

November 14, 2016



# **Mobivity 3rd Quarter Revenue Grew 70% to a Record \$2.2 Million, Conference Call to Discuss Results Scheduled for November 15, 2016**

## **Targeted Marketing Impressions Powered by Mobivity's SmartSuite Platform Soared to 127 Million in September, 2016**

PHOENIX, AZ -- (Marketwired) -- 11/14/16 -- Mobivity Holdings Corp. (OTCQB: MFON), the award-winning, mobile marketing and customer engagement platform, announced today financial results for the third quarter ended September 30, 2016 ("Q3 2016").

### ***3<sup>rd</sup> Quarter and Year-to-Date Highlights:***

- Revenues for the nine months ended September 30, 2016 were \$6.1 million, an increase of \$2.8 million or 83% compared to the same period in 2015.
- Net cash used in operating activities decreased to \$1.8 million through September 30, 2016, a 40% decrease as compared to \$3.1 million during the same period in 2015.
- Year-to-date non-GAAP adjusted net loss was \$2.1 million compared to \$2.6 million for the same period in 2015, representing an improvement of 20%.
- The company raised additional capital of \$2.3 million through the conversion of warrants.
- The company expanded beyond the QSR industry with new client relationships representing several new verticals including casual dining, personal care, and retail.
- A key patent was awarded by the USPTO relating to printing dynamic content on receipts.
- SmartReceipt<sup>®</sup> transactions in September 2016 rose to more than 83 million, a 105% increase as compared to September 2015.
- Subscribers to Mobivity powered mobile marketing campaigns grew to 6.8 million unique consumers in September 2016, an increase of more than 157% compared to September 2015.

- Mobivity powered more than 44 million mobile marketing messages in September 2016, an increase of more than 223% over September 2015.

Commenting on the report, Dennis Becker, Mobivity CEO, stated, "I'm very pleased with the progress we've made this last quarter. We continue to grow revenue organically, but more importantly, we achieved beachheads in new verticals as well as international markets. Given our recurring revenue model and strong gross margins, we are particularly energized by the revenue upside from these newly established client trials with well-known brands. We're also very excited to have expanded our SmartSMS product to now include a Facebook Messenger bot, thereby expanding our relevance beyond SMS text messaging to Facebook's millions of end users. With a stronger balance sheet from our recent warrant conversion financing, expanded product and IP portfolio and entry into new markets, our focus is now shifting to 2017 and capitalizing on this progress to accelerate growth."

### ***3<sup>rd</sup> Quarter 2016 Conference Call:***

The Company has scheduled a conference call for 4:30 P.M. Eastern Time (ET) on Tuesday, November 15, 2016 to review financial results for its fiscal third quarter ended September 30, 2016.

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

Date: Tuesday, November 15, 2016

Time: 4:30 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 2 weeks starting on November 15, 2016 at approximately 7:30 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# is 13647882. The replay will also be available on the Company's website under the investor relations section ([ir.mobivty.com](http://ir.mobivty.com)).

### ***3<sup>rd</sup> Quarter 2016 Financial Results:***

Revenue for Q3 2016 was \$2.2 million, representing an increase of 70% from \$1.3 million in Q3 2015. The increase in revenue was primarily attributable to significant continuing growth in SMS and SmartReceipt<sup>®</sup> revenues contracted with large enterprise customers.

Gross margin was 72% in Q3 2016, as compared to 78% for Q3 2015. Gross margin for the nine months ended September 30, 2016 was 73% compared to 75% for the same

period in 2015. The decrease in gross margin for the third quarter is principally due to higher cloud-based software licensing fees, short code maintenance expenses, personnel-related costs, and other expenses as they relate to the increase in revenues.

Operating expenses (excluding goodwill and intangible asset impairment charges) for Q3 2016 were \$3.1 million compared to \$2.4 million in Q3 2015. The year over year increase in operating expenses is primarily due to higher personnel costs as a result of hiring and staffing to support growth, as well as the LiveLenz acquisition.

Operating loss for the quarter was \$(1.6 million) compared to \$(1.4 million) in the corresponding period in the prior year. Comprehensive loss for Q3 2016 was \$(1.6 million), or \$(0.05) per diluted share, compared to \$(1.3 million), or \$(0.05) per diluted share in Q3 2015.

Non-GAAP Adjusted Net Loss, a non-GAAP metric (see note on non-GAAP Measurements) was \$(901,000) for Q3 2016 compared to \$(867,000) in Q3 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 and retail brands grow their business by increasing customer frequency, engagement, and spend. Mobivity's SmartSuite of products -- including SmartReceipt<sup>®</sup>, SmartMessenger, 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>, Chick-fil-A, and Baskin-Robbins. For more information about Mobivity, visit [www.mobivity.com](http://www.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, 2015 filed with the SEC on March 30, 2016 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>Three Months Ended</i> |             | <i>Nine Months Ended</i> |             |
|---|---------------------------|-------------|--------------------------|-------------|
|   | <i>September 30,</i>      |             | <i>September 30,</i>     |             |
| \$000s except EPS                               | <u>2016</u>               | <u>2015</u> | <u>2016</u>              | <u>2015</u> |
| Net income (loss)                               | \$ (1,579 )               | \$ (1,322 ) | (3,934 )                 | \$ (4,382 ) |
| Depreciation and amortization                   | 194                       | 106         | 502                      | 244         |
| Amortization of deferred financing costs        | 4                         | -           | 9                        | -           |
| Gain on change in fair value of derivatives     | -                         | (42 )       | -                        | (35 )       |
| Non-cash stock issued for services              | -                         | -           | -                        | 363         |
| Non-cash stock compensation expense             | 388                       | 452         | 1,187                    | 1,219       |
| Non-cash impairment of intangibles and goodwill | -                         | 21          | -                        | 21          |
| Non-cash loss on disposal of fixed assets       | 67                        | 7           | 67                       | 7           |
| Non-cash gain on                                |                           |             |                          |             |

|   |                   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|
| adjustment in contingent consideration      | -                 | (88)              | -                 | (90)              |
| Change in foreign currency                  | -                 | -                 | (1)               | -                 |
| Interest income, net                        | 25                | (1)               | 51                | (1)               |
| Non-GAAP adjusted net income (loss)         | <u>\$ (901)</u>   | <u>\$ (867)</u>   | <u>(2,119)</u>    | <u>\$ (2,654)</u> |
| Weighted average diluted shares outstanding | <u>33,059,007</u> | <u>28,480,322</u> | <u>31,965,484</u> | <u>25,973,592</u> |
| Non-GAAP adjusted EPS                       | <u>\$ (0.03)</u>  | <u>\$ (0.03)</u>  | <u>(0.07)</u>     | <u>\$ (0.10)</u>  |

**Mobivity Holdings Corp.**

**Condensed Consolidated Statements of Income and Comprehensive Income**

|  | <b>Three months ended<br/>September 30,</b> |                    | <b>Nine months ended<br/>September 30,</b> |                    |
|--|---|--------------------|--|--------------------|
|  | <b>2016</b>                                 | <b>2015</b>        | <b>2016</b>                                | <b>2015</b>        |
| <b>Revenues</b>                                |   |                    |  |                    |
| Revenues                                       | \$ 2,182,750                                | \$ 1,303,663       | \$ 6,102,501                               | \$ 3,335,080       |
| Cost of revenues                               | 619,495                                     | 286,503            | 1,618,461                                  | 820,455            |
| <b>Gross margin</b>                            | <u>1,563,255</u>                            | <u>1,017,160</u>   | <u>4,484,040</u>                           | <u>2,514,625</u>   |
| <b>Operating expenses</b>                      |   |                    |  |                    |
| General and administrative                     | 1,139,732                                   | 1,068,157          | 3,125,484                                  | 3,276,384          |
| Sales and marketing                            | 1,336,257                                   | 1,005,520          | 3,667,279                                  | 2,895,748          |
| Engineering, research, and development         | 446,447                                     | 269,273            | 1,074,266                                  | 584,978            |
| Depreciation and amortization                  | 194,419                                     | 105,512            | 501,866                                    | 243,998            |
| <b>Total operating expenses</b>                | <u>3,116,855</u>                            | <u>2,448,462</u>   | <u>8,368,895</u>                           | <u>7,001,108</u>   |
| <b>Loss from operations</b>                    | <b>(1,553,600)</b>                          | <b>(1,431,302)</b> | <b>(3,884,855)</b>                         | <b>(4,486,483)</b> |
| <b>Other income/(expense)</b>                  |   |                    |  |                    |
| Interest income                                | 525   | 506                | 2,278                                      | 1,054              |
| Interest expense                               | (25,900)                                    | -                  | (52,960)                                   | -                  |
| Goodwill Impairment                            | -   | -                  | -  | -                  |
| Intangible asset impairment                    | -   | (21,188)           | -  | (21,188)           |
| Change in fair value of derivative liabilities | -   | 41,795             | -  | 34,980             |

|  |                       |                       |                       |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Gain (loss) on adjustment in contingent consideration                          | -                     | 87,740                | -                     | 89,740                |
| Foreign currency gain/(loss)   | <u>372</u>            | <u>-</u>              | <u>1,488</u>          | <u>-</u>              |
| <b>Total other income/(expense)</b>  | <u>(25,003)</u>       | <u>108,853</u>        | <u>(49,194)</u>       | <u>104,586</u>        |
| <b>Loss before income taxes</b>  | <u>(1,578,603)</u>    | <u>(1,322,449)</u>    | <u>(3,934,049)</u>    | <u>(4,381,897)</u>    |
| Income tax expense   | -                     | -                     | -                     | -                     |
| <b>Net loss</b>  | <u>\$ (1,578,603)</u> | <u>\$ (1,322,449)</u> | <u>\$ (3,934,049)</u> | <u>\$ (4,381,897)</u> |
| <b>Other comprehensive loss, net of income tax</b>                             |                       |                       |                       |                       |
| Foreign currency translation adjustments                                       | \$ <u>1,696</u>       | \$ <u>-</u>           | \$ <u>(43,626)</u>    | \$ <u>-</u>           |
| <b>Comprehensive loss</b>  | <u>\$ (1,576,907)</u> | <u>\$ (1,322,449)</u> | <u>\$ (3,977,675)</u> | <u>\$ (4,381,897)</u> |
| <b>Net loss per share - basic and diluted</b>                                  | <u>\$ (0.05)</u>      | <u>\$ (0.05)</u>      | <u>\$ (0.12)</u>      | <u>\$ (0.17)</u>      |
| <b>Weighted average number of shares during the period - basic and diluted</b> | <u>33,059,007</u>     | <u>28,480,322</u>     | <u>31,965,484</u>     | <u>25,973,592</u>     |

See accompanying notes to consolidated financial statements (unaudited).

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

|  | <u>September 30,<br/>2016</u> | <u>December 31,<br/>2015</u> |
|--|-------------------------------|------------------------------|
| <b>ASSETS</b>  |                               |                              |
| <b>Current assets</b>  |                               |                              |
| Cash   | \$ 273,539                    | \$ 634,129                   |
| Restricted cash  | 1,000,000                     | -                            |
| Accounts receivable, net of allowance for doubtful accounts of \$158,915 and \$237,383, respectively | 723,724                       | 700,356                      |
| Other current assets   | <u>161,021</u>                | <u>131,345</u>               |
| <b>Total current assets</b>  | 2,158,284                     | 1,465,830                    |
| Goodwill   | 3,046,108                     | 1,921,072                    |
| Intangible assets, net   | 2,368,537                     | 2,373,689                    |

|  |                     |                     |
|--|---------------------|---------------------|
| Other assets   | 130,996             | 173,022             |
| <b>TOTAL ASSETS</b>  | <b>\$ 7,703,925</b> | <b>\$ 5,933,613</b> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>  |                     |                     |
| <b>Current liabilities</b>   |                     |                     |
| Accounts payable   | \$ 686,985          | \$ 375,363          |
| Accrued interest   | 4,112               | -                   |
| Accrued and deferred personnel compensation  | 462,027             | 414,314             |
| Deferred revenue and customer deposits   | 272,188             | 72,624              |
| Notes Payable  | 1,283,085           | -                   |
| Other current liabilities  | 121,898             | 197,145             |
| <b>Total current liabilities</b>   | <b>2,830,295</b>    | <b>1,059,446</b>    |
| <b>Non-current liabilities</b>   |                     |                     |
| Notes Payable  | 125,789             | -                   |
| <b>Total non-current liabilities</b>   | <b>125,789</b>      | <b>-</b>            |
| <b>Total liabilities</b>   | <b>2,956,084</b>    | <b>1,059,446</b>    |
| <b>Commitments and Contingencies</b>   |                     |                     |
| <b>Stockholders' equity (deficit)</b>  |                     |                     |
| Common stock, \$0.001 par value; 50,000,000 shares authorized; 33,058,991 and 28,787,991 shares issued and outstanding | 33,059              | 28,788              |
| Equity payable   | 100,862             | 100,862             |
| Additional paid-in capital   | 73,750,605          | 69,903,527          |
| Accumulated other comprehensive loss   | (43,626)            | -                   |
| Accumulated deficit  | (69,093,059)        | (65,159,010)        |
| <b>Total stockholders' equity (deficit)</b>  | <b>4,747,841</b>    | <b>4,874,167</b>    |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>  | <b>\$ 7,703,925</b> | <b>\$ 5,933,613</b> |

See accompanying notes to consolidated financial statements (unaudited).

### **Media Contacts**

Robert B. Prag  
President  
The Del Mar Consulting Group, Inc.  
(858) 794-9500

or

Scott Wilfong  
President

Alex Partners, LLC  
(425) 242-0891

Source: Mobivity Holdings Corp.