

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

	March 31, 2016		December 31, 2015
Assets			
Current assets:			
Cash and cash equivalents	\$ 16,324		\$ 15,885
Short term investments	3,270		3,254
Accounts receivable (net of allowance for doubtful accounts of \$356 and \$325 in 2016 and 2015, respectively)	5,340		6,081
Federal income tax receivable	35		290
Prepaid expenses	477		511
Total current assets	25,446		26,021
Fixed assets, net	517		498
Capitalized software development costs	4,040		3,982
Goodwill	12,712		12,712
Deferred tax asset	959		940
Other assets	38		60
Total assets	\$ 43,712		\$ 44,213
Liabilities and Stockholders' Equity			
Current liabilities:			
Accounts payable	\$ 489		\$ 839
Accrued expenses	1,621		1,893
Deferred revenue	11,672		12,000
Income taxes payable	34		127
Total current liabilities	13,816		14,859
Deferred revenue, non-current portion	3,718		3,612
Other long term liabilities	41		44
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, 21,435,277 and 21,383,467 shares issued at March 31, 2016, and December 31, 2015, respectively	21		21
Additional paid-in capital	19,930		19,583
Treasury stock, 403,581 shares, at cost, at March 31, 2016 and December 31, 2015	(1,452)		(1,452)
Retained earnings	7,638		7,546
Total stockholders' equity	26,137		25,698
Total liabilities and stockholders' equity	\$ 43,712		\$ 44,213

GlobalSCAPE, Inc.
Condensed Consolidated Statements of Operations and Comprehensive Income

(In thousands, except per share amounts)

(Unaudited)

	Three months ended March 31,	
	2016	2015
Operating Revenues:		
Software licenses	\$ 2,299	\$ 2,458
Maintenance and support	4,497	4,034
Professional services	614	388
Total Revenues	7,410	6,880
Cost of revenues		
Software licenses	630	438
Maintenance and support	394	325
Professional services	569	317
Total cost of revenues	1,593	1,080
Gross profit	5,817	5,800
Operating expenses		
Sales and marketing	2,901	2,295
General and administrative	1,733	1,723
Research and development	627	529
Total operating expenses	5,261	4,547
Income from operations	556	1,253
Other income (expense), net	33	11
Income before income taxes	589	1,264
Income tax expense	182	449
Net income	\$ 407	\$ 815
Comprehensive income	\$ 407	\$ 815
Net income per common share -		
Basic	\$ 0.02	\$ 0.04
Diluted	\$ 0.02	\$ 0.04

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

For the Three Months Ended March 31,

	<u>2016</u>	<u>2015</u>
Operating Activities:		
Net income	\$ 407	\$ 815
Items not involving cash at the time they are recorded in the statement of operations:		
Bad debt expense	43	87
Depreciation and amortization	501	288
Share-based compensation	222	148
Deferred taxes	(19)	78
Excess tax benefit from share-based compensation	(3)	(9)
Subtotal before changes in operating assets and liabilities	<u>1,151</u>	<u>1,407</u>
Changes in operating assets and liabilities:		
Accounts receivable	698	1,136
Prepaid expenses	34	110
Deferred revenue	(222)	(532)
Accounts payable	(350)	(556)
Accrued expenses	(272)	(306)
Other Assets	22	-
Other long-term liabilities	(3)	(1)
Income tax receivable and payable	165	189
Net cash provided by operating activities	<u>1,223</u>	<u>1,447</u>
Investing Activities:		
Software development costs capitalized	(488)	(691)
Purchase of property and equipment	(90)	(52)
Interest reinvested in long term investments	(16)	(16)
Net cash (used in) investing activities	<u>(594)</u>	<u>(759)</u>
Financing Activities:		
Proceeds from exercise of stock options	122	290
Excess tax benefit from share-based compensation	3	9
Dividends paid	(315)	-
Net cash (used in) financing activities	<u>(190)</u>	<u>299</u>
Net increase in cash	439	987
Cash at beginning of period	15,885	11,358
Cash at end of period	<u>\$ 16,324</u>	<u>\$ 12,345</u>
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	\$ -	\$ -
Income taxes	<u>\$ 22</u>	<u>\$ 174</u>

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

	Three Months Ended March 31,	
	2016	2015
Income from operations	\$ 556	\$ 1,253
Add (subtract) items to determine adjusted EBITDA excluding infrequent items:		
Depreciation and amortization:		
Total depreciation and amortization	501	288
Amortization of capitalized software development costs	(430)	(218)
Stock-based compensation expense	222	148
Adjusted EBITDA excluding infrequent items	\$ 849	\$ 1,471