



# Investor Presentation

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

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Philippe Courtot, Chairman & CEO  
Joo Mi Kim, CFO

**August 10, 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 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;
- 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; and
- our guidance for revenues, GAAP EPS and non-GAAP EPS for the third quarter and full year 2020, and our expectations for the number of weighted average diluted shares outstanding and the GAAP and non-GAAP effective income tax rate for the third quarter and full year 2020.

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:

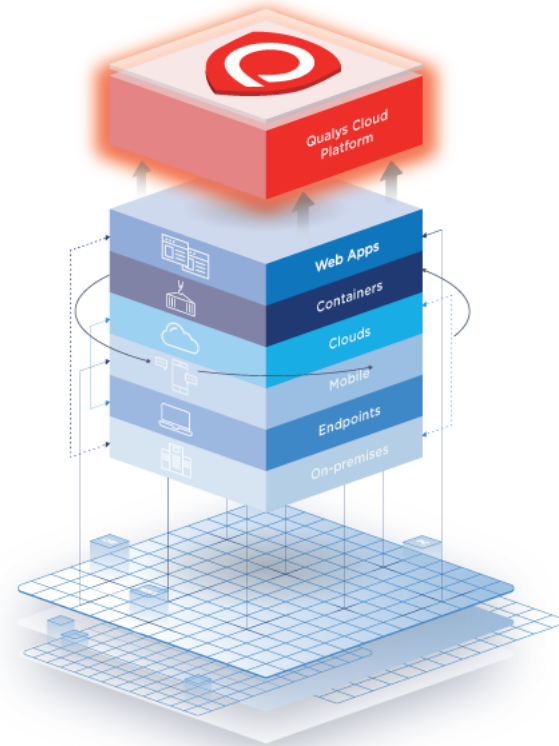
- our ability to continue to develop platform capabilities and solutions;
- the ability of our platform and solutions to perform as intended;
- customer acceptance and purchase of our existing solutions and new solutions;
- real or perceived defects, errors or vulnerabilities in our products or services;
- our ability to retain existing customers and generate new customers;
- the budgeting cycles, seasonal buying patterns and length of our sales cycle;
- the impact of the recent COVID-19 coronavirus pandemic and related public health measures on our business;
- 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.

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

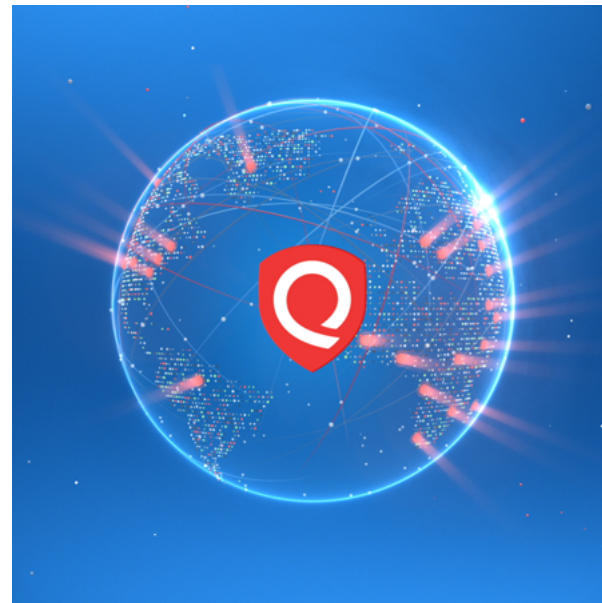
## The Power of the Qualys Cloud Platform

One stack to consolidate traditional enterprise IT, security, and compliance solutions, and secure the digital transformation



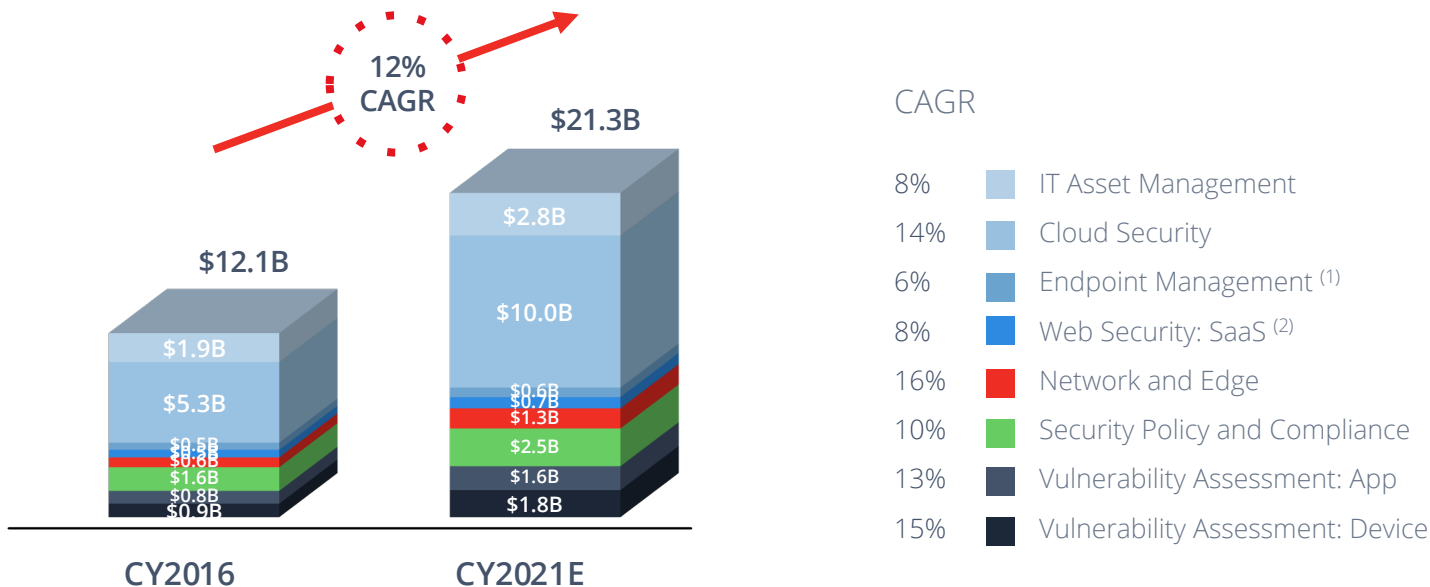
# Investment Highlights

- ✓ 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



# Expanding Market Opportunity

Driven by Increasing Apps on Qualys' Cloud Platform



Qualys' current Total Addressable Market

(1) 2017 to 2021E period

(2) 2015 to 2020E period

Source: IDC

# Blue Chip Global Customer Base

66% of the Forbes Global 50, 46% of Global 500, and  
24% 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



# Attractive Value Proposition for Partners

High-margin recurring revenue with no capex / maintenance costs

MSSPs Telcos	Outsourcing Providers	VAS Resellers	Consultants
			



# Global Presence

15,700+  
Customers

130+  
Countries

8  
Shared Platforms

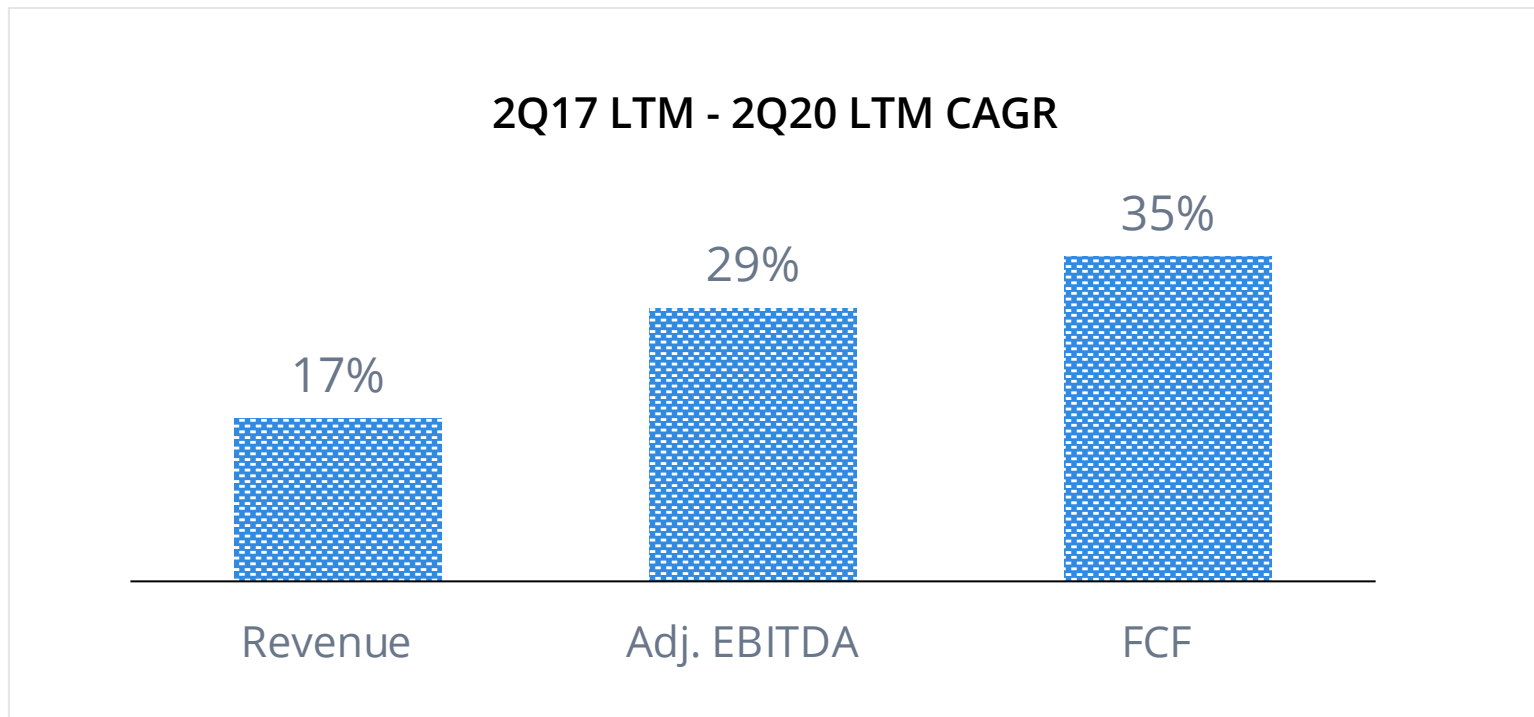
82  
Private Clouds

54  
Locations



# Scalable Business Model

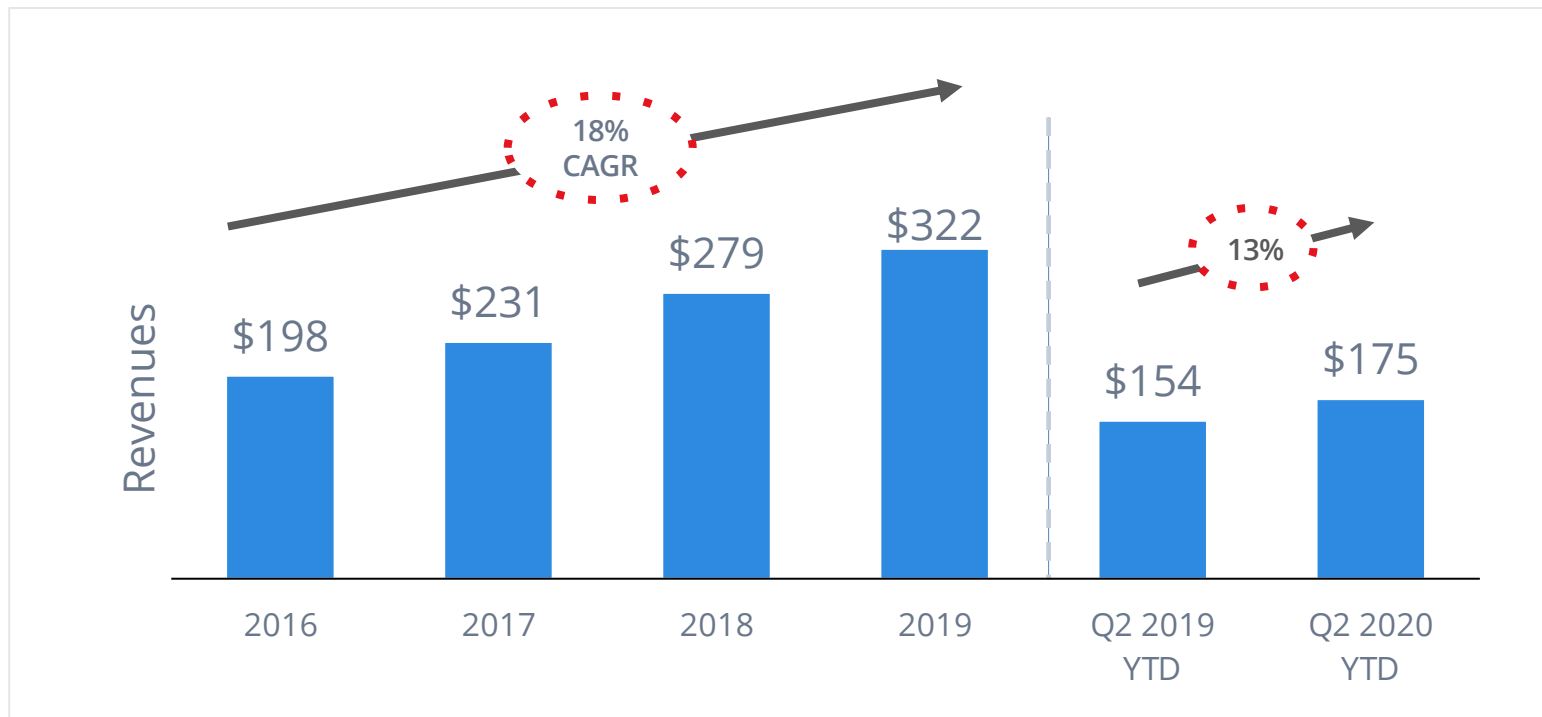
Strong and Consistent Performance



# Strong Organic Revenue Growth

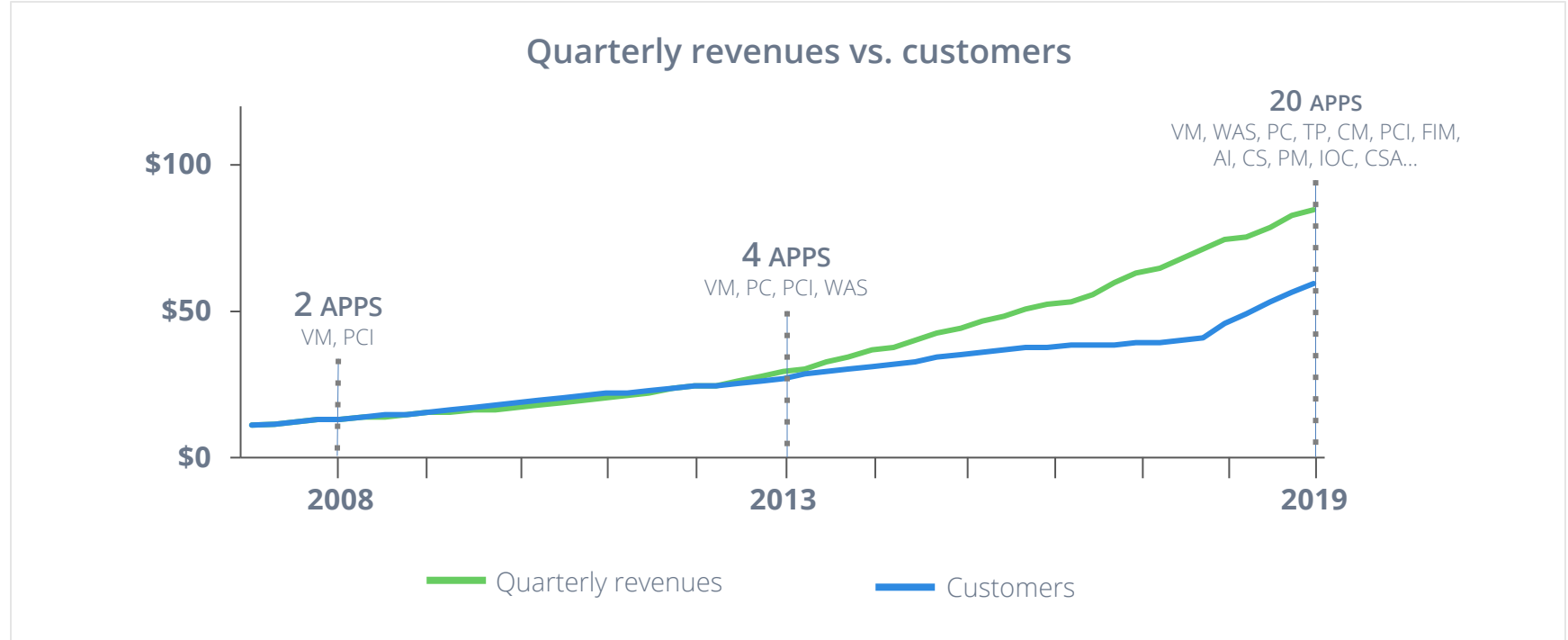
Outperforming market and gaining share

(\$ in millions)



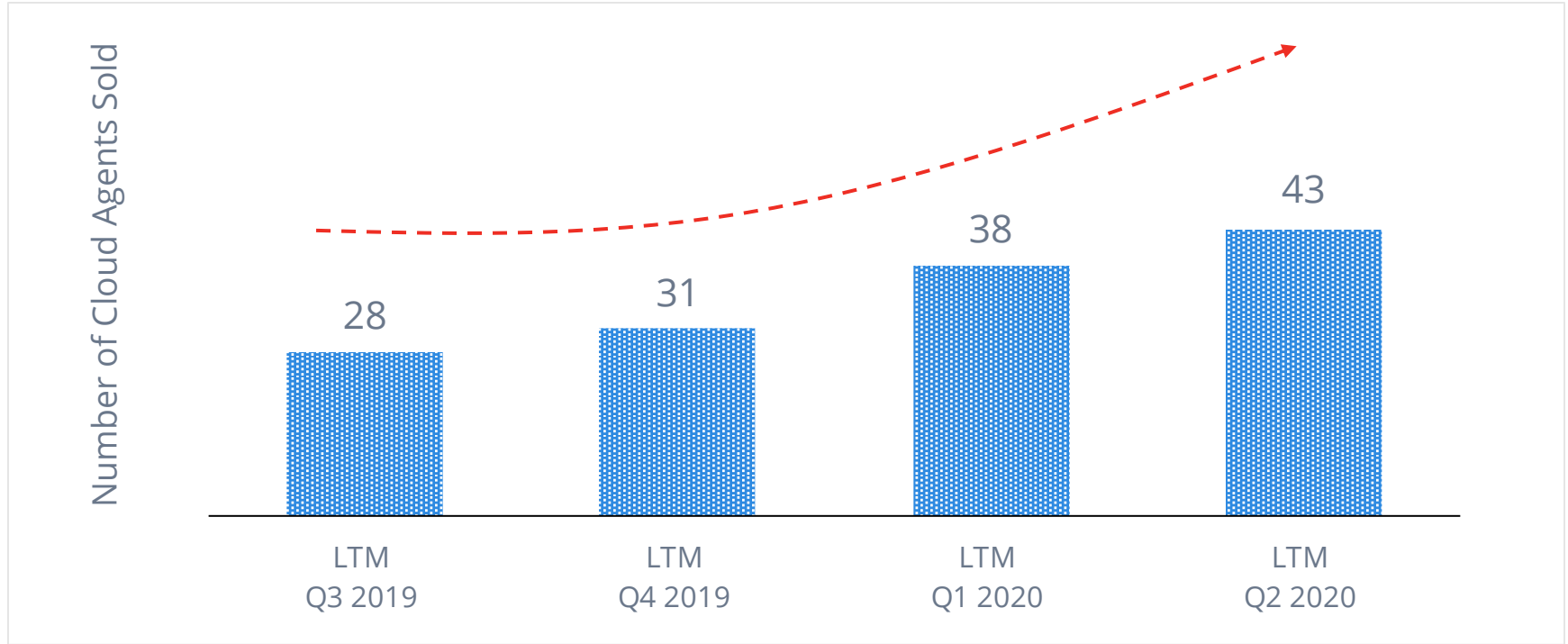
# Adoption of New Solutions Fuels Growth and Profitability

(\$ in millions)

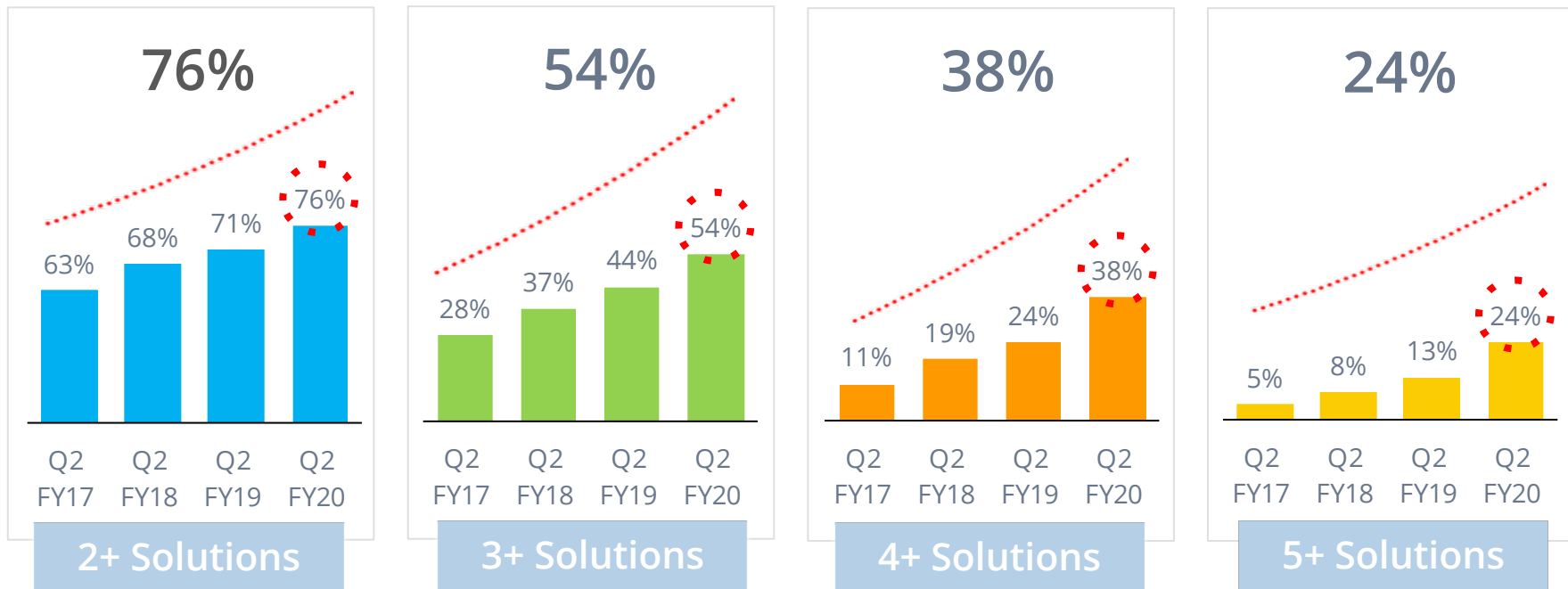


# New Apps Enabled by Cloud Agents

(Units in millions)



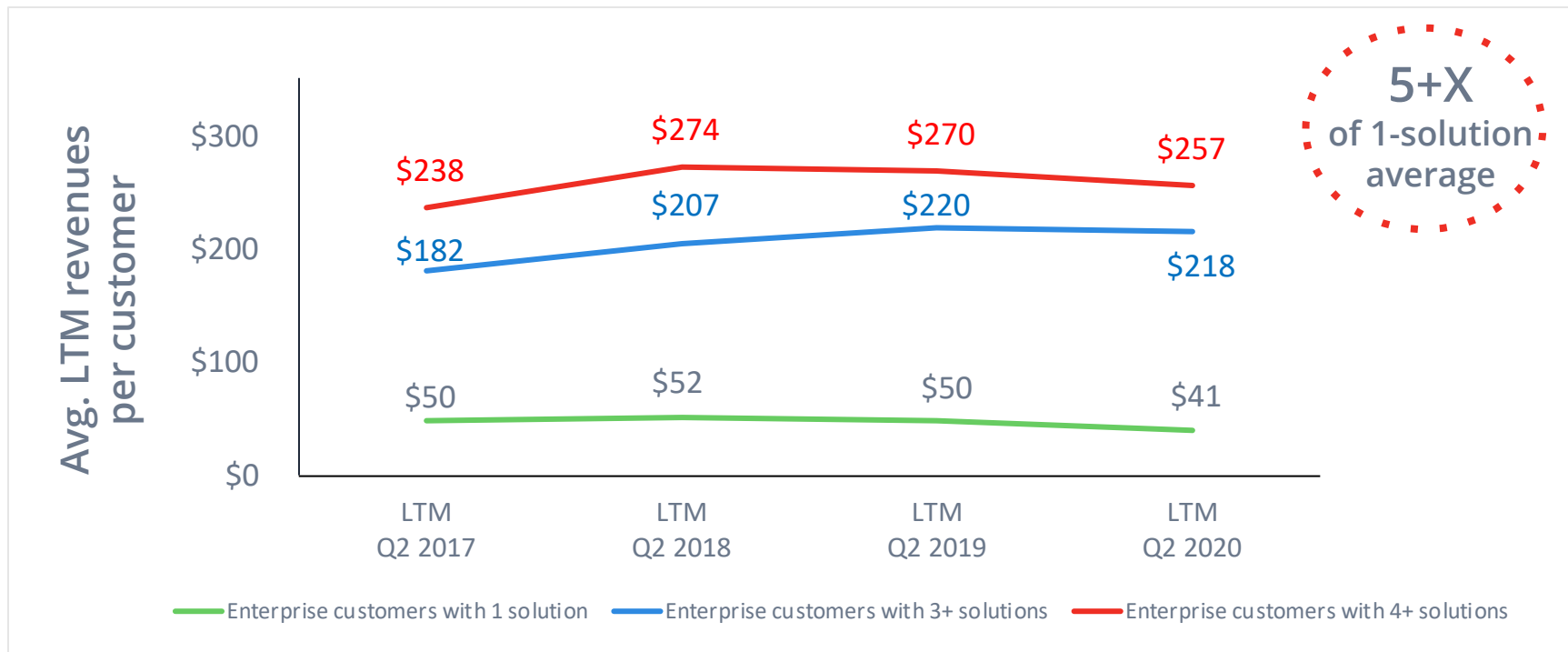
# Platform Adoption Accelerating



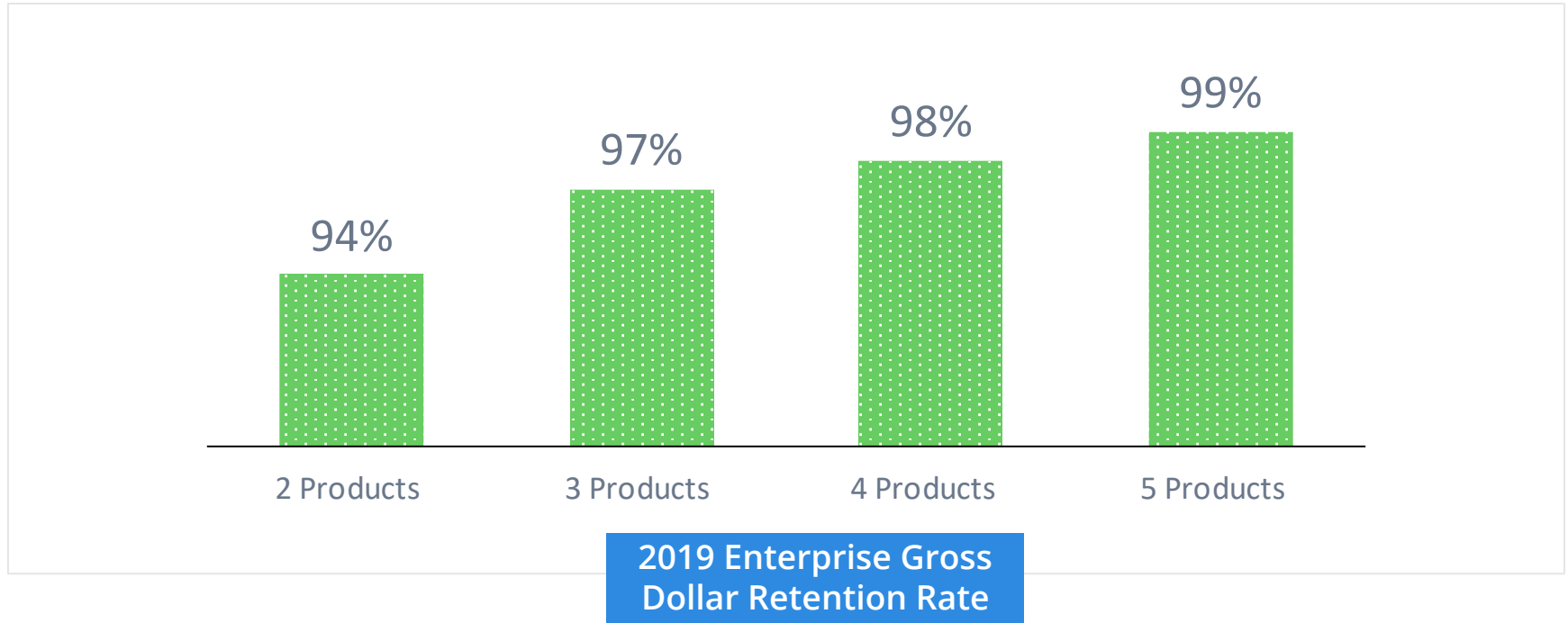
% of Enterprise customers with select number of solutions

# Multiplier Effect

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



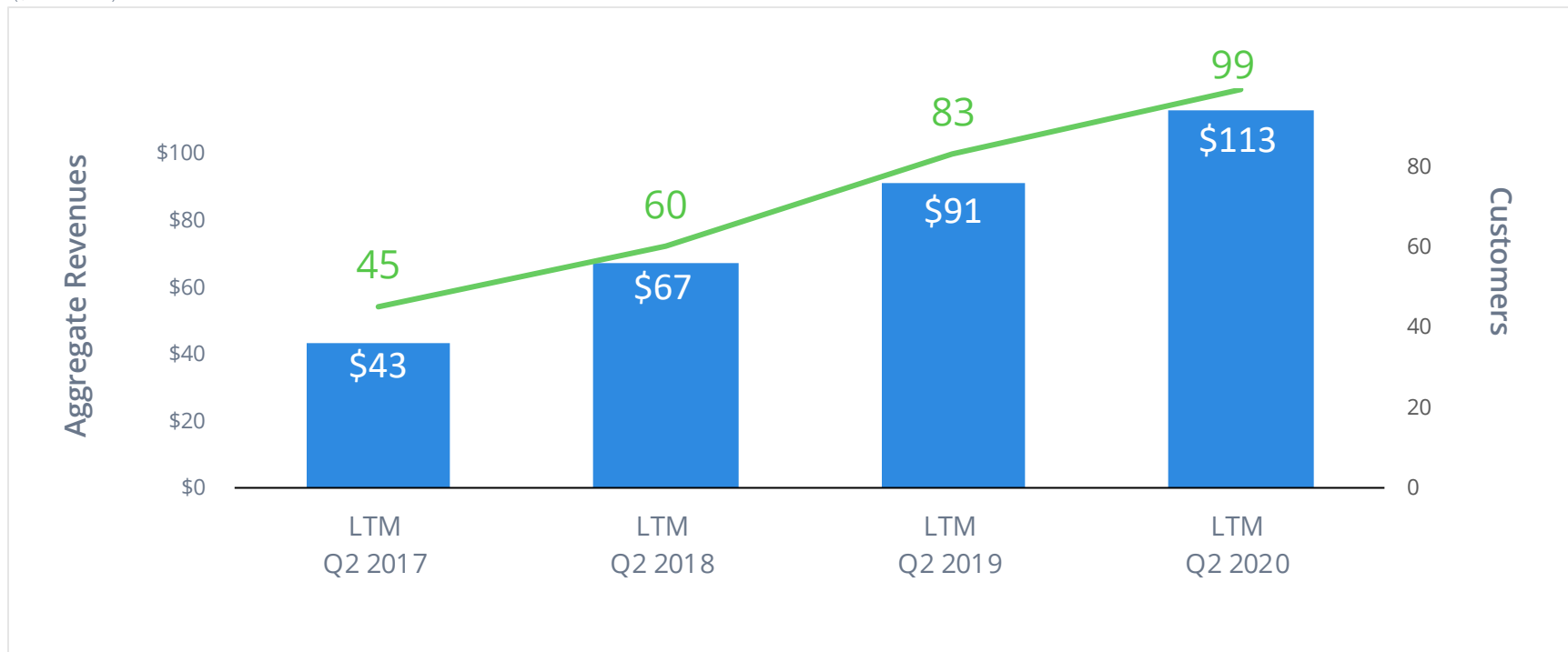
# Multi-Product Adoption Drives Increased Stickiness



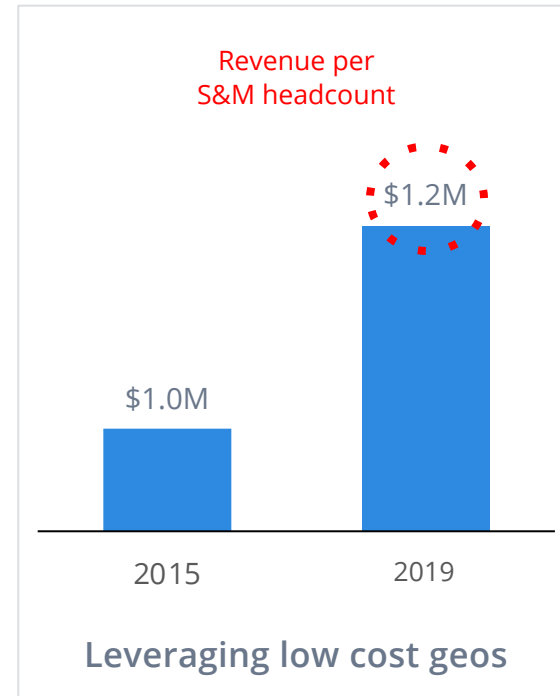
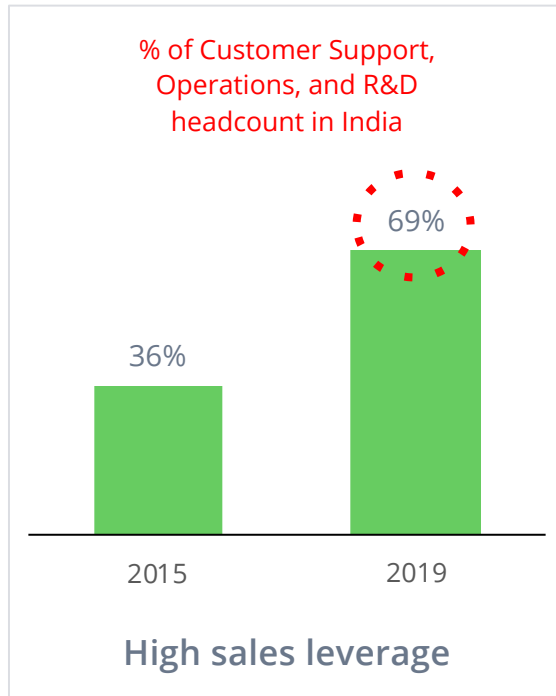


# Increasing Number of Large Customers

(\$ in millions)

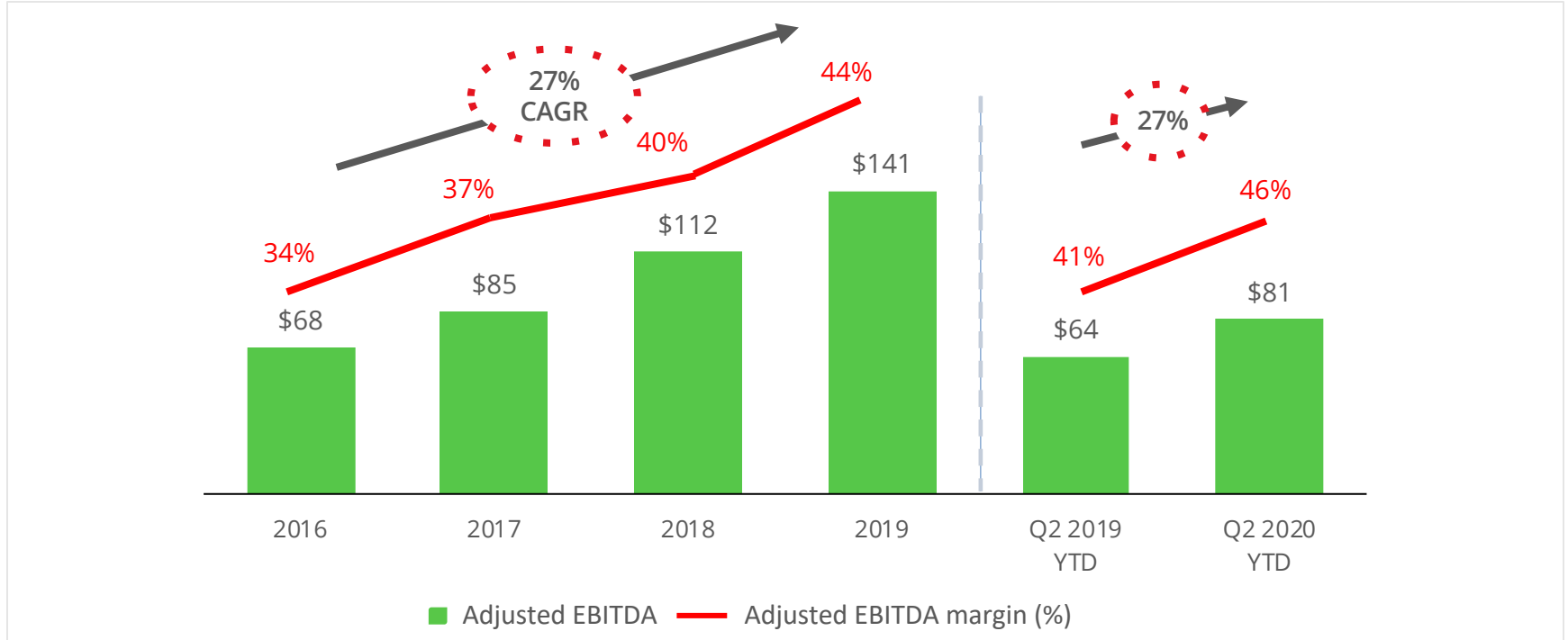


# Cloud Platform Enables Scalable Operational Model



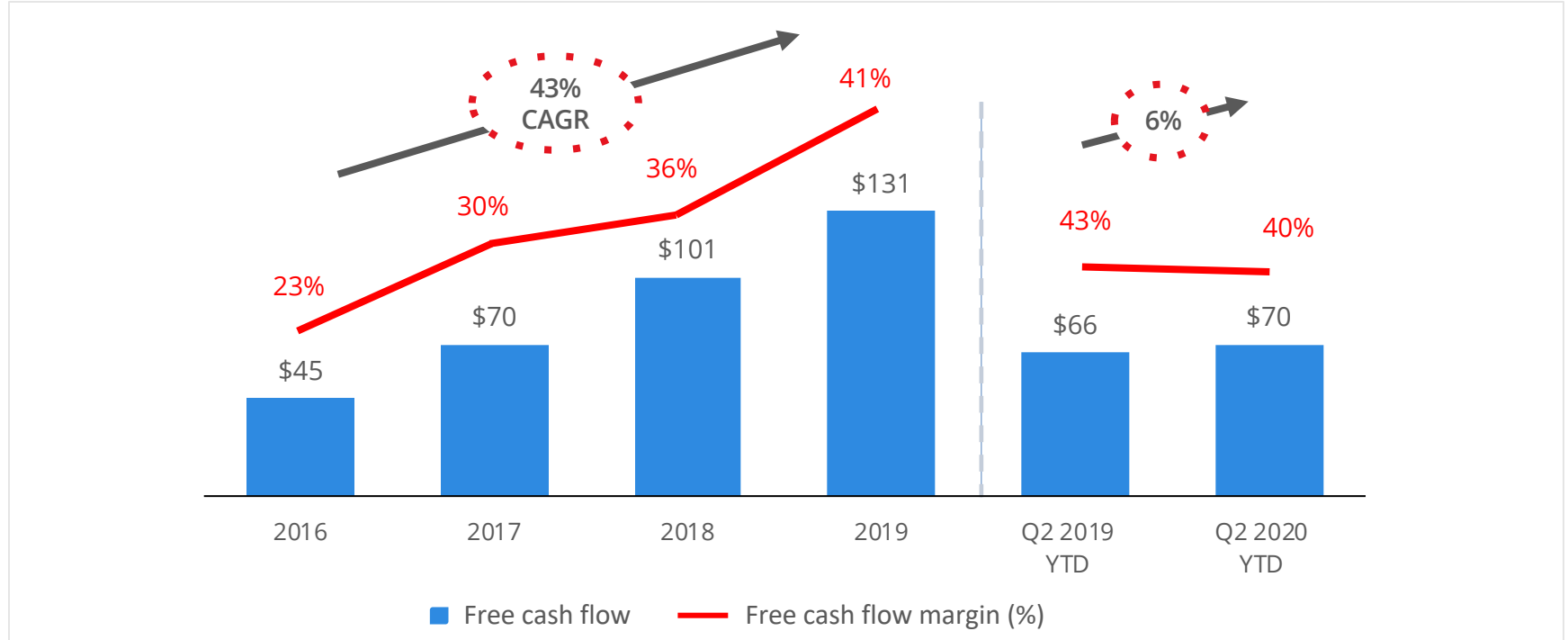
# Expanding Margins

(\$ in millions)

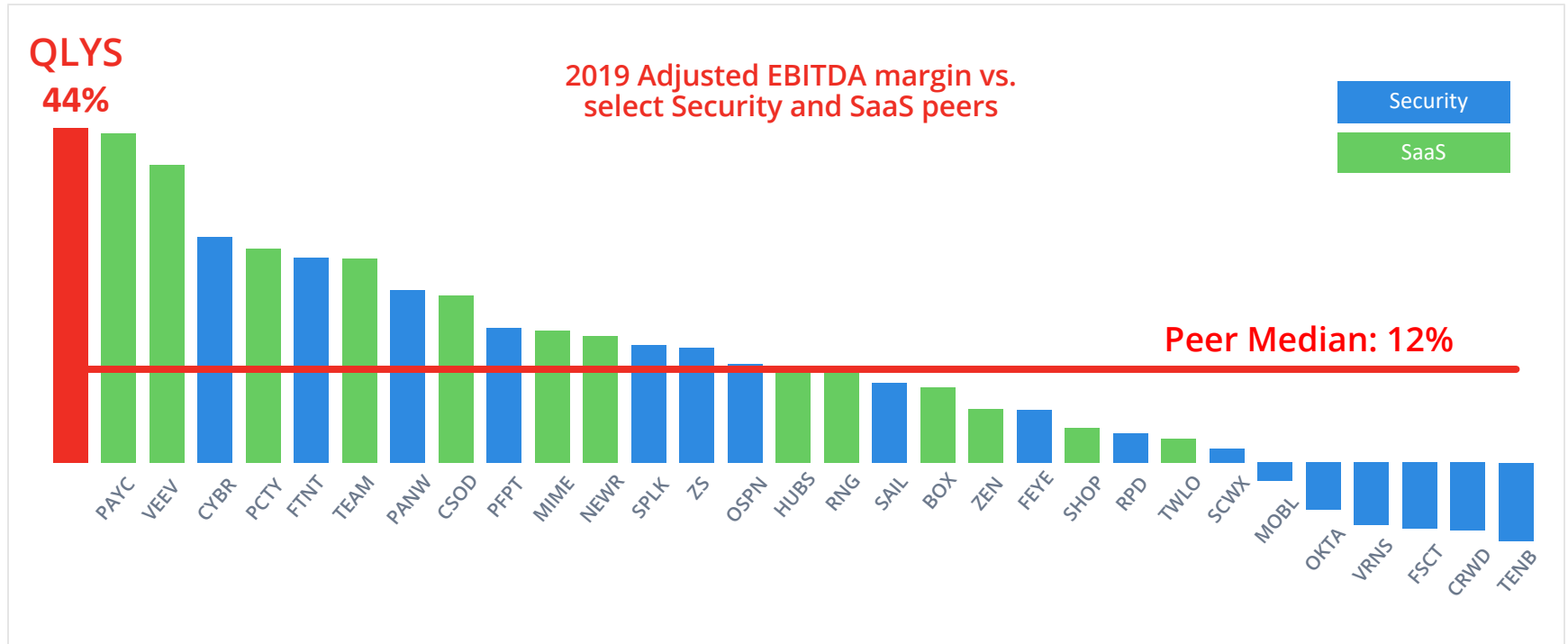


# Increasing Free Cash Flow

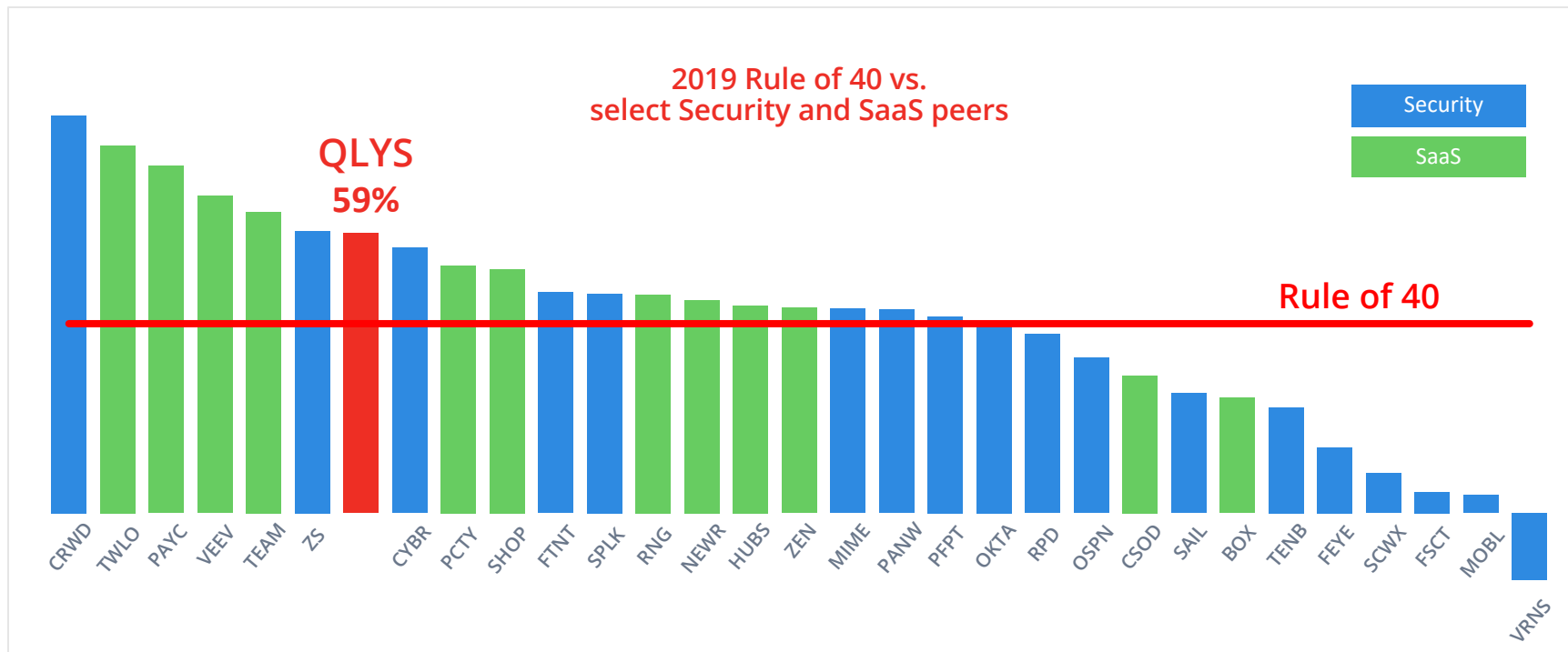
(\$ in millions)



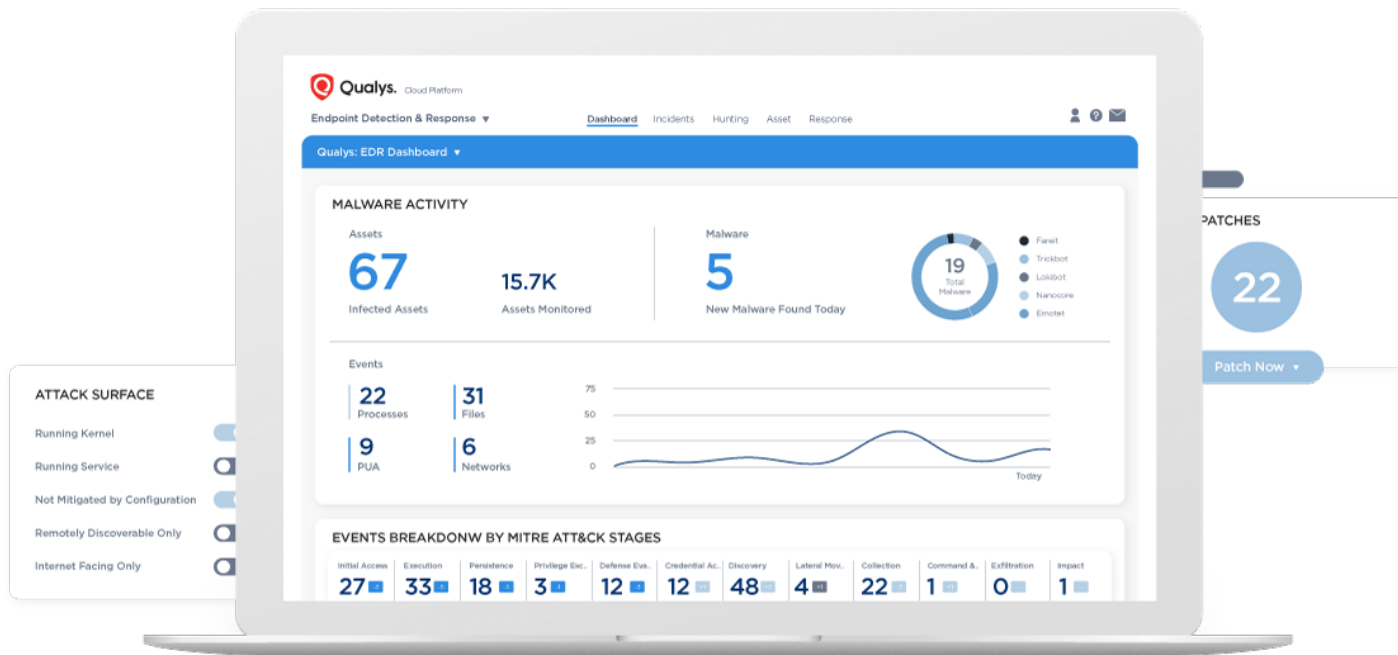
# Industry-leading Margins



# Industry-leading Performance

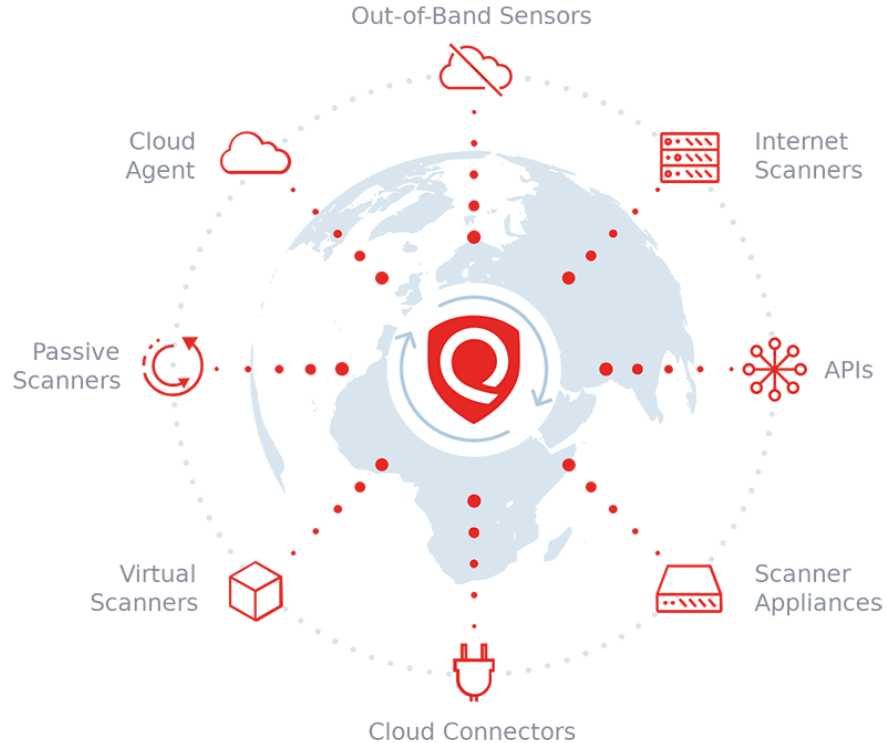


# Qualys Cloud Platform & What's Coming Next



# Qualys Sensor Platform

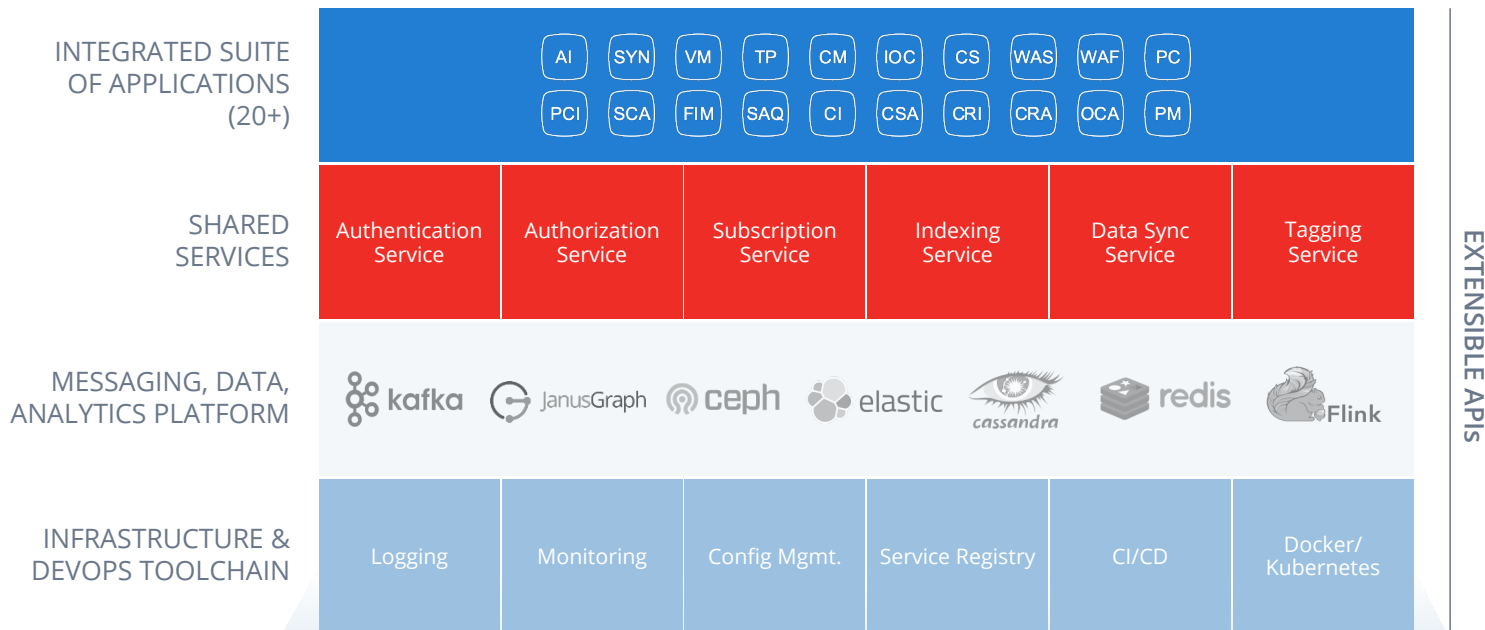
Scalable, self-updating and centrally managed





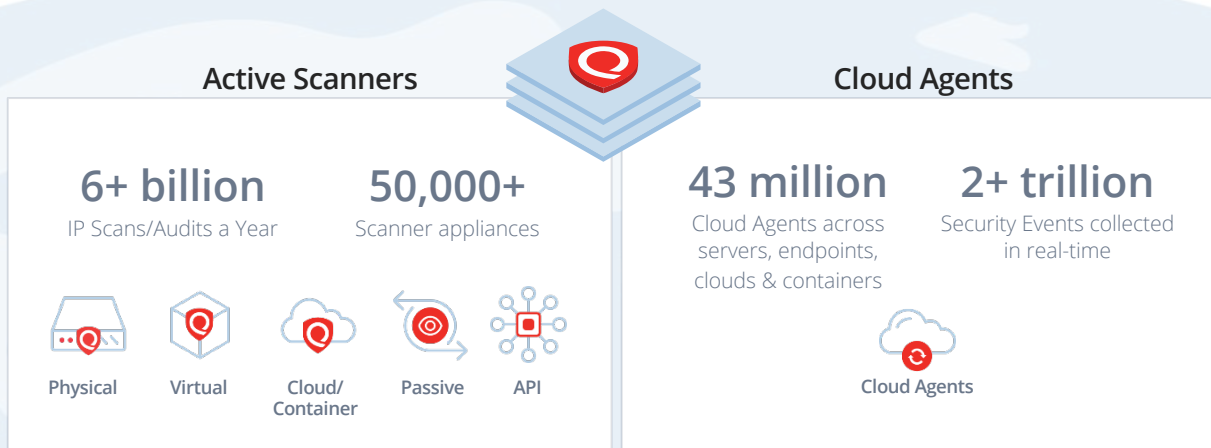
# Qualys Cloud Platform

One Platform. One Agent. One View.



# Global Visibility Across Hybrid IT Environments Enables Superior Security

Scalable, Extensible, self-updating & centrally managed



**7+ trillion data points**

Indexed on Elasticsearch Clusters, giving 2-second visibility

# Cloud Platform Enables Vendor & Stack Consolidation

Vulnerability Management	  
Compliance Monitoring	     
Web App Security	    
New Services	          

# 20+ IT, Security & Compliance Apps

Qualys Apps are Fully Integrated and Natively Share the Data They Collect

## ASSET MANAGEMENT

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- AI Global IT Asset Inventory •
- SYN CMDB Sync
- CRI Certificate Inventory

## IT SECURITY

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- VMDR Vulnerability Management, Detection & Response •
- TP Threat Protection
- CM Continuous Monitoring
- IOC Indication of Compromise •
- CRA Certificate Assessment
- PM Patch Management •

## CLOUD/CONTAINER SECURITY

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

## COMPLIANCE

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- 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

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- WAS Web Application Scanning
- WAF Web Application Firewall

• Available on Cloud Agent

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# Qualys Multi-Vector EDR

Bringing the Unified Power of the Qualys Cloud Platform to EDR



## Discover & Detect

Monitor assets, vulnerabilities, malicious attacks, incidents



## Investigate & Analyze

Correlate and provide context

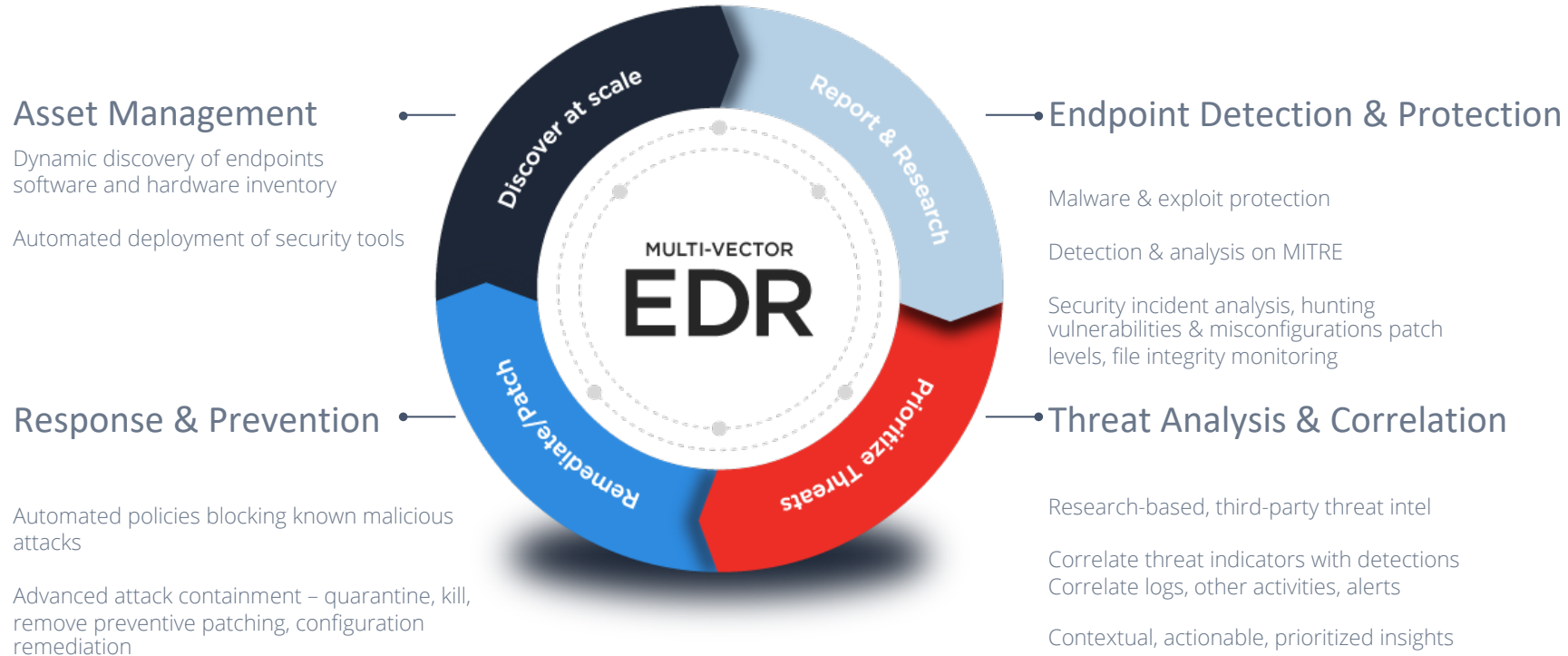


## Respond & Prevent

Mitigate the risk with response and prevent for future

A new approach that shortens response times and reduces costs

# Qualys Multi-Vector EDR: What does it take to truly secure endpoints



# Qualys Multi-Vector EDR

Powered by the Qualys Cloud Platform and Singular Agent

Uses the Qualys  
Cloud Agent

- Same agent for Inventory, VM DR, Config Compliance, FIM, Patch
- Remove from or avoid point solution agents for your systems

Cloud Platform  
Processing

- Lightweight Cloud Agent only collects telemetry from the endpoint
- Storage, processing, and query performed on the Qualys Platform

Any Type of Asset  
(Windows OS initial)

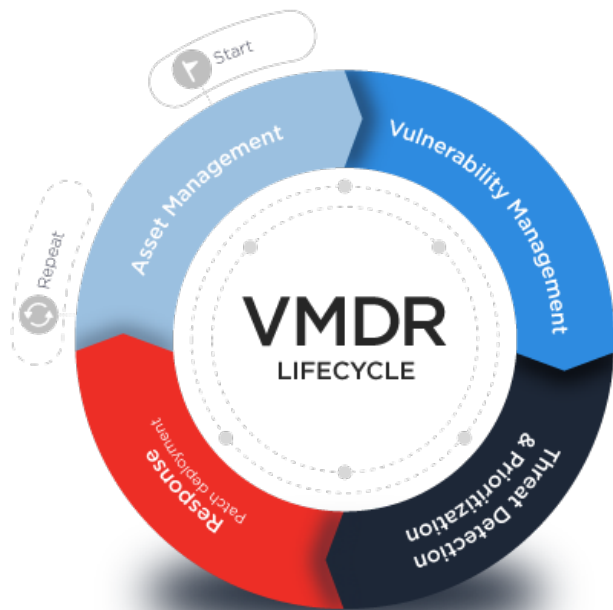
- Server, user endpoint, cloud Instances located anywhere in the world
- Query system activity even if system is offline or rebuilt by IT

Multiple Use Cases

- Detection, response, hunting, investigation, correlation
- Open APIs and partner integrations

# Qualys VMDR®

Bringing Vulnerability Management to the Next Level



## ✓ Identify all known and unknown assets

Automatically detect all known and unknown IT assets everywhere for a complete, categorized inventory enriched with details such as vendor lifecycle information and much more.

## ✓ Analyze Vulnerabilities

Continuously detect vulnerability and misconfigurations per CIS benchmarks with six sigma accuracy across the entire global hybrid IT environment.

## ✓ Quickly focus on what's most urgent

Using advanced correlation and machine learning, automatically prioritize the riskiest vulnerabilities on the most critical assets, reducing thousands of vulnerabilities to the few hundred that matter.

## ✓ Inoculate your assets

With the push of a button, deploy the most relevant, superseding patch to quickly remediate vulnerabilities and threats across any size environment.



# Qualys VMDR®

A single app for discovery, assessment, detection & response

ASSET MANAGEMENT	VULNERABILITY MANAGEMENT	THREAT DETECTION & PRIORITIZATION	RESPONSE
<ul style="list-style-type: none"><li>✓ <b>Asset Discovery</b></li><li>✓ <b>Asset Inventory</b><ul style="list-style-type: none"><li>On-Prem Device Inventory</li><li>Certificate Inventory</li><li>Cloud Inventory</li><li>Container Inventory</li><li>Mobile Device Inventory</li></ul></li><li>✓ <b>Asset Categorization and Normalization</b></li><li>○ <b>Enriched Asset Information</b></li><li>○ <b>CMDB Synchronization</b></li></ul>	<ul style="list-style-type: none"><li>✓ <b>Vulnerability Management</b></li><li>✓ <b>Configuration Assessment</b></li><li>✓ <b>Certificate Assessment</b></li><li>○ <b>Additional Assessment Options</b><ul style="list-style-type: none"><li>Cloud Security Assessment</li><li>Container Security Assessment</li></ul></li></ul>	<ul style="list-style-type: none"><li>✓ <b>Continuous Monitoring</b></li><li>✓ <b>Threat Protection</b></li></ul>	<ul style="list-style-type: none"><li>✓ <b>Patch Detection</b></li><li>○ <b>Patch Management via Third-Party Vendors</b></li><li>○ <b>Patch Management via Qualys Cloud Agents</b></li><li>○ <b>Container Runtime Protection</b></li><li>○ <b>Mobile Device Management</b></li><li>○ <b>Certificate Renewal</b></li></ul> <p>✓ Included ○ Add on</p>

Qualys VMDR® covers all your needs and workflows. Priced on a per-asset basis and with no software to update, VMDR drastically reduces your total cost of ownership

# Additional Apps to Come in 2020

CM

## Certificate Management\*

Automated renewing and management of digital certificates

CSM

## Cloud Security Management\*

Remediation and management of cloud vulnerabilities

RCS

## Run-Time Container Security\*

Runtime defense and automated policy enforcement to protect against breaches and anomalies

EDR

## EDR\*

Continuously monitor and discover, investigate and respond to advanced security threats

SAC

## Secure Access Control

Respond to threats automatically by controlling access to critical resources

SEM

## Secure Enterprise Mobility

Continuous visibility, security and compliance of enterprise mobile devices

SIEM

## Data Lake / SIEM

Coalesce data into a centralized security data lake and provide advanced correlation & analytics to generate unique insights

Note: Target Beta time frame

\* Currently in Beta

# 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



# Appendix

# Increasing Number of Apps Delivered Through the Qualys Cloud Platform

## IT SECURITY

**VMDR** Vulnerability Management, Detection & Response  
Bringing the #1 Vulnerability Management solution to the next level

**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

**CRA** Certificate Assessment  
Assess all your digital certificates for TLS/SSL vulnerabilities

## COMPLIANCE

**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

## 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

## 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 APP 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

# Reconciliation of Adjusted EBITDA

(\$ in millions)

	2017	2018	2019	Q2 2019 YTD	Q2 2020 YTD
Net income	\$40.4	\$57.3	\$69.3	\$29.5	\$45.0
Depreciation and amortization of property and equipment	19.8	25.2	25.1	12.8	12.6
Amortization of intangible assets	0.8	3.7	6.1	3.0	3.0
Provision for (benefit from) income taxes	(1.1)	(1.8)	10.6	4.8	4.3
Stock based compensation	27.0	30.1	34.9	16.8	19.4
Other income, net	(2.1)	(5.1)	(7.7)	(4.2)	(3.4)
Acquisition-related expense	0.1	3.0	2.4	1.3	0.0
<b>Adjusted EBITDA</b>	<b>\$84.9</b>	<b>\$112.4</b>	<b>\$140.8</b>	<b>\$64.0</b>	<b>\$81.0</b>

# Reconciliation of Non-GAAP Free Cash Flow

(\$ in millions)

	2017	2018	2019	Q2 2019 YTD	Q2 2020 YTD
GAAP Cash flows provided by operating activities	\$107.6	\$125.5	\$160.6	\$81.3	\$81.6
Purchases of property and equipment	(37.8)	(22.8)	(27.6)	(14.1)	(11.6)
Principal payments under capital lease obligations	---	(1.6)	(1.7)	(0.8)	(0.1)
<b>Non-GAAP Free cash flow</b>	<b>\$69.8</b>	<b>\$101.1</b>	<b>\$131.3</b>	<b>\$66.3</b>	<b>\$70.0</b>

# Revenue by Geographic Area

(\$ in millions)

	2017	2018	2019	2Q 2019 YTD	2Q 2020 YTD
United States	162.7	185.9	206.6	99.3	112.0
	70%	67%	64%	64%	64%
Foreign	68.1	93.0	115.1	54.9	63.1
	30%	33%	36%	36%	36%
<b>Total Revenues</b>	<b>\$230.8</b>	<b>\$278.9</b>	<b>\$321.6</b>	<b>\$154.2</b>	<b>\$175.1</b>