



# Investor Presentation

Security and Compliance for the Digital Transformation

Sumedh Thakar, President and CEO

Joo Mi Kim, CFO

February 9, 2023

# 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 expectations regarding our Qualys Cloud Platform and the benefits and capabilities of our platform;
- our expectations regarding the growth, benefits and market acceptance of our Vulnerability Management, Detection and Response application;
- our total addressable market;
- our expectations regarding the timing of future products and features;
- the benefits of our new and upcoming products, features, integrations, collaborations and joint solutions;
- our strategy and our business model and our ability to execute such strategy;
- our guidance for revenues, GAAP EPS and non-GAAP EPS for the first quarter and full year 2023; and
- our expectations for the number of weighted average diluted shares outstanding and the GAAP and non-GAAP effective income tax rate for the first quarter and full year 2023.

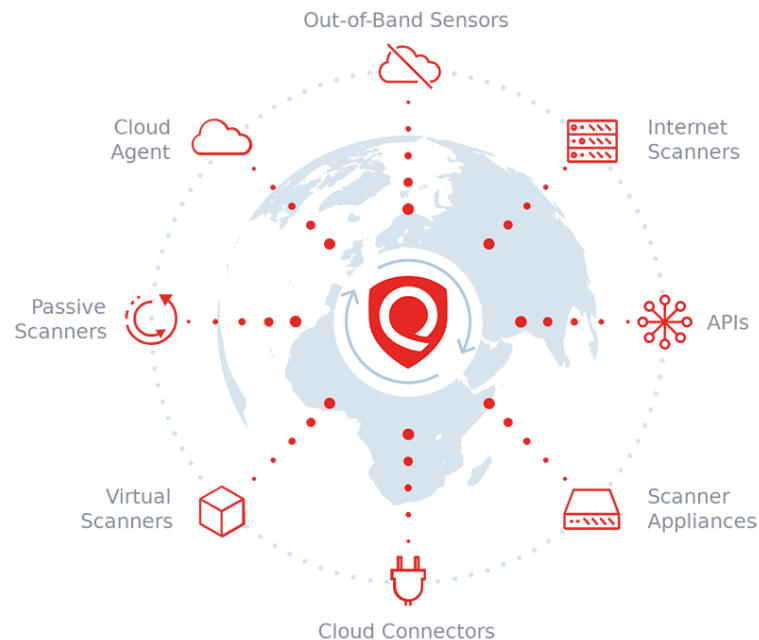
Our expectations and beliefs regarding these matters may not materialize, and actual results in future periods are subject to risks and uncertainties that could cause actual results to differ materially from those projected. These risks include:

- our ability to continue to develop platform capabilities and solutions;
- the ability of our platform and solutions to perform as intended;
- customer acceptance and purchase of our existing solutions and new solutions;
- real or perceived defects, errors or vulnerabilities in our products or services;
- our ability to retain existing customers and generate new customers;
- the budgeting cycles and seasonal buying patterns of our customers, and the length of our sales cycle;
- the impact of the ongoing COVID-19 coronavirus pandemic and related public health measures on our business and the global economy;
- our ability to manage costs as we increase our customer base and the number of our platform solutions;
- the market for cloud solutions for IT security and compliance not increasing at the rate we expect;
- competition from other products and services;
- fluctuations in currency exchange rates;
- unexpected fluctuations in our effective income tax rate on a GAAP and non-GAAP basis;
- our ability to effectively manage our rapid growth and our ability to anticipate future market needs and opportunities;
- any unanticipated accounting charges; and
- general market, political, economic and business conditions in the United States as well as globally.

These additional 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.

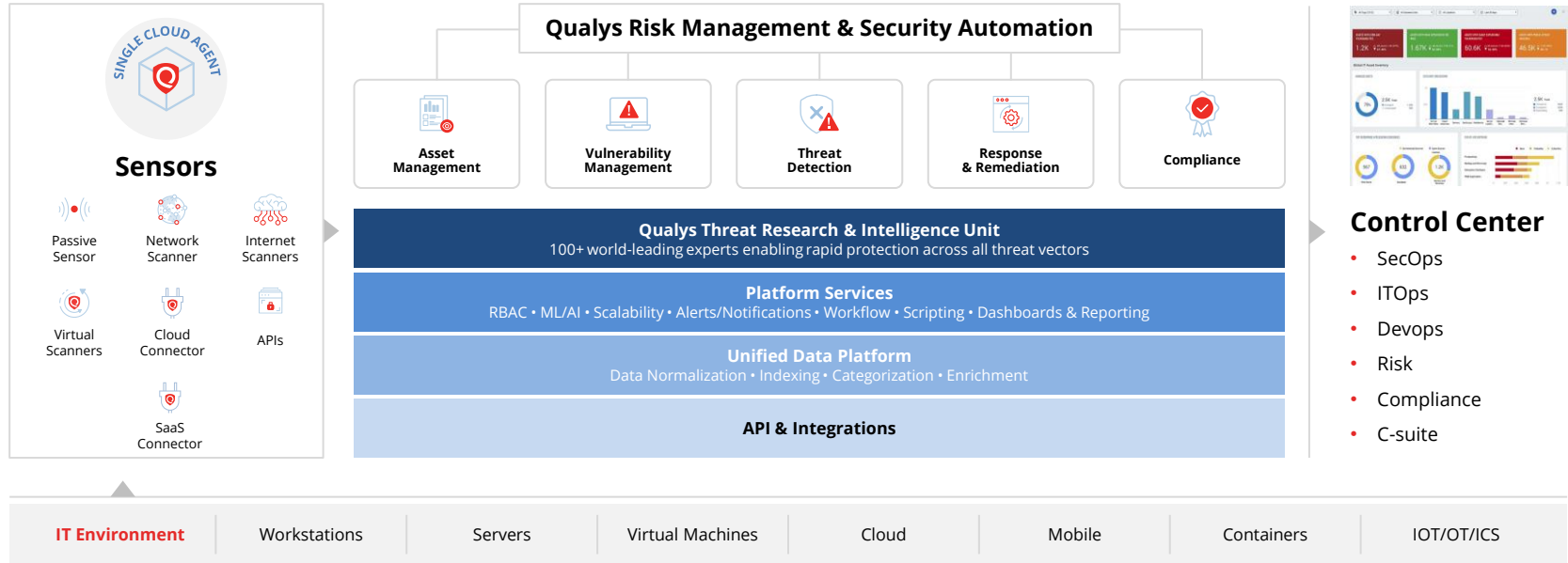
# Investment highlights

- ✓ 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



# Qualys Cloud Platform

*One platform, one view | Integrated capabilities | FedRAMP authorized*



# Advantages of the Qualys Cloud Platform

*One view across the entire global hybrid-IT environment, allowing customers to consolidate their stack for better IT, security and compliance visibility*



## No hardware to buy or manage

Nothing to install or manage, and all services are accessible via web interface.



## Lower operating costs

With everything in the cloud there is no capex and no extra human resources needed.



## Easy to deploy and maintain

Easily perform assessments across global hybrid-IT environment.



## Always Up-to-date

Largest knowledge base of vulnerability signatures. Real time security updates.



## Data stored securely

Data stored and processed in a n-tiered architecture of load-balanced servers.



## Unprecedented scaling

Seamlessly add new coverage, users and services as you need them.

## 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



# Helping organizations rapidly manage and reduce risk across all environments



## Cybersecurity Asset Management

Asset management with cybersecurity & risk context  
External Attack Surface Management (EASM)



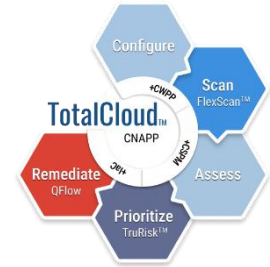
## Vulnerability & Risk Management

Detect and assess vulnerabilities, prioritize risk based on TruRisk, rapidly reduce risk with patch management



## XDR/EDR

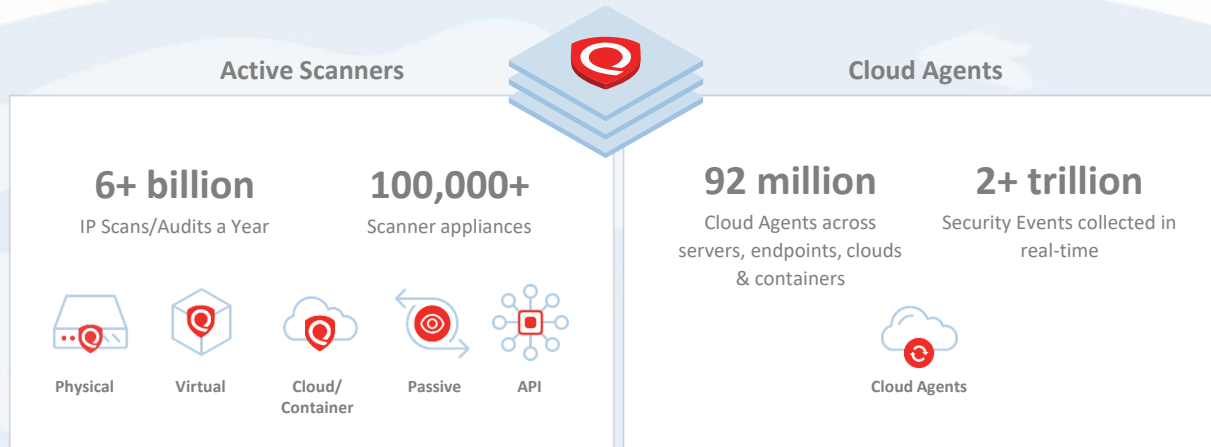
Complete anti-virus & advanced attack protection;  
Detect and investigate using multi-vectors for prioritized response



Assess, monitor, prioritize, and remediate the risk in cloud infrastructure, using the cloud-native flexible assessment approaches

# Global visibility across hybrid IT environments

*Enabling superior security with scalable, extensible,  
self-updating & centrally managed platform*



**13+ trillion data points**

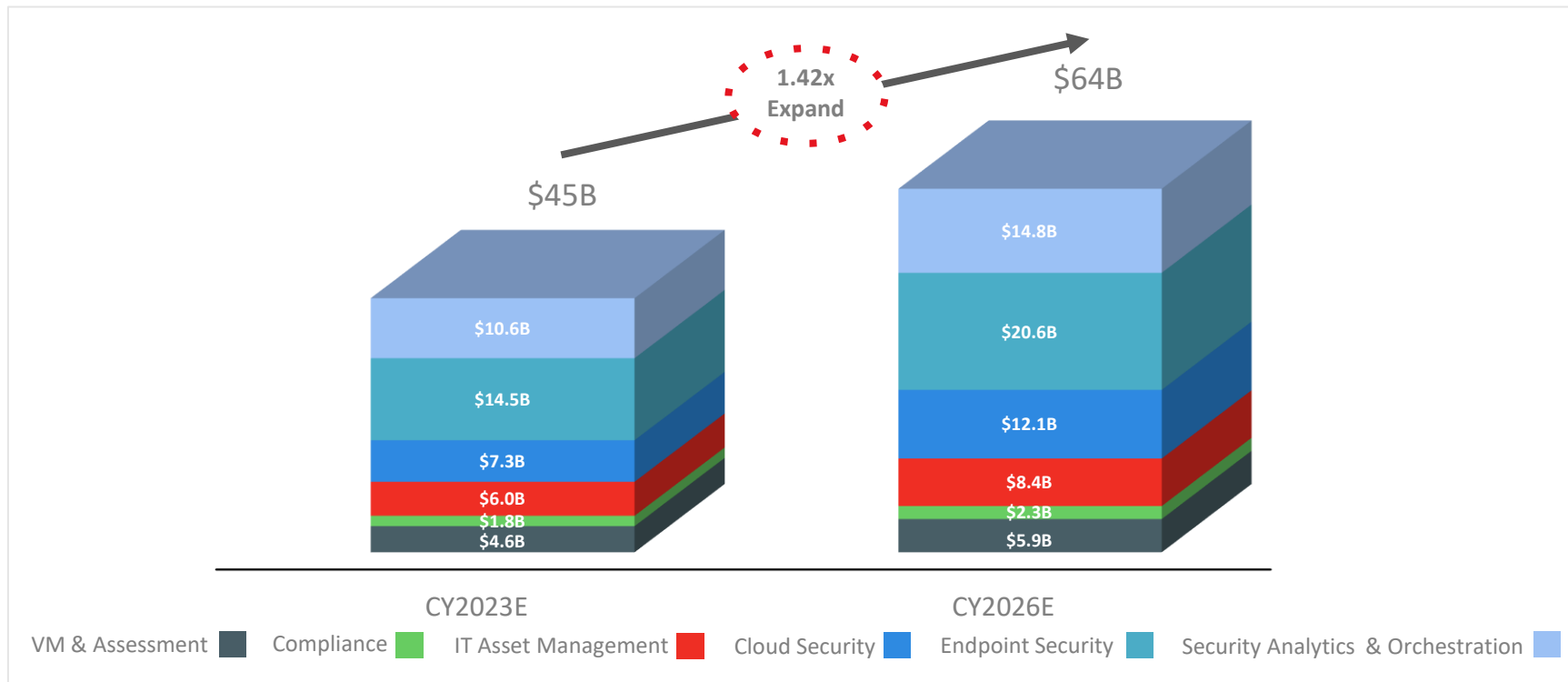
Indexed on Elasticsearch Clusters, giving 2-second visibility

# Cloud platform enables vendor & stack consolidation

IT Security								
Compliance								
Web App Security								
Asset Management								
Cloud/Container Security								



# Large expanding market opportunity



Source: IDC, Gartner, Qualys estimates

Qualys' Current Total Addressable Market

# Blue chip global customer base

70% of the Forbes Global 50, 46% of Global 500, and  
31% of Global 2000 standardized on Qualys

## 10,000+ Subscription Customers



Note: A customer is defined as any customer with subscription revenue at the measurement date

# Scalable go-to-market model

*Market segmentation & key strategic partners*



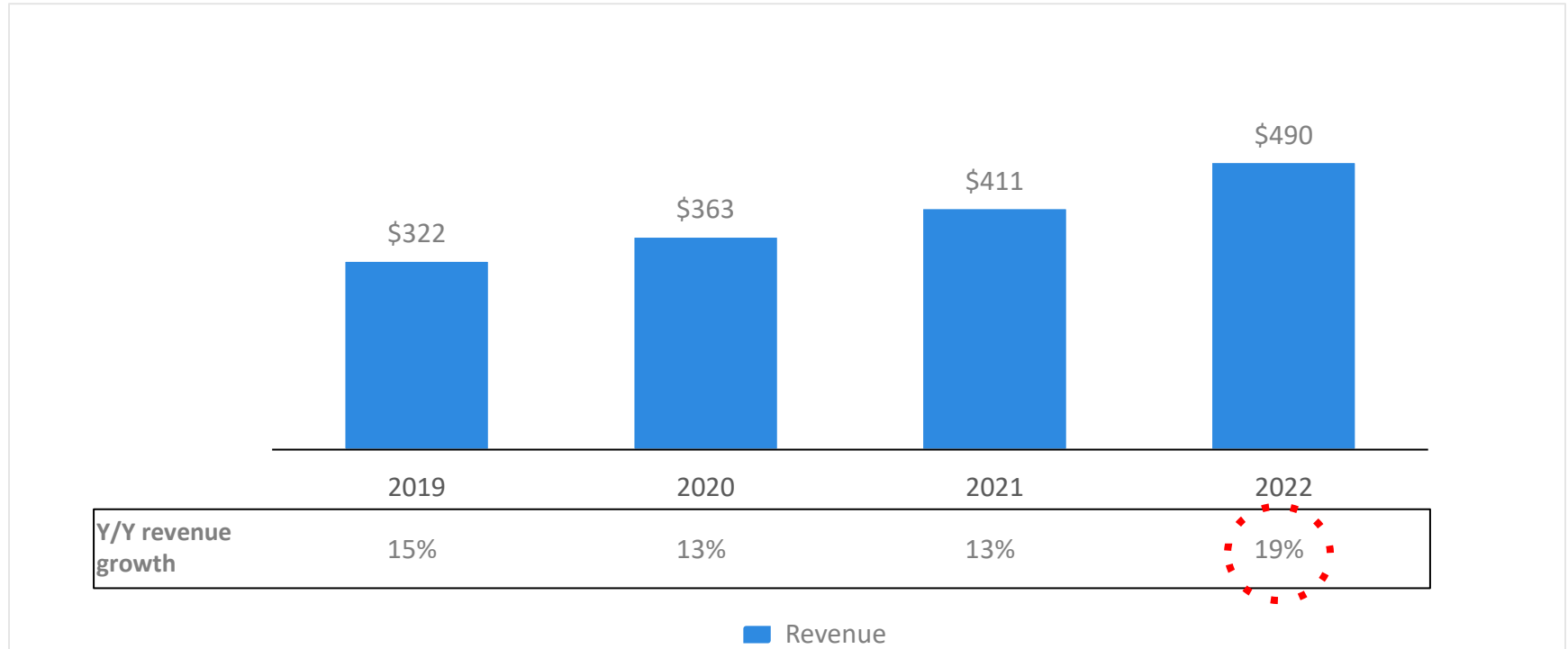
# Attractive value proposition for partners

*High-margin recurring revenue with no capex / maintenance costs*

MSSPs	Cloud Provider Partners	Outsourcing Providers	Value Added Resellers	Consultants
				

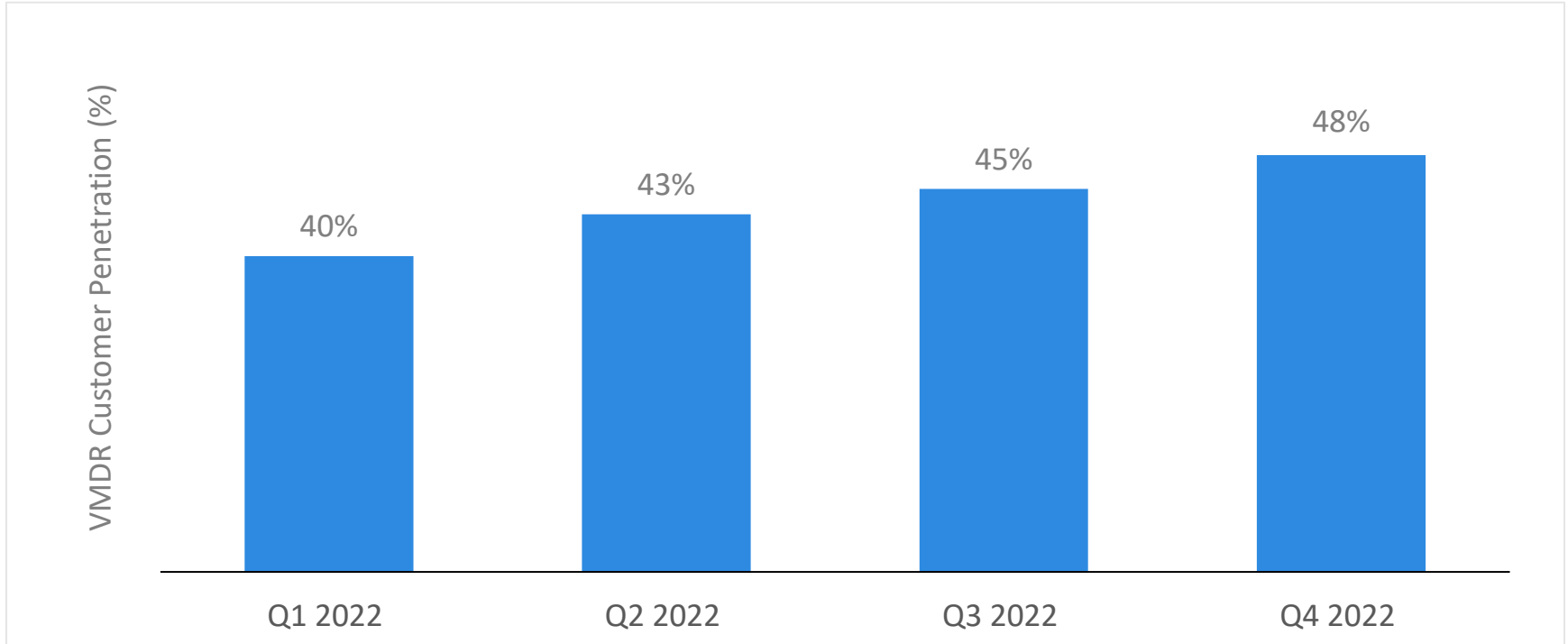
# Strong revenue growth

(\$ in millions)



# Increasing VMDR penetration

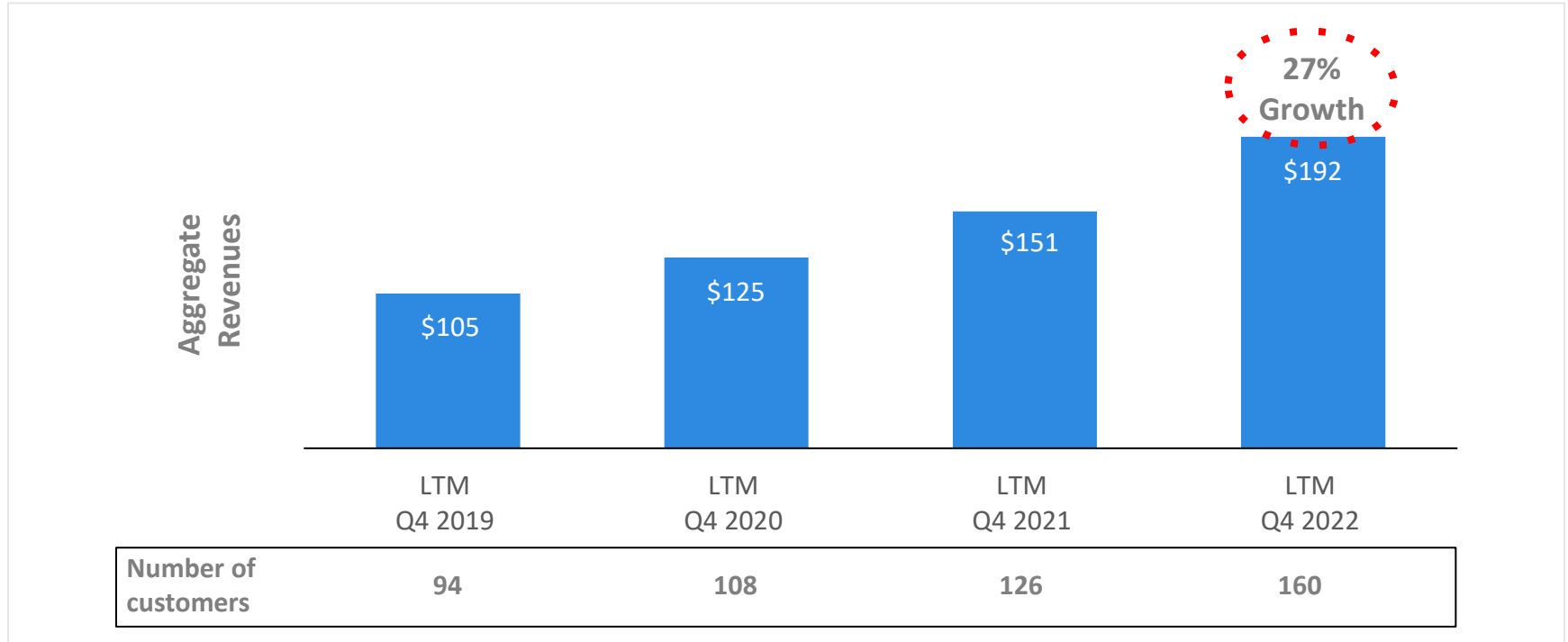
*Key strategic and competitive differentiation*



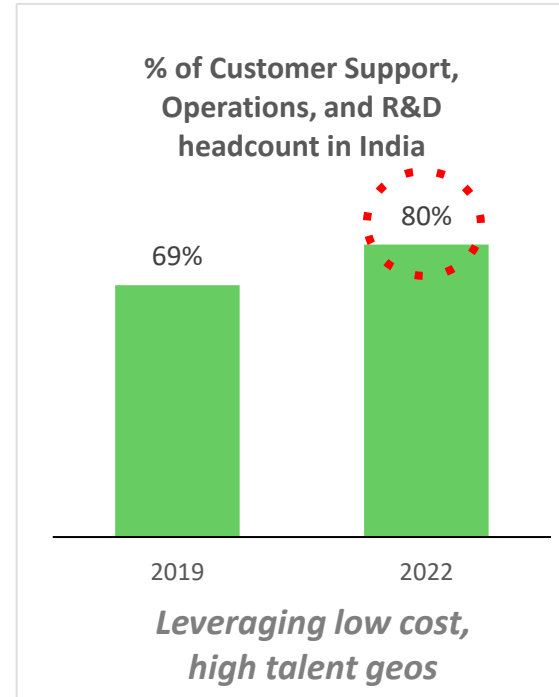
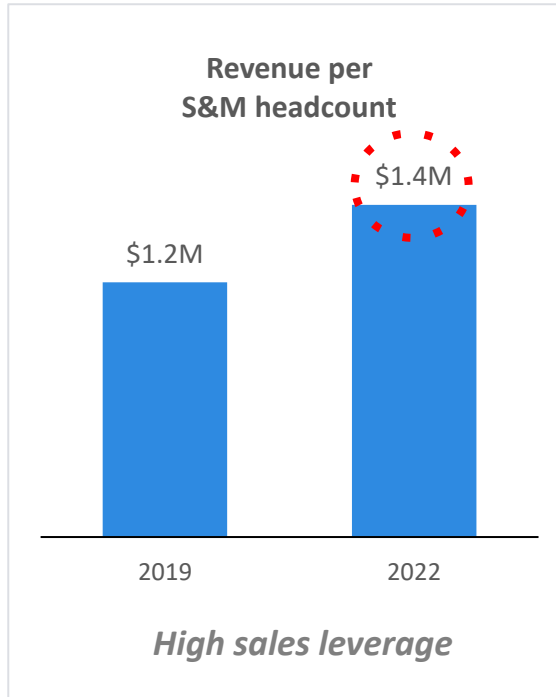
Note: The penetration rate represents the percent of customers with VMDR divided by total customers with revenue in the quarter

# Platform adoption driving higher customer spend

(\$ in millions)



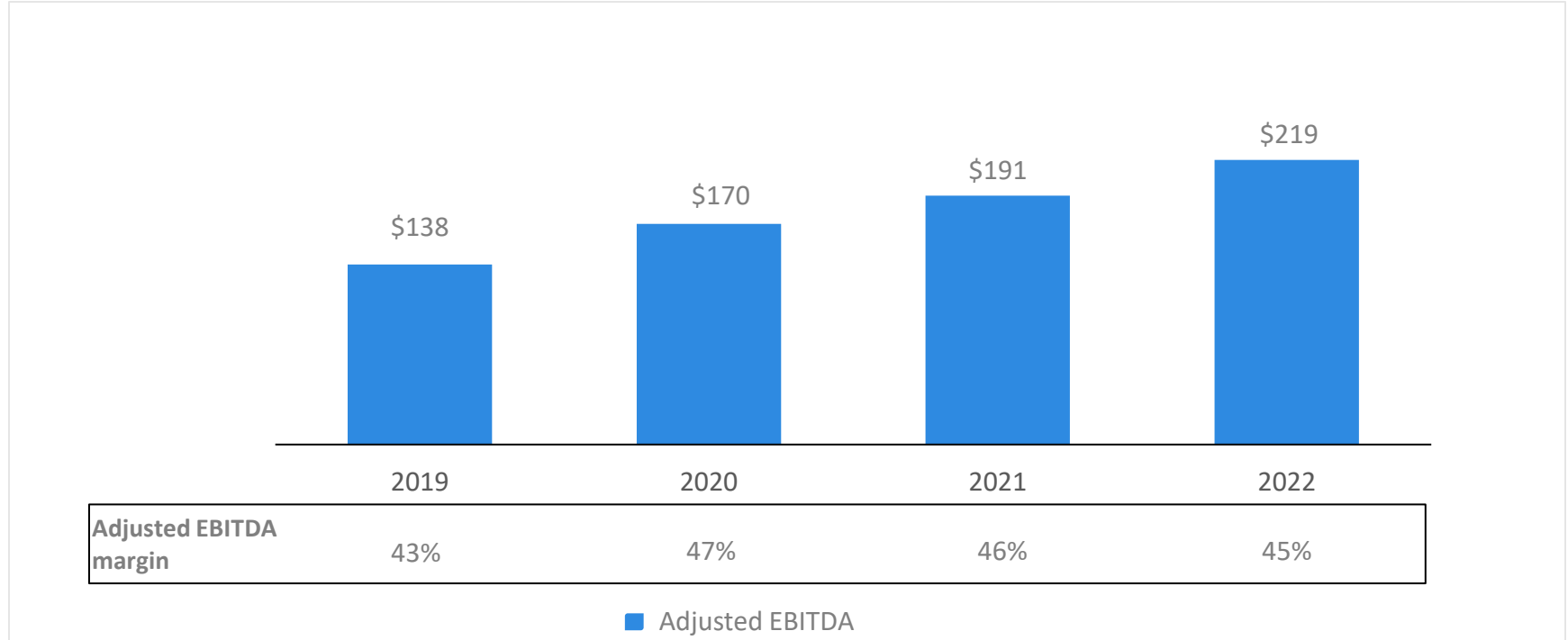
# Cloud platform enables scalable operational model





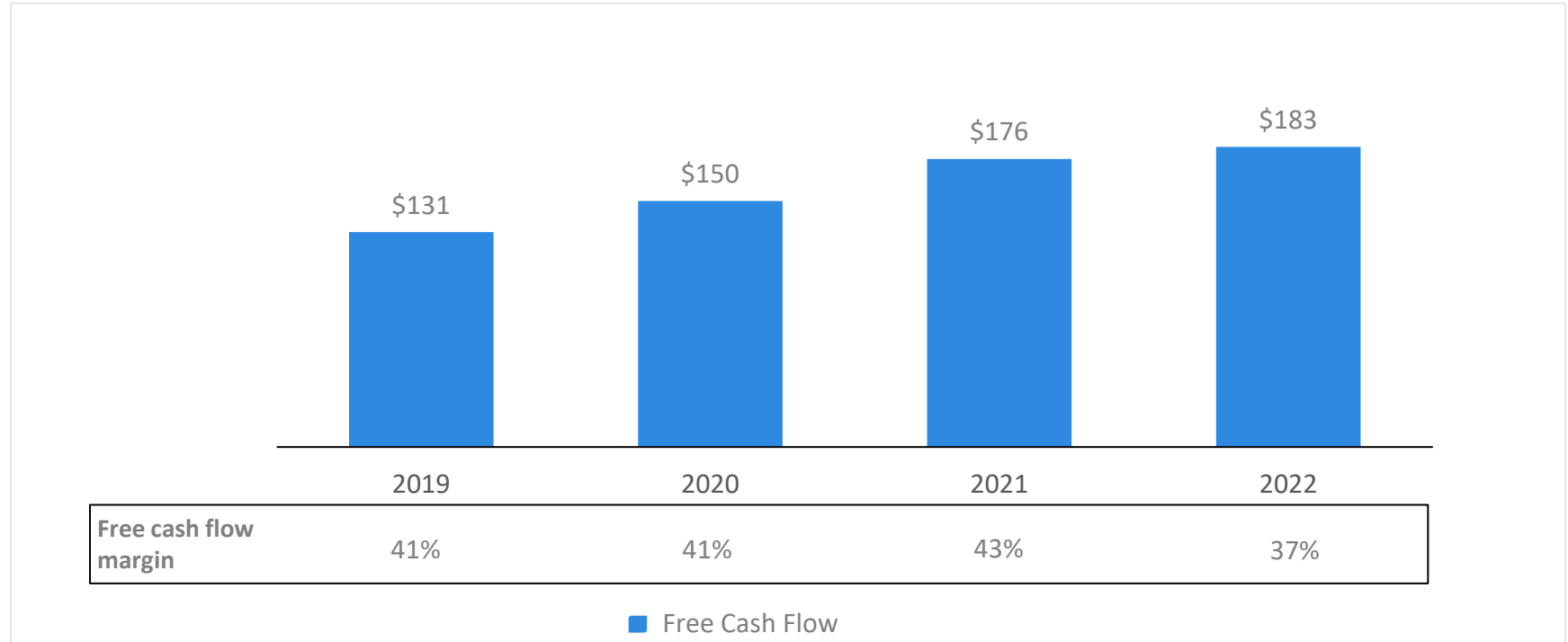
# Continued growth in profitability

(\$ in millions)



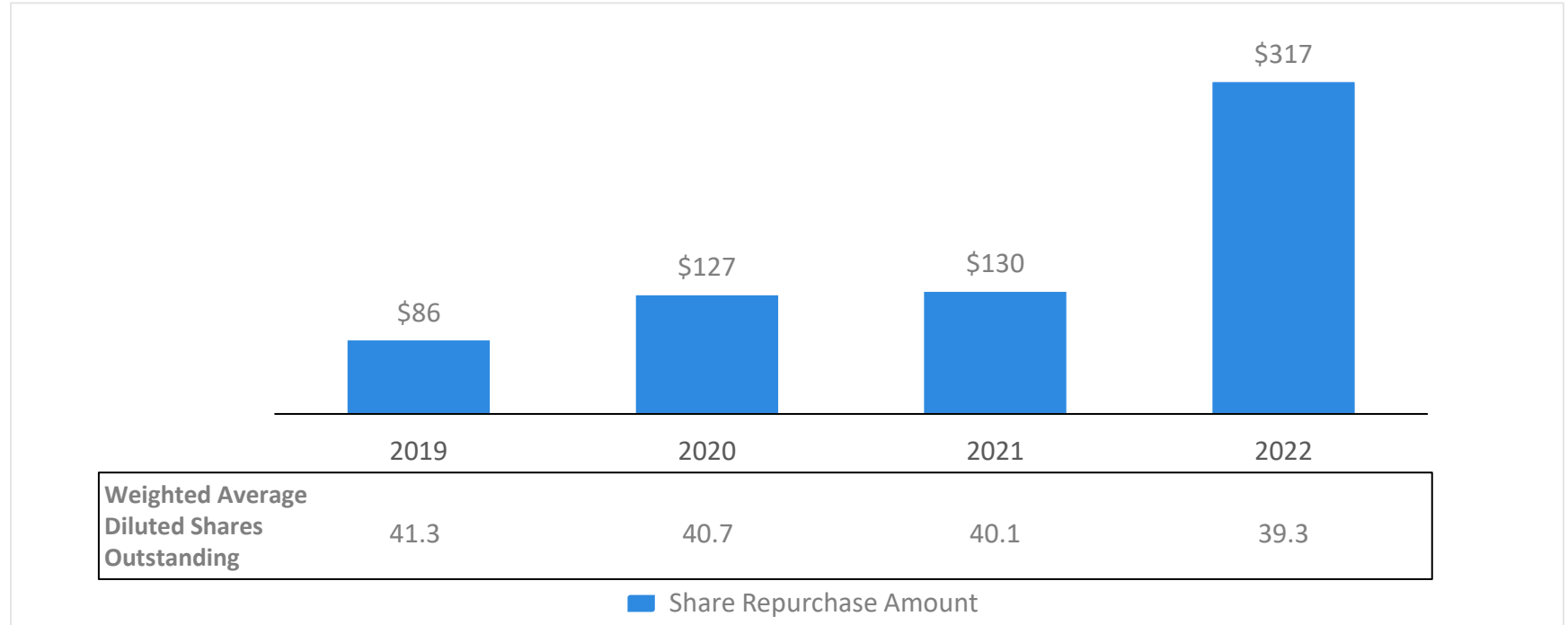
# Strong cash flow generation

(\$ in millions)

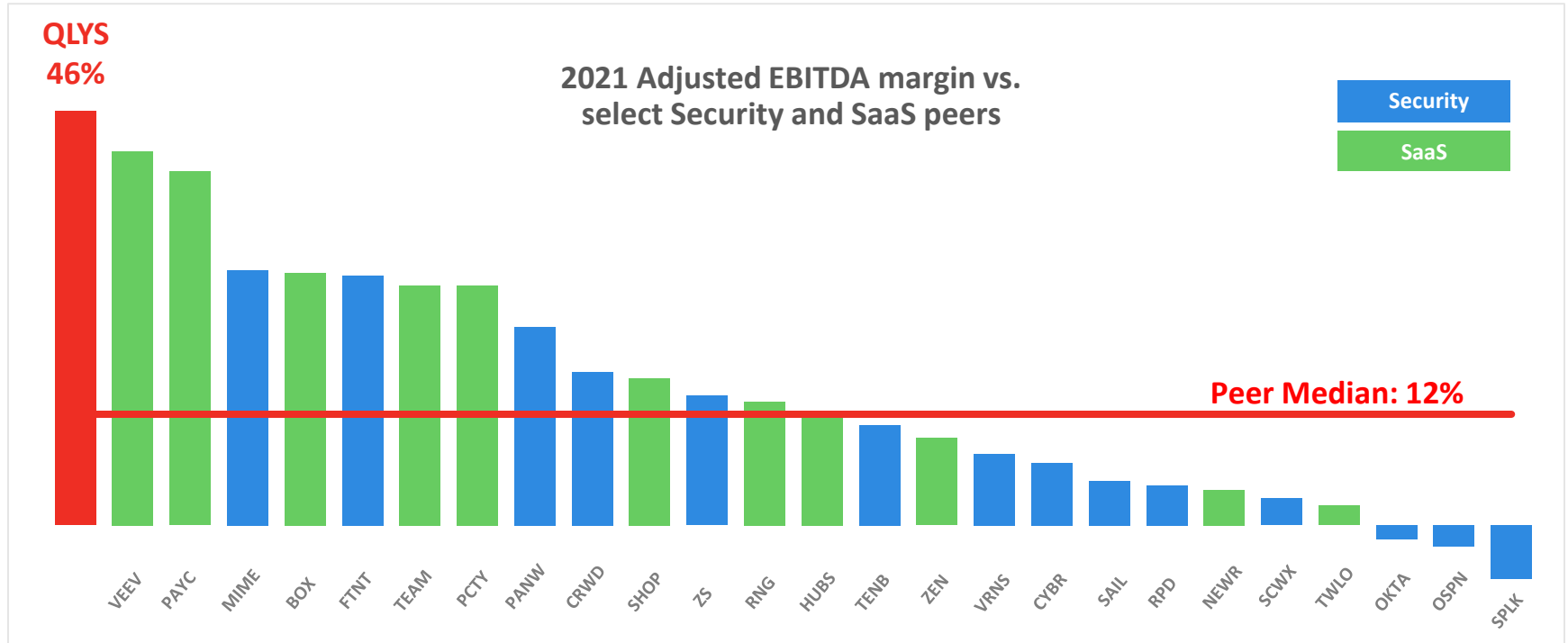


# Leveraging excess cash to return capital to shareholders

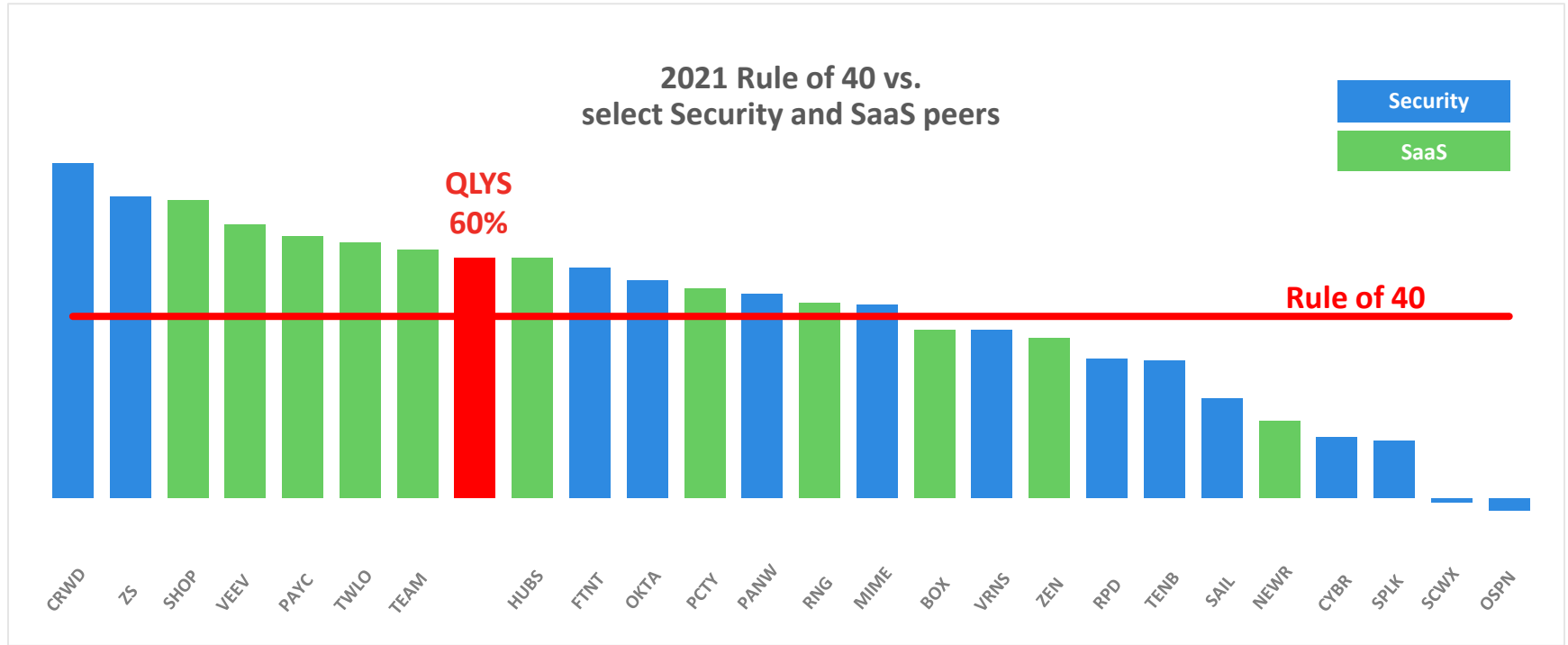
(in millions)



# Industry-leading margins



# Outstanding growth + profitability



Source: Nasdaq IR Insight  
 Note: 2021 Revenue Growth % + EBITDA Margin %

# Appendix

# Integrated IT, security & compliance apps

● Available on Cloud Agent

● Free Service

## ASSET MANAGEMENT

---

- GAV** Global AssetView ● ●
- CSAM** CyberSecurity Asset Management ●
- 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 ●

## CLOUD/CONTAINER SECURITY

---

- TC** TotalCloud ●  
*- Includes VMDR and all cloud/container security apps below*
- CI** Cloud Inventory ●
- CSA** Cloud Security Assessment ●
- CS** Container Security ●

## WEB APP SECURITY

---

- WAS** Web Application ●
- WAF** Web Application Firewall ●

## IT NETWORK SECURITY

---

- VMDR** Vulnerability Management, Detection & Response ●  
*- Includes TP, CM, CRA*
- TP** Threat Protection ●
- CM** Continuous Monitoring ●
- PM** Patch Management ●
- EDR** Multi-Vector Endpoint Detection & Response ●
- CRA** Certificate Assessment ●
- SaaS DR** SaaS Detection and Response ●
- SEM** Secure Enterprise Mobility ●
- CAR** Custom Assessment & Response ●
- XDR** Extended Detection & Response ●
- NDR** Network Detection & Response ●

# CyberSecurity Asset Management

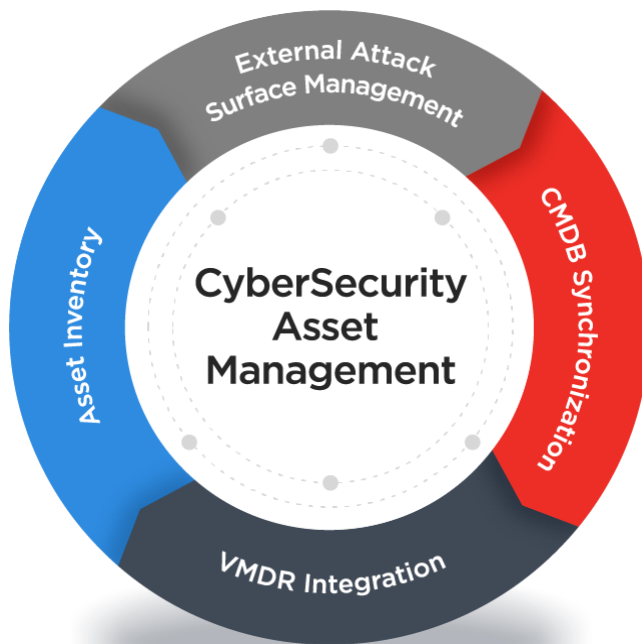
*Purpose-built Asset Management with CyberSecurity & Risk Context*

## Asset Inventory for security teams to monitor entire attack surface

Discover, inventory & classify assets with business context. Monitor EOL/EOS software, find security tool coverage & get alerted for unauthorized software

## Integrate with CMDB to keep CMDB up-to-date

With 2-way CMDB integration, keep CMDB up-to-date & accurate, along with providing business context to define asset criticality for managing risk from a business point-of-view



## External Attack Surface Management (EASM)

Augment the vulnerability management program by discovering previously unknown, security-unmanaged assets, including domains and sub-domains using attacker's techniques

## Rapidly reduce the risk of the entire attack surface

Know the risk and context of known & unknown assets and with one-click VMDR and patch integration, remediate the risk of the entire attack surface



# VMDR 2.0 key capabilities

*Bringing prioritization and automated workflow to Vulnerability Management Detection and Response*

## Understand and Manage Cybersecurity Risk

Quantify risk across vulnerabilities, assets, and groups of assets helping organizations proactively reduce risk exposure and track risk reduction over time with Qualys TruRisk™

## Reduce Risk Faster

Unify security and IT threat response paths for faster remediation with seamless integration between ITSM tools such as ServiceNow, and patch management solutions



## Automate remediation with no-code workflows

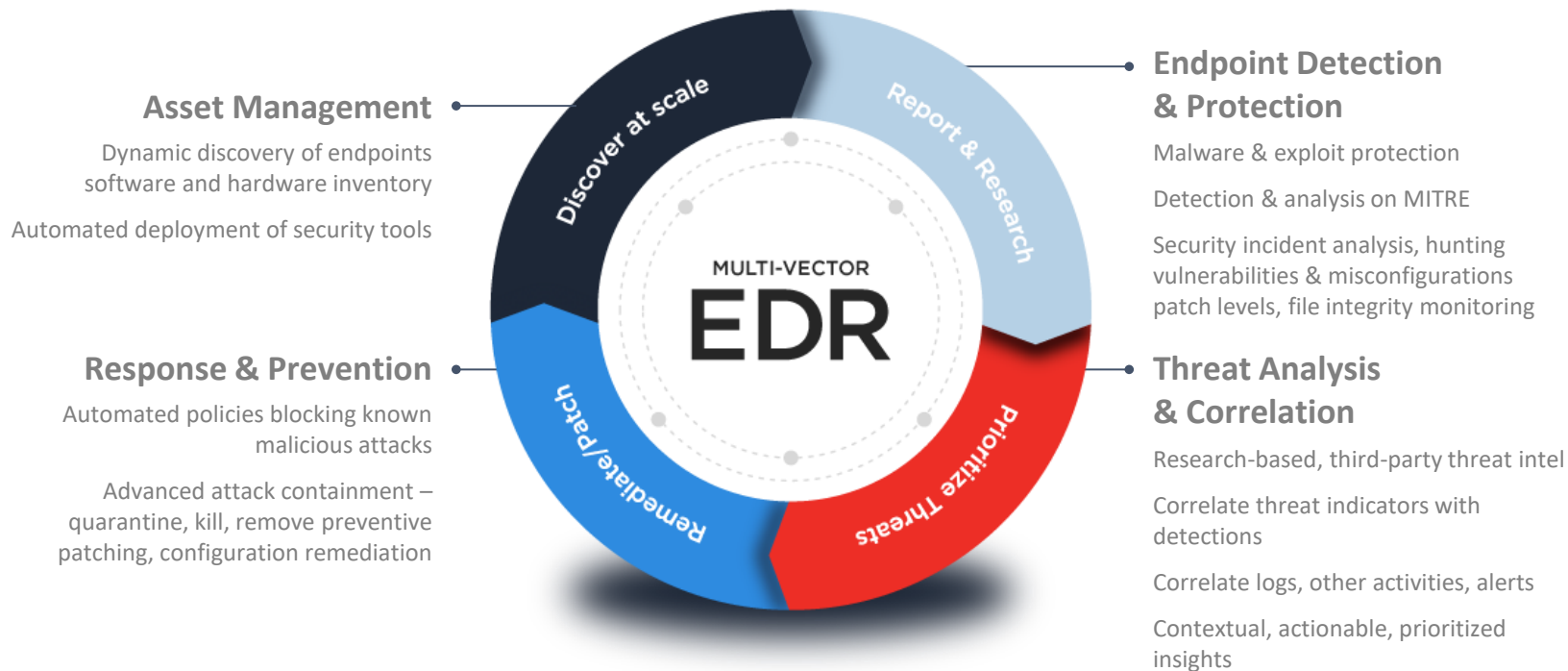
Save valuable time by automating and orchestrating operational tasks with Qualys Qflow

## Receive Preemptive Attack Alerts

Leverage insights from over 180k vulnerabilities sourced from over 25+ threat sources to receive preemptive alerts on potential attacks with the Qualys Threat DB

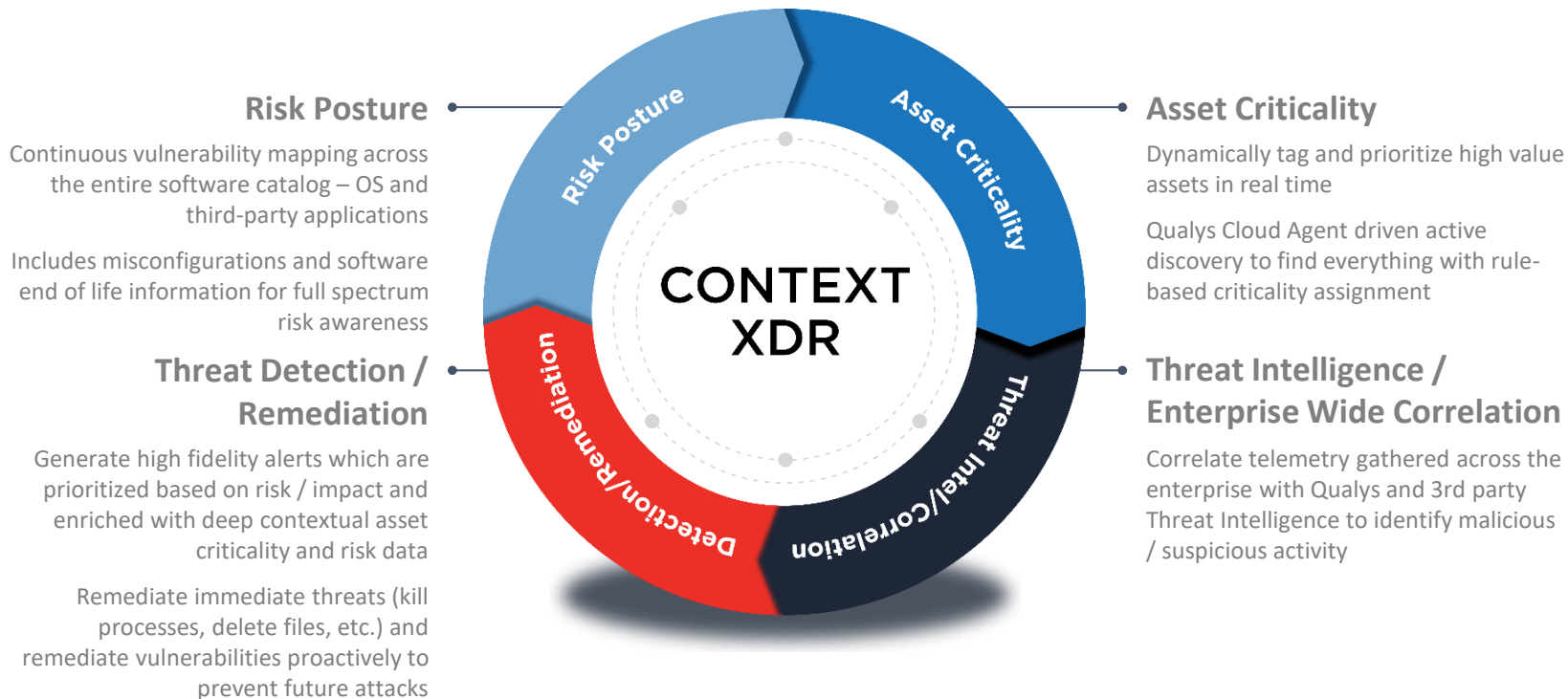
# Qualys Multi-Vector EDR

*Providing multi-vector context for the endpoints*



# Qualys Context XDR

*Complete context, enhanced remediation, improved productivity*



# Qualys TotalCloud

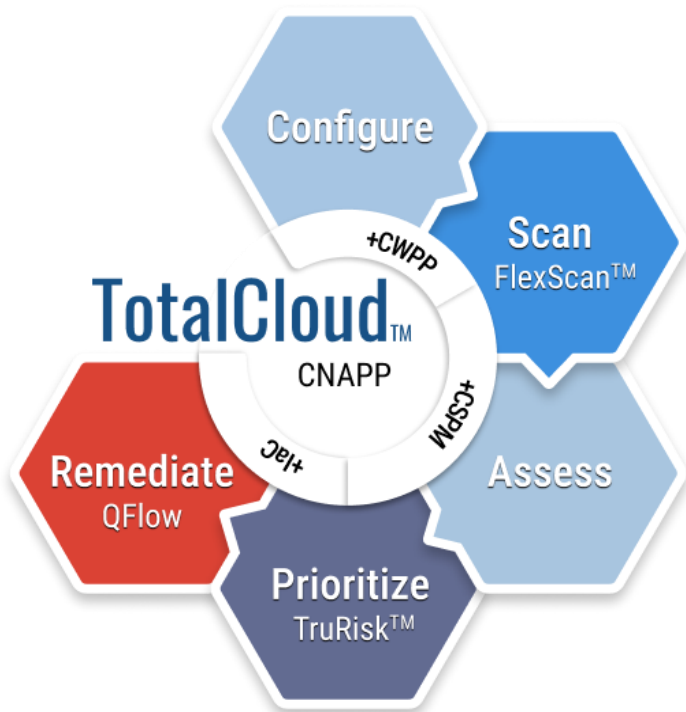
## *Simplifying cloud-native security*

### Multiple cloud-native Assessment for comprehensive security

Agent and agentless assessment options such as API, network scanner and snapshot-based scanning to assess security posture for 100% of your cloud assets

### Start secure, stay secure in cloud, by shifting security left

Shift-left security to catch issues early, before production with Infrastructure as Code (IaC) scanning. Assess vulnerabilities in pre-deployment stages – repositories, CI/CD



### Unified TruRisk with most accurate detections across cloud environment

Extend the industry's most accurate vulnerability & config detection to get a unified view of risk across multi-cloud workloads, services & resources, with context to prioritize

### Automated remediation to reduce risk faster

No-touch cloud posture remediation & workflow automation with no-code, drag-and-drop workflow engine – Qflow. Extend security patching to cloud workloads to reduce risk faster

# Reconciliation of Adjusted EBITDA

(\$ in millions)

	2019	2020	2021	2022
Net income	\$69.3	\$91.6	\$71.0	\$108.0
Depreciation and amortization of property and equipment	25.1	26.6	29.2	28.9
Amortization of intangible assets	6.1	6.3	6.7	5.7
Provision for (benefit from) income taxes	10.6	10.5	18.4	25.7
Stock based compensation	34.9	40.0	67.6	53.4
Other income, net	(7.7)	(5.4)	(1.7)	(3.2)
Adjusted EBITDA	\$138.3	\$169.5	\$191.2	\$218.6

Note: Amounts may not sum due to rounding.

# Reconciliation of Non-GAAP Free Cash Flows

(\$ in millions)

	2019	2020	2021	2022
GAAP Cash flows provided by operating activities	\$160.6	\$180.1	\$200.6	\$198.9
Purchases of property and equipment	(27.6)	(29.6)	(24.4)	(15.4)
Principal payments under finance lease obligations	(1.7)	(0.1)	(0.1)	0.0
Non-GAAP Free cash flows	\$131.3	\$150.4	\$176.1	\$183.5

Note: Amounts may not sum due to rounding.

# Revenue mix

