

August 15, 2016



# **Mobivity 2nd Quarter Revenue Grew 90% to a Record \$2.1 Million, Conference Call to Discuss Results Scheduled for August 16, 2016**

## **SmartReceipt(R) Transactions Soared Over 103% to More Than 81 Million in the Month of June 2016**

PHOENIX, AZ -- (Marketwired) -- 08/15/16 -- Mobivity Holdings Corp. (OTCQB: MFON), the award-winning, mobile marketing and customer engagement platform, announced today financial results for the second quarter ended June 30, 2016 ("Q2 2016").

### ***2<sup>nd</sup> Quarter and Year-to-Date Highlights:***

- Q2 2016 revenue grew 90% year-over-year, and 12% sequentially to a record \$2.1 million.
- Year-to-date gross margin increased to 75% through June 30, 2016 as compared to 74% for the same period in 2015.
- Non-GAAP Adjusted Net Loss, a non-GAAP metric (see note on non-GAAP Measurements) was \$(427,000) for Q2 2016 compared to \$(802,000) in Q2 2015.
- SmartReceipt<sup>®</sup> transactions in June 2016 rose to more than 81 million, a 103% increase as compared to June 2015.
- Subscribers to Mobivity powered mobile marketing campaigns grew to 5.5 million unique consumers in June 2016, an increase of more than 136% compared to June 2015.
- Mobivity powered more than 35.4 million mobile marketing messages in June 2016, an increase of more than 266% over June 2015.
- As of June 30, 2016, Mobivity's patented solutions were deployed in more than 30,000 retail locations and have generated more than 1 billion targeted marketing impressions.

Commenting on the report, Dennis Becker, Mobivity CEO, stated, "We are very pleased with the continued momentum reflected in this recent quarter, however we believe we're still in the early stages of our upside potential. We've worked hard to prepare the technology for

scale and it's important to note that much of our growth to more than 30,000 active locations in the U.S., and abroad, has just transpired over the last eight months of this year. In this short period of time, we've accumulated strong case study evidence, from millions of consumer transactions across thousands of locations, suggesting that our technology can deliver on the vision of targeted, personalized marketing to the offline marketplace -- and when that's achieved, significant financial results are produced. The expansion and scale of our technology has gone viral and is creating increased demand for our services. As an example, Baskin-Robbins has recently expanded beyond our SmartReceipt<sup>®</sup> offering with the launch of a mobile program utilizing our SmartSMS solution. With our technology and services being trusted by some of the world's most recognized brands, we're looking forward to capitalizing on our recent momentum and working endlessly to accelerate growth."

### ***2<sup>nd</sup> Quarter 2016 Conference Call:***

The Company has scheduled a conference call for 4:30 P.M. Eastern Time (ET) on Tuesday, August 16, 2016 to review financial results for its fiscal second quarter ended June 30, 2016.

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

***Date:*** Tuesday, August 16, 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 August 16, 2016 at approximately 7:30 P.M. ET. To access the replay, please dial (877) 870-5176 in the U.S. and (858) 384-5517 for international callers. The conference ID# is 13642361. The replay will also be available on the Company's website under the investor relations section ([ir.mobivity.com](http://ir.mobivity.com)).

### ***2<sup>nd</sup> Quarter 2016 Financial Results:***

Revenue for Q2 2016 was \$2.1 million, representing an increase of 90% from \$1.1 million in Q2 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 73% in Q2 2016, as compared to 75% for Q2 2015. Gross margin for the six months ended June 30, 2016 was 75% compared to 74% for the same period in 2015. The decrease in gross margin for the second 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 Q2 2016 were \$2.4 million compared to \$2.1 million in Q2 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 \$(964,000) compared to \$(1.3 million) in the corresponding period in the prior year. Comprehensive loss for Q2 2016 was \$(978,000), or \$(0.03) per diluted share, compared to \$(1.3 million), or \$(0.05) per diluted share in Q2 2015.

Non-GAAP Adjusted Net Loss, a non-GAAP metric (see note on non-GAAP Measurements) was \$(427,000) for Q2 2016 compared to \$(802,000) in Q2 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>, SmartSMS, 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> Drive-In, 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 Corp.**  
**Consolidated Balance Sheets**

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 1,035,863	\$ 634,129
Restricted cash	1,000,000	-
Accounts receivable, net of allowance for doubtful accounts of \$233,599 and \$237,383, respectively	860,674	700,356
Other current assets	199,210	131,345
<b>Total current assets</b>	<u>3,095,747</u>	<u>1,465,830</u>
Goodwill	3,044,341	1,921,072
Intangible assets, net	2,451,247	2,373,689
Other assets	190,901	173,022
<b>TOTAL ASSETS</b>	<u><u>\$ 8,782,236</u></u>	<u><u>\$ 5,933,613</u></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 557,567	\$ 375,363
Accrued interest	3,026	-
Accrued and deferred personnel compensation	444,520	414,314
Deferred revenue and customer deposits	295,240	72,624
Notes Payable	1,189,911	-
Other current liabilities	129,994	197,145
<b>Total current liabilities</b>	<u>2,620,258</u>	<u>1,059,446</u>
<b>Non-current liabilities</b>		
Notes Payable	225,217	-
<b>Total non-current liabilities</b>	<u>225,217</u>	<u>-</u>
<b>Total liabilities</b>	<u>2,845,475</u>	<u>1,059,446</u>
<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	73,362,549	69,903,527
Accumulated other comprehensive loss	(45,322 )	-
Accumulated deficit	(67,514,387 )	(65,159,010 )
<b>Total stockholders' equity (deficit)</b>	<u>5,936,761</u>	<u>4,874,167</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>	<u><u>\$ 8,782,236</u></u>	<u><u>\$ 5,933,613</u></u>

See accompanying notes to consolidated financial statements.

**Mobivity Holdings Corp.**

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

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Revenues</b>				
Revenues	\$ 2,074,713	\$ 1,091,245	\$ 3,919,805	\$ 2,031,417
Cost of revenues	562,311	270,038	998,941	533,952
<b>Gross margin</b>	<b>1,512,402</b>	<b>821,207</b>	<b>2,920,864</b>	<b>1,497,465</b>
<b>Operating expenses</b>				
General and administrative	931,313	1,046,839	1,985,730	2,208,226
Sales and marketing	1,105,033	797,329	2,331,044	1,890,228
Engineering, research, and development	278,875	201,562	627,814	315,706
Depreciation and amortization	161,196	82,740	307,447	138,486
<b>Total operating expenses</b>	<b>2,476,417</b>	<b>2,128,470</b>	<b>5,252,035</b>	<b>4,552,646</b>
<b>Loss from operations</b>	<b>(964,015 )</b>	<b>(1,307,263 )</b>	<b>(2,331,171 )</b>	<b>(3,055,181 )</b>
<b>Other income/(expense)</b>				
Interest income	1,385	492	1,753	547
Interest expense	(19,546 )	-	(27,063 )	-
Change in fair value of derivative liabilities	-	(25,140 )	-	(6,815 )
Gain (loss) on adjustment in contingent consideration	-	2,000	-	2,000
Foreign currency gain/(loss)	(14,287 )	-	1,104	-
<b>Total other income/(expense)</b>	<b>(32,448 )</b>	<b>(22,648 )</b>	<b>(24,206 )</b>	<b>(4,268 )</b>
<b>Loss before income taxes</b>	<b>(996,463 )</b>	<b>(1,329,911 )</b>	<b>(2,355,377 )</b>	<b>(3,059,449 )</b>
Income tax expense	-	-	-	-
<b>Net loss</b>	<b>\$ (996,463 )</b>	<b>\$ (1,329,911 )</b>	<b>\$ (2,355,377 )</b>	<b>\$ (3,059,449 )</b>
<b>Other comprehensive loss, net of income tax</b>				
Foreign currency translation adjustments	\$ 17,897	\$ -	\$ (45,322 )	\$ -
<b>Comprehensive loss</b>	<b>\$ (978,566 )</b>	<b>\$ (1,329,911 )</b>	<b>\$ (2,400,699 )</b>	<b>\$ (3,059,449 )</b>
<b>Net loss per share - basic and diluted</b>	<b>\$ (0.03 )</b>	<b>\$ (0.05 )</b>	<b>\$ (0.07 )</b>	<b>\$ (0.12 )</b>
<b>Weighted average number of shares during the period - basic and diluted</b>	<b>33,059,007</b>	<b>26,385,601</b>	<b>31,409,661</b>	<b>24,713,302</b>

See accompanying notes to consolidated financial statements (unaudited).

**MOBIVITY HOLDINGS, INC.**

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

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>	<b>June 30,</b>	<b>June 30,</b>	<b>June 30,</b>
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
\$000s except EPS				
Net income (loss)	\$ (996 )	\$ (1,330 )	\$ (2,355 )	\$ (3,059 )
Depreciation and amortization	161	83	307	138
Amortization of deferred financing costs	4	-	4	-
Gain on change in fair value of derivatives	-	25	-	7
Non-cash stock issued for services	-	-	-	363
Non-cash stock compensation expense	372	422	799	766

Non-cash gain on adjustment in contingent consideration	-	(2 )	-	(2 )
Change in foreign currency	14	-	(1 )	-
Interest income, net	18	-	25	(1 )
Non-GAAP adjusted net income (loss)	<u>\$ (427 )</u>	<u>\$ (802 )</u>	<u>\$ (1,221 )</u>	<u>\$ (1,788 )</u>
Weighted average diluted shares outstanding	<u>33,059,007</u>	<u>26,385,601</u>	<u>31,409,661</u>	<u>24,713,302</u>
Non-GAAP adjusted EPS	<u>\$ (0.01 )</u>	<u>\$ (0.03 )</u>	<u>\$ (0.04 )</u>	<u>\$ (0.07 )</u>

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