Qualys®

Investor presentation

Securing the Digital Transformation
Building a safer world - one app at a time

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Melissa Fisher, CFO

February 12th, 2020

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.

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Market and Investment Opportunity

The Power of the Qualys Cloud Platform

One stack to consolidate traditional enterprise IT/security/compliance solutions and secure the Digital Transformation
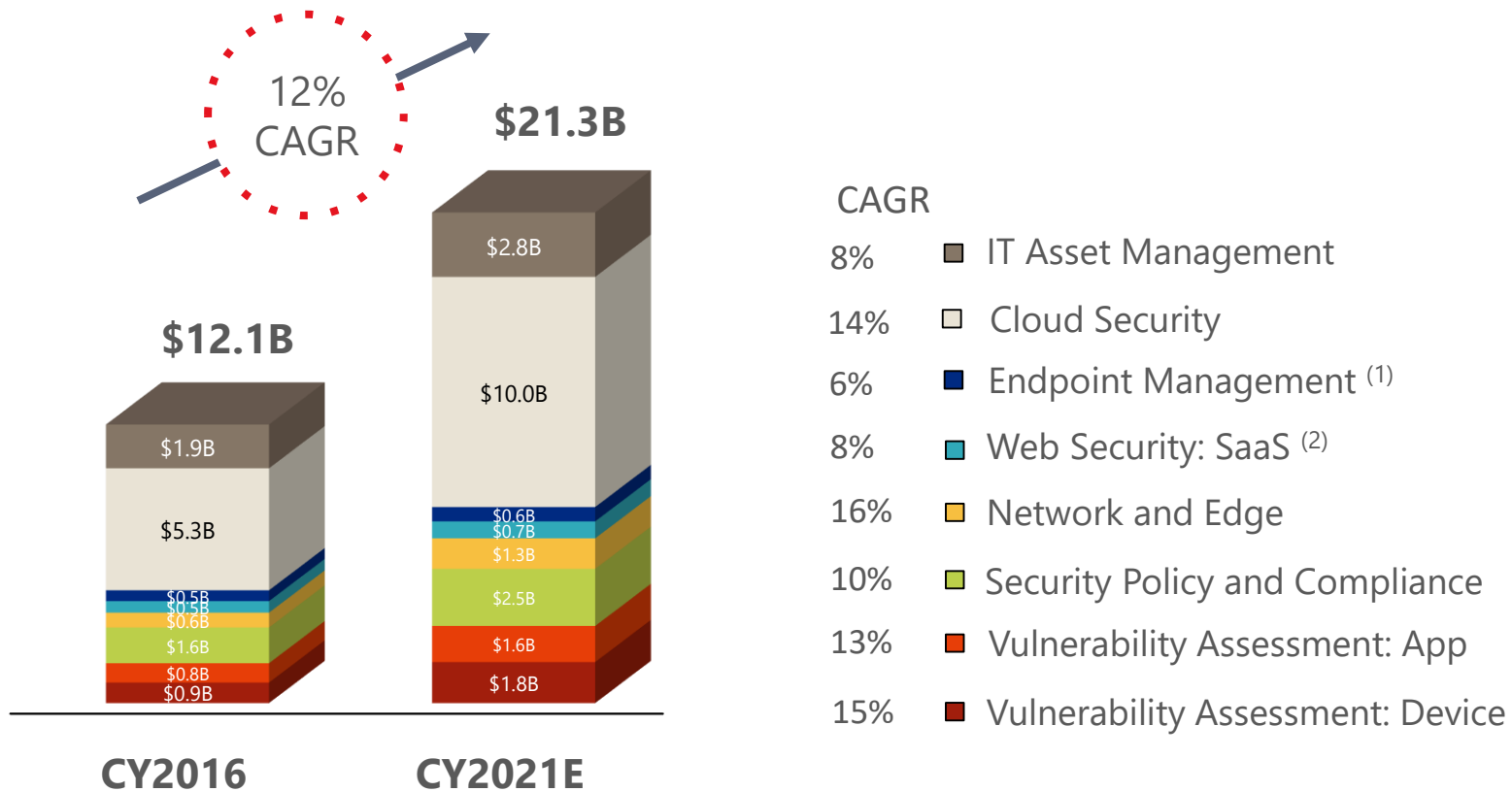
Qualys Cloud Platform

Web Apps
Clouds
Endpoints
On-premises

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Investment Highlights

- ✅ Industry-leading Cloud Security and Compliance Platform

- ✅ Multiple levers of recurring revenue growth

- ✅ Scalable business model and industry-leading profitability

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

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Expanding Market Opportunity

Driven by Increasing Apps on Qualys' Cloud Platform

12% CAGR

$21.3B

$12.1B

CY2016 — $1.9B, $5.3B, $0.5B, $0.5B, $0.6B, $1.6B, $0.8B, $0.9B

CY2021E — $2.8B, $10.0B, $0.6B, $0.7B, $1.3B, $2.5B, $1.6B, $1.8B

CY2016 **CY2021E**

Qualys' current Total Addressable Market

CAGR		
8%	▧	IT Asset Management
14%	▢	Cloud Security
6%	▪	Endpoint Management [1]
8%	▪	Web Security: SaaS [2]
16%	▪	Network and Edge
10%	▪	Security Policy and Compliance
13%	▪	Vulnerability Assessment: App
15%	▪	Vulnerability Assessment: Device

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Blue Chip Global Customer Base

70% of the Forbes Global 50, 46% of Global 500,
and 25% of Global 2000 standardized on Qualys

15,700+ Customers

Note: Customers include active subscribers of our free services

Scalable Go-to-market Model

Market segmentation & key strategic partners

ENTERPRISE	MID-MARKET
Large enterprise (Over 5,000 employees)	Small / medium business (Up to 5,000 employees)
New customers · Existing customers	New customers · Existing customers

2019 REVENUES

DIRECT
58%

CHANNEL
42%

accenture · Deloitte. · DXC.technology · verizon · OPTIV

Deutsche Telekom · IBM · SecureWorks · HCL · Infosys

BT · orange · Computacenter Services & Solutions · WIPRO Applying Thought · at&t · NTT

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Attractive Value Proposition for Partners

High-margin recurring revenue with no capex /maintenance costs

MSSPs Telcos

verizon✓ · NTT · DXC DXC.technology · SecureWorks · FUJITSU · orange · IBM · BT · at&t · T··Deutsche Telekom

Outsourcing Providers

accenture · HCL · MPHASIS an HP company · TATA · WIPRO Applying Thought · Cognizant · Tech Mahindra · Atos · Infosys

VAS Resellers

OPTIV · Computacenter Services & Solutions · DIMENSION DATA · GuidePoint SECURITY · CONTROL GAP · PRESIDIO Future. Built. · RKON · SIRIUS · CJEN · Blue Cube Intelligent Protection · COMPASS IT Compliance

Consultants

TEKMARK global solutions · LAC · pwc · Deloitte. · sysnet global solutions. · CYNERGISTEK · the DIGITRUST group · bai · COMPASS IT Compliance

Qualys®

Global Presence

15,700+
Customers

130+
Countries

8
Shared Platforms
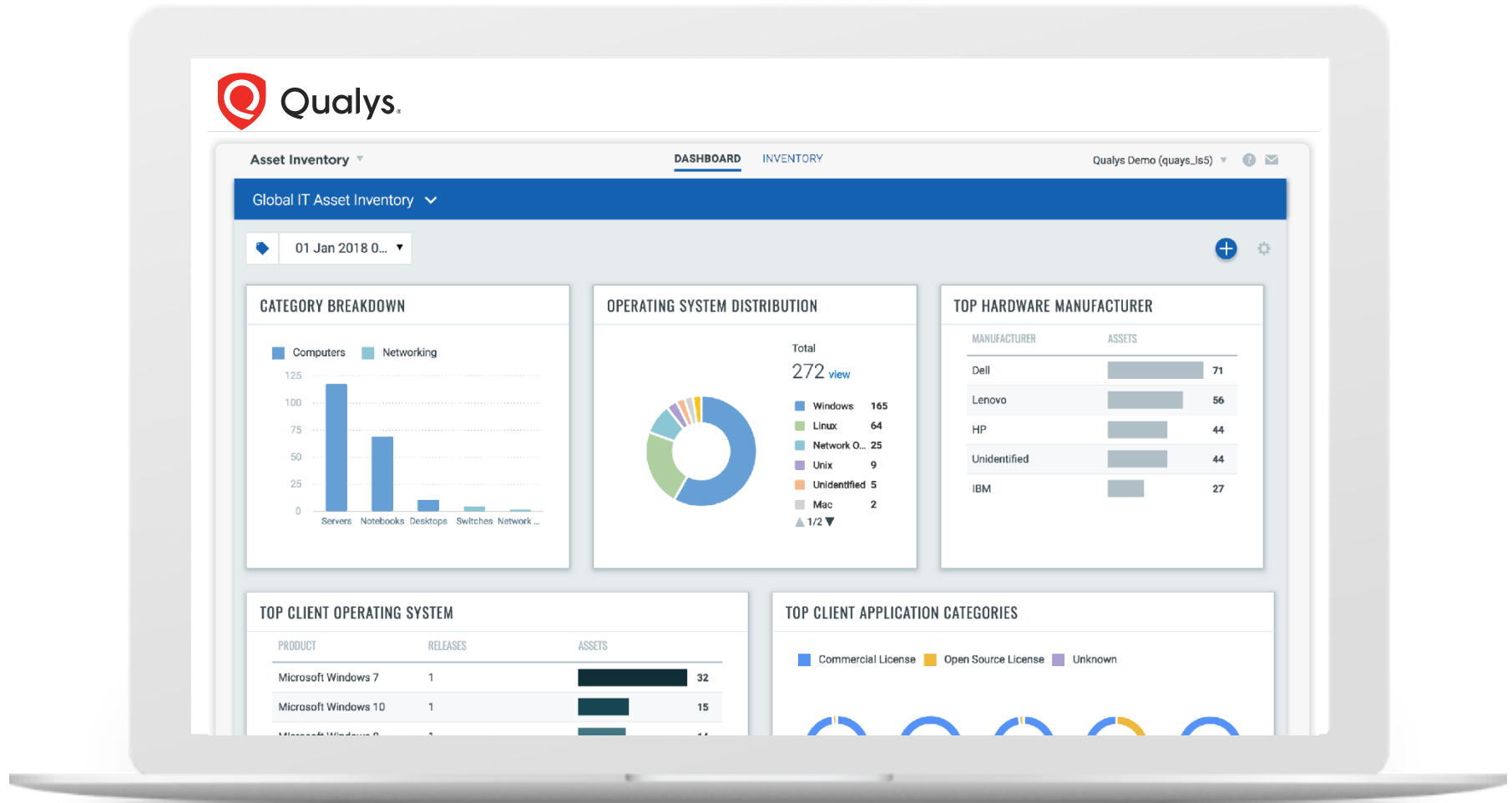
97
Private Clouds

54
Locations

● Qualys' Shared Platforms
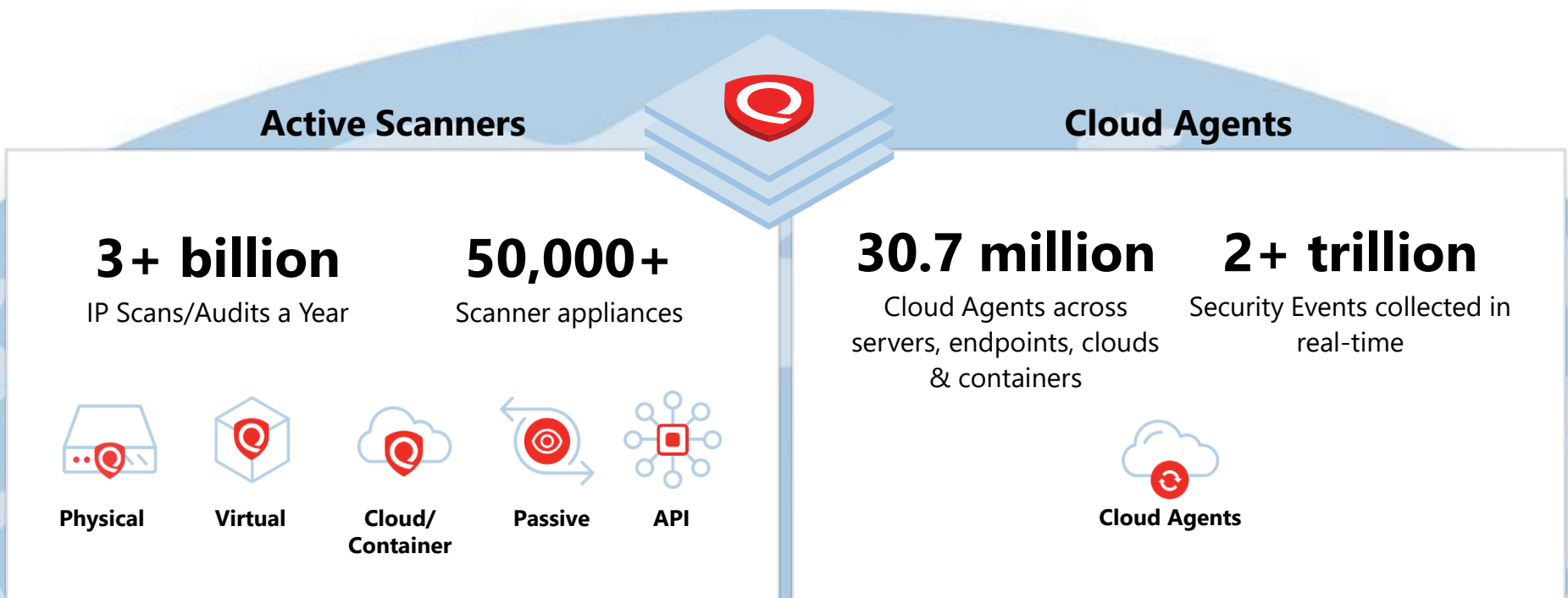● Qualys' Locations

Note: Customers include active subscribers of our free services

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Qualys Cloud Platform
and Roadmap

Global Visibility Across Hybrid IT Environments Enables Superior Security

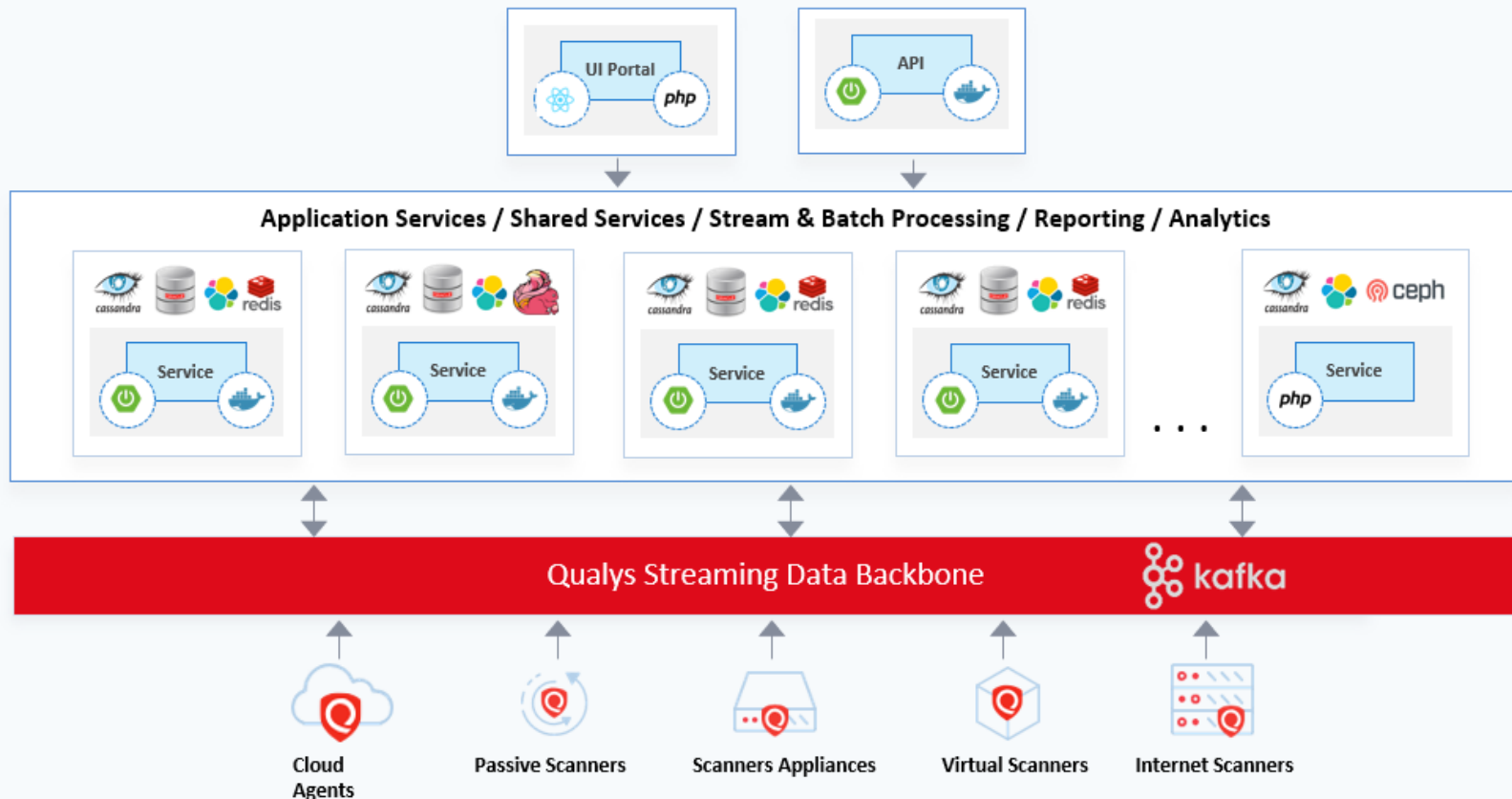Scalable, extensible, self-updating & centrally managed

Active Scanners

3+ billion
IP Scans/Audits a Year

50,000+
Scanner appliances

Physical

Virtual

Cloud/ Container

Passive

API

Cloud Agents

30.7 million
Cloud Agents across servers, endpoints, clouds & containers

2+ trillion
Security Events collected in real-time

Cloud Agents

3+ trillion data points
Indexed on Elasticsearch Clusters, giving 2-second visibility

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Qualys Cloud Platform

Scalable, Extensible, Micro-services, DevOps

Cloud Platform Enables
Vendor and Stack Consolidation

Vulnerability Management
- RAPID7
- tenable network security
- OpenVAS Open Vulnerability Assessment System

Compliance Monitoring
- McAfee
- NetIQ
- RAPID7
- Trustwave
- tenable network security
- Symantec

Web App Security
- RAPID7
- iMPERVA
- VERACODE
- IBM
- f5

New Services
- Carbon Black.
- FLexera
- RedLock
- VENAFI
- BIGFIX
- Twistlock
- TANIUM
- ForeScout
- FireEye
- tripwire
- CrowdStrike
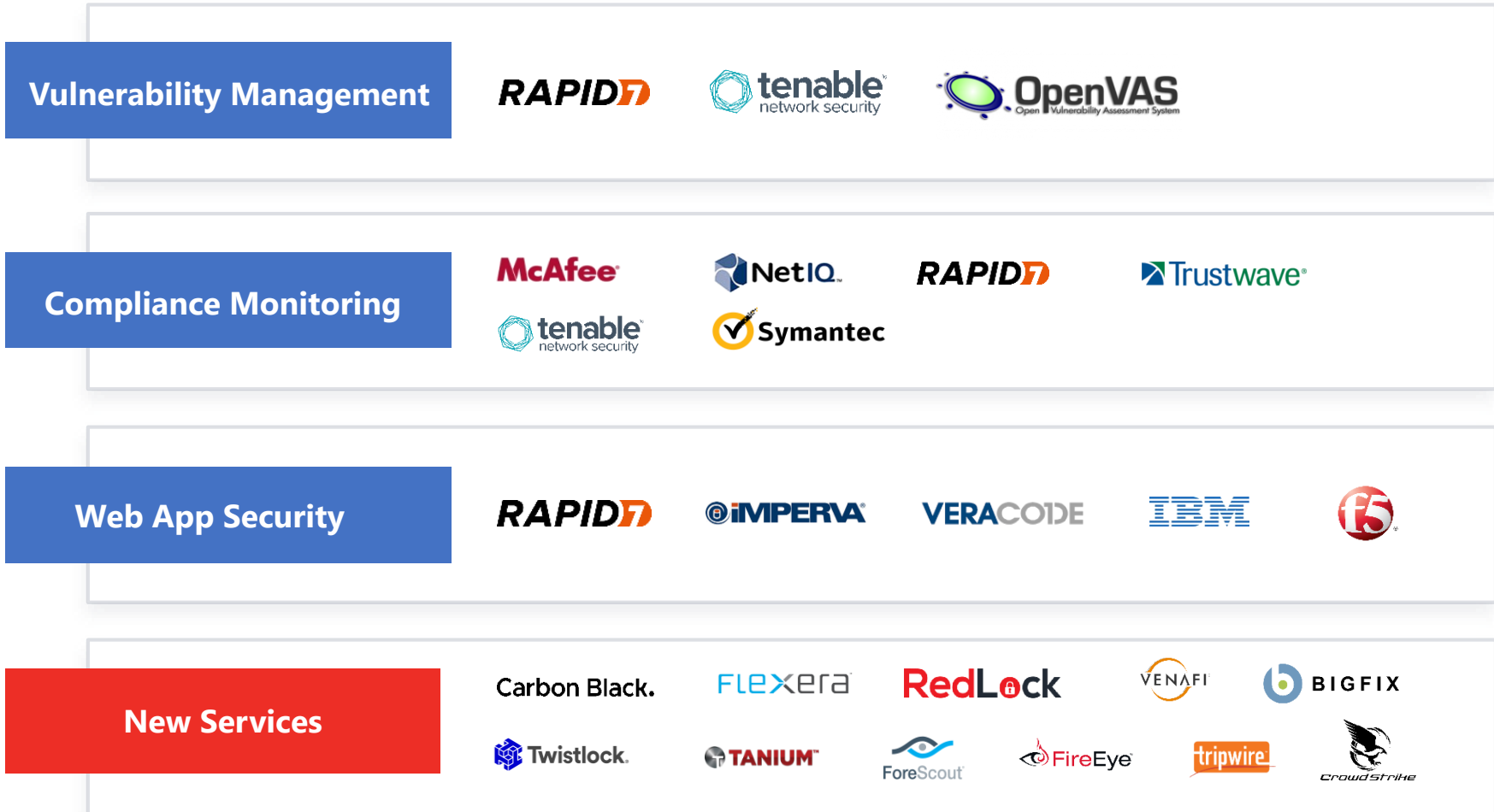
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Increasing Number of Apps Delivered Through the Qualys Cloud Platform

19 integrated apps and counting

GLOBAL IT ASSET MANAGEMENT

- [AI] Asset Inventory
- [SYN] CMDB Sync
- [CRI] Certificate Inventory

COMPLIANCE

- [PC] Policy Compliance
- [SCA] Security Configuration Assessment
- [PCI] PCI Compliance
- [FIM] File Integrity Monitoring
- [SAQ] Security Assessment Questionnaire
- [OCA] Out-of-Band Configuration Assessment

WEB APP SECURITY

- [WAS] Web App Scanning
- [WAF] Web App Firewall

IT SECURITY

- [VM] Vulnerability Management
- [TP] Threat Protection
- [CM] Continuous Monitoring
- [PM] Patch Management
- [IOC] Indication of Compromise

CLOUD/CONTAINER SECURITY

- [CI] Cloud Inventory
- [CSA] Cloud Security Assessment
- [CS] Container Security

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Qualys Ubiquity Play

Introducing our Global IT Asset Discovery and Inventory as a Free Service

Qualys Global IT Asset Inventory (AI) gives you a "single source of truth" for IT assets of all types, whether on-prem (devices and applications), mobile endpoints, clouds, containers, OT and IoT.

"You cannot secure what you don't know or can't see"

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Qualys Ubiquity Play

Single source of truth for IT and Security teams managing assets in hybrid environments.

Free Features:

- Real-time inventory of known and unknown assets across global IT footprint

- Search across millions of assets and obtain full visibility of any device in seconds

- Instantly detect any device that connects to a user's networks via passive scanning technology

Additional Paid Features:

- Synchronization of assets with the ServiceNow CMDB

- Full life cycle software inventory

- Automatically quarantine unknown or known devices that have been deemed out of compliance or compromised

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Introducing Qualys VMDR®
Next Generation Vulnerability Management Solution

Bringing Vulnerability Management to the Next Level

VMDR takes vulnerability management to the next level by providing the power to continuously detect vulnerability and misconfigurations across the entire global hybrid IT environment and respond in real-time to mitigate or remediate assets that are vulnerable or already compromised from a single platform with built-in orchestration. VMDR bundles Asset Discovery and Inventory with Vulnerability Assessment and Patch Detection as a single app. It is effortless to deploy on a global scale, and priced as a fully bundled solution, drastically saving deployment, administration and software subscription costs.

VMDR uniquely provides customers with full visibility across their entire global IT environment and combines this with a state-of-the-art prioritization engine that also takes into account misconfigurations and digital certificate security exposures. Thus, VMDR provides the foundation for a comprehensive risk-based vulnerability management program that does not solely rely on CVE- based vulnerabilities and arbitrary risk scores, which can give a false sense of security.

VMDR will be unveiled on February 25th at QSC San Francisco at the Four Seasons (register here) and is expected to go full GA by the end of March 2020.
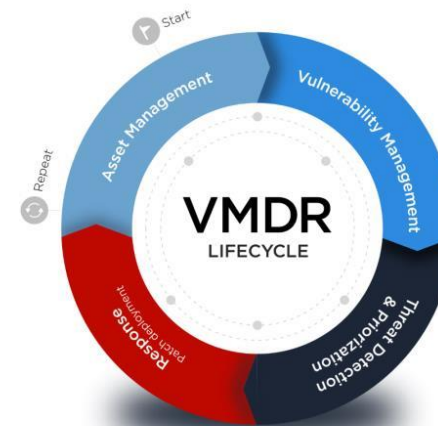
VMDR with Built-in Orchestration

Figure 1: Evolution in vulnerability management

1st generation	2nd generation	3rd generation
• Scan periodically • Identify vulnerabilities • Present list of vulnerabilities IT/security team • Manually prioritize and remediate	• Take scan data from any scanner • Ingest threat intel (mainly open source) • Apply analytics/machine learning • Provide a prioritized list of vulnerabilities, in some cases with recommended remedial actions	• End-to-end workflow • Discover all assets in hybrid IT environment • Scan and identify vulnerabilities • Prioritize vulnerabilities • Take remedial action, apply patches

Source: Ovum

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Additional Apps to Come in 2020

Certificate Management
Automated renewing and management of digital certificates*

Cloud Security Management
Remediation and management of cloud vulnerabilities*

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

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

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

Data Lake / SIEM
Coalesce data into a centralized security data lake and provide advanced correlation & analytics to generate unique insights
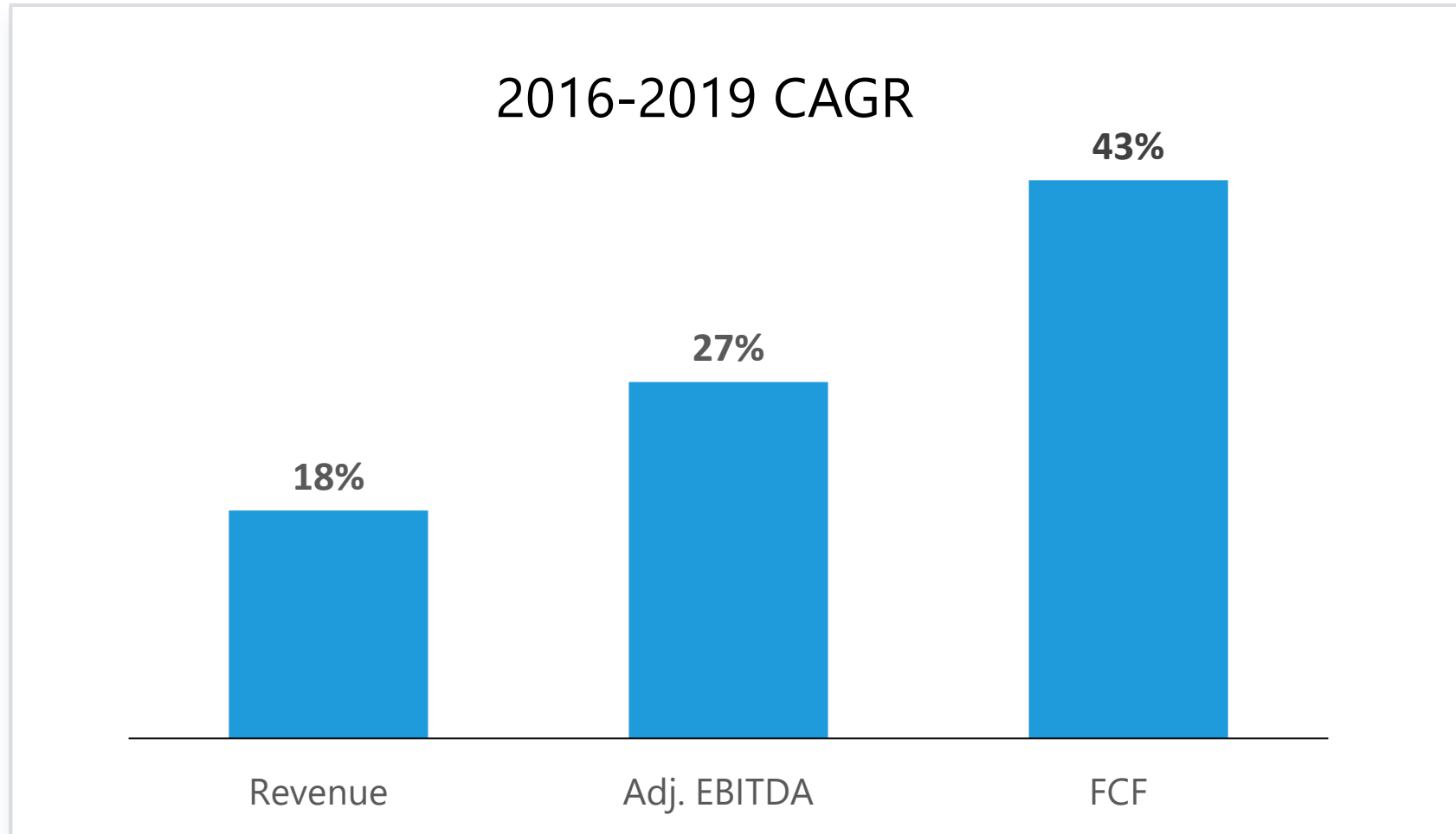
EDR
Continuously monitor and discover, investigate and respond to advanced security threats

Note: Target Beta time frame

* Currently in Beta
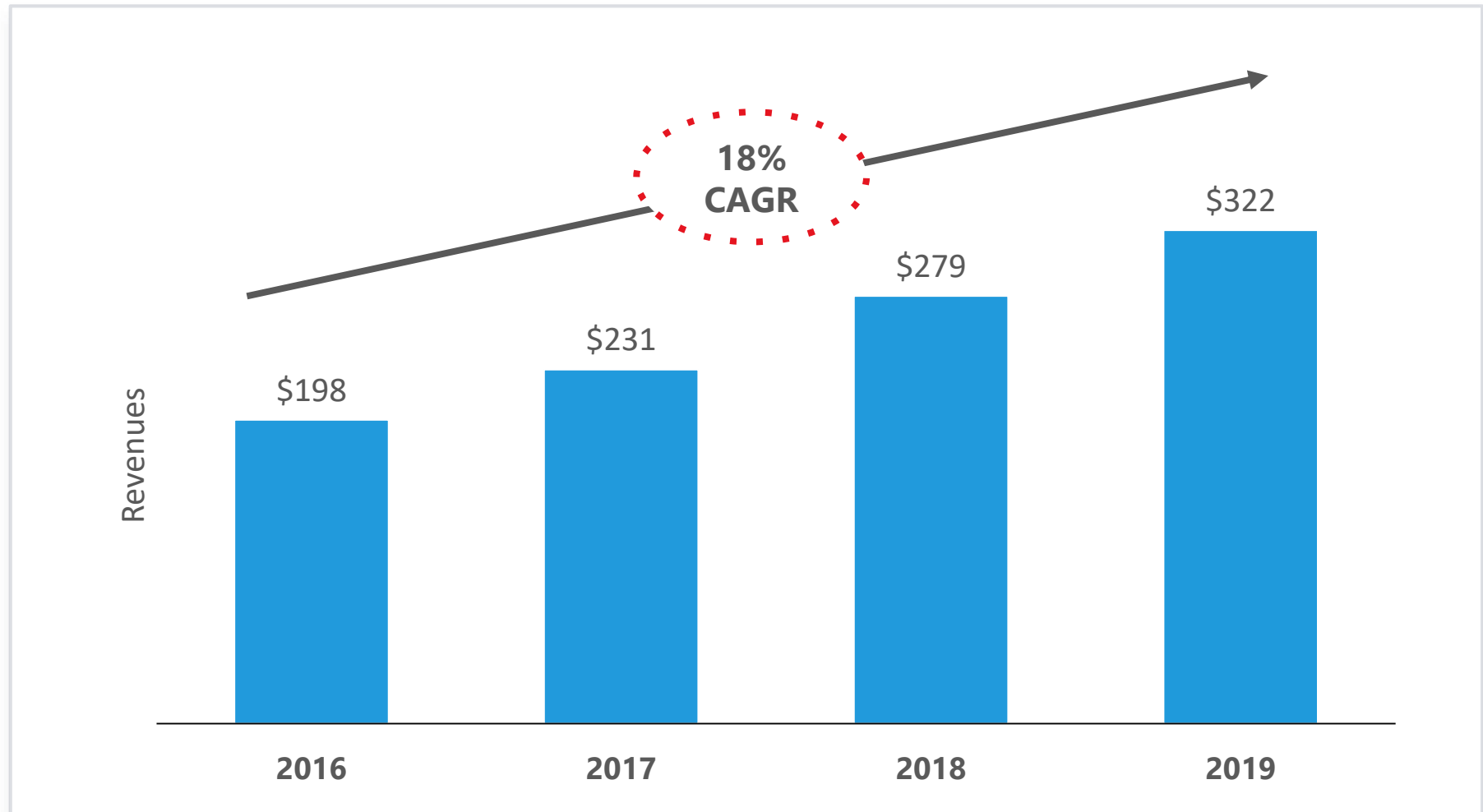
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Scalable Business Model
Strong and Consistent Performance

2016-2019 CAGR

| | 18% | 27% | 43% |
| Revenue | Adj. EBITDA | FCF |

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Strong Organic Revenue Growth

Outperforming market and gaining share

($ in millions)

Revenues

18% CAGR

$198 — 2016
$231 — 2017
$279 — 2018
$322 — 2019

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Adoption of New Solutions Fuels Growth and Profitability

($ in millions)

Quarterly revenues vs. customers

19 APPS
VM, WAS, PC, TP, CM, PCI, FIM,
AI, CS, PM, IOC, CSA...

4 APPS
VM, PC, PCI, WAS

2 APPS
VM, PCI

$100

$50

$0

2008

2013

2019

—— Quarterly revenues   —— Customers

20

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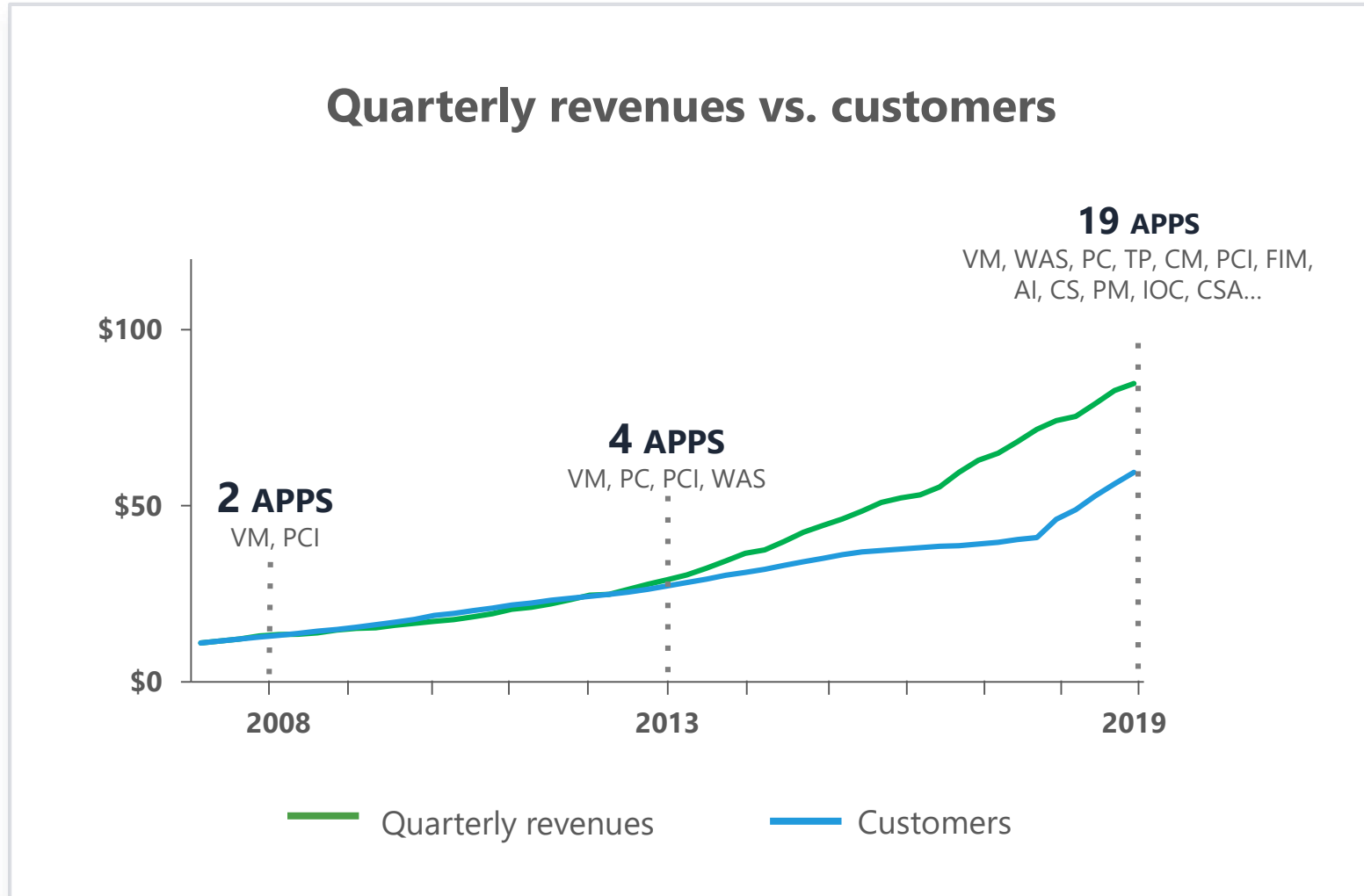
New Apps Enabled by Cloud Agents

(Units in millions)

Number of Cloud Agents Sold

17.9 — LTM Q1 2019
23.6 — LTM Q2 2019
27.9 — LTM Q3 2019
30.7 — LTM Q4 2019

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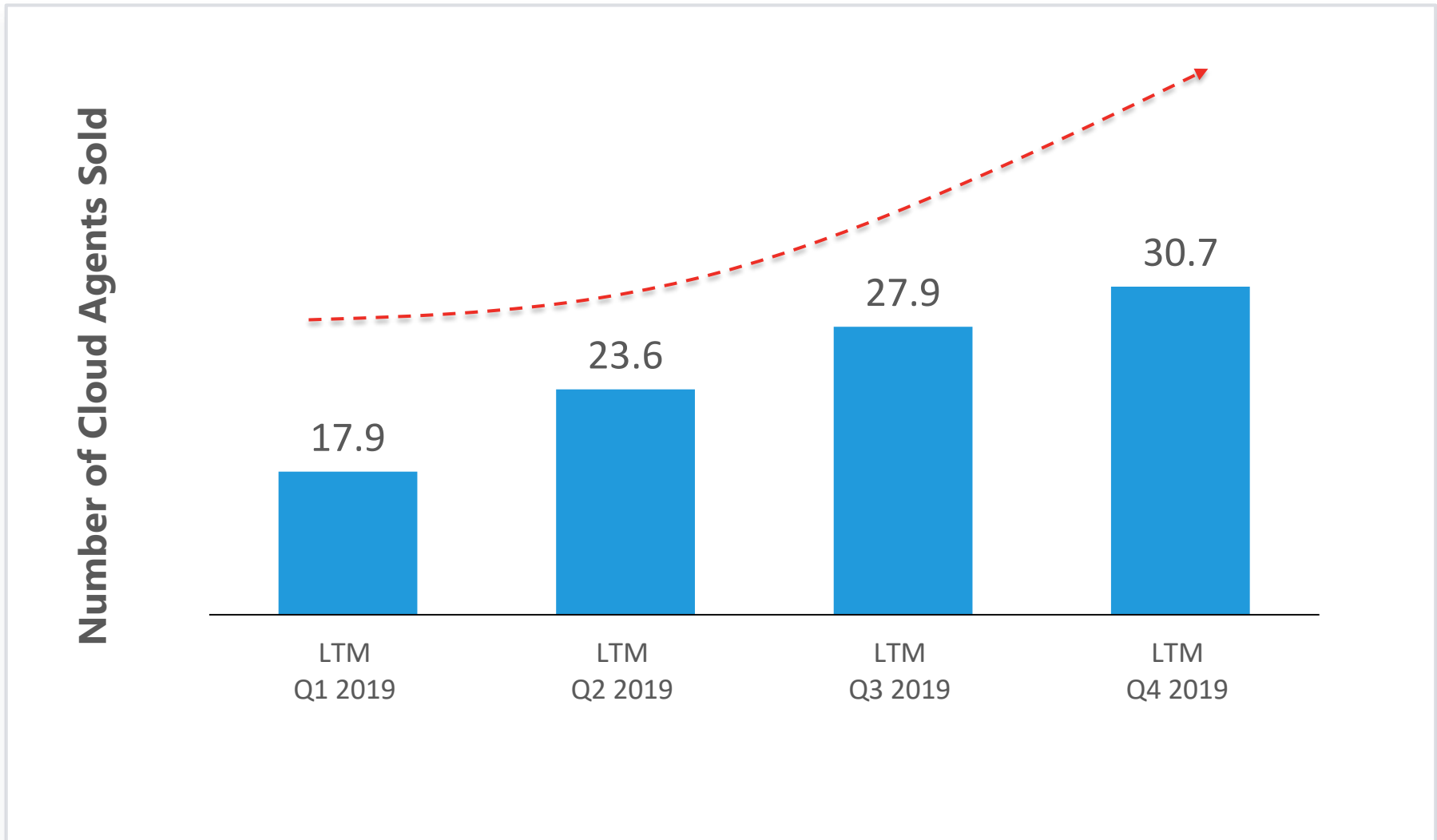
Platform Adoption Accelerating

72%

61% — Q4 FY16
66% — Q4 FY17
70% — Q4 FY18
72% — Q4 FY19

2+ solutions

48%

26% — Q4 FY16
32% — Q4 FY17
41% — Q4 FY18
48% — Q4 FY19

3+ solutions

28%

8% — Q4 FY16
15% — Q4 FY17
21% — Q4 FY18
28% — Q4 FY19

4+ solutions

15%

3% — Q4 FY16
6% — Q4 FY17
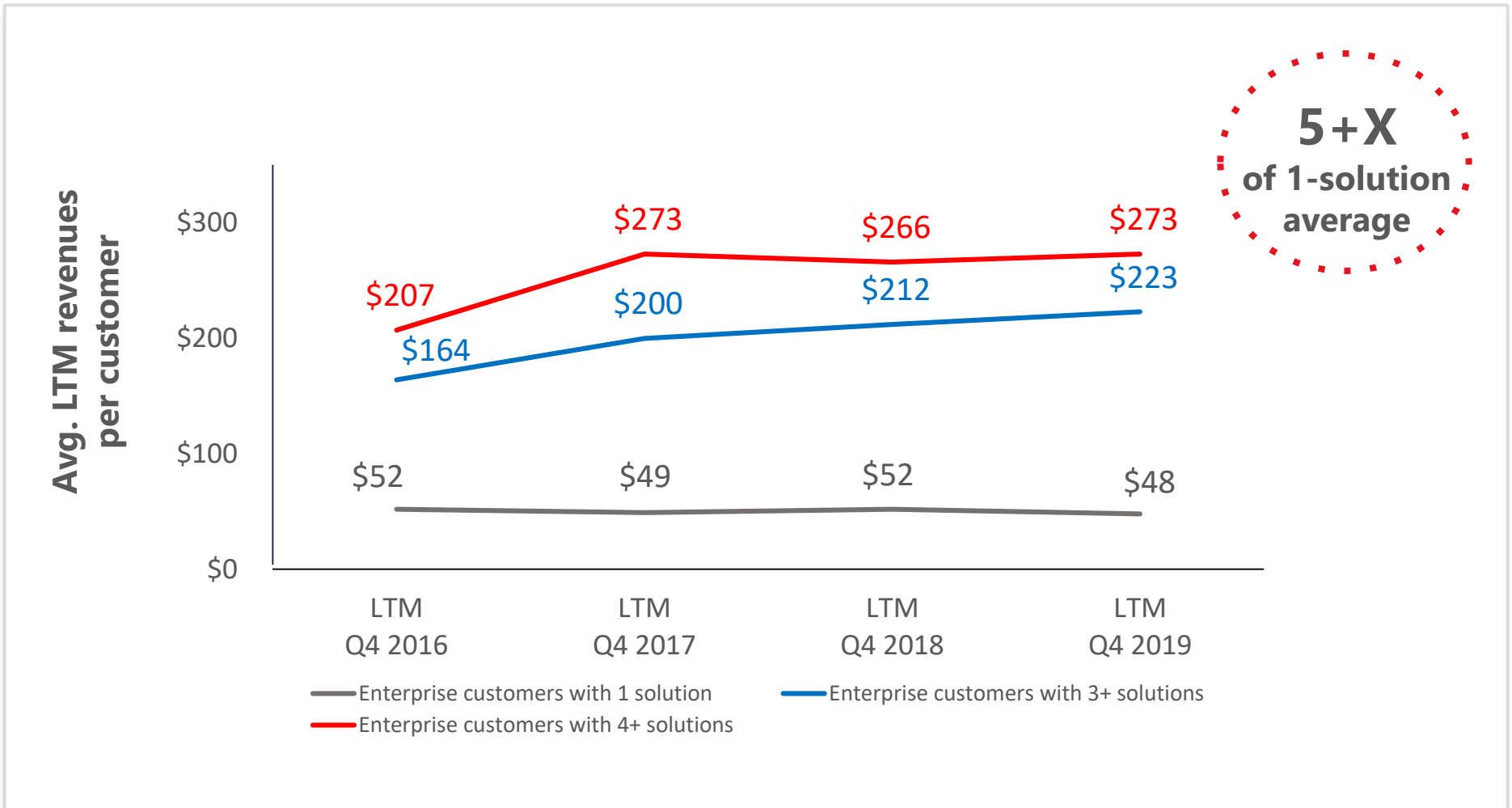10% — Q4 FY18
15% — Q4 FY19
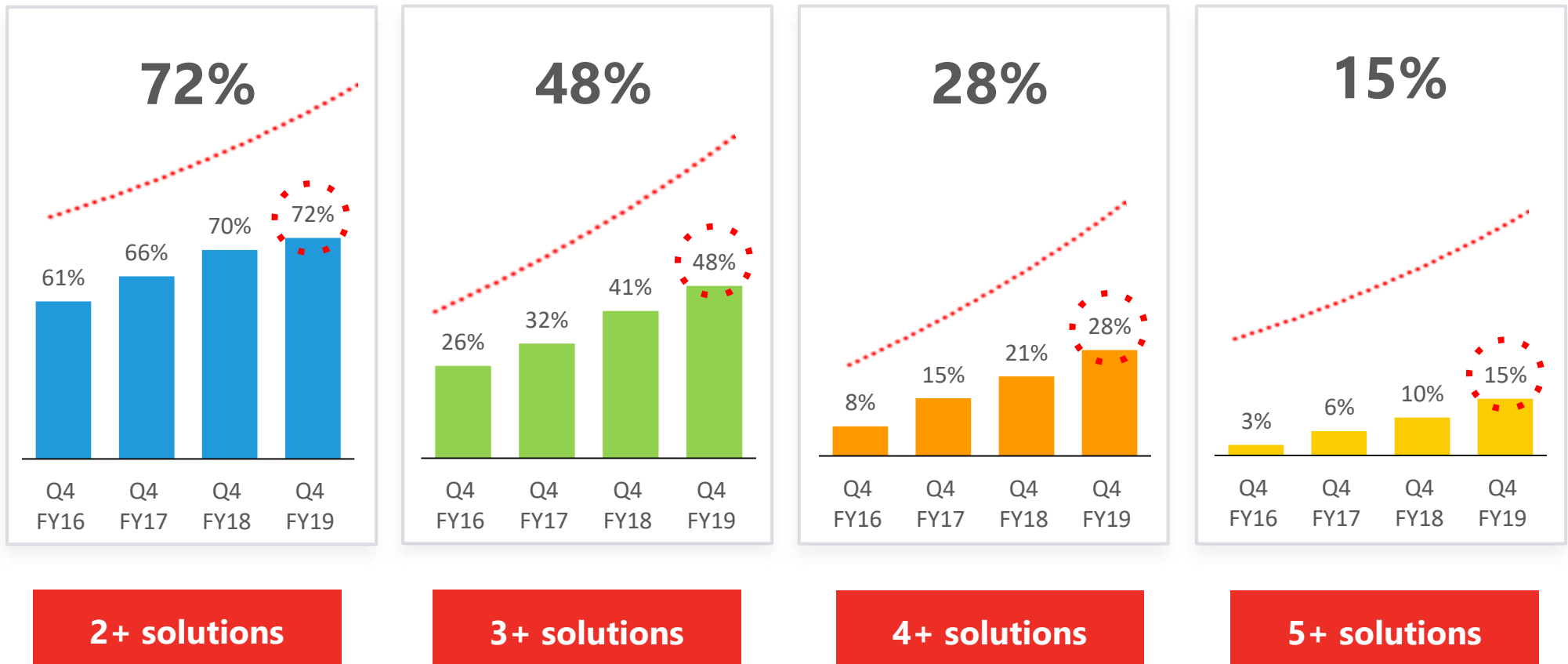
5+ solutions

% of Enterprise customers with select number of solutions

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Multiplier Effect

Enterprise customers with 4+ solutions spend
over 5x that of 1-solution customers

($ in thousands)

Avg. LTM revenues per customer

	LTM Q4 2016	LTM Q4 2017	LTM Q4 2018	LTM Q4 2019
Enterprise customers with 4+ solutions	$207	$273	$266	$273
Enterprise customers with 3+ solutions	$164	$200	$212	$223
Enterprise customers with 1 solution	$52	$49	$52	$48

5+X of 1-solution average

— Enterprise customers with 1 solution — Enterprise customers with 3+ solutions
— Enterprise customers with 4+ solutions

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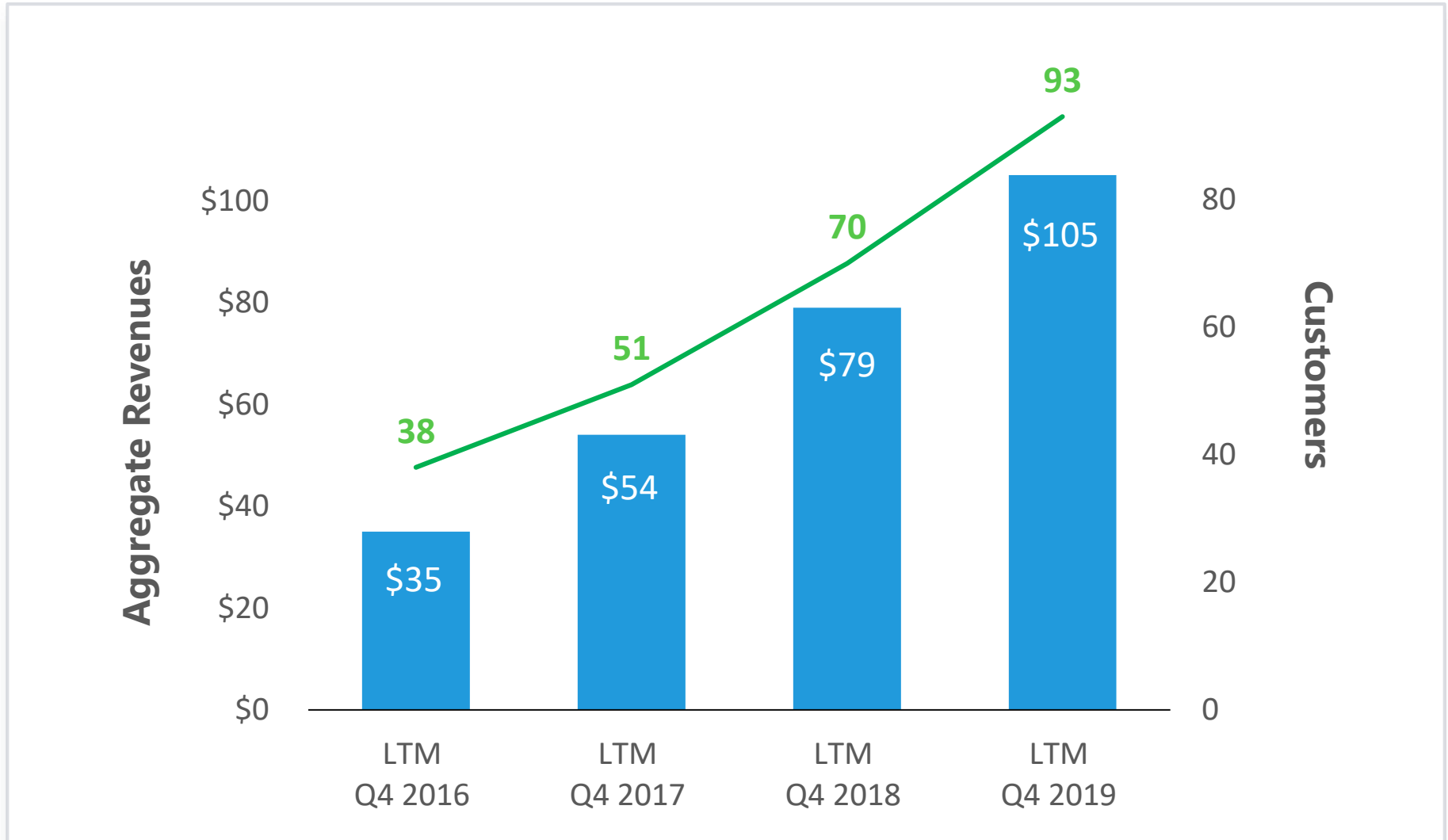# Multi-Product Adoption Drives Increased Stickiness
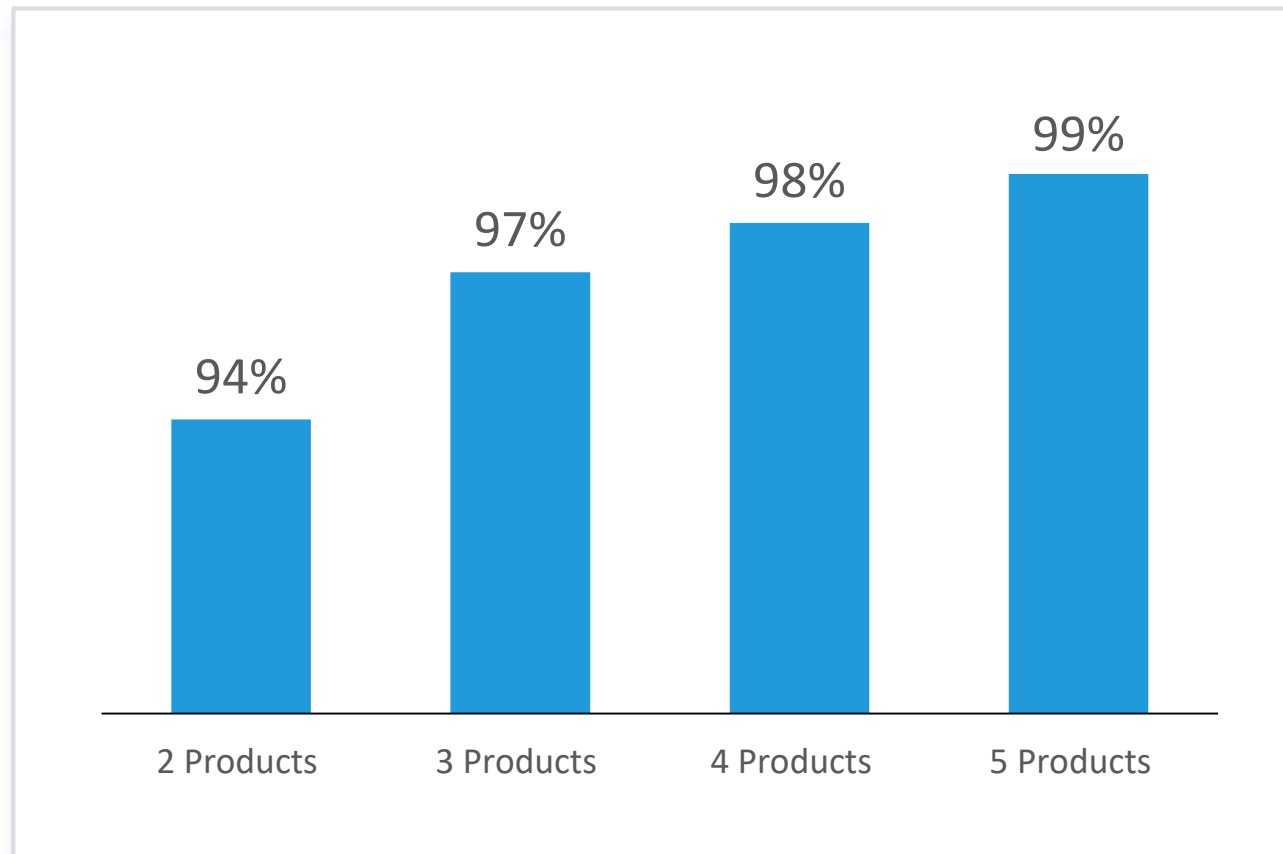
2019 Enterprise Gross Dollar Retention Rate

Note: Dollar Retention Rate is the retention rate of prior year Enterprise ARR (excluding upsell and downsell) averaged over the last four quarters
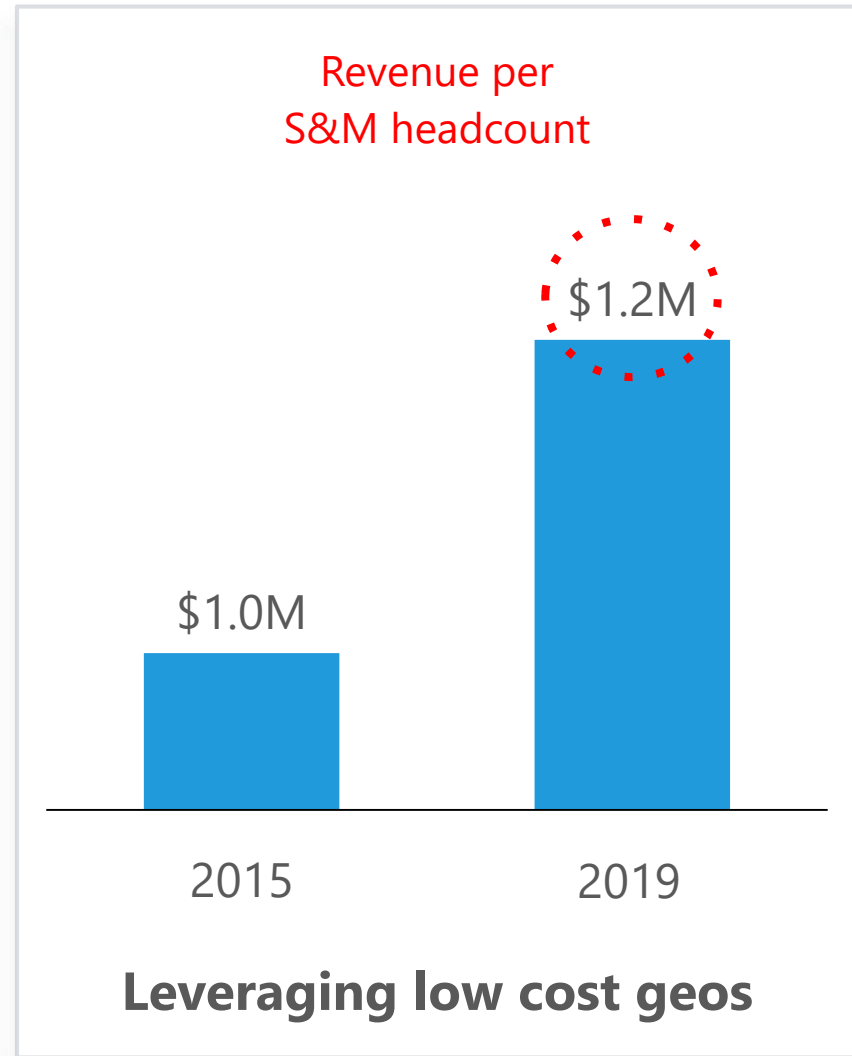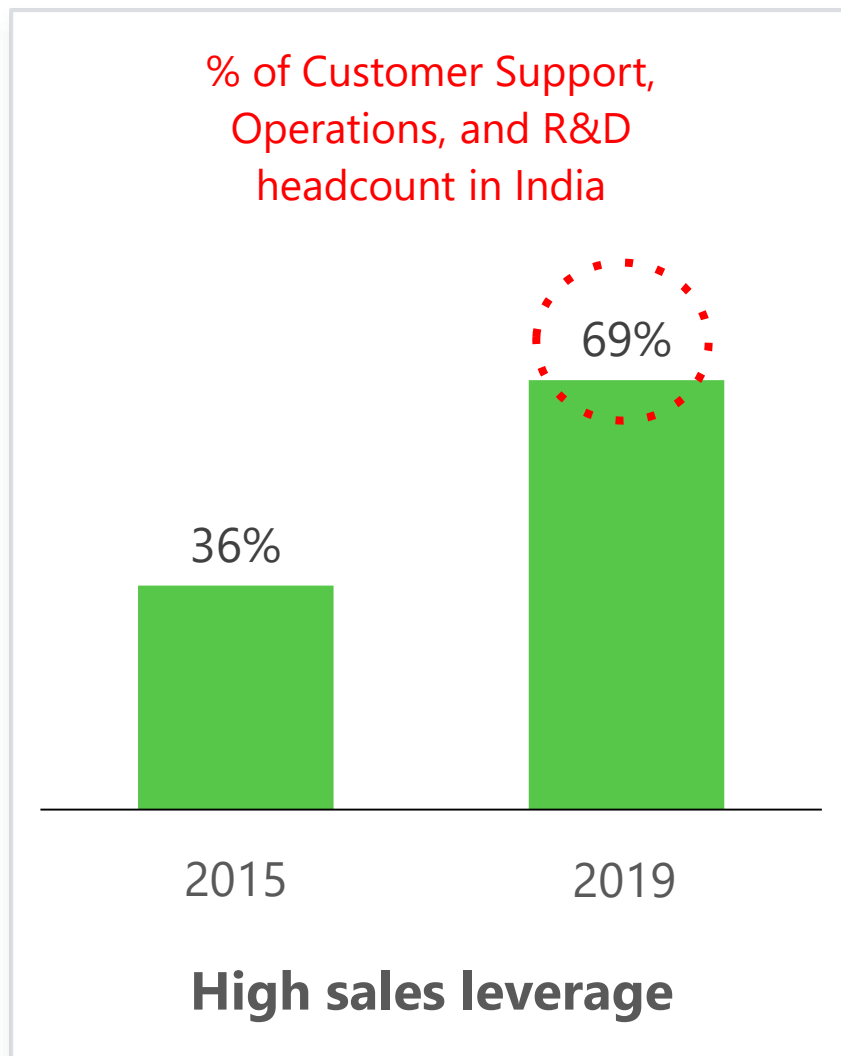
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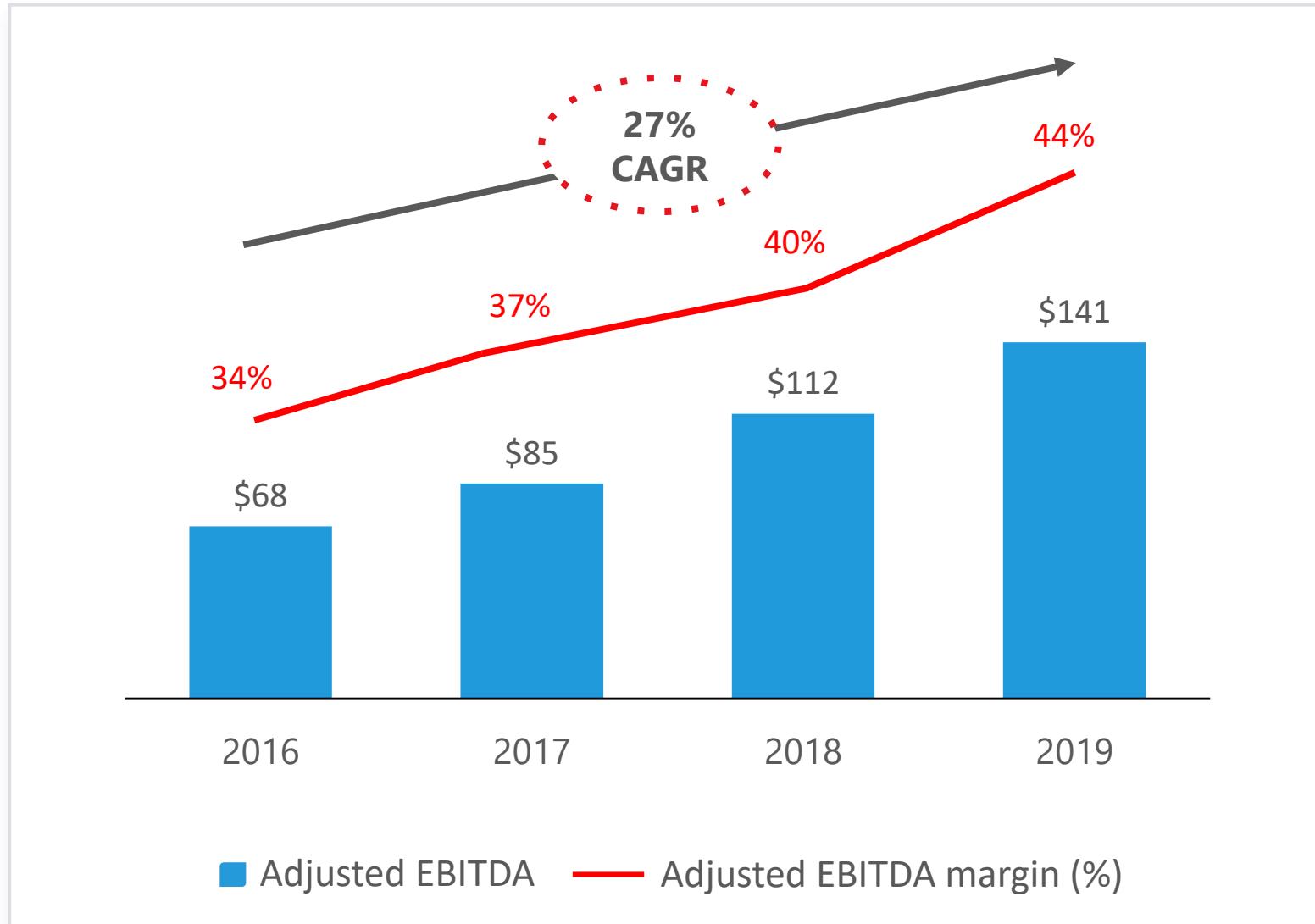
Increasing Number of Large Customers

($ in millions)

Note: Customer count is defined as customers with greater than $500K in annual revenue

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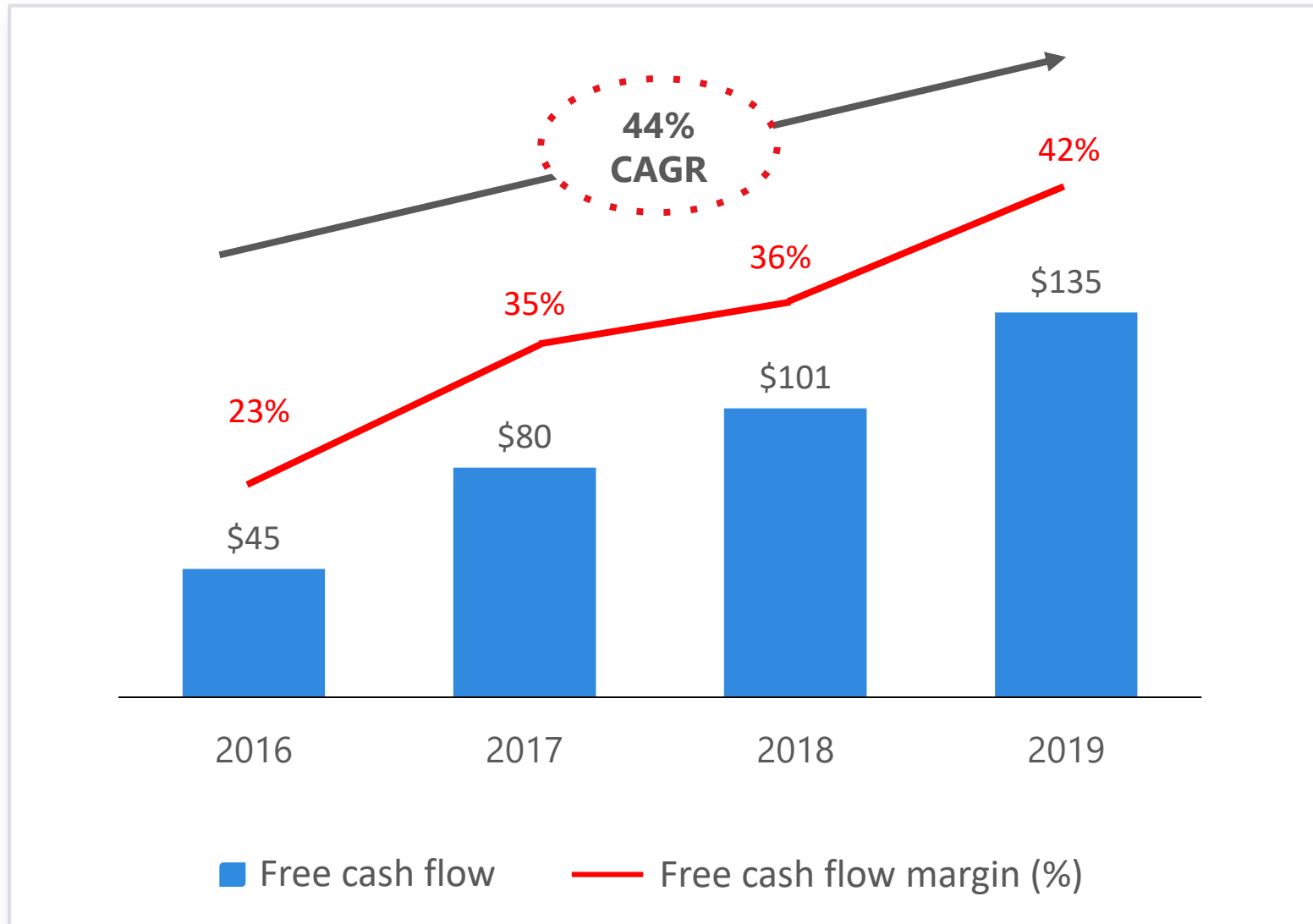# Cloud Platform Enables Scalable Operational Model

% of Customer Support, Operations, and R&D headcount in India

69%

36%

2015

2019

High sales leverage

Revenue per S&M headcount

$1.2M

$1.0M

2015

2019

Leveraging low cost geos

26

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Expanding Margins

($ in millions)

27% CAGR

Year	Adjusted EBITDA	Adjusted EBITDA margin (%)
2016	$68	34%
2017	$85	37%
2018	$112	40%
2019	$141	44%

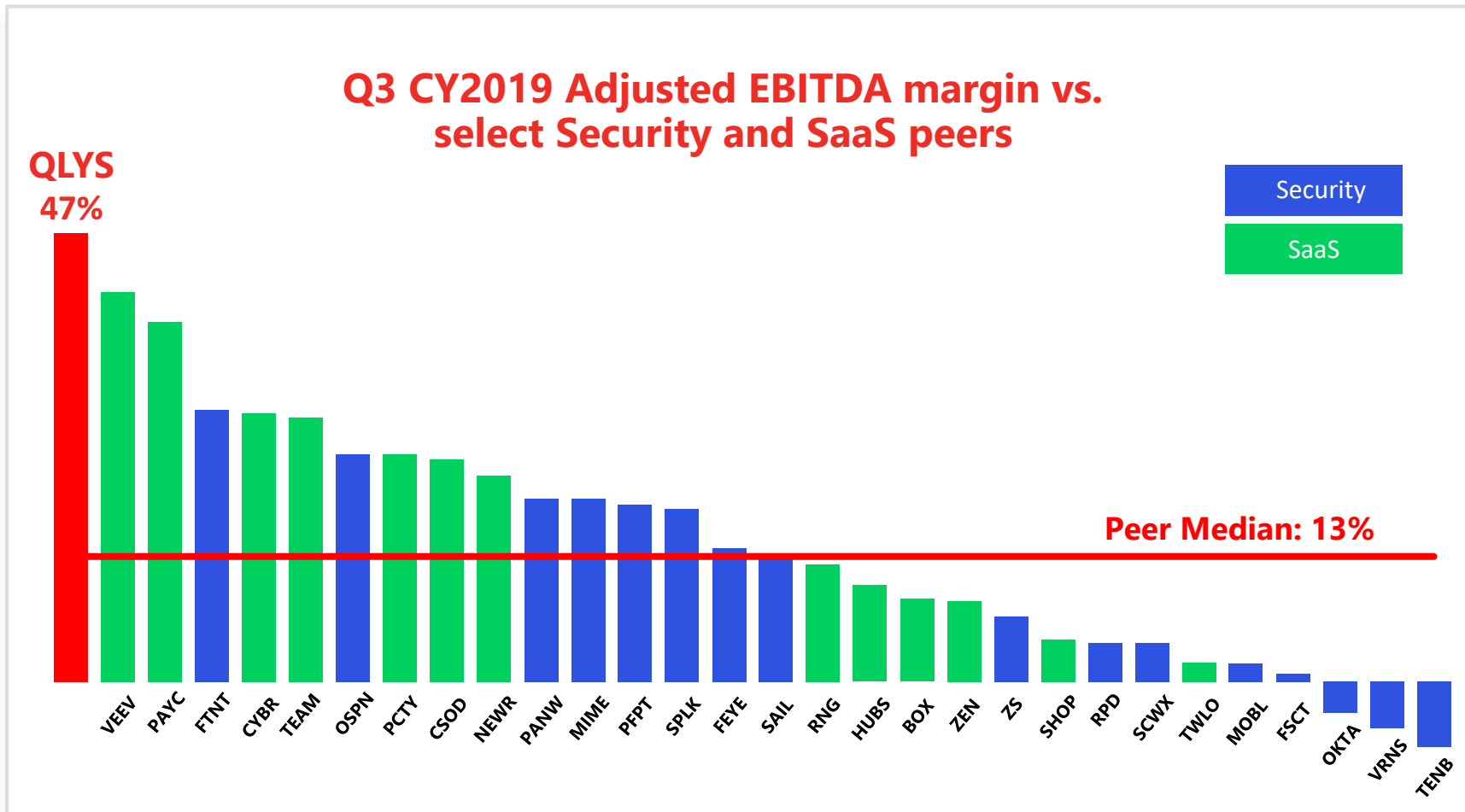■ Adjusted EBITDA   ── Adjusted EBITDA margin (%)
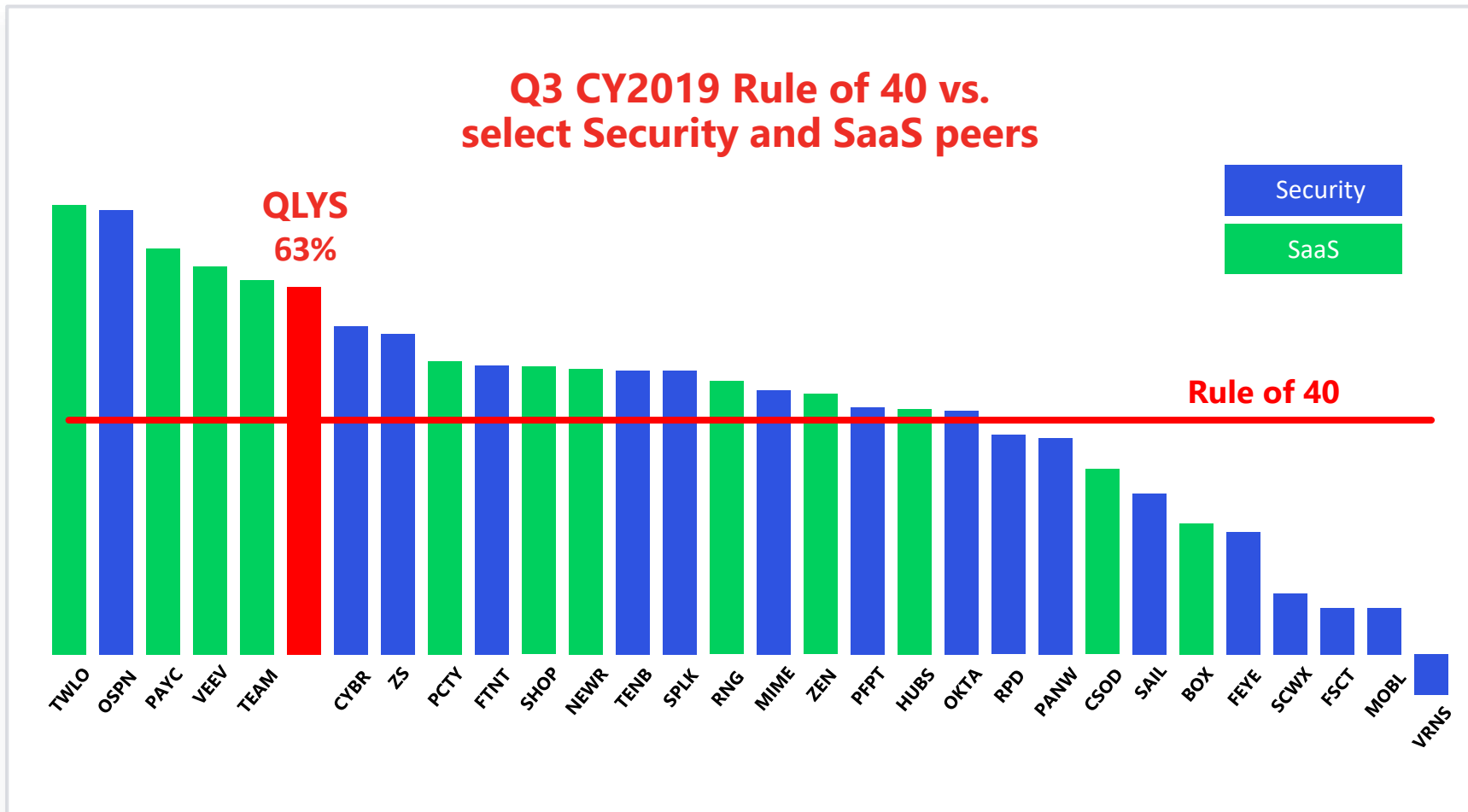
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Increasing Free Cash Flow

($ in millions)

Note: 2017 & 2019 non-GAAP Free cash flow normalized for headquarters office facility costs (net)

28

Industry-leading Margins

Q3 CY2019 Adjusted EBITDA margin vs. select Security and SaaS peers

QLYS 47%

Security

SaaS

Peer Median: 13%

VEEV PAYC FTNT CYBR TEAM OSPN PCTY CSOD NEWR PANW MIME PFPT SPLK FEYE SAIL RNG HUBS BOX ZEN ZS SHOP RPD SCWX TWLO MOBL FSCT OKTA VRNS TENB

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Industry-leading Performance

Q3 CY2019 Rule of 40 vs.
select Security and SaaS peers

QLYS
63%

Security
SaaS

Rule of 40

TWLO OSPN PAYC VEEV TEAM CYBR ZS PCTY FTNT SHOP NEWR TENB SPLK RNG MIME ZEN PFPT HUBS OKTA RPD PANW CSOD SAIL BOX FEYE SCWX FSCT MOBL VRNS

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Unique Advantages of the Qualys' Cloud Platform

Single-pane-of-glass-view across on-premises assets, endpoints, containers and cloud environments

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.
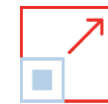
Unprecedented scaling

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.

Available as a Public or on-premises Private Cloud

Full server rack

For governments, enterprises, and MSSPs

Standalone appliance

For small businesses
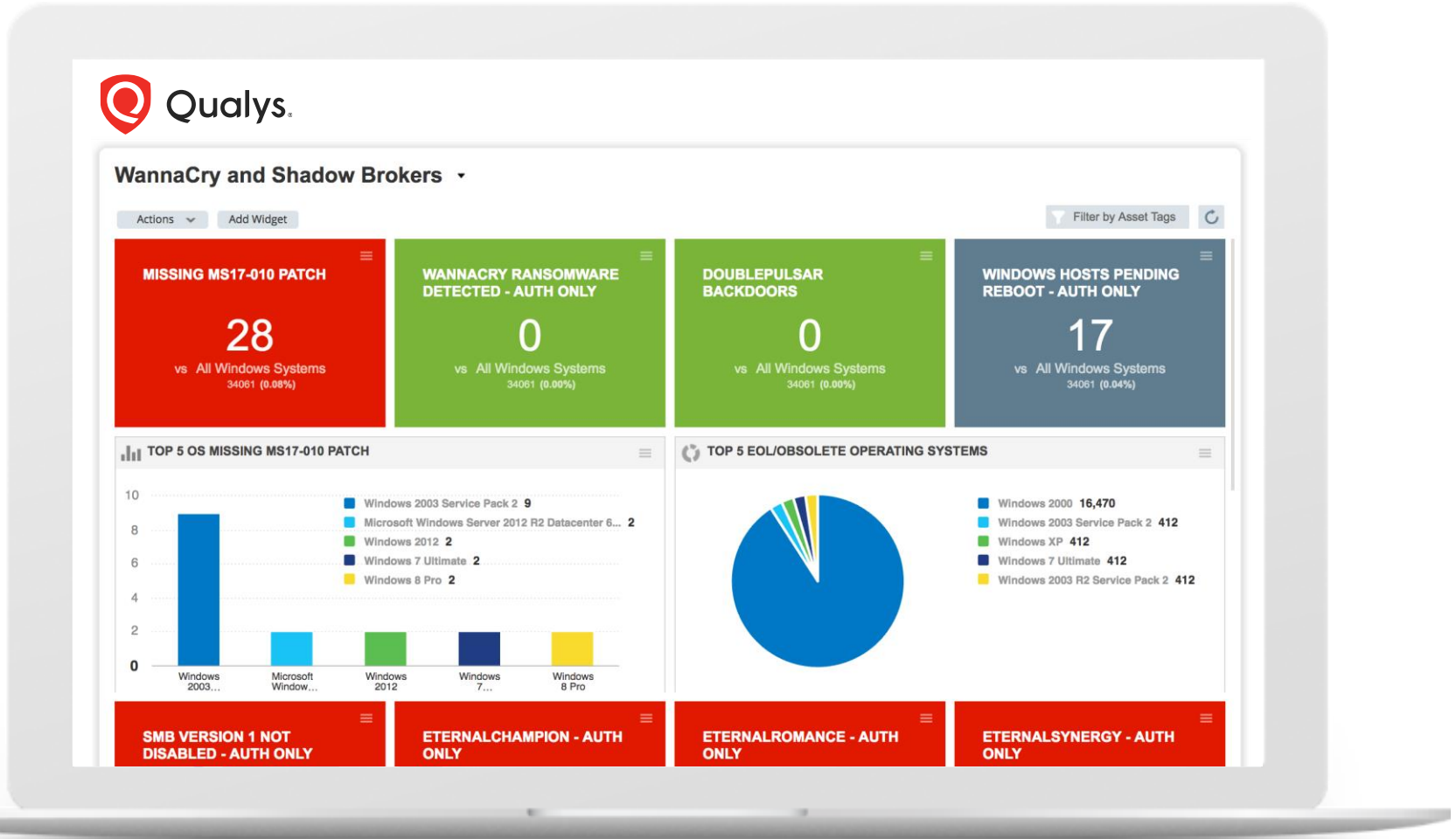
Virtual rack

For governments, enterprises, and MSSPs

FedRAMP authorized

FedRAMP

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Appendix

Increasing Number of Apps Delivered Through the Qualys Cloud Platform

IT SECURITY

VM **Vulnerability Management**
Continuously detect and protect against attacks, anytime, anywhere

TP **Threat Protection**
Pinpoint your most critical threats and prioritize patching

CM **Continuous Monitoring**
Alerts you in real time about network irregularities

PM **Patch Management**
Streamline and accelerate vulnerability remediation for all IT assets

IOC **Indication of Compromise**
Continuously monitor endpoints to detect suspicious activity

GLOBAL IT ASSET MANAGEMENT

AI **Asset Inventory**
Maintain full, instant visibility of all your global IT assets

SYN **CMDB Sync**
Synchronize asset information from Qualys into ServiceNow CMDB

CRI **Certificate Inventory**
Inventory of TLS/SSL digital certificates on a global scale

COMPLIANCE MONITORING

PC **Policy Compliance**
Assess security configurations of IT systems throughout your network

SCA **Security Configuration Assessment**
Automate configuration assessment of global IT assets

PCI **PCI Compliance**
Automate, simplify and attain PCI compliance quickly

FIM **File Integrity Monitoring**
Log and track file changes across global IT systems

SAQ **Security Assessment Questionnaire**
Minimize the risk of doing business with vendors and other third parties

OCA **Out-of-Band Configuration Assessment**
Achieve complete visibility of all known IT infrastructure

CLOUD/CONTAINER SECURITY

CI **Cloud Inventory**
Inventory of all your cloud assets across AWS, Azure, GCP and others

CSA **Cloud Security Assessment**
Get full visibility and control across all public cloud instances

CS **Container Security**
Discover, track, and continuously protect containers

WEB APPLICATION SECURITY

WAS **Web Application Scanning**
Secure web applications with end-to-end protection

WAF **Web Application Firewall**
Block attacks and virtually patch web application vulnerabilities

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Reconciliation of Adjusted EBITDA

($ in millions)

	2016	2017	2018	2019
Net income	$19.2	$40.4	$57.3	$69.3
Depreciation and amortization of property and equipment	16.6	19.8	25.2	25.1
Amortization of intangible assets	0.4	0.8	3.7	6.1
Interest expense	0.0	0.0	0.2	0.1
Provision for (benefit from) income taxes	11.2	(1.1)	(1.8)	10.6
Stock based compensation	20.1	27.0	30.1	34.9
Other (income) expenses, net	(0.3)	(2.1)	(5.3)	(7.7)
Acquisition-related expense	---	0.1	3.0	2.4
One-time tax related expense	0.7	---	---	---
Adjusted EBITDA	**$67.9**	**$84.9**	**$112.4**	**$140.8**

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Reconciliation of Non-GAAP Free Cash Flow

($ in millions)

	2016	2017	2018	2019
GAAP Cash flows provided by operating activities	$68.1	$107.6	$125.5	$160.6
Purchases of property and equipment	(23.2)	(37.8)	(22.8)	(27.6)
Capitalized software development costs	---	---	---	---
Headquarters office facilities costs (net)	---	10.5	---	3.3
Principal payments under capital lease obligations	---	---	(1.6)	(1.7)
Non-GAAP Free cash flow	**$44.9**	**$80.3**	**$101.1**	**$134.6**

Note: 2017 & 2019 non-GAAP Free cash flow normalized for headquarters office facility costs (net)

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Revenue by Geographic Area

($ in millions)

	2015	2016	2017	2018	2019
United States	115.4	139.7	162.7	185.9	206.6
	70%	71%	70%	67%	64%
Foreign	48.9	58.2	68.1	93.0	115.1
	30%	29%	30%	33%	36%
Total Revenues	**$164.3**	**$197.9**	**$230.8**	**$278.9**	**$321.6**

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