**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

**FORM 8-K/A**
**Amendment No. 1**

**CURRENT REPORT**
**Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): November 14, 2018

**Mobivity Holdings Corp.**
(Exact name of registrant as specified in its charter)

| **Nevada** | **000-53851** | **26-3439095** |
|---|---|---|
| (State or Other Jurisdiction of Incorporation) | (Commission File Number) | (I.R.S. Employer Identification Number) |

**55 N. Arizona Place, Suite 310**
**Chandler, Arizona 85225**
(Address of principal executive offices) (zip code)

(866) 282-7660
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions.

□ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
□ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14d-2(b)
□ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b)
□ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c)

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).
Emerging growth company □

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. □

## EXPLANATORY NOTE

This Current Report on Form 8-K/A is being filed as an amendment to the Current Report on Form 8-K filed by Mobivity Holdings Corp. (the "Company") with the Securities and Exchange Commission on November 20, 2018 (the "Original Form 8-K") disclosing the acquisition of the assets of Belly, Inc. ("Belly") by the Company. This Current Report on Form 8-K/A amends the Original Form 8-K to present certain financial statements of Belly and to present certain unaudited pro forma financial information in connection with the Company's business combination with Belly, which financial statements and unaudited pro forma information are filed as exhibits hereto. All of the other items in the Original Form 8-K remain the same and are incorporated herein by reference.

**Item 9.01 Financial Statements and Exhibits**

(a) Financial Statements of Business Acquired

The audited abbreviated statements of assets acquired and liabilities assumed and of revenues and direct expenses for Belly as of and for the years ended December 31, 2017 and 2016, the unaudited abbreviated statements of assets acquired and liabilities assumed and of revenues and direct expenses for Belly as of and for the nine months ended September 30, 2018 and 2017, are attached as Exhibit 99.1 and 99.2, respectively, and are incorporated herein by reference.

(b) Pro Forma Financial Information

The following unaudited pro forma condensed financial statements of the Company, giving effect to the Company's acquisition of certain Belly assets are attached as Exhibit 99.3 and incorporated herein by reference.

(i) Unaudited Pro Forma Condensed Combined Balance Sheet as of September 30, 2018

(ii) Unaudited Pro Forma Condensed Combined Statement of Operations for the year ended December 31, 2017.

(iii) Unaudited Pro Forma Condensed Combined Statement of Operations for the nine months ended September 30, 2018.

(d) Exhibits

| Exhibit No. | Description |
|---|---|
| 99.1 | Audited Abbreviated Statements of Assets Acquired and Liabilities Assumed and of Revenues and Direct Expenses for Belly, Inc. as of and for the years ended December 31, 2017 and 2016. |
| 99.2 | Unaudited Abbreviated Statements of Assets Acquired and Liabilities Assumed and of Revenues and Direct Expenses for Belly, Inc. as of and for the nine months ended September 30, 2018. |
| 99.3 | Unaudited Pro Forma Condensed CombincedStatement of Operations of the Company for the Year Ended December 31, 2017, Unaudited Pro Forma Condensed Combined Balance Sheet as of September 30, 2018, and Unaudited Pro Forma Condensed Combined Statement of Operations for the Nine Months Ended September 30, 2018. |

## SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**MOBIVITY HOLDINGS CORP.**

| | | |
|---|---|---|
| *March 13, 2019* | By: | */s/ Charles B. Mathews* |
| | | Charles B. Mathews,<br>Chief Financial Officer |

Exhibit 99.1

# Belly, Inc.

## Abbreviated Financial Statements

## For the Years Ended December 31, 2017 and 2016

**BELLY, INC.**

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Management of Belly, Inc.

We have audited the accompanying abbreviated financial statements of Belly, Inc. ("Belly"), which comprise the abbreviated statement of assets acquired and liabilities assumed as of December 31, 2017 and 2016, and the related abbreviated statement of revenues and direct expenses for the years then ended.

***Management's Responsibility for the Abbreviated Financial Statements***
Management is responsible for the preparation and fair presentation of the abbreviated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the abbreviated financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***
Our responsibility is to express an opinion on the abbreviated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the abbreviated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the abbreviated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the abbreviated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the abbreviated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the abbreviated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***
In our opinion, the abbreviated financial statements referred to above present fairly, in all material respects, the assets acquired and liabilities assumed of Belly as of December 31, 2017, and 2016, and its revenues and direct expenses for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***
The accompanying abbreviated financial statements were prepared in connection with the Company's transactions related to the Belly and, as described in Note 2, were prepared in accordance with an SEC waiver received by the buyer, for the purposes of the buyer complying with Rule 3-05 of the Securities and Exchange Commission's Regulation SX. These abbreviated financial statements are not intended to be a complete presentation of the financial position or results of operations of the Belly. Our opinion is not modified with respect to this matter.

/s/ M&K CPAS, PLLC

We have served as the Company's auditor since 2018.

Houston, TX
March 13, 2019

**Belly, Inc.**
**Abbreviated Statements of Assets Acquired and Liabilities Assumed**

| | December 31, | |
|---|---|---|
| | **2017** | **2016** |
| **ASSETS** | | |
| **Current assets** | | |
| Accounts receivable, net | $ 38,463 | $ 34,866 |
| Other current assets | 40,124 | 54,668 |
| **Total current assets** | 78,587 | 89,534 |
| Other assets | 117,702 | 970,600 |
| **Total assets acquired** | **$ 196,289** | **$ 1,060,134** |
| **LIABILITIES** | | |
| Accounts payable | $ 116,237 | $ 227,245 |
| Accrued and deferred personnel compensation | 9,391 | 90,948 |
| **Total liabilities assumed** | 125,628 | 318,193 |
| | | |
| **Net assets assumed** | **$ 70,661** | **$ 741,941** |

*See accompanying notes to abbreviated statements.*

**Belly, Inc.**
**Abbreviated Statements of Revenues and Direct Expenses**

| | Year Ended December 31, | |
|---|---|---|
| | **2017** | **2016** |
| **Revenues** | | |
| Revenues | $ 3,305,808 | $ 9,500,203 |
| | | |
| **Direct expenses** | | |
| Cost of revenues | 1,505,690 | 3,287,688 |
| General and administrative | 1,393,563 | 5,027,375 |
| Sales and marketing | 302,231 | 914,912 |
| Engineering, research, and development | 70,028 | 187,706 |
| Depreciation and amortization | 611,497 | 1,275,245 |
| **Total direct expenses** | 3,883,009 | 10,692,926 |
| | | |
| **Direct expenses in excess of revenues** | $ **(577,201)** | $ **(1,192,723)** |

*See accompanying notes to abbreviated statements.*

**Note 1 Nature of Business**

Belly ("Belly" or the "Company") is a business unit within Belly, Inc. The Company provides a loyalty program to small and medium-sized businesses marketed as Belly. The Company seeks to strengthen the relationship between its merchants and their customers through configuration of its software platform. The Company delivers software and suite of marketing tools for merchants as a subscription service using the software-as-a-service (SaaS) model.

**Risk Factors**

The Company is subject to risks and uncertainties common to a start-up company in this industry; including technological changes and competition from new, highly funded entrants. The Company operates in an industry with low barriers to entry and many competitors attempt to replicate the Company's business model. As such, the Company must successfully plan and execute its core business strategy in order to succeed in a highly competitive environment.

**Note 2 Summary of Significant Accounting Policies**

(a) ***Basis of Presentation***

The abbreviated financial statements of Belly include statements of assets acquired and liabilities assumed, as well as statements of revenue and direct expenses based on the Asset Purchase Agreement and relief from SEC Rule 3-05, Significant Acquisition Carveout Financial Statement Reporting Requirement and have been prepared in accordance with a pre-clearance letter obtained by Mobivity Holdings Corp. ("Mobivity") from the Securities and Exchange Commission. The statemen of assets acquired and liabilities assumed only presents the assets acquired and liabilities assume in accordance with the agreement. Prior to the date of the effective time of the acquisition, the assets and liabilities of the Company were assets of a larger entity Belly, Inc. (Belly and Hatch Loyalty) which split into two business units. Pursuant to the Agreement, Mobivity acquired certain assets and liabilities of the Belly business unit. These abbreviated financial statements, as of and for the years ended December 31, 2017 and 2016, are not intended to present a complete view of Belly, Inc. prior to the acquisition, including balance sheets, income statements, statements of cash flows, and statements of stockholders' equity, in conformity with generally accepted accounting principles. In addition, the financial statements do not necessarily represent the assets, liabilities, revenue and expenses of the Company had it been operated as a separate independent business, and therefore may not be indicative of the financial position and financial performance that would have been achieved if operated as an independent entity or of future result of the Company.

The Financial Statements were derived from the historical accounting records of Belly, Inc. and were prepared in accordance with the basis of accounting described in these Notes, which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). It is impracticable to prepare complete financial statements related to the Belly business unit as Belly, Inc. never accounted for the Belly business unit on a stand-alone basis or as a separate division or subsidiary. Belly, Inc. never prepared full standalone or full carve-out financial statements for the Belly business unit and has never maintained the distinct and separate books and records necessary to prepare full stand-alone financial statements.

The operations of the Belly business unit rely, to varying degrees, on Belly, Inc. for marketing, sales order processing, billing, collection, customer service, information technology, insurance, human resources, accounting, regulatory, treasury, and legal support, and such expenses have been allocated to the Belly business unit in these financial statements. These Financial Statements may not be indicative of the financial condition or results of operations of the Belly business unit on a stand-alone basis, because of the reliance of Belly on Belly, Inc.

The statement of revenues and direct expenses does not include a provision for income taxes as the Belly business unit never functioned on a stand-alone basis; accordingly, no allocation of income taxes has been made to the Belly business unit.

During the fiscal years ended December 31, 2017 and 2016, the Belly business unit did not have any stand-alone financing requirements, and any cash generated was swept to Belly, Inc. As the Belly business unit has historically been managed as part of the operations of Belly, Inc. and has not been operated on a stand-alone basis, it is not practical to prepare historical cash flow information regarding Belly's operating, investing, and financing cash flows. As such, a statement of cash flows was not prepared.

***(b) Use of Estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. GAAP requires Company management to make estimates and judgments in several areas, including, but not limited to, those related to revenue recognition, collectability of accounts receivable, the carrying value of long-lived assets, warrants issued in conjunction with debt, deferred tax asset valuation allowances, and sales tax liabilities. These estimates are based on management's knowledge about current events and expectations about actions the Company may undertake in the future. Actual results could differ materially from those estimates.

***(c) Trade Accounts Receivable***

Trade accounts receivable are recorded at the invoiced amount less an allowance for any potential uncollectible amounts. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company determines the allowance based on a specific analysis of each receivable's collectability. Accounts deemed uncollectible are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company does not have any off-balance-sheet credit exposure related to its customers.

***(d) Impairment of Long-Lived Assets***

In accordance with Accounting Standards Codification (ASC) 360, *Property, Plant, and Equipment*, long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset.

***(e) Property and Equipment***

Property and equipment, which includes amounts recorded under capital leases, is recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets or in the case of a capital lease, the remaining lease term, whichever is shorter. The estimated useful life assigned to property and equipment is described below:

| Property and Equipment | Useful Life |
|---|---|
| Merchant equipment | Three years |
| Computer software, office equipment and other | Three years |
| Furniture and fixtures | Five years |
| Leased equipment and leasehold improvements | Lesser of estimated useful life or remaining lease term |

### *(f) Revenue Recognition*

Belly enters into agreements with merchants in which the Company grants to merchants a nonexclusive license to use the proprietary service. Amounts paid by the merchant include the right to use Company hardware during the service period. As the Company provides its software as a service, the Company follows ASC 605 *Revenue Recognition*. Revenue is recognized when all of the following criteria have been satisfied: persuasive evidence of an arrangement exists; delivery has occurred; the price is fixed or determinable; and collectability is reasonably assured.

Subscription fees pay for the merchant's use of the product, maintenance, hosting, and a limited amount of ongoing account management. Merchants do not have the right to take possession of the software under any circumstances. Revenue is recognized on a straight-line basis over the life of the arrangement in the form of a fixed subscription fee. Revenues generated from new member acquisition programs are recognized on a transaction-by-transaction basis, as eligible members record verified visits to participating merchants.

For subscription service contracts with multiple elements (hosted software license and professional services for platform design and creation), we follow the guidance provided in Accounting Standards Codification ("ASC") 605-25, Revenue Recognition for Multiple Element Arrangements for upfront payments for license fees and professional services. The license fee portion is deferred and recognized over the period of benefit.

### *(g) New Accounting Pronouncements*

During May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers (Topic 606)." ASU No. 2014-09 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. During 2015 and 2016, the FASB also issued ASU No. 2015-14, which defers the effective date of ASU No. 2014-09; ASU No. 2016-08, "Principal versus Agent Considerations (Reporting Revenue Gross versus Net), which clarifies the implementation guidance on principal versus agent considerations in Topic 606; ASU No. 2016-10, "Identifying Performance Obligations and Licensing", which clarifies the identification of performance obligations and the licensing implementation guidance; ASU No. 2016-12, "Narrow-Scope Improvements and Practical Expedients" and ASU No. 2016-20, "Technical Corrections and Improvements to Topic 606", which both affect narrow aspects of Topic 606. Topic 606 (as amended) is effective for fiscal years beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. The Company may elect to apply the guidance earlier, but no earlier than fiscal years beginning after December 15, 2016. The amendments may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of initial application. The Company is currently assessing the effect that Topic 606 (as amended) will have on its results of operations, financial position and cash flows.

During November 2015, the FASB issued ASU No. 2015-17, "Balance Sheet Classification of Deferred Taxes." ASU No. 2015-17 requires deferred tax assets and liabilities to be classified as noncurrent in a classified balance sheet. ASU No. 2015-17 is effective for annual periods beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. Early adoption is permitted. The Company already classifies as long term and has established a valuation allowance for the entire deferred tax asset balance.

During February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)." ASU No. 2016-02 requires lessees to recognize the assets and liabilities that arise from leases on the balance sheet. A lessee should recognize in the balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. ASU No. 2016-02 is effective for annual periods beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted. The Company is currently assessing the effect that ASU No. 2016-02 will have on its results of operations, financial position and cash flows.

**Note 3 Property and Equipment**

Property and equipment, stated at cost, consisted of the following:

| | | December 31, | | |
|---|---|---|---|---|
| | | **2017** | | **2016** |
| Merchant equipment | $ | 4,226,092 | $ | 5,281,621 |
| Computers, equipment, furniture, and software | | 409,685 | | 394,496 |
| Other | | 5,446 | | 5,446 |
| Total | | 4,641,223 | | 5,681,563 |
| Less accumulated depreciation and amortization: | | | | |
| Merchant equipment | | (4,142,087) | | (4,497,129) |
| Computers, equipment, fixtures, and software | | (381,426) | | (339,008) |
| Other | | (729) | | (608) |
| Total | | (4,524,242) | | (4,836,745) |
| Property and equipment, net | $ | 116,981 | $ | 844,818 |

Depreciation expense on property and equipment was $611,497 and $1,275,245 for the years ended December 31, 2017 and 2016, respectively.

**Note 4 Related Parties**

7-Eleven, Inc. maintains significant ownership in 7-Ventures LLC, a venture investing vehicle, which purchased which maintains ownership in Belly Inc. Prior to the investments by 7-Ventures LLC, the Company had an existing agreement with 7-Eleven, Inc. to provide digital loyalty platform services to various stores located throughout the United States, which resulted in $4,888,608 in revenue during the year ended December 31, 2016. There were no related party transactions for the year ended December 31, 2017.

**Note 5 Concentrations**

For the year ended December 31, 2017, the Company had no concentrations of revenue with any clients. For the year ended December 31, 2016, the Company had one customer that represented approximately 51% of revenue.

**Note 6 Commitments and Contingencies**

Operating Leases
At the time of the acquisition, the Company was not bound by any operating leases.

Legal Matters

The Company may be involved in legal actions and claims arising in the ordinary course of business, from time to time, none of which at the time are considered to be material to the Company's business or financial condition.

**Note 7** **Subsequent Events**

The Company has evaluated events and transactions subsequent to the balance sheet date through June 30, 2018.

On November 14, 2018, the Company entered into an Asset Purchase Agreement with Mobivity Holdings Corp., a Nevada corporation, pursuant to which we agreed to sell certain operating assets relating to the Company's proprietary digital customer loyalty platform, including client contracts, accounts receivable and intellectual property, in exchange for Mobivity's payment of $3,000,000, subject to certain post-losing working capital adjustments. The Asset Purchase Agreement contains customary representations, warranties and indemnities on the part of the Company. The transactions under the Asset Purchase Agreement closed on November 14, 2018.

Exhibit 99.2

# Belly, Inc.

## Abbreviated Financial Statements

## For the Nine Months Ended September 30, 2018 and 2017

**BELLY, INC.**

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**Belly, Inc.**
**Abbreviated Statements of Assets Acquired and Liabilities Assumed**

| | September 30, 2018 | December 31, 2017 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Accounts receivable, net | $ 9,400 | $ 38,463 |
| Other current assets | 18,009 | 40,124 |
| **Total current assets** | 27,409 | 78,587 |
| Other assets | 22,459 | 117,700 |
| **Total assets acquired** | **$ 49,868** | **$ 196,287** |
| **LIABILITIES** | | |
| Accounts payable | $ 51,546 | $ 116,234 |
| Accrued and deferred personnel compensation | 9,391 | 9,391 |
| **Total liabilities assumed** | **$ 60,937** | **$ 125,625** |
| | | |
| **Net assets (liabilities) assumed** | **$ (11,069)** | **$ 70,662** |

*See accompanying notes to abbreviated statements.*

**Belly, Inc.**
**Abbreviated Statements of Revenues and Direct Expenses**

| | Nine Months Ended September 30, | |
|---|---|---|
| | **2018** | **2017** |
| **Revenues** | | |
| Revenues | $ 1,858,575 | $ 2,567,118 |
| | | |
| **Direct expenses** | | |
| Cost of revenues | 515,737 | 1,243,885 |
| General and administrative | 302,657 | 780,238 |
| Sales and marketing | 55,990 | 302,231 |
| Engineering, research, and development | 50,634 | 70,028 |
| Depreciation and amortization | 83,961 | 548,599 |
| **Total direct expenses** | $ 1,008,979 | $ 2,944,981 |
| | | |
| **Revenues in excess of direct expense / (Direct expenses in excess of revenues)** | **$ 849,596** | **$ (377,863)** |

*See accompanying notes to abbreviated statements.*

**Belly, Inc.**
**Notes to Abbreviated Financial Statements**

**Note 1 Nature of Business**

Belly ("Belly" or the "Company") is a business unit within Belly, Inc. The Company provides a loyalty program to small and medium-sized businesses marketed as Belly. The Company seeks to strengthen the relationship between its merchants and their customers through configuration of its software platform. The Company delivers software and suite of marketing tools for merchants as a subscription service using the software-as-a-service (SaaS) model.

**Risk Factors**

The Company is subject to risks and uncertainties common to a start-up company in this industry; including technological changes and competition from new, highly funded entrants. The Company operates in an industry with low barriers to entry and many competitors attempt to replicate the Company's business model. As such, the Company must successfully plan and execute its core business strategy in order to succeed in a highly competitive environment.

**Note 2 Summary of Significant Accounting Policies**

(a) ***Basis of Presentation***

The abbreviated financial statements of Belly include statements of assets acquired and liabilities assumed, as well as statements of revenue and direct expenses based on the Asset Purchase Agreement and relief from SEC Rule 3-05, Significant Acquisition Carveout Financial Statement Reporting Requirement and have been prepared in accordance with a pre-clearance letter obtained by Mobivity Holdings Corp. ("Mobivity") from the Securities and Exchange Commission. The statemen of assets acquired and liabilities assumed only presents the assets acquired and liabilities assume in accordance with the agreement. Prior to the date of the effective time of the acquisition, the assets and liabilities of the Company were assets of a larger entity Belly, Inc. (Belly and Hatch Loyalty) which split into two business units. Pursuant to the Agreement, Mobivity acquired certain assets and liabilities of the Belly business unit. These abbreviated financial statements, as of and for the years ended December 31, 2017 and 2016, are not intended to present a complete view of Belly, Inc. prior to the acquisition, including balance sheets, income statements, statements of cash flows, and statements of stockholders' equity, in conformity with generally accepted accounting principles. In addition, the financial statements do not necessarily represent the assets, liabilities, revenue and expenses of the Company had it been operated as a separate independent business, and therefore may not be indicative of the financial position and financial performance that would have been achieved if operated as an independent entity or of future result of the Company.

The Financial Statements were derived from the historical accounting records of Belly, Inc. and were prepared in accordance with the basis of accounting described in these Notes, which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). It is impracticable to prepare complete financial statements related to the Belly business unit as Belly, Inc. never accounted for the Belly business unit on a stand-alone basis or as a separate division or subsidiary. Belly, Inc. never prepared full standalone or full carve-out financial statements for the Belly business unit and has never maintained the distinct and separate books and records necessary to prepare full stand-alone financial statements.

The operations of the Belly business unit rely, to varying degrees, on Belly, Inc. for marketing, sales order processing, billing, collection, customer service, information technology, insurance, human resources, accounting, regulatory, treasury, and legal support, and such expenses have been allocated to the Belly business unit in these financial statements. These Financial Statements may not be indicative of the financial condition or results of operations of the Belly business unit on a stand-alone basis, because of the reliance of Belly on Belly, Inc.

The statement of revenues and direct expenses does not include a provision for income taxes as the Belly business unit never functioned on a stand-alone basis; accordingly, no allocation of income taxes has been made to the Belly business unit.

During the fiscal years ended December 31, 2017 and 2016, the Belly business unit did not have any stand-alone financing requirements, and any cash generated was swept to Belly, Inc. As the Belly business unit has historically been managed as part of the operations of Belly, Inc. and has not been operated on a stand-alone basis, it is not practical to prepare historical cash flow information regarding Belly's operating, investing, and financing cash flows. As such, a statement of cash flows was not prepared.

(b) ***Use of Estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. GAAP requires Company management to make estimates and judgments in several areas, including, but not limited to, those related to revenue recognition, collectability of accounts receivable, the carrying value of long-lived assets, warrants issued in conjunction with debt, deferred tax asset valuation allowances, and sales tax liabilities. These estimates are based on management's knowledge about current events and expectations about actions the Company may undertake in the future. Actual results could differ materially from those estimates.

***(c) Trade Accounts Receivable***

Trade accounts receivable are recorded at the invoiced amount less an allowance for any potential uncollectible amounts. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company determines the allowance based on a specific analysis of each receivable's collectability. Accounts deemed uncollectible are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company does not have any off-balance-sheet credit exposure related to its customers.

***(d) Impairment of Long-Lived Assets***

In accordance with Accounting Standards Codification (ASC) 360, *Property, Plant, and Equipment*, long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset.

***(e) Property and Equipment***

Property and equipment, which includes amounts recorded under capital leases, is recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets or in the case of a capital lease, the remaining lease term, whichever is shorter. The estimated useful life assigned to property and equipment is described below:

| Property and Equipment | Useful Life |
|---|---|
| Merchant equipment | Three years |
| Computer software, office equipment and other | Three years |
| Furniture and fixtures | Five years |
| Leased equipment and leasehold improvements | Lesser of estimated useful life or remaining lease term |

***(f) Revenue Recognition***

Belly enters into agreements with merchants in which the Company grants to merchants a nonexclusive license to use the proprietary service. Amounts paid by the merchant include the right to use Company hardware during the service period. As the Company provides its software as a service, the Company follows ASC 605 *Revenue Recognition*. Revenue is recognized when all of the following criteria have been satisfied: persuasive evidence of an arrangement exists; delivery has occurred; the price is fixed or determinable; and collectability is reasonably assured.

Subscription fees pay for the merchant's use of the product, maintenance, hosting, and a limited amount of ongoing account management. Merchants do not have the right to take possession of the software under any circumstances. Revenue is recognized on a straight-line basis over the life of the arrangement in the form of a fixed subscription fee. Revenues generated from new member acquisition programs are recognized on a transaction-by-transaction basis, as eligible members record verified visits to participating merchants.

For subscription service contracts with multiple elements (hosted software license and professional services for platform design and creation), we follow the guidance provided in Accounting Standards Codification ("ASC") 605-25, Revenue Recognition for Multiple Element Arrangements for upfront payments for license fees and professional services. The license fee portion is deferred and recognized over the period of benefit.

***(g) New Accounting Pronouncements***

During May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers (Topic 606)." ASU No. 2014-09 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. During 2015 and 2016, the FASB also issued ASU No. 2015-14, which defers the effective date of ASU No. 2014-09; ASU No. 2016-08, "Principal versus Agent Considerations (Reporting Revenue Gross versus Net), which clarifies the implementation guidance on principal versus agent considerations in Topic 606; ASU No. 2016-10, "Identifying Performance Obligations and Licensing", which clarifies the identification of performance obligations and the licensing implementation guidance; ASU No. 2016-12, "Narrow-Scope Improvements and Practical Expedients" and ASU No. 2016-20, "Technical Corrections and Improvements to Topic 606", which both affect narrow aspects of Topic 606. Topic 606 (as amended) is effective for fiscal years beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. The Company may elect to apply the guidance earlier, but no earlier than fiscal years beginning after December 15, 2016. The amendments may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of initial application. The Company is currently assessing the effect that Topic 606 (as amended) will have on its results of operations, financial position and cash flows.

During November 2015, the FASB issued ASU No. 2015-17, "Balance Sheet Classification of Deferred Taxes." ASU No. 2015-17 requires deferred tax assets and liabilities to be classified as noncurrent in a classified balance sheet. ASU No. 2015-17 is effective for annual periods beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018.

Early adoption is permitted. The Company already classifies as long term and has established a valuation allowance for the entire deferred tax asset balance.

During February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)." ASU No. 2016-02 requires lessees to recognize the assets and liabilities that arise from leases on the balance sheet. A lessee should recognize in the balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. ASU No. 2016-02 is effective for annual periods beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted. The Company is currently assessing the effect that ASU No. 2016-02 will have on its results of operations, financial position and cash flows.

**Note 3 Property and Equipment**

Property and equipment, stated at cost, consisted of the following:

| | September 30, | | | |
|---|---|---|---|---|
| | | 2018 | | 2017 |
| Merchant equipment | $ | 4,091,676 | $ | 4,267,681 |
| Computers, equipment, furniture, and software | | 415,525 | | 409,528 |
| Other | | 3,646 | | 5,446 |
| Total | | 4,510,847 | | 4,682,655 |
| Less accumulated depreciation and amortization: | | | | |
| Merchant equipment | | (4,092,141) | | (4,122,293) |
| Computers, equipment, fixtures, and software | | (396,147) | | (373,835) |
| Other | | (820) | | (698) |
| Total | | (4,489,108) | | (4,496,826) |
| Property and equipment, net | $ | 21,739 | $ | 185,829 |

Depreciation expense on property and equipment was $83,961 and $548,599 for the nine months ended September 30, 2018 and 2017, respectively.

**Note 4 Related Parties**

The Company had no related party transactions during the nine months ended September 30, 2018 and 2017.

**Note 5 Concentrations**

For the nine months ended September 30, 2018 and 2017, the Company had no concentrations of revenue with any clients.

**Note 6 Commitments and Contingencies**

Operating Leases

At the time of the acquisition, the Company was not bound by any operating leases.

Legal Matters

The Company may be involved in legal actions and claims arising in the ordinary course of business, from time to time, none of which at the time are considered to be material to the Company's business or financial condition.

**Note 7 Subsequent Events**

The Company has evaluated events and transactions subsequent to the balance sheet date through June 30, 2018.

On November 14, 2018, the Company entered into an Asset Purchase Agreement with Mobivity Holdings Corp., a Nevada corporation, pursuant to which we agreed to sell certain operating assets relating to the Company's proprietary digital customer loyalty platform, including client contracts, accounts receivable and intellectual property, in exchange for Mobivity's payment of $3,000,000, subject to certain post-losing working capital adjustments. The Asset Purchase Agreement contains customary representations, warranties and indemnities on the part of the Company. The transactions under the Asset Purchase Agreement closed on November 14, 2018.

# UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

On November 14, 2018, Mobivity Holdings Corp. (the "Company") entered into an Asset Purchase Agreement (the "Agreement") with Belly, Inc., a Delaware corporation, pursuant to which we agreed to purchase from Belly, Inc. ("Belly") and Belly agreed to sell to us, certain operating assets relating to Belly's proprietary digital customer loyalty platform, including client contracts, accounts receivable and intellectual property, in exchange for Mobivity's payment of $3,000,000, subject to certain post-losing working capital adjustments. The Asset Purchase Agreement contains customary representations, warranties and indemnities on the part of Belly. The transactions under the Asset Purchase Agreement closed on November 14, 2018.

The following tables set forth certain Unaudited Pro Forma Condensed Combined Financial Statements giving effect to the Company's acquisition of certain Belly assets. The historical financial information included in the Unaudited Pro Forma Condensed Combined Financial Statements for both the Company and Belly were prepared in conformity with U.S. Generally Accepted Accounting Principles.

The Unaudited Pro Forma Condensed Combined Financial Statements were prepared for informational purposes only and are not indicative of the consolidated results of operations or financial positions that the Company would have reported had the acquisition occurred at the previous dates presented, nor do they project results of future operations as a consolidated entity. The Unaudited Pro Forma Condensed Combined Financial Statements do not reflect any operating efficiencies and/or cost savings that the Company may achieve with respect to the combined business operations.

The historical financial information has been adjusted in the Unaudited Pro Forma Condensed Combined Financial Statements to reflect pro forma events that are (i) directly attributable to the acquisition, (ii) factually supportable, and (iii) with respect to the statements of earnings, expected to have a continuing impact on the combined results of the businesses.

**Mobivity Holdings Corp.**
**Unaudited Pro Forma Condensed Combined Balance Sheet**
**As of September 30, 2018**

| | Mobivity | Belly | Pro Forma Adjustments | Notes | Pro Forma Combined |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash | $ 5,119,562 | $ - | $ (3,000,000) | A | $ 2,119,562 |
| Accounts receivable, net | 2,445,292 | 9,400 | - | | 2,454,692 |
| Other current assets | 215,699 | 18,009 | - | | 233,708 |
| **Total current assets** | 7,780,553 | 27,409 | (3,000,000) | | 4,807,962 |
| Goodwill | 803,118 | - | 701,289 | B | 1,504,407 |
| Intangible assets, net | 771,991 | - | 2,312,500 | C | 3,084,491 |
| Accounts receivable, long term | 2,410,130 | - | - | | 2,410,130 |
| Other assets | 92,179 | 22,459 | (937) | | 113,701 |
| **TOTAL ASSETS** | **$ 11,857,971** | **$ 49,868** | **$ 12,852** | | **$ 11,920,691** |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | | | |
| **Current liabilities** | | | | | |
| Accounts payable | $ 1,118,287 | $ 51,546 | $ 6,466 | D | $ 1,176,299 |
| Accrued interest | 6,100 | - | - | | 6,100 |
| Accrued and deferred personnel compensation | 554,137 | 9,391 | (4,683) | D | 558,845 |
| Deferred revenue and customer deposits | 3,418,025 | - | - | | 3,418,025 |
| Notes payable, net - current maturities | 332,312 | - | - | | 332,312 |
| Other current liabilities | 731,421 | - | - | | 731,421 |
| **Total current liabilities** | 6,160,282 | 60,937 | 1,783 | | 6,223,002 |
| | | | | | |
| **Non-current liabilities** | | | | | |
| Notes payable, net - long term | 205,786 | - | - | | 205,786 |
| Other long term liabilities | 1,509,662 | - | - | | 1,509,662 |
| **Total non-current liabilities** | 1,715,448 | - | - | | 1,715,448 |
| **Total liabilities** | 7,875,730 | 60,937 | 1,783 | | 7,938,450 |
| **Commitments and Contingencies (See Note 9)** | | | | | |
| **Stockholders' equity** | | | | | |
| Common stock, $0.001 par value; 100,000,000 shares authorized; 45,904,948 shares issued and outstanding | 45,905 | - | - | | 45,905 |
| Equity payable | 100,862 | - | - | | 100,862 |
| Additional paid-in capital | 87,500,045 | - | - | | 87,500,045 |
| Accumulated other comprehensive loss | (46,846) | - | - | | (46,846) |
| Accumulated deficit | (83,617,725) | - | - | | (83,617,725) |
| **Total stockholders' equity** | 3,982,241 | - | - | | 3,982,241 |
| **TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY** | **$ 11,857,971** | **$ 60,937** | **$ 1,783** | | **$ 11,920,691** |

*See accompanying notes to condensed combined financial statements (unaudited).*

**Mobivity Holdings Corp.**
**Unaudited Pro Forma Condensed Combined Statement of Operations**
**For the Year Ended December 31, 2017**

| | Mobivity | Belly | Pro Forma Adjustments | Notes | Pro Forma Combined |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| Revenues | $ 8,591,955 | $ 3,305,808 | $ - | | $ 11,897,763 |
| Cost of revenues | 2,792,738 | 1,505,690 | - | | 4,298,428 |
| **Gross profit** | 5,799,217 | 1,800,118 | - | | 7,599,335 |
| | | | | | |
| **Operating expenses** | | | | | |
| General and administrative | 3,357,166 | 1,393,563 | - | | 4,750,729 |
| Sales and marketing | 3,631,727 | 302,231 | - | | 3,933,958 |
| Engineering, research, and development | 4,201,647 | 70,028 | - | | 4,271,675 |
| Depreciation and amortization | 386,304 | 611,497 | - | | 997,801 |
| **Total operating expenses** | 11,576,844 | 2,377,319 | - | | 13,954,163 |
| | | | | | |
| **Income (loss) from operations** | **(5,777,627)** | **(577,201)** | **-** | | **(6,354,828)** |
| | | | | | |
| **Other income/(expense)** | | | | | |
| Interest income | 4,637 | - | - | | 4,637 |
| Interest expense | (169,044) | - | - | | (169,044) |
| Foreign currency (loss) gain | (3,978) | - | - | | (3,978) |
| **Total other income/(expense)** | **(168,385)** | **-** | **-** | | **(168,385)** |
| **Income (loss) before income taxes** | **(5,946,012)** | **(577,201)** | **-** | | **(6,523,213)** |
| Income tax expense | - | - | - | | - |
| **Net Income (loss)** | **(5,946,012)** | **(577,201)** | **-** | | **(6,523,213)** |
| **Other comprehensive income (loss), net of income tax** | | | | | |
| Foreign currency translation adjustments | (32,765) | - | - | | (32,765) |
| **Comprehensive income (loss)** | **$ (5,978,777)** | **$ (577,201)** | **$ -** | | **$ (6,555,978)** |
| **Net income (loss) per share:** | | | | | |
| **Basic** | **$ (0.16)** | | **$ 0.00** | | **$ (0.18)** |
| **Diluted** | **$ (0.16)** | | **$ 0.00** | | **$ (0.18)** |
| **Weighted average number of shares:** | | | | | |
| **Basic** | **36,575,762** | | **36,575,762** | | **36,575,762** |
| **Diluted** | **36,575,762** | | **36,575,762** | | **36,575,762** |

*See accompanying notes to condensed combined financial statements (unaudited).*

**Mobivity Holdings Corp.**
**Unaudited Pro Forma Condensed Combined Statement of Operations**
**For the Nine Months Ended September 30, 2018**

| | Mobivity | Belly | Pro Forma Adjustments | Notes | Pro Forma Combined |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| Revenues | $ 9,620,935 | $ 1,858,575 | $ - | | $ 11,479,510 |
| Cost of revenues | 2,570,804 | 515,737 | - | | 3,086,541 |
| **Gross profit** | 7,050,131 | 1,342,838 | - | | 8,392,969 |
| | | | | | |
| **Operating expenses** | | | | | |
| General and administrative | 2,876,029 | 302,657 | - | | 3,178,686 |
| Sales and marketing | 3,046,521 | 55,990 | - | | 3,102,511 |
| Engineering, research, and development | 3,637,996 | 50,634 | - | | 3,688,630 |
| Depreciation and amortization | 283,224 | 83,961 | - | | 367,185 |
| **Total operating expenses** | 9,843,770 | 493,242 | - | | 10,337,012 |
| | | | | | |
| **Income (loss) from operations** | **(2,793,639)** | **849,596** | **-** | | **(1,944,043)** |
| | | | | | |
| **Other income/(expense)** | | | | | |
| Interest income | 881 | - | - | | 881 |
| Interest expense | (193,036) | - | - | | (193,036) |
| Gain on sale of fixed assets | (8,722) | - | - | | (8,722) |
| Other income | - | - | - | | - |
| Foreign currency (loss) gain | (3,726) | - | - | | (3,726) |
| **Total other income/(expense)** | **(204,603)** | **-** | **-** | | **(204,603)** |
| **Income (loss) before income taxes** | **(2,998,242)** | **849,596** | **-** | | **(2,148,646)** |
| Income tax expense | - | - | - | | - |
| **Net Income (loss)** | **(2,998,242)** | **849,596** | **-** | | **(2,148,646)** |
| **Other comprehensive income (loss), net of income tax** | | | | | |
| Foreign currency translation adjustments | 18,918 | - | - | | 18,918 |
| **Comprehensive income (loss)** | **$ (2,979,324)** | **$ 849,596** | **$ -** | | **$ (2,167,564)** |
| **Net income (loss) per share:** | | | | | |
| **Basic** | **$ (0.07)** | | **$ -** | | **$ (0.05)** |
| **Diluted** | **$ (0.07)** | | **$ -** | | **$ (0.05)** |
| **Weighted average number of shares:** | | | | | |
| **Basic** | **41,325,443** | | **41,325,443** | | **41,325,443** |
| **Diluted** | **41,325,443** | | **41,325,443** | | **41,325,443** |

*See accompanying notes to condensed combined financial statements (unaudited).*

**1. BASIS OF PRESENTATION**

The accompanying Pro Forma Statement of Operations for the year ended December 31, 2017, and for the nine month period ended September 30, 2018, give effect to the Company's acquisition of certain Belly assets as discussed in Note 2, as if such acquisition had occurred on January 1, 2017, combining the results of the Company and Belly for the year ended December 31, 2017 and for the nine month period ended September 30, 2018. The accompanying Pro Forma Balance Sheet as of September 30, 2018 gives effect to the Belly assets acquisition as if it had occurred on September 30, 2018, combining the consolidated balance sheets of the Company and Belly as of September 30, 2018.

**2. BELLY ASSETS ACQUISITION**

The total acquisition purchase price was allocated to the net assets acquired based upon their preliminary estimated fair values as of the close of business on September 30, 2018 as set forth below. The excess of the preliminary purchase price over the preliminary net assets was recorded as goodwill. The preliminary allocation of the purchase price was based upon a preliminary valuation and the estimates and assumptions are subject to change. The preliminary purchase price allocation for the acquisition is as follows:

| | | | | |
|---|---|---|---|---|
| Total purchase price | | | $ | 3,000,000 |
| Book value of net assets acquired | $ | 2,298,711 | | |
| Fair value of net assets acquired | | | $ | 2,298,711 |
| Residual goodwill | | | $ | 701,289 |

Except as discussed in Note 3 below, the carrying value of assets and liabilities in Belly financial statements are considered to be a reasonable estimate of the fair value of those assets and liabilities.

**3. PRO FORMA ADJUSTMENTS**

The Pro Forma Financial Statements are based upon the historical consolidated financial statements of the Company and Belly and certain adjustments which the Company believes are reasonable to give effect to the Belly assets acquisition. These adjustments are based upon currently available information and certain assumptions, and therefore the actual adjustments will likely differ from the pro forma adjustments. The Pro Forma Financial Statements included herein were prepared using the acquisition method of accounting for the business combination. As discussed above, the purchase price allocation is considered preliminary at this time. However, the Company believes that the preliminary purchase price allocation and other related assumptions utilized in preparing the Pro Forma Financial Statements provide a reasonable basis for presenting the pro forma effects of the Belly assets acquisition.

The adjustments made in preparing the Pro Forma Financial Statements are as follows:

A - Reflects the purchase price of $3,000,000

B - Reflects preliminary goodwill from acquisition

C - Reflects the preliminary valuation of intangibles

D - Reflects assets and liabilities not acquired

The Belly acquisition was funded with cash on November 14, 2018.