

July 31, 2017



Mobivity Growth Trajectory Continues, Conference Call to Discuss Q2 2017 Results Scheduled for August 1, 2017

PHOENIX, July 31, 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 second quarter ended June 30, 2017 ("Q2 2017").

2nd Quarter Highlights:

- Year-to-date revenues for the first six months of 2017 grew 11% to \$4.4 million compared to \$3.9 million for the same period in 2016.
- Net cash used in operating activities decreased to \$368,000 through the first six months of 2017, a 68% decrease as compared to a \$1.2 million use of cash during the first six months of 2016.
- During Q2 2017, Mobivity renewed and expanded an agreement with a key customer resulting in a five year, guaranteed minimum revenue contract including a seven-figure prepayment on each annual anniversary.
- **Expanded Leadership With Proven Sales & Marketing Executives:** Following their tenure at Yodle, acquired by Web.com for more than \$340M, Corey O'Donnell and Mark Armstrong have joined Mobivity to lead marketing and sales functions respectively, empowering the company to expand its reach and continue to innovate on behalf of national brands.
- Year-to-date SmartReceipt transactions processed through the end of Q2 2017 rose to more than 468 million, an increase of more than 25% as compared to the same period in 2016. Nearly 2 billion point-of-sale transactions have been ingested into Mobivity's database to help the Company's customers drive smarter and more personalized marketing messages to consumers.
- Subscribers to Mobivity powered mobile marketing campaigns grew to more than 8.4 million unique consumers in June 2017, an increase of 53% compared to June 2016.
- Mobivity powered more than 323 million mobile marketing messages through the end of Q2 2017, an increase of more than 71% over the same period in 2016.

Dennis Becker, Mobivity Chairman and CEO, commented, "Our progress in the second quarter of 2017 has demonstrated good momentum across all aspects of the business. In a

very short period of time, our new sales and marketing team has expanded our opportunity pipeline, increased our selling price across all products and services, and shortened sales cycles. Additionally, increasing term commitments and favorable payment terms from key customers continues to strengthen our cash flow outlook. We believe these are all ingredients to a business model that has the potential to scale beyond a \$100 million annual run rate and we are laser focused on continuing to execute toward that goal.”

Second Quarter 2017 Conference Call:

The Company has scheduled a conference call for 5:00 P.M. Eastern Time (ET) on Tuesday, August 1, 2017 to review financial results for its fiscal second quarter ended June 30, 2017.

Conference Call Information:

Date: Tuesday, August 1, 2017

Time: 5:00 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 August 1, 2017 at approximately 8:00 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 13666271. The replay will also be available on the Company’s website under the investor relations section (ir.mobivty.com).

Second Quarter 2017 Financial Results:

Revenue for Q2 2017 was \$2,239,000, representing an increase of 8% from \$2,075,000 in Q2 2016. The increase in revenue was primarily attributable to an increase in SmartMessenger revenue. Revenues for the six months ended June 30, 2017 were \$4,352,000, an increase of \$432,000, or 11%, compared to the same period in 2016.

Gross margin decreased to 73% in Q2 2017 compared to 76% in Q2 2016. Operating expenses (excluding goodwill and intangible asset impairment charges) for Q2 2017 were \$2,887,000 compared to \$2,534,000 in Q2 2016. The increase in operating expenses was due to an increase in engineering, research & development personnel related costs as compared to Q2 2016 to support the Company’s growth. Operating loss for the quarter was \$(1,248,000) compared to \$(964,000) in the corresponding period in the prior year. Comprehensive loss for Q2 2017 was \$(1,290,000), or \$(0.04) per diluted share, compared to \$(979,000), or \$(0.03) per diluted share in Q2 2016.

Non-GAAP Adjusted Net Loss, a non-GAAP metric (see note on non-GAAP Measurements) was \$(772,000) for Q2 2017 compared to \$(427,000) in Q2 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 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.

Adjusted Net Loss and EPS (Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
\$000s except EPS				

Net income (loss)	\$ (1,279)	\$ (996)	\$ (2,629)	\$ (2,355)
Depreciation and amortization	99	161	168	307
Non-cash stock compensation expense	369	372	706	799
Amortization of deferred financing costs	8	4	12	4
Foreign currency loss (gain)	1	14	3	(1)
Interest expense, net of interest income	30	18	51	25
Non-GAAP adjusted net loss	\$ <u>(772)</u>	\$ <u>(427)</u>	\$ <u>(1,689)</u>	\$ <u>(1,221)</u>
Weighted average diluted shares outstanding	<u>36,391,063</u>	<u>33,059,007</u>	<u>36,390,030</u>	<u>31,409,661</u>
Non-GAAP adjusted EPS	\$ <u>(0.02)</u>	\$ <u>(0.01)</u>	\$ <u>(0.05)</u>	\$ <u>(0.04)</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)

Three Months Ended June 30,		Six Months Ended June 30,	
2017	2016	2017	2016

Revenues				
Revenues	\$ 2,238,680	\$ 2,074,713	\$ 4,351,984	\$ 3,919,805
Cost of revenues	599,736	504,964	1,157,126	909,910
Gross profit	<u>1,638,944</u>	<u>1,569,749</u>	<u>3,194,858</u>	<u>3,009,895</u>
Operating expenses				
General and administrative	845,928	988,660	1,863,893	2,074,761
Sales and marketing	868,473	1,000,138	1,836,185	2,013,740
Engineering, research, and development	1,073,189	383,770	1,901,234	945,118
Depreciation and amortization	99,458	161,196	168,203	307,447
Total operating expenses	<u>2,887,048</u>	<u>2,533,764</u>	<u>5,769,515</u>	<u>5,341,066</u>
Loss from operations	<u>(1,248,104)</u>	<u>(964,015)</u>	<u>(2,574,657)</u>	<u>(2,331,171)</u>
Other income/(expense)				
Interest income	1,012	1,385	1,916	1,753
Interest expense	(31,501)	(19,546)	(52,607)	(27,063)
Foreign currency (loss) gain	(528)	(14,287)	(3,158)	1,104
Total other income/(expense)	<u>(31,017)</u>	<u>(32,448)</u>	<u>(53,849)</u>	<u>(24,206)</u>
Loss before income taxes	<u>(1,279,121)</u>	<u>(996,463)</u>	<u>(2,628,506)</u>	<u>(2,355,377)</u>
Income tax expense	-	-	-	-
Net loss	<u>(1,279,121)</u>	<u>(996,463)</u>	<u>(2,628,506)</u>	<u>(2,355,377)</u>
Other comprehensive loss, net of income tax				
Foreign currency translation adjustments	(10,643)	17,897	(15,864)	(45,322)
Comprehensive loss	<u>\$ (1,289,764)</u>	<u>\$ (978,566)</u>	<u>\$ (2,644,370)</u>	<u>\$ (2,400,699)</u>
Net loss per share - basic and diluted	<u>\$ (0.04)</u>	<u>\$ (0.03)</u>	<u>\$ (0.07)</u>	<u>\$ (0.07)</u>
Weighted average number of shares during the period - basic and diluted	<u>36,391,063</u>	<u>33,059,007</u>	<u>36,390,030</u>	<u>31,409,661</u>

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

Mobivity Holdings Corp. Condensed Consolidated Balance Sheets

	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
ASSETS		
Current assets		
Cash	\$ 574,900	\$ 1,188,485
Restricted cash	1,000,000	1,000,000
Accounts receivable, net of allowance for doubtful accounts of \$1,959 and \$15,503, respectively	702,199	1,244,484
Other current assets	216,462	179,376
Total current assets	<u>2,493,561</u>	<u>3,612,345</u>
Goodwill	803,118	803,118
Intangible assets, net	777,082	627,119
Other assets	98,289	109,776
TOTAL ASSETS	<u>\$ 4,172,050</u>	<u>\$ 5,152,358</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 797,911	\$ 701,347
Accrued interest	9,166	2,020

Accrued and deferred personnel compensation	626,670	671,677
Deferred revenue and customer deposits	985,363	160,023
Notes payable, net - current maturities	1,168,483	1,011,910
Other current liabilities	101,247	115,051
Total current liabilities	<u>3,688,840</u>	<u>2,662,028</u>
Non-current liabilities		
Notes payable, net - long term	262,826	361,166
Total non-current liabilities	<u>262,826</u>	<u>361,166</u>
Total liabilities	3,951,666	3,023,194
Commitments and Contingencies (See Note 9)		
Stockholders' equity		
Common stock, \$0.001 par value; 100,000,000 shares authorized; 36,450,961 and 36,388,981, shares issued and outstanding	36,451	36,389
Equity payable	100,862	100,862
Additional paid-in capital	77,433,911	76,698,383
Accumulated other comprehensive loss	(48,863)	(32,999)
Accumulated deficit	(77,301,977)	(74,673,471)
Total stockholders' equity	<u>220,384</u>	<u>2,129,164</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 4,172,050</u>	<u>\$ 5,152,358</u>

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

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Source: Mobivity Holdings Corp.