

November 14, 2017



# Mobivity Announces Q3 2017 Results, Conference Call Scheduled for November 15th, 2017

PHOENIX, Nov. 14, 2017 (GLOBE NEWSWIRE) -- Mobivity Holdings Corp. (OTCQB:MFON), creators of the award-winning platform for intelligent and personalized marketing in the real world, today announced financial results for the third quarter ended September 30, 2017 ("Q3 2017").

## Third Quarter Highlights:

- Year-to-date revenues for the first nine months of 2017 grew 5% to \$6.4 million compared to \$6.1 million for the same period in 2016.
- Total minimum contract values in 2017 increased to \$19.3 million, an increase of more than 260% over \$5.3 million in minimum contract values at the same time in 2016.
- Average contract term increased 150% year over year, from 1 year to nearly 2.5 years.
- Deferred revenue increased 1,200% to \$2.1 million at September 30, 2017 compared to \$160,000 at September 30, 2016.
- Net cash used in operating activities decreased to \$1.2 million through the first nine months of 2017, a 31% decrease as compared to a \$1.8 million use of cash during the first nine months of 2016.
- Unrestricted cash increased to more than \$1.7 million, representing an increase of \$1.1 million, or nearly 200%, compared to the previous quarter.

Dennis Becker, Mobivity Chairman and CEO, commented, "The third quarter of 2017 marked a key period in the growth of our business as customers have begun to increase their commitment to using our technology. Deferred revenue increased more than 1,200% and the growth in our contract values has been tremendous. It's only a matter of time for our top line growth to start accelerating as word of our name brand clientele's success becomes more widespread. For perspective, I'll point out that our top three clients operate marketing budgets that combine for nearly one billion dollars. A lot of that budget will continue to transition from legacy marketing channels, such as print, to AI-powered digital solutions like ours. Exiting the "adoption phase", we believe we've only scratched the surface of these marketing budgets thus far and we're looking forward to accelerating efforts to grow our piece of the pie."

## Third Quarter 2017 Conference Call:

The Company has scheduled a conference call for 5:30 P.M. Eastern Time (ET) on Wednesday, November 15, 2017 to review financial results for its fiscal third quarter ended September 30, 2017.

### **Conference Call Information:**

Date: Wednesday, November 15, 2017

Time: 5:30 P.M. Eastern Time (ET)

Dial in Number for U.S. Callers: (877) 705-6003

Dial in Number for International Callers: (201) 493-6725

Participating on the call will be Mobivity Holding Corp.'s Chairman and Chief Executive Officer, Dennis Becker, and Chief Financial Officer, Christopher Meinerz. To join the live conference call, please dial in to the above referenced telephone numbers five to ten minutes prior to the scheduled conference call time.

A replay will be available for 2 weeks starting on November 15, 2017 at approximately 8:30 P.M. ET. To access the replay, please dial (844) 512-2921 in the U.S. and (412) 317-6671 for international callers. The conference ID number is 13672654. The replay will also be available on the Company's website under the [investor relations section](#).

### **Third Quarter 2017 Financial Results:**

Revenue for Q3 2017 was \$2,084,000, representing a decrease of 5% from \$2,183,000 in Q3 2016. The decrease in revenue was primarily due to front-end pricing adjustments associated with prepayments offered on long-term contracts with large enterprise customers. Revenues for the nine months ended September 30, 2017 was \$6,436,000, an increase of \$334,000, or 5%, compared to the same period in 2016.

Deferred revenue was \$2.1 million at September 30, 2017 compared to \$160,000 at September 30, 2016. Deferred revenue primarily consists of billings or payments received in advance of revenue recognition from customers and is recognized as the revenue recognition criteria are met. The increase in deferred revenue is due to large receipts of prepayments from large enterprise customers.

Gross margin was 62% for Q3 2017 and 70% year to date. This compares to 74% in Q3 2016 and 76% for the prior year to date. The decrease in gross margin is principally due to higher SMS and application costs associated with messaging fees and new surcharges charged by text messaging carriers initiated in the second half of 2017.

Operating expenses (excluding goodwill and intangible asset impairment charges) for Q3 2017 were \$2,772,000 compared to \$3,172,000 in Q3 2016. The decrease in operating expenses was due to a decrease in general and administrative and sales and marketing costs of \$800,000, partially offset by an increase in engineering, research & development personnel related costs of nearly \$500,000 to support the Company's growth. Operating loss for the quarter was \$(1,475,000) compared to \$(1,554,000) in the corresponding period in the prior year. Comprehensive loss for Q3 2017 was \$(1,558,000), or \$(0.04) per diluted share, compared to \$(1,577,000), or \$(0.05) per diluted share in Q3 2016.

Non-GAAP Adjusted Net Loss, a non-GAAP metric (see note on non-GAAP Measurements)

was \$(1,212,000) for Q3 2017 compared to \$(901,000) in Q3 2016.

## **Non-GAAP Measurements**

This press release includes certain financial information which constitutes "non-GAAP financial measures" as defined by the SEC. 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 income 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 provides a platform for intelligent and personalized marketing in the real world. Real world customer activity in national restaurants, retailers, and personal care brands is difficult to track and connect to digital actions. Mobivity leverages detailed purchase data and communications platforms to improve business results by understanding, predicting, and influencing consumer behavior. We drive better actions and inform decisions by connecting point of sale outcomes to the events and influences that caused them. For more information about Mobivity, visit [mobivity.com](http://mobivity.com), or call (877) 282-7660.

## **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 benefits of recent additions to the Company's management team; the Company's expectations for the growth of the Company's operations and revenue; and the advantages and growth prospects of the mobile marketing industry. 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, 2016 filed with the SEC on March 31, 2017 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.

\$000s except EPS	Three Months Ended September 30,		
	2017	2016	
Net income (loss)	\$ (1,537)	\$ (1,579)	
Depreciation and amortization	106	194	
Amortization of deferred financing costs	8	4	
Non-cash stock compensation expense	148	388	
Non-cash loss on disposal of fixed assets	-	67	
Change in foreign currency	1	-	
Interest income, net	62	25	
Non-GAAP adjusted net income (loss)	<u>\$ (1,212)</u>	<u>\$ (901)</u>	
Weighted average diluted shares outstanding	<u>36,683,122</u>	<u>33,059,007</u>	
Non-GAAP adjusted EPS	<u>\$ (0.03)</u>	<u>\$ (0.03)</u>	

Adjusted Net Loss and Adjusted Earnings per Share, or EPS, is net loss before interest, taxes, depreciation, amortization, stock-based compensation, and other non-cash operating income and expenses. Adjusted Net Loss and Adjusted EPS are presented exclusively as a supplemental disclosure because management believes that it is widely used to measure the performance, and as a basis for valuation, of Software as a Service (SaaS) and other tech companies. Management uses Adjusted Net Loss and Adjusted EPS as measures of the operating performance of its segments and to compare the operating performance of its operations with those of its competitors. The Company also presents Adjusted Net Loss and Adjusted EPS 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. Adjusted Net Loss and Adjusted EPS should not be considered as an alternative to net loss as an indicator of the Company's performance, as an alternative to cash flows from operating activities as a measure of liquidity, or as an alternative to any other measure determined in accordance with GAAP. Unlike net income/(loss) and earnings per share, Adjusted Net Loss and Adjusted EPS does not include depreciation or interest expense and, therefore, does not reflect current or future capital expenditures or the cost of capital. The Company compensates for these limitations by using Adjusted Net Loss and Adjusted EPS as only one of several comparative tools, together with GAAP measurements, to assist in the evaluation of operating performance. Such GAAP measurements include operating income, net income/(loss), cash flows from operations and cash flow data. The Company has significant uses of cash flows, including capital expenditures, taxes and other non-recurring charges, which are not reflected in Adjusted Net Loss and Adjusted EPS. The Company's calculation of Adjusted Net Loss may be different from the calculation methods used by other companies and, therefore, comparability may be limited.

**Mobivity Holdings Corp.**
**Condensed Consolidated Statements of Income and Comprehensive Income  
(Unaudited)**

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Revenues</b>				
Revenues	\$ 2,083,987	\$ 2,182,750	\$ 6,436,072	\$ 6,102,501
Cost of revenues	786,385	564,039	1,943,534	1,473,974
<b>Gross profit</b>	<b>1,297,602</b>	<b>1,618,711</b>	<b>4,492,538</b>	<b>4,628,527</b>
<b>Operating expenses</b>				
General and administrative	652,762	1,139,732	2,516,249	3,125,484
Sales and marketing	836,767	1,152,849	2,673,087	3,285,655
Engineering, research, and development	1,177,318	685,311	3,080,037	1,600,377
Depreciation and amortization	105,510	194,419	273,716	501,866
<b>Total operating expenses</b>	<b>2,772,357</b>	<b>3,172,311</b>	<b>8,543,089</b>	<b>8,513,382</b>
<b>Loss from operations</b>	<b>(1,474,755 )</b>	<b>(1,553,600 )</b>	<b>(4,050,551 )</b>	<b>(3,884,855 )</b>
<b>Other income/(expense)</b>				
Interest income	962	525	2,878	2,278
Interest expense	(62,748 )	(25,900 )	(115,363 )	(52,960 )
Foreign currency (loss) gain	(931 )	372	(4,120 )	1,488
<b>Total other income/(expense)</b>	<b>(62,717 )</b>	<b>(25,003 )</b>	<b>(116,605 )</b>	<b>(49,194 )</b>
<b>Loss before income taxes</b>	<b>(1,537,472 )</b>	<b>(1,578,603 )</b>	<b>(4,167,156 )</b>	<b>(3,934,049 )</b>
Income tax expense	-	-	-	-
<b>Net loss</b>	<b>(1,537,472 )</b>	<b>(1,578,603 )</b>	<b>(4,167,156 )</b>	<b>(3,934,049 )</b>
<b>Other comprehensive loss, net of income tax</b>				
Foreign currency translation adjustments	(20,294 )	1,696	(36,158 )	(43,626 )
<b>Comprehensive loss</b>	<b>\$ (1,557,766 )</b>	<b>\$ (1,576,907 )</b>	<b>\$ (4,203,314 )</b>	<b>\$ (3,977,675 )</b>
<b>Net loss per share - basic and diluted</b>	<b>\$ (0.04 )</b>	<b>\$ (0.05 )</b>	<b>\$ (0.11 )</b>	<b>\$ (0.12 )</b>
<b>Weighted average number of shares during the period - basic and diluted</b>	<b>36,683,122</b>	<b>33,059,007</b>	<b>36,488,448</b>	<b>31,965,484</b>

*See accompanying notes to condensed consolidated financial statements (unaudited).*

**Mobivity Holdings Corp.**
**Condensed Consolidated Balance Sheets**

	<b>September 30, 2017 (Unaudited)</b>	<b>December 31, 2016 (Audited)</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 1,709,129	\$ 1,188,485
Restricted cash	-	1,000,000
Accounts receivable, net of allowance for doubtful accounts of \$1,425 and \$15,503, respectively	1,412,333	1,244,484
Other current assets	286,407	179,376
<b>Total current assets</b>	<b>3,407,869</b>	<b>3,612,345</b>
Goodwill	803,118	803,118
Intangible assets, net	773,785	627,119
Other assets	83,262	109,776
<b>TOTAL ASSETS</b>	<b>\$ 5,068,034</b>	<b>\$ 5,152,358</b>

**LIABILITIES AND STOCKHOLDERS' EQUITY****Current liabilities**

Accounts payable	\$ 1,053,075	\$ 701,347
Accrued interest	3,060	2,020
Accrued and deferred personnel compensation	420,352	671,677
Deferred revenue and customer deposits	2,124,441	160,023
Notes payable, net - current maturities	2,275,069	1,011,910
Other current liabilities	95,548	115,051
<b>Total current liabilities</b>	<b>5,971,545</b>	<b>2,662,028</b>

**Non-current liabilities**

Notes payable, net - long term	255,104	361,166
<b>Total non-current liabilities</b>	<b>255,104</b>	<b>361,166</b>

**Total liabilities**

6,226,649 3,023,194

**Commitments and Contingencies (See Note 9)****Stockholders' equity**

Common stock, \$0.001 par value; 100,000,000 shares authorized; 36,756,880 and 36,388,981, shares issued and outstanding

Equity payable	36,757	36,389
Additional paid-in capital	100,862	100,862
Accumulated other comprehensive loss	77,613,550	76,698,383
Accumulated deficit	(69,157 )	(32,999 )
	(78,840,627 )	(74,673,471 )

**Total stockholders' equity**

(1,158,615 ) 2,129,164

**TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY**

**\$ 5,068,034 \$ 5,152,358**

*See accompanying notes to condensed consolidated financial statements (unaudited).*

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Source: Mobivity Holdings Corp.