

GlobalSCAPE, Inc.
Statements of Operations
(Unaudited)

(in thousands, except per share amounts)

	Three months ended March 31,	
	<u>2013</u>	<u>2012</u>
Operating Revenues:		
Software license	\$ 1,957	\$ 2,343
Maintenance and support	3,283	2,640
Professional services	399	329
Others	240	81
Total Revenues	<u>5,879</u>	<u>5,393</u>
Operating Expenses:		
Cost of revenues	263	318
Selling, general and administrative expenses	3,850	4,152
Research and development expenses	762	942
Depreciation and amortization	257	316
Total operating expenses	<u>5,132</u>	<u>5,728</u>
Income (loss) from operations	747	(335)
Other income (expense)	(47)	(66)
Income (loss) before income taxes	700	(401)
Provision (benefit) for income taxes	183	(148)
Net (loss) income	<u>\$ 517</u>	<u>\$ (253)</u>
Net income (loss) per common share - basic	\$ 0.03	\$ (0.01)
Net income (loss) per common share - diluted	\$ 0.03	\$ (0.01)
Average shares outstanding:		
Basic	18,444	18,288
Diluted	18,982	18,288

GlobalSCAPE, Inc.
Balance Sheets
(Unaudited)

In thousands except per share amounts.

	March 31, 2013	December 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,056	\$ 8,079
Accounts receivable (net of allowance for doubtful accounts of \$162 and \$171 on March 31, 2013 and December 31, 2012 respectively)	3,175	3,350
Current deferred tax assets	192	177
Prepaid expenses	417	426
Total current assets	11,840	12,032
Fixed assets, net	840	900
Investment in certificate of deposit	3,076	3,060
Intangible assets, net	4,300	4,308
Goodwill	12,712	12,712
Deferred tax asset	567	535
Other assets	41	41
Total assets	\$ 33,376	\$ 33,588
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 547	\$ 432
Accrued expenses	1,000	1,353
Deferred revenue	8,225	8,293
Income taxes payable	130	46
TappIn earn out, current portion	-	500
Long term debt, current portion	1,350	1,335
Total current liabilities	11,252	11,959
Deferred revenue, non-current portion	1,607	1,480
TappIn earn out, non-current portion	3,694	3,694
Long-term debt, non-current portion	4,045	4,389
Other long term liabilities	61	62
Commitments and contingencies	-	-
Stockholders' equity:		
Preferred stock, par value \$0.001 per share, 10,000,000 authorized, no shares issued or outstanding	-	-
Common stock, par value \$0.001 per share, 40,000,000 authorized, 18,849,097 and 18,846,547 issued March 31, 2013 and December 31, 2012	19	19
Additional paid-in capital	14,631	14,435
Treasury stock, 403,581 shares, at cost, at March 31, 2013 and December 31, 2012	(1,452)	(1,452)
Retained earnings	(481)	(998)
Total stockholders' equity	12,717	12,004
Total liabilities and stockholders' equity	\$ 33,376	\$ 33,588

GlobalSCAPE, Inc.
Statements of Cash Flows
(Unaudited)

(in thousands)

	For the year ended March 31,	
	2013	2012
Operating Activities:		
Net (loss) income	\$ 517	\$ (253)
Adjustments to reconcile net income to net cash provided by operating activities:		
Bad debt expense	36	11
Depreciation and amortization	257	316
Stock-based compensation	192	199
Deferred taxes	(47)	(120)
Excess tax deficiency (benefit) from exercise of share based compensation	-	7
Other	-	10
Changes in operating assets and liabilities:		
Accounts receivable	139	(226)
CoreTrace receivable	-	(150)
Prepaid expenses	9	(45)
Federal income tax	84	(30)
Other assets	-	(11)
Accounts payable	115	(76)
Accrued expenses	(353)	(448)
Deferred revenues	59	151
Other long-term liabilities	(1)	2
Net cash provided by (used for) operating activities	<u>1,007</u>	<u>(663)</u>
Investing Activities:		
Software development costs	(171)	(80)
Purchase of property and equipment	(18)	(50)
Purchase of TappIn, Inc.	(500)	-
Interest reinvested in long term investments	(16)	-
Net cash provided by (used in) investing activities	<u>(705)</u>	<u>(130)</u>
Financing Activities:		
Proceeds from exercise of stock options	4	-
Tax deficiency (benefit) from share-based compensation	-	(7)
Notes payable principle payments	(329)	(315)
Net cash provided by (used in) financing activities	<u>(325)</u>	<u>(322)</u>
Net (decrease) increase in cash	(23)	(1,115)
Cash at beginning of period	8,079	8,861
Cash at end of period	<u>\$ 8,056</u>	<u>\$ 7,746</u>
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest on notes payable	\$ 64	\$ 76
Income taxes	<u>\$ 160</u>	<u>\$ -</u>

GlobalSCAPE, Inc.**Adjusted EBITDA Excluding Infrequent Items****(Unaudited)**

(In thousands)

	Three Months Ended	
	March 31,	
	2013	2012
Net income (loss)	517	(253)
Add (subtract) items to determine adjusted EBITDA excluding infrequent items:		
Income tax expense	183	(148)
Other expense	47	66
Depreciation and amortization	257	316
Stock-based compensation expense	192	199
Adjusted EBITDA excluding infrequent items	<u>\$ 1,196</u>	<u>\$ 180</u>

Adjusted EBITDA [Earnings before Interest, Taxes, Total Other Income (Expense), Depreciation, and Amortization (including amortized stock-based compensation expense)] Excluding Infrequent Items is not a measure of financial performance under generally accepted accounting principles and should not be considered a substitute for net income. Adjusted EBITDA Excluding Infrequent Items has limitations as an analytical tool and when assessing our operating performance. Adjusted EBITDA Excluding Infrequent Items should not be considered in isolation or as a substitute for net income or other income statement data prepared in accordance with generally accepted accounting principles.