

IZEA, Inc.
Consolidated Balance Sheets

	March 31, 2016	December 31, 2015
	(Unaudited)	
Assets		
Current:		
Cash and cash equivalents	\$ 10,064,454	\$ 11,608,452
Accounts receivable, net of allowance for doubtful accounts of \$190,000 and \$139,000	2,976,322	3,917,925
Prepaid expenses	530,485	193,455
Other current assets	40,028	16,853
Total current assets	13,611,289	15,736,685
Property and equipment, net of accumulated depreciation of \$506,566 and \$445,971	582,173	596,008
Goodwill	2,468,289	2,468,289
Intangible assets, net of accumulated amortization of \$926,101 and \$730,278	1,610,368	1,806,191
Software development costs, net of accumulated amortization of \$247,393 and \$207,514	856,974	813,932
Security deposits	116,149	117,946
Total assets	\$ 19,245,242	\$ 21,539,051
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,055,80	\$ 995,275
Accrued expenses	1,118,667	908,519
Unearned revenue	3,378,237	3,584,527
Current portion of deferred rent	28,451	14,662
Current portion of capital lease obligations	—	7,291
Current portion of acquisition costs payable	900,492	844,931
Total current liabilities	6,481,647	6,355,205
Deferred rent, less current portion	85,534	102,665
Acquisition costs payable, less current portion	—	889,080

Warrant liability	2,208	5,060
Total liabilities	6,569,389	7,352,010
Stockholders' equity:		
Common stock, \$.0001 par value; 200,000,000 shares authorized; 5,341,404 and 5,222,951, respectively, issued and outstanding	534	522
Additional paid-in capital	49,517,460	48,436,040
Accumulated deficit	(36,842,14)	(34,249,52)
Total stockholders' equity	12,675,853	14,187,041
Total liabilities and stockholders' equity	\$ 19,245,2	\$ 21,539,0

IZEA, Inc.
Unaudited Consolidated Statements of Operations

	Three Months Ended March 31,	
	2016	2015
Revenue	\$ 5,465,9	\$ 4,135,4
Cost of sales	3,101,369	2,441,491
Gross profit	2,364,581	1,694,003
Operating expenses:		
General and administrative	2,580,001	1,860,514
Sales and marketing	2,359,663	1,581,487
Total operating expenses	4,939,664	3,442,001
Loss from operations	(2,575,08)	(1,747,99)
Other income (expense):		
Interest expense	(21,339)	(18,770)
Change in fair value of derivatives, net	2,852	(2,505,95)
Other income, net	950	1,807
Total other income (expense)	(17,537)	(2,522,91)
Net loss	\$ (2,592,6)	\$ (4,270,9)
Weighted average common shares outstanding – basic and diluted	5,300,520	2,884,883
Basic and diluted loss per common share	\$ (0.49)	\$ (1.48)

IZEA, Inc.
Unaudited Consolidated Statements of Cash Flows

	Three Months Ended March 31	
	2016	2015
Cash flows from operating activities:		
Net loss	\$ (2,592,620)	\$ (4,270,912)
Adjustments to reconcile net loss to net cash used for operating activities:		
Depreciation	60,595	47,019
Amortization of software development costs and other intangible assets	235,702	127,277
Provision for losses on accounts receivable	51,000	—
Stock-based compensation	204,972	142,331
Value of stock and warrants issued or to be issued for payment of services	31,250	35,050
Change in fair value of derivatives, net	(2,852)	2,505,951
Changes in operating assets and liabilities, net of effects of business		
Accounts receivable	890,603	34,698
Prepaid expenses and other current assets	(360,205)	(23,845)
Accounts payable	60,525	4,949
Accrued expenses	225,461	50,363
Unearned revenue	(206,290)	(181,541)
Deferred rent	(3,342)	548
Net cash used for operating activities	(1,405,201)	(1,528,112)
Cash flows from investing activities:		
Purchase of equipment	(46,760)	(28,985)
Increase in software development costs	(82,921)	—
Acquisition, net of cash acquired	—	(995,286)
Security deposits	1,797	—
Net cash used for investing activities	(127,884)	(1,024,271)
Cash flows from financing activities:		
Proceeds from exercise of options & warrants	—	5,264
Stock issuance costs	(3,622)	—
Payments on capital lease obligations	(7,291)	(14,592)
Net cash used for financing activities	(10,913)	(9,328)
Net decrease in cash and cash equivalents	(1,543,998)	(2,561,711)
Cash and cash equivalents, beginning of period	11,608,452	6,521,930
Cash and cash equivalents, end of period	\$ 10,064,454	\$ 3,960,219
Supplemental cash flow information:		
Cash paid during the year for interest	\$ 230	\$ 2,362
Non-cash financing and investing activities:		
Fair value of warrants issued	\$ —	\$ 7,700
Acquisition costs payable for assets acquired	\$ —	\$ 4,192,639
Acquisition costs paid through issuance of common stock	\$ 848,832	\$ —

IZEA, Inc.
Reconciliation of GAAP to Non-GAAP Adjusted EBITDA
(Unaudited)

	<u>Three Months Ended</u>	
	March 31, 2016	March 31, 2015
Net loss	\$ (2,592,6)	\$ (4,270,9)
Non-cash stock-based compensation	204,972	142,331
Non-cash stock issued for payment of services	31,250	35,050
Change in the fair value of derivatives	(2,852)	2,505,951
Interest expense	21,339	18,770
Depreciation and amortization	296,297	174,296
Adjusted EBITDA	\$ (2,041,6)	\$ (1,394,5)

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