

November 13, 2015



# Mobivity Reports Record Revenue and Strong Year-Over-Year Growth as Q3 2015 Revenue Increased 25%

## Company Highlights Revenue Growth From New Customers and Expansion of Existing Customer Programs

PHOENIX, AZ -- (Marketwired) -- 11/13/15 -- 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 third quarter ended September 30, 2015 ("Q3 2015").

- The Company reports Q3 2015 record revenue of \$1,304,000, a year-over-year increase of \$260,000, or 25% as compared to the prior year quarter ended September 30, 2014 ("Q3 2014") revenue of \$1,044,000, and a sequential increase of \$212,000, or 19% as compared to the prior quarter ended June 30, 2015 ("Q2 2015").
- Gross margin in Q3 2015 increased to a record 78% versus 74% in Q3 2014 and 75% in Q2 2015.
- 2015 year-to-date non-GAAP operating loss improved \$654,000, or 20% from a loss of \$3.3 million in 2014 to a loss of \$2.7 million in 2015.
- Mobivity was selected to [power SMS mobile marketing solutions for SUBWAY® restaurant chain](#) which has more than 27,000 U.S. locations.
- The Company's SmartReceipt solution is now processing over 40 Million point-of-sale transactions monthly, which represents an increase of more than 100% over the same period last year.

Dennis Becker, CEO of Mobivity, commented, "The continuing revenue growth we are experiencing through Q3 2015 is a direct result of new customer wins in earlier quarters and expansion of existing customer programs, including installations of our patented SmartReceipt POS and SmartSMS solutions. While we're very excited to post a record quarter, we feel we're only at the beginning of our growth opportunity given our current customers represent over 25,000 more locations in which we have yet to deploy."

Mr. Becker continued, "There is a substantial amount of opportunity to scale embedded in our business model. By achieving record gross profit this quarter, we have demonstrated

operating and earnings leverage such that if we continue to experience further increases in sales and gross profit, we should see improving results in both operating income and net income."

### ***Third Quarter 2015 Financial Results***

Revenue for the third quarter of 2015 was \$1,304,000 compared to \$1,044,000 in the third quarter of 2014, representing a year-over-year increase of \$260,000, or 25%. The increase is primarily attributable to increases in SmartReceipt revenue from both new programs with new customers as well as expansion of existing programs with current customers.

Gross margin for the third quarter of 2015 was 78% compared to 74% in the third quarter of 2014. The increase in gross profit in the third quarter is primarily due to holding sales costs relatively flat while growing revenues.

Operating expenses for the third quarter of 2015 were \$2,448,000 compared to \$2,205,000 in the prior year quarter. The increase was primarily attributable to increased general and administrative personnel costs and sales and marketing costs related to generating new business.

Net loss for the third quarter of 2015 was \$(1,322,000), or \$(0.05) per diluted share, compared to a net loss of \$(1,438,000), or \$(0.06) per diluted share, in the third quarter of 2014.

Year-to-date Adjusted Net Loss, a non-GAAP metric (see note on non-GAAP Measurements) was \$(2.7) million through the third quarter of 2015 as compared to \$(3.3) million for the same period in 2014.

### ***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 StampIt® 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**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>Sept 30,</b>		<b>Sept 30,</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
\$000s except EPS				
Net income (loss)	\$ (1,322 )	\$ (1,438 )	(4,382 )	\$ (4,630 )
Depreciation and				

amortization	106	116	244	300
Change in fair value of derivatives	(42)	2	(35)	(55)
Non-cash stock issued for services	-	-	363	200
Non-cash stock compensation expense	452	357	1,219	869
Non-cash impairment of intangibles	21	-	21	-
Non-cash gain (loss) on adjustment in contingent consideration	(88)	-	(90)	-
Interest expense (income), net	(1)	1	(1)	1
Non-GAAP adjusted net income (loss)	<u>\$ (874)</u>	<u>\$ (962)</u>	<u>(2,661)</u>	<u>\$ (3,315)</u>
Weighted average diluted shares outstanding	<u>28,480,322</u>	<u>22,237,762</u>	<u>25,973,592</u>	<u>20,672,880</u>
Non-GAAP adjusted EPS	<u>\$ (0.03)</u>	<u>\$ (0.04)</u>	<u>(0.10)</u>	<u>\$ (0.16)</u>

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

	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Revenues</b>				
Revenues	\$ 1,303,663	\$ 1,044,254	\$ 3,335,080	\$ 3,057,360
Cost of revenues	<u>286,503</u>	<u>272,252</u>	<u>820,455</u>	<u>791,486</u>
<b>Gross margin</b>	1,017,160	772,002	2,514,625	2,265,874
<b>Operating expenses</b>				
General and administrative	1,068,157	916,322	3,276,384	2,900,711
Sales and marketing	1,005,520	828,333	2,895,748	2,723,979
Engineering, research, and development	269,273	344,322	584,978	1,026,120
Depreciation and amortization	<u>105,512</u>	<u>116,309</u>	<u>243,998</u>	<u>300,273</u>
<b>Total operating expenses</b>	<u>2,448,462</u>	<u>2,205,286</u>	<u>7,001,108</u>	<u>6,951,083</u>
<b>Loss from operations</b>	<b>(1,431,302)</b>	<b>(1,433,284)</b>	<b>(4,486,483)</b>	<b>(4,685,209)</b>

**Other income/(expense)**

Interest income	506	132	1,054	2,034
Interest expense	-	(883)	-	(2,563)
Intangible asset impairment	(21,188)	-	(21,188)	-
Change in fair value of derivative liabilities	41,795	(2,354)	34,980	55,438
Gain (loss) on adjustment in contingent consideration	87,740	-	89,740	-
<b>Total other income/(expense)</b>	<b>108,853</b>	<b>(3,105)</b>	<b>104,586</b>	<b>54,909</b>
<b>Loss before income taxes</b>	<b>(1,322,449)</b>	<b>(1,436,389)</b>	<b>(4,381,897)</b>	<b>(4,630,300)</b>
Income tax expense	-	(1,678)	-	-
<b>Net loss</b>	<b>\$ (1,322,449)</b>	<b>\$ (1,438,067)</b>	<b>\$ (4,381,897)</b>	<b>\$ (4,630,300)</b>
<b>Net loss per share - basic and diluted</b>	<b>\$ (0.05)</b>	<b>\$ (0.06)</b>	<b>\$ (0.17)</b>	<b>\$ (0.22)</b>
<b>Weighted average number of shares during the period - basic and diluted</b>	<b>28,480,322</b>	<b>22,237,762</b>	<b>25,973,592</b>	<b>20,672,880</b>

See accompanying notes to consolidated financial statements (unaudited).

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

	<u>September 30, 2015</u>	<u>December 31, 2014</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 1,800,716	\$ 848,230
Accounts receivable, net of allowance for doubtful accounts of \$28,696 and \$90,869, respectively	766,329	378,934
Other current assets	192,843	109,846
<b>Total current assets</b>	<u>2,759,888</u>	<u>1,337,010</u>
Goodwill	1,921,072	1,921,072
Intangible assets, net	2,241,483	2,010,952
Other assets	176,254	99,476
<b>TOTAL ASSETS</b>	<u><u>\$ 7,098,697</u></u>	<u><u>\$ 5,368,510</u></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		

**Current liabilities**

Accounts payable	\$ 500,165	\$ 412,551
Accrued and deferred personnel compensation	144,903	185,214
Deferred revenue and customer deposits	71,872	180,941
Derivative liabilities	7,679	42,659
Other current liabilities	189,945	43,525
Earn-out payable	-	840,000
<b>Total current liabilities</b>	<b>914,564</b>	<b>1,704,890</b>
<b>Total liabilities</b>	<b>914,564</b>	<b>1,704,890</b>

**Commitments and Contingencies (See Note 10)****Stockholders' equity (deficit)**

Common stock, \$0.001 par value; 50,000,000 shares authorized; and 28,787,991 and 22,748,193, shares issued and outstanding

	28,788	22,748
Equity payable	100,862	100,862
Additional paid-in capital	69,462,344	62,565,974
Accumulated deficit	(63,407,861 )	(59,025,964 )
<b>Total stockholders' equity (deficit)</b>	<b>6,184,133</b>	<b>3,663,620</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>	<b>\$ 7,098,697</b>	<b>\$ 5,368,510</b>

See accompanying notes to consolidated financial statements.

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Source: Mobivity Holdings Corp.