

Globalscape Announces Financial Results for the Second Quarter of Fiscal 2012
Revenue for the First Half of Fiscal 2012 Increased 7% over the First Half of Fiscal 2011

SAN ANTONIO, Texas - August 9, 2012 - [GlobalSCAPE](#), Inc. (NYSE MKT: GSB), a leading developer of secure information exchange solutions, today announced its financial results for the three and six month periods ended June 30, 2012.

Revenue was \$5.7 million for the second quarter of 2012, which was consistent with revenue of \$5.7 million for the second quarter of 2011. Revenue for the six months ended June 30, 2012, was \$11.1 million, compared with \$10.4 million for the six months ended June 30, 2011, representing a 7% increase.

This revenue performance resulted from continued sales strength in the Company's EFT Server products as a whole combined with increased maintenance and support (M&S) contract renewal sales across the majority of its product lines. The increase in M&S renewals combined with strong bookings for future product sales and services resulted in the Company's deferred revenue, plus contractual agreements under which revenue will be earned in future periods, growing to \$8.8 million at June 30, 2012 from \$7.8 million at June 30, 2011, or an increase of 12%.

The Company reported a net loss of \$140,000, or (\$0.01) per share, in the second quarter of 2012, compared with net income of \$471,000, or \$0.03 per share, in the same quarter last year. Adjusted EBITDA was \$478,000 in the second quarter of 2012 compared with \$1.2 million for the same period in 2011.

For the six months ended June 30, 2012, the Company reported a net loss of \$393,000 or (\$0.02) per share compared with net income of \$529,000 or \$0.03 per share for the comparable period in 2011. Adjusted EBITDA was \$658,000 for the six months ended June 30, 2012 compared with \$1.7 million for the same period in 2011.

Operating expenses were approximately 16% higher in the second quarter of 2012 compared with the same quarter in 2011, and approximately 20% higher for the first six months of 2012 compared to the same period in 2011. The increase was primarily due to the integration of TappIn, Inc., acquired in December 2011, into the Company's operations and the incremental costs of the ongoing development and management of that product line. These higher operating expenses contributed to the net loss and lower Adjusted EBITDA in the second quarter of 2012 even though revenue was essentially the same as the second quarter of 2011. Operating expenses in the second half of 2012 are expected to be comparable with the first half of the 2012.

Net cash used for operating activities for the second quarter of 2012 was \$81,000, compared with net cash provided by operating activities of \$1.1 million in the second quarter of 2011. For the first six months of 2012, net cash used for operating activities was \$744,000 compared with net cash provided by operating activities of \$1.5 million during the first six months of 2011. These changes were primarily due to the net loss incurred during the first half of 2012 combined with slower than expected accounts receivable collections. The Company expects that increased revenue and stable operating

expenses during the remainder of 2012, combined with a focus on accounts receivable collections, will result in positive cash flow from operating activities for the second half of 2012 and the year as a whole.

"We achieved revenue growth of 7% in the first half of 2012 and increased our deferred revenue 12% compared with the same period in 2011. These increases came primarily from our enterprise managed file transfer solutions, including our cloud-based subscription services, and continued strong maintenance and support contract renewal activity," said Jim Morris, Chief Executive Officer of Globalscape. "Our decreased earnings reflect anticipated, increased expenses resulting primarily from the integration of TappIn, Inc. and its products into the Company. We believe these increased expenses represent a prudent, near-term investment allowing us to enter and extend our presence in the rapidly growing secure content mobility market, which we regard as potentially transformational in future periods. We continue to expect revenue will increase year-over-year and that we will return to profitability and generate positive cash flow from our operations in the second half of the year."

Recent Highlights

In July, Globalscape announced the appointment of Jim Albrecht as Chief Financial Officer, finalization of a significant new contract with the US Army, and establishment of a partner relationship with ESET, a leading provider of antivirus solutions.

Mr. Albrecht brings 35 years of business and financial leadership in the software, high technology, and biotechnology industries to Globalscape. He is responsible for the company's financial, treasury, and accounting activities, and their integration with the company's overall strategic growth plan.

Under the new Army contract, Globalscape will continue supporting the Standard Army Maintenance System-Enhanced (SAMS-E) logistics program. This is the fourth US Army contract for the Company since 2005. The new contract extends through July 2013, replacing a previous three-year contract awarded in 2009. This sole source contract is for \$1.35 million over the first year, with the revenue recognized in equal installments over the term of the agreement, and also includes two one-year options that, if exercised, could result in a total value of \$4.4 million over the next three years, making it potentially the largest single contract win in company history.

Through the ESET partner relationship, ESET will offer TappIn's secure content mobility solution to customers wanting remote access and file sharing capability, without sacrificing the protection afforded by ESET's antivirus solution. Customers will be able to securely access and share their data without repositioning content in the Internet cloud. The TappIn approach reduces attack vectors and keeps data more securely stored on devices already protected by ESET's antivirus and anti-malware solutions.

Globalscape also announced in the second quarter 2012 several product awards, an additional hosted services partner, the opening of a new office in Seattle, and an original equipment manufacturer (OEM) partner for the TappIn solution.

In April, three Globalscape products were named 2012 Network Product Guide Award

Finalists. The Network Products Guide awards highlight the best products and services, roadmaps, industry directions, technology advancements, and independent product evaluations of the year. Globalscape's Mail Express™, Wide Area File Services (WAFS), and TappIn™ by Globalscape® were named finalists in the "Email, Security and Management," "Social Media, Networking or Collaboration Solutions," and "Mobile/Wireless Solution" categories, respectively.

Also in April, during the 2012 Infosecurity Europe conference in London, Globalscape announced that it had partnered with Peer 1 Hosting to meet growing European demand for the Hosted EFT Server solution. Hosted EFT Server allows organizations to securely exchange business-to-business data, including large files and sensitive data, through the cloud. Globalscape partnered with Peer 1 Hosting to provide the cloud infrastructure in the region, and also named Pro2col Ltd. as a primary managed file transfer reseller. In May, Globalscape announced the expansion of its operations, opening a new Seattle office. The new office is strategically located to drive continued development of the Company's secure content mobility solutions. This expansion into the Pacific Northwest follows the acquisition of Seattle-based TappIn. The Seattle office will serve as a hub for research and development and a base for recruiting top talent and driving innovation. In June, TappIn announced a partnership with QNAP whereby the TappIn by Globalscape secure content mobility solution will be available to QNAP's customers using the storage vendor's popular network-attached storage (NAS) devices. TappIn provides a secure, integrated service for customers to receive mobile access to digital content stored on a QNAP Turbo NAS device from any web browser, tablet, or smartphone, including Apple iOS®, Google® Android™, Windows Phone 7®, and Kindle Fire. TappIn's innovative secure cloud pathway eliminates the need to upload, sync, or pay for additional cloud storage. With the TappIn service, QNAP Turbo NAS customers can securely access and share files of any size with encryption to safeguard content. Also during June, Info-Tech Research Group designated Globalscape a "Champion" in its Vendor Landscape matrix and awarded the company "Exemplary Performer" status in both security strength and ad hoc file transfer capabilities. Notably, the evaluation of the Company's strategy garnered one of the highest possible scores-due in part to the TappIn acquisition and the Company's approach to mobile file access. Also playing a role in Globalscape's rating was the assessment of Globalscape's EFT Server Enterprise™. Commended for its ability to meet advanced security requirements, its flexible deployment options, and Globalscape's responsive customer support, EFT Server also received the highest marks for its available features and flexible system architecture.

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Conference Call August 9, 2012 at 4:30 p.m. ET

Globalscape management will hold a conference call Thursday, August 9, 2012 to discuss the second quarter 2012 financial results and other corporate matters at 4:30 p.m. Eastern Time/3:30 p.m. Central Time. Those wishing to join should dial 1-800-380-1061 and use Conference ID # 14689304. A live webcast of the conference call will also be available in the investor relations page of the company's website at www.Globalscape.com. A webcast replay of the conference call will be available on the Company's website through September 9, 2012.

About Globalscape

San Antonio, Texas-based GlobalSCAPE, Inc. (NYSE MKT: GSB) is a leading provider of software and services that enable customers to access and share information quickly, securely, and reliably. Beginning in 1996 with its CuteFTP® product, Globalscape has been helping businesses and consumers - including 15,000 companies in more than 150 countries - facilitate cost-effective, secure information exchange. With its 2011 acquisition of Seattle-based TappIn Inc., Globalscape also offers customers the ability to access and share documents, pictures, videos, and music - anytime, from anywhere - easily and securely, without the need for uploading, syncing, or paying for cloud storage. For more information, visit www.Globalscape.com or follow the blog and Twitter updates.

Safe Harbor Statement

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The words "would," "exceed," "should," "anticipates," "believe," "steady," "dramatic," and variations of such words and similar expressions identify forward-looking statements, but their absence does not mean that a statement is not a forward-looking statement. These forward-looking statements are based upon the Company's current expectations and are subject to a number of risks, uncertainties and assumptions. The Company undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. Among the important factors that could cause actual results to differ significantly from those expressed or implied by such forward-looking statements are risks that are detailed in the Company's Annual Report on Form 10-K for the 2011 calendar year, filed with the Securities and Exchange Commission on March 29, 2012.

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[GlobalSCAPE, Inc. \(GSB\) Q2 FY 2012 GAAP financial results](#)

[GlobalSCAPE, Inc. Q2 FY 2012 Non-GAAP Adjusted EBITDA](#)

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