

IZEA, Inc.
Consolidated Balance Sheets

	December 31, 2015	December 31, 2014
Assets		
Current:		
Cash and cash equivalents	\$ 11,608,452	\$ 6,521,930
Accounts receivable, net of allowance for doubtful accounts of \$139,000	3,917,925	2,156,378
Prepaid expenses	193,455	190,604
Other current assets	16,853	61,424
Total current assets	15,736,685	8,930,336
Property and equipment, net of accumulated depreciation of \$445,971 and	596,008	588,919
Goodwill	2,468,289	—
Intangible assets, net of accumulated amortization of \$730,278 and \$0	1,806,191	—
Software development costs, net of accumulated amortization of \$207,514	813,932	483,544
Security deposits	117,946	100,641
Total assets	\$ 21,539,051	\$ 10,103,440
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 995,275	\$ 310,611
Accrued expenses	908,519	394,617
Unearned revenue	3,584,527	1,767,074
Current portion of deferred rent	14,662	—
Current portion of capital lease obligations	7,291	54,376
Current portion of acquisition costs payable	844,931	—
Total current liabilities	6,355,205	2,526,678
Deferred rent, less current portion	102,665	106,531
Capital lease obligations, less current portion	—	7,291
Acquisition costs payable, less current portion	889,080	—
Warrant liability	5,060	3,203,465
Total liabilities	7,352,010	5,843,965
Stockholders' equity:		
Common stock, \$.0001 par value; 200,000,000 shares authorized; 5,222,951 and 2,885,424 respectively issued and outstanding	522	289
Additional paid-in capital	48,436,040	27,200,536
Accumulated deficit	(34,249,521)	(22,941,350)
Total stockholders' equity	14,187,041	4,259,475
Total liabilities and stockholders' equity	\$ 21,539,051	\$ 10,103,440

IZEA, Inc.
Consolidated Statements of Operations

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2015	2014	2015	2014
Revenue	\$ 6,262,222	\$ 2,464,322	\$ 20,467,022	\$ 8,322,274
Cost of sales	3,587,600	847,427	12,236,900	2,845,837
Gross profit	2,674,622	1,616,900	8,231,012	5,476,444
Operating expenses:				
General and administrative	2,435,740	1,317,570	7,517,115	4,918,197
Sales and marketing	2,626,090	1,478,070	7,936,210	5,204,444
Total operating expenses	5,061,830	2,795,650	15,453,325	10,122,641
Loss from operations	(2,387,210)	(1,178,750)	(7,222,320)	(4,646,200)
Other income (expense):				
Interest expense	(29,507)	(4,788)	(115,861)	(25,375)
Loss on exchange of warrants	—	—	(1,845,810)	—
Change in fair value of derivatives, net	5,720	2,219,650	(2,133,820)	7,845,210
Other income, net	4,120	2,751	9,640	10,428
Total other income (expense)	(19,667)	2,217,620	(4,085,850)	7,830,260
Net income (loss)	\$ (2,406,897)	\$ 1,038,870	\$ (11,308,970)	\$ 3,184,064
Weighted average common shares outstanding –	5,118,139	2,874,880	3,737,890	2,616,350
Basic income (loss) per common share	\$ (0.47)	\$ 0.36	\$ (3.03)	\$ 1.22
Weighted average common shares outstanding –	5,118,139	3,058,990	3,737,890	3,170,000
Diluted income (loss) per common share	\$ (0.47)	\$ 0.34	\$ (3.03)	\$ 1.00

IZEA, Inc. Consolidated Statements of Cash Flows

	Twelve Months Ended December 31,	
	2015	2014
Cash flows from operating activities:		
Net income (loss)	\$ (11,308,171)	\$ 3,184,064
Adjustments to reconcile net income (loss) to net cash used for operating		
Depreciation	206,670	109,823
Amortization of software development costs and other intangible assets	852,461	95,548
Loss on disposal of equipment	595	16,192
Provision for losses on accounts receivable	163,535	—
Stock-based compensation	705,466	538,263
Value of stock and warrants issued or to be issued for payment of services	177,842	166,610
Gain on change in value of contingent acquisition costs payable	(1,834,300)	—
Loss on exchange of warrants	1,845,810	—
Change in fair value of derivatives, net	2,133,820	(7,845,214)
Changes in operating assets and liabilities, net of effects of business		
Accounts receivable	(1,608,561)	(496,576)
Prepaid expenses and other current assets	83,244	(72,299)
Accounts payable	141,325	(506,446)
Accrued expenses	582,851	29,163
Unearned revenue	1,783,559	474,846
Deferred rent	896	92,352
Net cash used for operating activities	(6,072,958)	(4,213,674)
Cash flows from investing activities:		
Purchase of equipment	(187,160)	(517,113)
Increase in software development costs	(452,571)	(206,529)
Acquisition, net of cash acquired	(1,072,055)	—
Security deposits	1,248	(54,067)
Net cash used for investing activities	(1,710,538)	(777,709)
Cash flows from financing activities:		
Proceeds from issuance of common stock and warrants, net	—	12,001,810
Proceeds from exercise of options & warrants	12,937,327	112,800
Stock issuance costs	(12,933)	(1,067,812)
Payments on notes payable and capital leases	(54,376)	(63,537)
Net cash provided by financing activities	12,870,018	10,983,261
Net increase in cash and cash equivalents	5,086,522	5,991,878
Cash and cash equivalents, beginning of year	6,521,930	530,052
Cash and cash equivalents, end of year	\$ 11,608,452	\$ 6,521,930

Reconciliation of GAAP to Non-GAAP Adjusted EBITDA
(Unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2015	2014	2015	2014
Net income (loss)	\$ (2,406,881)	\$ 1,038,870	\$ (11,308,171)	\$ 3,184,064
Non-cash stock-based compensation	194,264	149,261	705,466	538,263
Non-cash stock issued for payment of services	41,250	18,750	177,842	166,610
Change in the fair value of derivatives	(5,720)	(2,219,659)	2,133,820	(7,845,214)
Loss on exchange of warrants	—	—	1,845,810	—
Loss on disposal of equipment	—	—	595	16,192
Gain on change in value of contingent acquisition costs payable	(100,000)	—	(1,834,300)	—
Interest expense	29,507	4,788	115,861	25,375
Depreciation & amortization	428,071	34,659	1,059,131	195,154
Adjusted EBITDA	(1,819,509)	(973,331)	(7,103,946)	(3,719,556)

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