

GlobalSCAPE, Inc.
Consolidated Balance Sheets
(in thousands)

	December 31, 2014	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 11,358	\$ 9,455
Accounts receivable (net of allowance for doubtful accounts of \$511 and \$154 in 2014 and 2013, respectively)	5,938	3,765
Federal income tax receivable	-	113
Current deferred tax asset	285	184
Prepaid expenses	488	349
Total current assets	18,069	13,866
Fixed assets, net	616	744
Long term investments	3,185	3,122
Intangible assets, net	3,298	1,028
Goodwill	12,712	12,712
Deferred tax asset	407	1,476
Other assets	100	144
Total assets	\$ 38,387	\$ 33,092
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,111	\$ 655
Accrued expenses	1,590	898
Deferred revenue	11,411	9,092
Income taxes payable	2	-
Long term debt, current portion	-	1,397
Total current liabilities	14,114	12,042
Deferred revenue, non-current portion	3,393	1,708
Long term debt, non-current portion	-	2,989
Other long term liabilities	52	60
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, 20,989,267 and 19,592,117 shares issued at December 31, 2014 and December 31, 2013, respectively	25	20
Additional paid-in capital	18,367	15,834
Treasury stock, 403,581 shares, at cost, at December 31, 2014 and December 31, 2013	(1,452)	(1,452)
Retained earnings	3,888	1,891
Total stockholders' equity	20,828	16,293
Total liabilities and stockholders' equity	\$ 38,387	\$ 33,092

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

	Year Ended December 31,	
	2014	2013
Operating Revenues:		
Software licenses	\$ 10,292	\$ 9,210
Maintenance and support	15,033	13,650
Professional services	1,445	1,479
Total revenues	<u>26,770</u>	<u>24,339</u>
Operating Expenses:		
Cost of revenues	1,018	1,011
Selling, general and administrative	15,224	14,881
Research and development	5,030	3,766
TappIn intangible asset impairment and earnout liability elimination	-	(128)
Depreciation and amortization	883	908
Total operating expenses	<u>22,155</u>	<u>20,438</u>
Income (loss) from operations	4,615	3,901
Other income (expense):		
Interest expense	(105)	(227)
Interest income	63	62
Total other income (expense)	<u>(42)</u>	<u>(165)</u>
Income before income taxes	4,573	3,736
Provision for income taxes	1,547	(104)
Net income	<u>\$ 3,026</u>	<u>\$ 3,840</u>
Comprehensive income	<u>\$ 3,026</u>	<u>\$ 3,840</u>
Net income per common share - basic	<u>\$ 0.15</u>	<u>\$ 0.21</u>
Net income per common share - diluted	<u>\$ 0.15</u>	<u>\$ 0.20</u>
Weighted average shares outstanding:		
Basic	<u>20,163</u>	<u>18,626</u>
Diluted	<u>20,693</u>	<u>19,082</u>

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

	For the Year Ended December 31,	
	2014	2013
Operating Activities:		
Net income (loss)	\$ 3,026	\$ 3,840
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Bad debt expense	426	29
Depreciation and amortization	883	908
Stock-based compensation	521	666
Deferred taxes	968	(948)
Excess tax deficiency from exercise of share based compensation	227	156
TappIn intangible asset impairment and earnout liability elimination	-	(128)
Other	74	-
Changes in operating assets and liabilities:		
Accounts receivable	(2,600)	(444)
Prepaid expenses	(139)	77
Federal income taxes	(112)	(315)
Other assets	44	(103)
Accounts payable	456	223
Accrued expenses	693	(455)
Deferred revenues	4,004	1,027
Other long-term liabilities	(8)	(2)
Net cash provided by operating activities	8,463	4,531
Investing Activities:		
Software development costs	(2,847)	(899)
Purchase of property and equipment	(252)	(139)
Purchase of TappIn, Inc. and earnout payments	-	(500)
Interest on long term investments	(63)	(62)
Net cash provided by (used in) investing activities	(3,162)	(1,600)
Financing Activities:		
Proceeds from exercise of stock options	2,243	890
Tax deficiency (benefit) from stock-based compensation	(227)	(156)
Notes payable principle payments	(4,386)	(1,338)
Dividends paid	(1,028)	(951)
Net cash provided by (used in) financing activities	(3,398)	(1,555)
Net increase in cash	1,903	1,376
Cash at beginning of period	9,455	8,079
Cash at end of period	\$ 11,358	\$ 9,455
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	\$ 117	\$ 234
Income taxes	\$ 701	\$ 1,161

GlobalSCAPE, Inc.
Adjusted EBITDA Excluding Infrequent Items
(In Thousands)

	Year Ended December 31,	
	2014	2013
Income (loss) from operations (before interest and taxes)	\$ 4,615	\$ 3,901
Add (subtract):		
Depreciation and amortization:		
Total depreciation and amortization	883	908
Amortization of capitalized software development costs	(577)	(174)
Stock-based compensation expense	521	666
Infrequent item:		
TappIn intangible asset impairment and earnout liability elimination	-	(128)
Adjusted EBITDA Excluding Infrequent Items	\$ 5,442	\$ 5,173