Investor presentation
Securing the digital transformation and helping build a safer world  - one app at a time

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Melissa Fisher, CFO

October 30th, 2018
Safe harbor

This presentation includes forward-looking statements within the meaning of the federal securities laws. Forward-looking statements generally relate to future events or our future financial or operating performance. Forward-looking statements in this presentation include, but are not limited to, the following list:

- our business and financial performance and expectations for future periods, including the rate of growth of our business and market share gains;
- our ability to sell additional solutions to our customer base and the strength of demand for those solutions;
- our plans regarding the development of our technology and its expected timing;
- our expectations regarding the capabilities of our platform and solutions;
- the anticipated needs of our customers;
- our strategy, the scalability of our strategy, our ability to execute our strategy and our expectations regarding our market position;
- the expansion of our platform and our delivery of new solutions;
- the expansion of our partnerships and the related benefits of those partnerships; and
- our ability to effectively manage our costs

Our expectations and beliefs regarding these matters may not materialize, and actual results in future periods are subject to risks and uncertainties that could cause actual results to differ materially from those projected. These risks include those set forth in our filings with the Securities and Exchange Commission, including our latest Form 10-Q and 10-K. The forward-looking statements in this presentation are based on information available to us as of today, and we disclaim any obligation to update any forward-looking statements, except as required by law.

We also remind you that this presentation will include a discussion of GAAP and non-GAAP financial measures. The non-GAAP financial measures are not intended to be considered in isolation or as a substitute for results prepared in accordance with GAAP. The GAAP financial measures, and a reconciliation of the non-GAAP financial measures discussed in this presentation to the most directly comparable GAAP financial measures are included in the appendix of this presentation.
Market and Investment Opportunity

The Power of the Qualys Cloud Platform

One stack to consolidate traditional enterprise security/compliance solutions and secure the digital transformation
Investment highlights

Uniquely positioned to capitalize on stack consolidation and move to the cloud

Scalable business model and industry-leading profitability

Multiple levers of recurring revenue growth

Industry-leading Cloud Security and Compliance Platform
Large expanding market opportunity
Qualys Cloud Platform the vehicle for TAM expansion

Qualys’ current Total Addressable Market

CAGR:
- 14% Cloud Security
- 8% IT Asset Management
- 8% Web Security: SaaS (2)
- 16% Network and Edge
- 10% Security Policy and Compliance
- 13% Vulnerability Assessment: App
- 15% Vulnerability Assessment: Device

(1) Midpoint of 2018 Revenue Guidance
(2) 2015 to 2020E period
Source: IDC
Blue chip global customer base
74% of the Forbes Global 50, 46% of Global 500, and 25% of Global 2000 standardized on Qualys

9 of the top 10 in Software
8 of the top 10 in Consumer Discretionary
8 of the top 10 in Consumer Staples
8 of the top 10 in Major Banks
8 of the top 10 in Technology
8 of the top 10 in Telecommunications
7 of the top 10 in Healthcare
6 of the top 10 in Industrial & Materials
5 of the top 10 in Insurance

Note: Based on Forbes Global 2000 Classification
Scalable go-to-market model
Market segmentation & key strategic partners

ENTERPRISE
Large enterprise (Over 5,000 employees)
New customers | Existing customers

SME & SMB
Small / medium business (Up to 5,000 employees)
New customers | Existing customers

2017 REVENUES
Direct 60%
Channel 40%

Market segmentation:
- Large enterprise (Over 5,000 employees)
- Small / medium business (Up to 5,000 employees)

Key strategic partners:
- Accenture
- AT&T
- Computacenter
- HCL
- DXC
- Optiv
- SecureWorks
- Verizon
- BT
- Wipro
- IBM
- Deutsche Telekom
- Infosys
- Orange
- NTT
Attractive value proposition for partners
High-margin recurring revenue with no capex

MSSPs
telcos

Outsourcing
providers

VAS
resellers

Consultants
Strong global presence

10,300+ Customers
130+ Countries
7 Shared Platforms
72 Private Clouds
47 Locations

- Qualys locations
Qualys Cloud Platform and Roadmap
Qualys Cloud Platform
Unified approach to detection, prevention & response

- Integrated Suite of Applications
- Analytics and Reporting Engines
- Distributed Sensors
- Environments

CA, AI, VM, CM, TP, FIM, PC, PCI, SAQ, IOC, WAS, WAF
kafka, ORACLE, ceph, elastic, cassandra, redis, Flink, Microservices
Hardware, Virtual, Cloud, Agent, Passive, API
On-Premises, Endpoints, Cloud
Global visibility across environments enables superior security
Scalable, self-updating & centrally managed

<table>
<thead>
<tr>
<th>Physical</th>
<th>Virtual</th>
<th>Cloud/Container</th>
<th>Cloud Agents</th>
<th>Passive</th>
<th>API</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legacy data centers</td>
<td>Private cloud infrastructure</td>
<td>Commercial IaaS &amp; PaaS clouds</td>
<td>Light weight, multi-platform</td>
<td>Passively sniff on network</td>
<td>Integration with Threat Intel feeds</td>
</tr>
<tr>
<td>Corporate infrastructure</td>
<td>Virtualized infrastructure</td>
<td>Pre-certified in market place</td>
<td>On-premise, elastic cloud &amp; endpoints</td>
<td>Real-time device discovery &amp; identification</td>
<td>CMDB Integration</td>
</tr>
<tr>
<td>Continuous security and compliance scanning</td>
<td>Continuous security and compliance scanning</td>
<td>Fully automated with API orchestration</td>
<td>Real-time data collection</td>
<td>Identification of APT network traffic</td>
<td>Log connectors</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Agentless + Agent Based + Passive
Qualys Cloud Platform produces results in one place anytime, anywhere

Via dynamic and customizable dashboards and centrally managed, self-updating, integrated Cloud Apps in a single-pane-of-glass UIs (AssetView, CloudView, CertView...)

1+ trillion
Security Events

3+ billion
IP Scans/Audits a Year

250+ billion
Data Points Indexed on Elasticsearch Clusters

99.99966%
Six Sigma Scanning Accuracy
Robust pure cloud platform serves as a scalable distribution channel
Scalable, Micro-services, DevOps
Qualys Cloud Platform enables vendor and stack consolidation

<table>
<thead>
<tr>
<th>Category</th>
<th>Brands</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT Security</td>
<td>RAPID7, Tenable, McAfee, NetIQ, Symantec, Trustwave</td>
</tr>
<tr>
<td>Compliance Monitoring</td>
<td>RAPID7, Tenable, McAfee, NetIQ, Symantec, Trustwave</td>
</tr>
<tr>
<td>Web Application Security</td>
<td>RAPID7, IBM, Veracode, F5, iMPERA, Carbon Black, Twistlock, Evident.io, FireEye, CrowdStrike, Tripwire, Venafi, TANiUM, ForeScout</td>
</tr>
<tr>
<td>New Services</td>
<td>Carbon Black, Twistlock, Evident.io, FireEye, Tripwire, Venafi, TANiUM, ForeScout</td>
</tr>
</tbody>
</table>
Increasing number of Apps delivered through the Qualys Cloud Platform

**ASSET MANAGEMENT**

<table>
<thead>
<tr>
<th>AI</th>
<th>Asset Inventory</th>
<th>CMDB Sync</th>
<th>Cloud Inventory</th>
<th>Certificate Inventory</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Maintain full, instant visibility of all your global IT assets</td>
<td>Synchronize asset information from Qualys into ServiceNow CMDB</td>
<td>Inventory of all your cloud assets across AWS, Azure, GCP and others</td>
<td>Inventory of TLS/SSL digital certificates on a global scale</td>
</tr>
</tbody>
</table>

**IT SECURITY**

<table>
<thead>
<tr>
<th>VM</th>
<th>Vulnerability Management</th>
<th>Threat Protection</th>
<th>Continuous Monitoring</th>
<th>Certificate Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Continuously detect and protect against attacks, anytime, anywhere</td>
<td>Pinpoint your most critical threats and prioritize patching</td>
<td>Alerts you in real time about network irregularities</td>
<td>Assess all your digital certificates for TLS/SSL vulnerabilities</td>
</tr>
<tr>
<td>IOC</td>
<td>Indication of Compromise</td>
<td>Container Security</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Continuously monitor endpoints to detect suspicious activity</td>
<td>Discover, track, and continuously protect containers</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**COMPLIANCE MONITORING**

<table>
<thead>
<tr>
<th>PC</th>
<th>Policy Compliance</th>
<th>PCI Compliance</th>
<th>File Integrity Monitoring</th>
<th>Security Assessment Questionnaire</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Assess security configurations of IT systems throughout your network</td>
<td>Automate, simplify and attain PCI compliance quickly</td>
<td>Log and track file changes across global IT systems</td>
<td>Minimize the risk of doing business with vendors and other third parties</td>
</tr>
<tr>
<td>SCA</td>
<td>Security Configuration Assessment</td>
<td>Cloud Security Assessment</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Automate configuration assessment of global IT assets</td>
<td>Get full visibility and control across all public cloud instances</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**WEB APPLICATION SECURITY**

<table>
<thead>
<tr>
<th>WAS</th>
<th>Web Application Scanning</th>
<th>WAF</th>
<th>Web Application Firewall</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Secure web applications with end-to-end protection</td>
<td></td>
<td>Block attacks and virtually patch web application vulnerabilities</td>
</tr>
</tbody>
</table>
Additional apps to come

Q4 2018

**Patch Management**
Cross platform unified patch management to respond quickly to critical vulnerabilities

**Passive Network Discovery**
Discover and classify all live devices in your network in real-time

**Global IT Asset Inventory**
Discover all IT assets within hybrid environments

H1 2019

**Secure Access Control**
Respond to threats automatically by controlling access to critical resources

**Certificate Management**
Automated renewing and management of digital certificates

**Cloud Security Management**
Remediation and management of cloud vulnerabilities

**Secure Enterprise Mobility**
Continuous visibility, security and compliance of enterprise mobile devices

**Run-Time Container Security**
Runtime defense and automated policy enforcement to protect against breaches and anomalies

Note: Target Beta dates
Scalable Business Model
Strong and consistent organic revenue growth

Outperforming market and gaining share

($ in millions)

20% CAGR

Revenues

2014: $134
2015: $164
2016: $198
2017: $231
Q3 2017: $168
Q3 2018: $205

22%

20% CAGR
Adoption of new solutions (APPS) fuels growth and profitability

Quarterly revenues vs. customers

- **2 APPS**
  - Q1' 08
  - VM, PCI

- **4 APPS**
  - Q2' 13
  - VM, PC, PCI, WAS

- **10 APPS**
  - Q2' 17
  - VM, PC, PCI, WAS, WAF, CM, CA, AV, SAQ, TP

- **20+ APPS**

Initial solution | Expansion | Additional solutions | Future products
---|---|---|---

Increasing Cloud Agent Adoption

(Number in millions)

<table>
<thead>
<tr>
<th>LTM Quarter</th>
<th>Number of Cloud Agents Sold</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 2017</td>
<td>6.0</td>
</tr>
<tr>
<td>Q1 2018</td>
<td>7.3</td>
</tr>
<tr>
<td>Q2 2018</td>
<td>8.1</td>
</tr>
<tr>
<td>Q3 2018</td>
<td>13.9</td>
</tr>
</tbody>
</table>
Platform adoption accelerating

- % of Enterprise customers with 2+ solutions: 69%
- % of Enterprise customers with 3+ solutions: 39%
- % of Enterprise customers with 4+ solutions: 20%

Comparison over quarters:
- Q3 FY15:
  - 57% (2+ solutions), 19% (3+ solutions), 2% (4+ solutions)
- Q3 FY16:
  - 59% (2+ solutions), 23% (3+ solutions), 6% (4+ solutions)
- Q3 FY17:
  - 64% (2+ solutions), 30% (3+ solutions), 14% (4+ solutions)
- Q3 FY18:
  - 69% (2+ solutions), 39% (3+ solutions), 20% (4+ solutions)
Multiplier effect
Enterprise customers with 4+ solutions spend over 5x that of 1-solution customers

($ in thousands)

<table>
<thead>
<tr>
<th></th>
<th>LTM Q3 FY15</th>
<th>LTM Q3 FY16</th>
<th>LTM Q3 FY17</th>
<th>LTM Q3 FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprise customers with 1 solution</td>
<td>$48</td>
<td>$52</td>
<td>$49</td>
<td>$52</td>
</tr>
<tr>
<td>Enterprise customers with 3+ solutions</td>
<td>$105</td>
<td>$136</td>
<td>$158</td>
<td>$206</td>
</tr>
<tr>
<td>Enterprise customers with 4+ solutions</td>
<td>$136</td>
<td>$206</td>
<td>$258</td>
<td>$268</td>
</tr>
</tbody>
</table>
Our largest customers spend an average of LTM $1M+ with Qualys

Note: Customer count is defined as customers with greater than $500K in annual revenue
Platform enables scalable operational model

Revenue per S&M headcount:
- 2014: $0.9M
- 2015: $1.0M
- 2016: $1.1M
- 2017: $1.2M

% of Customer Support, Operations, and R&D headcount in India:
- 2014: 28%
- 2015: 36%
- 2016: 46%
- 2017: 58%

High sales leverage

Leveraging low cost geos
2018 Revenue and Non-GAAP EPS Growth

<table>
<thead>
<tr>
<th>Quarterly Revenues</th>
<th>Annual Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual Q3 FY18</td>
<td>$71.7M</td>
</tr>
<tr>
<td>Guidance Midpoint Q4 FY18</td>
<td>$74.1M</td>
</tr>
<tr>
<td>Actual FY17</td>
<td>$230.8M</td>
</tr>
<tr>
<td>Guidance Midpoint FY18</td>
<td>$278.8M</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quarterly Non-GAAP EPS</th>
<th>Annual Non-GAAP EPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual Q3 FY18</td>
<td>$0.49</td>
</tr>
<tr>
<td>Guidance Midpoint Q4 FY18</td>
<td>$0.40</td>
</tr>
<tr>
<td>Actual FY17</td>
<td>$1.09</td>
</tr>
<tr>
<td>Guidance Midpoint FY18</td>
<td>$1.63</td>
</tr>
</tbody>
</table>
Increasing adjusted EBITDA & operating cash flow

($ in millions)

Adjusted EBITDA

Adjusted EBITDA margin (%)

Operating cash flow

Operating cash flow margin (%)


Industry-leading margins

Q2 CY2018 EBITDA margin vs. select Security and SaaS peers

QLYS 39%

Peer average: 11%

Source: JPMorgan
Industry-leading Performance

Q2 CY2018 Rule of 40 vs. select Security and SaaS peers

QLYS 62%

Source: JPMorgan
Unique advantages of the Qualys Cloud Platform

- **No hardware to buy or manage**: Nothing to install or manage, and all services are accessible in the cloud via web interface. Qualys operates and maintains everything.

- **Lower operating costs**: With everything in the cloud, there are no capital expenditures, no extra human resources needed, and no infrastructure or software to buy and maintain.

- **Easy to deploy and maintain**: Easily perform assessments on geographically distributed and segmented networks at the perimeter, behind the firewall, on dynamic cloud environments and endpoints.

- **Unprecedented scaling**: Qualys Cloud Platform is a scalable, end-to-end solution for all aspects of IT security. Once deployed, seamlessly add new coverage, users and services as you need them.

- **Always Up-to-date**: Qualys has the largest knowledge base of vulnerability signatures in the industry and performs over 3 billion IP scans per year. All security updates are made in real time.

- **Data stored securely**: Vulnerability data is securely stored and processed in an n-tiered architecture of load-balanced servers. Our encrypted databases are physically and logically secure.

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Available as a Public or on-premises Private Cloud

- **Full server rack**: For governments, enterprises, and MSSPs
- **Virtual rack**: For governments, enterprises, and MSSPs
- **Standalone appliance**: For small businesses
- **FedRAMP authorized**
Appendix
# Reconciliation of Adjusted EBITDA

($ in millions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>$30.2</td>
<td>$15.9</td>
<td>$19.2</td>
<td>$40.4</td>
<td>$37.6</td>
<td>$42.9</td>
</tr>
<tr>
<td>Depreciation and amortization of property and equipment</td>
<td>11.5</td>
<td>14.0</td>
<td>16.6</td>
<td>19.8</td>
<td>14.7</td>
<td>18.9</td>
</tr>
<tr>
<td>Amortization of intangible assets</td>
<td>0.4</td>
<td>0.4</td>
<td>0.4</td>
<td>0.8</td>
<td>0.4</td>
<td>2.4</td>
</tr>
<tr>
<td>Interest expense</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.1</td>
</tr>
<tr>
<td>Provision for (benefit from) income taxes</td>
<td>(21.6)</td>
<td>8.7</td>
<td>11.2</td>
<td>(1.1)</td>
<td>(8.6)</td>
<td>(2.3)</td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>10.5</td>
<td>17.5</td>
<td>20.1</td>
<td>27.0</td>
<td>18.5</td>
<td>22.7</td>
</tr>
<tr>
<td>Other (income) expense, net</td>
<td>0.6</td>
<td>0.3</td>
<td>(0.3)</td>
<td>(2.1)</td>
<td>(1.5)</td>
<td>(3.4)</td>
</tr>
<tr>
<td>Acquisition-related expense</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>0.1</td>
<td>---</td>
<td>1.9</td>
</tr>
<tr>
<td>One-time tax related expense</td>
<td>---</td>
<td>---</td>
<td>0.7</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td><strong>$31.7</strong></td>
<td><strong>$56.7</strong></td>
<td><strong>$68.0</strong></td>
<td><strong>$84.9</strong></td>
<td><strong>$61.1</strong></td>
<td><strong>$83.2</strong></td>
</tr>
</tbody>
</table>
## Reconciliation of Non-GAAP Net Income

($ in millions, except per diluted share metric)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>Q3 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GAAP Net income</strong></td>
<td>$40.4</td>
<td>$23.5</td>
</tr>
<tr>
<td><strong>Stock-based compensation</strong></td>
<td>27.0</td>
<td>6.8</td>
</tr>
<tr>
<td><strong>Intangible asset amortization</strong></td>
<td>0.5</td>
<td>0.8</td>
</tr>
<tr>
<td><strong>Acquisition-related expense</strong></td>
<td>0.1</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Tax adjustment</strong></td>
<td>(24.5)</td>
<td>(10.4)</td>
</tr>
<tr>
<td><strong>Non-GAAP Net income</strong></td>
<td>$43.5</td>
<td>$20.7</td>
</tr>
<tr>
<td><strong>Non-GAAP Net income per diluted share</strong></td>
<td>$1.09</td>
<td>$0.49</td>
</tr>
</tbody>
</table>

(1) Includes amortization of intangible assets from acquisitions of Nevis Networks, NetWatcher and 1Mobility.
(2) Relates to compensation expense from the acquisition of NetWatcher.