

May 15, 2017



Mobivity Records Initial Positive Operating Cash Flow Quarter and Revenues Grow 15% to \$2.1 Million, Conference Call to Discuss Results Scheduled for May 16, 2017

PHOENIX, AZ -- (Marketwired) -- 05/15/17 -- Mobivity Holdings Corp. (OTCQB: MFON), the award-winning mobile marketing and customer engagement platform, today announced financial results for the first quarter ended March 31, 2017 ("Q1 2017").

1st Quarter Highlights:

- Q1 2017 revenue grew 15% year-over-year to \$2,113,000.
- Net cash provided by operating activities was \$237,000 in Q1 2017, the first positive operating cash flow quarter in the Company's history, representing a 155% turnaround from the \$428,000 use of cash in operating activities during the quarter ended March 31, 2016 ("Q1 2016").
- Net change in cash was \$18,000 in Q1 2017, the first positive net change in cash in the Company's history without receiving funding from external sources.
- Cash and cash equivalents totaled \$2.2 million as of March 31, 2017.
- During Q1 2017 and up to the date of this report, Mobivity renewed and expanded its agreements with several key existing customers, resulting in long-term, multi-year, guaranteed minimum revenue contracts including prepayments on minimum contract fees.
- SmartReceipt transactions during Q1 2017 rose to more than 256 million, a 74% increase as compared to Q1 2016.
- Subscribers to Mobivity powered mobile marketing campaigns grew to 8 million unique consumers in March 2017, an increase of 56% compared to March 2016.
- Mobivity powered more than 152 million mobile marketing messages in Q1 2017, an increase of more than 74% over Q1 2016.

Dennis Becker, Mobivity Chairman and CEO, commented, "Building upon the success of

2016's exciting growth year where we saw the business nearly double revenues year-over-year, the financial growth from the expansion of existing customers is self-evident. With new brands such as Red Lobster, HoneyBaked Ham, and Marco's Pizza, along with increasing traction with Regis and new deployments into the Fantastic Sam's system, we are building a pipeline that encompasses more than 14,000 locations across new vertical markets."

Mr. Becker continued, "We also believe that the results brands are seeing with our technology is validating our value proposition and thus strengthening our recurring revenue model. Some of our largest customers are now signing long-term, multi-year, guaranteed minimum revenue contracts including prepayments on minimum contract fees. These expanding term commitments and prepayment arrangements are improving the quality of our revenue as well as our cash flows. Going forward, we are very focused on building upon the favorable contract terms of these recent, large contract renewals and applying this model to new opportunities as we grow."

First Quarter 2017 Conference Call:

The Company has scheduled a conference call for 5:00 P.M. Eastern Time (ET) on Tuesday, May 16, 2017 to review financial results for its fiscal first quarter ended March 31, 2017.

Conference Call Information:

Date: Tuesday, May 16, 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 two weeks starting on May 16, 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# is 13660949. The replay will also be available on the Company's website [under the investor relations section](#).

First Quarter 2017 Financial Results:

Revenue for Q1 2017 was \$2,113,000, representing an increase of 15% from \$1,845,000 in Q1 2016. The increase in revenue was primarily attributable to an increase in SmartSMS revenue.

Gross margin decreased to 74% in Q1 2017 compared to 78% in Q1 2016. Operating expenses (excluding goodwill and intangible asset impairment charges) for Q1 2017 were \$2,882,000 compared to \$2,807,000 in Q1 2016. The increase in operating expenses was due to an increase in engineering, research & development personnel related costs as compared to Q1 2016 to support the Company's growth. Operating loss for the quarter

was \$(1,326,000) compared to \$(1,367,000) in the corresponding period in the prior year. Comprehensive loss for Q1 2017 was \$(1,354,000), or \$(0.04) per diluted share, compared to \$(1,422,000), or \$(0.05) per diluted share in Q1 2016.

Non-GAAP Adjusted Net Loss, a non-GAAP metric (see note on non-GAAP Measurements) was \$(920,000) for Q1 2017 compared to \$(794,000) in Q1 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 helps restaurant and retail brands grow their business by increasing customer frequency, engagement, and spend. Mobivity's SmartSuite of products -- including SmartReceipt, 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®, SONIC® Drive-In, Chick-fil-A, and Baskin-Robbins. 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 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 LOSS
AND NON-GAAP
ADJUSTED NET LOSS

	<i>Three Months Ended</i>	
	<i>March 31,</i>	
\$000s except EPS	<u>2017</u>	<u>2016</u>
Net income (loss)	(1,349)	\$ (1,359)
Depreciation and amortization	69	146
Non-cash stock compensation expense	337	427
Foreign currency loss (gain)	3	(15)
Interest expense, net of interest income	20	7
Non-GAAP adjusted net loss	<u>(920)</u>	<u>\$ (794)</u>
Weighted average diluted shares outstanding	<u>36,388,997</u>	<u>29,778,439</u>
Non-GAAP adjusted EPS	<u>(0.03)</u>	<u>\$ (0.03)</u>

Mobivity Holdings Corp.
Condensed Consolidated Statements of Income and Comprehensive Income
(Unaudited)

	<i>Three Months Ended</i>	
	<i>March 31,</i>	
	<u>2017</u>	<u>2016</u>
Revenues		
Revenues	\$ 2,113,283	\$ 1,845,240
Cost of revenues	<u>557,388</u>	<u>404,940</u>
Gross profit	1,555,895	1,440,300
Operating expenses		
General and administrative	1,015,418	1,062,953
Sales and marketing	1,208,785	1,248,412
Engineering, research, and development	589,322	349,098
Depreciation and amortization	<u>68,746</u>	<u>146,388</u>

Total operating expenses	2,882,271	2,806,851
Loss from operations	<u>(1,326,376)</u>	<u>(1,366,551)</u>
Other income/(expense)		
Interest income	904	368
Interest expense	(21,106)	(7,593)
Foreign currency (loss) gain	(2,648)	14,550
Total other income/(expense)	<u>(22,850)</u>	<u>7,325</u>
Loss before income taxes	<u>(1,349,226)</u>	<u>(1,359,226)</u>
Income tax expense	-	-
Net loss	<u>(1,349,226)</u>	<u>(1,359,226)</u>
Other comprehensive loss, net of income tax		
Foreign currency translation adjustments	(5,221)	(63,219)
Comprehensive loss	<u>\$ (1,354,447)</u>	<u>\$ (1,422,445)</u>
Net loss per share - basic and diluted	<u>\$ (0.04)</u>	<u>\$ (0.05)</u>
Weighted average number of shares during the period - basic and diluted	<u>36,388,997</u>	<u>29,778,439</u>

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

Mobivity Holdings Corp.
Condensed Consolidated Balance Sheets

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
ASSETS		
Current assets		
Cash	\$ 1,207,020	\$ 1,188,485
Restricted cash	1,000,000	1,000,000
Accounts receivable, net of allowance for doubtful accounts of \$2,512 and \$15,503, respectively	114,210	1,244,484
Other current assets	222,243	179,376
Total current assets	<u>2,543,473</u>	<u>3,612,345</u>
Goodwill	803,118	803,118
Intangible assets, net	818,170	627,119
Other assets	105,134	109,776
TOTAL ASSETS	<u>\$ 4,269,895</u>	<u>\$ 5,152,358</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 641,943	\$ 701,347
Accrued interest	4,019	2,020

Accrued and deferred personnel compensation	578,573	671,677
Deferred revenue and customer deposits	407,436	160,023
Notes payable, net - current maturities	1,066,150	1,011,910
Other current liabilities	106,532	115,051
Total current liabilities	2,804,653	2,662,028
Non-current liabilities		
Notes payable, net - long term	353,108	361,166
Total non-current liabilities	353,108	361,166
Total liabilities	3,157,761	3,023,194
Commitments and Contingencies (See Note 9)		
Stockholders' equity		
Common stock, \$0.001 par value; 100,000,000 shares authorized; 36,388,981 and 36,388,981, shares issued and outstanding	36,389	36,389
Equity payable	100,862	100,862
Additional paid-in capital	77,035,800	76,698,383
Accumulated other comprehensive loss	(38,220)	(32,999)
Accumulated deficit	(76,022,697)	(74,673,471)
Total stockholders' equity	1,112,134	2,129,164
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 4,269,895	\$ 5,152,358

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

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Source: Mobivity Holdings Corp.

