

March 31, 2017



# Mobivity Announces Annual Revenue Growth of 83%, Conference Call to Discuss 2016 Annual Results Scheduled for April 4, 2017

PHOENIX, AZ -- (Marketwired) -- 03/31/17 -- Mobivity Holdings Corp. (OTCQB: MFON), the provider of SmartSuite, an award-winning mobile marketing and customer engagement platform, today announced financial results for the year ended December 31, 2016 ("FY 2016").

## **2016 Highlights**

- Successfully deployed our SmartMessenger solution across all 27,000 domestic locations for Subway<sup>®</sup> restaurants and began international deployments in Canada, Australia, and the U.K.
- 2016 Revenues were \$8.4 million, an increase of \$3.8 million, or 83%, compared to 2015.
- Net cash used in operating activities decreased to \$3.0 million through December 31<sup>st</sup>, 2016, a 25% decrease as compared to \$4.0 million during the same period in 2015.
- Non-GAAP adjusted net loss for 2016 was \$3.0 million compared to \$3.9 million for 2015, representing an improvement of 23%.
- The Company had \$2.2 million of cash at December 31, 2016 compared to \$634,000 at December 31, 2015.
- A key patent was awarded by the USPTO relating to printing dynamic content on receipts.
- SmartReceipt<sup>®</sup> transactions in 2016 rose to more than 879 million, a 114% increase as compared to 2015.
- Subscribers to Mobivity powered mobile marketing campaigns grew to 7.4 million unique consumers in 2016, an increase of more than 96% compared to 2015.
- Mobivity powered more than 450 million mobile marketing messages in 2016, an increase of 215% over 2015.

"2016 was an extremely busy year for our team as we continued our obsession with cracking the code on achieving the same shopping cart visibility to offline brick and mortar marketers,

traditionally only afforded to e-commerce brands such as Amazon, and bringing personalized targeted marketing to the other 93% of commerce carried out in the US that isn't conducted online," said Dennis Becker, Mobivity CEO. He added, "As we've made our way through thousands of new deployments of our services, we're focused on unlocking valuable purchase data from merchants' point-of-sale systems and using that information to create targeted, personalized messaging experiences for our customers resulting in higher sales."

Mr. Becker continued, "This past year marks several key growth milestones that are predominantly a result of what we believe marked an inflection point to our business beginning just a short year ago. The tailwinds created by our highly visible national rollout with Subway® in December of 2015, and our recent expansion with Baskin-Robbins, have greatly enhanced the awareness of our technology, not only to the restaurant space but to other large verticals such as the personal care and retail industries. All of this progress means that we are now selling a broader product across several vertical markets and with global reach. Keep in mind that we have accomplished all of this in 2016 with 25% less cash used in operating activities than 2015."

### ***Fiscal Year 2016 Conference Call:***

The Company has scheduled a conference call for 5:30 P.M. Eastern Time (ET) on Tuesday, April 4, 2017 to review financial results for its fiscal year ended December 31, 2016.

### ***Conference Call Information:***

***Date:*** Tuesday, April 4, 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 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 two weeks starting on April 4, 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 identification number is 13658743. The replay will also be available on the Company's website under the investor relations section (<http://ir.mobivity.com>).

### ***Fiscal Year 2016 Financial Results***

Revenues for FY 2016 were \$8,433,000, representing an increase of 83% compared to \$4,619,000 for the fiscal year ended December 31, 2015 ("FY 2015"). The increase in FY 2016 is primarily attributable to the addition of new programs with Subway® and Baskin-Robbins.

Gross margins decreased to 75% in FY 2016 compared to 77% in FY 2015. Operating

expenses (excluding goodwill and intangible asset impairment charges) for FY 2016 were \$11,846,000 compared to \$9,797,000 in FY 2015. The increase in operating expenses is primarily attributable to increases in personnel related expenses in sales and marketing (\$887,000 or 21%) and engineering, research, and development costs (\$984,000 or 135%) in FY 2016 compared to FY 2015. Net loss for FY 2016 was \$(9,547,000), or \$(0.29) per diluted share, compared to a net loss of \$(6,133,000), or \$(0.23) per diluted share in FY 2015. Impairment charges in FY 2016 were \$3,932,000 compared to \$21,000 in FY 2015.

Non-GAAP Adjusted Net Loss, a non-GAAP metric (see note on non-GAAP Measurements) was \$(2,991,000) for FY 2016 as compared to \$(3,861,000) for FY 2015. The Company had \$2.2 million of cash at December 31, 2016 compared to \$634,000 at December 31, 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 helps restaurant, retail, and personal care brands grow their business by increasing customer frequency, engagement, and spend. Mobivity's SmartSuite of products -- including SmartMessenger, SmartReceipt<sup>®</sup>, and SmartAnalytics -- allows brands to unlock the power of customer, employee, and POS data like never before. This creates a closed-loop marketing solution that provides SmartDATA-driven insights, attributions, and validation -- at scale -- to continually adapt and provide more personalized, relevant, localized, and targeted customer communications. Mobivity clients include Subway<sup>®</sup>, Sonic<sup>®</sup> Drive-In, Chick-fil-A, and Baskin-Robbins. 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 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, 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.

**MOBIVITY HOLDINGS, INC.**  
**ITEMIZED RECONCILIATION BETWEEN NET INCOME (LOSS) AND**  
**NON-GAAP ADJUSTED NET INCOME**

	<i>Fiscal Year Ended</i>	
	<i>December 31,</i>	
\$000s except EPS	<u>2016</u>	<u>2015</u>
Net income (loss)	(9,514 ) \$	(6,133 )
Depreciation and amortization	709	362
Gain on change in fair value of derivatives	-	(43 )
Non-cash stock issued for services	-	363
Non-cash stock compensation expense	1,599	1,660
Non-cash excess fair value of warrants	208	-
Non-cash impairment of intangibles and goodwill	3,932	21
Non-cash gain on adjustment in contingent consideration	-	(90 )
Interest income, net	75	(1 )
Non-GAAP adjusted net income (loss)	<u>(2,991 )</u> \$	<u>(3,861 )</u>
Weighted average diluted shares outstanding	<u>32,797,631</u>	<u>26,684,927</u>
Non-GAAP adjusted EPS	<u>(0.09 )</u> \$	<u>(0.14 )</u>

**Mobivity Holdings Corp.**  
**Consolidated Statements of Operations**

	<i>Fiscal year ended December</i>	
	<i>31,</i>	
	<u>2016</u>	<u>2015</u>
<b>Revenues</b>		
Revenues	\$ 8,432,616	\$ 4,618,988
Cost of revenues	<u>2,096,392</u>	<u>1,066,669</u>

<b>Gross margin</b>	6,336,224	3,552,319
<b>Operating expenses</b>		
General and administrative	4,385,763	4,555,895
Sales and marketing	5,038,041	4,150,793
Engineering, research, and development	1,712,750	728,741
Depreciation and amortization	709,456	361,840
<b>Total operating expenses</b>	<u>11,846,010</u>	<u>9,797,269</u>
<b>Loss from operations</b>	<b>(5,509,786)</b>	<b>(6,244,950)</b>
<b>Other income/(expense)</b>		
Interest income	2,780	1,540
Interest expense	(77,361)	(847)
Goodwill Impairment	(2,247,447)	-
Intangible asset impairment	(1,684,203)	(21,188)
Change in fair value of derivative liabilities	-	42,659
Gain on Debt Extinguishment	-	-
Gain (loss) on adjustment in contingent consideration	-	89,740
Foreign currency gain	1,556	-
<b>Total other income/(expense)</b>	<u>(4,004,675)</u>	<u>111,904</u>
<b>Loss before income taxes</b>	<b>(9,514,461)</b>	<b>(6,133,046)</b>
Income tax expense	-	-
<b>Net loss</b>	<u><b>\$ (9,514,461)</b></u>	<u><b>\$ (6,133,046)</b></u>
<b>Other comprehensive loss, net of income tax</b>		
Foreign currency translation adjustments	(32,999)	-
<b>Comprehensive loss</b>	<u><b>\$ (9,547,460)</b></u>	<u><b>\$ (6,133,046)</b></u>
<b>Net loss per share - basic and diluted</b>	<u><b>\$ (0.29)</b></u>	<u><b>\$ (0.23)</b></u>
<b>Weighted average number of shares during the period - basic and diluted</b>	<u><b>32,797,631</b></u>	<u><b>26,684,927</b></u>

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

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 1,188,485	\$ 634,129
Restricted cash	1,000,000	-
Accounts receivable, net of allowance for doubtful accounts of \$15,503 and \$237,383, respectively	1,244,484	700,356

Other current assets	179,376	131,345
<b>Total current assets</b>	<b>3,612,345</b>	<b>1,465,830</b>
Goodwill	803,118	1,921,072
Intangible assets, net	627,119	2,373,689
Other assets	109,776	173,022
<b>TOTAL ASSETS</b>	<b>\$ 5,152,358</b>	<b>\$ 5,933,613</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 701,347	\$ 375,363
Accrued interest	2,020	-
Accrued and deferred personnel compensation	671,677	414,314
Deferred revenue and customer deposits	160,023	72,624
Notes payable, net - current maturities	1,011,910	-
Other current liabilities	115,051	197,145
<b>Total current liabilities</b>	<b>2,662,028</b>	<b>1,059,446</b>
<b>Non-current liabilities</b>		
Notes payable, net - long term	361,166	-
<b>Total non-current liabilities</b>	<b>361,166</b>	<b>-</b>
<b>Total liabilities</b>	<b>3,023,194</b>	<b>1,059,446</b>
<b>Commitments and Contingencies</b>		
<b>Stockholders' equity (deficit)</b>		
Common stock, \$0.001 par value; 100,000,000 shares authorized; 36,388,981 and 28,787,991 shares issued and outstanding	36,389	28,788
Equity payable	100,862	100,862
Additional paid-in capital	76,698,383	69,903,527
Accumulated other comprehensive loss	(32,999)	-
Accumulated deficit	(74,673,471)	(65,159,010)
<b>Total stockholders' equity (deficit)</b>	<b>2,129,164</b>	<b>4,874,167</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>	<b>\$ 5,152,358</b>	<b>\$ 5,933,613</b>

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Source: Mobivity Holdings Corp.