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 June 30, 2024

☐ 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	**26-3439095**
(State or Other Jurisdiction of Incorporation or Organization)	(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	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging Company	☐

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

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 August 14 2024, the registrant had 70,466,103 shares of common stock, par value $0.001 per share, issued and outstanding.

MOBIVITY HOLDINGS CORP.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Mobivity Holdings Corp.
Condensed Consolidated Balance Sheets

	June 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
ASSETS		
Current assets		
Cash	$ 282,828	$ 416,395
Accounts receivable, net of allowance for doubtful accounts $85,215 and $16,107, respectively	832,842	876,465
Other current assets	268,248	135,916
Total current assets	1,383,918	1,428,776
Right to use lease assets	658,447	770,623
Intangible assets and software development costs, net	61,168	65,916
Other assets	54,725	69,036
TOTAL ASSETS	**$ 2,158,258**	**$ 2,334,351**
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable	$ 2,879,525	$ 3,372,141
Accrued interest	195,196	21,474
Accrued and deferred personnel compensation	222,372	272,247
Deferred revenue and customer deposits	87,139	155,472
Related party notes payable, net - current maturities	3,072,500	3,072,500
Notes payable, net - current maturities	—	7,154
Operating lease liability, current	288,905	276,072
Other current liabilities	68,101	248,434
Total current liabilities	6,813,738	7,425,494
Non-current liabilities		
Related party notes payable, net - long term	7,638,676	4,413,987
Notes payable, net - long term	221,877	265,959
Operating lease liability	512,587	660,852
Total non-current liabilities	8,373,140	5,340,798
Total liabilities	15,186,878	12,766,292
Stockholders' deficit		
Common stock, $0.001 par value; 100,000,000 shares authorized; 67,949,709 and 65,797,567, shares issued and outstanding	67,950	67,950
Equity payable	1,455,943	989,947
Additional paid-in capital	120,116,959	118,624,601
Accumulated other comprehensive loss	61,498	(153,831)
Accumulated deficit	(134,730,970)	(129,960,608)
Total stockholders' deficit	(13,028,620)	(10,431,941)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	**$ 2,158,258**	**$ 2,334,351**

See accompanying notes to consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenues				
Revenues	$ 1,473,040	$ 1,861,171	$ 3,073,947	$ 3,742,653
Cost of revenues	979,081	1,371,206	$ 1,943,492	2,437,781
Gross profit	493,959	489,965	1,130,455	1,304,872
Operating expenses				
Bad Debt Expense	72,974	—	122,084	—
General and administrative	570,016	1,071,153	1,217,765	2,615,259
Sales and marketing	851,944	602,911	1,615,043	1,294,131
Engineering, research, and development	1,009,405	804,343	2,032,778	1,538,718
Depreciation and amortization	3,266	36,582	13,175	100,484
Total operating expenses	2,507,605	2,514,989	5,000,845	5,548,592
Loss from operations	**(2,013,646)**	**(2,025,024)**	**(3,870,390)**	**(4,243,720)**
Other income/(expense)				
Loss of settlement of debt	—	—	—	(10,857)
Interest expense	(502,467)	(244,443)	(899,941)	(482,889)
Settlement Losses	—	(2,500)	—	(12,500)
Foreign currency gain	(7)	(115)	(31)	(291)
Total other income/(expense)	**(502,474)**	**(247,058)**	**(899,972)**	**(506,537)**
Loss before income taxes	**(2,516,120)**	**(2,272,082)**	**(4,770,362)**	**(4,750,257)**
Income tax expense	—	—	—	—
Net loss	**(2,516,120)**	**(2,272,082)**	**(4,770,362)**	**(4,750,257)**
Other comprehensive loss, net of income tax				
Foreign currency translation adjustments	(2,600)	(137)	215,329	31,365
Comprehensive loss	**$ (2,518,720)**	**$ (2,272,219)**	**$ (4,555,033)**	**$ (4,718,892)**
Basic and Diluted	**$ (0.04)**	**$ (0.03)**	**$ (0.07)**	**$ (0.07)**
Weighted average number of shares:				
Basic and Diluted	**69,328,080**	**65,670,815**	**69,333,590**	**63,884,441**

See accompanying notes to consolidated financial statements (unaudited).

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

	Common Stock		Equity	Additional Paid-in	Accumulated Other Comprehensive	Accumulated	Total Stockholders' Equity
	Shares	**Dollars**	**Payable**	**Capital**	**Loss**	**Deficit**	**(Deficit)**
Balance, December 31, 2022	**61,311,155**	**$ 61,311**	**$ 324,799**	**$ 108,806,353**	**$ (100,963)**	**$ (117,896,409)**	**$ (8,804,909)**
Issuance of common stock for warrant exercise	3,587,487	3,587	—	3,583,900	—	—	3,587,487
Issuance of common stock for settlement of interest payable on related party debt	163,757	164	(7,713)	223,773	—	—	216,224
RSU's issued - termintaiton of director's service	545,012	545		(545)			—
Stock based compensation	—	—	—	810,157	—	—	810,157
Foreign currency translation adjustment	—	—	—	—	31,502	—	31,502
Net loss	—	—	—	—	—	(2,478,175)	(2,478,175)
Balance, March 31, 2023	**65,607,411**	**$ 65,607**	**$ 317,086**	**$ 113,423,638**	**$ (69,461)**	**$ (120,374,584)**	**$ (6,637,714)**
Issuance of common stock for PIPE financing	—	—	—	—	—	—	—
Fair market value of options issued with related party debt	190,156	191	(9,768)	216,033	—	—	206,456
Stock based compensation	—	—	—	228,577	—	—	$ 228,577
Foreign currency translation adjustment	—	—	—	—	(137)	—	(137)
Net loss	—	—	—	—	—	(2,272,082)	(2,272,082)
Balance, June 30, 2023	**65,797,567**	**65,798**	**307,318**	**113,868,248**	**(69,598)**	**(122,646,666)**	**(8,474,900)**

	Common Stock		Equity	Additional Paid-in	Accumulated Other Comprehensive	Accumulated	Total Stockholders' Equity
	Shares	**Dollars**	**Payable**	**Capital**	**Loss**	**Deficit**	**(Deficit)**
Balance, December 31, 2023	**67,949,709**	**$ 67,950**	**$ 989,947**	**$ 118,624,601**	**$ (153,831)**	**$ (129,960,608)**	**$ (10,431,941)**
Fair value of options issued with related party debt		—	—	466,594	—	—	466,594
Stock based compensation - Employees	—	—	—	112,660	—	—	112,660
Stock Based Compensation - Directors				81,250	—	—	81,250
Foreign currency translation adjustment	—	—	—	—	217,929	—	217,929
Net loss	—	—	—	—	—	$ (2,254,242)	(2,254,242)
Balance, March 31, 2024	**67,949,709**	**$ 67,950**	**$ 989,947**	**$ 119,285,105**	**$ 64,098**	**$ (132,214,850)**	**$ (11,807,750)**
Fair value of options issued with related party debt		—	—	619,191	—	—	619,191
Issuance of common stock for settlement of interest payable on related party debt	—	—	465,996		—	—	465,996
Stock based compensation - Employees	—	—	—	131,414	—	—	131,414
Stock based compensation -Directors				81,249			81,249
Foreign currency translation adjustment	—	—	—	—	(2,600)	—	(2,600)
Net loss	—	—	—	—	—	$ (2,516,120)	(2,516,120)
Balance, June 30, 2024	**67,949,709**	**$ 67,950**	**$ 1,455,943**	**$ 120,116,959**	**$ 61,498**	**$ (134,730,970)**	**$ (13,028,620)**

See accompanying notes to consolidated financial statements (unaudited).

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

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
OPERATING ACTIVITIES		
Net loss	$ (4,770,362)	$ (4,750,257)
Adjustments to reconcile net loss to net cash used in operating activities:		
Loss on Settlement of Debt - related party	—	10,857
Bad debt expense	122,084	—
Stock-based compensation	406,573	1,038,734
Intangible Asset Impariment	—	—
Depreciation and amortization expense	32,676	120,403
Amortization of Debt Discount	215,938	63,134
Increase (decrease) in cash resulting from changes in:		
Accounts receivable	(78,461)	538,472
Other current assets	—	638
Operating lease assets/liabilities	—	(19,918)
Other assets	—	(276)
Accounts payable	(492,616)	69,073
Prepaid Expenses	(132,332)	(228,732)
Accrued interest	639,718	410,644
Accrued and deferred personnel compensation	(49,632)	(272,193)
Other liabilities - current	(180,333)	(34,379)
Lease Operating Assets	(23,256)	—
Deferred revenue and customer deposits	(68,333)	(432,977)
Net cash used in operating activities	**$ (4,378,336)**	**$ (3,486,777)**
INVESTING ACTIVITIES		
Cash paid for patent activities	(9,388)	—
Purchases of equipment	(4,559)	(14,111)
Net cash used in investing activities	**(13,947)**	**(14,111)**
FINANCING ACTIVITIES		
Payments on notes payable	(7,035)	(16,684)
Proceeds from Related Party Debt	4,050,000	—
Proceeds from conversion of common stock warrants	—	3,587,487
Net cash provided by (used in) financing activities	**4,042,965**	**3,570,803**
Effect of foreign currency translation on cash flow	215,751	32,816
Net Change in cash	**(133,567)**	**102,731**
Cash at beginning of period	**$ 416,395**	**$ 426,740**
Cash at end of period	**282,828**	**529,471**
Supplemental disclosure		
Cash paid during period for:		
Interest Paid	$ —	$ —
Debt Discount on Related Party Debt	$ 1,091,485	$ —
Interest issued as stocks payable	$ 465,996	—
Shares issued for settlement of debt - related party	$ —	$ 411,823
Shares issued for stock payable for settlement of debt - related party	$ —	$ 223,937
RSU’s issued upon termination	$ —	$ 545

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, 2024 filed with the SEC on April 16, 2024.

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 June 30, 2024, and for the three and six months ended June 30, 2024 and 2023. The results of operations for the three and six months ended June 30, 2024 are not necessarily indicative of the operating results for the full year ending December 31, 2024.

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. 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

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 June 30, 2024, and December 31, 2023 we recorded an allowance for doubtful accounts of $85,215 and $16,107, 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, 2023. As a result of these tests, we had a total impairment charge of $0.

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 goodwill and intangible assets resulted in no impairment charges for the six months ended June 30, 2024 and 2023, 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 no impairment charges for the three months ended June 30, 2024 and 2023, respectively.

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 ASC 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 six months ended June 30, 2024 and 2023, two customers accounted for 58% and 51% of our revenues, respectively.

Comprehensive 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 three months ended June 30, 2024 and 2023, the comprehensive loss was $2,518,720, and $2,272,219 respectively.

For the six months ended June 30, 2024 and 2023, the comprehensive loss was $4,555,033 and $4,718,892 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 $246,605 and $114,978 for the six months ended June 30, 2024 and 2023, respectively.

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 six months ended June 30, 2024 and 2023, we had securities outstanding which could potentially dilute basic earnings per share in the future. Stock-based compensation, stock options and warrants 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 $282,828 of cash as of June 30, 2024. We had a net loss of $4,770,362 for the six months ended June 30, 2024, and we used $4,378,336 of cash in our operating activities during that time. In the six months ended June 30, 2023 we had a net loss of $4,750,257 and used $3,486,777 of cash in our operating expenses. We raised $3.0 million in cash Convertible Notes issued during 2023. We raised an additional $4.6 million from the issuance of convertible notes in 2024. There is substantial doubt that our additional cash from our warrant conversion along with our expected cash flow from operations, will be sufficient to fund our 12-month plan of operations, and there can be no assurance that we will not require significant additional capital within 12 months.

As shown in the accompanying financial statements, the Company has incurred net losses from operations resulting in an accumulated deficit of $134.7 million as of June 30, 2024. 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

Intangible assets

The following table presents details of our purchased intangible assets as of June 30, 2024 and December 31, 2023:

	Balance at December 31, 2023	Additions	Impairments	Amortization	Foreign Exchange and Other	Balance at June 30, 2024
Patents and trademarks	$ 53,663	$ 9,388	$ —	$ (3,111)	$ —	$ 59,940
Customer and merchant relationships	6,138	—	—	$ (6,138)	—	—
Trade names	1,609	—	—	$ (1,609)	—	—
	$ 61,410	$ 9,388	$ —	$ (10,858)	$ —	$ 59,940

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 $10,858 and $17,942 for the six months ended June 30, 2024 and 2023, respectively, and is included in depreciation and amortization on the accompanying unaudited condensed consolidated statements of operations and comprehensive loss.

Amortization expense for intangible assets was $1,666 and $8,972 for the three months ended June 30, 2024 and 2023, respectively.

The estimated future amortization expense of our intangible assets as of June 30, 2024 was as follows:

Year ending December 31,	Amount
2024	$ 3,671
2025	$ 7,342
2026	$ 7,342
2027	$ 7,342
2028	$ 7,342
Thereafter	$ 26,901
Total	$ 59,940

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 June 30, 2024 and December 31, 2023:

	Balance at December 31, 2023	Additions	Amortization	Balance at June 30, 2024
Software Development Costs	$ 4,506	$ —	$ (3,277)	$ 1,229
	$ 4,506	$ —	$ (3,277)	$ 1,229

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 $1,635 and $35,629 for the three months ended June 30, 2024 and 2023, respectively, and is included in depreciation and amortization on the accompanying unaudited condensed consolidated statements of operations and comprehensive loss.

Amortization expense for software development costs was $3,277 and $77,574 for the six months ended June 30, 2024 and 2023, respectively.

The estimated future amortization expense of software development costs as of June 30, 2024 is as follows:

Year ending December 31,	Amount
2024	$ 1,229
2025	—
2026	—
2027	—
2028	—
Thereafter	—
Total	$ 1,229

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 June 30, 2024, we have an operating lease asset balance of $658,447 and an operating lease liability balance of $801,492 recorded in accordance with ASC 842, Leases (ASC "842").

The Company entered in to a sublease on March 1, 2024 for its office facilities in Chandler, AZ through February 28, 2025. Monthly rental payments including rental of office furniture and excluding taxes, are $24,470.

The following are additional details related to leases recorded on our balance sheet as of June 30, 2024:

Leases	Classification	Balance at June 30, 2024
Assets		
Current		
Operating lease assets	Operating lease assets	$ —
Noncurrent		
Operating lease assets	Noncurrent operating lease assets	$ 658,447
Total lease assets		$ 658,447
Liabilities		
Current		
Operating lease liabilities	Operating lease liabilities	$ 288,905
Noncurrent		
Operating lease liabilities	Noncurrent operating lease liabilities	$ 512,587
Total lease liabilities		$ 801,492

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:

Year ending December 31,		
2024	$	165,725
2025		337,568
2026		344,241
2027		28,734
2028		—
Thereafter		—
Total future lease payments		876,268
Less: imputed interest		(74,776)
Total	$	801,492
Weighted Average Remaining Lease Term (years)		
Operating leases		2.65
Weighted Average Discount Rate		
Operating leases		6.75%

7. Notes Payable and Interest Expense

The following table presents details of our notes payable as of June 30, 2024 and December 31, 2023:

Facility	**Maturity**	**Interest Rate**	**Balance at June 30, 2024**	**Balance at December 31, 2023**
ACOA Note	February 1, 2024	15%	—	7,154
Related Party Secured Promissory Note	June 30, 2026	8%	5,722,015	5,677,251
Related Party Convertible Notes	various	15%	4,717,286	1,587,361
Related Party Unsecured Promissory Note	June 30, 2026	8%	271,875	271,875
Convertible Notes	Various	15%	221,877	215,959
Total Debt			10,933,053	7,759,600
Less current portion			(3,072,500)	(3,079,654)
Long-term debt, net of current portion			$ 7,860,553	$ 4,679,946

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 six months ended June 30, 2024 we repaid $7,035 USD of principal. The final payment was made on February 28, 2024 and the loan is paid in full.

Related Party Notes

Secured Promissory Notes

On June 30, 2021, we entered into a Credit Facility Agreement (the "Credit Agreement") with Thomas Akin, one of the Company's directors (the "Lender"). The Credit Agreement was amended on November 11, 2022. The Company can borrow up to $6,000,000 under the Credit Agreement ("the "Credit Facility").

The Credit Facility 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 Credit 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 the Credit Agreement. The warrants are exercisable for a period commencing upon issuance of the corresponding 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 November 11, 2022, an amendment to the Credit 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 Facility to $6,000,000. In addition, the interest which is 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.

On January 31, 2023, the Company then entered into Amendment No. 1 (the "Amendment"), which amends our existing Credit Facility Agreement[1], dated as of November 11, 2022, between the Company and Thomas B. Akin, and any convertible notes issued thereunder. The Amendment amends the existing Credit Facility Agreement to extend the maturity of the agreement and related convertible notes thereunder until December 1, 2025. Principal payments have been deferred to a period beginning on January 1, 2024 and ending December 1, 2025, and further provides that any accrued interest on unpaid advances under the agreement is to be paid quarterly in shares of our common stock, at a price per share equal to the volume-weighted average price of our common stock quoted on the Over-The Counter Venture Market operated by OTC Markets Group Inc. ("OTCQB®") over the ninety (90) trading days immediately preceding such date. The Amendment provides for corresponding amendments to the form of convertible notes to be issued under the Credit Agreement in the future and any outstanding convertible notes issued under the existing Credit Facility Agreement. The Amendment was considered a debt modification as the cash flows under the amended terms do not differ by at least 10% from the cash flows under the original agreement.

On January 31, 2024 amended terms were agreed upon and the Company then entered into Amendment No. 2 (the "Amendment") signed on May 3,2024, which amends the terms of the Credit Facility Agreement, between the Company and Thomas B. Akin, and any convertible notes issued thereunder. The Amendment amends the existing Credit Facility Agreement to extend the maturity of the agreement and related convertible notes thereunder until June 30, 2026. Principal payments have been deferred to a period beginning on July 31, 2024 and ending June 30, 2026.

During the six months ended June 30, 2024, a total of $445,379 of interest was accrued by the company. The company recorded amortized discount expense of $44,764.

As of June 30, 2024, the Company had drawn a total of $5,873,125, with a debt discount of $151,100 for a net principal balance of $5,722,015 and has equity payable balance $1,258,098.

Related Party Convertible Notes

During fourth quarter 2023 the Company issued 8 Convertible Notes payable to related parties for $2,000,000. As an inducement we issued 3,333,332 warrants to purchase shares of our common stock at $.60 per share. Simple interest on the unpaid principal balance of this Note will accrue at the rate of 8.0% per annum. Accrual of interest will commence on the date of this Note, will continue until this Note is fully paid, and will be payable in a single installment at maturity three years from the date the Convertible Note was issued.

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 the larger of either $0.50 or 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").

During first quarter 2024 the Company 8 Convertible Notes payable to related parties for $1,950,000. As an inducement we issued 3,249,997 warrants to purchase shares of our common stock at $.60 per share. Simple interest on the unpaid principal balance of this Note will accrue at the rate of 8.0% per annum. Accrual of interest will commence on the date of this Note, will continue until this Note is fully paid, and will be payable in a single installment at maturity three years from the date the Convertible Note was issued.

During the second quarter of 2024 the Company issued 8 Convertible Notes payable to related parties for $2,100,000. As an inducement we issued 3,499,997 warrants to purchase shares of our common stock at $.60 per share. Simple interest on the unpaid principal balance of this Note will accrue at the rate of 8.0% per annum. Accrual of interest will commence on the date of this Note, will continue until this Note is fully paid, and will be payable in a single installment at maturity three years from the date the Convertible Note was issued.

During the six months ended June 30, 2024 accrued interest of $162,496 was recorded in connection with the related party convertible notes. The Company recorded $165,256 in amortized debt discount in connections with related party convertible notes.

As of June 30,2024 the Convertible Notes issued to related parties had a principal balance of $6,050,000 with a debt discount of $1,332,714 for a net principal balance of $4,717,286 and accrued interest of $183,741.

Unsecured Promissory Note

On July 1, 2021, we entered into UP Notes in the aggregate principal amount of $271,875 with Talkot Fund, LP and investor in 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 to Talkot Fund LP 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 UP Note.

On January 31, 2023, the Lender agreed to postpone the 24-month repayment period to a later period commencing on January 31, 2024, and further agreed that interest accrued on the loan between July 1, 2022 and December 1, 2025 is to be settled in shares of the Company's common stock quarterly.

On January 31 2024, the Lender agreed to postpone the 24-month repayment period to a later period commencing on July 31, 2024,

During the six months ended June 30, 2024, a total of $20,617 of interest was accrued by the company and recorded to equity payable. .

As of June 30, 2024, the Company had an outstanding principal balance of $271,875, an equity payable balance of $96,991 of accrued interest.

Convertible Notes

During fourth quarter 2023 the Company issued 10 Convertible Notes payable to related parties for $250,000. As an inducement we issued 416,667 warrants to purchase shares of our common stock at $.60 per share. Simple interest on the unpaid principal balance of this Note will accrue at the rate of 8.0% per annum. Accrual of interest will commence on the date of this Note, will continue until this Note is fully paid, and will be payable in a single installment at maturity three years from the date the Convertible Note was issued.

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 the larger of either $0.50 or 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")

During the six months ended June 30, 2024 the company recorded accrued interest of $10,111 in connection with convertible notes and $5,918 in amortized debt discount.

As of June 30, 2024 the Convertible Notes had a principal balance of $250,000 with a debt discount of $28,123 for a net principal balance of $221,877 and accrued interest of $11,455.

Interest Expense

Interest expense was $502,467 and $244,443 during the three months ended June 30, 2024 and 2023, respectively.

8. Stockholders' Equity

Common Stock and Equity Payable

2023

On January 31, 2023 a total of 545,012 shares were issued to John Harris, a former director. The shares were issued based on the total Restricted Stock Units earned by Mr. Harris as director compensation that were fully vested as of March 29, 2022. Restricted stock expense is recorded on the date it vests and no expense was recognized during the six months ended June 30, 2023.

On March 27, 2023 a total of 154,106 shares of common stock were granted from equity payable to Thomas Akin as settlement of $166,432 of interest payable. The Company recorded a loss on settlement of interest payable of $44,325 on December 31, 2022.

On March 27, 2023 a total of 9,651 shares of common stock were granted from equity payable to Talkot Fund LP as settlement of $10,423 of interest payable. The Company recorded a loss on settlement of interest payable of $2,757 on December 31, 2022.

On March 31, 2023 a total of $195,171 of interest was accrued and settled to equity payable for the issuance of 180,715 shares of common stock. The company recorded a loss of settlement of interest payable of $10,315.

On March 31, 2023 a total of $10,196 of interest was accrued and settled to equity payable for the issuance of 9,441 shares of common stock. The company recorded a loss of settlement of interest payable of $542.

During March of 2023, 15 warrant holders exercised their common stock purchase warrant for 3,587,487 shares at the exercise price of $1.00 per share, resulting in additional capital of $3,587,487. As an inducement for the holder's exercise of the warrants, we issued the holders' 1,792,745 new warrants to purchase common stock at $2.00 per share over a three-year period expiring in March 2026. The Company recorded $577,000 of stock-based expense related to warrants issued during the warrant conversion offer on February 14, 2023. The total estimated value of the warrants using the Black-Scholes Model is based on a volatility rate of 63% and an option fair value of $0.3216.

On June 30, 2023 a total of $196,148 of interest was accrued and settled to equity payable for the issuance of 181,620 shares of common stock.

On June 30, 2023 a total of $10,309 of interest was accrued and settled to equity payable for the issuance of 9,546 shares of common stock.

During the six months ended June 30, 2023 a total of 163,757 shares were issued from stock payable related to related party accrued interest.

As of the June 30, 2023 we had an equity payable balance of $307,318.

2024

On June 30, 2024 a total of $445,379 of interest was accrued and settled to equity payable for the issuance of 1,093,267 shares of common stock.

On June 30, 2024 a total of $20,617 of interest was accrued and settled to equity payable for the issuance of 50,609 shares of common stock.

During the six months ended June 30, 2024 no shares were issued and $465,996 equity payable was recorded.

As of the six months ended June 30, 2024 we had an equity payable balance of $1,455,943.

Stock-based Plans

Stock Option Activity

The following table summarizes stock option activity for the six months ended June 30, 2024.

	Options
Outstanding at December 31, 2022	6,691,216
Granted	2,678,500
Exercised	—
Forfeited/canceled	(329,893)
Expired	(1,742,468)
Outstanding at December 31, 2023	7,297,355
Granted	250,000
Exercised	—
Forfeited/canceled	(980,520)
Expired	(2,128,335)
Outstanding at June 30, 2024	4,438,500

2023

On May 11, 2023 the Company granted three employees 295,000 options to purchase shares of the Company's common stock at the closing price as of May 11, 2023 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 May 16, 2033. The total estimated value using the Black-Scholes Model, based on a volatility rate of 75.76% and an option fair value of $0.705183 was $208,029.

2024

On April 1, 2024, the Company granted two employees 250,000 options to purchase shares of the Company's common stock at the closing price as of April 1, 2024 of $0.502 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 April 1, 2034. The total estimated value using the Black-Scholes Model, based on a volatility rate of 73.63% and an option fair value of $0.212377 was $53,094.

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 six months ended June 30, 2024 and 2023 were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
General and administrative	$ 3,224	$ 53,750	$ (39,103)	$ 118,783
Sales and marketing	88,283	71,796	196,145	140,442
Engineering, research, and development	39,907	38,029	87,032	72,504
	$ 131,414	$ 163,575	$ 244,074	$ 331,729

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 six months ended June 30, 2024 and 2023.

	Six Months Ended June 30,	
	2024	2023
Risk-free interest rate	4.72%	3.37%
Expected life (years)	7.00	7.00
Expected dividend yield	7.00%	—%
Expected volatility	73.63%	75.76%

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 2024 and 2023 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, 2023 and for the six months ended June 30, 2024:

	Shares
Outstanding at December 31, 2022	1,929,933
Awarded	414,104
Released	(545,012)
Canceled/forfeited/expired	—
Outstanding at December 31, 2023	1,799,025
Awarded	349,710
Released	—
Canceled/forfeited/expired	—
Outstanding at June 30, 2024	2,148,735
Expected to vest at June 30, 2024	2,148,735
Vested at June 30, 2024	2,148,735
Unvested at June 30, 2024	—
Unrecognized expense at June 30, 2024	$ —

2023

On March 31, 2023, the Company granted four independent directors a total of 61,342 restricted stock units. The units were valued at $65,002 or $1.05 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 31, 2026, (B) a change in control of the Company, and (C) the termination of the director's service with the Company.

On June 30, 2023, the Company granted four independent directors a total of 80,160 restricted stock units. The units were valued at $65,003 or $0.81 per share, based on the closing stock price on the date of the grant. All units vest 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) June 30, 2026, (B) a change in control of the Company, and (C) the termination of the director's service with the Company.

In the six months ended June 30, 2023 the Company recorded $130,005 in restricted stock expense as board compensation.

2024

On March 31, 2024 the company granted five independent directors a total of 162,500 restricted stock units. The units were valued at $81,250 or $.50 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 31, 2026, (B) a change in control of the Company, and (C) the termination of the director's service with the Company.

On June 30,2024 the company granted five independent directors a total of 187,210 restricted stock units. The units were valued at $81,249 or $.434 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) June 30, 2026, (B) a change in control of the Company, and (C) the termination of the director's service with the Company.

In the six months ended June 30, 2024, the Company recorded $162,499 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 six months ended June 30, 2024 and 2023 was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
General and administrative	$ 81,249	$ 65,002	$ 162,499	$ 130,005
	$ 81,249	$ 65,002	$ 162,499	$ 130,005

As of June 30, 2024, there was no unearned restricted stock unit compensation.

Warrants

The following table summarizes investor warrants as of June 30, 2024 and the years ended December 31, 2023 and 2022:

	Shares	**Weighted Average Exercise Price**	**Weighted Average Remaining Contractual Term (Years)**
Outstanding at December 31, 2022	6,147,898	$ 1.45	2.27
Granted	9,563,787	$ —	—
Exercised	(5,548,463)	$ —	—
Canceled/forfeited/expired	—	$ —	—
Outstanding at December 31, 2023	10,163,222	$ 0.94	2.48
Granted	6,791,661	$ —	—
Exercised	—	$ —	—
Canceled/forfeited/expired	—	$ —	—
Outstanding at June 30, 2024	16,954,883	$ 0.80	2.87

2023

During March 2023, 15 warrant holders exercised their common stock purchase warrant for 3,587,487 shares at the exercise price of $1.00 per share, resulting in additional capital of $3,557,487. As an inducement for the holder's exercise of the warrants, we issued the holders' 3,921,952 new warrants to purchase common stock at $2.00 per share over a three-year period expiring in February 2025. The Company recorded $577,000 of stock-based expense related to warrants issued during the warrant conversion offer on February 14, 2023. The total estimated value of the warrants using the Black-Scholes Model is based on a volatility rate of 63% and an option fair value of $0.3216.

2024

During the first quarter of 2024, one warrant holders was issued 3,291,664 warrants as an inducement for Convertible Notes issued at the exercise price of $.60 per share, resulting in additional capital of $2,250,000. The Company recorded $466,594 of stock-based expense related to warrants issued with issuance of convertible notes. The total estimated value of the warrants using the Black-Scholes Model is based on an average volatility rate of 93% and an option fair value of $0.1418.

During the second quarter of 2024, one warrant holders was issued 3,499,997 warrants as an inducement for Convertible Notes issued at the exercise price of $.60 per share, resulting in additional capital of $2,100,000. The Company recorded $371,242 of stock-based expense related to warrants issued with issuance of convertible notes. The total estimated value of the warrants using the Black-Scholes Model is based on an average volatility rate of 91% and an option fair value of $0.1768.

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 June 30, 2024 on a recurring and non-recurring basis:

Description	Level 1	Level 2	Level 3	Gains (Losses)
Goodwill (non-recurring)	$ —	$ —	$ —	$ —
Intangibles, net (non-recurring)	$ —	$ —	$ 61,168	$ —

The following table presents assets that are measured and recognized at fair value as of December 31, 2023 on a recurring and non-recurring basis:

Description	Level 1	Level 2	Level 3	Gains (Losses)
Goodwill (non-recurring)	$ —	$ —	$ —	$ —
Intangibles, net (non-recurring)	$ —	$ —	$ 65,916	$ —

10. Commitments and Contingencies

Litigation

Marina Soliman v. Subway Franchisee Advertising Fund Trust, LTD, Second Circuit Court of Appeals, Case No. 22-1726 – this is putative class action alleging that Defendant initiated telephone solicitations through text messages in violation of the Telephone Consumer Protection Act, 47 U.S.C § 227 et al. ("TCPA"). The district court granted Defendant's motion to dismiss. The matter has been under submission with the Court since October 24, 2023. In the event that the Court reverses and remands the matter, the Company intends to seek an individual settlement of the matter, and if one cannot be reached, the Company intends to vigorously defend the matter.

Ruhi Reimer vs. Checkers Drive-In Restaurants, Inc. - JAMS Ref No. 5410000618 – this is a single Claimant arbitration action filed against Mobivity's business partner alleging that text messages were sent to the consumer in violation of the TCPA's regulations relating to the National Do Not Call Registry. The parties are beginning discovery at this time and a Merits Hearing has been set for January 14, 2025. Based on our current understanding, we believe that the case is pretextual and was set up in advance by the Claimant and his attorneys. Because discovery has only just started, it is premature to assess whether there is any material risk of an adverse award.

Abboud v. Circle K Stores Case – United States District Court, Dist. Arizona, Case No 2:23-cv-01683-DWL – this is a putative TCPA class action alleging that Mobivity and its business partner initiated text messages in violation of the TCPA's regulations relating to the National Do Not Call Registry. We believe that plaintiff has sued the wrong defendant and that the client's other servicer is actually responsible for any text messages that were sent to the putative class. We are actively attempting to persuade Plaintiff's counsel to drop Mobivity from the suit.

Operating Lease

As of June 30, 2024, we have an operating lease asset balance for this lease of $658,447 and an operating lease liability balance for this lease of $801,492 recorded in accordance with ASC 842.

11. Related Party Transactions

Secured Promissory Notes

On June 30, 2021, we entered into a Credit Facility Agreement with Thomas Akin, one of the Company's directors (the "Lender"). The Credit Facility Agreement was amended on November 11, 2022 to allow the Company to borrow up to $6,000,000. The Credit Facility Agreement was amended again on January 31, 2023 to extend the maturity of the agreement and related convertible notes thereunder until December 1, 2025. Principal payments have been deferred to a period beginning on January 1, 2024 and ending December 1, 2025.

As of June 30, 2024, the Company had drawn a total of $5,873,125, with a debt discount of $151,100 for a net principal balance of $5,993,890

Unsecured Promissory Note

On July 1, 2021, we entered into UP Notes in the aggregate principal amount of $271,875 with Talkot Fund, LP and investor in 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.

As of June 30, 2024 there was and outstanding balance of $271,875.

Convertible Notes

During first quarter of 2024, the Company 8 Convertible Notes payable to related parties for $1,950,000. As an inducement we issued 3,249,997 warrants to purchase shares of our common stock at $.60 per share. Simple interest on the unpaid principal balance of this Note will accrue at the rate of 8.0% per annum. Accrual of interest will commence on the date of this Note, will continue until this Note is fully paid, and will be payable in a single installment at maturity three years from the date the Convertible Note was issued.

During the Second quarter of 2024 the Company 8 Convertible Notes payable to related parties for $2,100,000. As an inducement we issued 3,499,997 warrants to purchase shares of our common stock at $.60 per share. Simple interest on the unpaid principal balance of this Note will accrue at the rate of 8.0% per annum. Accrual of interest will commence on the date of this Note, will continue until this Note is fully paid, and will be payable in a single installment at maturity three years from the date the Convertible Note was issued.

As of June 30,2024 the Convertible Notes issued to related parties had a principal balance of $6,050,000 with a debt discount of $1,332,714 for a net principal balance of $4,717,286.

For more details regarding the three related party transactions, please refer to Note 7 - Notes Payable and Interest Expense.

12. Subsequent Events

Convertible Notes

During July 2024, the Company issued three Convertible Notes to Thomas B. Akin for a total amount of $550,000.

Share Issued

On August 2, 2024 a total of 2,395,511 shares of common stock were granted from equity payable to Thomas Akin as settlement of $1,253,423 of interest payable.

On August 2, 2024 a total of 120,883 shares of common stock were granted from equity payable to Talkot Fund LP as settlement of $101,658 of interest payable.

Related Party Notes Payable

The Company entered into Amendment No. 2 (the "Amendment") to Amended and Restated Credit Facility Agreement and Convertible Notes (the Credit Facility Agreement), signed on August 13,2024, which amends the terms of the Credit Facility Agreement, between the Company and Thomas B. Akin, and any convertible notes issued thereunder. The Amendment amends the existing Credit Facility Agreement to extend the maturity of the agreement and related convertible notes thereunder until September 30, 2026. Principal payments have been deferred to a period beginning on October 31, 2024 and ending September 30, 2026.

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 "us", "our", or we") develops and operates proprietary platforms over which brick and mortar brands and digital first enterprises can conduct national and localized, data-driven marketing campaigns with unique targeting, incentivization and promotion to drive customer acquisition and loyalty. The company's core technology platorm, RecurrencyTM, enables

- Transformation of messy point-of-sale (POS) data collected from thousands of locations and digital environments into usable intelligence.
- Measurement, prediction, and ability to boost guest frequency and spend by channel.
- Deployment and management of one-time use offer codes and attribution of sales accurately across every channel, promotion and media program.
- Delivery of uniquely attributable 1:1 offers that power incentivized actions in digital environments like user acquisition, continued monetization, and activities taken in a digital environment.

Our recurrency platform generates revenue in 2 ways. First, delivered as a Software-as-a-Service ("SaaS") platform used by leading convenience and quick service restaurant brands to build and engage with their loyal customers. Second, through our Connected RewardsTM business, our platform enables and powers unique incentivized programs in digital environments. Through our Connected Rewards platform, we enable businesses to reward their users and customers with products in the real world for actions taken in a digital environment. Our customers include some of the largest mobile casual game publishers in the world and some of the largest convenience and quick service restaurant brands in the world. The programs we run for our customers include incentivized user acquisition where users are rewarded with a real-world product, like a free or discounted burger, for downloading a mobile game, and rewarded play where users receive real world products for accomplishing activities in game, like achieving a certain level or winning enough points. We charge our customers for each unique action where our rewards are delivered, these include a per install or per individual engagement fee.

The Recurrency Platform

The Recurrency™ platform unlocks valuable POS and mobile data to help transform customer transactions into actionable and attributable marketing insights and power Connected Rewards interactions. Our technology analyzes transaction data to provide insights, delivers mobile rewards and powers redemption at all potential points of sale (i.e., mobile, in-store, in-app), and provides 100% attribution of the transaction. In Connected Rewards applications, Recurrency is integrated into mobile gaming platforms and mobile attribution partners to deliver the necessary data to deliver rewards for in-game actions.

Company Strategy

Our objective is to build an industry-leading mobile marketing technology product that bridges between in-person and digital environments powering a unique and defensible alternative for digital-first businesses to engage and retain their customers by rewarding them with real-world products and offers. The key elements to our strategy are:

- *Exploit the competitive advantages and operating leverage of our technology platform.* The core of our business is our ability to integrate our Recurrency platform into digital environments and deliver rewards based on activities taken in a digital environment. Because of our long history operating as a loyalty marketing solution we believe we have a defensible head start and ability to continue building products and features that will retain our competitive advantage.
- *Evolve our sales and customer support infrastructure to uniquely meet the needs of the quickly evolving digital marketing universe.* We have quickly evolved our organization and business to fill a gap in the digital marketing landscape. Through continued innovation and emphasis on automation and predictive analytics we believe we will expand our niche and create further value for our Connected Rewards Customers.

- *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 and defensible technology services that further build out and differentiate our platform; (3) opportunities for substantial expense reductions through integration into our platform; and (4) strong sales teams. 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 application 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 or implemented al all.

Recent Events

2024 Convertible Notes

During the first quarter of 2024 the Company issued 8 Convertible Notes payable to related parties for $1,950,000. As an inducement we issued 3,249,997 warrants to purchase shares of our common stock at $.60 per share. Simple interest on the unpaid principal balance of this Note will accrue at the rate of 8.0% per annum. Accrual of interest will commence on the date of this Note, will continue until this Note is fully paid, and will be payable in a single installment at maturity three years from the date the Convertible Note was issued.

During the Second quarter of 2024 the Company 8 Convertible Notes payable to related parties for $2,100,000. As an inducement we issued 3,499,997 warrants to purchase shares of our common stock at $.60 per share. Simple interest on the unpaid principal balance of this Note will accrue at the rate of 8.0% per annum. Accrual of interest will commence on the date of this Note, will continue until this Note is fully paid, and will be payable in a single installment at maturity three years from the date the Convertible Note was issued.

2024 Related Party Notes Payable

The Company entered into Amendment No. 2 (the "Amendment") to Amended and Restated Credit Facility Agreement and Convertible Notes (the Credit Facility Agreement), signed on May 3,2024, which amends the terms of the Credit Facility Agreement, between the Company and Thomas B. Akin, and any convertible notes issued thereunder. The Amendment amends the existing Credit Facility Agreement to extend the maturity of the agreement and related convertible notes thereunder until June 30, 2026. Principal payments have been deferred to a period beginning on July 31, 2024 and ending June 30, 2026.

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 June 30, 2024, were $1,473,040 a decrease of $388,131 compared to $1,861,171 for the same period in 2023.

Revenues for the six months ended June 30, 2024, were $3,073,947 a decrease of $668,706 compared to$3,742,653 for the same period in 2023.

This decrease is primarily due to a decrease of in subscription revenue.

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 June 30, 2024, was $979,081, a decrease of $392,125, or 29%, compared to $1,371,206 for the same period in 2023.

Cost of revenues for the six months ended June 30, 2024, was $1,943,492, a decrease of $494,289, or 29%, compared to $2,437,781 for the same period in 2023.

This increase is primarily due to an decrease in SMS/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 $501,137, or 47%, to $570,016, during the three months ended June 30, 2024, compared to $1,071,153 for the same period in 2023. The increase in general and administrative expenses was primarily due to a decrease in stock related expense for the warrant exercise that occurred during the same period in 2023.

General and administrative expenses decreased $1,397,494, or 53%, to $1,217,765, during the six months ended June 30, 2024, compared to $2,615,259 for the same period in 2023. The increase in general and administrative expenses was primarily due to a decrease in stock related expense for the warrant exercise that occurred during the same period in 2023.

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 increased $249,033, or 41%, to $851,944 during the three months ended June 30, 2024, compared to $602,911 for the same period in 2023. The increase is primarily due to an increase in travel and tradeshow expenses.

Sales and marketing expenses increased $320,912, or 25% to $1,615,043 during the six months ended June 30, 2024, compared to $1,294,131 for the same period in 2023. The increase is primarily due to an increase in travel and tradeshow expenses.

Engineering, Research & Development

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

Engineering, research & development expenses increased $205,062, or 25%, to $1,009,405 during the three months ended June 30, 2024, compared to $804,343 for the same period in 2023. This increase is primarily due to an increase in payroll expenses.

Engineering, research & development expenses increased $494,060, or 32%, to $2,032,778 during the six months ended June 30, 2024, compared to $1,538,718 for the same period in 2023. This increase is primarily due to an increase in payroll expenses.

Depreciation and Amortization

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

Depreciation and amortization expense decreased $33,316, or 91%, to $3,266 during the three months ended June 30, 2024 compared to $36,582 for the same period in 2023. This decrease is primarily due to decrease in intangible assets due to impairment at the end of 2023.

Depreciation and amortization expense decreased $87,309 or 87%, to $13,175 during the six months ended June 30, 2024 compared to $100,484 for the same period in 2023. This decrease is primarily due to decrease in intangible assets due to impairment at the end of 2023.

Interest Expense

Interest expense increased $258,024, or 106%, to $502,467 during the three months ended June 30, 2024, compared to $244,443 in the same period in 2023. This increase in interest expense is primarily related to the increased balance on related party notes payable and the issuance of Convertible Notes.

Interest expense increased $417,052, or 86%, to $899,941 during the six months ended June 30, 2024, compared to $482,889 in the same period in 2023. This increase in interest expense is primarily related to the increased balance on related party notes payable and the issuance of Convertible Notes.

Settlement Losses

Settlement losses consist of legal settlement for TCPA settlements.

Settlement losses for the three months ended June 30. 2024 and 2023 were $0 and $2,500, respectively.

Settlement losses for the six months ended June 30, 2024 and 2023 were $0 and $12,500, respectively.

Loss on Settlement of Debt

Loss on Settlement of debt consists of the expense from the settlement of notes payable when they are settled into shares.

Loss on settlement of debt for the three and six months ended June 30, 2024 was $0 and $0, respectively. There was no loss on settlement of debt for the three and six months ended June 30, 2023.

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 six months ended June 30, 2024, was $1 Canadian equals $0.74 U.S. Dollars, respectively. This compares to an average rate of $1 Canadian equals $0.74 during the same period in 2023. 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 gain of $2,600 and a loss of $137 for the three months ended June 30, 2024 and 2023, respectively.

The change in foreign currency was a loss of $215,329 and a gain of $31,365 for the six months ended June 30, 2024 and 2023, respectively.

Liquidity and Capital Resources

As of June 30, 2024, we had current assets of $1,383,918, including $282,828 in cash, and current liabilities of $6,813,738, resulting in a working capital deficit of $5,429,820.

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.

The Company entered in to a sublease on March 1, 2024 for its office facilities in Chandler, AZ through February 28, 2025. Monthly rental payments including rental of office furniture and excluding taxes, are $24,470. The Company has transition to a 100% remote work force and this has resulted in a decrease in monthly rental expense.

Cash Flows

	Six Months Ended June 30,	
	2024	2023
Net cash provided by (used in):		
Operating activities	$ (4,378,336)	$ (1,443,464)
Investing activities	(13,947)	(14,111)
Financing activities	4,042,965	3,577,509
Effect of foreign currency translation on cash flow	215,751	34,923
Net change in cash	$ (133,567)	$ 2,154,857

Operating Activities

We used cash in operating activities totaling $4,378,336 during the six months ended June 30, 2024 and used cash in operating activities totaling $4,750,257 during the six months ended June 30, 2023. Key drivers of the cash used in operating activities are the net loss of $4,770,362 and changes to accounts receivable of $78,461, accrued interest of $639,718, accrued and deferred personnel compensation of $49,632, and deferred revenue and customer deposits of $68,333.

Investing Activities

Investing activities during the six months ended June 30, 2024, consisted of $4,559 of equipment purchases compared to $14,111 in the six months ended June 30, 2023 and $9,388 of cash paid for patent activities comparted $0 compared to the same period in 2023.
Financing Activities

Financing activities during the six months ended June 30, 2024 consisted of $4,050,000 of proceeds from related party convertible notes compared to $0 in the six months ended June 30, 2023 In addition, there was $0 proceeds from conversion of warrants compared to $3,587,487 additional paid in capital from a warrant conversation to common stock in the six months ended June 30, 2023. In the six months ended June 30, 2024, payments of $7,035 were made on notes payable compared to $29,145 in the same period in 2023.

Critical Accounting Estimates

We have adopted various accounting policies to prepare the our condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The preparation of these financial statements requires us to make estimates, judgments, and assumptions. Our significant accounting policies and estimates are disclosed in Note 2 to the accompanying notes to the condensed consolidated financial statements. There were no material changes to our critical accounting policies and estimates during the six months ended June 30, 2024.

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 Principal Executive Officer and Interim 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 Principal Executive Officer and Interim Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Based on this evaluation, our management, including our Principalf Executive Officer and Interim Chief Financial Officer, concluded that as of June 30, 2024 our disclosure controls and procedures were not effective.

As a small company with limited resources that are mainly focused on the development and sales of software products and services, the Company does not employ a sufficient number of staff in its finance department to possess an optimal segregation of duties or to provide optimal levels of oversight. This has resulted in certain audit adjustments and management believes that there may be a possibility for a material misstatement to occur in future periods while it employs the current number of personnel in its finance department.

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 six months ended June 30, 2024 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.

Marina Soliman v. Subway Franchisee Advertising Fund Trust, LTD, Second Circuit Court of Appeals, Case No. 22-1726 – this is putative class action alleging that Defendant initiated telephone solicitations through text messages in violation of the Telephone Consumer Protection Act, 47 U.S.C § 227 et al. ("TCPA"). The district court granted Defendant's motion to dismiss. The matter has been under submission with the Court since October 24, 2023. In the event that the Court reverses and remands the matter, the Company intends to seek an individual settlement of the matter, and if one cannot be reached, the Company intends to vigorously defend the matter.

Item 1A. Risk Factors.

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023 (the "Form 10-K"), which could materially affect our business, financial condition or future results. There have been no material changes in the risk factors disclosed in the Form 10-K

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

None.

Item 3. Defaults upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information

During the three months ended March 31, 2024, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted, modified or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act or any non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K).

Item 6. Exhibits

Exhibit No.	Description
3.1	Restated Articles of Incorporation filed with the Nevada Secretary of State on August 12, 2022 (1)
3.2	Bylaws (2)
3.3	Amendment No. 1 to Bylaws (3)
3.4	Amendment No. 2 to the Bylaws, effective as of May 20, 2013 (4)
10.1	Amendment No. 2 to Amended and Restated Credit Facility Agreement and Convertible Notes, dated as of May 3, 2024, between Mobivity Holdings Corp. and Thomas B. Akin(1)
10.2	Employment Agreement, dated June 12, 2024, with Bryce Daniels (6)
10.3	Amendment No. 3 to Amended and Restated Credit Facility Agreement and Convertible Notes, dated as of August 13, 2024, between Mobivity Holdings Corp. and Thomas B. Akin
31.1	Certification by Principal Executive Officer pursuant to Section 302 of Sarbanes Oxley Act of 2002 *
31.2	Certification by Principal Financial Officer pursuant to Section 302 of Sarbanes Oxley Act of 2002 *
32.1	Certification Pursuant to 18 U.S.C. Section 1350 *
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 Company's Quarterly Report on Form 8-K filed on May 09, 2024
(2) Incorporated by reference to the Registration Statement on Form S-1 filed with the SEC on October 20, 2008, File No. 333-154455
(3) Incorporated by reference to the Company's Current Report on Form 8-K filed December 2, 2011
(4) Incorporated by reference to the Company's Current Report on Form 8-K filed May 24, 2013
(5) Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 9, 2024
(6) Incorporated by reference to the Company's Current Report on Form 8-K filed June 18, 2024

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

	Mobivity Holdings Corp.
Date: August 19, 2024	By: */s/ Thomas B. Akin*
	Thomas B. Akin Chairman of the Board of Directors *(Principal Executive Officer)*
Date: August 19, 2024	By: */s/ Skye Fossey-Tomaske*
	Skye Fossey-Tomaske Interim Chief Financial Officer *(Principal Accounting Officer)*

EXHIBIT 10.3

AMENDMENT NO. 3 TO
AMENDED AND RESTATED CREDIT FACILITY AGREEMENT AND CONVERTIBLE NOTES

THIS AMENDMENT NO. 2 TO AMENDED AND RESTATED CREDIT FACILITY AND CONVERTIBLE NOTES is dated as of August 13, 2024 (this "**Amendment**"), between Mobivity Holdings Corp., a Nevada corporation ("**Borrower**") and Thomas B. Akin, an individual ("**Lender**") (each, a "**Party**" and together, the "**Parties**").

BACKGROUND

A. The Parties entered into that certain Amended and Restated Credit Facility Agreement dated as of November 11, 2022, as amended by that certain Amendment 1 to Amended and Restated Credit Facility Agreement and Convertible Notes, dated as of January 31, 2023 and Amendment No. 2 to Amended and Restated Credit Facility Agreement, dated as of May 3, 2024 (the "**Existing Credit Agreement**");

B. Advances under the Existing Credit Agreement were evidenced by the terms of one or more convertible notes (the "**Existing Notes**"), a form of which is attached to the Existing Credit Agreement;

C. The Parties now desire to amend the Existing Credit Agreement and the Existing Notes as provided herein; and

D. Unless otherwise defined herein, capitalized terms used in this Amendment shall have the meanings ascribed to them in the Existing Credit Agreement.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, and intending to be legally bound, the Parties hereto agree as follows:

AGREEMENT

1. Amendments to Existing Credit Agreement. Upon satisfaction of the conditions set forth in Section 3 hereof, the Existing Credit Agreement is amended pursuant to this Amendment to:

(a) Amend and restate Section 2.3(b) in its entirety to read as follows:

> "Without limiting the foregoing Section 2.3(a), Borrower shall repay the principal amount of all Advances in 24 equal monthly installments commencing on October 31, 2024 and continuing thereafter on the first day of each month (or, if such first day is not a Business Day, on the Business Day immediately succeeding such first day). Interest on the unpaid Advances will accrue from the date of each Advance at a rate equal to fifteen percent (15%) per annum and shall be paid quarterly in kind in Common Stock of the Borrower at a price per share equal to the volume-weighted average price of the Common Stock quoted on the OTCQB ® Venture Market operated by OTC Markets Group Inc. over the ninety (90) Trading Days immediately preceding such date. Interest will be calculated on the basis of 365 days in a year."

(b) Amend Section 1 of Exhibit A to Existing Credit Agreement in its entirety to read as follows:

> "**1. Payment Terms; Maturity**. This Note shall bear interest on the unpaid principal amount at the rate of fifteen percent (15%) per annum and shall be paid quarterly in kind in Common Stock of the Borrower at a price per share equal to the volume-weighted average price of the Common Stock quoted on the OTCQB ® Venture Market operated by OTC Markets Group Inc. over the ninety (90) Trading Days immediately preceding such date. The unpaid principal amount shall be paid in 24 equal monthly installments commencing on October 31, 2024 and continuing on the first day of each of the next 23 months thereafter (or, if such first day is not a Business Day, on the Business Day immediately succeeding such first day), with a final payment due on September 30, 2026 at which time all principal shall be due and payable. All payments of principal under this Note will be made in lawful money of the United States of America in immediately available funds at such place as may be designated by Lender to Borrower in writing."

2. Amendments to Existing Notes. Upon satisfaction of the conditions set forth in Section 3 hereof, each Existing Note is amended pursuant to this Amendment to:

(a) Amend Section 1 in its entirety to read as follows:

> "**1. Payment Terms; Maturity**. This Note shall bear interest on the unpaid principal amount at the rate of fifteen percent (15%) per annum and shall be paid quarterly in kind in Common Stock of the Borrower at a price per share equal to the volume-weighted average price of the Common Stock quoted on the OTCQB ® Venture Market operated by OTC Markets Group Inc. over the ninety (90) Trading Days immediately preceding such date. The unpaid principal amount shall be paid in 24 equal monthly installments commencing on October 31, 2024 and continuing on the first day of each of the next 23 months thereafter (or, if such first day is not a Business Day, on the Business Day immediately succeeding such last day), with a final payment due on September 30, 2026 at which time all principal shall be due and payable. All payments of principal under this Note will be made in lawful money of the United States of America in immediately available funds at such place as may be designated by Lender to Borrower in writing."

3. Conditions. Notwithstanding any other provision of this Amendment and without affecting in any manner the rights of the Lender hereunder, it is understood and agreed that the effectiveness of Sections 1 and 2 hereof is subject to the execution and delivery of this Amendment by Borrower and Lender.

4. No Modification. Except as expressly set forth herein, nothing contained herein shall be deemed to constitute a waiver of compliance with any term or condition contained in the Existing Credit Agreement, the Existing Notes or constitute a course of conduct or dealing among the parties. Except as amended or consented to hereby, the Existing Credit Agreement and Existing Notes remain unmodified and in full force and effect.

5. Counterparts. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Electronically delivered signature pages (PDFs, facsimile, etc.) shall be deemed to be the functional equivalent of originally executed signature pages for all purposes.

6. Successors and Assigns. This Amendment shall be binding upon the parties hereto and their respective successors and assigns and shall inure to the benefit of the parties hereto and the successors and permitted assigns of Lenders. Neither Borrower's rights or obligations hereunder nor any interest therein may be assigned or delegated without the prior written consent of the Lender.

7. Governing Law. This Amendment and the rights and obligations of the parties hereunder shall be governed by, and construed in accordance with, the law of the State of Arizona.

8. Severability. In case any provision in or obligation under this Amendment or any instrument or agreement required hereunder shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

9. Headings. Section headings herein are included herein for convenience of reference only and shall not constitute a part hereof for any other purpose or be given any substantive effect.

10. Reaffirmation. Borrower hereby (i) ratifies and reaffirms all of its payment and performance obligations, contingent or otherwise, under the Existing Credit Agreement (after giving effect hereto), and (ii) ratifies and reaffirms the grant of security interest in the Collateral. Borrower hereby consents to this Amendment and acknowledges that the Existing Credit Agreement otherwise remains in full force and effect and is hereby ratified and reaffirmed. The execution of this Amendment shall not operate as a waiver of any right, power or remedy of the Lender or constitute a waiver of any provision of any of the Existing Credit Agreement or the Existing Notes, except as expressly set forth herein.

11. Entire Understanding. This Amendment sets forth the entire understanding of the Parties with respect to the matters set forth herein, and shall supersede any prior negotiations or agreements, whether written or oral, with respect thereto.

[Remainder of Page Intentionally Left Blank; Signature Pages Follow]

IN WITNESS WHEREOF, each of the undersigned has executed this Amendment as of the date set forth above.

BORROWER:

MOBIVITY HOLDINGS CORP.,
a Nevada corporation

By: */s/ Skye Fossey-Tomaske*
Name: Skye Fossey-Tomaske
Title: Interim Chief Financial Officer

LENDER:

/s/ Thomas B. Akin
Thomas B. Akin

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

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

I, Bryce D. Daniels, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Mobivity Holdings Corp. for the quarter ended June 30, 2024;

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: August 19, 2024

By: */s/ Bryce D. Daniels*
Bryce D. Daniels
President
(Principal Executive Officer)

Exhibit 31.2

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

I, Skye Fossey-Tomaske, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Mobivity Holdings Corp. for the quarter ended June 30, 2024;

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: August 19, 2024

By: */s/ Skye Fossey-Tomaske*
Skye Fossey-Tomaske
Principal Financial Officer

Exhibit 32.1

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 June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Bryce D. Daniels, Principal Executive Officer of the Company, and Skye Fossey-Tomaske, Principal 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: August 19, 2024

/s/ Bryce D. Daniels
Bryce D. Daniels
Chairman of the Board of Directors
(Principal Executive Officer)

/s/ Skye Fossey-Tomaske
Skye Fossey-Tomaske
Interim Chief Financial Officer
(Principal Financial and Accounting Officer)