Mobiquity Technologies, Inc.
Form 10-K
April 01, 2019

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MOBIQUITY TECHNOLOGIES, INC.

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

COMMISSION FILE NUMBER: 000-51160

MOBIQUITY TECHNOLOGIES, INC.

(Exact name of Registrant as specified in its charter)

| | |
|---|---|
| New York<br>(State of jurisdiction of<br><br>incorporation or organization) | 11-3427886<br>(I.R.S. Employee<br><br>Identification Number) |
| 35 Torrington Lane Shoreham, NY<br>(Address of principal executive offices) | 11786<br>(Zip Code) |
| Registrant's telephone number, including area code: | (516) 246-9422 |
| Securities registered pursuant to Section 12 (b) of the Act: | None |
| Securities registered pursuant to Section 12 (g) of the Act: | Common Stock, $.0001 Par Value |

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No x

Check whether the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. o

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 x No o

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 x No o

Indicate by check mark if disclosure of delinquent filers in response to Item 405 of Regulation S-K is not contained in this form, and no disclosure will be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in part III of this Form 10-K or any amendment to this Form 10-K o.

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. (Check one)

| | | | |
|---|---|---|---|
| Large accelerated filer | o | Accelerated filer | o |
| Non-accelerated filer | o (Do not check if a smaller reporting company) | Smaller reporting company | x |
| Emerging growth company | o | | |

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 o No x

As of June 30, 2018, the number of shares of Common Stock held by non-affiliates was approximately 164,106,615 shares based upon 377,975,600 shares of Common Stock outstanding. The approximate market value based on the last sale (i.e. $0.10 per share as of June 29, 2018) of the Company's Common Stock was approximately $37,797,560.

The number of shares outstanding of the Registrant's Common Stock, as of March 24, 2019, was 654,099,930.

**DOCUMENTS INCORPORATED BY REFERENCE**

Part III incorporates information by reference from the definitive Proxy Statement for the 2019 Annual Meeting of the Shareholders, to be filed with the Securities and Exchange Commission no later than 120 days after the end of the registrant's fiscal year covered by this Form 10-K.

## FORWARD-LOOKING STATEMENTS

We believe this annual report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are subject to risks and uncertainties and are based on the beliefs and assumptions of our management, based on information currently available to our management. When we use words such as "believes," "expects," "anticipates," "intends," "plans," "estimates," "should," "likely" or similar expressions, we are making forward-looking statements. Forward-looking statements include information concerning our possible or assumed future results of operations set forth under "Business" and/or "Management's Discussion and Analysis of Financial Condition and Results of Operations." Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Our future results and stockholder values may differ materially from those expressed in the forward-looking statements. Many of the factors that will determine these results and values are beyond our ability to control or predict. Stockholders are cautioned not to put undue reliance on any forward-looking statements. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. For a discussion of some of the factors that may cause actual results to differ materially from those suggested by the forward-looking statements, please read carefully the information under "Risk Factors." In addition to the Risk Factors and other important factors discussed elsewhere in this annual report, you should understand that other risks and uncertainties and our public announcements and filings under the Securities Exchange Act of 1934, as amended could affect our future results and could cause results to differ materially from those suggested by the forward-looking statements.

*As used in this Form 10-K, the terms “we,” “our,” “us,” “Mobiquity Technologies” or “the company” refer to Mobiquity Technologies and its subsidiaries, taken as a whole, unless the context otherwise requires it.*

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Item 1. Business

Introduction

Mobiquity Technologies, Inc., a New York corporation (the "Company") owns 48% of Advangelists, LLC and manages the remaining 52% owned by Glen Eagles Acquisition LP. Accordingly, since Mobiquity is the sole manager and controls Advangelists, the results of operations of Advangelists are shown herein on a consolidated basis. The Company also owns 100% of Mobiquity Networks, Inc.

Advangelists Overview

Advangelists is a developer of advertising and marketing technology focused on the creation, automation, and maintenance of an advertising technology operating system (or ATOS). Advangelists' ATOS platform blends artificial intelligence (or AI) and machine learning (ML) based optimization technology for automatic ad serving that manages and runs digital advertising campaigns.

The ATOS platform:

- creates an automated marketplace of advertisers and publishers on digital media outlets to host online auctions to facilitate the sale of ad time slots (known as digital real estate) targeted at users while engaged on their connected TV, computer or mobile device, and

- gives advertisers the capability to understand and interact with their audiences and engage them in a meaningful way by the using ads in both image and video formats (known as rich media) to increase their customer base and foot traffic to their physical locations.

Advangelists' marketplace engages with approximately 20 billion advertisement opportunities per day. Our sales and marketing strategy is focused on creating a de-fragmented operating system that makes it considerably more efficient and effective for advertisers and publishers to transact with each other. Our goal is to create a standardized and transparent medium.

Advangelists' technology is proprietary and has all been developed internally. We own all of our technology.

Users of the ATOS platform get access to benefits including among other things:

- ease of set up
- targeting features based on audience profiles and location through an in-house data management platform (or DMP),
- support for all rich media creators' ad tags,
- machine learning and AI powered optimization delivering two to four times the average click through rate on ad links,
- support for third-party trackers and Custom Scripts for MOAT analytics, IAS, and forensics to enable independent verification by advertisers for transparency,
- detailed campaign wrap up reporting that gives a breakdown on publishers, categories, demonstrations, and devices to better understand advertisement campaign performance,
- access to business intelligence via an analytics dashboard,
- advanced ad targeting,
- easy campaign uploading,
- automated performance optimization,
- real time reporting,
- fraud prevention tools, and
- 24x7 support, along with guided managed services to enable users to rapidly harness and operate all the features of the ATOS platform.

Our ATOS platform includes:

- Adserver,
- Demand Side Platform,
- Advertisement quality tools,
- Analytics dashboard,
- Avails Engine,
- Advertisement prediction and delivery tools,
- Supply quality tools,
- Private market place tools,
- Audience and location targeting,
- Wrap up reports,
- An Advertisement software development kit (or SDK), and
- Prebid adaptor.

We expect to complete the following development project in the second quarter of 2019:

contextual targeting,

identity graph capabilities,

cookie syncing, and

the next version of our quality and security tools, among other things for our ATOS platform.

**Plan of Operation**

Mobiquity has hired several new sales and sales support individuals in the first quarter of 2019 to help generate additional revenue through the use of the Advangelists platform. Mobiquity's sales team will focus on Advertising Agencies, Brands and publishers to help increase both supply and demand across the Advangelists platform. The Advangelists platform creates three revenue streams for Mobiquity. The first is licensing the Advangelists platform as a white-label product for use by Advertising Agencies, DSP's and Brands. Under the White-Label scenario, the user licenses the technology and is responsible for running its own business operations and is billed a percentage of volume run through the platform. The second revenue stream is a managed services model, in which, the user is billed a higher percentage of revenue run through the platform, but all services are managed by the Mobiquity/Advangelists team. The third revenue model is a seat model, whereas the user is billed a percentage of revenue run through the platform and business operations are shared between the user and the Mobiquity/Advangelists team. The goal of the sales team is to inform potential users of the benefits in efficiency and effectiveness of utilizing the end-to-end, fully integrated ATOS created by Advangelists.

**Government Regulation**

There are not applicable federal or state regulation which apply to us and not to other businesses in general.

**Competition**

There are many small, medium and large enterprises companies competing in certain aspects of the advertising space that we operate in, although we are not aware of any other companies offering the same complete package we are offering.

**Intellectual Property**

Advangelists' technology is proprietary and has all been developed internally. We own all of our technology and protect it though trade secrets and each employee signing an agreement agreeing to keep the proprietary information confidential and assigning any improvements to the technology to Advangelists.

**Mobiquity Networks Overview**

The Company's wholly-owned subsidiary, Mobiquity Networks has evolved and grown from a mobile advertising technology company focused on driving Foot-traffic throughout its indoor network, into a next generation location data intelligence company. Mobiquity Networks provides precise unique, at-scale location data and insights on consumer's real-world behavior and trends for use in marketing and research. With its combined first party location data and other various exclusive data sets; Mobiquity Networks provides one of the most accurate and scaled solution for mobile data collection and analysis, utilizing multiple geo-location technologies. Mobiquity Networks is seeking to execute on several revenue streams from its data collection and analysis, including, but not limited to; Advertising, Data Licensing, Footfall Reporting, Attribution Reporting, Real Estate Planning, Financial Forecasting and Custom Research.

**Mobiquity Networks**

**Mobiquity Revenue Streams**

Mobiquity Networks is seeking to execute on several revenue streams from its data collection and analysis including, but not limited to; Advertising, Data Licensing, Footfall Reporting, Attribution Reporting, Real Estate Planning, Financial Forecasting and Custom Research. as described below.

**Advertising**

Mobiquity's Audiences enables advertisers to create specific profiles based on user's real-world behaviors. Utilizing specific Point-of-Interest location data from over 16,000 individual brands to understand consumer behavior and affinity, the platform provides unparalleled accuracy and precision due to the volume of user data points and our understanding of path, speed, visitation, frequency and dwell time.

Use Cases for Mobiquity Audiences:

Retrieve millions of existing geo-behavioral profiles based on visitation to specific locations, brands and retailers;

Includes brand affinity, presumed, home/work and pathing into your audiences;

Create custom audiences or use our standard taxonomy, such as: brand loyalist, in-market buyers, and consumers with in a defined zip code/DMAs

**Data Licensing**

Mobiquity's Location Data Feed provides clients with millions of unique devices and billions of associated data points.

With location data feeds, clients have access to:

Location data from tens of millions of devices;

Scheduled feed by preference which can be real-time, daily or, monthly; and

Includes data on operating system, timestamp, latitude, longitude and other relevant data.

**Various Reports**

Footfall, attribution and customized reports provide clients with a deeper understanding of consumer behaviors, store location performance, new store site selection and marketing strategy.

Reports include:

Campaign effectiveness, was an action taken post campaign;

Visit analysis and trends by time day, week and month;

Distance traveled from presumed home/work to brand locations;

Performance, trends, and comparisons of store locations;

Dwell time and frequency comparisons by store locations;

Competitive analysis; Brand A versus Brand B:

Locations visited before and after the desired points of interest("POI"); and

Correlation between POIs visited and distance from other key locations

**Real Estate**

Mobiquity's location data allows real estate companies to utilize foot traffic to make better business decisions.

Traffic comparison to determine if a location fits the parameters for expansion or reduce;

Obverse traffic patterns to determine building specs;

Foot traffic to determine value; and

Planning for municipalities.

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**Financial Forecasting**

Mobiquity's location data allows financial institutions to utilize visitation and traffic as a component to predict current and future revenue for the purpose of investing.

- Overall traffic
- Visitation to certain brands measured weekly, monthly, quarterly or annually
- Competitive analysis to measure brands within the same industry or sector; and
- Correlation between traffic and revenue.

**About Mobiquity Networks**

Mobiquity Networks is a next generation location data intelligence company. Mobiquity Networks provides precise unique, at-scale location-based data and insights on consumer's real-world behavior and trends for use in marketing and research. We provide accurate and precise location data on approximately fifty (50,000,000) million mobile devices to help marketers and researchers better understand consumer's real-world behavior and trends. Our data is supplied directly from our app partners or direct server-to-serve feeds. Data provided by Mobiquity Networks is deterministic with a high degree of accuracy and precision.

Uniqueness of Mobiquity Networks' data:

- Massive Scale: 50 million plus unique devices;
- Proprietary Places Database;
- Data Density: average 100 plus data points collected per user/day;
- Spatial Precision: 80% accurate within 20 meters;
- Verified Visits: frequency and dwell time to determine real consumer visits;
- Diverse Data: many app partners utilizing precise location; and

Privacy Compliant.

**Strategy**

Mobiquity Networks derives its revenue utilizing the revenue streams mentioned above. All the products used to derive revenue for the Company are reliant on the collection of data. To achieve management's revenue goals moving forward, we have developed a strategy to increase the two main driving forces behind our data collection. One strategy is to increase the total number of users we see on a monthly basis ("MAU"), and the second strategy is to increase the total number of locations (Places) available to see our MAU's over the same time period. We are currently seeing over 50,000,000 unique mobile devices on a monthly basis. To continue to grow the total number of unique devices we can see on a monthly basis, we need to increase our partnerships. We believe our unique offering to potential partners gives us a competitive advantage over others in the industry. The task of partnering to increase MAU's is handled internally by our business development team.

As of April 2019, we had approximately 5,000,000 Places in our proprietary Places database. We have been able to steadily increase the number of locations available in our Places database through the use of both open source and proprietary technologies. The task of growing our Places database is handled by our internal technology team. The Company currently utilizes both internal and outsourced resources to market and sell its product offerings.

**Agreements with Developers**

Due to the evolution of the Mobiquity Network's business model, our agreements with Mall developers are no longer considered essential to our business operations as our Places data base has grown to include these locations making malls a subset within our retail category. This is the major reason why we have allowed our mall developer contracts to expire or be terminated.

**Our Proprietary Technology Platform**

Mobiquity Networks has developed a highly accurate and scalable proprietary cloud-based location platform to allow millions of connected devices to easily and securely log billions of events per day and receive user notifications in real or near real-time.

Mobiquity Networks' platform analyzes a combination of raw location signal when collecting mobile data to identify user patterns in densely populated urban areas, indoor specific locations or desired points of interest. This data is additionally analyzed and enriched with how often users visit specific locations, and how much time they spend at each location. The resulting combined contextual data ensures clients receive highly accurate insights into consumers' offline behavior.

Mobiquity Networks' platform is hosted and managed on Amazon Web Service (AWS) and takes full advantage of open standards for processing, storage, security and big data technology. Specifically, the Mobiquity Networks platform uses the following AWS services: EC2, Lambda, Kafka, Kinesis, S3, Storm, Spark, Machine Learning, RDS, Redshift, Elastic Map Reduction, CloudWatch, and Elastic Search Service with built-in Kibana integration.

Mobiquity Networks' unique approach to validating mobile device location produces extremely precise and accurate location data.

The Mobiquity Networks' proprietary intelligence provides all the existing location manager functionality plus adds the following benefits:

- advanced location technology capabilities (such as always-on location services, enhanced accuracy, lower battery drain, and others);
- automatic venue recognition;
- access to physical address and venue map database; and
- a detailed location analytics.

Mobiquity Networks has assembled a comprehensive location database to convert geographical coordinates to a physical address in the real world. This database includes the street level venue storefronts and entrance for businesses in the U.S., addresses, building polygons, venue polygons, and other related points of interest information. Currently this database has over 5 million locations and continues to be populated thereby improving the platforms' algorithm for user accuracy.

Utilizing massively parallel cluster computing and machine learning algorithms and technology, Mobiquity Networks processes user dwell-time and frequency of visitation data within all location signals available to segment highly targetable audiences for marketing and research. This data processing provides valuable, actionable geo-behavioral data for marketers, researchers and application publishers and made available through an automated platform.

The Mobiquity Networks platform automatically synchronizes audience data to various Data Management Providers (DMP), Demand Side Providers (DSP), trading desks and other partners using its marketplace connection application programmer interfaces (API).

Clients and Publishing partners are given access to a comprehensive dashboard to view mobile device traffic and audience information. This information can be both viewed and access via API to incorporate into internal client systems.

**Intellectual Property**

In March 2013, we formed Mobiquity Networks and Mobiquity Wireless in Spain. Mobiquity Wireless then acquired the assets of our then licensor, FuturLink. These assets include, without limitation, the FuturLink technology which consists of patent applications, source codes and trademark(s). The patent applications acquired related to the hardware and associated process for identifying and acquiring connections to mobile devices and the process for delivering select content to users on an opt-in basis. We believe our acquisition of FuturLink's technology and corresponding patent applications provided us with the flexibility and autonomy to improve, upgrade and integrate new ideas and cutting-edge technologies into our existing platform. This has allowed us to evolve as new technologies emerge. To date, we have been granted four patents and published several additional patents. We believe that our intellectual property is a valuable asset to us as we move forward with our technology platform.

**Governmental Regulations**

Federal, state and international laws and regulations govern the collection, use, retention, sharing and security of data that we collect. We strive to comply with all applicable laws, regulations, self-regulatory requirements and legal obligations relating to privacy, data protection and consumer protection, including those relating to the use of data for marketing purposes. As we develop and provide solutions that address new market segments, we may become subject to additional laws and regulations, which could create unexpected liabilities for us, cause us to incur additional costs or restrict our operations. From time to time, we may be notified of or otherwise become aware of additional laws and regulations that governmental organizations or others may claim should be applicable to our business. Our failure to anticipate the application of these laws and regulations accurately, or other failure to comply, could create liability for us, result in adverse publicity or cause us to alter our business practices, which could cause our net revenues to decrease, our costs to increase or our business otherwise to be harmed. See "Risk Factors."

We are subject to general business regulations and laws as well as regulations and laws specifically governing the Internet, e-commerce and m-commerce in a number of jurisdictions around the world. Existing and future regulations and laws could impede the growth of the Internet, e-commerce, m-commerce or other online services. These regulations and laws may involve taxation, tariffs, privacy and data security, anti-spam, data protection, content, copyrights, distribution, electronic contracts, electronic communications and consumer protection. It is not clear how existing laws and regulations governing issues such as property ownership, sales and other taxes, libel and personal privacy apply to the Internet as the vast majority of these laws and regulations were adopted prior to the advent of the Internet and do not contemplate or address the unique issues raised by the Internet, e-commerce or m-commerce. It is possible that general business regulations and laws, or those specifically governing the Internet, e-commerce or m-commerce may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. See "Risk Factors."

**Integrated Marketing Company**

Our former subsidiary, Ace Marketing & Promotions, Inc. (or Ace Marketing), which was sold on October 1, 2017 had historically represented substantially all of the operating revenues. Ace Marketing was an integrated marketing company focused on working with clients to grow their business. Ace Marketing's core business was to provide a wide range of quality promotional products to a wide range of corporate, non-profit and educational clients. In addition, Ace Marketing offered brand analysis and development, website analysis and development, database analysis and building, and integrated marketing campaigns using: direct mail, email marketing, mobile marketing, promotional products and other mediums that helped our clients connect with their customers and acquire new business.

**Competition**

We compete in the location data, marketing and research business and in all other facets of our business against small, medium and large companies throughout the United States. Some examples include companies such as Placed, Factual and Foursquare. Although we can give no assurance that our business will be able to compete against other companies with greater experience and resources, we believe we have a competitive advantage with our proprietary Places Database, software and technology platform.

**Employees**

As of March 30, 2019, we have 19 full time employees, including executive management, technical personnel, salespeople, and support staff employees. We also utilize several additional firms/persons who provide services to us on a non-exclusive basis as independent consultants.

Item 1A. Risk Factors

*Investing in our common stock involves a high degree of risk. Before deciding to invest in our company or deciding to maintain or increase your investment, you should consider carefully the risks and uncertainties described below, together with all information in this Form 10-K, including our consolidated financial statements and related notes. If one or more of the following risks are realized, our business, financial condition, results of operations and prospects could be materially and adversely affected. In that event, the market price for our common stock could decline and you may lose your investment.*

**Risks Relating to our Business**

**We can provide no assurance that Advangelists' business will be able to maintain a competitive technology advantage in the future.** Advangelists' ability to generate revenues is based upon its proprietary intellectual property that we own and protect through trade secrets and agreements with our employees to maintain ownership of any improvements to our intellectual property. Advangelists' ability to generate revenues now and in the future is based upon maintaining a competitive technology advantage over its competition. We can provide no assurances that we will be able to maintain a competitive technology advance in the future over our competitors, which have significantly more experience and are better capitalized than us.

**No assurances can be given that we will be able to keep up with a rapidly changing technology market or that we can prevent unauthorized access to our customer data.** Failure to keep up with rapidly changing technologies and marketing practices could cause our products and services to become less competitive or obsolete, which could result in loss of market share and revenues. Advances in information technology are changing the way our clients use and purchase information products and services. Maintaining the technological competitiveness of our data products, processing functionality, software systems and services is key to our continued success. However, the complexity and uncertainty regarding the development of new technologies and the extent and timing of market acceptance of innovative products and services create difficulties in maintaining this competitiveness. Without the timely introduction of new products, services and enhancements, our products and services will become technologically or commercially obsolete over time, in which case our revenue and operating results would suffer. Consumer needs and the business information industry as a whole are in a constant state of change. Our ability to continually improve our current processes and products in response to changes in technology and to develop new products and services are essential in maintaining our competitive position and meeting the increasingly sophisticated requirements of our clients. If we fail to enhance our current products and services or fail to develop new products in light of emerging technologies and industry standards, we could lose clients to current or future competitors, which could result in impairment of our growth prospects and revenues. A significant breach of the confidentiality of the information we hold or of the security of our or our customers', suppliers', or other partners' computer systems could be detrimental to our business, reputation and results of operations. Our business requires the storage, transmission and utilization of data. Although we have security and associated procedures, our databases may be subject to unauthorized access by third parties. Such third parties could attempt to gain entry to our systems for the purpose of stealing data or disrupting the systems. We believe we have taken appropriate measures to protect our systems from intrusion, but we cannot be certain that advances in criminal capabilities, discovery of new vulnerabilities in our systems and attempts to exploit those vulnerabilities, physical system or facility break-ins and data thefts or other developments will not compromise or breach the technology protecting our systems and the information we possess. Furthermore, we face increasing cyber security risks as we receive and collect data from new sources, and as we and our customers continue to develop and operate in cloud-based information technology environments. In the event that our protection efforts are unsuccessful, and we experience an unauthorized disclosure of confidential information or the security of such information or our systems are compromised, we could suffer substantial harm. Any breach could result in one or more third parties obtaining unauthorized access to our customers' data or our data, including personally identifiable information, intellectual property and other confidential business information. Such a security breach could result in operational disruptions that impair our ability to meet our clients' requirements, which could result in decreased revenues. Also, whether there is an actual or a perceived breach of our security, our reputation could suffer irreparable harm, causing our current and prospective clients to reject our products and services in the future and deterring data suppliers from supplying us data. Further, we could be forced to expend significant resources in response to a security breach, including repairing system damage, increasing cyber security protection costs by deploying additional personnel and protection technologies, and litigating and resolving legal claims, all of which could divert the attention of our management and key personnel away from our business operations. In any event, a significant security breach could materially harm our business, financial condition and operating results.

**The regulatory framework in which our Company operates is constantly evolving and privacy concerns could adversely affect our operation results.** The regulatory framework for privacy issues worldwide is currently evolving and is likely to remain uncertain for the foreseeable future. The occurrence of unanticipated events often rapidly drives the adoption of legislation or regulation affecting the use of data and the manner in which we conduct our business. Restrictions could be placed upon the collection, management, aggregation and use of information, which could result in a material increase in the cost of collecting certain kinds of data. In all of the non-U.S. locations in which we do business, legislation restricting the collection and use of personal data already exists or is presently contemplated. For example, on April 14, 2016, the European Parliament formally adopted the General Data Protection Regulation (the “GDPR”), which will establish a new framework for data protection in Europe when it becomes effective in May 2018. The GDPR will impose more stringent operational requirements for entities processing personal information, such as stronger safeguards for data transfers to countries outside the European Union (“EU”), reliance on express consent from data subjects (as opposed to assumed or implied consent), a right to require data processors to delete personal data, and stronger enforcement authorities and mechanisms. In the U.S., non-sensitive data about a consumer is generally usable under current rules and regulations so long as the person does not affirmatively “opt-out” of the collection of such data. In Europe, the reverse is true. If the European “opt-in” model were to be adopted in the U.S., less data would be available. Furthermore, the costs of compliance with, and other burdens imposed by, the laws, regulations, standards and policies that are applicable to the businesses of our clients may limit the use and adoption of, and reduce the overall demand for, our platform. Privacy concerns, whether valid or not valid, may inhibit market adoption of our platform particularly in certain industries and foreign countries. Unfavorable publicity and negative public perception about our industry could adversely affect our business and operating results.

**Significant system disruptions, loss of data center capacity or interruption of telecommunication links could adversely affect our business and results of operations. The loss or prolonged absence of our highly trained and qualified personnel could adversely affect our operations.** Significant system disruptions, loss of data center capacity or interruption of telecommunication links could adversely affect our business and results of operations. Our business is heavily dependent upon highly complex data processing capability. The ability to protect these data centers against damage or interruption from fire, flood, tornadoes, power loss, telecommunications or equipment failure or other disasters and events beyond our control is critical to success. Such events could have a material adverse effect on our business, financial condition and operating results. Each of our business segments is subject to substantial competition from a diverse group of competitors. Each of our business segments faces significant competition in all its offerings and within each of its markets. The resources we allocate to each market in which we compete vary, as do the number and size of our competitors across these markets. These competitors may be in a better position to develop new products and pricing strategies that more quickly and effectively respond to changes in customer requirements in these markets. Such introduction of competent, competitive products, pricing strategies or other technologies by our competitors that are superior to or that achieve greater market acceptance than our products and services could adversely affect our business. Our failure to meet a client’s expectations in any type of contract may result in an unprofitable engagement, which could adversely affect our operating results and result in future rejection of our products and services by current and prospective clients. The failure to recruit and retain qualified personnel could hinder our ability to successfully manage our business, which could have a material adverse effect on our financial position and operating results. Our growth strategy and future success depend in large part on our ability to attract and retain technical, client services, sales, consulting, research and development, marketing, administrative and management personnel. The complexity of our data products, processing functionality, software systems and services require highly trained professionals. While we presently have a sophisticated, dedicated and experienced team of associates who have a deep understanding of our business and in many cases have been with Mobiquity Technologies for years, the labor market for these individuals has historically been very competitive due to the limited number of people available with the necessary technical skills and understanding, compensation strategies, general economic conditions and various other factors. As the business information and marketing industries continue to become more technologically advanced, we anticipate increased competition for qualified personnel. The loss or prolonged absence of the services of highly trained personnel like the Company's current team of associates, or the inability to recruit and retain additional, qualified associates, could have a material adverse effect on our business, financial position or operating results.

**Processing errors or delays in completing service level requirements could result in loss of client confidence, harm to our reputation and negative financial consequences**. Processing errors, or significant errors and defects in our products, can be harmful to our business and result in increases in operating costs. Such errors may result in the issuance of credits to clients, re-performance of work, payment of damages, future rejection of our products and services by current and prospective clients and irreparable harm to our reputation. Likewise, the failure to meet contractual service level requirements or to meet specified goals within contractual timeframes could result in monetary penalties or lost revenue. Taken together, these issues could result in loss of revenue as service and support costs increase. Data suppliers may withdraw data that we have previously collected or withhold data from us in the future, leading to our inability to provide products and services to our clients, which could lead to a decrease in revenue and loss of client confidence. Much of the data that we use is licensed from third-party data suppliers, and we are dependent upon our ability to obtain necessary data licenses on commercially reasonable terms. We could suffer material adverse consequences if our data suppliers were to withhold their data from us. For example, data suppliers could withhold their data from us if there is a competitive reason to do so, if we breach our contract with a supplier, if they are acquired by one of our competitors, if legislation is passed restricting the use or dissemination of the data they provide or if judicial interpretations are issued restricting use of such data. Additionally, we could terminate relationships with our data suppliers if they fail to adhere to our data quality standards. If a substantial number of data suppliers were to withdraw or withhold their data from us, or if we sever ties with our data suppliers based on their inability to meet our data standards, our ability to provide products and services to our clients could be materially adversely impacted, which could result in decreased revenues. A failure in the integrity or a reduction in the quality of our data could harm our brand and result in a loss of revenue and an increase in legal claims. The reliability of our solutions depends upon the integrity and quality of the data in our database. A failure in the integrity of our database, whether inadvertently or through the actions of a third party, or a reduction in the quality of our data could harm us by exposing us to client or third-party claims or by causing a loss of client confidence in our solutions. We may experience an increase in risks to the integrity of our database and quality of our data as we move toward real-time, non-identifiable, consumer-powered data through our Platform. We must continue to invest in our database to improve and maintain the quality, timeliness and coverage of the data if we are to maintain our competitive position. Failure to do so could result in significant harm to our reputation and growth prospects, as well as a loss of revenue.

**Dependence on Contracts.** The loss of a contract upon which we rely for a significant portion of our revenues could adversely affect our operating results. In addition, our contracts contain provisions allowing the client to terminate prior to the end of the term upon giving advance notice. Even if renewed by these clients, the terms of the renewal contracts may not have a term as long as, or may otherwise be on terms less favorable than, the original contract. Revenue from clients with long-term contracts is not necessarily “fixed” or guaranteed as portions of the revenue from these clients is volume-driven. Therefore, we must engage in continual sales efforts to maintain revenue and future growth with all our clients or our operating results will suffer. If a significant client fails to renew a contract or renews the contract on terms less favorable to us than before, our business could be negatively impacted if additional business were not obtained to replace or supplement that which was lost.

**Widespread economic downturn could adversely affect our business**. Acquisition and divestiture activities may disrupt our ongoing business and may involve increased expenses, and we may not realize the financial and strategic goals contemplated at the time of a transaction, all of which could adversely affect our business and growth prospects. Our business is directly dependent upon and correlates closely to the marketing levels and ongoing business activities of our existing clients. If material adverse developments in domestic and global economic and market conditions adversely affect our clients' businesses, our business and results of operations could equally suffer. Our results of operations are affected directly by the level of business activity of our clients, which in turn is affected by the level of economic activity in the industries and markets that they serve. Future widespread economic slowdowns in any of these markets, particularly in the United States, may negatively affect the businesses, purchasing decisions and spending of our clients and prospective clients, which could result in reductions in our existing business as well as our new business development. In the event of such widespread economic downturn, we will likely experience a reduction in current projects, longer sales cycles, deferral or delay of purchase commitments for our data products, processing functionality, software systems and services, and increased price competition, all of which could adversely affect revenue.

**Quarterly revenue predictions are difficult to predict**. When purchasing our products and services, our clients and prospects are often faced with a significant commitment of capital, the need to integrate new software and/or hardware platforms and other changes in company-wide operational procedures, all of which result in cautious deliberation and evaluation by prospective clients, longer sales cycles and delays in completing transactions. Additional delays result from the significant up-front expenses and substantial time, effort and other resources necessary of our clients to implement our solutions. For example, depending on the size of a prospective client's business and its needs, a sales cycle can range from two weeks to twelve months. Because of these longer sales cycles, revenues and operating results may vary significantly from period to period. As a result, it is often difficult to accurately forecast our revenues on a quarterly basis as it is not always possible for us to predict the quarter in which sales will actually be completed. This difficulty in predicting revenue, combined with the revenue fluctuations we may experience from quarter to quarter, can adversely affect and cause substantial fluctuations in our stock price.

**We need to protect our intellectual property otherwise our operating results may suffer**. Third parties may claim that we are infringing their intellectual property and we could suffer significant litigation or licensing expenses or be prevented from selling products or services. Additionally, third parties may infringe our intellectual property and we may suffer competitive injury or expend significant resources enforcing our rights. As our business is focused on data-driven results and analytics, we rely heavily on proprietary information technology. From time to time, third parties may claim that one or more of our products or services infringe their intellectual property rights. We analyze and take action in response to such claims on a case-by-case basis. Any dispute or litigation regarding patents or other intellectual property could be costly and time-consuming due to the complexity of our technology and the uncertainty of intellectual property litigation, which could divert the attention of our management and key personnel away from our business operations. A claim of intellectual property infringement could force us to enter into a costly or restrictive license agreement, which might not be available under acceptable terms or at all, or could subject us to significant damages or to an injunction against development and sale of certain of our products or services. Our proprietary portfolio consists of various intellectual property including patents, databases, source code, trade secrets, know-how, confidentiality provisions and licensing arrangements. The extent to which such rights can be protected varies from jurisdiction to jurisdiction. If we do not enforce our intellectual property rights vigorously and successfully, our competitive position may suffer which could harm our operating results.

**We need to protect our brand and reputation as a competitive strength.** Our brand and reputation are key assets and competitive strengths of our Company, and our business may be adversely affected if events occur that could cause us to be negatively perceived in the marketplace. Our ability to attract and retain clients is highly dependent upon the external perceptions of our level of data quality, our ability to deliver consumer insights, our enterprise data management and analytical capabilities, the competence of our current associate team, and our ability to meet contractual service level requirements in a timely manner. Negative perceptions or publicity regarding these matters could damage our reputation with prospective clients and the public generally. Adverse developments with respect to our industry may also, by association, negatively impact our reputation, or result in higher regulatory or legislative scrutiny. Any damage to our brand or reputation could have a material adverse effect on our business and operating results.

**We may be required to invest significant monies upfront in capital intensive project(s) which we may be unable to recover**. Failure to recover significant, up-front capital investments required by certain client contracts could be harmful to the Company's financial condition and operating results. Certain of our client contracts require significant investment in the early stages, which we expect to recover through billings over the life of the contract. These contracts may involve the construction of new computer systems and communications networks or the development and deployment of new technologies. Substantial performance risk exists in each contract with these characteristics, and some or all elements of service delivery under these contracts are dependent upon successful completion of the development, construction and deployment phases. Failure to successfully meet our contractual requirements under these contracts over their life increases the possibility that we may not recover our capital investments in these contracts. Failure to recover our capital investments could be detrimental to the particular engagement as well as our operating results.

**Other Risks Relating To Our Business**

**We have a history of operating losses and may not in the future generate consistent revenues or profits.** Since our inception, we have experienced a continued history of operating losses and an accumulated deficit of $127,232,553 at December 31, 2018. We have incurred net losses from continuing operations for the years ending December 31, 2018 and 2017 of $58,634,479 and $10,245,494, respectively. Our operating losses for the past several years are primarily attributable to the transformation of our company into an advertising technology corporation. Our Mobiquity Network subsidiary has $718,930 and $385,628 in revenues from its operations for the years ended December 31, 2018 and 2017, respectively. We can provide no assurances that our operations will generate consistent or predictable revenue or be profitable in the future. This is particularly the case as we are shifting our business emphasis to focus on our Mobiquity Network business.

**We received limited revenues from our new Mobiquity business and we cannot accurately predict the volume or timing of any future revenues.** We may be unable to capture revenue from our new Mobiquity business and product offerings in the manner in which we anticipate. As such, we cannot accurately predict the volume or timing of any future revenues.

**Our Mobiquity Network business is dependent upon our successful integration of our SDK into various mobile applications (or apps) publishers to collect and analyze data and create product offerings from the data collected.** For us to create and expand our business model, we are dependent upon entering into agreements with mobile application third party publishers. The greater the number of publisher apps into which our SDK is embedded, the greater number of original data we can collect and analyze. We currently have entered into agreements with a limited number of third party app publishers. There is a risk that we will be unable to expand our mobile publisher network on terms satisfactory to us, or at all, and if we are unable to do so, our results of operations and overall business prospects would suffer.

**The location-based mobile marketing industry is evolving, and our competition may become extensive.** Currently, we have not generated significant revenue from this new and unproven segment of our business. While we intend to market our Mobiquity products and services, there is a risk that our location-based mobile data collection and analysis will be unable to compete with large, medium and small competitors that are in (or may enter) the industry with substantially larger resources and management experience.

**We expect to derive substantially all of our future revenues from our principal technology, which leaves us subject to the risk of reliance on such technology. Further, our principal technology is subject to pending patent applications which could be rejected by the United States Patent and Trademark Office.** We expect to derive substantially all of our future revenues from Mobiquity Networks. As such, any factor adversely affecting our ability to offer and implement our solution to new customers, including regulatory issues, market acceptance, competition, performance and reliability, reputation, price competition and economic and market conditions, would likely harm our operating results.

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**If our Mobiquity technology fails to satisfy current or future customer requirements, we may be required to make significant expenditures to redesign the technology, and we may have insufficient resources to do so.** Our Mobiquity Networks solution is designed to address an evolving marketplace and must comply with current and evolving customer requirements in order to gain market acceptance. There is a risk that we will not meet anticipated customer requirements or desires. If we are required to redesign our technologies to address customer demands or otherwise modify our business model, we may incur significant unanticipated expenses and losses, and we may be left with insufficient resources to engage in such activities. If we are unable to redesign our technology, develop new technology or modify our business model to meet customer desires or any other customer requirements that may emerge, our operating results would be materially and adversely affected.

**If we fail to respond quickly to technological developments, our service may become uncompetitive and obsolete.** The data collection and analysis market in which we plan to compete is expected to experience rapid technology developments, changes in industry standards, changes in customer requirements and frequent new improvements. If we are unable to respond quickly to these developments, we may lose competitive position, and our technologies may become uncompetitive or obsolete, causing revenues and operating results to suffer. In order to compete, we may be required to develop or acquire new technology and improve our existing technology and processes on a schedule that keeps pace with technological developments. We must also be able to support a range of changing customer preferences. We cannot guarantee that we will be successful in any manner in these efforts.

**We cannot predict our future capital needs and we may not be able to secure additional financing.** Between January 2013 and December 2018, we raised over $28 million in private equity and debt financing to support our transformation from an integrated marketing company to a technology company. Since we might be unable to generate recurring or predictable revenue or cash flow to fund our operations, we will likely need to seek additional (perhaps substantial) equity or debt financing even following this offering to provide the capital required to maintain or expand our operations. We may also need additional funding for developing products and services, increasing our sales and marketing capabilities and acquiring complementary companies, technologies and assets, as well as for working capital requirements and other operating and general corporate purposes. We cannot predict our future capital needs with precision, and we may not be able to secure additional financing on terms satisfactory to us, if at all, which could lead to termination of our business.

When we elect to raise additional funds or additional funds are required, we may raise such funds from time to time through public or private equity offerings, debt financings or other financing alternatives. Additional equity or debt financing may not be available on acceptable terms, if at all. If we are unable to raise additional capital in sufficient amounts or on terms acceptable to us, we will be prevented from pursuing operational development and commercialization efforts and our ability to generate revenues and achieve or sustain profitability will be substantially harmed.

If we raise additional funds by issuing equity securities, our stockholders will experience dilution. Debt financing, if available, would result in increased fixed payment obligations and may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. Any debt financing or additional equity that we raise may contain terms, such as liquidation and other preferences, which are not favorable to us or our stockholders. If we raise additional funds through collaboration and licensing arrangements with third parties, it may be necessary to relinquish valuable rights to our technologies, future revenue streams or product candidates or to grant licenses on terms that may not be favorable to us. Should the financing we require to sustain our working capital needs be unavailable or prohibitively expensive when we require it, our business, operating results, financial condition and prospects could be materially and adversely affected, and we may be unable to continue our operations. Failure to secure additional financing on favorable terms could have severe adverse consequences to us.

**Our future performance is materially dependent upon our management and their ability to manage our growth.** Our future performance is substantially dependent upon the efforts and abilities of members of our existing management. This is particularly the case as we seek to ramp up our newer location-based mobile business in 2018 and beyond. The loss of the services of our management personnel could have a material adverse effect on our business. We currently lack “key man” life insurance policies on any of our officers or employees. Competition for additional qualified management is intense, and we may be unable to attract and retain additional key personnel. The number of management personnel is currently limited, and they may be unable to manage our expansion successfully and the failure to do so could have a material adverse effect on our business, results of operations and financial condition.

**If our management team does not remain with us in the future, our business, operating results and financial condition could be adversely affected.** Our future success depends in large part on our current senior management team and our ability to attract and retain additional high-quality management and operating personnel. Our senior management team's in-depth knowledge of and deep relationships with the participants in our industry are extremely valuable to us. Our business also requires skilled technical and marketing personnel, who are in high demand and are often subject to competing offers. Competition for qualified employees is intense in our industry, and the loss of even a few qualified employees, or an inability to attract, retain and motivate additional highly skilled employees required for the planned expansion of our business, could harm our operating results and impair our ability to grow. To attract and retain key personnel, we use various measures, including an equity incentive program and incentive bonuses for executive officers and other employees. These measures may not be enough to attract and retain the personnel we require to operate our business effectively. We also have a number of employees who were granted stock options over the past few years that have an exercise price per share that is lower than the current fair market value. If we are successful as a public company, of which there can be no assurances, these employees may choose to exercise their options and sell the shares, recognizing a substantial gain. As a result, it may be difficult for us to retain such employees.

**If we are unable to attract additional management and sales representatives, or if a significant number of our manager or sales representatives leave us, our ability to increase our net revenues could be negatively impacted.** Our ability to expand our business will depend, in part, on our ability to attract additional management and sales representatives. Competition for qualified managers and sales representatives can be intense, and we may be unable to hire additional team members when we need them or at all. Any difficulties we experience in attracting additional managers or sales representatives could have a negative impact on our ability to expand our retailer base, increase net revenues and continue our growth. In addition, we must retain our current management and sales representatives and properly incentivize them to obtain new relationships. If a significant number of our managers and sales representatives were to leave us, our net revenues could be negatively impacted. In certain circumstances, we have entered into agreements with our managers and sales representatives that contain non-compete provisions to mitigate this risk, but we may need to litigate to enforce our rights under these agreements, which could be time-consuming, expensive and ineffective. A significant increase in the turnover rate among our current managers or sales representatives could also increase our recruiting costs and decrease our operating efficiency, which could lead to a decline in our net revenues and profitability.

**Our Mobiquity solution contains and is dependent upon open source software, which may pose particular risks to our proprietary software and solutions.** We use open source software in our solutions and will use open source software in the future. Some licenses governing our use of open source software contain requirements that we make available source code for modifications or derivative works we create based upon the open source software, and that we license such modifications or derivative works under the terms of a particular open source license or other license granting third parties certain rights of further use. By the terms of certain open source licenses, we could be required to release the source code of our proprietary software, and to make our proprietary software available under open source licenses, if we combine our proprietary software with open source software in certain manners. Although we monitor our use of open source software, we cannot assure you that all open source software is reviewed prior to use in our solutions, that our programmers have not incorporated open source software into our solutions, or that they will not do so in the future. Additionally, the terms of many open source licenses to which we are subject have not been interpreted by U.S. or foreign courts. There is a risk that open source software licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to market or provide our solutions. In addition, the terms of open source software licenses may require us to provide software that we develop using such open source software to others on unfavorable license terms. As a result of our current or future use of open source software, we may face claims or litigation, be required to release our proprietary source code, pay damages for breach of contract, re-engineer our solutions, discontinue making our solutions available in the event re-engineering cannot be accomplished on a timely basis or take other remedial action. Any such re-engineering or other remedial efforts could require significant additional research and development resources, and we may not be able to successfully complete any such re-engineering or other remedial efforts. Further, in addition to risks related to license requirements, use of certain open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or controls on the origin of software. Any of these risks could be difficult to eliminate or manage, and, if not addressed, could have a negative effect on our business, financial condition and operating results.

**We rely on information technology to operate our business and maintain competitiveness, and any failure to adapt to technological developments or industry trends could harm our business.** We depend on the use of information technologies and systems. As our operations grow in size and scope, we will be required to continuously improve and upgrade our systems and infrastructure while maintaining or improving the reliability and integrity of our infrastructure. Our future success also depends on our ability to adapt our systems and infrastructure to meet rapidly evolving consumer trends and demands while continuing to improve the performance, features and reliability of our solutions in response to competitive services and product offerings. The emergence of alternative platforms will require new investment in technology. New developments in other areas, such as cloud computing, could also make it easier for competition to enter our markets due to lower up-front technology costs. In addition, we may not be able to maintain our existing systems or replace or introduce new technologies and systems as quickly as we would like or in a cost-effective manner.

**If we fail to respond quickly to technological developments, our technology may become uncompetitive and obsolete.** The mobile data market is expected to experience rapid technology developments, changes in industry standards, changes in customer requirements and frequent new product introductions and improvements. If we are unable to respond quickly to these developments, we may lose competitive position, and our solutions or technologies may become uncompetitive or obsolete, causing revenues and operating results to suffer. In order to compete, we may be required to develop or acquire new technologies and improve our existing technologies and processes on a schedule that keeps pace with technological developments and the requirements for our industry. We must also be able to support a range of changing customer preferences. We cannot guarantee that we will be successful in any manner in these efforts, and our inability to do so could cause our business to suffer.

**Our technology and associated business processes may contain undetected errors, which could limit our ability to provide our services and diminish the attractiveness of our offerings.** Our Mobiquity technology may contain undetected errors, defects or bugs. As a result, our customers or end users may discover errors or defects in our technology or the systems incorporating our technology may not operate as expected. We may discover significant errors or defects in the future that we may not be able to fix. Our inability to fix any of those errors could limit our ability to provide our solution, impair the reputation of our brand and diminish the attractiveness of our product offerings to our customers. In addition, we may utilize third party technology or components in our products and we rely on those third parties to provide support services to us. Failure of those third parties to provide necessary support services could materially adversely impact our business.

**Changes in consumer sentiment or laws, rules or regulations regarding tracking technologies and other privacy matters could have a material adverse effect on our ability to generate net revenues and could adversely affect our ability to collect data on consumer shopping behavior.** The collection and use of electronic information about user is an important element of our Mobiquity technology and solutions. However, consumers may become increasingly resistant to the collection, use and sharing of information, including information used to deliver advertising and to attribute credit to publishers in performance marketing programs, and take steps to prevent such collection, use and sharing of information. For example, consumer complaints and/or lawsuits regarding advertising or other tracking technologies in general and our practices specifically could adversely impact our business. In addition to this change in consumer preferences, if retailers or brands perceive significant negative consumer reaction to targeted advertising or the tracking of consumers' activities, they may determine that such advertising or tracking has the potential to negatively impact their brand. In that case, advertisers may limit or stop the use of our solutions, and our operating results and financial condition would be adversely affected.

**Our business practices with respect to data and consumer protection could give rise to liabilities or reputational harm as a result of governmental regulation, legal requirements or industry standards relating to consumer privacy, data protection and consumer protection.** Federal, state and international laws and regulations govern the collection, use, retention, sharing and security of data that we collect. We strive to comply with all applicable laws, regulations, self-regulatory requirements and legal obligations relating to privacy, data protection and consumer protection, including those relating to the use of data for marketing purposes. It is possible, however, that these requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. We cannot assure you that our practices have complied, comply, or will comply fully with all such laws, regulations, requirements and obligations. Any failure, or perceived failure, by us to comply with federal, state or international laws or regulations, including laws and regulations regulating privacy, data security, marketing communications or consumer protection, or other policies, self-regulatory requirements or legal obligations could result in harm to our reputation, a loss in business, and proceedings or actions against us by governmental entities, consumers, retailers or others. We may also be contractually liable to indemnify and hold harmless performance marketing networks or other third parties from the costs or consequences of noncompliance with any laws, regulations, self-regulatory requirements or other legal obligations relating to privacy, data protection and consumer protection or any inadvertent or unauthorized use or disclosure of data that we store or handle as part of operating our business. Any such proceeding or action, and any related indemnification obligation, could hurt our reputation, force us to incur significant expenses in defense of these proceedings, distract our management, increase our costs of doing business and cause consumers and retailers to decrease their use of our marketplace, and may result in the imposition of monetary liability.

**As we develop and provide solutions, we may be subject to additional and unexpected regulations, which could increase our costs or otherwise harm our business.** As we develop and provide solutions that address new market segments, we may become subject to additional laws and regulations, which could create unexpected liabilities for us, cause us to incur additional costs or restrict our operations. From time to time, we may be notified of or otherwise become aware of additional laws and regulations that governmental organizations or others may claim should be applicable to our business. Our failure to anticipate the application of these laws and regulations accurately, or other failure to comply, could create liability for us, result in adverse publicity or cause us to alter our business practices, which could cause our net revenues to decrease, our costs to increase or our business otherwise to be harmed.

**We rely on information technology to operate our business and maintain competitiveness, and any failure to adapt to technological developments or industry trends could harm our business.** We depend on the use of information technologies and systems. As our operations grow in size and scope, we must continuously improve and upgrade our systems and infrastructure while maintaining or improving the reliability and integrity of our infrastructure. Our future success also depends on our ability to adapt our systems and infrastructure to meet rapidly evolving consumer trends and demands while continuing to improve the performance, features and reliability of our solutions in response to competitive services and product offerings. In addition, we may not be able to maintain our existing systems or replace or introduce new technologies and systems as quickly as we would like or in a cost-effective manner.

**Government regulation of the Internet, e-commerce and m-commerce is evolving, and unfavorable changes or failure by us to comply with these laws and regulations could substantially harm our business and results of operations.** We are subject to general business regulations and laws as well as regulations and laws specifically governing the Internet, e-commerce and m-commerce in a number of jurisdictions around the world. Existing and future regulations and laws could impede the growth of the Internet, e-commerce, m-commerce or other online services. These regulations and laws may involve taxation, tariffs, privacy and data security, anti-spam, data protection, content, copyrights, distribution, electronic contracts, electronic communications and consumer protection. It is not clear how existing laws and regulations governing issues such as property ownership, sales and other taxes, libel and personal privacy apply to the Internet as the vast majority of these laws and regulations were adopted prior to the advent of the Internet and do not contemplate or address the unique issues raised by the Internet, e-commerce or m-commerce. It is possible that general business regulations and laws, or those specifically governing the Internet, e-commerce or m-commerce may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. We cannot assure you that our practices have complied, comply or will comply fully with all such laws and regulations. Any failure, or perceived failure, by us to comply with any of these laws or regulations could result in damage to our reputation, a loss in business, and proceedings or actions against us by governmental entities or others. Any such proceeding or action could hurt our reputation, force us to spend significant resources in defense of these proceedings, distract our management, increase our costs of doing business, and cause consumers and retailers to decrease their use of our marketplace, and may result in the imposition of monetary liability. We may also be contractually liable to indemnify and hold harmless third parties from the costs or consequences of noncompliance with any such laws or regulations. In addition, it is possible that governments of one or more countries may seek to censor content available on our websites and mobile applications or may even attempt to completely block access to our marketplace. Adverse legal or regulatory developments could substantially harm our business. In particular, in the event that we are restricted, in whole or in part, from operating in one or more countries, our ability to retain or increase our customer base may be adversely affected and we may not be able to maintain or grow our net revenues as anticipated.

**There may be limitations on the effectiveness of our internal controls, and a failure of our control systems to prevent error or fraud may materially harm our company.** Proper systems of internal controls over financial accounting and disclosure are critical to the operation of a public company. We have a limited accounting and finance staff, and such staff has relatively limited experience in operating the accounting function of a growing public company. As such, we may be unable to effectively establish, implement and update our internal control systems. This would leave us without the ability to reliably assimilate and compile financial information about our company and significantly impair our ability to prevent error and detect fraud, all of which would have a negative impact on our company from many perspectives.

Moreover, we do not expect that disclosure controls or internal control over financial reporting, even if properly in place, will prevent all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Failure of our control systems to prevent error or fraud could materially and adversely affect our business, reputation, stock price and results of operations.

**Risks Relating to An Investment In Our Securities**

**Our future sales of common stock by management and other stockholders may have an adverse effect on the then prevailing market price of our common stock.** In the event a public market for our common stock is sustained in the future, sales of our common stock may be made by holders of our public float or by holders of restricted securities in compliance with the provisions of Rule 144 of the Securities Act of 1933. In general, under Rule 144, a non-affiliated person who has satisfied a six-month holding period in a fully reporting company under the Securities Exchange Act of 1934, as amended, may, sell their restricted common stock without volume limitation, so long as the issuer is current with all reports under the Exchange Act in order for there to be adequate common public information. Affiliated persons may also sell their common shares held for at least six months, but affiliated persons will be required to meet certain other requirements, including manner of sale, notice requirements and volume limitations. Non-affiliated persons who hold their common shares for at least one year will be able to sell their common stock without the need for there to be current public information in the hands of the public. Future sales of shares of our public float or by restricted common stock made in compliance with Rule 144 may have an adverse effect on the then prevailing market price, if any, of our common stock.

**A significant portion of our total outstanding shares are eligible to be sold into the market in the near future, which could cause the market price of our common shares to drop significantly, even if our business is doing well.** A significant portion of our total outstanding shares are eligible to be sold into the market in the near future, which could cause the market price of our common shares to drop significantly, even if our business is doing well. Sales of a substantial number of our common shares in the public market, or the perception in the market that the holders of a large number of shareholders intend to sell shares could reduce the market price of our common shares.

**We do not intend to pay dividends.** We do not anticipate paying cash dividends on our common stock in the foreseeable future. We may not have sufficient funds to legally pay dividends. Even if funds are legally available to pay dividends, we may nevertheless decide in our sole discretion not to pay dividends. The declaration, payment and amount of any future dividends will be made at the discretion of our board of directors, and will depend upon, among other things, the results of our operations, cash flows and financial condition, operating and capital requirements, and other factors our board of directors may consider relevant. There is no assurance that we will pay any dividends in the future, and, if dividends are paid, there is no assurance with respect to the amount of any such dividend.

**We lack an established trading market for our common stock, and you may be unable to sell your common stock at attractive prices or at all.** There is currently a limited trading market for our common stock on the OTCQB under the symbol “MOBQ.” There can be no assurances given that an established public market will be obtained for our common stock or that any public market will last. As a result, we cannot assure you that you will be able to sell your common stock at attractive prices or at all.

**The market price for our securities may be highly volatile.** The market price for our securities may be highly volatile. A variety of factors may have a significant impact on the market price of our common stock, including:

- the publication of earnings estimates or other research reports and speculation in the press or investment community;
- changes in our industry and competitors;
- our financial condition, results of operations and prospects;
- any future issuances of our common stock, which may include primary offerings for cash, and the grant or exercise of stock options from time to time;
- general market and economic conditions; and
- any outbreak or escalation of hostilities, which could cause a recession or downturn in the U.S. economy.

In addition, the markets in general can experience extreme price and volume fluctuations that can be unrelated or disproportionate to the operating performance of the companies listed or quoted. Broad market and industry factors may negatively affect the market price of our common stock, regardless of actual operating performance. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted against companies. This type of litigation, if instituted, could result in substantial costs and a diversion of management's attention and resources, which would harm our business.

**Our principal stockholders, directors and executive officers have a material level of control over us, which could delay or prevent a change in our corporate control favored by our other stockholders.** As of the date of this Form 10-K, our principal stockholders, directors and executive officers beneficially own, in the aggregate, more than 50% of our outstanding common stock. The interests of our current directors and executive officers may differ from the interests of other stockholders. As a result, these current directors and officers could have the ability to exercise material influence over all corporate actions requiring stockholder approval, irrespective of how our other stockholders may vote, including the following actions:

- approval of certain mergers and other significant corporate transactions, including a sale of substantially all of our assets and material financing transactions;
- election of directors;
- adoption of or amendments to stock option plans;
- amendment of charter documents; or
- issuance of "blank check" preferred stock.

**Our certificate of incorporation grants our board of directors the authority to issue a new series of preferred stock without further approval by our shareholders, which could adversely affect the rights of the holders of our common shares.** Our board of directors has the power to fix and determine the relative rights and preferences of preferred stock. Our board of directors also has the power to issue preferred stock without further shareholder approval, subject to applicable listing regulations. As a result, our board of directors could authorize the issuance of new series of preferred stock that would grant to holders thereof certain preferred rights to (i) our assets upon liquidation: (ii) receive dividend payments ahead of holders of common shares; (iii) and the redemption of the shares, together with a premium, prior to the redemption of our common shares. In addition, our board of directors could authorize the issuance of new series of preferred stock that is convertible into our common shares, which could decrease the relative voting power of our common shares or result in dilution to our existing shareholders.

**Research analysts do not currently publish research about our business, limiting information available to shareholders, and if this continues to be the case or if analysts do publish unfavorable commentary or downgrade our common shares it could adversely affect our stock price and trading volume.** The trading market for our common shares will depend, in part, on the research and reports that research analysts publish about us and our business and industry. The price of our common shares could decline if one or more research analysts downgrade our stock or if those analysts issue other unfavorable commentary or cease publishing reports about us or our business. If one or more of the research analysts ceases coverage of our company or fails to publish reports on us regularly, demand for our common shares could decrease, which could cause our stock price or trading volume to decline.

**As a public company, we are subject to complex legal and accounting requirements that will require us to incur significant expenses and will expose us to risk of non-compliance.** As a public company, we are subject to numerous legal and accounting requirements that do not apply to private companies. The cost of compliance with many of these requirements is material, not only in absolute terms but, more importantly, in relation to the overall scope of the operations of a small company. Our management team is relatively inexperienced in complying with these requirements, which may lead to errors in our accounting and financial statements and which may impair our operations. This inexperience may also increase the cost of compliance and may also increase the risk that we will fail to comply. Failure to comply with these requirements can have numerous adverse consequences including, but not limited to, our inability to file required periodic reports on a timely basis, loss of market confidence and/or governmental or private actions against us. We cannot assure you that we will be able to comply with all of these requirements or that the cost of such compliance will not prove to be a substantial competitive disadvantage vis-à-vis our privately held and larger public competitors.

**We may be subject to shareholder litigation, thereby diverting our resources that may have a material effect on our profitability and results of operations.** The market for our common shares may be characterized by significant price volatility when compared to seasoned issuers, and we expect that our share price may continue to be more volatile than a seasoned issuer for the indefinite future. In the past, plaintiffs have often initiated securities class action litigation against a company following periods of volatility in the market price of its securities. We may become the target of similar litigation. Securities litigation will result in substantial costs and liabilities and will divert management’s attention and resources.

**Compliance with changing regulation of corporate governance and public disclosure will result in additional expenses and pose challenges for our management.** Changing laws, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act and SEC regulations, have created uncertainty for public companies and significantly increased the costs and risks associated with accessing the U.S. public markets. Our management team will need to devote significant time and financial resources to comply with both existing and evolving standards for public companies, which will lead to increased general and administrative expenses and a diversion of management time and attention from revenue generating activities to compliance activities.

**Our common stock may be considered "penny stock" and may be difficult to trade**. The SEC has adopted regulations that generally define "penny stock" to be an equity security that has a market or exercise price of less than $5.00 per share, subject to specific exemptions. The market price of our common stock may be less than $5.00 per share and, therefore, may be designated as a "penny stock" according to SEC rules, unless our common shares are trading on a national exchange. This designation requires any broker or dealer selling these securities to disclose certain information concerning the transaction, obtain a written agreement from the purchaser and determine that the purchaser is reasonably suitable to purchase the securities. These rules may restrict the ability of brokers or dealers to sell our common stock and may affect the ability of investors to sell their common shares.

## Item 1B. Unresolved Staff Comments

None.

## Item 2. Properties

The Company is presently utilizing the office space of its Chief Financial Officer as its principal executive office located at 35 Torrington Lane, Shoreham, NY 11786. The Company is leasing on a month-to-month basis a fully furnished executive suite in Manhattan at a monthly cost of approximately $9,000. The executive suite is located at 61 Broadway, 11th Floor, Suite 1105, New York, NY 10006.

## Item 3. Legal Proceedings

We are not a party to any pending material legal proceedings.

## Item 4. Mine Safety Disclosures

Not applicable.

**PART II**

Item 5. Market for Common Equity, Related Stockholder Matters, and Issuer

Purchases of Equity Securities.

Our Common Stock trades on the OTCQB under the symbol "MOBQ" (formerly “AMKT”) on a limited basis. The OTCQB marketplace has effectively replaced the FINRA operated OTC Bulletin Board (OTCBB) as the primary market for SEC reporting securities that trade off exchanges. The following table sets forth the range of high and low sales prices of our Common Stock for the last two fiscal years.

| Quarters Ended | High | Low |
|---|---|---|
| March 31, 2018 | $ .05 | $ .02 |
| June 30, 2018 | .12 | .03 |
| September 30, 2018 | .12 | .04 |
| December 31, 2018 | .17 | .08 |
| March 31, 2017 | .14 | .05 |
| June 30, 2017 | .12 | .07 |
| September 30, 2017 | .09 | .03 |
| December 31, 2017 | .06 | .02 |

The closing sales price on December 31, 2018 was $0.14 per share. All quotations provided herein reflect inter-dealer prices, without retail mark-up, markdown or commissions.

In the event a public market for our common stock is sustained in the future, sales of our common stock may be made by holders of our public float or by holders of restricted securities in compliance with the provisions of Rule 144 of the Securities Act of 1933. In general, under Rule 144, a non-affiliated person who has satisfied a six-month holding period in a fully reporting company under the Securities Exchange Act of 1934, as amended, may, sell their restricted Common Stock without volume limitation, so long as the issuer is current with all reports under the Exchange Act in order for there to be adequate common public information. Affiliated persons may also sell their common shares held for at least six months, but affiliated persons will be required to meet certain other requirements, including manner of sale, notice requirements and volume limitations. Non-affiliated persons who hold their common shares for at least one year will be able to sell their common stock without the need for there to be current public information in the hands of the public. Future sales of shares of our public float or by restricted common stock made in compliance with Rule 144 may have an adverse effect on the then prevailing market price, if any, of our common stock. See "Risk Factors."

As of March 6, 2019, there were 175 holders of record of our common stock and 968 additional beneficial holders based upon a record date of December 31, 2018.

DIVIDEND POLICY

We have never paid any cash dividends and intend, for the foreseeable future, to retain any future earnings for the development of our business. Our Board of Directors will determine our future dividend policy on the basis of various factors, including our results of operations, financial condition, capital requirements and investment opportunities.

RECENT SALES OF UNREGISTERED SECURITIES

(a) In fiscal 2017 and 2018, we had no sales or issuances of unregistered common stock, except we made sales or issuances of unregistered securities listed in the table below:

| Date of Sale | Title of Security | Number Sold | Consideration Received and Description of Underwriting or Other Discounts to Market Price or Convertible Security, Afforded to Purchasers | Exemption from Registration Claimed | If Option, Warrant or Convertible Security, terms of exercise or conversion |
|---|---|---|---|---|---|
| 2017 | Common Stock | 9,002,164 shares | Interest and OID interest; No commissions paid | Section 4(2); Rule 506 | Not applicable |
| 2017 | Common Stock | 5,038,332 shares | Services rendered;<br>No commissions paid | Section 4(2); Rule 506 | Not applicable |
| 2017 | Common Stock | 32,000,000 shares | AAA preferred stock converted into common stock and a like number of warrants | Section 3(a)(9) | Warrants exercisable at $.05 per share through December 31, 2019 |
| 2017 | Common Stock | 1,916,667 shares | $95,834 received from the exercise of warrants at $.05 per share;<br>No commissions paid | Rule 506; Section 4(2) | Not applicable |
| First Quarter<br><br>2017 | Common Stock | 6,225,000 shares | $311,250 received; no commissions paid | Rule 506; Section 4(2) | Not applicable |
| 2017 | Preferred Stock | 882,588 shares | Conversion of debt and interest<br>on debt | Section 3(1)(9) | Preferred convertible into common stock at $.10 per share with 100% warrant coverage. Warrants exercisable at $.05 per share |
| 2017 | Convertible secured promissory notes | $3,384,000 of principal issued | $2,800,000 received; 11% compensation paid to broker/dealer | Rule 506; Section 4(2) | Convertible debt issued based upon an initial conversion price of $.05 per share which was subsequently lowered in 2018 to $.02 per share |

| | | | | | |
|---|---|---|---|---|---|
| 2017 | Common Stock | $489,602 | Shares issued for interest on debt | Rule 506; Section 4(2) | Not applicable |
| 2017 | Common Stock | 73,440,000 shares | Conversion of debt | Section 3(i)(9) | Not applicable |

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| | | | | | |
|---|---|---|---|---|---|
| Jan. – September 2018 | Convertible notes and Common Stock | $1,375,000 in principal and 11,500,000 common shares | $1,375,000 received, $105,500 in commissions | Rule 506 | Not applicable |
| Third Quarter 2018 | Preferred Stock and Common Stock Warrants | 1,000 preferred; 10,000,000 common and 15,000,000 warrants | 10,000,000 Gopher Protocol Inc. common stock | Section 4(2) | Preferred, convertible into 100,000,000 common and 150,000,000 warrants, exercisable at $.12 per share |
| Third Quarter 2018 | Common Stock | 150,000,000 shares | $460,000 cash and 4,500,000 shares of Gopher Protocol common stock; 15,000 origination shares issued | | Section 4(2) N/A |
| Fourth Quarter 2018 | Common stock | 10,325,000 shares | Services rendered; No commissions paid | | Not applicable |
| | Common stock | 16,000,001 shares | Cash received $960,000 | | 50 % Warrants coverage exercisable at $.12 to $.14 per share through September 30, 2023 |
| | Common stock | 20,000,000 shares | Conversion of AAAA Preferred stock to common | | Converted 200 shares conversion to common at 100,000 per share of AAAA Preferred |
| | Common stock | 158,632,999 shares | Note conversions | | Converted secured notes plus interest and unsecured notes to common stock |
| | Preferred stock Series C | 1,500 shares | Note conversion | | Converted senior secured notes to Preferred Series C |

RECENT PURCHASES OF SECURITIES

In 2017 and 2018, we have had no repurchases of our Common Stock.

Item 6. Selected Financial Data

Not Applicable.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our financial statements and the notes thereto appearing elsewhere in this Form 10-K. All statements contained herein that are not historical facts, including, but not limited to, statements regarding anticipated future capital requirements, our future plan of operations, our ability to obtain debt, equity or other financing, and our ability to generate cash from operations, are based on current expectations. These statements are forward-looking in nature and involve a number of risks and uncertainties that may cause the Company's actual results in future periods to differ materially from forecasted results.

**Critical Accounting Policies**

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States. The preparation of financial statements requires management to make estimates and disclosures on the date of the financial statements. On an on-going basis, we evaluate our estimates including, but not limited to, those related to revenue recognition. We use authoritative pronouncements, historical experience and other assumptions as the basis for making judgments. Actual results could differ from those estimates. We believe that the following critical accounting policies affect our more significant judgments and estimates in the preparation of our financial statements.

*Revenue Recognition* –Revenue is recognized with the billing of an advertising contract or data sale. The customer signs a contract directly with us for an advertising campaign with mutually agreed upon term and is billed on the start date of the advertising campaign, which are normally in short duration periods. The second type of revenue is through the licensing of our data. Revenue from data can occur in two ways; the first is a direct feed, which is billed at the end of each month. The second way is through the purchasing of audience segments. When an audience segment is purchased, we bill the buyer upon delivery, which is usually 1-2 days for the order date.

*Allowance for Doubtful Accounts*. We are required to make judgments based on historical experience and future expectations, as to the realizability of our accounts receivable. We make these assessments based on the following factors: (a) historical experience, (b) customer concentrations, customer credit worthiness, (d) current economic conditions, and (e) changes in customer payment terms.

*Accounting for Stock Based Compensation*. Stock based compensation cost is measured at the grant date fair value of the award and is recognized as expense over the requisite service period. The company uses the Black-Sholes option-pricing model to determine fair value of the awards, which involves certain subjective assumptions. These assumptions include estimating the length of time employees will retain their vested stock options before exercising them (“expected term”), the estimated volatility of the company’s common stock price over the expected term (“volatility”) and the number of options for which vesting requirements will not be completed (“forfeitures”). Changes in the subjective assumptions can materially affect estimates of fair value stock-based compensation, and the related amount recognized on the consolidated statements of operations.

*Goodwill and Intangible Assets*

Goodwill represents the future economic benefit arising from other assets acquired that could not be individually identified and separately recognized. The goodwill arising from the Company’s acquisitions is attributable to the value of the potential expanded market opportunity with new customers. Intangible assets have either an identifiable or indefinite useful life. Intangible assets with identifiable useful lives are amortized on a straight-line basis over their economic or legal life, whichever is shorter. The Company’s amortizable intangible assets consist of customer relationships and non-compete agreements. Their useful lives range from 1.5 to 10 years. The Company’s indefinite-lived intangible assets consist of trade names.

Goodwill and indefinite-lived assets are not amortized but are subject to annual impairment testing unless circumstances dictate more frequent assessments. The Company performs an annual impairment assessment for goodwill during the fourth quarter of each year and more frequently whenever events or changes in circumstances indicate that the fair value of the asset may be less than the carrying amount. Goodwill impairment testing is a two-step process performed at the reporting unit level. Step one compares the fair value of the reporting unit to its carrying amount. The fair value of the reporting unit is determined by considering both the income approach and market approaches. The fair values calculated under the income approach and market approaches are weighted based on circumstances surrounding the reporting unit. Under the income approach, the Company determines fair value based on estimated future cash flows of the reporting unit, which are discounted to the present value using discount factors that consider the timing and risk of cash flows. For the discount rate, the Company relies on the capital asset pricing model approach, which includes an assessment of the risk-free interest rate, the rate of return from publicly traded stocks, the Company's risk relative to the overall market, the Company's size and industry and other Company specific risks. Other significant assumptions used in the income approach include the terminal value, growth rates, future capital expenditures and changes in future working capital requirements. The market approaches use key multiples from guideline businesses that are comparable and are traded on a public market. If the fair value of the reporting unit is greater than its carrying amount, there is no impairment. If the reporting unit's carrying amount exceeds its fair value, then the second step must be completed to measure the amount of impairment, if any. Step two calculates the implied fair value of goodwill by deducting the fair value of all tangible and intangible net assets of the reporting unit from the fair value of the reporting unit as calculated in step one. In this step, the fair value of the reporting unit is allocated to all of the reporting unit's assets and liabilities in a hypothetical purchase price allocation as if the reporting unit had been acquired on that date. If the carrying amount of goodwill exceeds the implied fair value of goodwill, an impairment loss is recognized in an amount equal to the excess.

Determining the fair value of a reporting unit is judgmental in nature and requires the use of significant estimates and assumptions, including revenue growth rates, strategic plans and future market conditions, among others. There can be no assurance that the Company's estimates and assumptions made for purposes of the goodwill impairment testing will prove to be accurate predictions of the future. Changes in assumptions and estimates could cause the Company to perform impairment test prior to scheduled annual impairment tests.

The Company performed its annual fair value assessment at December 31, 2018 and 2017 on its subsidiaries with material goodwill and intangible asset amounts on their respective balance sheets and determined that no impairment exists.

**Plan of Operation**

Mobiquity has hired several new sales and sales support individuals in the first quarter of 2019 to help generate additional revenue through the use of the Advangelists platform. Mobiquity's sales team will focus on Advertising Agencies, Brands and publishers to help increase both supply and demand across the Advangelists platform. The Advangelists platform creates three revenue streams for Mobiquity. The first is licensing the Advangelists platform as a white-label product for use by Advertising Agencies, DSP's and Brands. Under the White-Label scenario, the user licenses the technology and is responsible for running its own business operations and is billed a percentage of volume run through the platform. The second revenue stream is a managed services model, in which, the user is billed a higher percentage of revenue run through the platform, but all services are managed by the Mobiquity/Advangelists team. The third revenue model is a seat model, whereas the user is billed a percentage of revenue run through the platform and business operations are shared between the user and the Mobiquity/Advangelists team. The goal of the sales team is to inform potential users of the benefits in efficiency and effectiveness of utilizing the end-to-end, fully integrated ATOS created by Advangelists.

**Results of Operations**

*Year Ended December 31, 2018 versus Year Ended December 31, 2017*

The following table sets forth certain selected condensed statement of operations data for the periods indicated in dollars. In addition, we note that the period-to-period comparison may not be indicative of future performance.

| | Years Ended December 31 | |
|---|---|---|
| | 2018 | 2017 |
| Revenue | $1,474,392 | $385,628 |
| Cost of Revenues | 1,043,616 | 684,004 |
| Gross (Loss) | 430,776 | (298,376) |
| Operating Expenses | 17,257,867 | 4,908,934 |
| Loss from operations | (16,827,091) | (5,207,310) |
| Net Loss | (58,510,729) | (10,245,493) |
| Net Loss from continuing operations | (0.18) | (0.06) |
| Net Loss per common Share | (0.18) | (0.05) |
| Weighted average common Shares outstanding | 375,477,797 | 184,099,336 |

We generated revenues of $1,474,392 in fiscal 2018 compared to $385,628 in the same period for fiscal 2017, a change in revenues of $1,088,764. In 2019, we are seeking to implement several new revenue streams from data collection and analysis including, but not limited to; Advertising, Data Licensing, Footfall Reporting, Attribution Reporting, Real Estate Planning, Financial Forecasting and Custom Research.

Cost of revenues was $1,043,616 or 70.8% of revenues in fiscal 2018 compared to $684,004 or 177.4% of revenues in the same fiscal period of fiscal 2017. Cost of revenues include web services for storage of our data and web engineers who are building and maintaining our platforms. The generated savings, on a percentage basis, arise with our increased sales. Our ability to capture and store data for sales does not translate to increased cost of sales.

Gross Income (loss) was $430,776 for fiscal 2018 or 29.2% of net revenues compared to $(298,376) in the same fiscal period of 2017 or 77.4% of revenues. As revenues from the use of our technologies increases, it is expected that our margins will increase significantly.

Selling, general, and administrative expenses were $17,257,867 for fiscal 2018 compared to $4,908,934 in the comparable period of the prior year. Such operating cost reductions include acquisition costs, payroll and related expenses, commissions, insurance, rents, fee payments to malls, professional (consulting) and public awareness fees. The corporation has been trimming expenses in order to shift its efforts in obtaining a new revenue stream. The other major savings is in the reduction of our rent expense. With our change in revenue stream we no longer need access to the mall locations which has reduced our costs by close to two million dollars.

The net loss for 2018 was $58,510,729 as compared to $10,245,493 for the comparable period of the prior year. The continuing operating loss is attributable to the acquisition of a entity and our focused efforts in creating the infrastructure required to move forward with our Mobiquity network business.

No benefit for income taxes is provided for in the reported periods due to the full valuation allowance on the net deferred tax assets. Our ability to be profitable in the future is dependent upon the successful introduction and usage of our data collection and analysis including Advertising, Data Licensing, Footfall Reporting, Attribution Reporting, Real Estate Planning, Financial Forecasting and Custom Research services.

**Liquidity and Capital Resources**

We had cash and cash equivalents of $624,338 at December 31, 2018. Cash used by operating activities for the year ended December 31, 2018 was $50,580,239. This resulted from a net loss of $58,510,729, partially offset by non-cash expenses, including depreciation and amortization of $42,866, stock-based compensation of $327,405, stock issued for services of $2,269,740, change in derivatives of $10,672,672, and warrant expense $24,176,958. Cash provided by financing activities of $67,633,006 was the result of issuance of notes for cash, proceeds from the issuance of common stock, notes converted to preferred stock, notes converted to common stock, issuance of preferred stock for note, preferred stock exchanged for common stock, sales of investments, and common stock issued in exchange for interest.

We had cash and cash equivalents of $56,470 at December 31, 2017. Cash used by operating activities for the year ended December 31, 2017 was $3,665,537. This resulted from a net loss of $10,116,382, partially offset by non-cash expenses, including depreciation and amortization of $22,594, stock-based compensation of $595,692, stock issued for services of $406,454. Cash provided by financing activities of $3,435,431 was the result of the exercising warrants of our warrants, and net of offering costs proceeds from loans in the amount of $2,557,000.

Our company commenced operations in 1998 and was initially funded by our three founders, each of whom has made demand loans to our company that have been repaid. Since 1999, we have relied on equity financing and borrowings from outside investors to supplement our cash flow from operations and expect this to continue in 2019 and beyond until cash flow from our proximity marketing operations become substantial.

Recent Financings

In 2018 and 2017, we have completed debt and equity various financings. See Item 5 under “Recent Sales of Unregistered Securities” and “Notes 4 and 5” in the Notes to Financial Statements.

## Item 7A. Qualitative and Qualitative Disclosures about Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. Our primary exposure to market risk is interest rate risk associated with our short-term money market investments. The Company does not have any financial instruments held for trading or other speculative purposes and does not invest in derivative financial instruments, interest rate swaps or other investments that alter interest rate exposure. The Company does not have any credit facilities with variable interest rates.

## Item 8. Financial Statements

Financial Statements and Supplementary Data

The report of the Independent Registered Public Accounting Firm, Financial Statements and Schedules are set forth herein.

**MOBIQUITY TECHNOLOGIES, INC.**

**Index to Financial Statements**

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the shareholders and the board of directors of Mobiquity Technologies, Inc.

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheet of Mobiquity Technologies, Inc. (the "Company") as of December 31, 2018, the related statement of operations, stockholders' equity (deficit), and cash flows for the year then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s BF Borgers CPA PC

**BF Borgers CPA PC**

We have served as the Company's auditor since 2018

Lakewood, CO

April 1, 2019

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Mobiquity Technology, Inc.

Consolidated Balance Sheets

| | December 31, 2018 | December 31, 2017 |
|---|---|---|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | $624,338 | $56,470 |
| Accounts receivable, net | 2,479,363 | 18,576 |
| Prepaid expenses and other current assets | 11,700 | 17,638 |
| Total Current Assets | 3,115,401 | 92,684 |
| | | |
| Property and equipment, net | 6,662 | – |
| | | |
| Intangibles assets, net | 9,250,852 | 9,960 |
| | | |
| Other assets | | |
| Security deposits | 9,000 | 11,275 |
| Member's loan | 131,649 | – |
| Investment in corporate stock | 4,284,444 | – |
| | | |
| Total Assets | $16,798,008 | $113,919 |
| | | |
| Liabilities and Stockholders' Equity | | |
| Current Liabilities | | |
| Accounts payable | $1,255,437 | $458,281 |
| Accrued expenses | 975,359 | 735,431 |
| Note payables | 150,000 | 204,644 |
| Convertible notes payable | – | 2,999,498 |
| Derivative liability | – | 666,123 |
| Total Current Liabilities | 2,380,796 | 5,063,977 |
| | | |
| Long term portion convertible notes, net | – | – |
| | | |
| Total Liabilities | 2,380,796 | 5,063,977 |
| | | |
| Stockholders' Deficit | | |
| AAA Preferred stock; 5,000,000 authorized; $0.0001 par value 1,090,588 and 850,588 shares issued and outstanding at December 31, 2018 and December 31, 2017 | 11,552,513 | 11,552,513 |
| Preferred stock; 5,000,000 authorized; $0.0001 par value 0 and 240,000 shares issued and outstanding at December 31, 2018 and December 31, 2017 | – | 25 |
| AAAA Preferred Stock; $.0001 par value; 1,250 shares authorized 1,000 and zero shares issued and outstanding at December 31, 2018 and December 31, 2017 | 8,000 | – |
| | 15,000 | – |

| | | |
|---|---|---|
| Preferred stock Series C; $.0001 par value; 1,500 shares authorized 1,500 and zero issued and outstanding at December 31, 2018 and December 31, 2017 | | |
| Common stock: 900,000,000 authorized; $0.0001 par value 629,066,933 and 198,375,600 shares issued and outstanding at December 31, 2018 and December 31, 2017 | 62,922 | 19,850 |
| Additional paid in capital | 129,223,402 | 44,776,029 |
| Accumulated deficit | (127,108,103) | (61,298,475) |
| Total Stockholder's Equity (Deficit) | 2,086,641 | (16,502,571) |
| Non-controlling interest | 664,178 | – |
| Total Liabilities and Stockholders' Equity | $16,798,008 | $113,919 |

See notes to consolidated financial statements

Mobiquity Technology, Inc.

Consolidated Statements of Operations

| | For the Year Ended December 31, 2018 | 2017 |
|---|---|---|
| Revenues-Service | $1,474,392 | $385,628 |
| | 1,474,392 | 385,628 |
| Cost of Revenues-Service | 1,043,616 | 684,004 |
| | 1,043,616 | 684,004 |
| Gross Profit (Loss) | 430,776 | (298,376) |
| Operating Expenses | | |
| Selling, general and administrative | 17,257,867 | 4,908,934 |
| Total Operating Expenses | 17,257,867 | 4,908,934 |
| Loss from operations | (16,827,091) | (5,207,310) |
| Other Income (Expenses) | | |
| Warrant expense | (2,354,458) | – |
| Interest Expense | (2,304,401) | (3,058,310) |
| Change in derivative liability | (8,905,784) | 3,376,620 |
| Initial derivative expense | (559,728) | (1,284,704) |
| Loss on settlement of debt | (10,603,942) | (4,071,789) |
| Gain / Loss on sale of Warrants | (2,222,500) | – |
| Gain / Loss sale of company stock | (14,732,825) | – |
| Total Other Income (Expense) | (41,683,638) | (5,038,183) |
| Loss from continuing operations | $(58,510,729) | $(10,245,493) |
| Other Comprehensive Income | – | 13,047 |
| Unrealized holding gains arising during period | (7,194,479) | – |
| Less net gain attributable to non-controlling interest | (113,880) | – |
| Discontinued operations: | | |
| (Loss) from operations of discontinued entity | – | (149,608) |
| Gain on sale of segment | – | 278,720 |
| Net Comprehensive Loss | $(65,819,088) | $(10,103,334) |
| Net Loss Per Common Share: | | |

| | | |
|---|---|---|
| For continued operations | $(0.18 ) | $(0.06 ) |
| Basic and Diluted | $(0.18 ) | $(0.05 ) |
| | | |
| Weighted Average Common Shares Outstanding | | |
| Basic and Diluted | 375,477,797 | 184,099,336 |

See notes to consolidated financial statements

Mobiquity Technology, Inc.

Consolidated Statement of Stockholders' Equity

| | AAAA Preferred Stock | | Mezzanine Preferred Stock | | Series C Preferred Stock | | Preferred Stock | |
|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | Shares | Amount | Shares | Amount |
| Balance, at December 31, 2016 | | | | | | | 240,000 | $25 |
| Common stock issued for warrants | | | | | | | – | – |
| Common stock issued in exchange for interest | | | | | | | – | – |
| Common stock issued for services | | | | | | | – | – |
| Common stock for conversion of debt | | | | | | | – | – |
| Purchase of common stock | | | | | | | – | – |
| Stock based compensation | | | | | | | – | – |
| Derivative conversions | | | | | | | – | – |
| Mezzanine shares | | | | | | | – | – |
| Default shares | | | | | | | – | – |
| Net Loss | | | | | | | – | – |
| Balance, at December 31, 2017 | – | $– | 850,588 | $11,552,538 | – | $– | 240,000 | $25 |
| Preferred stock series C | | | | | 1,500 | $15,000 | – | – |
| Common stock issued in exchange for interest | | | | | | | – | – |
| Common stock issued for services | | | | | | | – | – |
| Purchase of common stock | | | | | | | – | – |
| Stock based compensation | | | | | | | – | – |
| Exchange shares | 1,000 | 10,000 | | | | | – | – |
| Note conversion | | | | | | | – | – |
| AAAA preferred conversion | (200) | (2,000) | | | | | – | – |
| Warrant conversions | | | | | | | – | – |
| Warrants issued | | | | | | | – | – |
| Derivative conversions | | | | | | | – | – |
| Default shares | | | 240,000 | | | | (240,000) | (25) |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Net Loss | | | | | | | – | |
| Balance, at December 31, 2018 | 800 | $8,000 | 1,090,588 | $11,552,538 | 1,500 | $15,000 | – | $– |

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Mobiquity Technology, Inc.

Consolidated Statement of Stockholders' Equity (continued)

| | Common Stock | | Additional Paid-in | Accumulated Other Comprehensive | Accumulated | Non controlling | Total Stockholders' |
|---|---|---|---|---|---|---|---|
| | Shares | Amount | Capital | Income (Loss) | Deficit | interest | Deficit |
| Balance, at December 31, 2016 | 99,020,103 | $9,913 | $38,652,075 | $ (13,047) | $(51,182,093) | | $(12,533,127) |
| Common stock issued for warrants | 1,916,667 | 192 | 95,642 | | – | | 95,834 |
| Common stock issued in exchange for interest | 9,002,164 | 900 | 493,592 | – | – | | 494,492 |
| Common stock issued for services | 5,038,332 | 504 | 405,950 | – | – | | 406,454 |
| Common stock for conversion of debt | 73,440,000 | 7,344 | 3,664,656 | – | – | | 3,672,000 |
| Purchase of common stock | 6,225,000 | 623 | 310,627 | – | – | | 311,250 |
| Stock based compensation | – | – | 595,692 | – | – | | 595,692 |
| Derivative conversions | – | – | 229,939 | – | – | | 229,939 |
| Mezzanine shares | 3,200,000 | 320 | 301,180 | – | – | | 301,500 |
| Default shares | 533,334 | 54 | 26,676 | – | – | | 26,730 |
| Net Loss | – | – | – | 13,047 | (10,116,381) | | (10,103,334) |
| Balance, at December 31, 2017 | 198,375,600 | $19,850 | $44,776,029 | $ – | $(61,298,474) | $– | $(16,502,570) |
| Preferred stock series C | – | – | – | – | – | | 15,000 |
| Common stock issued in exchange for interest | 11,500,000 | 1,150 | 405,225 | | | | 406,375 |
| Common stock issued for | 24,725,000 | 2,472 | 2,267,268 | | | | 2,269,740 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| services | | | | | | | |
| Purchase of common stock | 235,583,334 | 23,561 | 24,093,106 | | | | 24,116,667 |
| Stock based compensation | | | 327,405 | | | | 327,405 |
| Exchange shares | | | 9,970,000 | | | | 9,980,000 |
| Note conversion | 108,632,999 | 10,864 | 10,194,677 | | | | 10,205,541 |
| AAAA preferred conversion | 20,000,000 | 2,000 | 2,200,000 | | | | 2,200,000 |
| Warrant conversions | 30,250,000 | 3,025 | 3,631,975 | | | | 3,635,000 |
| Warrants issued | | | 20,578,626 | | | | 20,578,626 |
| Derivative conversions | | | 10,779,066 | | | | 10,779,066 |
| Default shares | | | 25 | | | | – |
| Net Loss | | | | | (65,810,329 ) | 664,178 | (65,146,151) |
| Balance, at December 31, 2018 | 629,066,933 | $62,922 | $129,223,402 | $ – | $(127,108,803) | $664,178 | $2,864,699 |

See notes to consolidated financial statements

Mobiquity Technology, Inc.

Consolidated Statements of Cash Flows

| | Year Ended December 31, 2018 | 2017 |
|---|---|---|
| Cash Flows from Operating Activities: | | |
| Net loss | $(58,510,729) | $(10,245,494) |
| Net gain - discontinued operations | – | 129,113 |
| | (58,510,729) | (10,116,381) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation expense | 1,967 | 2,994 |
| Allowance for uncollectible receivables | 80,600 | – |
| Amortization- Intangible Assets | 40,899 | 19,600 |
| Amortization- Debt discount | 234,502 | 2,338,155 |
| Change in derivatives | 10,672,672 | (3,376,620) |
| Stock-based compensation | 327,405 | 595,692 |
| Warrant expense | 24,176,958 | – |
| Common stock issued for services | 2,269,740 | 406,454 |
| Stock incentives | – | 63,255 |
| Initial derivative expense | (559,728) | 1,284,704 |
| Disposal of assets | – | 12,241 |
| Gain on settlement of debt | – | 4,071,790 |
| Gain on sale of segment | – | (128,720) |
| Expenses paid from note | – | 567,737 |
| | | |
| Changes in operating assets and liabilities | | |
| Accounts receivable | (2,541,387) | (18,576) |
| Prepaid expenses and other assets | 8,213 | 7,851 |
| Investment in corporate stock | (27,818,436) | |
| Accounts payable | 797,157 | 32,325 |
| Accrued expenses and other current liabilities | 320,834 | 12,906 |
| Accrued interest | (80,906) | 559,056 |
| Total Adjustments | 7,930,490 | 6,450,844 |
| Net Cash in Operating activities | (50,580,239) | (3,665,537) |
| Net cash from operating activities - Discontinued operations | – | (72,359) |
| | | |
| Cash Flows from Investing Activities | | |
| Purchase of property and equipment | (8,629) | – |
| Addition to Goodwill and Intangibles | (9,281,791) | – |
| Cash from investing activities - Discontinued operations | – | 151,954 |
| Net cash used in Investing Activities | (9,290,420) | 151,954 |

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Mobiquity Technology, Inc.

Consolidated Statements of Cash Flows (continued)

| | | |
|---|---|---|
| Cash Flows from Financing Activities | | |
| Proceeds from the issuance of notes, net | 1,243,351 | 2,557,000 |
| Proceeds from issuance of common stock | 9,120,000 | 311,250 |
| Proceeds received from exercising warrants | – | 95,834 |
| Cash paid for accrued interest | – | (3,140 ) |
| Proceeds from the collection of stock subscription receivable | – | 456,503 |
| Loss on sale of company stock | 9,051,192 | – |
| Loss on sale of investments | 23,533,992 | – |
| Notes converted to preferred stock | (2,997,500 ) | – |
| Common stock issued in exchange for interest | 406,375 | – |
| Notes converted to common | 14,576,184 | – |
| Preferred stock converted to common | 2,224,999 | – |
| Non-controlling interest | 559,057 | – |
| Issuance of preferred stock for investment | 9,970,000 | – |
| Cash received from bank notes | 209,454 | 121,000 |
| Cash paid on bank notes | (264,098 ) | (103,016 ) |
| Net Cash Provided by financing Activities | 67,633,006 | 3,435,431 |
| | | |
| Net change in Cash and Cash Equivalents | 7,762,347 | (150,511 ) |
| Cash and Cash Equivalents, Beginning of period | 56,470 | 193,934 |
| Change in foreign currency | – | 13,047 |
| Unrealized holding loss on securities | (7,194,479 ) | – |
| Cash and Cash Equivalents, end of period | $624,338 | $56,470 |
| | | |
| Supplemental Disclosure Information | | |
| Cash paid for interest | $5,681 | $30,635 |
| Cash paid for taxes | $– | $– |
| | | |
| Non-cash Disclosures: | | |
| Common Stock Issued for interest | $406,375 | $907,053 |
| Discount on convertible notes | $– | $2,096,947 |
| Conversion of notes and interest into AAA & AAAA Preferred and Common Stock | $5,609,000 | $13,480,992 |

See notes to consolidated financial statements

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**MOBIQUITY TECHNOLOGIES, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS – On September 10, 2013, Mobiquity Technologies, Inc. changed its name from Ace Marketing & Promotions, Inc. "the Company" or "Mobiquity"). We operate through two wholly-owned U.S. subsidiaries, namely, Mobiquity Networks, Inc. and Ace Marketing& Promotions, Inc. Mobiquity Networks owns 100% of Mobiquity Wireless S.L.U, a company incorporated in Spain. This corporation had an office in Spain to support our U.S. operations, which office was closed in the fourth quarter of 2016. Ace Marketing, its legacy marketing and promotions business was successfully sold on October 1, 2017, allowing us to focus our full attention to Mobiquity Networks.

Mobiquity Technologies, Inc., a New York corporation (the "Company"), is the parent company of its operating subsidiary; Mobiquity Networks, Inc. ("Mobiquity Networks"). The Company's wholly-owned subsidiary, Mobiquity Networks has evolved and grown from a mobile advertising technology company focused on driving Foot-traffic throughout its indoor network, into a next generation location data intelligence company. Mobiquity Networks provides precise unique, at-scale location data and insights on consumer's real-world behavior and trends for use in marketing and research. With its combined first party location data via its advanced SDK and its various exclusive data sets; Mobiquity Networks provides one of the most accurate and scaled solution for mobile data collection and analysis, utilizing multiple geo-location technologies. Mobiquity Networks is seeking to implement several new revenue streams from its data collection and analysis, including, but not limited to; Advertising, Data Licensing, Footfall Reporting, Attribution Reporting, Real Estate Planning, Financial Forecasting and Custom Research.

*Merger*

Mobiquity entered into an Agreement and Plan of Merger (the "Merger Agreement") with Glen Eagles Acquisition LP ("GEAL") (which owns 165,000,000 shares of common stock of Mobiquity, equivalent to approximately 29.6% of the outstanding shares), AVNG Acquisition Sub, LLC ("Merger Sub") and Advangelists, LLC ("Advangelists") on November 20, 2018 which provided for Merger Sub to merge into Advangelists, with Advangelists as the surviving company following the merger. The description of the Merger Agreement in this Report and in the Previous 8-K is not complete and is subject to, and qualified in its entirety by, the full text of the Merger Agreement, a copy of which is attached to this Report as Exhibit 2.1, the terms of which are incorporated herein by reference.

On December 6, 2018, Mobiquity and the other parties to the Merger Agreement entered into the First Amendment to Agreement and Plan of Merger (the "Amendment") which amended the Merger Agreement as follows:

- The number of warrants to purchase shares of Mobiquity's common stock issuable as part of the merger consideration was changed from 90,000,000 shares to 107,753,750 shares, and the exercise price of the warrants was changed from $0.09 per share to $0.14 per share; and

- The number of shares of Gopher Protocol Inc.'s common stock to be transferred by Mobiquity as part of the merger consideration changed from 11,111,111 to 9,209,722 shares.

Under the Merger Agreement and the Amendment, in consideration for the Merger:

- Mobiquity issued warrants for 107,753,750 shares of Mobiquity common stock at an exercise price of $0.14 per share, and, subject to the vesting threshold described below, Mobiquity transferred 9,209,722 shares of Gopher Protocol, Inc. common stock, to the pre-merger Advangelists members. The Gopher common stock was unvested at the time of transfer subject to vesting in February 2019 only if Advangelists' combined revenues for the months of December 2018 and January 2019 were at least $250,000. The vesting threshold was met.
- GEAL paid the pre-merger Advangelists members $10 million in cash. $500,000 was paid at closing and $9,500,000 will be paid under a promissory note that was issued at closing, in 19 monthly installments of $500,000 each, commencing on January 6, 2019.

The foregoing descriptions of the Amendment and the warrants are not complete and are subject to, and qualified in its entirety by, (i) the full text of the Merger Agreement and the Amendment, which are denoted as Exhibit 2.1 and Exhibit 2.2 to this Report, and (ii) the full text of the warrants, the form of which is denoted as Exhibit 10.1 to this Report; the terms of both of which are incorporated into this Report by reference.

The transactions contemplated by the Merger Agreement were consummated on December 7, 2018 upon the filing of a Certificate of Merger by Advangelists. As a result of the merger, Mobiquity owns 48% and GEAL owns 52% of Advangelists; and Mobiquity is the sole manager of, and controls, Advangelists.

As a result of Mobiquity having 100% control over Advangelists ASC 810-10-05-3 states "that for LLCs with managing and non-managing members, a managing member is the functional equivalent of a general partner and a nonmanaging member is the functional equivalent of a limited partner. In this case, a reporting entity with an interest in an LLC (which is not a VIE) would likely apply the consolidation model for limited partnerships if the managing member has the right to make the significant operating and financial decisions of the LLC." In This case Mobiquity has the right to make the significant operating and financial decisions of Advangelists resulting in consolidation of Advangelists. As a result, the Pro Forma's are attached as if consolidated.

Management has plans to address the Company's financial situation as follows:

In the near term, management plans to continue to focus on raising the funds necessary to implement the Company's business plan related to technology. Management will continue to seek out equity and/or debt financing to obtain the capital required to meet the Company's financial obligations. There is no assurance, however, that lenders and investors will continue to advance capital to the Company or that the new business operations will be profitable. The possibility of failure in obtaining additional funding and the potential inability to achieve profitability raises doubts about the Company’s ability to continue as a going concern.

In the long term, management believes that the Company’s projects and initiatives will be successful and will provide cash flow to the Company that will be used to finance the Company’s future growth. However, there can be no assurances that the Company’s efforts to raise equity and debt at acceptable terms or that the planned activities will be successful, or that the Company will ultimately attain profitability. The Company’s long-term viability depends on its ability to obtain adequate sources of debt or equity funding to meet current commitments and fund the continuation of its business operations, and the ability of the Company to achieve adequate profitability and cash flows from operations to sustain its operations.

PRINCIPLES OF CONSOLIDATION - The accompanying consolidated financial statements include the accounts of Mobiquity Technologies, Inc., formerly known as Ace Marketing & Promotions, Inc., and its wholly owned subsidiary, Mobiquity Networks, Inc. and its 48% owned subsidiary, Advangelists, LLC. All intercompany accounts and transactions have been eliminated in consolidation.

ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Fair Value of Financial Instruments**

The Company measures assets and liabilities at fair value based on an expected exit price as defined by the authoritative guidance on fair value measurements, which represents the amount that would be received on the sale of an asset or paid to transfer a liability, as the case may be, in an orderly transaction between market participants. As such, fair value may be based on assumptions that market participants would use in pricing an asset or liability. The authoritative guidance on fair value measurements establishes a consistent framework for measuring fair value on either a recurring or nonrecurring basis whereby inputs, used in valuation techniques, are assigned a hierarchical level.

The following are the hierarchical levels of inputs to measure fair value:

- Level 1 - Observable inputs that reflect quoted market prices in active markets for identical assets or liabilities.
- Level 2 - Inputs reflect quoted prices for identical assets or liabilities in markets that are not active; quoted prices for similar assets or liabilities in active markets; inputs other than quoted prices that are observable for the assets or liabilities; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 - Unobservable inputs reflecting the Company's assumptions incorporated in valuation techniques used to determine fair value. These assumptions are required to be consistent with market participant assumptions that are reasonably available.

The carrying amounts of the Company's financial assets and liabilities, such as cash, prepaid expenses, other current assets, accounts payable & accrued expenses, certain notes payable and notes payable - related party, approximate their fair values because of the short maturity of these instruments.

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Fair value of derivatives | $– | $– | $– | $– |

**Embedded Conversion Features**

The Company evaluates embedded conversion features within convertible debt under ASC 815 "Derivatives and Hedging" to determine whether the embedded conversion feature(s) should be bifurcated from the host instrument and accounted for as a derivative at fair value with changes in fair value recorded in earnings. If the conversion feature does not require derivative treatment under ASC 815, the instrument is evaluated under ASC 470-20 "Debt with Conversion and Other Options" for consideration of any beneficial conversion feature.

**Derivative Financial Instruments**

The Company has financial instruments that are considered derivatives or contain embedded features subject to derivative accounting related to 22 convertible notes issued totaling $4,234,000 which included a ratchet provision in the conversion price of $.02 or $.30 or $.035 or a price equal to the last equity transaction completed by the Company as part of a subscription agreement. The notes have maturity dates ranging from February 11, 2018 –July 31, 2018. The Company also has financial instruments that are considered derivatives or contain embedded features subject to derivative accounting related to 3,200,000 warrants which included a ratchet provision in the conversion price of $.50 as part of a conversion of preferred AAA shares, and 1,000,000 warrants which included a ratchet provision in the conversion price of $.055 as part of a placement fee related to a note. Embedded derivatives are valued separately from the host instrument and are recognized as derivative liabilities in the Company's balance sheet. The Company measures these instruments at their estimated fair value and recognizes changes in their estimated fair value in results of operations during the period of change. All notes were extinguished on November 30, 2018 ending the derivative functions due to sequencing under ASC 815-40. The Company has estimated the fair value of these embedded derivatives for convertible debentures and associated warrants using a multinomial lattice model as of December 31, 2018. The fair values of the derivative instruments are measured each quarter, which resulted in a loss of $8,299,622 and derivative expense of $509,729 during the year ended December 31, 2018. As of December 31, 2018, the fair market value of the derivatives aggregated $0 using the following assumptions: estimated 0.08 to 4.8-year term, estimated volatility of 163.71% to 394.26%, and a discount rate of 0.00% to 2.83%.

CASH AND CASH EQUIVALENTS - The Company considers all highly liquid debt instruments with a maturity of three months or less, as well as bank money market accounts, to be cash equivalents. As of December 31, 2018, and 2017, the balances are $624,338 and $56,470, respectively.

CONCENTRATION OF CREDIT RISK - Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of trade receivables and cash and cash equivalents.

Concentration of credit risk with respect to trade receivables is generally diversified due to the large number of entities comprising the Company's customer base and their dispersion across geographic areas principally within the United States. The Company routinely addresses the financial strength of its customers and, as a consequence, believes that its receivable credit risk exposure is limited. Our current receivables at December 31, 2018 consist of 57% held by five of our largest customers, two of the customer's account for 52% of our receivables. Our December 31, 2017 receivables are all with two customers that constitute 75.44% of our sales. Customer A percentage of sales was 42.28% and customer B was 33.16%.

The Company places its temporary cash investments with high credit quality financial institutions. At times, the Company maintains bank account balances, which exceed FDIC limits. As of December 31, 2018, and 2017, the

Company exceeded FDIC limits by $374,338 and $0, respectively.

REVENUE RECOGNITION – The Company recognized revenue on arrangements in accordance with FASB Codification Topic 606, *Revenue from Contracts with Customers*. Revenue represents amounts earned for data licensing arrangements consisting of flat fee, per use basis or revenue share. Licensee is sent data on a daily basis, has use of the data for a period of time based on the contract life between one month to one year.

We recognize revenues in the period in which the data transmission is provided to the licensee.

Under these policies, the Company evaluates each of these criteria as follows:

- Evidence of an arrangement. We consider a signed insertion order or contract by the licensee or its agency to be evidence of an arrangement.

- Delivery. Delivery is considered to occur daily with the transmission of the data from our network servers to the licensee.

- Fixed or determinable fee. The Company recognizes revenue for data license arrangements ratably over the term of the insertion order or contract. Our arrangements with the licensee is noted in the signed contracts which specifies the price to be paid and due date of remittance. Contracts that include fixed-fee data transmission are invoiced upon acceptance of the insertion order or contract and billed at time of delivery. The Company's terms as stated in the contracts. Final billing is based on usage of delivered data. At the end of the period (usually monthly) an acknowledgment of data amount delivered is sent to licensee, who then verifies usage and at the point a final invoice is generated.

- Collection is deemed reasonably assured. We deem collection reasonably assured if we expect that the licensee will be able to pay the amounts under the arrangement as payments become due. Collection is deemed not reasonably assured when a licensee is perceived to be in financial distress, which may be evidenced by weak industry conditions, a bankruptcy filing, or previously billed amounts that are past due. If we determine that collection is not reasonably assured, then we would defer the revenue and recognize the revenue upon cash collection.

- No other warranties and or obligations are implied or due once the data transmission has been completed with the licensee.

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ALLOWANCE FOR DOUBTFUL ACCOUNTS - Management must make estimates of the collectability of accounts receivable. Management specifically analyzes accounts receivable and analyzes historical bad debts, customer concentrations, customer credit-worthiness, current economic trends and changes in customer payment terms when evaluating the adequacy of the allowance for doubtful accounts. As of December 31, 2018 and 2017, allowance for doubtful accounts were $80,600 and $0, respectively.

PROPERTY AND EQUIPMENT - Property and equipment are stated at cost. Depreciation is expensed using the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are being amortized using the straight-line method over the estimated useful lives of the related assets or the remaining term of the lease. The costs of additions and improvements, which substantially extend the useful life of a particular asset, are capitalized. Repair and maintenance costs are charged to expense. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the account and the gain or loss on disposition is reflected in operating income.

LONG LIVED ASSETS - Long-lived assets such as property, equipment and identifiable intangibles are reviewed for impairment whenever facts and circumstances indicate that the carrying value may not be recoverable. When required impairment losses on assets to be held and used are recognized based on the fair value of the asset. The fair value is determined based on estimates of future cash flows, market value of similar assets, if available, or independent appraisals, if required. If the carrying amount of the long-lived asset is not recoverable from its undiscounted cash flows, an impairment loss is recognized for the difference between the carrying amount and fair value of the asset. When fair values are not available, the Company estimates fair value using the expected future cash flows discounted at a rate commensurate with the risk associated with the recovery of the assets. The Company recognized no impairment losses for the period ended December 31, 2018.

PATENTS and TRADEMARKS - Patents and trademarks developed during the prior years were capitalized for the period of development and testing. Expenditures during the planning stage and after implementation have been expensed in accordance with ASC 985.

ADVERTISING COSTS - Advertising costs are expensed as incurred. For the years ended December 31, 2018 and 2017, there were advertising costs of $1,453 and $0, respectively.

ACCOUNTING FOR STOCK BASED COMPENSATION. Stock based compensation cost is measured at the grant date fair value of the award and is recognized as expense over the requisite service period. The Company uses the Black-Sholes option-pricing model to determine fair value of the awards, which involves certain subjective assumptions. These assumptions include estimating the length of time employees will retain their vested stock options before exercising them (“expected term”), the estimated volatility of the Company’s common stock price over the expected term (“volatility”) and the number of options for which vesting requirements will not be completed (“forfeitures”). Changes in the subjective assumptions can materially affect estimates of fair value stock-based compensation, and the related amount recognized on the consolidated statements of operations. Refer to Note 8 “Stock Option Plans” in the Notes to Consolidated Financial Statements in this report for a more detailed discussion.

BENEFICIAL CONVERSION FEATURES - Debt instruments that contain a beneficial conversion feature are recorded as deemed interest to the holders of the convertible debt instruments. The beneficial conversion is calculated as the difference between the fair values of the underlying common stock less the proceeds that have been received for the debt instrument limited to the value received.

INCOME TAXES - Deferred income taxes are recognized for temporary differences between financial statement and income tax basis of assets and liabilities for which income tax or tax benefits are expected to be realized in future years. A valuation allowance is established to reduce deferred tax assets, if it is more likely than not, that all or some portion of such deferred tax assets will not be realized. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date.

NET LOSS PER SHARE - Basic net loss per share is computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding. Diluted earnings per share reflect, in periods in which they have a dilutive effect, the impact of common shares issuable upon exercise of stock options. The number of common shares potentially issuable upon the exercise of certain options and warrants that were excluded from the diluted loss per common share calculation was approximately 109,392,440 and 110,453,240 because they are anti-dilutive, as a result of a net loss for the years ended December 31, 2018 and 2017, respectively.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS - ASC 606, Revenue from contracts with customers, the effective date for ASC 606 is for annual reporting periods beginning after December 15, 2017. It provides accounting guidance related to revenue from contracts with customers. The Guidance applies to all entities and to all customers. The accounting for ASC 606 will take effect for our company starting in January of 2018.

We have reviewed the FASB issued Accounting Standards Update (“ASU”) accounting pronouncements and interpretations thereof that have effectiveness dates during the periods reported and in future periods. The Company has carefully considered the new pronouncements that alter previous generally accepted accounting principles and does not believe that any new or modified principles will have a material impact on the corporation’s reported financial position or operations in the near term. The applicability of any standard is subject to the formal review of our financial management and certain standards are under consideration.

NOTE 2: PROPERTY AND EQUIPMENT

Property and equipment, net, consist of the following at December 31:

| | USEFUL LIVES | 2018 | 2017 |
|---|---|---|---|
| Furniture and Fixtures | 3 or 5 years | $8,629 | $55,702 |
| | | 8,629 | 55,702 |
| Less Accumulated Depreciation | | 1,967 | 55,702 |
| | | $6,662 | $– |

Depreciation expense from continuing operations for the years ended December 31, 2018 and 2017 was $1,967 and $2,994, respectively. No deposition or impairment of assets during 2018. No impairment loss was recorded for December 31, 2017.

## NOTE 3: GOODWILL AND INTANGIBLE ASSETS

On December 6, 2018, the Company acquired a 48% interest in Advangelists, LLC. ("Advangelists) for $10,000,000 in consideration. As consideration for the 48% interest, the Company transferred 9,209,722 shares, including additional 1,901,389 shares for consultants of the common shares of Gopher Protocol Inc.'s common stock (trading under the symbol "GOPH") to Advangelists as well as issuing 107,753,750 shares, including an additional 22,246,250 for consultants for ten-year warrants to purchase shares of the Company's common stock at a strike price of $0.14 per share. As of the date of the closing, GOPH price per share in the public markets was $0.346, or a total value on the GOPH Shares transferred of $3,844,444. Additionally, the Company performed a Black Scholes calculation and determined the value of the 130,000,000 warrants issued was $18,200,000. As a result of the transfer of the GOPH to the Advangelists Sellers, the Company record a loss on the sale of the GOPH stock of $5,681,633.

*Fair Value of Consideration Transferred and Recording of Assets Acquired*

The following table summarizes the acquisition date fair value of the consideration paid, identifiable assets acquired, and liabilities assumed including an amount for goodwill:

| | |
|---|---|
| Value of the GOPH shares | $3,844,444 |
| Value of the warrants issued | 18,200,000 |
| Total value of consideration paid | $22,044,444 |
| Purchase price | 10,000,000 |
| Excess purchase price | $12,044,444 |

The excess purchase price of $12,444,444 was immediately expensed is reflected as "acquisition expense" on the Company's Statements of Operations for the period ended December 31, 2018

The following table summarizes the acquisition date fair value of the consideration paid, identifiable assets acquired, and liabilities assumed including an amount for goodwill:

| | |
|---|---|
| **Consideration Paid:** | |
| Common stock, 9,209,722 shares of GOPH shares transferred to the Seller | $3,844,444 |
| Value of 107,753,750 Company warrants, net of $12,044,444, expensed | 6,155,556 |
| Fair value of total consideration | $10,000,000 |
| | |
| Recognized amount of identifiable assets acquired, and liabilities assumed: | |
| Financial assets: | |
| Cash and cash equivalents | $332,451 |
| Accounts receivables, net | 2,287,382 |
| Accounts, receivable other | 131,649 |
| Property and equipment, net | 5,819 |
| Intangible assets(a) | 1,856,358 |
| Non-controlling interest | (778,059 ) |
| Accounts payable and accrued liabilities | (1,261,033 ) |
| Total identifiable net assets | 2,574,567 |
| Goodwill | 7,425,433 |
| | $10,000,000 |

Intangible assets, net, consist of the following at December 31:

| | USEFUL LIVES | 2018 | 2017 |
|---|---|---|---|
| Intellectual property | 5 years | $– | $98,000 |
| Customer relationships | 1-5 years | 1,856,358 | 98,000 |
| Less Accumulated Amortization | | (40,889) | (88,040) |
| | | $1,815,469 | $9,960 |

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Future amortization, for the years ending December 31, is as follows:

| | |
|---|---|
| 2019 | $371,271 |
| 2020 | 371,271 |
| Thereafter | 1,072,927 |
| | $1,815,469 |

Amortization expense from continuing operations for the years ended December 31, 2018 and 2017 was $40,899 and $19,600, respectively.

NOTE 4: CONVERTIBLE DEBT AND DERIVATIVE LIABILITIES

Summary of Convertible Promissory Notes:

| | 2018 | 2017 |
|---|---|---|
| CAVU Notes, net | $100,000 | $100,000 |
| Berg Notes (a) | 50,000 | 50,000 |
| Secured Notes (b) net of discounts of $0 for 2018 and $234,502 for 2017 | – | 2,999,498 |
| Total Debt | 150,000 | 3,149,498 |
| Current portion of debt | 150,000 | 3,149,498 |
| Long-term portion of debt | $– | $– |

(a) Between August and December 2015, the Company borrowed $3,675,000 from accredited investors. These loans are due and payable the earlier of December 31, 2016 or the completion of an equity financing of at least $2,500,000. Upon the sale of the unsecured promissory notes, the Company issued $1 of principal, one share of common stock and a warrant to purchase one share of common stock at an exercise price of $0.40 per share through August 31, 2017. Accordingly, an aggregate of 3,675,000 shares of common stock and warrants to purchase a like amount were issued in the last six months of 2015. Each noteholder has the right to convert the principal of their note and accrued interest thereon at a conversion price of $0.30 per share or at the noteholder’s option, into equity securities of the Company on the same terms as the last equity transaction completed by the Company prior to each respective conversion date.

(b) On February 28, 2017, the Company entered into an agreement with two non-affiliated persons to provide $1.6 million of short term secured debt financing in three monthly tranches. The Company will issue in connection with each tranche, a six-month secured convertible promissory note. In connection with this transaction, the Company agreed to issue an origination fee of 3,200,000 warrants. Alexander Capital L.P. acted as Placement

Agent and Advisor for this transaction. In August, September and October 2017, the noteholders exchanged their $1,600,000 of notes that were coming due in August through October 2017 plus a 30% premium and accrued interest for new six-month notes in the principal amount of $2,184,000. As additional consideration for the exchange, the Company issued 533,334 shares of common stock..

The Company has financial instruments that are considered derivatives or contain embedded features subject to derivative accounting related to 15 convertible notes issued totaling $3,234,000 which included a ratchet provision in the conversion price of $.05 or $.30 or a price equal to the last equity transaction completed by the Company as part of a subscription agreement. The notes have maturity dates ranging from July 31, 2017 – June 13, 2018. The Company also has financial instruments that are considered derivatives or contain embedded features subject to derivative accounting related to 2,200,000 warrants which included a ratchet provision in the conversion price of $.05 as part of a conversion of preferred AAA shares, and 1,000,000 warrants which included a ratchet provision in the conversion price of $.055 as part of a placement fee related to a note. Embedded derivatives are valued separately from the host instrument and are recognized as derivative liabilities in the Company's balance sheet. The Company measures these instruments at their estimated fair value and recognizes changes in their estimated fair value in results of operations during the period of change. The Company has estimated the fair value of these embedded derivatives for convertible debentures and associated warrants using a multinomial lattice model as of December 31, 2017. The fair values of the derivative instruments are measured each quarter, which resulted in a gain of $3,376,620 and initial derivative expense of $1,284,704 during the period ended December 31, 2017. As of December 31, 2017, the fair market value of the derivatives aggregated $666,123 using the following assumptions: estimated 0.1 to 4.33-year term, estimated volatility of 183.70% to 415.83%, and a discount rate of 0.00% to 1.87%.

In February 2017, The Company debt holders converted $3,672,000 of notes being converted at 0.05 per share into 73,440,000 shares of common stock.

In February 2017, the Company reported that substantially all of its outstanding debt both secured and unsecured have been converted into equity securities of the Company as outlined below. It should be noted that the capital transactions below were based on a premium to the average closing sale price of $0.045 per share during the 60 day period prior to February 08, 2017. The Company had outstanding 882,588 shares of newly designated Series AAA preferred stock and $1,350,000 of convertible notes. The convertible notes consisted of $1,200,000 of secured notes and $150,000 of unsecured notes. The 882,588 shares of Series AAA preferred stock were issued in exchange for the conversion of principal and accrued interest of approximately $9,147,891 of unsecured debt. This conversion resulted in a loss on extinguishment of debt of $2,706,197. Between August and December 2017, the Company issued $3,234,000 of secured notes due in six months to various investors. The notes are convertible at $.05 per share through the maturity date, subject to adjustment in the event of default. A total of 3,234,000 origination shares of common stock were issued to the noteholders. Thomas Arnost, Chairman of the Company, invested $100,000 in the loan transaction. The terms of the Series AAA preferred stock can be summarized as follows:

The price of each preferred share shall be, at the option of the holder, convertible into 100 shares of Common Stock. If the preferred shares are converted, the subscriber will then receive 100% warrant coverage, with each warrant exercisable at $.05 per share with a cash payment to the Company through the close of business on December 31, 2019. The preferred shares have no voting or other preferences except as required by law other than the right of conversion described above and a liquidation preference equal to $.01 per share.

In February 2017, Thomas Arnost, our Executive Vice Chairman, and another principal stockholder agreed to convert letters of credit in the principal amount of $2,700,000 and $322,000 of secured debt into shares of common stock at the then marketing price of $.05 per share. Accrued interest on these obligations were either previously converted into our common stock or were upon conversion of the principal, converted into common stock at the fair market value of our common stock at each interest accrual date.

In the first quarter of 2018, the Company entered into agreements to provide $1,000,000 of short term secured debt financing in four monthly tranches. Dr. Gene Salkind made these investments and he would become a director of the Company on January 1, 2019. The Company will issue in connection with each tranche, a six-month secured convertible promissory note. In connection with this transaction, the Company agreed to issue an origination fee of 1,000,000 shares of restricted common stock. Alexander Capital L.P. acted as Placement Agent and Advisor for this transaction. Each of these new notes are on the terms of the Company's 10% Senior Secured debt.

In the second quarter of 2018, the Company borrowed $375,000, including $125,000 from Thomas Arnost, Chairman, and $250,000 from two non-affiliated persons. The investors received 3,500,000 shares of common stock each as an origination fee and in lieu of interest.

A recap of the derivative instruments is as follows:

| | |
|---|---|
| Derivative Liability 2018 | |
| Beginning balance | $(666,123) |
| New Issuances | – |
| Discount on new derivative in excess of note face value | – |
| Effect on debt extinguishment | 666,123 |
| Ending balance | $– |

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| Derivative Liability 2017 | |
|---|---|
| Beginning balance | $(350,700 ) |
| Discount on new issuances | (1,867,287) |
| Discount on new derivatives in excess of note face value | (1,284,704) |
| Gain on revaluation of derivatives | 3,376,620 |
| Conversions | 229,939 |
| Effect of debt extinguishment | (769,991 ) |
| Ending balance | $(666,123 ) |

NOTE 5: FAIR VALUE MEASUREMENTS

Our financial assets and liabilities carried at fair value measured on a recurring basis as of December 31, 2018 and 2017, consisted of the following:

| Description | Total fair value at December 31, 2017 | Quoted prices in active markets (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
|---|---|---|---|---|
| Derivative liability (1) | $666,123 | $– | $ – | $ 666,123 |

| Description | Total fair value at December 31, 2018 | Quoted prices in active markets (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
|---|---|---|---|---|
| Derivative liability (1) | $– | $– | $– | $– |

(1) The Company has estimated the fair value of these embedded derivatives for convertible debenture using a multinomial lattice model.

NOTE 6: INCOME TAXES

The provision for income taxes for the years ended December 31, 2018 and 2017 is summarized as follows:

| | 2018 | 2017 |
|---|---|---|

| | | |
|---|---|---|
| Current: | | |
| Federal | $– | $– |
| State | – | – |
| | – | – |
| Deferred: | | |
| Federal | – | – |
| State | – | – |
| | $– | $– |

The Company has federal net operating loss carryforwards ("NOL's) of $119,511,015 and $60,876,000, respectively, which will be available to reduce future taxable income.

The tax effects of temporary differences which give rise to deferred tax assets (liabilities) are summarized as follows:

| | YEARS ENDED DECEMBER 31, | |
|---|---|---|
| | 2018 | 2017 |
| Net operating loss carry-forwards | $(31,073,000) | $(24,351,000) |
| Stock based compensation – options/warrants | 2,541,000 | 3,778,000 |
| Stock issued for services | 971,000 | 971,000 |
| Gain loss on derivative instrument | 781,000 | (2,361,000 ) |
| Disallowed entertainment expense | 43,000 | 59,000 |
| Charitable contribution limitation | 7,000 | 11,000 |
| Preferred Stock | 25,000 | 39,000 |
| Bad debt expense & reserves | 33,000 | 47,000 |
| Penalties | 1,000 | 1,000 |
| Loss on extinguishment of debt | 1,133,000 | 1,743,000 |
| Beneficial conversion features | 77,000 | 119,000 |
| Mobiquity-Spain – net loss | 540,000 | 830,000 |
| Impairment of long-lived assets | 58,000 | 89,000 |
| Stock issued for interest | 245,000 | 376,000 |
| Nondeductible insurance | 10,000 | 10,000 |
| Stock incentives | 15,000 | 24,000 |
| Derivative expense | 480,000 | 514,000 |
| Professional Fees | 2,835,000 | – |
| Gain / Loss on stock for investment | 3,831,000 | – |
| Gain / Loss on company stock | 2,757,000 | – |
| Gain / Loss on sale of warrants | 1,190,000 | – |
| Unrealized loss on securities | 1,871,000 | – |
| Acquisition expense | 3,132,000 | – |
| Amortization of debt discount | 2,058,000 | 2,246,000 |
| Deferred Tax Assets | (6,439,000 ) | (15,855,000) |
| Less Valuation Allowance | 6,439,000 | 15,855,000 |
| Net Deferred Tax Asset | $– | $– |

A reconciliation of the federal statutory rate to the Company's effective tax rate is as follows:

YEARS ENDED
DECEMBER 31,

| | 2018 | 2017 |
|---|---|---|
| Federal Statutory Tax Rate | 21.00% | 34.00% |
| State Taxes, net of Federal benefit | 6.00% | 6.00% |
| Change in Valuation Allowance | (27.00%) | (40.00%) |
| Total Tax Expense | 0.00% | 0.00% |

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NOTE 7: STOCKHOLDERS' EQUITY (DEFICIT)

Shares issued for services

During the year ended December 31, 2017, the Company issued 5,038,332 shares of common stock, at $0.05 to $0.13 per share for $406,454 in exchange for services rendered. During the year ended December 31, 2018, the Company issued 24,725,000 shares of common stock, at $0.04 to $0.15 per share for $2,269,740 in exchange for services rendered.

Shares issued for interest

During the year ended December 31, 2017, the Company issued 9,002,164 common shares, at $0.04 to $0.09 per share, valued at $494,492 and AAA preferred shares of 47,588, at $10.00 per share, valued at $475,841 as payment of interest. During the year ended December 31, 2018, no shares were issued for interest.

During the year ended December 31, 2018, the Company issued 11,500,000 common stock at a price per share between $0.03 and $0.05 for original issue discount on receipt of $406,375 in unsecured convertible promissory notes.

As of September 30, 2018, the Company's 10% Senior Secured Debt consists of 19 convertible notes issued totaling $4,234,000. These notes mature 6 months from the date of issuance, accrue interest at 10%, and had a base conversion price of $0.05. As of September 30, 2018, the 10% Senior Secured Debt notes were in default for breach of covenants due to notes which have matured during the period not being settled. The default on these notes triggered an increase in the interest rate from 10% to 24% on the principal balance, a 9% late fee being charged on interest accrued, and a variable conversion price equal to 50% of the lowest volume weighted average price in the 30 days prior to conversion. On February 27, 2018, the Company reduced the base conversion price from $0.05 to $0.02. The Company accounted for this modification per ASC 470-50 "Modifications and Extinguishments". Due to the variable rate in effect from the default provisions of the 10% Senior Secured Debt notes this reduction in base conversion price had no material change on the value of the notes. In the fourth quarter of 2018, the aforementioned secured indebtedness and the $375,000 of loans that were made in the second quarter of 2018 and described in Note 4 above were converted into 158,632,999 shares of common stock and 1,500 shares of Series C Preferred Stock. The Series C Preferred Stock is also owned by Dr. Gene Salkind who became a director on January 1, 2019. Of the 158,632,999 shares issued, 50,000,000 common shares and 1,500 Series C Preferred stock were issued to Dr. Salkind, 17,543,346 shares were issued to Thomas Arnost, Chairman of the Board, and 10,984,700 shares were issued to Anthony Iacovone, who also became a director of the Company on January 1, 2019.

In September 2018, the Company entered into a strategic investment transaction with Glen Eagles Acquisitions LP ("GEA"). As part of the strategic investment, the Company received 4,500,000 shares of Gopher Protocol Inc. common stock (traded in the OTC Market under the symbol "GOPH") and $460,000 in exchange for 150,000,000 shares of its restricted common stock. There was also an origination fee of 15,000,000 shares of its restricted common stock paid to GEA by the Company in connection with this transaction. There were no commissions or finder's fees paid by the Company in connection with this transaction.

In September 2018, Gopher Protocol Inc. (the "Gopher") and the Company entered an Agreement (the "MOBQ Agreement") pursuant to which the parties exchanged equity interest in each of the companies. In accordance with the Agreement, Gopher will receive 1,000 shares of the Company's restricted Series AAAA Preferred Stock (the "the Company Preferred Stock") in consideration of Gopher's concurrent sale and issuance to the Company of 10,000,000 shares of Gopher's restricted Common Stock (the "Gopher Common Stock"). The shares of Company Preferred Stock are convertible into an aggregate of up to 100,000,000 shares of the Company common stock (the "Company Common Stock") and 150,000,000 common stock purchase warrants (the "Company Warrants"). The Company Warrants shall have a term of 5-years from the date of grant and shall be exercisable at a price of $0.12 per share and the shares of the Company Preferred Stock shall not be convertible into shares of the Company Common Stock and the Company Warrants shall not be contemporaneously granted until after the Company's Board of Directors and stockholders shall have increased the authorized number of shares of the Company's common stock to a number sufficient to accommodate a reserve in Gopher's favor of 250,000,000 shares of the Company's common stock. The Company Preferred Stock shall have immediate voting rights equal to the number of shares of the Company Common Stock into which they may be converted, not including the shares of the Company's common stock underlying the Company Warrants (the "Company Warrant Shares"). A fee of 10,000,000 shares of the Company's common stock and warrants to purchase 15,000,000 shares was issued in connection with the transaction. The closing occurred on September 4, 2018.

The Company agreed that for a period beginning immediately upon the six (6)-month anniversary of the date hereof and ending on the twenty-four (24)-month anniversary of the date hereof (the "Leak-Out Period"), The Company shall have the right to sell or otherwise transfer into the public markets on any given day up to 20,000 shares of Gopher Common Stock. The Company may transfer all or a portion of the shares of Gopher Common Stock otherwise at any time, so long as the receiving party adheres to the above Leak-Out Period.

In the fourth quarter of 2018, Gopher converted 200 shares of its Series AAAA Preferred Stock into 20,000,000 shares of common stock and warrants to purchase 30,000,000 shares at an exercise price of $.12 per share. The 30,000,000 warrants were converted in a cashless exercise transaction in which Gopher submitted to the Company 10,000,000 shares of its common stock valued at $3,600,000 in full payment of the warrants.

In the fourth quarter of 2018, the Company received equity subscription agreements totaling $960,000, which include 50% warrant coverage, at an exercise price of $0.12 with an expiration date of September 30, 2023. The Company issued 16,000,001 shares of common stock and 8,000,000 warrants in connection with these transactions. Of the $960,000, $200,00 was invested by Thomas Arnost, Chairman of the Board.

NOTE 8: OPTIONS AND WARRANTS

The Company's results for the years ended December 31, 2018 and 2017 include employee share-based compensation expense totaling $2,681,863 and $595,692, respectively. Such amounts have been included in the Statements of Operations within selling, general and administrative expenses. No income tax benefit has been recognized in the statement of operations for share-based compensation arrangements due to a history of operating losses.

The following table summarizes stock-based compensation expense for the years ended December 31, 2018 and 2017:

| | Years Ended December 31, | |
|---|---|---|
| | 2018 | 2017 |
| Employee stock-based compensation - option grants | $273,945 | $473,192 |
| Employee stock-based compensation-stock grants | - | – |
| Non-Employee stock-based compensation - option grants | 53,460 | 11,500 |
| Non-Employee stock-based compensation-stock grants | - | – |
| Non-Employee stock-based compensation-stock warrant | 2,354,458 | 111,000 |
| | $2,681,863 | $595,692 |

Mobiquity issued warrants for 107,753,750 shares of Mobiquity common stock at an exercise price of $0.14 per share, and, subject to the vesting threshold described below, Mobiquity transferred 9,209,722 shares of Gopher Protocol, Inc. common stock, to the pre-merger Advangelists members. The Gopher common stock was unvested at the time of transfer subject to vesting in February 2019 only if Advangelists' combined revenues for the months of December 2018 and January 2019 were at least $250,000. The vesting threshold was met.

NOTE 9: STOCK OPTION PLANS

During Fiscal 2005, the Company established, and the stockholders approved, an Employee Benefit and Consulting Services Compensation Plan (the "2005 Plan") for the granting of up to 2,000,000 non-statutory and incentive stock options and stock awards to directors, officers, consultants and key employees of the Company. On June 9, 2005, the Board of Directors amended the Plan to increase the number of stock options and awards to be granted under the Plan to 4,000,000. During Fiscal 2009, the Company established a plan of long-term stock-based compensation incentives for selected Eligible Participants of the Company covering 4,000,000 shares. This plan was adopted by the Board of Directors and approved by stockholders in October 2009 and shall be known as the 2009 Employee Benefit and Consulting Services Compensation Plan (the "2009 Plan"). In September 2013, the Company's stockholders approved an increase in the number of shares covered by the 2009 Plan to 10,000,000. In February 2015, the Board approved, subject to stockholder approval within one year, an increase in the number of shares under the 2009 Plan to 20,000,000 shares; however, stockholder approval was not obtained within the requisite one year and the anticipated increase in the 2009 Plan was canceled. In the first quarter of 2016, the Board approved and stockholders ratified a 2016 Employee Benefit and Consulting Services Compensation Plan covering 10,000,000 shares (the "2016 Plan") and approving moving all options which exceeded the 2009 Plan limits to the 2016 Plan. In December 2018, the Board of Directors adopted and in February 2019. the stockholders ratified the 2018 Employee Benefit and Consulting Services Compensation Plan covering 30,000,000 shares (the "2018 Plan"). The 2005, 2009, 2016 and 2018 plans are collectively referred to as the "Plans."

All stock options under the Plans are granted at or above the fair market value of the common stock at the grant date. Employee and non-employee stock options vest over varying periods and generally expire either 5 or 10 years from the grant date. The fair value of options at the date of grant was estimated using the Black-Scholes option pricing model. For option grants, the Company will take into consideration payments subject to the provisions of ASC 718 “Stock Compensation”, previously Revised SFAS No. 123 “Share-Based Payment” (“SFAS 123 (R)”). The fair values of these restricted stock awards are equal to the market value of the Company’s stock on the date of grant, after taking into certain discounts. The expected volatility is based upon historical volatility of our stock and other contributing factors. The expected term is based upon observation of actual time elapsed between date of grant and exercise of options for all employees. Previously, such assumptions were determined based on historical data. The weighted average assumptions made in calculating the fair values of options granted during the years ended December 31, 2018 and 2017 are as follows:

| | Years Ended December 31, | |
|---|---|---|
| | 2018 | 2017 |
| Expected volatility | 181.00% | 146.8% |
| Expected dividend yield | – | – |
| Risk-free interest rate | 2.83% | 1.89% |
| Expected term (in years) | 5.00 | 5.00 |

| | Share | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Outstanding, January 1, 2018 | 17,515,001 | $ 0.39 | 4.43 | – |
| Granted | 36,250,000 | 0.06 | 4.39 | 2,887,500 |
| Exercised | – | – | – | – |
| Cancelled / Expired | (11,765,001) | – | – | – |
| Outstanding, December 31, 2018 | 42,000,000 | $ 0.10 | 4.38 | 2,981,875 |
| Options exercisable, December 31, 2018 | 42,000,000 | $ 0.10 | 4.38 | 2,981,875 |

The weighted-average grant-date fair value of options granted during the years ended December 31, 2018 and 2017 was $0.11 and $0.05, respectively. The aggregate intrinsic value of options outstanding and options exercisable at December 31, 2018 and 2017 is calculated as the difference between the exercise price of the underlying options and the market price of the Company’s common stock for the shares that had exercise prices, that were lower than the $0.14 closing price of the Company’s common stock on December 31, 2018.

As of December 31, 2018, the fair value of unamortized compensation cost related to unvested stock option awards was zero.

The option information provided above includes options granted outside of the Plans, which total 4,115,000 as of December 31, 2018 and 2017.

The weighted average assumptions made in calculating the fair value of warrants granted during the years ended December 31, 2018 and 2017 are as follows:

| | Years Ended | |
|---|---|---|
| | 2018 | 2017 |
| Expected volatility | 173.58% | 157.84% |
| Expected dividend yield | - | – |
| Risk-free interest rate | 2.88% | 1.87% |
| Expected term (in years) | 5.42 | 4.10 |

| | Share | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Outstanding, January 1, 2018 | 11,814,167 | $ 0.20 | 2.58 | – |
| Granted | 164,752,034 | $ 0.13 | 8.80 | 904,784 |
| Exercised | | – | – | – |
| Cancelled/Expired | (1,040,000 ) | – | – | – |
| Outstanding, December 31, 2018 | 175,526,201 | $ 0.14 | 8.37 | 1,504,784 |
| | | | | |
| Warrants exercisable, December 31, 201 | 175,526,201 | $ 0.14 | 8.37 | 1,504,784 |

NOTE 10: COMMITMENTS AND CONTINGENCIES

*COMMITMENTS –*

In April 2011, we entered into our agreement with Simon Property Group, which agreement was amended first in September 2013 and then in July 2014. This second amendment provides for us to expand our location-based mobile mall network footprint to about 195 current Simon malls across the United States. Our agreement with Simon currently expires December 31, 2017. Simon is entitled to receive fees from us equal to the greater of a pre-set per mall fee or a percentage of revenues derived from within the Simon Mall network. The revenue share agreement in which Simon participates will exceed the minimum annual mall fees if the Company has generated revenues within the Simon network of about $15 million or more in a calendar year. Our agreement with Simon requires the company to maintain letters of credit for each calendar year under the agreement represented by the minimum amount of fees due for such calendar year. For 2015, the minimum fees of $2.7 million has been secured through two bank letters of credit, one of which was issued in the amount of $1,350,000 utilizing the funds of a non-affiliated stockholder and the second letter of credit was obtained in the same amount through the funds of Thomas Arnost, our Executive Chairman. In the event Simon draws down upon either letter of credit, we have until the next minimum payment due date (approximately 90 days) after the draw down to obtain replacement letters of credit. Each person who secured our letters of credit has the opportunity to notify us that they wish to turn the cash funds securing the letters of credit over to us and to convert such funds into Common Stock currently at a conversion price of $.20 per share. Also, each person who issued the letter of credit is receiving quarterly, while the letters of credit are outstanding, options to purchase 125,000 shares of Common Stock, exercisable at the prevailing market price per share on the date of grant and interest at the rate of 8% per annum on the monies that they have had to set aside in their bank accounts and are unable to have access to such monies. In April, July and October 2016, and January, March 2017, Simon drew down on each bank letter of credit for an aggregate of $1,350,000 owed to each letter of credit provider. Simon agreement expired in May 2017.

In February 2012, the Company entered into a lease agreement for new executive office space of approximately 4,200 square feet located at 600 Old Country Road, Suite 541, Garden City, NY 11530. The lease agreement is for 63 months, commencing April 2012 and expiring June 2017. The annual rent under this office facility for the first year was estimated at $127,000, including electricity, subject to an annual increase of 3%. This lease was not renewed.

Our lease for approximately 2,000 square feet of space at an annual cost of approximately $28,600 (inclusive of taxes) at 1105 Portion Road, Farmingville, NY 11738 expired in November 2013. We leased this property on a month to month basis for approximately $2,500 per month from December 2014 to September 2017, with a 5% increase in rent each month until Ace was sold in October 2017.

In March 2014, we entered into a month-to-month lease agreement for approximately 400 square feet of office space located in Manhattan, NY at a monthly cost of $3,700. In May of 2015 we moved to a larger location with the same landlord on a month to month basis for $4,700 each month. In 2017 the Company is leasing on a month-to-month basis two fully furnished executive suites in Manhattan at a monthly cost of approximately $6,700. These executive suites are located at 85 Broadway, 16th Floor, Suites 16-035 and 16-040, New York, NY 10010. In 2018, the Company is presently utilizing the office space of its Chief Financial Officer as its principal executive office located at 35 Torrington Lane, Shoreham, NY 11786. The Company is leasing on a month-to-month basis a fully furnished executive suite in Manhattan at a monthly cost of approximately $9,000. The executive suite is located at 61 Broadway, 11th Floor, Suite 1105, New York, NY 10006.

Minimum future rentals under non-cancelable lease commitments are as follows:

| YEARS ENDING DECEMBER 31, | $ |
|---|---|
| 2019 | – |
| 2020 and thereafter | – |
| | $– |

Rent and real estate tax expense was approximately $54,183 and $1,032,272 for the years December 31, 2018 and 2017, respectively.

*EMPLOYMENT CONTRACTS –*

Dean L. Julia

On March 1, 2005, the Company entered into employment contracts with Dean L. Julia. The employment agreement provides for minimum annual salaries plus bonuses equal to 5% of pre-tax earnings (as defined) and other perquisites commonly found in such agreements.

On August 22, 2007, the Company approved a three-year extension of the employment contract with Mr. Julia expiring on February 28, 2011. The employment agreements provided for minimum annual salaries with scheduled increases per annum to occur on every anniversary date of the contract and extension commencing on March 1, 2008. A signing bonus of options to purchase 150,000 shares granted to Mr. Julia were fully vested at the date of the grant and exercisable at $1.20 per share through August 22, 2017. Ten-year options to purchase 50,000 shares of common stock are to be granted at fair market value on each anniversary date of the contract and extension commencing March 1, 2008. Termination pay of one-year base salary based upon the scheduled annual salary of Mr. Julia for the next contract year, plus the amount of bonuses paid (or entitle to be paid) to Mr. Julia for the current fiscal year of the preceding fiscal year, whichever is higher.

On April 7, 2010, the Board of Directors approved a five-year extension of the employment contract of Dean L. Julia to expire on March 1, 2015. The Board approved the continuation of Mr. Julia's current salary and scheduled salary increases on March 1st of each year. The Board also approved a signing bonus of stock options to purchase 200,000 shares granted to each officer which is fully vested at the date of grant and exercisable at $.50 per share through April 7, 2020; ten-year stock options to purchase 100,000 shares of Common Stock to be granted to Mr. Julia at fair market value on each anniversary date of the contract and extension thereof commencing March 1, 2011; and termination pay of one year base salary based upon the scheduled annual salary of Mr. Julia for the next contract year plus the amount of bonuses paid or entitled to be paid to Mr. Julia for the current fiscal year or the preceding fiscal year, whichever is higher. In the event of termination, Mr. Julia will continue to receive all benefits included in the employment agreement through the scheduled expiration date of said employment agreement prior to the acceleration of the termination date thereof.

In July 2012, the Company approved and in January 2013 the Company implemented amending the employment agreement of Mr. Julia to expire on February 28, 2017, subject to an automatic one year renewal on March 1, 2013 and on each March 1$^{st}$ thereafter, unless the Employment Agreement is terminated in accordance with its terms on or before December 30$^{th}$ of the prior calendar year. In the event of termination without cause, the executives will continue to receive all salary and benefits included in the employment agreement through the scheduled expiration date of said employment agreement prior to the acceleration of the termination date thereof, plus one year termination pay.

On May 28, 2013, the Company approved amending the employment agreement of Mr. Julia to provide that Mr. Julia may choose an annual bonus equal to 5% of pre-tax earnings for the most recently completed year before deduction of annual bonuses paid to officers or, in the event majority control of the Company is acquired by a person or a group of persons during the prior fiscal year, Mr. Julia may choose to receive the aforementioned bonus or 1% of the control consideration paid by acquirer(s) to acquire majority control of the Company.

<u>Michael Trepeta</u>

In April 2017, Michael Trepeta, who had an identical agreement to Mr. Julia and served as Co-Chief Executive Officer and President of the Company, entered into a separation agreement with the Company pursuant to which he resigned as an executive officer and director. After his resignation, the Board changed Dean Julia's title from Co-Chief Executive Officer to Chief Executive Officer and President.

Pursuant to Michael Trepeta's separation agreement, Mr. Trepeta is entitled to the following benefits:

- Six months' coverage under the Company's existing director/officer insurance policy;
- Indemnification per existing employment agreement;
- Expense reimbursement through May 31, 2017;
- All options vested shall continue until their normal expiration date; and
- Mutual releases.

Thomas Arnost

In December 2014, we entered into a three-year employment agreement with Thomas Arnost serving as Executive Chairman of the board. Mr. Arnost receives a monthly salary of $10,000 plus an annual grant of options for serving on the board of directors. In the event of his termination, by Mr. Arnost or by the company for cause, Mr. Arnost will receive his pay through the termination date. In the event that Mr. Arnost is terminated without cause, he shall be entitled to receive his salary paid through the end of the term of his agreement. Mr. Arnost may terminate the agreement at any time by giving three months' prior written notice to our board of directors. Mr. Arnost will also be entitled to indemnification against all claims, judgments, damages, liabilities, costs and expenses (including reasonably legal fees) arising out of, based upon or related to his performance of services to us, to the maximum extent permitted by law. This agreement has expired, but in 2018, the Company continued to accrue pay of $10,000 per month due to Mr. Arnost.

Sean Trepeta

In December 2014, Mobiquity Networks entered into an employment agreement with Sean Trepeta, to serve as President of Mobiquity Networks as an employee at will. Mr. Trepeta, as a full-time employee, is to be paid a salary at the rate of $20,000 per month. Upon the execution of the agreement, he received 10-year options to purchase 1,500,000 shares of our common stock vesting quarterly over a period of three years. For calendar 2015, he will be entitled to a bonus of $125,000 upon revenues of Mobiquity Networks achieving a minimum of $6 million in revenues and a further bonus of $125,000 for a total of $250,000 at such time as Mobiquity Network's revenues achieve a minimum of $12 million, it being understood that any revenues which do not have a 30% margin shall not count toward these totals. All options granted to Mr. Trepeta will become immediately vested in the event of a change in control of our Company or sale of substantially all of our assets. In the event we terminate Mr. Trepeta without cause, after six months of continued employment under the employment agreement, Mr. Trepeta is entitled to receive three months' severance pay.

Paul Bauersfeld

In December 2014, we entered into an employment agreement with Paul Bauersfeld, our Chief Technology Officer, who is an employee at will. Mr. Bauersfeld, as a full-time employee, is to be paid a salary at the rate of $25,000 per month. Upon the execution of the agreement, he received 10-year options to purchase 1,000,000 shares of our common stock vesting quarterly over a period of three years. For calendar 2015, he will be entitled to a bonus of $125,000 upon revenues of Mobiquity Networks achieving a minimum of $6 million in revenues and a further bonus of $125,000 for a total of $250,000 at such time as Mobiquity Network's revenues achieve a minimum of $12 million, it being understood that any revenues which do not have a 30% margin shall not count toward these totals. The foregoing compensatory arrangements with Mr. Bauersfeld is in addition to the non-statutory stock options to purchase 2,600,000 shares of our common stock previously granted to Mr. Bauersfeld. All options granted to Mr. Bauersfeld will become immediately vested in the event of a change of control of our company or sale of substantially all of our assets. In the event we terminate Mr. Bauersfeld without cause. Mr. Bauersfeld is entitled to receive six months' severance pay.

Sean McDonnell

Sean McDonnell, our Chief Financial Officer, is an employee at will and is currently receiving a salary of $132,000 per annum.

Consulting Agreements

Upon consummation of the Merger, Mobiquity entered into consulting agreements (the “Consulting Agreements”) with certain employees and contractors of Advangelists (the “Consultants”), pursuant to which Mobiquity (i) issued to the Consultants warrants to purchase an aggregate of 22,246,250 shares of its common stock and (ii) agreed to transfer to the Consultants an aggregate of 1,901,389 shares of common stock of Gopher Protocol Inc. The terms of the Consultant’s warrants are substantially similar to the terms of the warrants issued in the merger. The foregoing description of the Consulting Agreements are not complete and is subject to, and qualified in its entirety by, the full text of form of Consulting Agreement, a copy of which is denoted as Exhibit 10.1 to this Report, the terms of which are incorporated into this Report by reference.

Transactions with major customers

During the year ended December 31, 2017, two customers accounted for approximately 75% of revenues and for the year ended December 31, 2018, three customers accounted for 78% our revenues.

NOTE 11: DISCONTINUED OPERATIONS

| | December 31, 2017 |
|---|---|
| Revenue | $1,945,940 |
| Cost of service revenue | (1,495,507) |
| Gross Profit | 450,433 |
| Expenses | |
| Advertising | – |
| Depreciation | 1,229 |
| Amortization | 7,022 |
| Rent | 80,286 |
| Other SG & A | 477,077 |
| Interest | 34,427 |
| Loss on discontinued operations, net | $(149,608) |
| Accounts receivable, net | $– |
| Inventory, net | – |
| Property and equipment | – |
| Intangibles, net | – |
| Other | – |
| Assets of discontinued operations, net | – |
| Accounts payable | – |
| Accrued expenses | – |
| Liabilities of discontinued operations, net | $– |

NOTE 12: SUBSEQUENT EVENTS

In the first quarter of 2019, the Company received an aggregate of $549,000 through the sale of common stock for a total of 8,081,053 shares of common stock were issued in these transactions.

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

**(1) Previous Independent Auditors**:

a. On July 12, 2018, Sadler, Gibb & Associates, L.L.C. (“SGA”) and the Company mutually agreed that SGA would no longer serve as the Company’s independent accountants.

b. SGA’s report on the financial statements for the years ended December 31, 2016 and 2017 contained no adverse opinion or disclaimer of opinion and was not qualified or modified as to audit scope or accounting.

c. On July 12, 2018, our Board of Directors was notified of the mutual decision for us to have a change independent accountants. Through the period covered by the financial review of financial statements of the quarterly period ending March 31, 2018, there have been no disagreements with SGA on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of SGA, would have caused them to make reference thereto in their report on the financial statements. Through the interim period July 12, 2018, there have been no disagreements with SGA on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements if not resolved to the satisfaction of SGA would have caused them to make reference thereto in their report on the financial statements.

d. We have authorized SGA to respond fully to the inquiries of the successor accountant.

e. During the interim period through July 12, 2018, there have been no reportable events with us as set forth in Item 304(a)(1)(iv) of Regulation S-K.

f. The Company provided a copy of the foregoing disclosures to SGA prior to the date of the filing of this Report and requested that SGA furnish a letter addressed to the Securities & Exchange Commission stating whether or not it agrees with the statements in this Report. A copy of such letter is filed as Exhibit 16.1 to this Form 8-K.

**(2) New Independent Accountants:**

a. On July 16, 2018, the Company engaged BF Borgers CPA PC of Lakewood, CO as its new registered independent public accountant. During the years ended December 31, 2016, and 2017, and prior to July 16, 2018 (the date of the new engagement), we did not consult with BF Borgers CPA PC regarding (i) the application of accounting principles to a specified transaction, (ii) the type of audit opinion that might be rendered on the Company’s financial statements by BF Borgers, in either case where written or oral advice provided by BF Borgers would be an important factor considered by us in reaching a decision as to any accounting, auditing or financial reporting issues or (iii) any other matter that was the subject of a disagreement between us and our former auditor or was a reportable event (as described in Items 304(a)(1)(iv) or Item 304(a)(1)(v) of Regulation S-K, respectively).

## Item 9A. Controls and Procedures.

Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures as required by Exchange Act Rule 13a-15(b) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are not effective.

*Report of Management on Internal Control over Financial Reporting*

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of our financial reporting for external purposes in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect our transactions; providing reasonable assurance that transactions are recorded as necessary for preparation of our financial statements; providing reasonable assurance that receipts and expenditures of company assets are made in accordance with management authorization; and providing reasonable assurance that unauthorized acquisition, use or disposition of company assets that could have a material effect on our financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our company's annual or interim financial statements will not be prevented or detected on a timely basis. In its assessment of the effectiveness of internal control over financial reporting as of December 31, 2018, our company determined that there were control deficiencies that constituted material weaknesses, as described below:

We did not maintain appropriate financial reporting controls – As of December 31, 2018, our company has not maintained sufficient internal controls over financial reporting for the financial reporting process. As at December 31, 2018, our company did not have sufficient financial reporting controls with respect to timely financial reporting and the ability to process complex accounting issues such as debt conversions. Subsequent to December 31, 2018, our company has obtained the necessary assistance to ensure that the performance of complex accounting issues can be performed accurately and on a timely basis.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the company's internal control over financial reporting was not effective as of December 31, 2018. There were no significant changes in our internal control over financial reporting during the year ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Our independent auditors have not audited and are not required to audit this assessment of our internal control over financial reporting for the fiscal year ended December 31, 2018.

Item 9B. Other Information.

Not applicable.

**PART III**

Item 10. Directors, Executive Officers and Corporate Governance

Information with respect to our directors required by Item 401 of Regulation S-K is incorporated by reference from “Proposal No. 1 Election of Directors” in our definitive Proxy Statement to be filed with the SEC not later than 120 days after the end of our fiscal year.

Information with respect to compliance with Section 16(a) of the Exchange Act required by Item 405 of Regulation S-K is incorporated by reference from “Section 16(A) Beneficial Ownership Reporting Compliance” in our definitive Proxy Statement to be filed with the SEC not later than 120 days after the end of our fiscal year.

Information with respect to our code of ethics required by Item 406 of Regulation S-K is incorporated by reference from “Committee Charters and Other Corporate Governance Materials” in our definitive Proxy Statement to be filed with the SEC not later than 120 days after the end of our fiscal year.

Information with respect to our corporate governance required by Item 407(c)(3), (d)(4) and (d)(5) of Regulation S-K is incorporated by reference from “Corporate Governance Matters” in our definitive Proxy Statement to be filed with the SEC no later than 120 days after the end of our fiscal year.

Item 11. Executive Compensation

Information with respect to executive compensation required by Item 402 of Regulation S-K is incorporated by reference from “Executive Compensation” in our definitive Proxy Statement to be filed with the SEC not later than 120 days after the end of our fiscal year.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information with respect to security ownership of beneficial owners and related stockholder matters required by Item 201(d) and Item 403 of Regulation S-K is incorporated by reference from "Equity Compensation Plan Information" and "Security Ownership of Certain Beneficial Owners and Management" in our definitive Proxy Statement to be filed with the SEC not later than 120 days after the end of our fiscal year.

## Item 13. Certain Relationships and Related Transactions and Director Independence

Information with respect to certain relationships and related transactions required by Item 404 of Regulation S-K is incorporated by reference from "Certain Relationships and Related Transactions" in our definitive Proxy Statement to be filed with the SEC not later than 120 days after the end of our fiscal year.

## Item 14. Principal Accountant Fees and Services

Information required by Item 9(e) of Schedule 14A is incorporated by reference from "Ratification and Appointment of Independent Registered Public Accounting Firm" in our definitive Proxy Statement to be filed with the SEC not later than 120 days after the end of our fiscal year.

**PART IV**

Item 15. Exhibits, Financial Statement Schedules

(a) FINANCIAL STATEMENTS

The following documents are filed under ITEM 8. FINANCIAL STATEMENTS and are included as part of this Form 10-K as the financial statements of the Company for the years ended December 31, 2018 and 2017:

Reports of Independent Registered Public Accounting Firms

Consolidated Balance Sheets

Consolidated Statements of Operations

Consolidated Statement of Stockholders' Equity

Notes to Consolidated Financial Statements

(b) EXHIBITS

| **Exhibit Number** | **Exhibit Title** |
|---|---|
| 2.1 | Agreement and Plan of Merger – Advangelists LLC (25) |
| 2.2 | First Amendment to Exhibit 2.1 (25) |
| 3.1 | Certificate of Incorporation filed March 26, 1998 (1) |
| 3.2 | Amendment to Certificate of Incorporation filed June 10, 1999 (1) |
| 3.3 | Amendment to Certificate of Incorporation approved by stockholders in 2005(1) |
| 3.4 | Amendment to Certificate of Incorporation dated September 11, 2008 (11) |
| 3.5 | Amendment to Certificate of Incorporation dated October 7, 2009 (11) |
| 3.6 | Amendment to Certificate of Incorporation dated May 18, 2012 (11) |
| 3.7 | Amendment to Certificate of Incorporation dated September 10, 2013 (17) |
| 3.8 | Amended By-Laws (1) |
| 3.9 | 2014 Amendment to By-Laws (19) |
| 3.10 | Amendment to Certificate of Incorporation filed December 22, 2015 (23) |

| | |
|---|---|
| 3.11 | Amendment to Certificate of Incorporation dated March 24, 2016 (21) |
| 3.12 | Amendment to Certificate of Incorporation (22) |
| 3.13 | Amendment to Certificate of Incorporation – September 2018 (*) |
| 3.14 | Amendment to Certificate of Incorporation – February 2019 (*) |
| 3.15 | Amendment to Certificate of Incorporation – December 17, 2018 (*) |
| 3.16 | Amendment to Certificate of Incorporation –December 4, 2018 (*) |
| 4.1 | Registration Rights Agreement (18) |
| 10.1 | Employment Agreement - Michael Trepeta (2) |
| 10.2 | Employment Agreement - Dean Julia (2) |
| 10.3 | Amendments to Employment Agreement - Michael Trepeta (5) (7) |
| 10.4 | Amendments to Employment Agreement - Dean L. Julia (5) (7) |
| 10.5 | Amendment to Exhibits 10.3 and 10.4 dated April 7, 2010 (10) |
| 10.6 | Amendment to Employment Agreement – Dean L. Julia (11) |
| 10.7 | Amendment to Employment Agreement – Michael D. Trepeta (11) |

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|---|---|
| 10.8 | Amendment to Dean L. Julia's Employment Agreement (16) |
| 10.9 | Amendment to Michael D. Trepeta's Employment Agreement (16) |
| 10.10 | Employment Agreement – Sean Trepeta (19) |
| 10.11 | Employment Agreement – Paul Bauersfeld (19) |
| 10.12 | Employment Agreement – Thomas Arnost (20) |
| 10.13 | Separation Agreement with Michael D. Trepeta (24) |
| 10.14 | Form of Consulting Agreement and Form of Warrant to purchase common stock – Deepankar Katyal (25) |
| 11.1 | Statement re: Computation of per share earnings. See Statement of Operations and Notes to Financial Statements |
| 14.1 | Code of Ethics/Code of Conduct (Incorporated by reference to Form 10-K for the year ended December 31, 2014) |
| 21.1 | Subsidiaries of the Issuer (*) |
| 31.1 | Rule 13a-14(a) Certification in accordance with Section 302 of the Sarbanes-Oxley Act of 2002 (*) |
| 31.2 | Rule 13a-14(a) Certification in accordance with Section 302 of the Sarbanes-Oxley Act of 2002 (*) |
| 32.1 | Certification pursuant to 18. U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (*) |
| 32.2 | Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (*) |
| 99.1 | 2005 Employee Benefit and Consulting Services Compensation Plan (2) |
| 99.2 | Amendment to 2005 Plan (4) |
| 99.3 | 2009 Employee Benefit and Consulting Services Compensation Plan (3) |
| 99.4 | 2018 Employee Benefit and Consulting Services Compensation Plan. (Incorporated by reference to Definitive Proxy Statement filed with the SEC on January 11, 2019.) |
| 101.INS | XBRL Instance Document (*) |
| 101.SCH | Document, XBRL Taxonomy Extension (*) |
| 101.CAL | Calculation Linkbase, XBRL Taxonomy Extension Definition (*) |
| 101.DEF | Linkbase, XBRL Taxonomy Extension Labels (*) |
| 101.LAB | Linkbase, XBRL Taxonomy Extension (*) |
| 101.PRE | Presentation Linkbase (*) |

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* Filed herewith.

(1) Incorporated by reference to Registrant's Registration Statement on Form 10-SB as filed with the Commission on February 10, 2005.
(2) Incorporated by reference to Registrant's Registration Statement on Form 10-SB/A filed with the Commission March 21, 2005.
(3) Incorporated by reference to Form 10-K filed for the fiscal year ended December 31, 2009.
(4) Incorporated by reference to the Registrant's Form 10-QSB/A filed with the Commission on August 15, 2005.
(5) Incorporated by reference to the Registrant's Form 10-KSB for its fiscal year ended December 31, 2005.
(6) Left blank intentionally.
(7) Incorporated by reference to the Registrant's Form 8-K dated September 21, 2007.
(8) Left blank intentionally.
(9) Left blank intentionally.
(10) Incorporated by reference to the Registrant's Form 10-Q for the quarter ended June 30, 2011.
(11) Incorporated by reference to the Registrant's Form 10-K for its fiscal year ended December 31, 2012.
(12) Left blank intentionally.
(13) Left blank intentionally.
(14) Left blank intentionally.
(15) Left blank intentionally.
(16) Incorporated by reference to Form 8-K filed June 6, 2013.
(17) Left blank intentionally.
(18) Left blank intentionally.
(19) Incorporated by reference to Form 8-K filed with the SEC on December 24, 2014.
(20) Incorporated by reference to Form 8-K dated December 19, 2014.

(21) Incorporated by reference to Form 8-K dated March 24, 2016.
(22) Incorporated by reference to Form 8-K dated March 1, 2017.
(23) Incorporated by reference to Form 10-K for the fiscal year ended December 31, 2015.
(24) Incorporated by reference to Form 10-K for the fiscal year ended December 31, 2016.
(25) Incorporated by reference to Form 8-K dated December 11, 2018.

(c) FINANCIAL STATEMENT SCHEDULES

We are not filing any financial statement schedules as part of this Form 10-K because such schedules are either not applicable or the required information is included in the financial statements or notes thereto.

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**SIGNATURES**

Pursuant to the requirements Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

MOBIQUITY
TECHNOLOGIES, INC.

By: /s/ Dean L. Julia
Dean L. Julia,
Principal Executive Officer

Dated: Garden City, New York

April 1, 2019

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

| Signatures | Title | Date |
|---|---|---|
| /s/ Dean L. Julia<br>Dean L. Julia | Principal Executive Officer, President and Director | April 1, 2019 |
| /s/ Sean McDonnell<br>Sean McDonnell | Principal Financial Officer | April 1, 2019 |
| /s/ Sean Trepeta<br>Sean Trepeta | Director | April 1, 2019 |
| /s/ Thomas Arnost<br>Thomas Arnost | Chairman of the Board | April 1, 2019 |
| /s/ Gene Salkind<br>Dr. Gene Salkind | Director | April 1, 2019 |
| /s/ Anthony Iacovone<br>Anthony Iacovone | Director | April 1, 2019 |

| | | |
|---|---|---|
| /s/ Deepanker Katyal<br>Deepanker Katyal | Director | April 1, 2019 |

Dean L. Julia, Sean Trepeta, Thomas Arnost, Dr. Gene Salkind, Anthony Iavocone and Deepanker Katyal represent all the current members of the Board of Directors.

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