

GlobalSCAPE, Inc.
Consolidated Balance Sheets
(in thousands except share amounts)

	December 31, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 15,885	\$ 11,358
Short term investments	3,254	-
Accounts receivable (net of allowance for doubtful accounts of \$325 and \$511 in 2015 and 2014, respectively)	6,081	5,938
Federal income tax receivable	290	-
Prepaid expenses	511	488
Total current assets	26,021	17,784
Fixed assets, net	498	616
Long term investments	-	3,185
Intangible assets, net	3,982	3,298
Goodwill	12,712	12,712
Deferred tax asset	940	692
Other assets	60	100
Total assets	\$ 44,213	\$ 38,387
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 839	\$ 1,111
Accrued expenses	1,893	1,590
Deferred revenue	12,000	11,411
Income taxes payable	127	2
Total current liabilities	14,859	14,114
Deferred revenue, non-current portion	3,612	3,393
Other long term liabilities	44	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, 21,383,467 and 20,989,267 shares issued at December 31, 2015 and December 31, 2014, respectively	21	21
Additional paid-in capital	19,583	18,370
Treasury stock, 403,581 shares, at cost, at December 31, 2015 and December 31, 2014	(1,452)	(1,452)
Retained earnings	7,546	3,889
Total stockholders' equity	25,698	20,828
Total liabilities and stockholders' equity	\$ 44,213	\$ 38,387

GlobalSCAPE, Inc.
Consolidated Statements of Operations and Comprehensive Income
(in thousands, except per share amounts)

	For the Year Ended December 31,	
	2015	2014
Operating revenues:		
Software licenses	\$ 12,023	\$ 10,292
Maintenance and support	16,595	15,033
Professional services	2,223	1,445
Total revenues	30,841	26,770
Costs of revenues (See note)		
Software licenses	2,428	1,508
Maintenance and support	1,466	1,491
Professional services	1,775	785
Total costs of revenues	5,669	3,784
Gross Profit	25,172	22,986
Operating expenses (See note)		
Sales and marketing	10,025	10,012
General and administrative	6,168	6,176
Research and development	2,562	2,183
Total operating expenses	18,755	18,371
Income from operations	6,417	4,615
Other income (expense):		
Interest expense	(4)	(105)
Interest income	82	63
Total other income (expense)	78	(42)
Income (loss) before income taxes	6,495	4,573
Provision for income taxes	1,897	1,547
Net income (loss)	\$ 4,598	\$ 3,026
Comprehensive income (loss)	\$ 4,598	\$ 3,026
Net income (loss) per common share - basic	\$ 0.22	\$ 0.15
Net income (loss) per common share - diluted	\$ 0.22	\$ 0.15
Weighted average shares outstanding:		
Basic	20,824	20,163
Diluted	21,366	20,693

Note: Cost of revenues and operating expenses for the year ended December 31, 2014, have been reclassified to conform with the expanded presentation of these items for the year ended December 31, 2015. These reclassifications are between cost of revenues and operating expense items only and resulted in no change to previously reported amounts of total operating expenses, income from operations, income before income taxes, net income, or earnings per share.

GlobalSCAPE, Inc.
Consolidated Statements of Cash Flows
(in thousands)

	For the Year Ended December 31,	
	2015	2014
Operating Activities:		
Net income (loss)	\$ 4,598	\$ 3,026
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Bad debt expense	62	445
Depreciation and amortization	1,553	883
Stock-based compensation	647	521
Deferred taxes	(248)	968
Excess tax deficiency from exercise of share based compensation	(58)	227
Other		74
Subtotal before changes in operating assets and liabilities	6,554	6,144
Changes in operating assets and liabilities:		
Accounts receivable	(205)	(2,619)
Prepaid expenses	(23)	(139)
Federal income taxes	(107)	(112)
Other assets	40	44
Accounts payable	(272)	456
Accrued expenses	303	693
Deferred revenues	808	4,004
Other long-term liabilities	(8)	(8)
Net cash provided by (used in) operating activities	7,090	8,463
Investing Activities:		
Software development costs	(1,967)	(2,847)
Purchase of property and equipment	(152)	(252)
Interest on long term investments	(69)	(63)
Net cash provided by (used in) investing activities	(2,188)	(3,162)
Financing Activities:		
Proceeds from exercise of stock options	508	2,243
Tax deficiency (benefit) from stock-based compensation	58	(227)
Notes payable principal payments		(4,386)
Dividends paid	(941)	(1,028)
Net cash provided by (used in) financing activities	(375)	(3,398)
Net increase (decrease) in cash	4,527	1,903
Cash at beginning of period	11,358	9,455
Cash at end of period	\$ 15,885	\$ 11,358
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	\$ -	\$ 117
Income taxes	\$ 2,146	\$ 565

GlobalSCAPE, Inc.
Adjusted EBITDA Excluding Infrequent Items
(in thousands, except per share amounts)

	Year Ended	
	December 31	
	2015	2014
Income (loss) from operations (before interest and taxes)	\$ 6,417	\$ 4,615
Add (subtract):		
Depreciation and amortization:		
Total depreciation and amortization	1,553	883
Amortization of capitalized software development costs	(1,283)	(577)
Stock-based compensation expense	647	521
Infrequent items	-	-
Adjusted EBITDA Excluding Infrequent Items	\$ 7,334	\$ 5,442