

Summary Financial Data

GlobalSCAPE, Inc. Statements of Operations (Unaudited)

(in thousands, except per share amounts)

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Operating Revenues:				
Software license	\$ 2,103	\$ 2,528	\$ 5,966	\$ 7,424
Maintenance and support	3,478	3,054	10,128	8,294
Professional services	412	274	1,237	1,013
Others	344	222	811	442
Total Revenues	<u>6,337</u>	<u>6,078</u>	<u>18,142</u>	<u>17,173</u>
Operating Expenses:				
Cost of revenues	250	331	782	962
Selling, general and administrative expenses	3,492	4,136	11,137	12,532
Research and development expenses	923	822	2,653	2,660
TappIn intangible asset impairment and earnout liability elimination	(128)	-	(128)	-
Affiliated entity asset impairment	-	3,264	-	3,264
Depreciation and amortization	265	314	787	951
Total operating expenses	<u>4,802</u>	<u>8,867</u>	<u>15,231</u>	<u>20,369</u>
Income (loss) from operations	1,535	(2,789)	2,911	(3,196)
Other income (expense), net	(39)	(11)	(130)	(138)
Income (loss) before income taxes	1,496	(2,800)	2,781	(3,334)
Provision (benefit) for income taxes	(791)	(86)	(404)	(227)
Net income (loss)	<u>\$ 2,287</u>	<u>\$ (2,714)</u>	<u>\$ 3,185</u>	<u>\$ (3,107)</u>
Comprehensive income (loss)	<u>\$ 2,287</u>	<u>\$ (2,714)</u>	<u>\$ 3,185</u>	<u>\$ (3,107)</u>
Net income (loss) per common share - basic	\$ 0.12	\$ (0.15)	\$ 0.17	\$ (0.17)
Net income (loss) per common share - diluted	\$ 0.12	\$ (0.15)	\$ 0.17	\$ (0.17)
Average shares outstanding:				
Basic	18,761	18,398	18,570	18,336
Diluted	19,158	18,398	19,001	18,336

GlobalSCAPE, Inc.
Balance Sheets
(Unaudited)

In thousands except per share amounts.

	September 30, 2013	December 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 9,757	\$ 8,079
Accounts receivable (net of allowance for doubtful accounts of \$155 and \$171 on September 30, 2013 and December 31, 2012 respectively)	3,572	3,350
Income tax receivable	-	-
Current deferred tax assets	123	177
Prepaid expenses	418	426
Total current assets	13,870	12,032
Fixed assets, net	739	900
Investment in certificate of deposit	3,107	3,060
Intangible assets, net	867	4,308
Goodwill	12,712	12,712
Deferred tax asset	1,619	535
Other assets	103	41
Total assets	\$ 33,017	\$ 33,588
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 426	\$ 432
Accrued expenses	1,204	1,353
Deferred revenue	9,134	8,293
Income taxes payable	22	46
Tappin earn out, current portion	-	500
Long term debt, current portion	1,381	1,335
Total current liabilities	12,167	11,959
Deferred revenue, non-current portion	1,587	1,480
TappIn earn out, non-current portion	-	3,694
Long-term debt, non-current portion	3,344	4,389
Other long term liabilities	60	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, 19,184,197 and 18,846,547 issued September 30, 2013 and December 31, 2012	19	19
Additional paid-in capital	15,105	14,435
Treasury stock, 403,581 shares, at cost, at September 30, 2013 and December 31, 2012.	(1,452)	(1,452)
Retained earnings	2,187	(998)
Total stockholders' equity	15,859	12,004
Total liabilities and stockholders' equity	\$ 33,017	\$ 33,588

GlobalSCAPE, Inc.
Statements of Cash Flows
(Unaudited)

(in thousands)

	For the nine months ended September 30,	
	2013	2012
Operating Activities:		
Net income (loss)	\$ 3,185	\$ (3,107)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	787	951
Stock-based compensation	522	711
Deferred taxes	(1,030)	(341)
Bad debt expense (recoveries)	29	(55)
Net tax effect of stock option and restricted stock activity	83	2
TappIn intangible asset impairment and earnout liability elimination	(128)	-
Affiliated entity asset impairment	-	3,264
Other	-	40
Subtotal before changes in operating assets and liabilities	3,448	1,465
Changes in operating assets and liabilities:		
Accounts receivable	(251)	314
CoreTrace receivable	-	(150)
Prepaid expenses	8	(65)
Income tax receivable and payable	(107)	(178)
Other assets	(62)	(11)
Accounts payable	(6)	(239)
Accrued expenses	(149)	(202)
Deferred revenues	948	1,926
Other long-term liabilities	(2)	6
Net cash provided by (used for) operating activities	<u>3,827</u>	<u>2,866</u>
Investing Activities:		
Purchase of property and equipment	(65)	(210)
Software development costs	(686)	(313)
TappIn, Inc, earnout liability paid	(500)	-
Interest reinvested in certificate of deposit	(47)	(45)
Net cash provided by (used for) investing activities	<u>(1,298)</u>	<u>(568)</u>
Financing Activities:		
Proceeds from exercise of stock options	231	48
Net tax effect of stock option and restricted stock activity	(83)	(2)
Notes payable principle payments	(999)	(952)
Net cash provided by (used for) financing activities	<u>(851)</u>	<u>(906)</u>
Net increase (decrease) in cash	1,678	1,392
Cash at beginning of period	8,079	8,861
Cash at end of period	<u>\$ 9,757</u>	<u>\$ 10,253</u>
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest on notes payable	\$ 182	\$ 248
Income taxes	<u>\$ 731</u>	<u>\$ 271</u>

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

(In thousands)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2013	2012	2013	2012
Net income (loss)	2,287	(2,714)	3,185	(3,107)
Add (subtract) items to determine adjusted EBITDA excluding infrequent items:				
Income tax expense	(791)	(86)	(404)	(227)
Other expense	39	11	130	138
Depreciation and amortization	265	314	787	951
Stock-based compensation expense	225	283	522	711
Infrequent item:				
TapIn intangible asset impairment and earnout liability elimination	(128)	-	(128)	-
Affiliated entity asset impairment	-	3,264	-	3,264
Adjusted EBITDA excluding infrequent items	<u>\$ 1,897</u>	<u>\$ 1,072</u>	<u>\$ 4,092</u>	<u>\$ 1,730</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.