

IZEA, Inc.
Consolidated Balance Sheets

	June 30, 2016	December 31, 2015
	(Unaudited)	
Assets		
Current:		
Cash and cash equivalents	\$ 8,015,684	\$ 11,608,452
Accounts receivable, net of allowance for doubtful accounts of \$244,000 and \$139,000	4,668,264	3,917,925
Prepaid expenses	430,978	193,455
Other current assets	1,068	16,853
Total current assets	13,115,994	15,736,685
Property and equipment, net of accumulated depreciation of \$571,203 and \$445,971	570,836	596,008
Goodwill	2,468,289	2,468,289
Intangible assets, net of accumulated amortization of \$1,116,092 and \$730,278	1,420,377	1,806,191
Software development costs, net of accumulated amortization of \$291,942 and \$207,514	882,588	813,932
Security deposits	149,846	117,946
Total assets	\$ 18,607,930	\$ 21,539,051
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,239,128	\$ 995,275
Accrued expenses	1,224,343	908,519
Unearned revenue	3,755,687	3,584,527
Current portion of deferred rent	32,340	14,662
Current portion of capital lease obligations	—	7,291
Current portion of acquisition costs payable	911,904	844,931
Total current liabilities	7,163,402	6,355,205
Deferred rent, less current portion	78,304	102,665
Acquisition costs payable, less current portion	—	889,080
Warrant liability	1,331	5,060
Total liabilities	7,243,037	7,352,010
Stockholders' equity:		
Common stock, \$.0001 par value; 200,000,000 shares authorized; 5,363,798 and 5,222,951, respectively, issued and outstanding	536	522
Additional paid-in capital	49,832,843	48,436,040
Accumulated deficit	(38,468,486)	(34,249,521)
Total stockholders' equity	11,364,893	14,187,041
Total liabilities and stockholders' equity	\$ 18,607,930	\$ 21,539,051

IZEA, Inc.
Unaudited Consolidated Statements of Operations

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Revenue	\$ 6,913,689	\$ 4,627,742	\$ 12,379,639	\$ 8,763,236
Cost of sales	3,418,387	2,917,360	6,519,756	5,358,851
Gross profit	3,495,302	1,710,382	5,859,883	3,404,385
Operating expenses:				
General and administrative	2,524,746	2,164,380	5,104,747	4,024,894
Sales and marketing	2,612,714	1,746,549	4,972,377	3,328,036
Total operating expenses	5,137,460	3,910,929	10,077,124	7,352,930
Loss from operations	(1,642,158)	(2,200,547)	(4,217,241)	(3,948,545)
Other income (expense):				
Interest expense	(11,411)	(36,393)	(32,750)	(55,163)
Change in fair value of derivatives, net	26,421	250,507	29,273	(2,255,444)
Other income, net	803	1,142	1,753	2,949
Total other income (expense)	15,813	215,256	(1,724)	(2,307,658)
Net loss	\$ (1,626,345)	\$ (1,985,291)	\$ (4,218,965)	\$ (6,256,203)
Weighted average common shares outstanding – basic and diluted	5,350,128	2,885,721	5,320,962	2,885,305
Basic and diluted loss per common share	\$ (0.30)	\$ (0.69)	\$ (0.79)	\$ (2.17)

IZEA, Inc.
Unaudited Consolidated Statements of Cash Flows

	Six Months Ended June 30,	
	2016	2015
Cash flows from operating activities:		
Net loss	\$ (4,218,965)	\$ (6,256,203)
Adjustments to reconcile net loss to net cash used for operating activities:		
Depreciation	125,232	96,536
Amortization of software development costs and other intangible assets	470,242	303,971
Provision for losses on accounts receivable	105,000	—
Stock-based compensation	405,326	322,744
Fair value of stock and warrants issued or to be issued for payment of services	72,470	105,341
Change in fair value of derivatives, net	(29,273)	2,255,444
Changes in operating assets and liabilities, net of effects of business acquired:		
Accounts receivable	(855,339)	(832,326)
Prepaid expenses and other current assets	(138,871)	(258,099)
Accounts payable	243,853	209,420
Accrued expenses	342,549	159,643
Unearned revenue	171,160	879,598
Deferred rent	(6,683)	1,096
Net cash used for operating activities	(3,313,299)	(3,012,835)
Cash flows from investing activities:		
Purchase of equipment	(100,060)	(73,296)
Increase in software development costs	(153,084)	—
Acquisition, net of cash acquired	—	(905,586)
Security deposits	(31,900)	(4,400)
Net cash used for investing activities	(285,044)	(983,282)
Cash flows from financing activities:		
Proceeds from exercise of options	34,587	29,865
Stock issuance costs	(21,721)	—
Payments on capital lease obligations	(7,291)	(29,869)
Net cash provided by (used for) financing activities	5,575	(4)
Net decrease in cash and cash equivalents	(3,592,768)	(3,996,121)
Cash and cash equivalents, beginning of period	11,608,452	6,521,930
Cash and cash equivalents, end of period	\$ 8,015,684	\$ 2,525,809
Supplemental cash flow information:		
Cash paid during the year for interest	\$ 47,045	\$ 4,578
Non-cash financing and investing activities:		
Fair value of warrants issued	\$ —	\$ 51,950
Acquisition costs payable for assets acquired	\$ —	\$ 4,192,639
Acquisition costs paid through issuance of common stock	\$ 848,832	\$ —
Fair value of common stock issued for future services	\$ 82,867	\$ —

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Net loss	\$ (1,626,345)	\$ (1,985,291)	\$ (4,218,965)	\$ (6,256,203)
Non-cash stock-based compensation	200,354	180,413	405,326	322,744
Non-cash stock issued for payment of services	41,220	70,291	72,470	105,341
Change in the fair value of derivatives	(26,421)	(250,507)	(29,273)	2,255,444
Interest expense	11,411	36,393	32,750	55,163
Depreciation & amortization	299,177	226,211	595,474	400,507
Adjusted EBITDA	(1,100,604)	(1,722,490)	(3,142,218)	(3,117,004)