

**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 March 31, 2022

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

For the transition period from _____ to _____

Commission file number 000-53851

Mobivity Holdings Corp.

(Exact Name of Registrant as Specified in Its Charter)

Nevada
(State or Other Jurisdiction of
Incorporation or Organization)

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

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

(877) 282-7660
(Registrant's Telephone Number)

N/A
(Former name, former address, and former fiscal year, if changed since last report)

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

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

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

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

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

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

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

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

As of May 13, 2022, the registrant had 58,598,885 shares of common stock, par value \$0.001, of the registrant issued and outstanding.

TABLE OF CONTENTS

<u>PART I – FINANCIAL INFORMATION</u>	1
<u>Item 1. Financial Statements</u>	1
<u>Condensed Consolidated Balance Sheets</u>	1
<u>Condensed Consolidated Statements of Operations and Comprehensive Loss</u>	2
<u>Condensed Consolidated Statement of Stockholders' Equity (Deficit)</u>	3
<u>Condensed Consolidated Statements of Cash Flows</u>	5
<u>Notes to Condensed Consolidated Financial Statements</u>	6
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	19
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk.</u>	24
<u>Item 4. Controls and Procedures.</u>	25
<u>PART II – OTHER INFORMATION</u>	26
<u>Item 6. Exhibits</u>	26
<u>SIGNATURES</u>	27

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Mobivity Holdings Corp.
Condensed Consolidated Balance Sheets

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS		
Current assets		
Cash	\$ 1,455,147	\$ 735,424
Accounts receivable, net of allowance for doubtful accounts of \$53,514 and \$56,340, respectively	491,004	578,303
Other current assets	333,207	227,458
Total current assets	2,279,358	1,541,185
Goodwill	411,183	411,183
Right to use lease assets	1,132,317	1,187,537
Intangible assets, net	1,015,690	1,124,720
Other assets	157,366	173,325
TOTAL ASSETS	\$ 4,995,914	\$ 4,437,950
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Accounts payable	\$ 3,503,464	\$ 3,823,909
Accrued interest	305,364	172,239
Accrued and deferred personnel compensation	292,430	495,533
Deferred revenue and customer deposits	173,379	377,170
Related party notes payable	1,479,167	819,531
Notes payable, net - current maturities	41,577	69,052
Operating lease liability	237,761	229,240
Other current liabilities	—	9,071
Total current liabilities	6,033,142	5,995,745
Non-current liabilities		
Related party notes payable, net - long term	1,857,079	2,498,711
Notes payable, net - long term	61,794	39,086
Operating lease liability	1,127,670	1,188,589
Total non-current liabilities	3,046,543	3,726,386
Total liabilities	9,079,685	9,722,131
Stockholders' equity (deficit)		
Common stock, \$0.001 par value; 100,000,000 shares authorized; 58,598,885 and 55,410,695, shares issued and outstanding	58,599	55,411
Equity payable	100,862	100,862
	105,590,137	
Additional paid-in capital		102,446,921
Accumulated other comprehensive income (loss)	(64,983)	(52,088)

Accumulated deficit	(109,768,386)	(107,835,287)
Total stockholders' equity (deficit)	(4,083,771)	(5,284,181)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	\$ 4,995,914	\$ 4,437,950

See accompanying notes to consolidated financial statements.

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

	Three Months Ended	
	March 31,	
	2022	2021
Revenues		
Revenues	\$ 2,029,569	\$ 2,457,590
Cost of revenues	1,174,948	1,041,795
Gross profit	854,621	1,415,795
Operating expenses		
General and administrative	1,207,176	1,289,370
Sales and marketing	597,501	896,750
Engineering, research, and development	702,223	723,950
Impairment of intangible asset	—	8,286
Depreciation and amortization	124,312	158,227
Total operating expenses	2,631,212	3,076,583
Loss from operations	(1,776,591)	(1,660,788)
Other income/(expense)		
Interest income	—	5
Interest expense	(159,827)	(32,516)
Foreign currency gain (loss)	3,319	(474)
Total other income/(expense)	(156,508)	(32,985)
Loss before income taxes	(1,933,099)	(1,693,773)
Income tax expense	—	—
Net loss:	(1,933,099)	(1,693,773)
Other comprehensive loss, net of income tax		
Foreign currency translation adjustments	(12,895)	(9,678)
Comprehensive loss	\$ (1,945,994)	\$ (1,703,451)
Net loss per share:		
Basic and Diluted	\$ (0.03)	\$ (0.03)
Weighted average number of shares:		
Basic and Diluted	57,233,309	55,410,695

See accompanying notes to consolidated financial statements (unaudited).

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

	<u>Common Stock</u>		<u>Equity</u>	<u>Additional</u>	<u>Accumulated</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Shares</u>	<u>Dollars</u>	<u>Payable</u>	<u>Paid-in Capital</u>	<u>Other Comprehensive Loss</u>	<u>Deficit</u>	<u>Stockholders' Equity (Deficit)</u>
Balance, December 31, 2020	55,410,695	\$ 55,411	\$ 100,862	101,186,889	\$ (23,446)	(99,575,503)	1,744,213
Stock based compensation	—	—	—	228,623	—	—	228,623
Foreign currency translation adjustment	—	—	—	—	(9,678)	—	(9,678)
Net loss	—	—	—	—	—	(1,693,773)	(1,693,773)
Balance, March 31, 2021	55,410,695	\$ 55,411	\$ 100,862	\$ 101,415,512	\$ (33,124)	\$ (101,269,276)	\$ 269,385

	<u>Common Stock</u>		<u>Equity</u>	<u>Additional</u>	<u>Accumulated</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Shares</u>	<u>Dollars</u>	<u>Payable</u>	<u>Paid-in Capital</u>	<u>Other Comprehensive Loss</u>	<u>Deficit</u>	<u>Stockholders' Equity (Deficit)</u>
Balance, December 31, 2021	55,410,695	\$ 55,411	\$ 100,862	\$ 102,446,921	\$ (52,088)	\$ (107,835,287)	\$ (5,284,181)
Issuance of common stock for warrant exercise	3,188,190	\$ 3,188	—	2,547,365	—	—	\$ 2,550,553
Fair value of options issued with related party lue of debt	—	—	—	6,201	—	—	6,201
Stock based compensation	—	—	—	589,650	—	—	589,650
Foreign currency translation adjustment	—	—	—	—	(12,895)	—	(12,895)
Net loss	—	—	—	—	—	(1,933,099)	(1,933,099)
Balance, March 31, 2022	58,598,885	\$ 58,599	\$ 100,862	\$ 105,590,137	\$ (64,983)	\$ (109,768,386)	\$ (4,083,771)

See accompanying notes to consolidated financial statements (unaudited).

See accompanying notes to consolidated financial statements (unaudited).

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

	Three Months Ended	
	March 31,	
	2022	2021
<u>OPERATING ACTIVITIES</u>		
Net loss	\$ (1,933,099)	\$ (1,693,773)
Adjustments to reconcile net loss to net cash used in operating activities:		
Bad debt expense	(10,705)	11,297
Stock-based compensation	589,650	228,623
Intangible asset impairment	—	8,286
Depreciation and amortization expense	124,312	141,591
Amortization of Debt Discount	24,205	—
Increase (decrease) in cash resulting from changes in:		
Accounts receivable	98,004	(1,071,359)
Other current assets	(105,749)	(70,901)
Operating lease assets/liabilities	2,822	16,636
Contracts receivable, long-term	—	235,976
Other assets	—	(108,652)
Accounts payable	(320,445)	308,399
Accrued interest	133,125	(15,775)
Accrued and deferred personnel compensation	(203,103)	248,828
Other liabilities - non-current	(9,071)	(138,589)
Other liabilities - current	—	(36,130)
Deferred revenue and customer deposits	(203,791)	33,584
<i>Net cash used in operating activities</i>	<i>(1,813,845)</i>	<i>(1,901,959)</i>
<u>INVESTING ACTIVITIES</u>		
Purchases of equipment	—	(75,852)
Capitalized software development costs	—	(50,588)
<i>Net cash used in investing activities</i>	<i>—</i>	<i>(126,440)</i>
<u>FINANCING ACTIVITIES</u>		
Payments on notes payable	(6,354)	(141,058)
Payments on related party notes payable	—	(80,000)
Proceeds from conversion of common stock warrants	2,550,553	—
<i>Net cash provided by (used in) financing activities</i>	<i>2,544,199</i>	<i>(221,058)</i>
<i>Effect of foreign currency translation on cash flow</i>	<i>(10,631)</i>	<i>(6,155)</i>
<i>Net change in cash</i>	<i>719,723</i>	<i>(2,255,612)</i>
<i>Cash at beginning of period</i>	<i>735,424</i>	<i>3,282,820</i>
<i>Cash at end of period</i>	<i>\$ 1,455,147</i>	<i>\$ 1,027,208</i>
Supplemental disclosures:		
Cash paid during period for:		
Interest	\$ —	\$ 29,541
Non Cash investing and financing analysis:		
Fair Value of Options issued with related party debt	\$ 6,201	\$ —
Fixed Asset Contributed by Lessor	—	110,000
Initial ROU and asset and least liability	—	1,458,527

See accompanying notes to consolidated financial statements.

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

1. Nature of Operations and Basis of Presentation

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

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

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

2. Summary of Significant Accounting Policies

Principles of Consolidation

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

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Significant estimates used are those related to stock-based compensation, asset impairments, the valuation and useful lives of depreciable tangible and certain intangible assets, the fair value of common stock used in acquisitions of businesses, the fair value of assets and liabilities acquired in acquisitions of businesses, the fair value of options issued with related party debt, and the valuation allowance of deferred tax assets. Management believes that these estimates are reasonable; however, actual results may differ from these estimates.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year’s presentation. The reclassifications had no effect on previously reported net loss.

Acquisitions

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

Cash and Cash Equivalents

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

Accounts Receivable, Allowance for Doubtful Accounts and Concentrations

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

As of March 31, 2022, and December 31, 2021, we recorded an allowance for doubtful accounts of \$53,514 and \$56,340, respectively.

Goodwill and Intangible Assets

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

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

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

The Company's evaluation of its long-lived assets completed resulted in \$0 and \$8,286 of intangible impairment expense during the quarters ended March 31, 2022 and March 31, 2021.

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 FASB guidance for the costs of computer software to be sold, leased, or otherwise marketed ("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. 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 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 cancelled or abandoned are charged to product development expense 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 asset resulted in impairment charges of \$0 for the quarter ended March 31, 2022 and \$0 for the year ended December 31, 2021..

Impairment of Long-Lived Assets

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

Foreign Currency Translation

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

Revenue Recognition and Concentrations

Our Recurrency platform is a hosted solution. We generate revenue from licensing our software to clients in our software as a service model, per-message and per-minute transactional fees, and customized professional services. We recognize license/subscription fees over the period of the contract, service fees as the services are performed, and per-message or per-minute transaction revenue when the transaction takes place. Under Topic 606, revenue is recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. We consider authoritative guidance on multiple deliverables in determining whether each deliverable represents a separate unit of accounting. Some customers are billed on a month-to-month basis with no contractual term and 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 (Accounting Standards Codification 606 ("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:

- ① identification of the contract, or contracts, with a customer;
- ① identification of the performance obligations in the contract;
- ① identification of the transaction price;
- ① allocation of the transaction price to the performance obligations in the contract; and
- ① recognition of revenue when, or as, we satisfy a performance obligation.

During the three months ended March 31, 2022 and 2021, two customers accounted for 53% and 64% of our revenues, respectively.

Comprehensive Income (Loss)

Comprehensive loss is defined as the change in equity during a period from transactions and other events and circumstances from non-owner sources. We are required to record all components of comprehensive loss in the consolidated financial statements in the period in which they are recognized. Net loss and other comprehensive loss, including foreign currency translation adjustments and unrealized gains and losses on investments, are reported, net of their related tax effect, to arrive at comprehensive loss. For the three months ended March 31, 2022 and 2021, the comprehensive loss was \$1,945,994, and \$1,703,451 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 E-commerce advertisements, sales enablement, content creation, and other direct costs. Advertising expense was \$163,734 and \$188,343 for the three months ended March 31, 2022 and 2021, respectively. We also include the cost of attending trade shows under marketing expense. We recorded \$10,000 and \$0 of expense related to those activities for the three months ended March 31, 2022 and 2021, 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 months ended March 31, 2022 and 2021, we had securities outstanding which could potentially dilute basic earnings per share in the future. Those were excluded from the computation of diluted net loss per share when their effect would have been anti-dilutive.

Recent Accounting Pronouncements

Accounting standards promulgated by the FASB are subject to change. Changes in such standards may have an impact on the Company's future financial statements. The following are 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" or the "ASU"). ASU No. 2020-06 requires that the if-converted method of computing diluted Earnings per Share. The company adopted January 1, 2022.

3. Going Concern

We have \$1,455,147 of cash as of March 31, 2022. We had a net loss of \$1.9 million for the quarter then ended, and we used \$1.8 million of cash in our operating activities during the quarter ended March 31, 2022. In 2021, we had a net loss of \$8.3 million and used \$4.5 million of cash in our operating expenses. We raised \$2,550,553 in cash exercise of warrants in February 2022. There is substantial doubt that our additional cash from our warrant conversion along with our expected cash flow from operations, will not be sufficient to fund our 12-month plan of operations, 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 \$109,768,386 as of March 31, 2022. Further losses are anticipated in the development of the Company's business raising substantial doubt about the Company's ability to continue as a going concern. The ability to continue as a going concern is dependent upon the Company generating profitable operations in the future and/or obtaining the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management intends to finance operating costs over the next twelve months with the proceeds from the sale of securities, and/or revenues from operations. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might result from this uncertainty.

4. Goodwill and Purchased Intangibles

Goodwill

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

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

Intangible assets

	<u>Balance at December 31, 2021</u>	<u>Additions</u>	<u>Impairments</u>	<u>Amortization</u>	<u>Fx and Other</u>	<u>Balance at March 31, 2022</u>
Patents and trademarks	\$ 57,595	\$ —	\$ —	\$ (4,376)	\$ 3,147	\$ 56,366
Customer and merchant relationships	545,533	—	—	(24,213)	—	521,320
Trade name	32,393	—	—	(2,259)	—	30,134
Acquired technology	112,191	—	—	(4,075)	—	108,116
Non-compete agreements	29,212	—	—	(3,965)	—	25,247
	<u>\$ 776,924</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (38,888)</u>	<u>\$ 3,147</u>	<u>\$ 741,183</u>

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

Amortization expense for intangible assets was \$38,888 and \$36,004 for the three months ended March 31, 2022 and 2021, respectively.

The estimated future amortization expense of our intangible assets as of March 31, 2022 is as follows:

<u>Year ending December 31,</u>	<u>Amount</u>
2022	\$ 111,085
2023	145,606
2024	109,009
2025	101,261
2026	101,261
Thereafter	172,961
Total	<u>\$ 741,183</u>

4. 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 March 31, 2022 and December 31, 2021:

	Balance at December 31, 2021	Additions	Amortization	Balance at March 31, 2022
Software Development Costs	\$ 347,796	\$	\$ (73,289)	\$ 274,507
	<u>\$ 347,796</u>	<u>\$</u>	<u>\$ (73,289)</u>	<u>\$ 274,507</u>

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

Amortization expense for software development costs was \$73,289 and \$99,209 for the three months ended March 31, 2022 and 2021, respectively.

The estimated future amortization expense of software development costs as of March 31, 2022 is as follows:

Year ending December 31,	Amount
2022	\$ 182,021
2023	92,161
2024	325
2025	—
2026	—
Thereafter	—
Total	<u>\$ 274,507</u>

5. 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 includes a 50% abatement period and a deposit for \$110,000 was required. The lessor contributed \$110,000 towards the purchase of office furniture as part of the lease agreement. As of March 31, 2022, we have an operating lease asset balance of \$1,132,317 and an operating lease liability balance of \$1,365,431 recorded in accordance with ASC 842.

The following are additional details related to leases recorded on our balance sheet as of March 31, 2022:

Leases	Classification	Balance at March 31, 2022
Assets		
Current		
Operating lease assets	Operating lease assets	\$
Noncurrent		
Operating lease assets	Noncurrent operating lease assets	\$ 1,132,317
Total lease assets		<u>\$ 1,132,317</u>
Liabilities		
Current		
Operating lease liabilities	Operating lease liabilities	\$ 237,761
Noncurrent		
Operating lease liabilities	Noncurrent operating lease liabilities	\$ 1,127,670
Total lease liabilities		<u>\$ 1,365,431</u>

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,	Amount
2022	\$ 241,949
2023	324,221
2024	330,894
2025	337,568
2026	344,241
Thereafter	28,733
Total future lease payments	1,607,606
Less: imputed interest	(242,175)
Total	\$ 1,365,431

Weighted Average Remaining Lease Term (years)	
Operating leases	5.6

Weighted Average Discount Rate	
Operating leases	6.75%

6. Notes Payable and Interest Expense

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

Facility	Maturity	Interest Rate	Balance at March 31, 2022	Balance at December 31, 2021
ACOA Note	February 1, 2024	—	71,389	76,642
TD Bank	December 31, 2022	—	31,982	31,496
Related Party Note	various	15%	3,336,246	3,318,242
Total Debt			3,439,617	3,426,380
Less current portion			1,520,744	888,583
Long-term debt, net of current portion			\$ 1,918,873	\$ 2,537,797

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 three months ended March 31, 2022 we repaid \$6,554 USD of principal.

TD Bank Loan

On April 22, 2020, we entered into a commitment loan with TD Bank under the Canadian Emergency Business Account (“CEBA”), in the principal aggregate amount of \$40,000 CAD, which is due and payable on December 31, 2022. This note bears interest on the unpaid balance at the rate of zero percent (0%) per annum during the initial term. Under this note no interest or principal payments are due until January 1, 2023. Under the conditions of the loan, twenty-five percent (25%) of the loan will be forgiven if seventy-five percent (75%) is repaid prior to the initial term date.

Related Party Notes

On February 26, 2020, we issued an unsecured Note in the principle aggregate amount of \$200,000, which becomes due two years after the date of issuance. This Note bears interest on the unpaid balance at the rate of fifteen percent (15%) per annum. The Company may prepay this Note without notice, subject to a two percent (2%) pre-payment penalty.

On November 18, 2020, we issued two additional unsecured Notes in the principle aggregate amount of \$500,000, which becomes due two years after the date of issuance. This Note bears interest on the unpaid balance at the rate of fifteen percent (15%) per annum. The Company may prepay this Note without notice, subject to a two percent (2%) pre-payment penalty.

On December 31, 2020 \$1,200,000 of these Notes and the accrued interest of \$192,208 was settled into equity and we recorded a loss on settlement of debt of \$668,260 for the year ended December 31, 2020. In summary, as of December 31, 2020, we have a principal balance of \$580,000 and accrued interest of \$42,492 outstanding.

On June 30, 2021, we entered into a Credit Facility Agreement (the "Credit Agreement") with one of the Company's directors. The Company can borrow up to \$3,500,000 under this Credit Agreement. On November 19, 2021, a payment of \$200,000 was paid toward the principal balance of the note. As of December 31, 2021, the company has drawn a total of \$3,478,125 including cash in the amount of \$3,206,250 and \$271,875 of principal and accrued interest under the above-described Note that was rolled into the Credit Facility. As of December 31, 2021, we have accrued interest of \$149,040. The loan is secured by all our tangible and intangible assets including intellectual property. We will repay the principal amount plus accrued interest in 24 equal monthly installments commencing on June 30, 2022, and ending on June 30, 2024. This loan bears interest on unpaid balance at the rate of fifteen percent (15%) per annum. The Company may prepay this Note without notice, penalty or charge. In consideration of the lender's agreement to provide the facility, the Company issued warrants to purchase shares of its common stock at an exercise price of \$1.67 per share in connection with the issuance of funds under this Credit Agreement. The warrants are exercisable for a period commencing upon issuance of the notes and ending 36 months after issuance of the financing. In addition, the Company has agreed to issue to the lender additional warrants entitling the lender to purchase a number of shares of the Company 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 (VWAP). Each warrant will be exercisable over a three year period at an exercise price equal to the VWAP.

During the twelve month period ending December 31, 2021, the Company issued warrants to purchase an aggregate of 600,570 shares of its common stock at the stated exercise price per share in connection with the issuance of funds under this Credit Agreement. The estimated aggregate fair value of the warrants issued is \$262,758 using the Black-Scholes option valuation model as of December 31, 2021.

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

During the twelve month period ending December 31, 2021, the Company issued warrants to purchase an aggregate of 600,570 shares of its common stock at the stated exercise price per share in connection with the issuance of funds under this Credit Agreement. The estimated aggregate fair value of the warrants issued is \$286,296 using the Black-Scholes option valuation model as of March 31, 2022.

During the three month period ending March 31, 2021, the Company issued warrants to purchase an aggregate of 20,339 shares of its common stock at the stated exercise price per share in connection with the issuance of funds under this Credit Agreement. The estimated aggregate fair value of the warrants issued is 6,201 using the Black-Scholes option valuation model as of March 31, 2022

Interest Expense

Interest expense was \$159,827 and \$32,516 during the three months ended March 31, 2022 and 2021, respectively.

7. Stockholders' Equity

Common Stock

2021

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

2022

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

During the quarter ended March 31, 2022 the Company recorded stock-based compensation expense of \$65,002 related to restricted stock units for members of our board of directors. The company recorded stock-based compensation expense of \$207,603 related to stock units for employee compensation.

As of March 31, 2021 we had an equity payable balance of \$100,862.

Stock-based Plans

Stock Option Activity

The following table summarizes stock option activity for the three months ended March 31, 2022.

	<u>Options</u>
Outstanding at December 31, 2020	6,007,552
Granted	637,500
Exercised	—
Forfeit/canceled	(272,029)
Expired	(126,557)
Outstanding at December 31, 2021	6,246,466
Granted	150,000
Exercised	—
Forfeit/canceled	(65,000)
Expired	(10,250)
Outstanding at March 31, 2022	<u>6,321,216</u>

The weighted average exercise price of stock options granted during the period was \$0.83 and the related weighted average grant date fair value was \$0.54 per share.

2021

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

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

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

2022

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

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 months ended March 31, 2022 and 2021 were as follows:

	Three Months Ended March 31,	
	2022	2021
General and administrative	\$ 128,246	\$ 84,130
Sales and marketing	12,867	32,745
Engineering, research, and development	66,490	43,052
	<u>\$ 207,603</u>	<u>\$ 159,927</u>

Valuation Assumptions

The fair value of each stock option award was calculated on the date of grant using the Black-Scholes option pricing model. The following weighted average assumptions were used for the three months ended March 31, 2022 and 2021.

	Three Months Ended March 31,	
	2022	2021
Risk-free interest rate	2.47 %	1.01 %
Expected life (years)	6.00	6.00
Expected dividend yield	— %	— %
Expected volatility	72.33 %	73.97 %

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 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 its stock-based awards.

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

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

Restricted stock units

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

	Shares
Outstanding at December 31, 2020	1,436,728
Awarded	654,663
Released	—
Canceled/forfeited/expired	(406,250)
Outstanding at December 31, 2021	1,685,141
Awarded	78,420
Released	—
Canceled/forfeited/expired	—
Outstanding at March 31, 2022	<u>1,763,561</u>
Expected to vest at March 31, 2022	1,763,561
Vested at March 31, 2022	1,763,561
Unvested at March 31, 2022	—
Unrecognized expense at March 31, 2022	\$ —

2021

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

On March 26, 2021, the Company granted to one employee 1,000,000 restricted shares of the Company's Common Stock at the closing price as of March 26, 2021 of \$1.80 per share. The restricted stock will vest as follows (a) 50% of the restricted shares will vest ratably over forty eight months; (b) 15% of the restricted shares will vest upon the Company achieving \$25,000,000 in annualized recurring revenues as reported by totaling all contracted revenues for the trailing twelve months following the end of a reporting quarter; (c) the final 35% of the restricted shares will vest upon the Company achieving \$50,000,000 in annualized recurring revenues as reported by totaling all contracted revenues for the trailing twelve months following the end of a reporting quarter. Vesting is dependent on the employee's continued employment with the Company. All of the 1,000,000 restricted shares will include a single trigger accelerated vesting should the Company undergo a change of control after August 1, 2021. If the Company undergoes a change of control prior to August 1, 2021, 300,000 of the restricted shares would be eligible for single trigger accelerated vesting.

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

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

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

2022

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

In the three months ended March 31, 2022, the company recorded \$65,002 in restricted stock units 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 months ended March 31, 2022 and 2021 was as follows:

	Three Months Ended	
	March 31,	
	2022	2021
General and administrative	\$ 65,002	\$ 65,002
Sales and marketing	\$ —	\$ 3,694
	<u>\$ 65,002</u>	<u>\$ 68,696</u>

As of March 31, 2022, there was no unearned restricted stock unit compensation.

Warrants

The following table summarizes investor warrant as of March 31, 2022 and the years ended for the year ended December 31, 2021 and, 2020:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)
Outstanding at December 31, 2020	2,691,459	\$ 1.99	2.94
Granted	580,231	\$ —	—
Exercised	—	\$ —	—
Canceled/forfeited/expired	(25,000)	\$ —	—
Outstanding at December 31, 2021	3,246,690	\$ 2.26	3.59
Granted	3,208,529	\$ —	—
Exercised	(3,188,190)	\$ —	—
Canceled/forfeited/expired	—	\$ —	—
Outstanding at March 31, 2022	3,267,029	\$ 0.83	2.85

2020

On March 2, 2020 one warrant holder exercised their common stock purchase warrant for 234,500 shares at the exercise price of \$1.00 per share, resulting in additional capital of \$234,500. In December 2020, warrant holders exercised warrants to purchase common stock at \$1.25 per share. At the commencement of the December warrant exercise, there were warrants outstanding that entitled their holders to purchase 2,691,459 shares of our common stock at exercise prices of \$1.25 per share. Pursuant to the offer, warrant holders exercised warrants to purchase 2,666,459 shares of our common stock, resulting in additional capital of \$3,333,074. As part of the exercise, 2,666,459 new warrants were issued to purchase common stock at \$2.00 per share within three years.

2021

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

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

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

2022

On February 9, 2022 seventeen warrant holders exercised their common stock purchase warrant for 3,188,190 shares at the exercise price of \$0.80 per share, resulting in additional capital of \$2,550,553. As an inducement for the holder's exercise of the warrants, we issued the holders 3,188,190 new warrants to purchase common stock at \$1.50 per share over a three year period expiring in February 2025.

During the quarter ended March 31, 2021 the company recorded \$382,048 of stock-based expense related to warrants issued during the warrant conversion offer on February 9, 2022.

8. 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 March 31, 2022 on a recurring and non-recurring basis:

Description	Level 1	Level 2	Level 3	Gains (Losses)
Goodwill (non-recurring)	\$ —	\$ —	\$ 411,183	\$ —
Intangibles, net (non-recurring)	\$ —	\$ —	\$ 1,015,690	\$ —

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

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

9. Commitments and Contingencies

Litigation

As of the date of this report, there are no pending legal proceedings to which we or our properties are subject, except for routine litigation incurred in the normal course of business.

Operating Lease

As described in Note 5, the Company has a lease agreement for 8,898 square feet, for its office facilities in Chandler, AZ through January 2027. Monthly rental payments, excluding common area maintenance charges, are \$25,953 to \$28,733. The first twelve months of the lease includes a 50% abatement period. As of March 31, 2022, we have an operating lease asset balance for this lease of \$1,129,679 and an operating lease liability balance for this lease of \$1,362,079 recorded in accordance with ASC 842

The Company also has a lease through April 2022 for 3,248 square feet of office space located in Halifax, Nova Scotia, at a monthly rental expense of \$2,665 to \$3,371 per month, excluding common area maintenance charges. As of March 31, 2022, we have an operating lease asset balance for this lease of \$2,638 and an operating lease liability balance for this lease of \$3,352 recorded in accordance with ASC 842.

10. Related Party Transactions

Unsecured Promissory Note Investments

2020

During February 2018, we conducted a private placement of Unsecured Promissory Notes (individually, a “Note” and collectively, the “Notes”) in the aggregate principal amount of \$1,080,000 to certain investors, officers and directors of the Company. Each Note bears interest on the unpaid balance at the rate of fifteen percent (15%) per annum and the principal and accrued interest is due and payable no later than December 1, 2020. We may prepay any of the Notes without notice, subject to a two percent (2%) pre-payment penalty. The Note offer was conducted by our management and there were no commissions paid by us in connection with the solicitation.

On February 26, 2020, we issued an unsecured Note in the principle aggregate amount of \$200,000, which becomes due two years after the date of issuance. This Note bears interest on the unpaid balance at the rate of fifteen percent (15%) per annum. The Company may prepay this Note without notice, subject to a two percent (2%) pre-payment penalty.

On November 18, 2020, we issued two additional unsecured Notes in the principle aggregate amount of \$500,000, which becomes due two years after the date of issuance. These Notes bear interest on the unpaid balance at the rate of fifteen percent (15%) per annum. The Company may prepay these Notes without notice, subject to a two percent (2%) pre-payment penalty.

On December 31, 2020 \$1,200,000 of these Notes and the accrued interest of \$192,208 was settled into equity. We recorded a loss on settlement of debt of \$668,260 for the year ended December 31, 2020.

2021

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

Secured Promissory Note Investments

2021

On June 30, 2021, we entered into a Credit Facility Agreement (the “Credit Agreement”) with one of the Company’s directors. The Company can borrow up to \$3,500,000 under this Credit Agreement. On November 19, 2021, a payment of \$200,000 was paid toward the principal balance of the note. On November 19, 2021, a payment of \$200,000 was paid toward the principal balance of the note. As of March 31, 2022, the company has drawn a total of \$3,478,125 including cash in the amount of \$3,206,250 and \$271,875 of principal and accrued interest under the above-described Note that was rolled into the Credit Facility. As of December 31, 2021, we have accrued interest of \$149,040. The loan is secured by all our tangible and intangible assets including intellectual property. We will repay the principal amount plus accrued interest in 24 equal monthly installments commencing on June 30, 2022 and ending on June 30, 2024. This loan bears interest on unpaid balance at the rate of fifteen percent (15%) per annum. The Company may prepay this Note without notice, penalty or charge. In consideration of the lender’s agreement to provide the facility, the Company issued warrants to purchase shares of its common stock at an exercise price of \$1.67 per share in connection with the issuance of funds under this Credit Agreement. The warrants are exercisable for a period commencing upon issuance of the notes and ending 36 months after issuance of the financing. In addition, the Company has agreed to issue to the lender additional warrants entitling the lender to purchase a number of shares of the Company 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 (VWAP). Each warrant will be exercisable over a three year period at an exercise price equal to the VWAP.

11. Subsequent Events

On April 30, 2022 our lease on the office located in Halifax, Nova Scotia expired. We did not renew the lease.

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

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

Overview

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

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

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

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

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

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

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

The Recurrency Platform

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

POS Data Capture

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

Analytics Powered by Machine Learning

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

Offers and Promotions

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

Predictive Offers

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

Personalized Receipt Promotions

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

Customized Mobile Messaging

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

Belly Loyalty

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

Company Strategy

Our objective is to build an industry-leading Software-as-a-Service (“SaaS”) product that connects consumers to merchants and brands. The key elements to our strategy are:

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

Recent Events

Unsecured Promissory Note Investments in 2021

During the year ended December 31, 2021, we issued to Talkot Capital LLC, unsecured Notes in the principal aggregate amount of \$ 271,875, which are due and payable two years after issuance. These Notes bear interest on the unpaid balance at the rate of fifteen percent (15%) per annum. The Company may prepay the advances and accrued interest, in whole or in part, without notice, penalty or charge. As of December 31, 2021, we have \$271,875 as a remaining balance of these 2021 Notes and accrued interest of \$23,200.

Unsecured Promissory Note Investments in 2022

As of March 31, 2022, we have \$271,875 as a remaining balance of these 2021 Notes and accrued interest of \$38,937

Secured Promissory Note Investments in 2021

During the year ended December 31, 2021, we issued to one of our directors, Secured Notes in the principal aggregate amount of \$3, 478,125, including cash in the amount of \$3,206,250 and \$271,875 of principal and accrued interest under the above-described Note that was rolled into the Credit Facility, which are due and payable two years after issuance. These Notes bear interest on the unpaid balance at the rate of fifteen percent (15%) per annum. The Company may prepay the advances and accrued interest, in whole or in part, without notice, penalty or charge. On November 19, 2021, a payment of \$200,000 was paid toward the principal balance of the note. As of December 31, 2021, we have \$3,278,125 as a remaining balance of these 2021 Notes and accrued interest of \$149,040

Secured Note Investments in 2022

During the three months period ending March 31, 2022, the Company issued warrants to purchase an aggregate of 20,339 shares of its common stock at the stated exercise price per share in connection with the issuance of funds under this Credit Agreement. The estimated aggregate fair value of the warrants issued is \$6,201 using the Black-Scholes option valuation model as of March 31, 2022.

As of March 31, 2022, we have a principal balance of \$3,278,125, discount of \$213,754, and accrued interest of \$266,427 outstanding under the said Credit Agreement.

Office Relocation

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

Intellectual Property

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

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

Results of Operations

Revenues

Revenues consist primarily of 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 March 31, 2022, were \$2,029,569 a decrease of \$428,021 or 17% compared to the same period in 2021.

This decrease is primarily due to a decrease in revenue of \$420,817 quarterly due to restructuring of customer contract related to Smart Receipt services.

Cost of Revenues

Cost of revenues consist 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 March 31, 2022, was \$1,174,948, an increase of \$131,153, or 13%, compared to the same period in 2021.

This increase is primarily due to an increase in customer acquisitions 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 \$82,194 or 6%, to \$1,207,176 during the three months ended March 31, 2022, compared to \$1,289,370 for the same period in 2021. The decrease in general and administrative expense was primarily due a decrease in subscriptions, share based compensation and legal fees.

Sales and Marketing

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

Sales and marketing expenses decreased \$299,249 or 33%, to \$597,501 during the three months ended March 31, 2022, compared to \$896,750 for the same period in 2021. The decrease is primarily due to reductions in payroll expense and share based compensation and recruiting fees.

Engineering, Research & Development

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

Engineering, research & development expenses decreased \$21,727 or 3%, to \$702,223 during the three months ended March 31, 2022, compared to \$723,950 for the same period in 2021. This decrease is primarily due to the a reduction on payroll expenses.

Impairment on Intangible Asset

Impairment on intangible assets consists of an intangible asset valued at less than its carrying value. Impairment on intangible assets decreased 100% from \$8,286 to \$0 for the three months ended March 31, 2021, compared to the same period in 2021.

Depreciation and Amortization

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

Depreciation and amortization expense decreased \$33,915 or 21%, to \$124,312 during the three months ended March 31, 2022 compared to the same period in 2021. This decrease is primarily due to the reduction in amortization of intangibles on software development costs.

Interest Income

Interest income consists of stated interest income on our cash balances. Interest income decreased \$5 or 100% to \$0, during the three months ended March 31, 2022, compared to the same period in 2021. This decrease in interest income is related to lower earnings on cash positions held throughout the year compared to the previous year.

Interest Expense

Interest expense consists of stated or implied interest expense on our notes payable, amortization of note discounts, and amortization of deferred financing costs. Interest expense increased \$127,311, or 392%, during the three months ended March 31, 2022, compared to \$32,516 in the same period in 2021. This increase in interest expense is primarily related to an increase of borrowings from our related parties.

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 ended March 31, 2022, was \$1 Canadian equals \$0.79 U.S. Dollars. This compares to an average rate of \$1 Canadian equals \$0.79 during the same period of 2021. The Company's functional or measurement currency is the U.S. Dollar. Based on a U.S. Dollar functional currency, the following are the key areas impacted by foreign currency volatility:

- ① The Company sells products primarily in U.S. Dollars; therefore, reported revenues are not highly impacted by foreign currency volatility.
- ① 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 stronger U.S. Dollar results in a decrease.
- ① 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 \$3,319 and a loss of \$474 for the three months ended March 31, 2022 and 2021, respectively.

Liquidity and Capital Resources

As of March 31, 2022, we had current assets of \$2,279,358, including \$1,455,147 in cash, and current liabilities of \$6,033,142, resulting in a working capital deficit of \$3,753,789.

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 fund our current level of operations at least through the end of the next twelve months. However, there can be no assurance that we will not require additional capital. If we require additional capital, we will seek to obtain additional working capital through the sale of our securities and, if available, bank lines of credit. However, there can be no assurance we will be able to obtain access to capital as and when needed and, if so, the terms of any available financing may not be subject to commercially reasonable terms.

Cash Flows

	Three Months	
	March 31,	
	2022	2021
Net cash provided by (used in):		
Operating activities	\$ (1,813,845)	\$ (1,901,959)
Investing activities	—	(126,440)
Financing activities	2,544,199	(221,058)
Effect of foreign currency translation on cash flow	(10,631)	(6,155)
Net change in cash	<u>\$ 719,723</u>	<u>\$ (2,255,612)</u>

Operating Activities

We used cash from operating activities totaling \$1,813,845 during the three months ended March 31, 2022 and used cash from operating activities totaling \$1,901,959 during the three months ended March 31, 2021. The increase in cash used in operations was primarily due to an increase in net loss of \$1,551,051.

Investing Activities

Investing activities during the three months ended March 31, 2022, consisted of \$0 of equipment purchases and \$0 of capitalized software development costs.

Financing Activities

Financing activities during the three months ended March 31, 2022, consisted of \$ 2,550,553 additional paid in capital from a warrant conversion to common stock and \$6,354 in payment on notes payable.

Critical Accounting Policies and Estimates

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

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

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

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation 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 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 under the Exchange Act is accumulated and communicated to our management, as appropriate to allow timely decisions regarding required disclosure. Based on this evaluation, our management, including our Chief Executive Officer and Chief Financial Officer, concluded that as of March 31, 2022 our disclosure controls and procedures were not effective.

Changes in Internal Control

There were no changes in our internal control over financial reporting during the three months ended March 31, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 5. Other Information

None

Item 6. Exhibits

<u>Exhibit No.</u>	<u>Description</u>
31.1	Certification by Chief Executive Officer pursuant to Section 302 of Sarbanes Oxley Act of 2002 *
31.2	Certification by Chief 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	XBRL Instance Document *
101.SCH	XBRL Taxonomy Schema Document
101.CAL	XBRL Taxonomy Calculation Linkbase Document *
101.DEF	XBRL Taxonomy Definition Linkbase Document *
101.LAB	XBRL Taxonomy Label Linkbase Document*
101.PRE	XBRL Taxonomy Presentation Linkbase Document *

* Filed electronically herewith

SIGNATURES

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

Date: May 16, 2022

Mobivity Holdings Corp.

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

Date: May 16, 2022

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

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

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

I, Dennis Becker, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Mobivity Holdings Corp. for the quarter ended March 31, 2022;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's first fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 16, 2022

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

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

I, Lisa Brennan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Mobivity Holdings Corp. for the quarter ended March 31, 2022;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's first fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 16, 2022

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

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

In connection with the Quarterly Report on Form 10-Q of Mobivity Holdings Corp., a Nevada corporation (the "Company"), for the period ended March 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Dennis Becker, Chief Executive Officer of the Company, and Lisa Brennan, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Dated: May 16, 2022

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

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