributable to an increase of 79% in revenues from subscriber-based licensing and approximately \$69,000 in revenues from recent acquisitions. This increase was offset by the loss of several large project-based accounts that were not replaced with new sales in 2013, primarily due to increased focus on small businesses, and other minor factors.

Gross margins increased to 74.1% during the third quarter of 2013 as compared to 69.5% in the comparable period a year ago. The improvement in gross margins is attributable to the company's focus on subscription-based licensing of its patented SMS mobile marketing solutions and Stampt loyalty app which inherently carry higher gross margins as opposed to project-based accounts that existed a year ago.

Operating expenses for the third quarter of 2013 were \$3,119,000, an increase of \$1,790,000, or 134.6% compared to the same period in 2012. The increase in operating expenses is primarily attributable to the investments in our management team and sales infrastructure to drive incremental growth going forward. Non-cash stock-based compensation expense was \$1,140,000 during the quarter, as compared to \$105,000 during the period a year ago.

Net loss during the quarter was \$(2,404,000), or \$(0.02) per basic and diluted share as compared to a net loss of \$(2,356,000), or \$(0.10) per basic and diluted share in the third quarter of 2012.

Adjusted EBITDA, a non-GAAP metric (see table 1) was \$(1,122,000) during the third quarter of 2013 as compared to \$(394,000) during the quarter a year ago.

### Year to Date Results

Revenues year to date in 2013 were \$3,150,000, an increase of \$121,000, or 4.0%, compared to the same period in 2012. The net increase is primarily attributable to an increase of 260% in subscriber-based licensing and approximately \$98,000 in revenues from recent acquisitions. This increase was offset by the loss of several large project-based accounts that were not replaced with new sales in 2013, primarily due to increased focus on small businesses, and other minor factors.

Net loss for the first nine months of 2013 was \$(14,702,000), or \$(0.28) per basic and diluted share as compared to a net loss of \$(5,040,000), or \$(0.22) per basic and diluted share in the comparable nine month period.

Adjusted EBITDA, a non-GAAP metric (see table 1) was \$(1,679,000) during the first nine months of 2013 as compared to \$(1,169,000) during the same period a year ago.

## Balance Sheet

The company ended the third quarter with \$3,500,000 in cash and equivalents and no long-term debt. In the second quarter, the company raised \$12,711,000, comprised of \$5,355,000 in debt and interest conversion and \$7,356,000 in new working capital, of which \$1,500,000 was used towards the FDI acquisition.

## About Mobivity

Mobivity is an award-winning provider of a suite of patented mobile marketing technologies that drive sales, enhance customer engagement, and reward customer loyalty for local businesses and national brands. Its solutions, including an industry-leading text messaging product and innovative Stamp<sup>™</sup> mobile loyalty application, enable businesses across the United States to drive incremental business and profitability by quickly and effectively communicating discounts and special offers to their most loyal customers. 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, United States Tennis Association, Chick-fil-A, the Golf Channel, 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](http://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 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, our ability to successfully integrate 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, 2012 filed with the SEC on March 21, 2013 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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[MFON@lythampartners.com](mailto:MFON@lythampartners.com)**MOBILITY HOLDINGS, INC.****ITEMIZED RECONCILIATION BETWEEN NET INCOME (LOSS) AND NON-GAAP ADJUSTED NET INCOME**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
<b>\$000s except EPS</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Net income (loss)	\$ (2,404)	\$ (2,356)	\$ (14,702)	\$ (5,040)
Depreciation and amortization	89	131	181	432
Change in Fair Value of Derivatives	52	(213)	3,866	(407)
Non-cash Stock Compensation Expense	1,140	105	2,436	745
Loss (Gain) on Contingent Considerations	-	158	193	81
Interest expense, Net	1	1,781	6,347	3,020
Non-GAAP Adjusted Net Income (Loss)	\$ (1,122)	\$ (394)	\$ (1,679)	\$ (1,169)
Weighted Average Diluted Shares Outstanding	97,290	23,215	52,247	23,020
Non-GAAP Adjusted EPS	\$ (0.01)	\$ (0.02)	\$ (0.03)	\$ (0.05)

**Mobivity Holdings Corp.**

**Condensed Consolidated Statements of Operations**

**(Unaudited)**

	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>Revenues</b>				
Revenues	\$ 1,035,952	\$ 1,006,262	\$ 3,149,555	\$ 3,028,866
Cost of revenues	268,507	307,061	864,519	1,007,288
<b>Gross margin</b>	<b>767,445</b>	<b>699,201</b>	<b>2,285,036</b>	<b>2,021,578</b>
<b>Operating expenses</b>				
General and administrative	1,324,355	636,322	2,644,677	2,350,850
Sales and marketing	1,491,563	406,815	3,289,904	1,135,934
Engineering, research, and development	214,374	156,156	465,614	452,129
Depreciation and amortization	89,133	130,579	181,262	431,962
<b>Total operating expenses</b>	<b>3,119,425</b>	<b>1,329,872</b>	<b>6,581,457</b>	<b>4,370,875</b>
<b>Loss from operations</b>	<b>(2,351,980)</b>	<b>(630,671)</b>	<b>(4,296,421)</b>	<b>(2,349,297)</b>
<b>Other income/(expense)</b>				
Interest income	385	252	406	2,821
Interest expense	(807)	(1,781,125)	(6,347,360)	(3,019,625)
Change in fair value of derivative liabilities	(51,913)	213,089	(3,865,511)	407,079

Gain (loss) on adjustment in contingent consideration-	(157,943)	(193,465)	(81,161)
<b>Total other income/(expense)</b>	<b>(52,335)</b>	<b>(1,725,727)</b>	<b>(10,405,930)</b>
<b>Loss before income taxes</b>	<b>(2,404,315)</b>	<b>(2,356,398)</b>	<b>(14,702,351)</b>
Income tax expense	-	-	-
<b>Net loss</b>	<b>\$ (2,404,315)</b>	<b>\$ (2,356,398)</b>	<b>\$ (14,702,351)</b>
<b>Net loss per share - basic and diluted</b>	<b>\$ (0.02)</b>	<b>\$ (0.10)</b>	<b>\$ (0.28)</b>
<b>Weighted average number of shares</b>			
<b>during the period - basic and diluted</b>	<b>97,290,179</b>	<b>23,215,481</b>	<b>52,247,033</b>

**Mobivity Holdings Corp.**

**Condensed Consolidated Balance Sheets**

	<b>September 30, 2013</b>		<b>December 31, 2012</b>	
<b>ASSETS</b>	<b>(Unaudited)</b>		<b>(Audited)</b>	
<b>Current assets</b>				
Cash	\$	3,500,245	\$	363
Accounts receivable, net		502,420		414,671
Other current assets		123,600		30,009
<b>Total current assets</b>		<b>4,126,265</b>		<b>445,043</b>
Goodwill		4,175,032		2,259,624

Intangible assets, net	1,651,692	444,112
Other assets	16,869	201,228
<b>TOTAL ASSETS</b>	<b>\$ 9,969,858</b>	<b>\$ 3,350,007</b>

#### **LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)**

##### **Current liabilities**

Accounts payable	\$ 561,792	\$ 514,949
Accrued interest	16,117	321,368
Accrued and deferred personnel compensation	171,739	299,534
Deferred revenue - related party	-	35,262
Deferred revenue and customer deposits	173,422	181,731
Convertible notes payable, net of discount	-	2,857,669
Notes payable	20,000	171,984
Derivative liabilities	237,098	3,074,504
Other current liabilities	109,181	250,144
Earn-out payable	80,369	2,032,881
<b>Total current liabilities</b>	<b>1,369,718</b>	<b>9,740,026</b>

##### **Non-current liabilities**

Earn-out payable	143,631	-
<b>Total non-current liabilities</b>	<b>143,631</b>	<b>-</b>
<b>Total liabilities</b>	<b>1,513,349</b>	<b>9,740,026</b>

#### **Commitments and Contingencies (See Note 9)**

**Stockholders' equity (deficit)**

Common stock, \$0.001 par value; 150,000,000 shares authorized; 97,811,977 and 23,218,117 shares issued and outstanding	97,812	23,218
Equity payable	100,862	-
Additional paid-in capital	54,786,355	25,412,932
Accumulated deficit	(46,528,520)	(31,826,169)
<b>Total stockholders' equity (deficit)</b>	<b>8,456,509</b>	<b>(6,390,019)</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>	<b>9,969,858</b>	<b>\$ 3,350,007</b>

SOURCE Mobivity Holdings Corp.