

August 14, 2015



# Mobivity Reports Strong Sequential Growth as Q2 2015 Revenue Increased 16% Compared to Q1 2015

## Company Highlights Recent Business Development Deals With Subway(R) and Rogers Software

PHOENIX, AZ -- (Marketwired) -- 08/14/15 -- Mobivity Holdings Corp. (OTCQB: MFON), an award-winning provider of proprietary [SmartReceipt POS cloud-based SAAS marketing solutions](#) and patented mobile marketing technologies, announced today financial results for the second quarter ended June 30, 2015 ("Q2 2015").

- Company reports Q2 2015 revenue of \$1,091,000, a sequential increase of \$151,000, or 16%, as compared to Q1 2015 revenue of \$940,000.
- Gross margin in the second quarter increased to 75% versus 72% in the first quarter of 2015.
- Cash used in operations decreased \$740,000 (30%) in the first six months compared to the same period in 2014. Cash used in operations in the second quarter of 2015 was \$806,000 compared to \$986,000 in the first quarter, representing a sequential quarterly decrease of \$180,000 (18%).
- Non-GAAP operating loss improved 20% from a loss of \$1M in Q2 2014 to a loss of \$800k in Q2 2015.
- Total operating expenses decreased 8%, or \$181,000, in Q2 2015 as compared to Q2 2014.
- Cash and cash equivalents totaled \$3.2 million as of June 30, 2015.
- [Rogers Software Development to bundle Mobivity's SmartReceipt technology](#) with its more than 12,000 installations of the SuperSalon Point-of-Sale (POS) platform.
- Mobivity was selected to [power SMS mobile marketing solutions for SUBWAY® restaurant chain](#) in more than 27,000 U.S. locations.

Mobivity's [SmartReceipt](#) is a patented cloud-based SaaS marketing solution which can be installed on practically any point-of-sale (POS). It allows retailers to transform traditional retail transaction receipts into engaging "smart" receipts with coupons, special offers or third party advertisements printed at the bottom of receipts. Additionally, Smart Receipt provides

cloud-based storage of transactional information which allows retailers to have real time access to detailed sales data with ability to implement data analytics to improve and optimize revenue performance. [Epson's leading POS OmniLink™ smart printer comes pre-configured to communicate with Mobivity's SmartReceipt](#) software. SmartReceipt is now installed in more than 8,000 QSR and retail locations including all U.S. locations of Baskin Robbins, as well as a number of locations of SUBWAY®, Sonic® and Dairy Queen®. Additionally, trial deployments of SmartReceipt are underway with franchisees of Cold Stone Creamery®, Togos®, and Burger King®, among others.

Dennis Becker, CEO of Mobivity, commented, "The strong revenue growth we experienced in Q2 is a result of the first meaningful revenue contribution from customer wins and installations of our patented SmartReceipt POS solution. Given the recurring revenue of our SAAS platform, our 70%+ margins, and our largely fixed OPEX, the leverage in our business model is substantial. Our SmartReceipt solution is now processing approximately 40 million transactions per month, generating a mountain of POS data that can be analyzed in real-time to maximize return on our customers' marketing and advertising budgets."

William Van Epps, Executive Chairman of Mobivity, added, "While we have grown our SmartReceipt deployments beyond 8,000 locations, there is substantial near-term upside from our more recent customer relationships including more than 12,000 SuperSalon locations, as well as thousands of likely Subway deployments for both our SmartReceipt and SMS marketing solutions."

Van Epps continued, "Given the disruptive and innovative aspect of SmartReceipt, the sales cycle has been lengthy as large QSRs and retailers tend to move cautiously when their point-of-sales systems are involved. However, we believe sales cycles will contract given our growing list of highly respected QSR reference customers. I am highly confident that our momentum in the marketplace will drive further revenue growth and improved financial performance throughout the remainder of 2015."

### ***Second Quarter 2015 Financial Results***

Revenue for the second quarter of 2015 was \$1,091,000 compared to \$940,000 in the first quarter of 2015, representing a sequential increase of \$151,000, or 16%. The increase is primarily attributable to increases in Smart Receipt revenue from growth in existing programs with current customers.

Gross margin for the second quarter of 2015 was 75% compared to 72% in the first quarter of 2015. The increase in gross profit in the second quarter is primarily due to holding sales costs relatively flat while growing revenues in existing programs with current customers.

Operating expenses for the second quarter of 2015 were \$2,128,000 compared to \$2,424,000 in the first quarter. The decrease was primarily attributable to one-time, non-recurring general and administrative costs and sales and marketing costs in the first quarter related to severance and recruiting.

Net loss for the second quarter of 2015 was \$(1,330,000), or \$(0.05) per diluted share, compared to a net loss of \$(1,730,000), or \$(0.08) per diluted share, in the first quarter of 2015.

Adjusted Net Loss, a non-GAAP metric (see note on non-GAAP Measurements) was (\$802,000) in the second quarter of 2015 as compared to (\$1,428,000) in Q1 2015.

Cash and cash equivalents were \$3.2 million as of June 30, 2015.

### ***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 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 North America to drive incremental sales and profitability by quickly and effectively communicating to their existing customers to drive engagement, frequency, and loyalty. Included are SmartReceipt, compatible with nearly all POS systems, which transforms traditional retail transaction receipts into engaging "smart" receipts; an industry-leading text messaging product; and an innovative Stampt® 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, Subway, Baskin Robbins, Jamba Juice, Sonic, U-Swirl, 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 the Company's plans to cross-market its products, including its recently acquired SmartReceipt operations; 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, 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, 2014 filed with the SEC on March 31, 2015 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.

**MOBIVITY HOLDINGS, INC.**

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

	<i>Three Months Ended</i>		<i>Six Months Ended</i>	
	<i>June 30,</i>		<i>June 30,</i>	
\$000s except EPS	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
Net income (loss)	\$ (1,330 )	\$ (1,430 )	(3,059 )	\$ (3,194 )
Depreciation and amortization	83	116	138	184
Change in fair value of derivatives	25	(28 )	7	(58 )
Non-cash stock compensation expense	422	261	766	578
Non-cash gain (loss) on adjustment in contingent consideration	(2 )	-	(2 )	-
Interest expense (income), net	-	1	(1 )	-
Non-GAAP adjusted net income (loss)	<u>\$ (802 )</u>	<u>\$ (1,080 )</u>	<u>(2,151 )</u>	<u>\$ (2,490 )</u>
Weighted average diluted shares outstanding	<u>26,385,601</u>	<u>22,237,762</u>	<u>24,713,302</u>	<u>19,877,470</u>
Non-GAAP adjusted EPS	<u>\$ (0.03 )</u>	<u>\$ (0.05 )</u>	<u>(0.09 )</u>	<u>\$ (0.13 )</u>

**Mobivity Holdings Corp.**

**Consolidated Statements of Operations**  
(unaudited)

	<i>Three months ended June</i>		<i>Six months ended June 30,</i>	
	<i>30,</i>		<i>2015</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
<b>Revenues</b>				
Revenues	\$ 1,091,245	\$ 1,109,891	\$ 2,031,417	\$ 2,013,106

Cost of revenues	270,038	258,340	533,952	519,234
<b>Gross margin</b>	<u>821,207</u>	<u>851,551</u>	<u>1,497,465</u>	<u>1,493,872</u>
<b>Operating expenses</b>				
General and administrative	1,046,839	854,438	2,208,226	1,984,389
Sales and marketing	797,329	954,561	1,890,228	1,895,646
Engineering, research, and development	201,562	383,865	315,706	681,798
Depreciation and amortization	82,740	115,881	138,486	183,964
Goodwill impairment	-	-	-	-
Intangible asset impairment	-	-	-	-
<b>Total operating expenses</b>	<u>2,128,470</u>	<u>2,308,745</u>	<u>4,552,646</u>	<u>4,745,797</u>
<b>Loss from operations</b>	<u>(1,307,263)</u>	<u>(1,457,194)</u>	<u>(3,055,181)</u>	<u>(3,251,925)</u>
<b>Other income/(expense)</b>				
Interest income	492	171	547	1,902
Interest expense	-	(854)	-	(1,680)
Change in fair value of derivative liabilities	(25,140)	27,713	(6,815)	57,792
Gain (loss) on adjustment in contingent consideration	2,000	-	2,000	-
<b>Total other income/(expense)</b>	<u>(22,648)</u>	<u>27,030</u>	<u>(4,268)</u>	<u>58,014</u>
<b>Loss before income taxes</b>	<u>(1,329,911)</u>	<u>(1,430,164)</u>	<u>(3,059,449)</u>	<u>(3,193,911)</u>
Income tax expense	-	-	-	-
<b>Net loss</b>	<u>\$ (1,329,911)</u>	<u>\$ (1,430,164)</u>	<u>\$ (3,059,449)</u>	<u>\$ (3,193,911)</u>
<b>Net loss per share - basic and diluted</b>	<u>\$ (0.05)</u>	<u>\$ (0.06)</u>	<u>\$ (0.12)</u>	<u>\$ (0.16)</u>
<b>Weighted average number of shares during the period - basic and diluted</b>	<u>26,385,601</u>	<u>22,237,762</u>	<u>24,713,302</u>	<u>19,877,470</u>

See accompanying notes to consolidated financial statements (unaudited).

**Mobivity Holdings Corp.**

## Consolidated Balance Sheets

	<u>June 30, 2015</u>	<u>December 31, 2014</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 3,173,639	\$ 848,230
Accounts receivable, net of allowance for doubtful accounts of \$39,254 and \$90,869, respectively	329,676	378,934
Other current assets	167,605	109,846
<b>Total current assets</b>	<u>3,670,920</u>	<u>1,337,010</u>
Goodwill	1,921,072	1,921,072
Intangible assets, net	2,278,881	2,010,952
Other assets	170,787	99,476
<b>TOTAL ASSETS</b>	<u><u>\$ 8,041,660</u></u>	<u><u>\$ 5,368,510</u></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 537,685	\$ 412,551
Accrued interest	-	-
Accrued and deferred personnel compensation	157,408	185,214
Deferred revenue and customer deposits	68,494	180,941
Notes payable	-	-
Derivative liabilities	49,474	42,659
Other current liabilities	86,463	43,525
Earn-out payable	838,000	840,000
<b>Total current liabilities</b>	<u>1,737,524</u>	<u>1,704,890</u>
<b>Non-current liabilities</b>		
Earn-out payable	-	-
<b>Total non-current liabilities</b>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>1,737,524</u>	<u>1,704,890</u>
<b>Commitments and Contingencies (See Note 10)</b>		
<b>Stockholders' equity (deficit)</b>		
Common stock, \$0.001 par value; 50,000,000 shares authorized; and 23,059,078 and 22,748,193 shares issued and outstanding	27,864	22,748
Equity payable	100,862	100,862
Additional paid-in capital	68,260,823	62,565,974
Accumulated deficit	<u>(62,085,413)</u>	<u>(59,025,964)</u>

<b>Total stockholders' equity (deficit)</b>	<u>6,304,136</u>	<u>3,663,620</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>	<u><b>\$ 8,041,660</b></u>	<u><b>\$ 5,368,510</b></u>

*See accompanying notes to consolidated financial statements.*

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