

<b>GlobalSCAPE, Inc.</b>			
<b>Condensed Consolidated Balance Sheets</b>			
(in thousands except share amounts)			
<i>Unaudited</i>			
	September 30,		December 31,
	2015		2014
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 12,858		\$ 11,358
Accounts receivable (net of allowance for doubtful accounts of \$500 and \$511 in 2015 and 2014, respectively)	7,481		5,938
Current deferred tax asset	313		402
Prepaid expenses	334		488
Total current assets	20,986		18,186
Fixed assets, net	520		616
Long term investments	3,233		3,185
Capitalized software development costs	3,999		3,298
Goodwill	12,712		12,712
Deferred tax asset	699		290
Other assets	63		100
Total assets	<u>\$ 42,212</u>		<u>\$ 38,387</u>
<b>Liabilities and Stockholders' Equity</b>			
Current liabilities:			
Accounts payable	\$ 354		\$ 1,111
Accrued expenses	1,600		1,590
Deferred revenue	11,848		11,411
Income taxes payable	356		2
Total current liabilities	14,158		14,114
Deferred revenue, non-current portion	3,487		3,393
Other long term liabilities	47		52
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, 21,318,967 and 20,989,267 shares issued at September 30, 2015, and December 31, 2014, respectively	21		21
Additional paid-in capital	19,318		18,370
Treasury stock, 403,581 shares, at cost, at September 30, 2015 and December 31, 2014	(1,452)		(1,452)
Retained earnings	6,633		3,889
Total stockholders' equity	24,520		20,828
Total liabilities and stockholders' equity	<u>\$ 42,212</u>		<u>\$ 38,387</u>

<b>GlobalSCAPE, Inc.</b>				
<b>Condensed Consolidated Statements of Operations and Comprehensive Income</b>				
(In thousands, except per share amounts)				
<i>(Unaudited)</i>				
	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Operating Revenues:				
Software licenses	\$ 2,852	\$ 2,291	\$ 8,590	\$ 6,789
Maintenance and support	4,142	3,790	12,269	11,181
Professional services	653	409	1,531	933
Total Revenues	<u>7,647</u>	<u>6,490</u>	<u>22,390</u>	<u>18,903</u>
Operating Expenses:				
Cost of revenues	458	277	1,066	679
Selling, general and administrative	4,355	4,173	13,472	13,077
Research and development	646	513	1,832	1,722
Depreciation and amortization	433	263	1,116	580
Total operating expenses	<u>5,892</u>	<u>5,226</u>	<u>17,486</u>	<u>16,058</u>
Income from operations	1,755	1,264	4,904	2,845
Other income (expense), net	17	(11)	51	(58)
Income before income taxes	1,772	1,253	4,955	2,787
Income tax expense	542	471	1,585	982
Net income	<u>\$ 1,230</u>	<u>\$ 782</u>	<u>\$ 3,370</u>	<u>\$ 1,805</u>
Comprehensive income	<u>\$ 1,230</u>	<u>\$ 782</u>	<u>\$ 3,370</u>	<u>\$ 1,805</u>
Net income per common share -				
Basic	\$ 0.06	\$ 0.04	\$ 0.16	\$ 0.09
Diluted	\$ 0.06	\$ 0.04	\$ 0.16	\$ 0.09
Weighted average shares outstanding:				
Basic	20,892	20,487	20,782	20,024
Diluted	21,440	20,890	21,294	20,624
Cash dividends declared per share	\$ 0.015	-	\$ 0.030	-

<b>GlobalSCAPE, Inc.</b>		
<b>Condensed Consolidated Statements of Cash Flows</b>		
(in thousands)		
(Unaudited)		
	<b>For the Nine Months Ended September 30,</b>	
	<b>2015</b>	<b>2014</b>
<b>Operating Activities:</b>		
Net income	\$ 3,370	\$ 1,805
Adjustments to reconcile net income to net cash provided by operating activities:		
Bad debt expense	147	318
Depreciation and amortization	1,116	580
Stock-based compensation	482	380
Deferred taxes	(320)	740
Excess tax benefit from share-based compensation	(49)	212
Subtotal before changes in operating assets and liabilities	4,746	4,035
Changes in operating assets and liabilities:		
Accounts receivable	(1,690)	(3,275)
Prepaid expenses	154	85
Other assets	37	10
Deferred revenue	531	3,405
Accounts payable	(757)	(24)
Accrued expenses	10	398
Other long-term liabilities	(5)	(6)
Income tax receivable and payable	403	(132)
Net cash provided by operating activities	3,429	4,496
<b>Investing Activities:</b>		
Software development costs capitalized	(1,613)	(2,028)
Purchase of property and equipment	(108)	(215)
Interest reinvested in long term investments	(48)	(47)
Net cash (used in) investing activities	(1,769)	(2,290)
<b>Financing Activities:</b>		
Proceeds from exercise of stock options	417	2,201
Excess tax benefit from share-based compensation	49	(212)
Notes payable principal payments	-	(4,385)
Dividends paid	(626)	-
Net cash (used in) financing activities	(160)	(2,396)
Net increase in cash	1,500	(190)
Cash at beginning of period	11,358	9,455
Cash at end of period	\$ 12,858	\$ 9,265
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the period for:		
Interest	\$ -	\$ 117
Income taxes	\$ 1,341	\$ 642

