

March 31, 2014



Mobivity Announces Financial Results for Fourth Quarter and Full Year 2013

PHOENIX, March 31, 2014 /PRNewswire/ -- Mobivity Holdings Corp. (OTCQB: MFON), an award-winning provider of proprietary and patented mobile marketing technologies and solutions, today announced financial results for the fourth quarter and the year ended December 31, 2013.

Recent Highlights:

- Company completed acquisition of SmartReceipt in March 2014, which creates one of the largest installed bases of any SaaS-based mobile loyalty program in the industry;
- Subscriber-based revenue increased by \$553,000 during 2013, or 108%, compared to 2012;
- Full year 2013 gross margin improved to 72.6% compared to 68.1% in 2012;
- Q4 2013 reseller channel revenue acquired in the Front Door Insights (FDI) asset acquisition increased 39.6% compared to FDI's reseller revenue during Q1, 2013;
- Mobivity's Stampt smartphone loyalty app revenue grew 28% in fiscal 2013 over fiscal 2012;
- At December 31, 2013, cash and equivalents totaled \$2.6 million with essentially no long-term debt.

Dennis Becker, chief executive officer of Mobivity, said, "2013 was a pivotal year for Mobivity. With a full management team on-board and working together beginning in the second half of the year, we believe our strategic plan to build a suite of mobile marketing technologies is now in full swing as we have fully integrated our Stampt™ loyalty app and Front Door Insights acquisitions and are working to successfully integrate SmartReceipt into our bundle of services. We believe we have a powerful suite of services that can help national brands and local businesses engage their most loyal customers and drive incremental revenue."

Mr. Becker continued, "There were also a few challenges that needed to be addressed during the fourth quarter, including recent amendments to the Telephone Consumer Protection Act (TCPA) that went into effect on October 16, 2013 requiring the re-opting-in of all of our clients' text messaging subscribers. The revised TCPA affected those customers that we bill on a per subscriber basis. We estimate the impact of the TCPA to be approximately \$150,000 for the fourth quarter. The roughly 10% impact on the fourth quarter is far less than what has been reported by others in the industry, which, in our opinion, is attributable to the diversification of our business model which provides both per location and per subscriber customers. We expect this impact to be relatively short-lived as customers rebuild their subscriber bases and we are encouraged by the continued acceptance and utilization of our proprietary mobile marketing solutions as we continue to add new customers, through both our corporate accounts as well as our marketing partners. Going forward, we believe our ability to further integrate our product offering with the SmartReceipt

technology should only help to accelerate our growth."

Mike Bynum, President of Mobivity added, "We are also seeing continued demand by resellers to add Mobivity's mobile marketing solutions to their product and service portfolios. Reseller relationships acquired from our Front Door Insights acquisition have recently added our Stamp smartphone app to their existing SMS mobile marketing services, while new reseller relationships have recently deployed our solutions in their respective markets. International reseller partnerships are also being negotiated with a particular reseller partner already in beta testing for our services."

Mr. Becker concluded, "We believe the mobile marketing industry and derivatives of it continue to gain attention in the marketplace. Mobivity is focused on providing its merchants with tools that are intended to drive loyalty amongst their own customers, drive repeat business and improve marketing dollar efficiency. We have a monetization strategy for every merchant we acquire, while accumulating consumers directly under the Stamp brand. We hope the double play of acquiring merchants while proliferating the Stamp brand direct to consumers is something that the capital markets will come to appreciate very soon."

Full Year 2013 Financial Results

For the year ended December 31, 2013, revenue increased approximately \$14,000 to \$4,094,000, compared to 2012. The company continued to shift revenues from non-recurring, project based engagements, to more ongoing subscription-based contracts during the year.

Gross margins improved to 72.6% during the 2013 as compared to 68.1% in the prior year. The improvement in gross margins is attributable to the company's focus on subscription-based licensing of its patented SMS mobile marketing solutions and Stamp loyalty app which inherently carry higher gross margins as opposed to project-based accounts that existed a year ago, as well as reduced messaging fees, sales and referral commissions, and project consulting fees.

Operating expenses (excluding goodwill and intangible asset impairment charges) for 2013 were \$7,981,000 compared to \$5,659,000 in 2012 due to hiring of additional officers and management, hiring of outside sales positions, higher legal costs stemming from several acquisitions and SEC related activities, share based compensation, and travel expenses. Non-cash stock-based compensation expense was \$1,996,000 during the year, as compared to \$859,000 in 2012.

Operating loss (excluding a goodwill and intangible asset impairment charges) was \$(5,010,000) during 2013 compared to an operating loss (excluding a goodwill and intangible asset impairment charges) of \$(2,879,000) in the corresponding period a year ago.

Net loss for the year was \$(16,759,000) in 2013, or \$(1.58) per fully diluted share, compared to a net loss of \$(7,339,000), or \$(1.90) per fully diluted share, in 2012. Included in the results are non-cash goodwill and intangible asset impairment charges of \$1.7 million and \$888,000 during fiscal year 2013 and 2012 respectively.

Non-GAAP Adjusted Net Loss, a non-GAAP metric (see table 1) was \$(2,744,000) for full year 2013 compared to \$(1,468,000) during in 2012.

Fourth Quarter 2013 Financial Results

Revenue for the fourth quarter of 2013 was \$944,000, down 10.2% from \$1,051,000 in the fourth quarter of 2012. The decrease in revenues for the quarter is attributable to an approximate \$150,000 impact due to the Telephone Consumer Protection Act (TCPA) that went into effect on October 16, 2013. The company expects this impact to be relatively short-lived as customers rebuild their subscriber bases.

Gross margins increased to 72.7% from 72.1% in the fourth quarter of 2012. Cost of goods sold was \$258,000 in the fourth quarter of 2013 compared to \$293,000 in the fourth quarter of 2012, with a gross margin profit of \$687,000 in the fourth quarter of 2013 compared to a gross profit of \$758,000 in the same period a year ago.

Operating expenses (excluding goodwill and intangible asset impairment charges) for the fourth quarter of 2013 were \$1,400,000 compared to \$1,288,000 in the same period of the prior year. The increase in operating expenses is primarily attributable to increases in our management team and sales infrastructure. Included in the fourth quarter was a one-time credit to share based compensation of \$680,000 due to an adjustment of projected executive compensation stemming from recent acquisitions.

Operating loss (excluding goodwill and intangible asset impairment charges) was \$(1,024,000) in the three months ended December 31, 2013 compared to an operating loss (excluding a goodwill and intangible asset impairment charges) of \$(530,000) in the corresponding period a year ago.

Net loss for the quarter was \$(2,057,000), or \$(0.20) per diluted share, compared to a net loss of \$(2,299,000), or \$(0.59) per diluted share, in the fourth quarter of 2012. Included in the results are non-cash goodwill and intangible asset impairment charges of \$1.7 million and \$888,000 during the fourth quarter 2013 and 2012 respectively.

Non-GAAP Adjusted Net Loss, a non-GAAP metric (see table 1) was \$(1,066,000) during the fourth quarter of 2013 as compared to \$(300,000) during the prior year period.

Balance Sheet

The Company had \$2,573,000 of cash at December 31, 2013 compared to \$363 at December 31, 2012. Total notes payable outstanding were \$20,000 at December 31, 2013 compared to \$3,030,000 at December 31, 2012.

Non-GAAP Measurements

This press release includes a reference to Non-GAAP adjusted net loss, which constitutes a "non-GAAP financial measure" as defined by the SEC. "Non-GAAP adjusted net loss" is our net loss before interest, depreciation, amortization, stock-based compensation, and other non-cash operating income and expenses. Non-GAAP adjusted net loss is presented exclusively as a supplemental disclosure because our management believes that it is widely used to measure the performance, and as a basis for valuation, of companies in our industry. Our management uses Non-GAAP adjusted net loss as a measure of our operating performance and to compare our operating performance with those of our competitors. We also present Non-GAAP adjusted net loss 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. 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 the United States to drive incremental sales and profitability by quickly and effectively communicating to their most loyal customers. Included are SmartReceipt, which transforms traditional retail transaction receipts into engaging "smart" receipts, an industry-leading text messaging product, and an innovative Stamp[™] 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, and numerous professional sports teams, as well as thousands of small, local businesses across the U.S. For more information, visit 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 impact of recent amendments to the Telephone Consumer Protection Act (TCPA); the Company's ability to successfully integrate its recently acquired SmartReceipt operations; expectations for the growth of the Company's operations, sales force and revenue; the advantages and growth prospects of the mobile marketing industry; and the expected contributions to the Company's success by its recent additions to management. 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, 2013 filed with the SEC on March 31, 2014 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.

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MOBIVITY HOLDINGS CORP.

ITEMIZED RECONCILIATION BETWEEN NET INCOME (LOSS) AND NON-GAAP ADJUSTED NET INCOME

	Three Months Ended		Fiscal Year Ended	
	December 31,		December 31,	
\$000s except EPS	2013	2012	2013	2012
Net income (loss)	\$(2,057)	\$(2,299)	\$(16,759)	\$(7,339)
Depreciation and amortization	89	117	271	549
Change in Fair Value of Derivatives	(100)	48	3,766	(360)
Non-cash Stock Compensation Expense	(439)	113	1,996	859
Gain on Debt Extinguishment	(103)		(103)	
Loss (Gain) on Contingent Considerations	(165)	(707)	28	(625)
Goodwill/Intangible Asset Impairment	1,710	888	1,710	888
Interest expense, Net	(1)	1,540	6,347	4,560

Non-GAAP Adjusted Net Income (Loss)	\$(1,066)	\$(300)	\$(2,744)	\$(1,468)
Weighted Average Diluted Shares Outstanding	16,314,740	3,869,686	10,612,007	3,869,247
Non-GAAP Adjusted EPS	\$(0.07)	\$(0.08)	\$(0.26)	\$(0.38)

Mobivity Holdings Corp.

Consolidated Statements of Operations

	Years ended December 31,	
	2013	2012
Revenues		
Revenues	\$ 4,093,667	\$ 4,079,745
Cost of revenues	1,122,037	1,300,325
Gross margin	2,971,630	2,779,420
Operating expenses		
General and administrative	3,416,850	2,984,118
Sales and marketing	3,469,383	1,562,933
Engineering, research, and development	824,653	562,459
Depreciation and amortization	270,579	549,151
Goodwill impairment	1,066,068	742,446
Intangible asset impairment	644,170	145,396
Total operating expenses	9,691,703	6,546,503
Loss from operations	(6,720,073)	(3,767,083)
Other income/(expense)		
Interest income	747	2,833
Interest expense	(6,348,186)	(4,559,564)

Change in fair value of derivative liabilities	(3,766,231)	359,530
Gain on Debt Extinguishment	103,177	-
Gain (loss) on adjustment in contingent consideration	(28,465)	625,357
Total other income/(expense)	(10,038,958)	(3,571,844)
Loss before income taxes	(16,759,031)	(7,338,927)
Income tax expense	-	-
Net loss	\$ (16,759,031)	\$ (7,338,927)
Net loss per share - basic and diluted	\$ (1.58)	\$ (1.90)
Weighted average number of shares		
during the period - basic and diluted	10,612,007	3,869,247

Mobivity Holdings Corp.

Consolidated Statements of Operations

	Quarters ended December 31,	
	2013	2012
Revenues		
Revenues	\$ 944,112	\$ 1,050,879
Cost of revenues	257,519	293,037
Gross margin	686,593	757,842
Operating expenses		
General and administrative	772,172	633,268
Sales and marketing	179,479	426,999
Engineering, research, and development	359,040	110,330
Depreciation and amortization	89,317	117,189
Goodwill impairment	1,066,068	742,446

Intangible asset impairment	644,170	145,396
Total operating expenses	3,110,245	2,175,628
Loss from operations	(2,423,652)	(1,417,786)
Other income/(expense)		
Interest income	340	12
Interest expense	(826)	(1,539,939)
Change in fair value of derivative liabilities	99,280	(47,549)
Gain on Debt Extinguishment	103,177	-
Gain (loss) on adjustment in contingent consideration	165,000	706,518
Total other income/(expense)	366,972	(880,958)
Loss before income taxes	(2,056,680)	(2,298,744)
Income tax expense	-	-
Net loss	\$ (2,056,680)	\$ (2,298,744)
Net loss per share - basic and diluted	\$ (0.13)	\$ (0.59)
Weighted average number of shares		
during the period - basic and diluted	16,314,740	3,869,686

Mobivity Holdings Corp.

Consolidated Balance Sheets

	December 31, 2013	December 31, 2012
ASSETS		
Current assets		
Cash	\$ 2,572,685	\$ 363

Accounts receivable, net of allowance for doubtful accounts of \$65,975 and \$44,700, respectively	280,667	414,671
Other current assets	140,114	30,009
Total current assets	2,993,466	445,043
Goodwill	3,108,964	2,259,624
Intangible assets, net	935,316	444,112
Other assets	63,944	201,228
TOTAL ASSETS	\$ 7,101,690	\$ 3,350,007

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

Current liabilities

Accounts payable	\$ 543,648	\$ 514,949
Accrued interest	16,943	321,368
Accrued and deferred personnel compensation	191,041	299,534
Deferred revenue - related party	-	35,262
Deferred revenue and customer deposits	136,523	181,731
Convertible notes payable, net of discount	-	2,857,669
Notes payable	20,000	171,984
Derivative liabilities	106,176	3,074,504
Other current liabilities	36,372	250,144
Earn-out payable	34,755	2,032,881
Total current liabilities	1,085,458	9,740,026

Non-current liabilities

Earn-out payable	24,245	-
Total non-current liabilities	24,245	-
Total liabilities	1,109,703	9,740,026

Commitments and Contingencies (See Note 9)**Stockholders' equity (deficit)**

Common stock, \$0.001 par value; 50,000,000 shares authorized;		
16,319,786 and 3,869,688 shares issued and outstanding	16,320	3,870
Equity payable	108,170	-
Additional paid-in capital	54,452,697	25,432,280
Accumulated deficit	(48,585,200)	(31,826,169)
Total stockholders' equity (deficit)	5,991,987	(6,390,019)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	\$ 7,101,690	\$ 3,350,007

SOURCE Mobivity Holdings Corp.