

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549  
**FORM 10-Q**

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2022

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 000-53851

**Mobivity Holdings Corp.**

(Exact Name of Registrant as Specified in Its Charter)

**Nevada**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**26-3439095**  
(I.R.S. Employer  
Identification No.)

**3133 West Frye Road, # 215**  
**Chandler, Arizona 85226**  
(Address of Principal Executive Offices)

**(877) 282-7660**  
(Registrant's Telephone Number, including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
None	None	None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging Company	<input type="checkbox"/>

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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 14, 2022, the registrant had 61,311,155 shares of common stock, par value \$0.001 per share, issued and outstanding.

**MOBIVITY HOLDINGS CORP.**

**TABLE OF CONTENTS**

<a href="#">PART I – FINANCIAL INFORMATION</a>	<a href="#">1</a>
<a href="#">Item 1. Financial Statements</a>	<a href="#">1</a>
<a href="#">Condensed Consolidated Balance Sheets</a>	<a href="#">1</a>
<a href="#">Condensed Consolidated Statements of Operations and Comprehensive Loss</a>	<a href="#">2</a>
<a href="#">Condensed Consolidated Statement of Stockholders' Equity (Deficit)</a>	<a href="#">3</a>
<a href="#">Condensed Consolidated Statements of Cash Flows</a>	<a href="#">4</a>
<a href="#">Notes to Condensed Consolidated Financial Statements</a>	<a href="#">5</a>
<a href="#">Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</a>	<a href="#">16</a>
<a href="#">Item 3. Quantitative and Qualitative Disclosures about Market Risk</a>	<a href="#">19</a>
<a href="#">Item 4. Controls and Procedures</a>	<a href="#">19</a>
<a href="#">PART II – OTHER INFORMATION</a>	<a href="#">20</a>
<a href="#">Item 1. Legal Proceedings</a>	<a href="#">20</a>
<a href="#">Item 1A. Risk Factors</a>	<a href="#">20</a>
<a href="#">Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</a>	<a href="#">20</a>
<a href="#">Item 3. Defaults Upon Senior Securities</a>	<a href="#">20</a>
<a href="#">Item 4. Mine Safety Disclosures</a>	<a href="#">20</a>
<a href="#">Item 5. Other Information</a>	<a href="#">20</a>
<a href="#">Item 6. Exhibits</a>	<a href="#">20</a>
<a href="#">SIGNATURES</a>	<a href="#">21</a>

---

**PART I – FINANCIAL INFORMATION**
**Item 1. Financial Statements**

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

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 1,016,745	\$ 735,424
Accounts receivable, net of allowance for doubtful accounts \$59,190 and \$56,340, respectively	869,965	578,303
Other current assets	252,504	227,458
<b>Total current assets</b>	<b>2,139,214</b>	<b>1,541,185</b>
Goodwill	411,183	411,183
Right to use lease assets	1,032,132	1,187,537
Intangible assets, net	584,369	1,124,720
Other assets	153,756	173,325
<b>TOTAL ASSETS</b>	<b>\$ 4,320,654</b>	<b>\$ 4,437,950</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 3,636,629	\$ 3,823,909
Accrued interest	443,448	172,239
Accrued and deferred personnel compensation	298,316	495,533
Deferred revenue and customer deposits	613,997	377,170
Related party notes payable, net - current maturities	1,812,500	819,531
Notes payable, net - current maturities	35,875	69,052
Operating lease liability	245,816	229,240
Other current liabilities	142,238	9,071
<b>Total current liabilities</b>	<b>7,228,819</b>	<b>5,995,745</b>
<b>Non-current liabilities</b>		
Related party notes payable, net - long term	2,315,607	2,498,711
Notes payable, net - long term	36,666	39,086
Operating lease liability	1,001,579	1,188,589
<b>Total non-current liabilities</b>	<b>3,353,852</b>	<b>3,726,386</b>
<b>Total liabilities</b>	<b>10,582,671</b>	<b>9,722,131</b>
<b>Stockholders' equity (deficit)</b>		
Common stock, \$0.001 par value; 100,000,000 shares authorized; 61,311,155 and 55,410,695, shares issued and outstanding	61,311	55,411
Equity payable	100,862	100,862
Additional paid-in capital	108,273,597	102,446,921
Accumulated other comprehensive income (loss)	(128,950)	(52,088)
Accumulated deficit	(114,568,837)	(107,835,287)
<b>Total stockholders' equity (deficit)</b>	<b>(6,262,017)</b>	<b>(5,284,181)</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>	<b>\$ 4,320,654</b>	<b>\$ 4,437,950</b>

*See accompanying notes to consolidated financial statements.*

**Mobivity Holdings Corp.**  
**Condensed Consolidated Statements of Operations and Comprehensive Loss**  
**(Unaudited)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
<b>Revenues</b>				
Revenues	\$ 1,890,437	\$ 2,311,548	\$ 5,787,168	\$ 7,561,966
Cost of revenues	1,806,022	1,008,703	4,183,719	3,322,639
<b>Gross profit</b>	84,415	1,302,845	1,603,449	4,239,327
<b>Operating expenses</b>				
General and administrative	983,428	1,245,085	3,088,588	3,491,855
Sales and marketing	614,600	978,968	1,778,371	2,987,411
Engineering, research, and development	784,804	678,209	2,360,863	2,076,194
Impairment of intangible asset	238,143	—	238,143	8,286
Depreciation and amortization	118,317	182,663	353,050	524,474
<b>Total operating expenses</b>	2,739,292	3,084,925	7,819,015	9,088,220
<b>Loss from operations</b>	(2,654,877)	(1,782,080)	(6,215,566)	(4,848,893)
<b>Other income/(expense)</b>				
Interest income	—	—	—	5
Other Income	—	891,103	—	891,103
Interest expense	(193,501)	(88,331)	(520,454)	(144,714)
Loss on disposal of fixed assets	—	—	—	(880)
Foreign currency gain (loss)	(339)	(4,329)	2,470	(6,577)
<b>Total other income/(expense)</b>	(193,840)	798,443	(517,984)	738,937
<b>Loss before income taxes</b>	(2,848,717)	(983,637)	(6,733,550)	(4,109,956)
Income tax expense	—	—	—	—
<b>Net loss</b>	(2,848,717)	(983,637)	(6,733,550)	(4,109,956)
<b>Other comprehensive loss, net of income tax</b>				
Foreign currency translation adjustments	(76,228)	(13,150)	(76,862)	(22,391)
<b>Comprehensive loss</b>	<u>\$ (2,924,945)</u>	<u>\$ (996,787)</u>	<u>\$ (6,810,412)</u>	<u>\$ (4,132,347)</u>
<b>Net loss per share:</b>				
Basic	(0.05)	(0.02)	(0.12)	(0.07)
<b>Diluted</b>	<u>(0.05)</u>	<u>(0.02)</u>	<u>(0.12)</u>	<u>(0.07)</u>
<b>Weighted average number of shares:</b>				
Basic	<u>60,297,083</u>	<u>55,410,695</u>	<u>58,544,432</u>	<u>55,410,695</u>

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

**Mobivity Holdings Corp.**  
**Condensed Consolidated Statement of Stockholders' Equity (Deficit)**  
**(Unaudited)**

	Common Stock		Equity Payable	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Dollars					
<b>Balance, December 31, 2020</b>	<b>55,410,695</b>	<b>\$ 55,411</b>	<b>\$ 100,862</b>	<b>\$ 101,186,889</b>	<b>\$ (23,446)</b>	<b>\$ (99,575,503)</b>	<b>\$ 1,744,213</b>
Fair value of options issued with related party debt	—	—	—	124,388	\$ —	\$ —	\$ 124,388
Stock based compensation	—	—	—	751,878	—	—	751,878
Foreign currency translation adjustment	—	—	—	—	(22,391)	—	(22,391)
Net loss	—	—	—	—	—	(4,109,956)	(4,109,956)
<b>Balance, September 30, 2021</b>	<b>55,410,695</b>	<b>\$ 55,411</b>	<b>\$ 100,862</b>	<b>\$ 102,063,155</b>	<b>\$ (45,837)</b>	<b>\$ (103,685,459)</b>	<b>\$ (1,511,868)</b>

	Common Stock		Equity Payable	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Dollars					
<b>Balance, December 31, 2021</b>	<b>55,410,695</b>	<b>\$ 55,411</b>	<b>\$ 100,862</b>	<b>\$ 102,446,921</b>	<b>\$ (52,088)</b>	<b>\$ (107,835,287)</b>	<b>\$ (5,284,181)</b>
Issuance of common stock for warrant exercise	3,188,190	3,188	—	2,547,364	—	—	2,550,552
Issuance of common stock for PIPE financing	2,562,500	2,562	—	2,047,438	—	—	2,050,000
Issuance of common stock for Settlement of Interest Payable on Related Party Debt	149,770	150	—	164,021	—	—	164,171
Fair value of options issued with related party debt	—	—	—	73,469	—	—	73,469
Stock based compensation	—	—	—	994,384	—	—	994,384
Foreign currency translation adjustment	—	—	—	—	(76,862)	—	(76,862)
Net loss	—	—	—	—	—	(6,733,550)	(6,733,550)
<b>Balance, September 30, 2022</b>	<b>61,311,155</b>	<b>\$ 61,311</b>	<b>\$ 100,862</b>	<b>\$ 108,273,597</b>	<b>\$ (128,950)</b>	<b>\$ (114,568,837)</b>	<b>\$ (6,262,017)</b>

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

**Mobivity Holdings Corp.**  
**Condensed Consolidated Statements of Cash Flows**  
**(Unaudited)**

	<b>Nine Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>
<b><u>OPERATING ACTIVITIES</u></b>		
Net loss	\$ (6,733,550)	\$ (4,109,956)
Adjustments to reconcile net loss to net cash used in operating activities:		
Loss on Settlement of Debt - related party	2,421	—
Bad debt expense	45,685	72,773
Stock-based compensation	994,384	751,878
Loss on Disposal of Fixed Assets	—	880
Intangible asset impairment	238,143	8,286
Gain on Forgiveness of Debt	—	(891,103)
Depreciation and amortization expense	353,050	448,062
Amortization of Debt Discount	83,334	9,833
Increase (decrease) in cash resulting from changes in:		
Accounts receivable	(337,347)	(1,402,518)
Other current assets	(17,148)	99,614
Operating lease assets/liabilities	(15,029)	76,414
Contracts receivable, long-term	—	707,928
Other assets	—	4,475
Accounts payable	(187,280)	1,368,027
Accrued interest	432,959	69,330
Accrued and deferred personnel compensation	(195,975)	258,916
Right to Use Lease	—	(415,767)
Other liabilities - non-current	—	—
Other liabilities - current	133,167	(135,273)
Deferred revenue and customer deposits	236,827	(111,310)
<b>Net cash used in operating activities</b>	<b>\$ (4,966,359)</b>	<b>\$ (3,189,511)</b>
<b><u>INVESTING ACTIVITIES</u></b>		
Purchases of equipment	(18,712)	(78,217)
Capitalized software development costs	(12,030)	(310,546)
<b>Net cash used in investing activities</b>	<b>(30,742)</b>	<b>(388,763)</b>
<b><u>FINANCING ACTIVITIES</u></b>		
Payments on notes payable	(29,145)	(490,174)
Payments on related party notes payable	—	(80,000)
Proceeds from related party debt	800,000	1,456,250
Proceeds from conversion of common stock warrants	2,550,552	—
Proceeds from PIPE funding	2,050,000	—
<b>Net cash provided by (used in) financing activities</b>	<b>5,371,407</b>	<b>886,076</b>
<b>Effect of foreign currency translation on cash flow</b>	<b>(92,985)</b>	<b>(21,726)</b>
<b>Net Change in cash</b>	<b>281,321</b>	<b>(2,713,924)</b>
<b>Cash at beginning of period</b>	<b>\$ 735,424</b>	<b>\$ 3,282,820</b>
<b>Cash at end of period</b>	<b>1,016,745</b>	<b>568,896</b>
<b><u>Non cash investing and financing analysis:</u></b>		
Interest Paid	\$ —	\$ 66,237
Fair Value of Options issued with related party debt	\$ 73,469	\$ —
Refinancing of debt-related party	\$ —	\$ 543,750
Fixed Asset Contribution by Lessor	\$ —	\$ 110,000
Initial ROU and asset and lease liability	\$ —	\$ 1,458,527
Shares issued for settlement of debt - related party	\$ 161,750	\$ -
Debt Discount on related party debt	\$ —	\$ 124,388

See accompanying notes to consolidated financial statements.

**Mobivity Holdings Corp.**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

## **1. Nature of Operations and Basis of Presentation**

Mobivity Holdings Corp. (the “Company” or “we”) is in the business of developing and operating proprietary platforms over which brands and enterprises can conduct national and localized, data-driven mobile marketing campaigns. Our proprietary platforms, consisting of software available to phones, tablets, PCs, and Point of Sale (“POS”) systems, allow resellers, brands, and enterprises to market their products and services to consumers through text messages sent directly to consumers via mobile phones, mobile smartphone applications, and dynamically printed receipt content. On November 14, 2018, we completed the acquisition of certain operating assets relating to Belly, Inc.’s proprietary digital customer loyalty platform, including client contracts, accounts receivable, and intellectual property. We generate revenue by charging the resellers, brands, and enterprises a per-message transactional fee, through fixed or variable software licensing fees, or via advertising fees.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Rule 8-03 of Regulation S-X promulgated by the Securities and Exchange Commission (“SEC”). Accordingly, they do not include all of the information and disclosures required by GAAP for annual financial statements. The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021 filed with the SEC on March 30, 2022.

In the opinion of management, such statements include all adjustments (consisting only of normal recurring items) which are considered necessary for a fair presentation of our condensed consolidated financial statements as of September 30, 2022, and for the three and nine months ended September 30, 2022 and 2021. The results of operations for the three and nine months ended September 30, 2022 are not necessarily indicative of the operating results for the full year ending December 31, 2022.

## **2. Summary of Significant Accounting Policies**

### ***Principles of Consolidation***

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated.

### ***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 expenses during the reporting period. Significant estimates used are those related to stock-based compensation, asset impairments, the valuation and useful lives of depreciable tangible and certain intangible assets, the fair value of common stock used in acquisitions of businesses, the fair value of assets and liabilities acquired in acquisitions of businesses, the fair value of options issued with related party debt, and the valuation allowance of deferred tax assets. Management believes that these estimates are reasonable; however, actual results may differ from these estimates.

### ***Reclassifications***

Certain prior year amounts have been reclassified to conform to the current year’s presentation. The reclassifications did not affect previously reported net losses.

### ***Acquisitions***

We account for acquired businesses using the purchase method of accounting. Under the purchase method, our consolidated financial statements reflect the operations of an acquired business starting from the completion of the acquisition. In addition, the assets acquired and liabilities assumed are recorded at the date of acquisition at their respective estimated fair values, with any excess of the purchase price over the estimated fair values of the net assets acquired recorded as goodwill.

### ***Cash and Cash Equivalents***

We minimize our credit risk associated with cash by periodically evaluating the credit quality of our primary financial institution. Our balances at times may exceed federally insured limits. We have not experienced any losses on our cash accounts.

### ***Accounts Receivable, Allowance for Doubtful Accounts and Concentrations***

Accounts receivable are carried at their estimated collectible amounts. We grant unsecured credit to substantially all of our customers. Ongoing credit evaluations are performed, and potential credit losses are charged to operations at the time the account receivable is estimated to be uncollectible. Since we cannot necessarily predict future changes in the financial stability of our customers, we cannot guarantee that our reserves will continue to be adequate.

As of September 30, 2022, and December 31, 2021, we recorded an allowance for doubtful accounts of \$59,190 and \$56,340 respectively.

### ***Goodwill and Intangible Assets***

Goodwill is tested for impairment at a minimum on an annual basis. Goodwill is tested for impairment at the reporting unit level by first performing a qualitative assessment to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying value. If the reporting unit does not pass the qualitative assessment, then the reporting unit’s carrying value is compared to its fair value. The fair values of the reporting units are estimated using market and discounted cash flow approaches. Goodwill is considered impaired if the carrying value of the reporting unit exceeds its fair value. The discounted cash flow approach uses expected future operating results. Failure to achieve these expected results may cause a future impairment of goodwill at the reporting unit.

We conducted our annual impairment tests of goodwill as of December 31, 2021. As a result of these tests, we had a total impairment charge of \$85,169.

Intangible assets consist of patents and trademarks, purchased customer contracts, purchased customer and merchant relationships, purchased trade names, purchased technology, non-compete agreements, and software development costs. Intangible assets are amortized over the period of estimated benefit using the straight-line method and estimated useful lives ranging from one year to twenty years. No significant residual value is estimated for intangible assets.

The Company's evaluation of its long-lived assets resulted in \$238,143 and \$8,286 of intangible impairment expenses during the nine months ended September 30, 2022 and 2021, respectively.

### ***Software Development Costs***

Software development costs include direct costs incurred for internally developed products and payments made to independent software developers and/or contract engineers. The Company accounts for software development costs in accordance with the Financial Accounting Standards Board ("FASB") guidance for the costs of computer software to be sold, leased, or otherwise marketed (Accounting Standards Codification subtopic 985-20, Costs of Software to Be Sold, Leased, or Marketed, or "ASC Subtopic 985-20"). Software development costs are capitalized once the technological feasibility of a product is established, and such costs are determined to be recoverable. The technological feasibility of a product encompasses technical design documentation and integration documentation, or the completed and tested product design and working model. Software development costs are capitalized once the technological feasibility of a product is established and such costs are determined to be recoverable against future revenues. Technological feasibility is evaluated on a project-by-project basis. Amounts related to software development that are not capitalized are charged immediately to the appropriate expense account. Amounts that are considered 'research and development' that are not capitalized are immediately charged to engineering, research, and development expense.

Capitalized costs for those products that are canceled or abandoned are charged to product development expenses in the period of cancellation. Commencing upon product release, capitalized software development costs are amortized to "Amortization Expense - Development" based on the straight-line method over a twenty-four-month period.

The Company evaluates the future recoverability of capitalized software development costs on an annual basis. For products that have been released in prior years, the primary evaluation criterion is ongoing relations with the customer. The Company's evaluation of its capitalized software development assets resulted in impairment charges of \$0 for the quarter ended September 30, 2022 and \$0 for the year ended December 31, 2021.

### ***Impairment of Long-Lived Assets***

We evaluate long-lived assets (including intangible assets) for impairment whenever events or changes in circumstances indicate that the carrying amount of a long-lived asset may not be recoverable. An asset is considered impaired if its carrying amount exceeds the undiscounted future net cash flow the asset is expected to generate.

### ***Foreign Currency Translation***

The Company translates the financial statements of its foreign subsidiary from the local (functional) currency into US Dollars using the year or reporting period end or average exchange rates in accordance with the requirements of ASC subtopic 830-10, *Foreign Currency Matters* ("ASC 830-10"). Assets and liabilities of these subsidiaries were translated at exchange rates as of the balance sheet date. Revenues and expenses are translated at average rates in effect for the periods presented. The cumulative translation adjustment is included in the accumulated other comprehensive gain (loss) within shareholders' equity. Foreign currency transaction gains and losses arising from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the unaudited Condensed Consolidated Statements of Income and Comprehensive Income.

### ***Revenue Recognition and Concentrations***

Our Recurrency platform is a hosted solution. We generate revenue from licensing our software to clients in our software as a service model, per-message and per-minute transactional fees, and customized professional services. We recognize license/subscription fees over the period of the contract, service fees as the services are performed, and per-message or per-minute transaction revenue when the transaction takes place. Under Topic 606, revenue is recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. We consider authoritative guidance on multiple deliverables in determining whether each deliverable represents a separate unit of accounting. Some customers are billed on a month-to-month basis with no contractual term and fees are collected by credit card. Revenue is recognized at the time that the services are rendered, and the selling price is fixed with a set range of plans. Cash received in advance of the performance of services is recorded as deferred revenue.

Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers ("ASC 606"), is a comprehensive revenue recognition standard that superseded nearly all existing revenue recognition guidance. The Company adopted this standard effective January 1, 2018, applying the modified retrospective method. Upon adoption, the Company discontinued revenue deferral under the sell-through model and commenced recording revenue upon delivery to distributors, net of estimated returns. Generally, the new standard results in earlier recognition of revenues.

We determine revenue recognition under ASC 606 through the following steps:

- identification of the contract, or contracts, with a customer;
- identification of the performance obligations in the contract;
- identification of the transaction price;
- allocation of the transaction price to the performance obligations in the contract; and
- recognition of revenue when, or as, we satisfy a performance obligation.

During the nine months ended September 30, 2022 and 2021, two customers accounted for 50% and 54% of our revenues, respectively.



### ***Comprehensive Income (Loss)***

Comprehensive loss is defined as the change in equity during a period from transactions and other events and circumstances from non-owner sources. We are required to record all components of comprehensive loss in the consolidated financial statements in the period in which they are recognized. Net loss and other comprehensive loss, including foreign currency translation adjustments and unrealized gains and losses on investments, are reported, net of their related tax effect, to arrive at a comprehensive loss. For the nine months ended September 30, 2022 and 2021, the comprehensive loss was \$6,810,412, and \$4,132,347 respectively.

### ***Stock-based Compensation***

We primarily issue stock-based awards to employees in the form of stock options. We determine compensation expense associated with stock options based on the estimated grant date fair value method using the Black-Scholes valuation model. We recognize compensation expense using a straight-line amortization method over the respective vesting period.

### ***Research and Development Expenditures***

Research and development expenditures are expensed as incurred, and consist primarily of compensation costs, outside services, and expensed materials.

### ***Advertising Expense***

Direct advertising costs are expensed as incurred and consist primarily of trade shows, sales enablement, content creation, paid engagement and other direct costs. Advertising expense was \$315,540 and \$698,761 for the nine months ended September 30, 2022 and 2021, respectively. The decrease in advertising expense is due to lower engagement and content creation costs.

### ***Income Taxes***

We account for income taxes using the assets and liability method, which recognizes deferred tax assets and liabilities determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to affect taxable income. Valuation allowances are established to reduce deferred tax assets when, based on available objective evidence, it is more likely than not that the benefit of such assets will not be realized. We recognize in the consolidated financial statements only those tax positions determined to be more likely than not of being sustained.

### ***Net Loss Per Common Share***

Basic net loss per share excludes any dilutive effects of options, shares subject to repurchase, and warrants. Diluted net loss per share includes the impact of potentially dilutive securities. During the three and nine months ended September 30, 2022 and 2021, we had securities outstanding which could potentially dilute basic earnings per share in the future. Those were excluded from the computation of diluted net loss per share when their effect would have been anti-dilutive.

### ***Recent Accounting Pronouncements***

Accounting standards promulgated by the FASB are subject to change. Changes in such standards may have an impact on the Company's future financial statements. The following is a summary of recent accounting developments.

In August 2020, the FASB issued ASU 2020-06, Accounting for Convertible Instruments and Contracts in an Entity's Own Equity ("ASU 2020-06"). ASU 2020-06 requires that the if-converted method of computing diluted Earnings per Share. The Company adopted ASU 2020-06 on January 1, 2022.

## **3. Going Concern**

We had \$1.0 million of cash as of September 30, 2022. We had a net loss of \$6.7 million for the nine months then ended, and we used \$5.0 million of cash in our operating activities during that time. In 2021, we had a net loss of \$4.1 million and used \$3.2 million of cash in our operating expenses. We raised \$2.6 million in cash from the exercise of warrants in February 2022 and we have raised \$2.1 million in Private Placement financing to date.

As shown in the accompanying financial statements, the Company has incurred net losses from operations resulting in an accumulated deficit of \$114.6 million as of September 30, 2022. Further losses are anticipated in the development of the Company's business raising substantial doubt about the Company's ability to continue as a going concern. The ability to continue as a going concern is dependent upon the Company generating profitable operations in the future and/or obtaining the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management intends to finance operating costs over the next 12 months with proceeds from the sale of securities, and/or revenues from operations. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might result from this uncertainty.

#### 4. Goodwill and Purchased Intangibles

##### Goodwill

The carrying value of goodwill at each of September 30, 2022 and December 31, 2021 was \$411,183.

The following table presents details of our purchased intangible assets as of September 30, 2022 and December 31, 2021:

##### Intangible assets

	Balance at December 31, 2021	Additions	Impairments	Amortization	Fx and Other	Balance at September 30, 2022
Patents and trademarks	\$ 57,595	\$ —	\$ —	\$ (3,676)	\$ 3	\$ 53,919
Customer and merchant relationships	545,533	—	(238,143)	(72,635)	—	234,755
Trade names	32,393	—	—	(6,781)	—	25,612
Acquired technology	112,191	—	—	(12,224)	—	99,967
Non-compete agreements	29,212	—	—	(11,895)	—	17,317
	<u>\$ 776,924</u>	<u>\$ —</u>	<u>\$ (238,143)</u>	<u>\$ (107,211)</u>	<u>\$ 3</u>	<u>\$ 431,570</u>

The intangible assets are being amortized on a straight-line basis over their estimated useful lives of one year to twenty years.

Amortization expense for intangible assets was \$35,724 and \$35,738 for the three months ended September 30, 2022 and 2021, respectively.

Amortization expense for intangible assets was \$107,211 and \$107,478 for the nine months ended September 30, 2022 and 2021, respectively.

The estimated future amortization expense of our intangible assets as of September 30, 2022 is as follows:

Year ending December 31,	Amount
2022	\$ 35,736
2023	140,436
2024	103,840
2025	59,042
2026	23,793
Thereafter	68,723
Total	<u>\$ 431,570</u>

#### 5. Software Development Costs

The Company has capitalized certain costs for software developed or obtained for internal use during the application development stage as it relates to specific contracts. The amounts capitalized include external direct costs of services used in developing internal-use software and for payroll and payroll-related costs of employees directly associated with the development activities

The following table presents details of our software development costs as of September 30, 2022 and December 31, 2021:

	Balance at December 31, 2021	Additions	Amortization	Balance at September 30, 2022
Software Development Costs	\$ 347,796	\$ 12,030	\$ (207,027)	\$ 152,799
	<u>\$ 347,796</u>	<u>\$ 12,030</u>	<u>\$ (207,027)</u>	<u>\$ 152,799</u>

Software development costs are being amortized on a straight-line basis over their estimated useful life of two years.

Amortization expense for software development costs was \$61,764 and \$104,870 for the three months ended September 30, 2022 and 2021, respectively.

Amortization expense for software development costs was \$207,027 and \$309,618 for the nine months ended September 30, 2022 and 2021, respectively.

The estimated future amortization expense of software development costs as of September 30, 2022 is as follows:

<b>Year ending December 31,</b>	<b>Amount</b>
2022	\$ 50,478
2023	98,300
2024	4,021
2025	—
2026	—
Thereafter	—
<b>Total</b>	<b>\$ 152,799</b>

## 6. Operating Lease Assets

The Company entered into a lease agreement on February 1, 2021, for 8,898 square feet, for its office facilities in Chandler, AZ through January 2027. Monthly rental payments, excluding common area maintenance charges, are \$25,953 to \$28,733. The first twelve months of the lease included a 50% abatement period and a deposit of \$110,000 was required. The lessor contributed \$110,000 towards the purchase of office furniture as part of the lease agreement. As of September 30, 2022, we have an operating lease asset balance of \$1,032,132 and an operating lease liability balance of \$1,247,395 recorded in accordance with ASC 842, Leases (ASC "842").

The following are additional details related to leases recorded on our balance sheet as of September 30, 2022:

<b>Leases</b>	<b>Classification</b>	<b>Balance at September 30, 2022</b>
<b>Assets</b>		
Current		
Operating lease assets	Operating lease assets	\$ —
Noncurrent		
Operating lease assets	Noncurrent operating lease assets	\$ 1,032,132
<b>Total lease assets</b>		<b>\$ 1,032,132</b>
<b>Liabilities</b>		
Current		
Operating lease liabilities	Operating lease liabilities	\$ 245,816
Noncurrent		
Operating lease liabilities	Noncurrent operating lease liabilities	\$ 1,001,579
<b>Total lease liabilities</b>		<b>\$ 1,247,395</b>

[Table of Contents](#)

The maturity analysis below summarizes the remaining future undiscounted cash flows for our operating leases, a reconciliation to operating lease liabilities reported on the Condensed Consolidated Balance Sheet, our weighted-average remaining lease term, and weighted average discount rate:

<b>Year ending December 31,</b>	
2022	\$ 79,526
2023	324,221
2024	330,894
2025	337,568
2026	344,241
Thereafter	28,733
Total future lease payments	1,445,183
Less: imputed interest	(197,788)
<b>Total</b>	<b>\$ 1,247,395</b>
<b>Weighted Average Remaining Lease Term (years)</b>	
Operating leases	5.9
<b>Weighted Average Discount Rate</b>	
Operating leases	6.75%

## 7. Notes Payable and Interest Expense

The following table presents details of our notes payable as of September 30, 2022 and December 31, 2021:

Facility	Maturity	Interest Rate	Balance at September 30, 2022	Balance at December 31, 2021
ACOA Note	February 1, 2024	—	43,510	76,642
TD Bank	December 31, 2022	—	29,031	31,496
Related Party Note	various	15%	4,128,107	3,318,242
<b>Total Debt</b>			4,200,648	3,426,380
Less current portion			(1,848,375)	(888,583)
<b>Long-term debt, net of current portion</b>			<b>\$ 2,352,273</b>	<b>\$ 2,537,797</b>

### ACOA Note

On November 6, 2017, Livelenz (a wholly-owned subsidiary of the Company), entered into an amendment of the original agreement dated December 2, 2014, with the Atlantic Canada Opportunities Agency (“ACOA”). Under this agreement, the note will mature, and the commitments will terminate on February 1, 2024. The monthly principal payment amount of \$3,000 CAD increased to \$3,500 CAD beginning on November 1, 2019, \$4,000 CAD on August 1, 2021, \$4,500 CAD on August 1, 2022, and \$2,215 CAD during the remaining term of the agreement. Payments from April- December of 2020 were voluntarily deferred by ACOA due to COVID-19. During the nine months ended September 30, 2022 we repaid \$32,263 USD of principal.

### Chase Loan

On April 10, 2020, we entered into a commitment loan with Chase Bank, N.A. under the CARES act and SBA Paycheck Protection Program, in the principal aggregate amount of \$891,103, which is due and payable two years after issuance. This note bears interest on the unpaid balance at the rate of one percent (1%) per annum. The note contains a deferral period of six months, for which no interest or principal payments are due. Forgiveness of the loan may be obtained by meeting certain SBA requirements. The entire loan was forgiven on July 21, 2021, at which time the company recorded a gain on extinguishment of debt in the amount of \$891,103.

### TD Bank Loan

On April 22, 2020, we entered into a commitment loan with TD Bank under the Canadian Emergency Business Account (“CEBA”), in the principal aggregate amount of \$40,000 CAD, which is due and payable on December 31, 2023. This note bears interest on the unpaid balance at the rate of zero percent (0%) per annum during the initial term. Under this note, no interest or principal payments are due until December 31, 2023. Under the conditions of the loan, thirty-three percent (33%) of the loan will be forgiven if sixty-seven percent (67%) is repaid prior to the initial term date.

### Related Party Notes

#### Secured Promissory Notes

On June 30, 2021, we entered into a Credit Facility Agreement (the “Credit Agreement”) with one of the Company’s directors (the “Lender”). The Company can borrow up to \$6,000,000 under this Credit Agreement amended on September 30, 2022. As of December 31, 2021, the company has drawn a total of \$3,478,125 including cash in the amount of \$3,206,250 and \$271,875 of principal and accrued interest under the above-described Note that was rolled into the Credit Facility and paid a total of \$200,000 toward the principal balance of the loan,

The loan is secured by all of our tangible and intangible assets including intellectual property. This loan bears interest on the unpaid balance at the rate of fifteen percent (15%) per annum. The Company may prepay this loan without notice, penalty, or charge. In consideration of the lender’s agreement to provide the facility, the Company issued warrants to purchase shares of its common stock at an exercise price of \$1.67 per share in connection with the issuance of funds under this Credit Agreement. The warrants are exercisable for a period commencing upon issuance of the notes and ending 36 months after issuance of the financing. In addition, the Company has agreed to issue to the lender additional warrants entitling the lender to purchase a number of shares of the Company’s common stock equal to twenty percent (20%) of the amount of the advances made divided by the volume-weighted average price over the 30 trading days preceding the advance (the “VWAP”). Each warrant will be exercisable over a three-year period at an exercise price equal to the VWAP. Under the original terms of the Credit Agreement, the Company was to begin repaying the principal amount, plus accrued interest, in 24 equal monthly installments commencing on June 30, 2022, and ending on June 30, 2024. On August 13, 2022, the Lender agreed to postpone the 24-

month repayment period to a later period commencing on January 31, 2022, and further agreed that interest accrued on the loan between July 1, 2022 and December 31, 2022 is to be settled in shares of the Company's common stock.

On June 10, 2022, The Company took a draw of an additional \$500,000 under the Credit Agreement.

On August 09, 2022 the Company took a draw of an additional \$300,000 under the credit agreement.

During the nine months period ending September 30, 2022, the Company issued warrants to purchase an aggregate of 177,571 shares of its common stock at the stated exercise price per share in connection with the issuance of funds under the Credit Agreement. The estimated aggregate fair value of the warrants issued is \$73,469 using the Black-Scholes option valuation model as of September 30, 2022.

As of September 30, 2022, the Company has drawn a total of \$4,078,125 including cash in the amount of \$3,806,250, and \$271,875 of principal and accrued interest under the above-described UP Notes which were rolled into the Credit Agreement, and we have accrued interest of \$387,918. A total of \$151,398 of accrued interest was settled into 140,185 shares of common stock and the Company recorded a loss on debt settlement of interest payable \$2,259.

On November 13, 2022, an amendment to the Credit Facility agreement was signed. The amendment updated the payment terms to the following: "Without limiting the foregoing Section 2.3(a), Borrower shall repay the principal amount of all Advances, plus accrued interest thereon, in 24 equal monthly installments commencing on January 31, 2023 and continuing thereafter on the last day of each month (or, if such last day is not a Business Day, on the Business Day immediately preceding such last day. Interest on the unpaid Advances will accrue from the date of each Advance at a rate equal to fifteen percent (15%) per annum. Interest will be calculated on the basis of 365 days in a year." The amendment raised the maximum amount of the Credit Agreement to \$6,000,000. In addition, the interest accrued monthly between July 1, 2022, and December 31, 2022, will be settled into equity. Common Stock will be issued at the end of each month at a rate of \$1.08 per share of Common Stock in the amount of the interest accrued for each month.

#### Unsecured Promissory Note

On July 1, 2021, we entered into Unsecured Promissory Notes (each individually, a "UP Note" and collectively, the "UP Notes") in the aggregate principal amount of \$271,875 to certain investors, officers, and directors of the Company. Each UP Note bears interest on the unpaid balance at the rate of fifteen percent (15%) per annum and the principal and accrued interest are due and payable no later than December 31, 2023. We may prepay any of the UP Notes without notice, subject to a two percent (2%) pre-payment penalty. The UP Note offer was conducted by our management and there were no commissions paid by us in connection with the solicitation. The Company issued warrants to purchase an aggregate of 33,017 shares of its common stock at the stated exercise price per share in connection with the issuance of funds under this Credit Agreement.

On August 13, 2022, an amendment to the Credit Facility agreement was agreed upon. The amendment updated the date to begin payment from July 31, 2022, to December 31, 2022. In addition, the interest accrued monthly between July 1, 2022, and December 31, 2022, will be settled into equity. Common Stock will be issued at the end of each month at a rate of \$1.08 per share of Common Stock in the amount of the interest accrued for each month.

As of September 30, 2022, The Company has a principal balance of \$271,875, accrued interest of \$55,530 and a total of \$10,352 of interest was converted into 9,585 shares of common stock and The Company recorded a loss on settlement of interest payable of \$162.

#### *Interest Expense*

Interest expense was \$193,501 and \$88,331 during the three months ended September 30, 2022 and 2021, respectively.

Interest expense was \$520,454 and \$144,714 during the nine months ended September 30, 2022 and 2021, respectively.

### **8. Stockholders' Equity**

#### *Common Stock*

##### 2021

During the year ended December 31, 2021, the Company did not issue any shares but, recorded a stock-based compensation expense of \$260,005 related to restricted stock units for members of our board of directors. The Company recorded a stock-based compensation expense of \$187,501 related to restricted stock units for employee compensation.

**2022**

On February 9, 2022, 17 warrant holders exercised their common stock purchase warrant for 3,188,190 shares at the exercise price of \$0.80 per share, resulting in additional capital of \$2,550,552. As an inducement for the holders' exercise of the warrants, we issued the holders 3,188,190 new warrants to purchase common stock at \$1.50 per share over a three-year period expiring in February 2025. We have recorded an additional stock-based expense of \$382,048.

On June 29, 2022, the Company received private investment funds to purchase 1,062,500 shares of its common stock at a price of \$0.80 per share, resulting in additional capital of \$850,000, and issued the holders 1,062,500 new warrants to purchase common stock at \$1.50 per share over a three-year period expiring in June 2025.

On August 24, 2022, the Company received private investment funds to purchase 1,500,000 shares of its common stock at a price of \$0.80 per share, resulting in additional capital of \$1,200,000, and issued the holders 1,500,000 new warrants to purchase common stock at \$1.50 per share over a three year period expiring in August 2025.

During the nine months ended September 30, 2022 a total of \$161,750 of interest was converted into 149,770 shares of Common Stock.

During the nine months ended September 30, 2022 The Company recorded a stock-based compensation expense of \$ 195,005 related to restricted stock units for members of our board of directors. The company recorded a stock-based compensation expense of \$799,379 related to stock units for employee compensation.

As of the nine months ended September 30, 2022 we had an equity payable balance of \$100,862.

**Stock-based Plans****Stock Option Activity**

The following table summarizes stock option activity for the nine months ended September 30, 2022.

	<b>Options</b>
Outstanding at December 31, 2020	6,007,552
Granted	637,500
Exercised	—
Forfeited/canceled	(272,029)
Expired	(126,557)
Outstanding at December 31, 2021	6,246,466
Granted	1,195,000
Exercised	—
Forfeited/canceled	(330,623)
Expired	(484,209)
Outstanding at September 30, 2022	6,626,634

The weighted average exercise price of stock options granted during the period was \$0.96 and the related weighted average grant date fair value was \$0.61 per share.

**2021**

On March 26, 2021, the Company granted five employees a total of 67,500 options to purchase shares of the Company's common stock at the closing price as of March 26, 2021, of \$1.80 per share. The option shares will vest 25% on the first anniversary of the grant, then equally in 36 monthly installments thereafter, and are exercisable until March 26, 2031. The total estimated value using the Black-Scholes Model, based on a volatility rate of 73.97% and an option fair value of \$1.16 was \$78,492.

On May 2, 2021, the Company granted one employee a total of 20,000 options to purchase shares of the Company's common stock at the closing price as of May 2, 2021, of \$1.48 per share. The option shares will vest 25% on the first anniversary of the grant, then equally in 36 monthly installments thereafter, and are exercisable until May 2, 2031. The total estimated value using the Black-Scholes Model, based on a volatility rate of 74.79% and an option fair value of \$0.93 was \$18,628.

On August 11, 2021, the Company granted one employee a total of 5,000 options to purchase shares of the Company's common stock at the closing price as of August 11, 2021, of \$1.75 per share. The option shares will vest 25% on the first anniversary of the grant, then equally in 36 monthly installments thereafter, and are exercisable until August 11, 2031. The total estimated value using the Black-Scholes Model, based on a volatility rate of 73.29% and an option fair value of \$1.12 was \$5,606.

**2022**

On March 29, 2022, the Company granted one employee 150,000 options to purchase shares of the Company's common stock at the closing price as of March 29, 2022, of \$0.8289 per share. The option shares will vest 25% on the first anniversary of the grant, then equally in 36 monthly installments thereafter, and are exercisable until March 29, 2032. The total estimated value using the Black-Scholes Model, based on a volatility rate of 72.33% and an option fair value of \$0.54 was \$81,035.

On May 16, 2022, the Company granted three employees 45,000 options to purchase shares of the Company's common stock at the closing price as of May 16, 2022, of \$0.97 per share. The option shares will vest 25% on the first anniversary of the grant, then equally in 36 monthly installments thereafter, and are exercisable until May 16, 2032. The total estimated value using the Black-Scholes Model, based on a volatility rate of 73.45% and an option fair value of \$0.642608 was \$28,917.

On September 22, 2022, the Company granted one employee 1,000,000 options to purchase shares of the Company's common stock at the closing price as of September 22, 2022, of \$0.98 per share. The option shares will vest 25% on the first anniversary of the grant, then equally in 36 monthly installments thereafter, and are exercisable until September 29, 2032. The total estimated value using the Black-Scholes Model, based on a volatility rate of 76.15% and an option fair value of \$0.697499 was \$697,499.

### Stock-Based Compensation Expense from Stock Options and Warrants

The impact on our results of operations of recording stock-based compensation expense for the three and nine months ended September 30, 2022 and 2021 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
General and administrative	\$ 65,800	\$ 62,684	\$ 571,462	\$ 226,572
Sales and marketing	20,972	19,522	56,183	83,335
Engineering, research, and development	41,185	43,861	171,734	130,519
	<u>\$ 127,957</u>	<u>\$ 126,067</u>	<u>\$ 799,379</u>	<u>\$ 440,426</u>

### Valuation Assumptions

The fair value of each stock option award was calculated on the date of the grant using the Black-Scholes option pricing model. The following weighted average assumptions were used for the nine months ended September 30, 2022 and 2021.

	Nine Months Ended September 30,	
	2022	2021
Risk-free interest rate	2.47%	1.00%
Expected life (years)	5.90	6.00
Expected dividend yield	—%	—%
Expected volatility	69.23%	73.99%

The risk-free interest rate assumption is based upon published interest rates appropriate for the expected life of our employee stock options.

The expected life of the stock options represents the weighted-average period that the stock options are expected to remain outstanding and was determined based on the historical experience of similar awards, giving consideration to the contractual terms of the stock-based awards, vesting schedules and expectations of future employee behavior as influenced by changes to the terms of the Company's stock-based awards.

The dividend yield assumption is based on our history of not paying dividends and no future expectations of dividend payouts.

The expected volatility in 2022 and 2021 is based on the historical publicly traded price of our common stock.

### Restricted stock units

The following table summarizes restricted stock unit activity under our stock-based plans for the year ended December 31, 2021 and for the nine months ended September 30, 2022:

	Shares
Outstanding at December 31, 2020	1,436,728
Awarded	654,663
Released	—
Canceled/forfeited/expired	(406,250)
Outstanding at December 31, 2021	1,685,141
Awarded	197,688
Released	—
Canceled/forfeited/expired	—
Outstanding at September 30, 2022	<u>1,882,829</u>
Expected to vest at September 30, 2022	1,882,829
Vested at September 30, 2022	1,882,829
Unvested at September 30, 2022	—
Unrecognized expense at September 30, 2022	\$ —

### 2021

On March 26, 2021, the Company issued to four independent directors a total of 36,112 restricted stock units. These restricted stock units were issued for the \$65,000 of board compensation earned for the first quarter of 2021. The units were valued at \$65,002 or \$1.80 per share, based on the closing stock price on the date of the grant. All units vested immediately. The shares of common stock associated with the restricted stock units will be issued to each director upon the earliest to occur of (A) March 26, 2024, (B) a change in control of the Company, and (C) the termination of the director's service with the Company.

On March 26, 2021, the Company granted to one employee 1,000,000 restricted shares of the Company's common stock at \$1.80 per share, closing price as of March 26, 2021, all of which were subsequently forfeited upon the termination of the employee's service with the Company on December 31, 2022.

On May 12, 2021, the Company issued to four independent directors a total of 38,924 restricted stock units. These restricted stock units were issued for the \$65,000 of board compensation earned for the second quarter of 2021. The units were valued at \$65,002 or \$1.67 per share, based on the closing stock price on the date of the grant. All units vested immediately. The shares of common stock associated with the restricted stock units will be issued to each director upon the earliest to occur of (A) May 2, 2024, (B) a change in control of the Company, and (C) the termination of the director's service with the Company.

On August 11, 2021, the Company issued to four independent directors a total of 37,143 restricted stock units. These restricted stock units were issued for the \$65,000 of board compensation earned for the third quarter of 2021. The units were valued at \$65,000 or \$1.75 per share, based on the closing stock price on the date of the grant. All units vested immediately. The shares of common stock associated with the restricted stock units will be issued to each director upon the earliest to occur of (A) August 11, 2024, (B) a change in control of the Company, and (C) the termination of the director's service with the Company.

On December 15, 2021, the Company granted four independent directors a total of 42,484 restricted stock units. The units were valued at \$65,000 or \$1.53 per share, based on the closing stock price on the date of the grant. All units vested immediately. The shares of common stock associated with the restricted stock units will be issued to each director upon the earliest to occur of (A) December 15, 2024, (B) a change in control of the Company, and (C) the termination of the director's service with the Company.

During the year ended December 31, 2021 the company recorded \$260,003 in restricted stock expense as board compensation and \$187,501 in restricted stock expense as employee compensation.

## 2022

On March 29, 2022, the company granted four independent directors a total of 78,420 restricted stock units. The units were valued at \$65,002 or \$0.829 per share, based on the closing stock price on the date of the grant. All units vested immediately. The shares of common stock associated with the restricted stock units will be issued to each director upon the earliest to occur of (A) December 15, 2024, (B) a change in control of the Company, and (C) the termination of the director's service with the Company.

On May 16, 2022, the company granted four independent directors a total of 54,168 restricted stock units. The units were valued at \$65,002 or \$1.20 per share, based on the closing stock price on the date of the grant. All units vested immediately. The shares of common stock associated with the restricted stock units will be issued to each director upon the earliest to occur of (A) December 15, 2024, (B) a change in control of the Company, and (C) the termination of the director's service with the Company.

On September 30, 2022, the company granted four independent directors a total of 65,100 restricted stock units. The units were valued at \$65,002 or \$0.9985 per share, based on the closing stock price on the date of the grant. All units vested immediately. The shares of common stock associated with the restricted stock units will be issued to each director upon the earliest to occur of (A) December 15, 2024, (B) a change in control of the Company, and (C) the termination of the director's service with the Company.

In the nine months ended September 30, 2022, the Company recorded \$ 195,005 in restricted stock expense as board compensation.

### Stock Based Compensation from Restricted Stock

The impact on our results of operations of recording stock-based compensation expense for restricted stock units for the three and nine months ended September 30, 2022 and 2021 was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
General and administrative	\$ 65,002	\$ 65,000	\$ 195,005	\$ 195,005
Sales and marketing	\$ —	\$ 56,635	\$ —	\$ 116,347
	<u>\$ 65,002</u>	<u>\$ 121,635</u>	<u>\$ 195,005</u>	<u>\$ 311,352</u>

As of September 30, 2022, there was no unearned restricted stock unit compensation.

### Warrants

The following table summarizes investor warrants as of September 30, 2022 and the years ended December 31, 2021 and 2020:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)
Outstanding at December 31, 2020	2,691,459	\$ 1.99	2.94
Granted	580,231	\$ —	—
Exercised	—	\$ —	—
Canceled/forfeited/expired	(25,000)	\$ —	—
Outstanding at December 31, 2021	3,246,690	\$ 2.26	3.59
Granted	5,928,261	\$ —	—
Exercised	(3,188,190)	\$ —	—
Canceled/forfeited/expired	—	\$ —	—
Outstanding at September 30, 2022	<u>5,986,761</u>	<u>\$ 2.72</u>	<u>2.02</u>



**2021**

On June 30, 2021, the Company issued warrants to purchase an aggregate of 227,994 shares of its common stock at an exercise price of \$1.67 per share for 119,760 inducement warrants and VWAP for 108,234 additional warrants in connection with the issuance of a loan by a related party. The warrants are exercisable for a period commencing upon issuance of the notes and ending 36 months after issuance of the financing. The estimated aggregate fair value of the warrants issued is \$119,103 using the Black-Scholes option valuation model.

On August 11, 2021, the Company issued warrants in connection with the Credit Facility Agreement by the related party exercisable at a rate equal to the 30-day VWAP for 10,072 additional warrants in connection with the issuance of a loan by a related party. The warrants are exercisable for a period commencing upon issuance of the notes and ending 36 months after issuance of the financing. The estimated aggregate fair value of the warrants issued is \$5,285 using the Black-Scholes option valuation model.

As of September 30, 2021, we had outstanding warrants to purchase 2,666,459 shares of common stock at \$2.06 per share. These warrants expire in 2023. We also have outstanding warrants to purchase 238,066 shares of common stock at the stated price per share in connection with the issuance of a loan with a related party. These warrants expire in 2024.

**2022**

On February 9, 2022, 17 warrant holders exercised their common stock purchase warrant for 3,188,190 shares at the exercise price of \$0.80 per share, resulting in additional capital of \$2,550,553. As an inducement for the holder's exercise of the warrants, we issued the holders' 3,188,190 new warrants to purchase common stock at \$1.50 per share over a three-year period expiring in February 2025. The Company recorded \$382,048 of stock-based expense related to warrants issued during the warrant conversion offer on February 9, 2022.

On June 29, 2022, six private investors purchased 1,062,500 new warrants to purchase common stock at \$1.50 per share over a three-year period expiring in June 2025, and 1,062,500 shares at the exercise price of \$0.80 per share, resulting in additional capital of \$850,000.

On August 24, 2022, five private investors purchased 1,500,000 new warrants to purchase common stock at \$1.50 per share over a three-year period expiring in August 2025, and 1,500,000 shares at the exercise price of \$0.80 per share, resulting in additional capital of \$1,200,000.

During the nine months ended September 30, 2022, the Company issued warrants to purchase an aggregate of 177,571 shares of its common stock at the stated exercise price per share in connection with the issuance of funds under the Credit Agreement. The estimated aggregate fair value of the warrants issued is \$73,469 using the Black-Scholes option valuation model as of September 30, 2022.

**9. Fair Value Measurements**

Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the authoritative guidance establishes a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value as follows: (Level 1) observable inputs such as quoted prices in active markets; (Level 2) inputs other than the quoted prices in active markets that are observable either directly or indirectly; and (Level 3) unobservable inputs in which there is little or no market data, which requires us to develop our own assumptions. This hierarchy requires companies to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value. On a recurring basis, we measure certain financial assets and liabilities at fair value.

The following table presents assets that are measured and recognized at fair value as of September 30, 2022 on a recurring and non-recurring basis:

Description	Level 1	Level 2	Level 3	Gains (Losses)
Goodwill (non-recurring)	\$ —	\$ —	\$ 411,183	\$ —
Intangibles, net (non-recurring)	\$ —	\$ —	\$ 584,369	\$ —

The following table presents assets that are measured and recognized at fair value as of December 31, 2021 on a recurring and non-recurring basis:

Description	Level 1	Level 2	Level 3	Gains (Losses)
Goodwill (non-recurring)	\$ —	\$ —	\$ 411,183	\$ —
Intangibles, net (non-recurring)	\$ —	\$ —	\$ 1,124,720	\$ —

**10. Commitments and Contingencies****Litigation**

As of the date of this report, there are no pending legal proceedings to which we or our properties are subject.

**Operating Lease**

As described in Note 6, the Company has a lease agreement for 8,898 square feet, for its office facilities in Chandler, AZ through January 2027. Monthly rental payments, excluding common area maintenance charges, are \$25,953 to \$28,733. The first 12 months of the lease included a 50% abatement period. As of September 30, 2022, we have an operating lease asset balance for this lease of \$1,032,132 and an operating lease liability balance for this lease of \$1,247,395 recorded in accordance with ASC 842.

## 11. Related Party Transactions

### *Unsecured Promissory Note Investments*

#### 2021

On July 1, 2021, we entered into an Unsecured Promissory Notes (each, individually, a “UP Note” and collectively, the “UP Notes”) in the aggregate principal amount of \$271,875 to certain investors, officers, and directors of the Company. Each UP Note bears interest on the unpaid balance at the rate of fifteen percent (15%) per annum and the principal and accrued interest are due and payable no later than December 31, 2023. We may prepay any of the UP Notes without notice, subject to a two percent (2%) pre-payment penalty. The UP Note offer was conducted by our management and there were no commissions paid by us in connection with the solicitation. The Company issued warrants to purchase an aggregate of 33,017 shares of its common stock at the stated exercise price per share in connection with the issuance of funds under the Credit Agreement.

#### 2022

On August 13, 2022, an amendment to the Credit Facility agreement was agreed upon. The amendment updated the date to begin payment from July 31, 2022, to December 31, 2022. In addition, the interest accrued monthly between July 1, 2022, and December 31, 2022, will be settled into equity. Common Stock will be issued at the end of each month at a rate of \$1.08 per share of Common Stock in the amount of the interest accrued for each month.

As of September 30, 2022, The Company has a principal balance of \$271,875, accrued interest of \$55,530 and a total of \$10,352 of interest was converted into 9,585 shares of common stock and The Company recorded a gain on settlement of interest payable of \$162.

### *Secured Promissory Note Investments*

#### 2021

On June 30, 2021, we entered into a Credit Facility Agreement (the “Credit Agreement”) with one of the Company’s directors. The Company can borrow up to \$6,000,000 under this Credit Agreement amended on September 30, 2022. As of December 31, 2021, the company has drawn a total of \$3,478,125 including cash in the amount of \$3,206,250 and \$271,875 of principal and accrued interest under the above-described Note that was rolled into the Credit Facility and paid a total of \$200,000 toward the principal balance of the loan,

The loan is secured by all of our tangible and intangible assets including intellectual property. This loan bears interest on the unpaid balance at the rate of fifteen percent (15%) per annum. The Company may prepay this loan without notice, penalty, or charge. In consideration of the lender’s agreement to provide the facility, the Company issued warrants to purchase shares of its common stock at an exercise price of \$1.67 per share in connection with the issuance of funds under this Credit Agreement. The warrants are exercisable for a period commencing upon issuance of the notes and ending 36 months after issuance of the financing. In addition, the Company has agreed to issue to the lender additional warrants entitling the lender to purchase a number of shares of the Company's common stock equal to twenty percent (20%) of the amount of the advances made divided by the volume-weighted average price over the 30 trading days preceding the advance (the “VWAP”). Each warrant will be exercisable over a three-year period at an exercise price equal to the VWAP. Under the original terms of the Credit Agreement, the Company was to begin repaying the principal amount, plus accrued interest, in 24 equal monthly installments commencing on June 30, 2022, and ending on June 30, 2024. On August 13, 2022, the Lender agreed to postpone the 24-month repayment period to a later period commencing on January 31, 2022, and further agreed that interest accrued on the loan between July 1, 2022 and December 31, 2022 is to be settled in shares of the Company’s common stock.

#### 2022

On June 10, 2022, The Company took a draw of an additional \$500,000 under the Credit Agreement.

On August 09, 2022 the Company took a draw of an additional \$300,000 under the credit agreement.

During the nine months period ending September 30, 2022, the Company issued warrants to purchase an aggregate of 177,571 shares of its common stock at the stated exercise price per share in connection with the issuance of funds under the Credit Agreement. The estimated aggregate fair value of the warrants issued is \$73,469 using the Black-Scholes option valuation model as of September 30, 2022.

As of September 30, 2022, the Company has drawn a total of \$4,078,125 including cash in the amount of \$3,806,250, and \$271,875 of principal and accrued interest under the above-described UP Notes which were rolled into the Credit Agreement, and we have accrued interest of \$387,918. A total of \$151,398 of accrued interest was settled into 140,185 shares of common stock and the Company recorded a loss on debt settlement of interest payable \$2,259.

On November 13, 2022, an amendment to the Credit Facility agreement was signed. The amendment updated the payment terms to the following: "Without limiting the foregoing Section 2.3(a), Borrower shall repay the principal amount of all Advances, plus accrued interest thereon, in 24 equal monthly installments commencing on January 31, 2023 and continuing thereafter on the last day of each month (or, if such last day is not a Business Day, on the Business Day immediately preceding such last day. Interest on the unpaid Advances will accrue from the date of each Advance at a rate equal to fifteen percent (15%) per annum. Interest will be calculated on the basis of 365 days in a year." The amendment raised the maximum amount of the Credit Agreement to \$6,000,000. In addition, the interest accrued monthly between July 1, 2022, and December 31, 2022, will be settled into equity. Common Stock will be issued at the end of each month at a rate of \$1.08 per share of Common Stock in the amount of the interest accrued for each month.

## 12. Subsequent Events

On November 13, 2022, the Company entered into an amended and restated credit facility agreement with Thomas B. Akin, a director of the Company (the “A&R Credit Agreement”) and a corresponding convertible note in the amount of \$4,466,043 (the “Convertible Note”). The A&R Credit Agreement amends and restates the current Credit Agreement and allows for the Company to borrow up to \$6 million in advances. The Convertible Note accrues interest monthly at 15% per annum. Principal and accrued interest payments are due in 24 monthly installments under the Convertible Note beginning on January 31, 2023 and continuing on the last day of each of the next 23 months thereafter. The Convertible Note and all accrued interest thereon are convertible into shares of our common stock, from time to time, at the option of the holder thereof, at a conversion price per share equal to 85% of the volume-weighted average price of our common stock quoted on the OTCQB ® Venture Market operated by OTC Markets Group Inc. over the thirty (30) trading days immediately preceding such date (the “Conversion Price”). The Convertible Note and all accrued interest thereon

will be automatically converted into common stock at the Conversion Price on the date that is five business days prior to the date on which the Company becomes listed on a national securities exchange if all listing requirements have been satisfied by the Company (other than the Company satisfying any stockholders' equity requirement to be listed on such national exchange).

The foregoing description of the A&R Credit Agreement and Convertible Note does not purport to be complete and is qualified in its entirety by reference to the A&R Credit Agreement and Convertible Note, which will be filed separately.

---

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

*This Quarterly Report on Form 10-Q contains “forward-looking statements” as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, in connection with the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially and adversely from those expressed or implied by such forward-looking statements. Such forward-looking statements include statements about our expectations, beliefs or intentions regarding our potential product offerings, business, financial condition, results of operations, strategies or prospects. You can identify forward-looking statements by the fact that these statements do not relate strictly to historical or current matters. Rather, forward-looking statements relate to anticipated or expected events, activities, trends, or results as of the date they are made and are often identified by the use of words such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” or “will,” and similar expressions or variations. Because forward-looking statements relate to matters that have not yet occurred, these statements are inherently subject to risks and uncertainties that could cause our actual results to differ materially from any future results expressed or implied by the forward-looking statements. Many factors could cause our actual activities or results to differ materially from the activities and results anticipated in forward-looking statements. These factors include those risks disclosed under the caption “Risk Factors” included in our 2020 annual report on Form 10-K filed with the Securities and Exchange Commission, or the SEC, on March 30, 2021, and in our subsequent filings with the SEC. Furthermore, such forward-looking statements speak only as of the date of this report. We undertake no obligation to update any forward-looking statements to reflect events or circumstances occurring after the date of such statements.*

### Overview

Mobivity Holdings Corp. (the “Company” or “we”) is in the business of developing and operating proprietary platforms over which brands and enterprises can conduct national and localized data-driven marketing campaigns.

Mobivity’s Recurrency platform enables multi-unit retailers to leverage the power of their own data to yield maximum customer spend, frequency and loyalty while achieving the highest Return on Marketing Spend (ROMS) possible. Mobivity’s customers use Recurrency to:

- Transform messy point-of-sale (POS) data collected from thousands of points of sale into usable intelligence.
- Measure, predict, and boost guest frequency and spend by channel.
- Deploy and manage one-time use offer codes and attribute sales accurately across every channel, promotion, and media program.
- Deliver 1:1 promotions and offers with customized Mobile Messaging, Personalized Receipt Promotions, and Integrated Loyalty programs.

Mobivity’s Recurrency, delivered as a Software-as-a-Service (“SaaS”) platform, is used by leading brands including Subway, Sonic Drive-In, Baskin Robbins, Chick-fil-A and Checkers/Rally’s across more than 40,000 retail locations globally.

We’re living in a data-driven economy. By 2003 — when the concept of “Big Data” became common vernacular in marketing - the amount of data being created every two days was equal to the amount created in all of the time prior to 2003. Today, 90% of the world’s data has been created in just the past two years. Unfortunately, despite there being so much data accumulated, only one percent of data is being utilized today by most businesses.

The challenge for multi-unit retailers isn’t that they don’t have enough data; in fact, national retailers are collecting millions of detailed transactions daily from thousands of points of sale around the world. The challenge is being able to make sense of this transaction data, which is riddled with data entry errors, collected by multiple POS systems, and complicated by a taxonomy compiled by thousands of different franchisee owners. To normalize such an overwhelming amount of data into usable intelligence and then leverage it to optimize media investment and promotion strategy requires numerous teams of data analysts and data scientists that many retailers and restaurant operators simply don’t have. This is why so many technology and data companies, that can help solve these challenges, have been invested in and acquired by brands including, McDonald’s, Starbucks, and Yum Brands.

Mobivity’s Recurrency platform fills this need with a self-service SaaS offering, enabling operators to intelligently optimize their promotions, media, and marketing spend. Recurrency drives system-wide sales producing on average a 13% increase in guest spend and a 26% improvement in frequency, ultimately delivering an average Return on Marketing Spend of 10X. In other words, for every dollar invested in marketing, retailers using Recurrency to manage, optimize and deliver multi-channel consumer promotions generate an average of ten dollars in incremental revenue from their customers.

### The Recurrency Platform

Mobivity’s Recurrency™ platform unlocks valuable POS and mobile data to help transform customer transactions into actionable and attributable marketing insights. Our technology provides transactional data, in real-time, that uncovers market-basket information and attributes both online and traditional promotions. Recurrency is comprised of seven components, described in detail below.

#### POS Data Capture

Recurrency captures, normalizes, integrates, and stores transaction data and is compatible with most POS systems used by restaurants and retailers today. The result is a clean useful dataset upon which to predict and influence customers’ buying behavior and deliver basket-level insights.

#### Analytics Powered by Machine Learning

Recurrency uses Machine Learning (“ML”) to uncover patterns in the buying behaviors of consumers and leverages that data to suggest pricing optimizations, and guide marketing campaigns.

#### Offers and Promotions

Recurrency provides a digital wallet system for creating and managing dynamic offers and promotions, enabling accurate and complete closed-loop attribution across all channels, media, and marketing efforts. Retailers can deploy one-time, limited-use, and multi-use promotions across all online and offline marketing channels that are scannable at the POS or redeemable online, enabling fraud-free, controllable promotion delivery and attribution at scale. Marketing teams can use the comprehensive attribution analysis and insights to optimize media mix and spend for maximum Return on Marketing Spend (“ROMS”).

### **Predictive Offers**

Recurrency leverages the normalized data captured at the POS and applies Artificial Intelligence (“AI”) to build profiles of both known and anonymous customers, analyzes pre and post-redemption behavior, and then predicts offers that will drive the highest increases in customer spend and frequency at the lowest discount possible. The result is optimized, personalized promotions that produce the highest ROMS possible.

### **Personalized Receipt Promotions**

Recurrency unlocks the power of transactional data to create relevant and timely customer messages printed on the receipts already being generated at the POS. Both clients and agencies are using Recurrency to drive better results and make decisions around offers, promotions, and customer engagement through the medium of the printed receipt. Software integrated with leading POS systems, such as Oracle or MICROS, or installed directly onto receipt printer platforms, such as Epson’s OmniLink product, dynamically controls what is printed on receipts including images, coupons, announcements, or other calls-to-action, such as invitations to participate in a survey. Recurrency offers a Web-based interface where users can design receipt content and implement business rules to dictate what receipt content is printed in particular situations. All receipt content is transmitted to cloud-based Recurrency for storage and analysis.

### **Customized Mobile Messaging**

Recurrency transforms standard short message service (“SMS”), multimedia messaging service (“MMS”), and rich communication services (“RCS”) into a data-driven marketing medium. Recurrency tracks and measures offer effectiveness at a more granular level than other solutions, allowing clients to create smarter offers and drive higher redemption rates. Our proprietary platform connects to all wireless carriers so that any consumer, on any wireless service (for example, Verizon), can join our customer’s SMS/MMS mobile marketing campaign. Our customers use Recurrency’s self-service interface to build, segment, target and optimize mobile messaging campaigns to drive increased guest frequency and spend. Recurrency is an industry leader in RCS messaging and has an industry-leading broadcast reach.

### **Belly Loyalty**

Mobivity’s Belly Loyalty solution drives increased customer engagement and frequency with a customer-facing digital rewards platform via an app and digital pad. Using Belly, customers can customize rewards and leverage pre-built email campaigns and triggers to encourage greater frequency as well as to identify and reactivate lapsed customers.

### **Company Strategy**

Our objective is to build an industry-leading SaaS product that connects consumers to merchants and brands. The key elements of our strategy are:

- Exploit the competitive advantages and operating leverage of our technology platform. The core of our business is our proprietary POS Data Capture technology. Several years of development went into designing POS Data Capture such that the process of intercepting POS data and performing actions, such as controlling the receipt printer with receipt is scalable, portable to a wide variety of POS platforms, and does not impact performance factors including the print speed of a typical receipt printer. Furthermore, we believe the transmission of POS data to Mobivity’s cloud-based data stores presents a very competitive and innovative method of enabling POS data access. Additionally, we believe that our Recurrency platform is more advanced than technologies offered by our competitors and provides us with a significant competitive advantage. With more than ten years of development, we believe that our platform operates SMS/MMS text messaging transactions at a “least cost” relative to competitors while also being capable of supporting the SMS/MMS text messaging transactional volume necessary to serve our goal of several thousand end users. Leveraging our Recurrency platform allows for full attribution of SMS/MMS offers, which we believe is a unique combination of both SMS/MMS text messaging and POS data.
- Evolve our sales and customer support infrastructure to uniquely serve very large customer implementations such as franchise-based brands that operate a large number of locations. Over the past few years, we have focused our efforts on the development of our technology and solutions with the goal of selling and supporting small and medium-sized businesses. Going forward, we intend to significantly increase our investments in sales and customer support resources tailored to selling to customers that operate franchise brands. Today we support more than 30,000 merchant locations globally.
- Acquire complementary businesses and technologies. We will continue to search and identify unique opportunities which we believe will enhance our product features and functionality, revenue goals, and technology. We intend to target companies with some or all of the following characteristics: (1) an established revenue base; (2) strong pipeline and growth prospects; (3) break-even or positive cash flow; (4) opportunities for substantial expense reductions through integration into our platform; (5) strong sales teams; and (6) technology and services that further build out and differentiate our platform. Our acquisitions have historically been consummated through the issuance of a combination of our common stock and cash.
- Build our intellectual property portfolio. We currently have nine issued patents that we believe have significant potential applications in the technology industry. We plan to continue our investment in building a strong intellectual property portfolio.

While these are the key elements of our current strategy, there can be no guarantees that our strategy will not change or that our strategy will be successful.

### **Recent Events**

#### *Unsecured Promissory Note Investments in 2021*

During the year ended December 31, 2021, we issued to Talkot Capital LLC, unsecured notes in the principal aggregate amount of \$271,875, which are due and payable two years after issuance (the “Talkot Notes”). These Talkot Notes bear interest on the unpaid balance at the rate of fifteen percent (15%) per annum. The Company may prepay the advances and accrued interest, in whole or in part, without notice, penalty, or charge.

#### *Unsecured Promissory Note Investments in 2022*

On August 13, 2022, an amendment to the Credit Facility agreement was agreed upon. The amendment updated the date to begin payment from July 31, 2022, to December 31, 2022. In addition, the interest accrued monthly between July 1, 2022, and December 31, 2022, will be settled into equity. Common Stock will be issued at the end of each month at a rate of \$1.08 per share of Common Stock in the amount of the interest accrued for each month.

As of September 30, 2022, The Company has a principal balance of \$271,875, accrued interest of \$55,530 and a total of \$10,352 of interest was converted into 9,585 shares of common stock and The Company recorded a gain on settlement of interest payable of \$162.

#### *Secured Promissory Note Investments in 2021*

On June 30, 2021, we entered into a Credit Facility Agreement (the "Credit Agreement") with one of the Company's directors. The Company can borrow up to \$6,000,000 under this Credit Agreement amended on September 30, 2022. As of December 31, 2021, the company has drawn a total of \$3,478,125 including cash in the amount of \$3,206,250 and \$271,875 of principal and accrued interest under the above-described Note that was rolled into the Credit Facility and paid a total of \$200,000 toward the principal balance of the loan,

The loan is secured by all of our tangible and intangible assets including intellectual property. This loan bears interest on the unpaid balance at the rate of fifteen percent (15%) per annum. The Company may prepay this loan without notice, penalty, or charge. In consideration of the lender's agreement to provide the facility, the Company issued warrants to purchase shares of its common stock at an exercise price of \$1.67 per share in connection with the issuance of funds under this Credit Agreement. The warrants are exercisable for a period commencing upon issuance of the notes and ending 36 months after issuance of the financing. In addition, the Company has agreed to issue to the lender additional warrants entitling the lender to purchase a number of shares of the Company's common stock equal to twenty percent (20%) of the amount of the advances made divided by the volume-weighted average price over the 30 trading days preceding the advance (the "VWAP"). Each warrant will be exercisable over a three-year period at an exercise price equal to the VWAP. Under the original terms of the Credit Agreement, the Company was to begin repaying the principal amount, plus accrued interest, in 24 equal monthly installments commencing on June 30, 2022, and ending on June 30, 2024. On August 13, 2022, the Lender agreed to postpone the 24-month repayment period to a later period commencing on January 31, 2022, and further agreed that interest accrued on the loan between July 1, 2022 and December 31, 2022 is to be settled in shares of the Company's common stock.

#### *Secured Note Investments in 2022*

On June 10, 2022, The Company took a draw of an additional \$500,000 under the Credit Agreement.

On August 09, 2022 the Company took a draw of an additional \$300,000 under the credit agreement.

During the nine months period ending September 30, 2022, the Company issued warrants to purchase an aggregate of 177,571 shares of its common stock at the stated exercise price per share in connection with the issuance of funds under the Credit Agreement. The estimated aggregate fair value of the warrants issued is \$73,469 using the Black-Scholes option valuation model as of September 30, 2022.

As of September 30, 2022, the Company has drawn a total of \$4,078,125 including cash in the amount of \$3,806,250, and \$271,875 of principal and accrued interest under the above-described UP Notes which were rolled into the Credit Agreement, and we have accrued interest of \$387,918. A total of \$151,398 of accrued interest was settled into 140,185 shares of common stock and the Company recorded a loss on debt settlement of interest payable \$2,259.

On November 13, 2022, an amendment to the Credit Facility agreement was signed. The amendment updated the payment terms to the following: "Without limiting the foregoing Section 2.3(a), Borrower shall repay the principal amount of all Advances, plus accrued interest thereon, in 24 equal monthly installments commencing on January 31, 2023 and continuing thereafter on the last day of each month (or, if such last day is not a Business Day, on the Business Day immediately preceding such last day. Interest on the unpaid Advances will accrue from the date of each Advance at a rate equal to fifteen percent (15%) per annum. Interest will be calculated on the basis of 365 days in a year." The amendment raised the maximum amount of the Credit Agreement to \$6,000,000. In addition, the interest accrued monthly between July 1, 2022, and December 31, 2022, will be settled into equity. Common Stock will be issued at the end of each month at a rate of \$1.08 per share of Common Stock in the amount of the interest accrued for each month.d for each month.

#### *2022 Warrant Exercises*

On February 9, 2022, 17 warrant holders exercised their common stock purchase warrant for 3,188,190 shares at the exercise price of \$0.80 per share, resulting in additional capital of \$2,550,553. As an inducement for the holder's exercise of the warrants, we issued the holders 3,188,190 new warrants to purchase common stock at \$1.50 per share over a three-year period expiring in February 2025. As an inducement for the holders' exercise of the warrants, we issued the holders 3,188,190 new warrants to purchase common stock at \$1.50 per share over a three-year period expiring in December 2023. The company recorded \$382,048 of stock-based expense related to warrants issued during the warrant conversion offer on February 9, 2022.

#### *2022 Private Placement*

In June 2022, we commenced a private placement of 1,062,500 units of our securities, at a price of \$.80 per unit. Each unit consists of one share of our common stock and a common stock purchase warrant to purchase one share of our common stock, over a three-year period, at an exercise price of \$1.50 per share. The offering was conducted by our management and no commission or other selling fees were paid by us.

In August 2022, we commenced a private placement of 1,500,000 units of our securities, at a price of \$.80 per unit. Each unit consists of one share of our common stock and a common stock purchase warrant to purchase one share of our common stock, over a three-year period, at an exercise price of \$1.50 per share. The offering was conducted by our management and no commission or other selling fees were paid by us.

As of September 30, 2022 issued 2,562,500 units under this placement.

#### *2022 Equity Incentive Plan*

On September 19, 2022, the directors of Mobivity Holdings Corp. (the "Company") approved the Mobivity Holdings Corp. 2022 Equity Incentive Plan (the "2022 Plan"). As provided in the 2022 Plan, 12,000,000 shares of the Company's common stock, \$0.001 par value per share ("Common Stock"), are available for issuance as the subject of awards and issued to employees, consultants, and advisors of the Company or any subsidiary, as well as non-employee directors of the Company.

#### *Office Relocation*

We entered into a six-year office lease starting in February of 2021 for 8,898 square feet of office space located at 3133 W. Frye Road, Suite 215, Chandler, Arizona. Monthly rental payments, excluding common area maintenance charges, will be \$25,953 to \$28,733. The first 12 months of the lease included a 50% abatement period.

#### *Intellectual Property*

U.S. Patent number 10,949,868 B1 was granted on March 16, 2021. This patent covers the single use of electronic retailer coupons and a referral program. The method and system prevent fraud, are specific to geolocation, and provide an audit trail of the customer, cashier, and marketing platform. A user can also earn a subsequent coupon by referring a friend.

US Patent number 6,788,769 B1 expired in March of 2021. This patent covered a method and system for using telephone numbers as a key to address, email, and online content without the use of a look-up database. Using this system, a phone number is used to access a website or an email address in exactly the same way it is used to dial a

telephone.

## **Results of Operations**

### ***Revenues***

Revenues consist primarily of those generated by a suite of products under the Recurrency platform. The Recurrency platform is comprised of POS Data Capture, Analytics, Offers and Promotions, Predictive Offers, Personalized Receipt Promotions, Customized Mobile Messaging, Belly Loyalty, and other revenues.

Revenues for the three months ended September 30, 2022, were \$1,890,437 a decrease of \$421,111 or 18% compared to the same period in 2021.

Revenues for the nine months ended September 30, 2022, were \$5,787,168 a decrease of \$1,774,798 or 23% compared to the same period in 2021.

This decrease is primarily due to a decrease in revenue of \$421,111 quarterly due to the restructuring of customer a contract related to Smart Receipt services.

### ***Cost of Revenues***

Cost of revenues consists primarily of cloud-based software licensing fees, short code maintenance expenses, messaging-related expenses, and other expenses.

Cost of revenues for the three months ended September 30, 2022, was \$1,806,022, an increase of \$797,319, or 79%, for the same period in 2021.

Cost of revenues for the nine months ended September 30, 2022, was \$4,183,719, an increase of \$861,080, or 26%, for the same period in 2021.

This increase is primarily due to an increase in customer acquisition costs, SMS messaging costs, and MMS messaging costs

### ***General and Administrative***

General and administrative expenses consist primarily of salaries and personnel-related expenses, consulting costs, and other expenses.

General and administrative expenses decreased \$261,657 or 21%, to \$983,428, during the three months ended September 30, 2022, compared to \$1,245,085 for the same period in 2021. The decrease in general and administrative expenses was primarily due to a decrease in legal fees.

General and administrative expenses decreased \$403,267 or 12%, to \$3,088,588, during the nine months ended September 30, 2022, compared to \$3,491,855 for the same period in 2021. The decrease in general and administrative expenses was primarily due to a decrease in legal fees.

### ***Sales and Marketing***

Sales and marketing expenses consist primarily of salaries and personnel-related expenses, stock-based compensation expenses, consulting costs, and other expenses.

Sales and marketing expenses decreased \$364,368, or 37%, to \$614,600 during the three months ended September 30, 2022, compared to \$978,968 for the same period in 2021. The decrease is primarily due to reductions in payroll expenses and share-based compensation.

Sales and marketing expenses decreased \$1,209,040, or 40%, to \$1,778,371 during the nine months ended September 30, 2022, compared to \$2,987,411 for the same period in 2021. The decrease is primarily due to reductions in payroll expenses and share-based compensation.

### ***Engineering, Research & Development***

Engineering, research & development costs include salaries, stock-based compensation expenses, travel, consulting costs, and other expenses.

Engineering, research & development expenses increased \$106,595, or 16%, to \$784,804 during the three months ended September 30, 2022, compared to \$678,209 for the same period in 2021. This increase is primarily due to the end of the ASC 606 deduction, an increase in payroll, and an increase in professional services.

Engineering, research & development expenses increased \$284,669, or 14%, to \$2,360,863 during the nine months ended September 30, 2022, compared to \$2,076,194 for the same period in 2021. This increase is primarily due to the end of the ASC 606 deduction, an increase in payroll, and an increase in professional services.

### ***Impairment on Intangible Asset***

Impairment on intangible assets consists of an intangible asset valued at less than its carrying value.

Impairment on intangible assets increased 100% from \$0 to \$238,143 for the three months ended September 30, 2022, compared to the same period in 2021. The increase is a result of the impairment analysis performed.

Impairment on intangible assets increased from \$8,286 to \$238,143 for the nine months ended September 30, 2022, compared to the same period in 2021. The increase is a result of the impairment analysis performed.

### ***Depreciation and Amortization***

Depreciation and amortization expenses consist of depreciation on our equipment and amortization of our intangible assets.

Depreciation and amortization expenses decreased \$64,346 or 35%, to \$118,317 during the three months ended September 30, 2022 compared to \$182,663 for the same period in 2021. This decrease is primarily due to the reduction in amortization of intangibles on software development costs.

Depreciation and amortization expenses decreased \$171,424 or 33%, to \$353,050 during the nine months ended September 30, 2022 compared to \$524,474 for the same period in 2021. This decrease is primarily due to the reduction in amortization of intangibles on software development costs.

### ***Interest Income***

Interest income consists of stated interest income on our cash balances. Interest income was \$0 during the three months ended September 30, 2022, compared to the same period in 2021.

Interest income consists of stated interest income on our cash balances. Interest income decreased \$5 or 100% to \$0, during the nine months ended September 30, 2022, compared to the same period in 2021.

### ***Interest Expense***

Interest expense consists of stated or implied interest expense on our notes payable, amortization of note discounts, and amortization of deferred financing costs.

Interest expense increased \$105,170, or 119%, to a total of \$193,501 during the three months ended September 30, 2022, from compared to \$88,331 in the same period in 2021. This increase in interest expense is primarily related to the new line of credit taken out in 2021.

Interest expense increased \$375,740, or 260%, to a total of \$520,454 during the nine months ended September 30, 2022, compared to \$144,714 in the same period in 2021. This increase in interest expense is primarily related to an increase in borrowings from our related parties.

### ***Gain on Forgiveness of Debt***

On July 21, 2021, SBA authorized full forgiveness of the \$891,103 PPP Loan after the Company applied for loan forgiveness and met all the requirements for such loan forgiveness under the SBA program. The balance of the loan was forgiven and recorded as a gain on forgiveness of debt of \$891,103. Gain on forgiveness of debt decrease 100% to \$0 for the three and nine month periods ended September 30, 2022

### ***Loss on Disposal of Fixed Assets***

The loss on disposal of assets decreased by 100% from a September 30, 2021, balance of \$880 to a September 30, 202, balance of \$0.

### ***Foreign Currency***

The Company's financial results are impacted by volatility in the Canadian/U.S. Dollar exchange rate. The average U.S. Dollar exchange rate for the three and nine months ended September 30, 2022, was \$1 Canadian equals \$0.78 U.S. Dollars. This compares to an average rate of \$1 Canadian equals \$0.79 during the same period in 2021. The Company's functional or measurement currency is the U.S. Dollar. Based on a U.S. Dollar functional currency, the following are the key areas impacted by foreign currency volatility:

- The Company sells products primarily in U.S. Dollars; therefore, reported revenues are not highly impacted by foreign currency volatility.
- A portion of the Company's expenses are incurred in Canadian Dollars and therefore fluctuate in U.S. Dollars as the U.S. Dollar varies. A weaker U.S. Dollar results in an increase in translated expenses, and a stronger U.S. Dollar results in a decrease.
- Changes in foreign currency rates also impact the translated value of the Company's working capital that is held in Canadian Dollars. Foreign exchange rate fluctuations result in foreign exchange gains or losses based upon movement in the translated value of Canadian working capital into U.S. Dollars.

The change in foreign currency was a loss of \$76,228 and a loss of \$13,150 for the three months ended September 30, 2022 and 2021, respectively.

The change in foreign currency was a loss of \$76,862 and a loss of \$22,391 for the nine months ended September 30, 2022 and 2021, respectively.

### ***Liquidity and Capital Resources***



As of September 30, 2022, we had current assets of \$2,139,214, including \$1,016,745 in cash, and current liabilities of \$7,228,819, resulting in a working capital deficit of \$5,089,605.

We believe as of the date of this report, we do not have the working capital on hand, along with our expected cash flow from operations and budget reductions, to sufficiently fund our current level of operations through the end of the next 12 months or beyond. We will require additional capital and will seek to obtain additional working capital through the sale of our securities and, if available, bank lines of credit. There can be no assurance we will be able to obtain access to capital as and when needed, or that the terms of any available financing will be commercially reasonable.

**Cash Flows**

	Nine Months Ended September 30,	
	2022	2021
Net cash provided by (used in):		
Operating activities	\$ (4,966,359)	\$ (3,189,511)
Investing activities	(30,742)	(388,763)
Financing activities	5,371,407	886,076
Effect of foreign currency translation on cash flow	(92,985)	(21,726)
Net change in cash	<u>\$ 281,321</u>	<u>\$ (2,713,924)</u>

**Operating Activities**

We used cash from operating activities totaling \$ 4,966,359 during the nine months ended September 30, 2022 and used cash from operating activities totaling \$ 3,189,511 during the nine months ended September 30, 2021.

**Investing Activities**

Investing activities during the nine months ended September 30, 2022, consisted of \$18,712 of equipment purchases and \$12,030 of capitalized software development costs.

Investing activities during the nine months ended September 30, 2021, consisted of \$78,217 of equipment purchases and \$310,546 of capitalized software development costs.

**Financing Activities**

Financing activities during the nine months ended September 30, 2022, consisted of \$2,550,552 additional paid-in capital from a warrant conversion to common stock, \$2,050,000 additional paid-in capital from two private placement financings, \$800,000 proceeds for related party notes payable, and \$29,145 in payment on notes payable.

**Critical Accounting Policies and Estimates**

Refer to Note 2, “Summary of Significant Accounting Policies,” in the accompanying notes to the condensed consolidated financial statements for a discussion of recent accounting pronouncements.

**Off-Balance Sheet Arrangements**

We have no off-balance sheet arrangements.

**Item 3. Quantitative and Qualitative Disclosures about Market Risk.**

We are a smaller reporting company as defined by Item 10(f)(1) of Regulation S-K. As such, we are not required to provide the information set forth in this item.

**Item 4. Controls and Procedures.****Evaluation of Disclosure Controls and Procedures**

As required by Rule 13a-15(b) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures, as defined in Exchange Act Rule 13a-15(e), as of the end of the period covered by this report. “Disclosure controls and procedures,” as defined in Exchange Act Rule 13a-15(e), are controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Based on this evaluation, our management, including our Chief Executive Officer and Chief Financial Officer, concluded that as of September 30, 2022 our disclosure controls and procedures were not effective.

**Changes in Internal Control Over Financial Reporting**

There were no changes in our internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, that occurred during the nine months ended September 30, 2022 that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting.

**PART II – OTHER INFORMATION****Item 1. Legal Proceedings.**

None. From time to time, we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. We are not currently a party to any material legal proceedings.

**Item 1A. Risk Factors.**

We are a smaller reporting company, as defined by Item 10(f)(1) of Regulation S-K. As such, we are not required to provide the information set forth in this item.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

On June 29, 2022, we sold 1,062,500 shares of common stock and warrants to purchase up to 1,062,500 additional shares of common stock for an aggregate offering price of \$849,999. The warrants are exercisable for a period of three years from the date of issuance at an initial exercise price of \$1.50 per share.

On August 24, 2022, we sold 1,250,000 shares of common stock and warrants to purchase up to 1,250,000 additional shares of common stock for an aggregate offering price of \$1,000,000. The warrants are exercisable for a period of three years from the date of issuance at an initial exercise price of \$1.50 per share.

For the foregoing warrants, the exercise price of the warrant and the number of the shares issuable upon exercise of the warrant are subject to customary adjustments prior to exercise upon the occurrence of certain events affecting all outstanding shares of common stock.

The foregoing securities were issued in reliance on an exemption from registration set forth in Section 4(a)(2) of the Securities Act of 1933, as amended (the “Securities Act”) to a limited number of persons who were “accredited investors,” as defined in Rule 501 of Regulation D of the Securities Act, without the use of any general solicitations or advertising to market or otherwise offer the securities for sale. None of the shares, warrants or shares of common stock issued upon exercise of the warrants have been registered under the Securities Act or applicable state securities laws and none may be offered or sold in the United States absent registration under the Securities Act, or an exemption from such registration requirements. Neither this quarterly report on Form 10-Q nor any exhibit attached hereto shall constitute an offer to sell or the solicitation of an offer to buy any securities.

**Item 3. Defaults upon Senior Securities.**

None.

**Item 4. Mine Safety Disclosures.**

Not applicable.

**Item 5. Other Information**

The information set forth below is included herein for purposes of providing the disclosure required under “Item 1.01 Entry Into a Material Definitive Agreement; Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant. ” of Form 8-K.

On November 13, 2022, the Company entered into an amended and restated credit facility agreement with Thomas B. Akin, a director of the Company (the “A&R Credit Agreement”) and a corresponding convertible note in the amount of \$4,466,043 (the “Convertible Note”). The A&R Credit Agreement amends and restates the current Credit Agreement and allows for the Company to borrow up to \$6 million in advances. The Convertible Note accrues interest monthly at 15% per annum. Principal and accrued interest payments are due in 24 monthly installments under the Convertible Note beginning on January 31, 2023 and continuing on the last day of each of the next 23 months thereafter. The Convertible Note and all accrued interest thereon are convertible into shares of our common stock, from time to time, at the option of the holder thereof, at a conversion price per share equal to 85% of the volume-weighted average price of our common stock quoted on the OTCQB ® Venture Market operated by OTC Markets Group Inc. over the thirty (30) trading days immediately preceding such date (the “Conversion Price”). The Convertible Note and all accrued interest thereon will be automatically converted into common stock at the Conversion Price on the date that is five business days prior to the date on which the Company becomes listed on a national securities exchange if all listing requirements have been satisfied by the Company (other than the Company satisfying any stockholders’ equity requirement to be listed on such national exchange).

In addition, in connection with the execution of the A&R Credit Agreement and the Convertible Note, the Company issued Mr. Akin 140,185 shares of common stock on November 14, 2022.

The foregoing description of the A&R Credit Agreement and Convertible Note does not purport to be complete and is qualified in its entirety by reference to the A&R Credit Agreement and Convertible Note, which will be filed separately.

[A1]Note to Company: To confirm this is accurate.

**Item 6. Exhibits**

Exhibit No.	Description
3.1	<a href="#">Restated Articles of Incorporation filed with the Nevada Secretary of State on August 12, 2022*</a>
3.2	<a href="#">Bylaws (1)</a>
3.3	<a href="#">Amendment to the Bylaws, effective as of November 25, 2011 (2)</a>
31.1	<a href="#">Certification by Chief Executive Officer pursuant to Section 302 of Sarbanes Oxley Act of 2002 *</a>
31.2	<a href="#">Certification by Chief Financial Officer pursuant to Section 302 of Sarbanes Oxley Act of 2002 *</a>
32.1	<a href="#">Certification Pursuant to 18 U.S.C. Section 1350 *</a>
101.INS	Inline XBRL Instance Document *
101.SCH	Inline XBRL Taxonomy Schema Document
101.CAL	Inline XBRL Taxonomy Calculation Linkbase Document *

101.DEF      Inline XBRL Taxonomy Definition Linkbase Document \*  
101.LAB      Inline XBRL Taxonomy Label Linkbase Document\*  
101.PRE      Inline XBRL Taxonomy Presentation Linkbase Document \*  
104            Cover Page Interactive Data File (embedded within the Inline XBRL and contained in Exhibit 101)

\* Filed electronically herewith

- (1)            Incorporated by reference to the Registration Statement on Form S-1 filed with the SEC on October 20, 2008, File No. 333-154455
- (2)            [Incorporated by reference to the Company's Current Report on Form 8-K filed December 2, 2011](#)

## SIGNATURES

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

Date: November 14, 2022

### **Mobivity Holdings Corp.**

By: /s/ Dennis Becker  
Dennis Becker  
Chairman and Chief Executive Officer  
(Principal Executive Officer)

Date: November 14, 2022

By: /s/ Lisa Brennan  
Lisa Brennan  
Chief Financial Officer  
(Principal Accounting Officer)

**RESTATED  
ARTICLES OF  
INCORPORATION OF  
MOBIVITY HOLDINGS CORP.**

MOBIVITY HOLDINGS CORP. (the “*Corporation*”), a corporation organized and existing under the laws of the State of Nevada, does hereby certify that:

WHEREAS, the Corporation’s Articles of Incorporation were first filed with the Secretary of State for the State of Nevada on September 25, 2008;

WHEREAS, the Corporation’s Articles of Incorporation have since been amended or modified September 23, 2010, October 5, 2010, August 6, 2012, November 8, 2013 and December 1, 2016;

WHEREAS, the Corporation now desires to restate its Articles of Incorporation, pursuant to Section 78.403 of the Nevada Revised Statutes, in order to set forth the amended text of the Corporation’s Articles of Incorporation in the Restated Articles of Incorporation of Mobivity Holdings Corp., as set forth below.

**ARTICLE I  
NAME**

The name of the corporation is: Mobivity Holdings Corp.

**ARTICLE II  
REGISTERED AGENT AND PRINCIPAL OFFICE**

Removed, pursuant to Section 78.403(3)(c) of the Nevada Revised Statutes.

**ARTICLE III  
PURPOSE**

The purpose for which this corporation is formed is: To engage in any lawful activity.

**ARTICLE IV  
AUTHORIZATION OF CAPITAL STOCK**

This corporation shall have the authority to issue an aggregate of 100,000,000 shares of common stock, with a par value of \$0.001 per share (hereinafter “Common Stock”).

**ARTICLE V  
INCORPORATOR**

Removed, pursuant to Section 78.403(3)(a) of the Nevada Revised Statutes.

**ARTICLE VI  
DIRECTORS**

The governing board of this corporation shall be known as directors, and the first Board shall consist of one (1) director.

The number of directors may, pursuant to the By-Laws, be increased or decreased by the Board of Directors, provided there shall be no less than one (1) nor more than nine (9) Directors.

Removed, pursuant to Section 78.403(3)(b) of the Nevada Revised Statutes.

**ARTICLE VII  
STOCK NON-ASSESSABLE**

The capital stock, or the holders thereof, after the amount of the subscription price has been paid in, shall not be subject to any assessment whatsoever to pay the debts of the corporation.

**ARTICLE VIII  
TERM OF EXISTENCE**

This corporation shall have perpetual existence.

**ARTICLE IX  
CUMULATIVE VOTING**

No cumulative voting shall be permitted in the election of directors.

**ARTICLE X  
PREEMPTIVE RIGHTS**

Shareholders shall not be entitled to preemptive rights.

**ARTICLE XI  
LIMITED LIABILITY**

No officer or director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as an officer or director, except for liability (i) for any breach of the officer or directors duty of loyalty to the Corporation or its Stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or (iii) for any transaction from which the officer or director derived any improper personal benefit. If

the Nevada General Corporation Law is amended after the date of incorporation to authorize corporate action further eliminating or limiting the personal liability of officers or directors, then the liability of an officer or director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Nevada General Corporation Law, or amendments thereto. No repeal or modification of this paragraph shall adversely affect any right or protection of an officer or director of the Corporation existing at the time of such repeal or modification.

## ARTICLE XII INDEMNIFICATION

Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a proceeding), by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was an officer or director of the Corporation or is or was serving at the request of the Corporation as an officer or director of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans whether the basis of such proceeding is alleged action in an official capacity as an officer or director shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Nevada General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys fees, judgments, fines, excise taxes or penalties and amounts to be paid in settlement) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be an officer or director and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that except as provided herein with respect to proceedings seeking to enforce rights to indemnification, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation. The right to indemnification conferred in this Section shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition; provided however, that, if the Nevada General Corporation Law requires the payment of such expenses incurred by an officer or director in his or her capacity as an officer or director (and not in any other capacity in which service was or is rendered by such person while an officer or director, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, payment shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such officer or director, to repay all amounts so advanced if it shall ultimately be determined that such officer or director is not entitled to be indemnified under the Section or otherwise.

If a claim hereunder is not paid in full by the Corporation within ninety days after a written claim has been received by the Corporation, the claimant may, at any time thereafter, bring suit against the Corporation to recover the unpaid amount of the claim and, if successful, in whole or in part, the claimant shall be entitled to be paid the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any, is required, has been tendered to the corporation) that the claimant has not met the standards of conduct which make it permissible under the Nevada General Corporation Law for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the Nevada General Corporation Law, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Section shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, By-Law, agreement, vote of stockholders or disinterested directors or otherwise.

The Corporation may maintain insurance, at its expense, to protect itself and any officer, director, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Nevada General Corporation Law.

The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification to any employee or agent of the Corporation to the fullest extent of the provisions of this Section with respect to the indemnification and advancement of expenses of officers and directors of the Corporation or individuals serving at the request of the Corporation as an officer, director, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise.

Removed, pursuant to Section 78.403(3)(b) of the Nevada Revised Statutes.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

---

**IN WITNESS WHEREOF**, the Board of Directors of Mobivity Holdings Corp. has authorized these Restated Articles of Incorporation to be signed by Dennis Becker, Chief Executive Officer, as of this 11th day of August, 2022.

/s/ Dennis Becker

Dennis Becker  
Chief Executive Officer  
Mobivity Holdings Corp.



BYLAWS OF  
ARES VENTURES CORP.

ARTICLE 1.  
OFFICERS

1.1 BUSINESS OFFICE

The principal business office ("principal office") of the corporation shall be located at any place either within or without the state of Nevada as designated in the corporation's most current Annual Report filed with the Nevada Secretary of State. The corporation may have such other offices, either within or without the State of Nevada, as the Board of Directors may designate or as the business of the corporation may require from time to time. The corporation shall maintain at its principal office a copy of certain records, as specified in Section 2.14 of Article 2.

1.2 REGISTERED OFFICE

The registered office of the corporation shall be located within Nevada and may be, but need not be, identical with the principal office, provided the principal office is located within Nevada. The address of the registered office may be changed from time to time by the Board of Directors.

ARTICLE 2.  
SHAREHOLDERS

2.1 ANNUAL SHAREHOLDER MEETING

The annual meeting of the shareholders shall be held on the 25th day of September, each year, beginning with 2009, at the hour of 1 o'clock p.m., or at such other time on such other day within such month as shall be fixed by the Board of Directors, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the State of Nevada, such meeting shall be held on the next succeeding business day.

If the election of directors shall not be held on the day designated herein for any annual meeting of the shareholders, or at any subsequent continuation after adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the shareholders as soon thereafter as convenient.

2.2 SPECIAL SHAREHOLDER MEETINGS

Special meetings of the shareholders, for any purpose or purposes described in the notice of meeting, may be called by the president, or by the Board of Directors, and shall be called by the president at the request of the holders of not less than one-tenth of all outstanding shares of the corporation entitled to vote on any issue at the meeting.

2.3 PLACE OF SHAREHOLDER MEETINGS

The Board of Directors may designate any place, either within or without the State of Nevada, as the place for any annual or any special meeting of the shareholders, unless by written consent, which may be in the form of waivers of notice or otherwise, all shareholders entitled to vote at the meeting designate a different place, either within or without the State of Nevada, as the place for the holding of such meeting. If no designation is made by either the Board of Directors or unanimous action of the voting shareholders, the place of meeting shall be the principal office of the corporation in the State of Nevada.

2.4 NOTICE OF SHAREHOLDER MEETINGS

(a) Required Notice Written notice stating the place, day and hour of any annual or special shareholder meeting shall be delivered not less than 10 nor more than 60 days before the date of the meeting, either personally or by mail, by or at the direction of the president, the Board of Directors, or other persons calling the meeting, to each shareholder of record entitled to vote at such meeting and to any other shareholder entitled by the laws of the State of Nevada governing corporations (the "Act") or the Articles of Incorporation to receive notice of the meeting. Notice shall be deemed to be effective at the earlier of: (1) When deposited in the United States mail, addressed to the shareholder at his address as it appears on the stock transfer books of the corporation, with postage thereon prepaid; (2) on the date shown on the return receipt if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee; (3) when received; or (4) 5 days after deposit in the United States mail, if mailed postpaid and correctly addressed to an address, provided in writing by the shareholder, which is different from that shown in the corporation's current record of shareholders.

(b) Adjourned Meeting If any shareholder meeting is adjourned to a different date, time, or place, notice need not be given of the new date, time, and place if the new date, time, and place is announced at the meeting before adjournment. But if a new record date for the adjourned meeting is, or must be fixed (see Section 2.5 of this Article 2) then notice must be given pursuant to the requirements of paragraph (a) of this Section 2.4, to those persons who are shareholders as of the new record date.

(c) Waiver of Notice A shareholder may waive notice of the meeting (or any notice required by the Act, Articles of Incorporation, or Bylaws), by a writing signed by the shareholder entitled to the notice, which is delivered to the corporation (either before or after the date and time stated in the notice) for inclusion in the minutes of filing with the corporate records.

A shareholder's attendance at a meeting:

(1) Waives objection to lack of notice or defective notice of the meeting unless the shareholder, at the beginning of the meeting, objects to holding the meeting or transacting business at the meeting; and

(2) Waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the shareholder objects to consideration of the matter when it is presented.

(d) Contents of Notice The notice of each special shareholder meeting shall include a description of the purpose or purposes for which the meeting is called. Except as provided in this Section 2.4(d), or as provided in the corporation's articles, or otherwise in the Act, the notice of an annual shareholder meeting need not include a description of the purpose or purposes for which the meeting is called.

If a purpose of any shareholder meeting is to consider either: (1) a proposed amendment to the Articles of Incorporation (including any restated articles requiring shareholder approval); (2) a plan of merger or share exchange; (3) the sale, lease, exchange or other disposition of all, or substantially all of the corporation's property; (4) the dissolution of the corporation; or (5) the removal of a director, the notice must so state and be accompanied by, respectively, a copy or summary of the: (a) articles of amendment; (b) plan of merger or share exchange; and (c) transaction for disposition of all, or substantially all, of the corporation's property. If the proposed corporate action creates dissenters' rights, as provided in the Act, the dissenters' rights, and must be accompanied by a copy of relevant provisions of the Act. If the corporation issues, or authorizes the issuance of shares for promissory notes or for promises to render services in the future, the corporation shall report in writing to all the shareholders the number of shares authorized or issued, and the consideration received with or before the notice of the next shareholder meeting. Likewise, if the corporation indemnifies or advances expenses to an officer or director, this shall be reported to all the shareholders with or before notice of the next shareholder meeting.

## 2.5 FIXING OF RECORD DATE

For the purpose of determining shareholders of any voting group entitled to notice of or to vote at any meeting of shareholders, or shareholders entitled to receive payment of any distribution or dividend, or in order to make a determination of shareholders for any other proper purpose, the Board of Directors may fix in advance a date as the record date. Such record date shall not be more than 70 days prior to the date on which the particular action requiring such determination of shareholders entitled to notice of, or to vote at a meeting of shareholders, or shareholders entitled to receive a share dividend or distribution. The record date for determination of such shareholders shall be at the close of business on:

- (a) With respect to an annual shareholder meeting or any special shareholder meeting called by the Board of Directors or any person specifically authorized by the Board of Directors or these Bylaws to call a meeting, the day before the first notice is given to shareholders;
- (b) With respect to a special shareholder meeting demanded by the shareholders, the date the first shareholder signs the demand;
- (c) With respect to the payment of a share dividend, the date Board of Directors authorizes the share dividend;
- (d) With respect to actions taken in writing without a meeting (pursuant to Article 2, Section 2.12, the first date any shareholder signs a consent; and
- (e) With respect to a distribution to shareholders, (other than one involving a repurchase or reacquisition of shares), the date the Board of Directors authorizes the distribution.

When a determination of shareholders entitled to vote at any meeting of shareholders has been made, as provided in this section, such determination shall apply to any adjournment thereof unless the Board of Directors fixes a new record date, which it must do if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting.

If no record date has been fixed, the record date shall be the date the written notice of the meeting is given to shareholders.

## 2.6 SHAREHOLDER LIST

The officer or agent having charge of the stock transfer books for shares of the corporation shall, at least ten (10) days before each meeting of shareholders, make a complete record of the shareholders entitled to vote at each meeting of shareholders, arranged in alphabetical order, with the address of and the number of shares held by each. The list must be arranged by class or series of shares. The shareholder list must be available for inspection by any shareholder, beginning two business days after notice of the meeting is given for which the list was prepared and continuing through the meeting. The list shall be available at the corporation's principal office or at a place in the city where the meeting is to be held, as set forth in the notice of meeting. A shareholder, his agent, or attorney is entitled, on written demand, to inspect and, subject to the requirements of Section 2.14 of this Article 2, to copy the list during regular business hours and at his expense, during the period it is available for inspection. The corporation shall maintain the shareholder list in written form or in another form capable of conversion into written form within a reasonable time.

## 2.7 SHAREHOLDER QUORUM AND VOTING REQUIREMENTS

A majority of the outstanding shares of the corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders. If less than a majority of the outstanding shares are represented at a meeting, a majority of the shares so represented may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. The shareholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

Once a share is represented for any purpose at a meeting, it is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting, unless a new record date is or must be set for that adjourned meeting.

If a quorum exists, a majority vote of those shares present and voting at a duly organized meeting shall suffice to defeat or enact any proposal unless the Statutes of the State of Nevada, the Articles of Incorporation or these Bylaws require a greater-than-majority vote, in which event the higher vote shall be required for the action to constitute the action of the corporation.

## 2.8 INCREASING EITHER QUORUM OR VOTING REQUIREMENTS

For purposes of this Section 2.8, a "supermajority" quorum is a requirement that more than a majority of the votes of the voting group be present to constitute a quorum; and a "supermajority" voting requirement is any requirement that requires the vote of more than a majority of the affirmative votes of a voting group at a meeting.

The Shareholders, but only if specifically authorized to do so by the Articles of Incorporation, may adopt, amend, or delete a Bylaw which fixes a "supermajority" quorum or "supermajority" voting requirement.

The adoption or amendment of a Bylaw that adds, changes, or deletes a "supermajority" quorum or voting requirement for shareholders must meet the same quorum requirement and be adopted by the same vote required to take action under the quorum and voting requirement then in effect or proposed to be adopted, whichever is greater.

A Bylaw that fixes a supermajority quorum or voting requirement for shareholders may not be adopted, amended, or repealed by the Board of Directors.

## 2.9 PROXIES

At all meetings of shareholders, a shareholder may vote in person, or vote by written proxy executed in writing by the shareholder or executed by his duly authorized attorney-in-fact. Such proxy shall be filed with the secretary of the corporation or other person authorized to tabulate votes before or at the time of the meeting. No Proxy shall be valid after eleven (11) months from the date of its execution unless otherwise specifically provided in the proxy or coupled with an interest.

## 2.10 VOTING OF SHARES

Unless otherwise provided in the articles, each outstanding share entitled to vote shall be entitled to one vote upon each matter submitted to a vote at a meeting of shareholders.

Shares held by an administrator, executor, guardian or conservator may be voted by him, either in person or by proxy, without the transfer of such shares into his name. Shares standing in the name of a trustee may be voted by him, either in person or by proxy, but no trustee shall be entitled to vote shares held by him without transfer of such shares into his name.

Shares standing in the name of a receiver may be voted by such receiver, and shares held by or under the control of a receiver may be voted by such receiver without the transfer thereof into his name if authority to do so is contained in an appropriate order of the Court by which such receiver was appointed.

A shareholder whose shares are pledged shall be entitled to vote such shares until the shares are transferred into the name of the pledgee, and thereafter, the pledgee shall be entitled to vote the shares so transferred.

Shares of its own stock belonging to the corporation or held by it in a fiduciary capacity shall not be voted, directly or indirectly, at any meeting, and shall not be counted in determining the total number of outstanding shares at any given time.

Redeemable shares are not entitled to vote after notice of redemption is mailed to the holders and a sum sufficient to redeem the shares has been deposited with a bank, trust company, or other financial institution under an irrevocable obligation to pay the holders the redemption price on surrender of the shares

## 2.11 CORPORATION'S ACCEPTANCE OF VOTES

- (a) If the name signed on a vote, consent, waiver, or proxy appointment corresponds to the name of a shareholder, the corporation, if acting in good faith, is entitled to accept the vote, consent, waiver, or proxy appointment and give it effect as the act of the shareholder.
- (b) If the name signed on a vote, consent, waiver, or proxy appointment does not correspond to the name of its shareholder, the corporation, if acting in good faith, is nevertheless entitled to accept the vote, consent, waiver, or proxy appointment and give it effect as the act of the shareholder if:
  - (1) the shareholder is an entity, as defined in the Act, and the name signed purports to be that of an officer or agent of the entity;
  - (2) the name signed purports to be that of an administrator, executor, guardian or conservator representing the shareholder and, if the corporation requests, evidence of fiduciary status acceptable to the corporation has been presented with respect to the vote, consent, waiver, or proxy appointment;
  - (3) the name signed purports to be that of a receiver or trustee in bankruptcy of the shareholder and, if the corporation requests, evidence of this status acceptable to the corporation has been presented with respect to the vote, consent, waiver or proxy appointment;
  - (4) the name signed purports to be that of a pledgee, beneficial owner, or attorney-in-fact of the shareholder and, if the corporation of the signatory's authority to sign for the shareholder has been presented with respect to the vote, consent, waiver, or proxy appointment; or
  - (5) the shares are held in the name of two or more persons as co-tenants or fiduciaries and the name signed purports to be the name of at least one of the co-owners and the person signing appears to be acting on behalf of all the co-owners.
- (c) The corporation is entitled to reject a vote, consent, waiver, or proxy appointment if the secretary or other officer or agent authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the shareholder.
- (d) The corporation and its officer or agent who accepts or rejects a vote, consent, waiver, or proxy appointment in good faith and in accordance with the standards of this Section 2.11 are not liable in damages to the shareholder for the consequences of the acceptance or rejection.
- (e) Corporation action based on the acceptance or rejection of a vote, consent, waiver, or proxy appointment under this section is valid unless a court of competent jurisdiction determines otherwise.

## 2.12 INFORMAL ACTION BY SHAREHOLDERS

Any action required or permitted to be taken at a meeting of the shareholders may be taken without a meeting if one or more written consents, setting forth the action so taken, shall be signed by shareholders holding a majority of the shares entitled to vote with respect to the subject matter thereof, unless a "supermajority" vote is required by these Bylaws, in which case a "supermajority" vote will be required. Such consent shall be delivered to the corporation secretary for inclusion in the minute book. A consent signed under this section has the effect of a vote at a meeting and may be described as such in any document.

## 2.13 VOTING FOR DIRECTORS

Unless otherwise provided in the Articles of Incorporation, directors are elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present.

## 2.14 SHAREHOLDERS' RIGHTS TO INSPECT CORPORATE RECORDS

Shareholders shall have the following rights regarding inspection of corporate records:

- (a) Minutes and Accounting Records - The corporation shall keep, as permanent records, minutes of all meetings of its shareholders and Board of Directors, a record of all actions taken by the shareholders or Board of Directors without a meeting, and a record of all actions taken by a committee of the Board of Directors in place of the Board of Directors on behalf of the corporation. The corporation shall maintain appropriate accounting records.

(b) Absolute Inspection Rights of Records Required at Principal Office - If a shareholder gives the corporation written notice of his demand at least five business days before the date on which he wishes to inspect and copy, he, or his agent or attorney, has the right to inspect and copy, during regular business hours, any of the following records, all of which the corporation is required to keep at its principal office:

- (1) its Articles of Incorporation and all amendments to them currently in effect;
- (2) its Bylaws or restated Bylaws and all amendments to them currently in effect;
- (3) resolutions adopted by its Board of Directors creating one or more classes or series of shares, and fixing their relative rights, preferences and limitations, if shares issued pursuant to those resolutions are outstanding;
- (4) the minutes of all shareholders' meetings, and records of all action taken by shareholders without a meeting, for the past three years;
- (5) all written communications to shareholders within the past three years, including the financial statements furnished for the past three years to the shareholders;
- (6) a list of the names and business addresses of its current directors and officers; and
- (7) its most recent annual report delivered to the Nevada Secretary of State.

(c) Conditional Inspection Right - In addition, if a shareholder gives the corporation a written demand, made in good faith and for a proper purpose, at least five business days before the date on which he wishes to inspect and copy, describes with reasonable particularity his purpose and the records he desires to inspect, and the records are directly connected to his purpose, a shareholder of a corporation, or his duly authorized agent or attorney, is entitled to inspect and copy, during regular business hours at a reasonable location specified by the corporation, any of the following records of the corporation:

- (1) excerpts from minutes of any meeting of the Board of Directors; records of any action of a committee of the Board of Directors on behalf of the corporation; minutes of any meeting of the shareholders; and records of action taken by the shareholders or Board of Directors without a meeting, to the extent not subject to inspection under paragraph (a) of this Section 2.14;
- (2) accounting records of the corporation; and
- (3) the record of shareholders (compiled no earlier than the date of the shareholder's demand).

(d) Copy Costs - The right to copy records includes, if reasonable, the right to receive copies made by photographic, xerographic, or other means. The corporation may impose a reasonable charge, to be paid by the shareholder on terms set by the corporation, covering the costs of labor and material incurred in making copies of any documents provided to the shareholder.

(e) "Shareholder" Includes Beneficial Owner - For purposes of this Section 2.14, the term "shareholder" shall include a beneficial owner whose shares are held in a voting trust or by a nominee on his behalf.

## 2.15 FINANCIAL STATEMENTS SHALL BE FURNISHED TO THE SHAREHOLDERS

(a) The corporation shall furnish its shareholders annual financial statements, which may be consolidated or combined statements of the corporation and one or more of its subsidiaries, as appropriate, that include a balance sheet as of the end of the fiscal year, an income statement for that year, and a statement of changes in shareholders' equity for the year, unless that information appears elsewhere in the financial statements. If financial statements are prepared for the corporation on the basis of generally accepted accounting principles, the annual financial statements for the shareholders must also be prepared on that basis.

(b) If the annual financial statements are reported upon by a public accountant, his report must accompany them. If not, the statements must be accompanied by a statement of the president or the person responsible for the corporation's accounting records:

- (1) stating his reasonable belief that the statements were prepared on the basis of generally accepted accounting principles and, if not, describing the basis of preparation; and
- (2) describing any respects in which the statements were not prepared on a basis of accounting consistent with statements prepared for the preceding year.

(c) Conditional Inspection Right - In addition, if a shareholder gives the corporation a written demand, made in good faith and for a proper purpose, at least five business days before the date on which he wishes to inspect and copy, describes with reasonable particularity his purpose and the records he desires to inspect, and the records are directly connected to his purpose, a shareholder of a corporation, or his duly authorized agent or attorney, is entitled to inspect and copy, during regular business hours at a reasonable location specified by the corporation, any of the following records of the corporation:

- (1) excerpts from minutes of any meeting of the Board of Directors; records of any action of a committee of the Board of Directors on behalf of the corporation; minutes of any meeting of the describing any respects in which the statements were not prepared on a basis of accounting consistent with statements prepared for the preceding year.

(d) A corporation shall mail the annual financial statements to each shareholder within 120 days after the close of each fiscal year.

Thereafter, on written request from a shareholder who was not mailed the statements, the corporation shall mail him the latest financial statements.

## 2.16 DISSENTERS' RIGHTS

Each shareholder shall have the right to dissent from and obtain payment for his shares when so authorized by the Act, Articles of Incorporation, the Bylaws, or a resolution of the Board of Directors.

## 2.17 ORDER OF BUSINESS

The following order of business shall be observed at all meetings of the shareholders, as applicable and so far as practicable:

- (a) Calling the roll of officers and directors present and determining shareholder quorum requirements;

- (b) Reading, correcting, and approving of minutes of previous meeting;
- (c) Reports of officers;
- (d) Reports of Committees;
- (e) Election of Directors;
- (f) Unfinished business;
- (g) New business; and
- (h) Adjournment.

### ARTICLE 3. BOARD OF DIRECTORS

#### 3.1 GENERAL POWERS

Unless the Articles of Incorporation have dispensed with or limited the authority of the Board of Directors by describing who will perform some or all of the duties of a Board of Directors, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation shall be managed under the direction of the Board of Directors.

#### 3.2 NUMBER, TENURE AND QUALIFICATIONS OF DIRECTORS

Unless otherwise provided in the Articles of Incorporation, the authorized number of directors shall be not less than 1 (minimum number) nor more than 9 (maximum number). The initial number of directors was established in the original Articles of Incorporation. The number of directors shall always be within the limits specified above, and as determined by resolution adopted by the Board of Directors. After any shares of this corporation are issued, neither the maximum nor minimum number of directors can be changed, nor can a fixed number be substituted for the maximum and minimum numbers, except by a duly adopted amendment to the Articles of Incorporation duly approved by a majority of the outstanding shares entitled to vote. Each director shall hold office until the next annual meeting of shareholders or until his successor shall have been elected and qualified, or until there is a decrease in the number of directors. Unless required by the Articles of Incorporation, directors do not need to be residents of Nevada or shareholders of the corporation.

#### 3.3 REGULAR MEETINGS OF THE BOARD OF DIRECTORS

A regular meeting of the Board of Directors shall be held without other notice than this Bylaw immediately after, and at the same place as, the annual meeting of shareholders. The Board of Directors may provide, by resolution, the time and place for the holding of additional regular meetings without other notice than such resolution. (If permitted by Section 3.7, any regular meeting may be held by telephone).

#### 3.4 SPECIAL MEETING OF THE BOARD OF DIRECTORS

Special meetings of the Board of Directors may be called by or at the request of the president or any one director. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the State of Nevada, as the place for holding any special meeting of the Board of Directors or, if for holding any special meeting of the Board of Directors or, if permitted by Section 3.7, any special meeting may be held by telephone.

#### 3.5 NOTICE OF, AND WAIVER OF NOTICE OF, SPECIAL MEETINGS OF THE BOARD OF DIRECTORS

Unless the Articles of Incorporation provide for a longer or shorter period, notice of any special meeting of the Board of Directors shall be given at least two days prior thereto, either orally or in writing. If mailed, notice of any director meeting shall be deemed to be effective at the earlier of: (1) when received; (2) five days after deposited in the United States mail, addressed to the director's business office, with postage thereon prepaid; or (3) the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the director. Notice may also be given by facsimile and, in such event, notice shall be deemed effective upon transmittal thereof to a facsimile number of a compatible facsimile machine at the director's business office. Any director may waive notice of any meeting. Except as otherwise provided herein, the waiver must be in writing, signed by the director entitled to the notice, and filed with the minutes or corporate records. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business and at the beginning of the meeting, or promptly upon his arrival, objects to holding the meeting or transacting business at the meeting, and does not thereafter vote for or assent to action taken at the meeting. Unless required by the Articles of Incorporation or the Act, neither the business to be transacted at, nor the purpose of, any special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

#### 3.6 DIRECTOR QUORUM

A majority of the number of directors fixed, pursuant to Section 3.2 of this Article 3, shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, unless the Articles of Incorporation or the Act require a greater number for a quorum.

Any amendment to this quorum requirement is subject to the provisions of Section 3.8 of this Article 3.

Once a quorum has been established at a duly organized meeting, the Board of Directors may continue to transact corporate business until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum.

#### 3.7 ACTIONS BY DIRECTORS

The act of the majority of the directors present at a meeting at which a quorum is present when the vote is taken shall be the act of the Board of Directors, unless the Articles of Incorporation or the Act require a greater percentage. Any amendment which changes the number of directors needed to take action is subject to the provisions of Section 3.8 of this Article 3.

Unless the Articles of Incorporation provide otherwise, any or all directors may participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all directors participating may simultaneously hear each other during the meeting. Minutes of any such meeting shall be prepared and entered into the records of the corporation. A director participating in a meeting by this means is deemed to be present in person at the meeting.

A director who is present at a meeting of the Board of Directors or a committee of the Board of Directors when corporate action is taken is deemed to have assented to the action taken unless: (1) he objects at the beginning of the meeting, or promptly upon his arrival, to holding it or transacting business at the meeting; or (2) his dissent or abstention from the action taken is entered in the minutes of the meeting; or (3) he delivers written notice of his dissent or abstention to the presiding officer of the meeting before its adjournment or to the corporation within 24 hours after adjournment of the meeting. The right of dissent or abstention is not available to a director who votes in favor of the action taken.

### 3.8 ESTABLISHING A "SUPERMAJORITY" QUORUM OR VOTING REQUIREMENT FOR THE BOARD OF DIRECTORS

For purposes of this Section 3.8, a "supermajority" quorum is a requirement that more than a majority of the directors in office constitute a quorum; and a "supermajority" voting requirement is one which requires the vote of more than a majority of those directors present at a meeting at which a quorum is present to be the act of the directors.

A Bylaw that fixes a supermajority quorum or supermajority voting requirement may be amended or repealed:

- (1) if originally adopted by the shareholders, only by the shareholders (unless otherwise provided by the shareholders); or
- (2) if originally adopted by the Board of Directors, either by the shareholders or by the Board of Directors.

A Bylaw adopted or amended by the shareholders that fixes a supermajority quorum or supermajority voting requirement for the Board of Directors may provide that it may be amended or repealed only by a specified vote of either the shareholders or the Board of Directors.

Subject to the provisions of the preceding paragraph, action by the Board of Directors to adopt, amend, or repeal a Bylaw that changes the quorum or voting requirements for the Board of Directors must meet the same quorum requirement and be adopted by the same vote required to take action under the quorum and voting requirement then in effect or proposed to be adopted, whichever is greater.

### 3.9 DIRECTOR ACTION WITHOUT A MEETING

Unless the Articles of Incorporation provide otherwise, any action required or permitted to be taken by the Board of Directors at a meeting may be taken without a meeting if all the directors sign a written consent describing the action taken. Such consents shall be filed with the records of the corporation. Action taken by consent is effective when the last director signs the consent, unless the consent specifies a different effective date. A signed consent has the effect of a vote at a duly noticed and conducted meeting of the Board of Directors and may be described as such in any document.

### 3.10 REMOVAL OF DIRECTORS

The shareholders may remove one or more directors at a meeting called for that purpose if notice has been given that a purpose of the meeting is such removal. The removal may be with or without cause unless the Articles of Incorporation provide that directors may only be removed for cause. If cumulative voting is not authorized, a director may be removed only if the number of votes cast in favor of removal exceeds the number of votes cast against removal.

### 3.11 BOARD OF DIRECTOR VACANCIES

Unless the Articles of Incorporation provide otherwise, if a vacancy occurs on the Board of Directors, excluding a vacancy resulting from an increase in the number of directors, the director(s) remaining in office shall fill the vacancy. If the directors remaining in office constitute fewer than a quorum of the Board of Directors, they may fill the vacancy by the affirmative vote of a majority of all the directors remaining in office.

If a vacancy results from an increase in the number of directors, only the shareholders may fill the vacancy.

A vacancy that will occur at a specific later date (by reason of a resignation effective at a later date) may be filled by the Board of Directors before the vacancy occurs, but the new director may not take office until the vacancy occurs.

The term of a director elected to fill a vacancy expires at the next shareholders' meeting at which directors are elected. However, if his term expires, he shall continue to serve until his successor is elected and qualifies or until there is a decrease in the number of directors.

### 3.12 DIRECTOR COMPENSATION

Unless otherwise provided in the Articles of Incorporation, by resolution of the Board of Directors, each director may be paid his expenses, if any, of attendance at each meeting of the Board of Directors, and may be paid a stated salary as director or a fixed sum for attendance at each meeting of the Board of Directors, or both. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

### 3.13 DIRECTOR COMMITTEES

- (a) **Creation of Committees** Unless the Articles of Incorporation provide otherwise, the Board of Directors may create one or more committees and appoint members of the Board of Directors to serve on them. Each committee must have two or more members, who serve at the pleasure of the Board of Directors.
- (b) **Selection of Members** The creation of a committee and appointment of members to it must be approved by the greater of (1) a majority of all
- (c) **Required Procedures** Sections 3.4, 3.5, 3.6, 3.7, 3.8 and 3.9 of this Article 3 apply to committees and their members.
- (d) **Authority** Unless limited by the Articles of Incorporation or the Act, each committee may exercise those aspects of the authority of the Board of Directors which the Board of Directors confers upon such committee in the resolution creating the committee. Provided, however, a committee may not:
  - (1) authorizes distributions to shareholders;
  - (2) approve or propose to shareholders any action that the Act requires be approved by shareholders;

- (3) fill vacancies on the Board of Directors or on any of its committees;
- (4) amend the Articles of Incorporation;
- (5) adopt, amend, or repeal Bylaws;
- (6) approve a plan of merger not requiring shareholder approval;
- (7) authorize or approve reacquisition of shares, except according to a formula or method prescribed by the Board of Directors; or
- (8) authorize or approve the issuance or sale, or contract for sale of shares, or determine the designation and relative rights, preferences, and limitations of a class or series of shares; except that the Board of Directors may authorize a committee to do so within limits specifically prescribed by the Board of Directors.

## ARTICLE 4. OFFICERS

### 4.1 DESIGNATION OF OFFICERS

The officers of the corporation shall be a president, a secretary, and a treasurer, each of whom shall be appointed by the Board of Directors. Such other officers and assistant officers as may be deemed necessary, including any vice-presidents, may be appointed by the Board of Directors. The same individual may simultaneously hold more than one office in the corporation.

### 4.2 APPOINTMENT AND TERM OF OFFICE

The officers of the corporation shall be appointed by the Board of Directors for a term as determined by the Board of Directors. If no term is specified, they shall hold office until the first meeting of the directors held after the next annual meeting of shareholders. If the appointment of officers is not made at such meeting, such appointment shall be made as soon thereafter as is convenient. Each officer shall hold office until his successor has been duly appointed and qualified, until his death, or until he resigns or has been removed in the manner provided in Section 4.3 of this Article 4.

The designation of a specified term does not grant to the officer any contract rights, and the Board of Directors can remove the officer at any time prior to the termination of such term.

Appointment of an officer shall not of itself create any contract rights.

### 4.3 REMOVAL OF OFFICERS

Any officer may be removed by the Board of Directors at any time, with or without cause. Such removal shall be without prejudice to the contract rights, if any, of the person so removed.

### 4.4 PRESIDENT

The president shall be the principal executive officer of the corporation and, subject to the control of the Board of Directors, shall generally supervise and control all of the business and affairs of the corporation. He shall, when present, preside at all meetings of the shareholders. He may sign, with the secretary or any other proper officer of the corporation thereunto duly authorized by the Board of Directors, certificates for shares of the corporation and deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed. The president shall generally, perform all duties incident to the office of president and such other duties as may be prescribed by the Board of Directors from time to time.

### 4.5 VICE-PRESIDENT

If appointed, in the absence of the president or in the event of the president's death, inability or refusal to act, the vice-president (or in the event there be more than one vice-president, the vice-presidents in the order designated at the time of their election, or in the absence of any designation, then in the order of their appointment) shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president. If there is no vice-president, then the treasurer shall perform such duties of the president. Any vice-president may sign, with the secretary or an assistant secretary, certificates for shares of the corporation the issuance of which have been authorized by resolution of the Board of Directors. A vice-president shall perform such other duties as from time to time may be assigned to him by the president or by the Board of Directors.

### 4.6 SECRETARY

The secretary shall (a) keep the minutes of the proceedings of the shareholders and of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of any seal of the corporation and, if there is a seal of the corporation, see that it is affixed to all documents, the execution of which on behalf of the corporation under its seal is duly authorized; (d) when requested or required, authenticate any records of the corporation; (e) keep a register of the post office address of each shareholder, as provided to the secretary by the shareholders; (f) sign with the president, or vice-president, certificates for shares of the corporation, the issuance of which has been authorized by resolution of the Board of Directors; (g) have general charge of the stock transfer books of the corporation; and (h) generally perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the president or by the Board of Directors.

#### 4.7 TREASURER

The treasurer shall (a) have charge and custody of and be responsible for all funds and securities of the corporation; (b) receive and give receipts for moneys due and payable to the corporation; (b) receive and give receipts for moneys due and payable to the corporation from any source whatsoever, and deposit all such moneys in the name of the corporation in such banks, trust companies, or other depositories as may be selected by the Board of Directors; and (c) generally perform all of the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the president or by the Board of Directors.

If required by the Board of Directors, the treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine.

#### 4.8 ASSISTANT SECRETARIES AND ASSISTANT TREASURERS

The assistant secretaries, when authorized by the Board of Directors, may sign with the president, or a vice-president, certificates for shares of the corporation, the issuance of which has been authorized by a resolution of the Board of Directors. The assistant treasurers shall respectively, if required by the Board of Directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine.

The assistant secretaries and assistant treasurers, generally, shall perform such duties as may be assigned to them by the secretary or the treasurer, respectively, or by the president or the Board of Directors.

#### 4.3 SALARIES

The salaries of the officers, if any, shall be fixed from time to time by the Board of Directors.

### ARTICLE 5. INDEMNIFICATION OF DIRECTORS, OFFICERS, AGENTS, AND EMPLOYEES

#### 5.1 INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS

Unless otherwise provided in the Articles of Incorporation, the corporation shall indemnify any individual made a party to a proceeding because he is or was an officer, director, employee or agent of the corporation against liability incurred in the proceeding, all pursuant to and consistent with the provisions of NRS 78.751, as amended from time to time.

#### 5.2 ADVANCE EXPENSES FOR OFFICERS AND DIRECTORS

The expenses of officers and directors incurred in defending a civil or criminal action, suit or proceeding shall be paid by the corporation as they are incurred and in advance of the final deposition of the action, suit or proceeding, but only after receipt by the corporation of an undertaking by or on behalf of the officer or director on terms set by the Board of Directors, to repay the expenses advanced if it is ultimately determined by a court of competent jurisdiction that he is not entitled to be indemnified by the corporation.

#### 5.3 SCOPE OF INDEMNIFICATION

The indemnification permitted herein is intended to be to the fullest extent permissible under the laws of the State of Nevada, and any amendments thereto.

### ARTICLE 6. CERTIFICATES FOR SHARES AND THEIR TRANSFER

#### 6.1 CERTIFICATES FOR SHARES

##### (a) Content

Certificates representing shares of the corporation shall at minimum, state on their face the name of the issuing corporation; that the corporation is formed under the laws of the State of Nevada; the name of the person to whom issued; the certificate number; class and par value of shares; and the designation of the series, if any, the certificate represents. The form of the certificate shall be as determined by the Board of Directors. Such certificates shall be signed (either manually or by facsimile) by the president or a vice-president and by the secretary of an assistant secretary and may be sealed with a corporate seal or a facsimile thereof. Each certificate for shares shall be consecutively numbered or otherwise identified.

##### (b) Legend as to Class or Series

If the corporation is authorized to issue different classes of shares or different series within a class, the designations, relative rights, preferences, and limitations applicable to each class and the variations in rights, preferences, and limitations determined for each series (and the authority of the Board of Directors to determine variations for future series) must be summarized on the front or back of the certificate indicating that the corporation will furnish the shareholder this information on request in writing and without charge.

##### (c) Shareholder List

The name and address of the person to whom the shares are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the corporation.

##### (d) Transferring Shares



All certificates surrendered to the corporation for transfer shall be canceled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered

and canceled, except that in case of a lost, destroyed, or mutilated certificate, a new one may be issued therefore upon such terms as the Board of Directors may prescribe, including indemnification of the corporation and bond requirements.

## 6.2 REGISTRATION OF THE TRANSFER OF SHARES

Registration of the transfer of shares of the corporation shall be made only on the stock transfer books of the corporation. In order to register a transfer, the record owner shall surrender the share certificate to the corporation for cancellation, properly endorsed by the appropriate person or persons with reasonable assurances that the endorsements are genuine and effective. Unless the corporation has established a procedure by which a beneficial owner of shares held by a nominee is to be recognized by the corporation as the owner, the person in whose name shares stand on the books of the corporation shall be deemed by the corporation to be the owner thereof for all purposes.

## 6.3 RESTRICTIONS ON TRANSFER OF SHARES PERMITTED

The Board of Directors may impose restrictions on the transfer or registration of transfer of shares, including any security convertible into, or carrying a right to subscribe for or acquire shares. A restriction does not affect shares issued before the restriction as adopted unless the holders of the shares are parties to the restriction agreement or voted in favor of the restriction.

A restriction on the transfer or registration of transfer of shares may be authorized:

- (1) to maintain the corporation's status when it is dependent on the number or identity of its shareholders;
- (2) to preserve exemptions under federal or state securities law; or
- (3) for any other reasonable purpose.

A restriction on the transfer or registration of transfer of shares may:

- (1) obligate the shareholder first to offer the corporation or other persons (separately, consecutively, or simultaneously) an opportunity to acquire the restricted shares;
- (2) obligate the corporation or other persons (separately, consecutively, or simultaneously) to acquire the restricted shares;
- (3) require the corporation, the holders of any class of its shares, or another person to approve the transfer of the restricted shares, if the requirement is not manifestly unreasonable; or
- (4) prohibit the transfer of the restricted shares to designated persons or classes of persons, if the prohibition is not manifestly unreasonable.

A restriction on the transfer or registration of transfer of shares is valid and enforceable against the holder or a transferee of the holder if the restriction is authorized by this Section 6.3 and its existence is noted conspicuously on the front or back of the certificate. Unless so noted, a restriction is not enforceable against a person without knowledge of the restriction.

## 6.4 ACQUISITION OF SHARES

The corporation may acquire its own shares and unless otherwise provided in the Articles of Incorporation, the shares so acquired constitute authorized but unissued shares.

- (1) to maintain the corporation's status when it is dependent on the number or identity of its shareholders;
- (2) to preserve exemptions under federal or state securities law; or
- (3) for any other reasonable purpose.

A restriction on the transfer or registration of transfer of shares may:

- (1) obligate the shareholder first to offer the corporation or other persons (separately, consecutively, or simultaneously) an opportunity to acquire the restricted shares;
- (2) obligate the corporation or other persons (separately, consecutively, or simultaneously) to acquire the restricted shares;
- (3) require the corporation, the holders of any class of its shares, or another person to approve the transfer of the restricted shares, if the requirement is not manifestly unreasonable; or
- (4) prohibit the transfer of the restricted shares to designated persons or classes of persons, if the prohibition is not manifestly unreasonable.

If the Articles of Incorporation prohibit the reissue of shares acquired by the corporation, the number of authorized shares is reduced by the number of shares acquired, effective upon amendment of the Articles of Incorporation, which amendment shall be adopted by the shareholders, or the Board of Directors without shareholder action (if permitted by the Act). The amendment must be delivered to the Secretary of State and must set forth:

- (1) the name of the corporation;
- (2) the reduction in the number of authorized shares, itemized by class and series; and
- (3) the total number of authorized shares, itemized by class and series, remaining after reduction of the shares.

ARTICLE 7.  
DISTRIBUTIONS

7.1 DISTRIBUTIONS

The Board of Directors may authorize, and the corporation may make distributions (including dividends on its outstanding shares) in the manner and upon the terms and conditions provided by law.

ARTICLE 8.  
CORPORATE SEAL

8.1 CORPORATE SEAL

The Board of Directors may adopt a corporate seal which may be circular in form and have inscribed thereon any designation, including the name of the corporation, Nevada as the state of incorporation, and the words "Corporate Seal."

ARTICLE 9.  
EMERGENCY BYLAWS

9.1 EMERGENCY BYLAWS

Unless the Articles of Incorporation provide otherwise, the following provisions shall be effective during an emergency, which is defined as a time when a quorum of the corporation's directors cannot be readily assembled because of some catastrophic event. During such emergency:

(a) Notice of Board Meetings

Any one member of the Board of Directors or any one of the following officers: president, any vice-president, secretary, or treasurer, may call a meeting of the Board of Directors. Notice of such meeting need be given only to those directors whom it is practicable to reach, any may be given in any practical manner, including by publication and radio. Such notice shall be given at least six hours prior to commencement of the meeting.

(b) Temporary Directors and Quorum

One or more officers of the corporation present at the emergency board meeting, as is necessary to achieve a quorum, shall be considered to be directors for the meeting, and shall so serve in order of rank, and within the same rank, in order of seniority. In the event that less than a quorum (as determined by Section 3.6 of Article 3) of the directors are present (including any officers who are to serve as directors for the meeting), those directors present (including the officers serving as directors) shall constitute a quorum.

(c) Actions Permitted To Be Taken

The Board of Directors, as constituted in paragraph (b), and after notice as set forth in paragraph (a), may:

- (1) Officers' Powers Prescribe emergency powers to any officer of the corporation;
- (2) Delegation of Any Power Delegate to any officer or director, any of the powers of the Board of Directors;
- (3) Lines of Succession Designate lines of succession of officers and agents, in the event that any of them are unable to discharge their duties;
- (4) Relocate Principal Place of Business Relocate the principal place of business, or designate successive or simultaneous principal places of business;
- (5) All Other Action Take any other action which is convenient, helpful, or necessary to carry on the business of the corporation.

ARTICLE 10.  
AMENDMENT

10.1 AMENDMENTS

The Board of Directors may amend or repeal the corporation's Bylaws unless:

- (1) the Articles of Incorporation or the Act reserve this power exclusively to the shareholders, in whole or part; or
- (2) the shareholders, in adopting, amending, or repealing a particular Bylaw, provide expressly that the Board of Directors may not amend or repeal that Bylaw; or
- (3) the Bylaw either establishes, amends or deletes a "supermajority" shareholder quorum or voting requirement, as defined in Section 2.8 of Article 2.

Any amendment which changes the voting or quorum requirement for the Board of Directors must comply with Section 3.8 of Article 3, and for the shareholders, must comply Section 2.8 of Article 2.

The corporation's shareholders may also amend or repeal the corporation's Bylaws at any meeting held pursuant to Article 2.

CERTIFICATE OF THE SECRETARY

I hereby certify that I am the Secretary of Ares Ventures Corp. and that the forgoing Bylaws, consisting of twenty-nine (29) pages, constitutes the code of Ares Ventures Corp. as duly adopted by the Board of Directors of the Corporation on this 25th day of September, 2008.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 25th day of September, 2008.

/s/ Shane Ellis  
Secretary

AMENDMENT NO. 1 TO  
BYLAWS OF  
COMMERCETEL CORPORATION  
(FORMERLY, ARES VENTURES CORP.)

1. **Amendment and Restatement of Article 3, Section 3.11.** Article 3, Section 3.11 of the Bylaws of CommerceTel Corporation (the "Corporation") hereby is amended and restated in its entirety as follows:

3.11 BOARD OF DIRECTOR VACANCIES

Unless the Articles of Incorporation provide otherwise, if a vacancy occurs on the Board of Directors, for any reason, the director(s) remaining in office shall fill the vacancy. If the directors remaining in office constitute fewer than a quorum of the Board of Directors, they may fill the vacancy by the affirmative vote of a majority of all the directors remaining in office.

A vacancy that will occur at a specific later date (by reason of a resignation effective at a later date) may be filled by the Board of Directors before the vacancy occurs, but the new director may not take office until the vacancy occurs.

The term of a director elected to fill a vacancy expires at the next shareholders' meeting at which directors are elected. However, if his term expires, he shall continue to serve until his successor is elected and qualifies or until there is a decrease in the number of directors.

\* \* \* \* \*

The foregoing Amendment No. 1 to the Corporation's Bylaws was approved by the Corporation's Board of Directors in accordance with Article 10, Section 10.1 of the Bylaws on November 25, 2011.

/s/ Dennis Becker  
\_\_\_\_\_  
Dennis Becker,  
Chairman and Chief Executive Officer

## CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

## Pursuant to Rule 13a-14(a) adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Dennis Becker, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Mobivity Holdings Corp. for the quarter ended June 30, 2022;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's first fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2022

By: /s/ Dennis Becker  
Dennis Becker  
Chairman and Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER**  
**Pursuant to Rule 13a-14(a) adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Lisa Brennan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Mobivity Holdings Corp. for the quarter ended September 30, 2022;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's first fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2022

By: /s/ Lisa Brennan  
Lisa Brennan  
Chief Financial Officer

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Mobivity Holdings Corp., a Nevada corporation (the “Company”), for the period ended September 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), we, Dennis Becker, Chief Executive Officer of the Company, and Lisa Brennan, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Dated: November 14, 2022

/s/ Dennis Becker  
Dennis Becker  
Chairman and Chief Executive Officer  
(Principal Executive Officer)

/s/ Lisa Brennan  
Lisa Brennan  
Chief Financial Officer  
(Principal Financial and Accounting  
Officer)