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Investor presentation

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

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Melissa Fisher, CFO

July 31st, 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.

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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

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Investment highlights

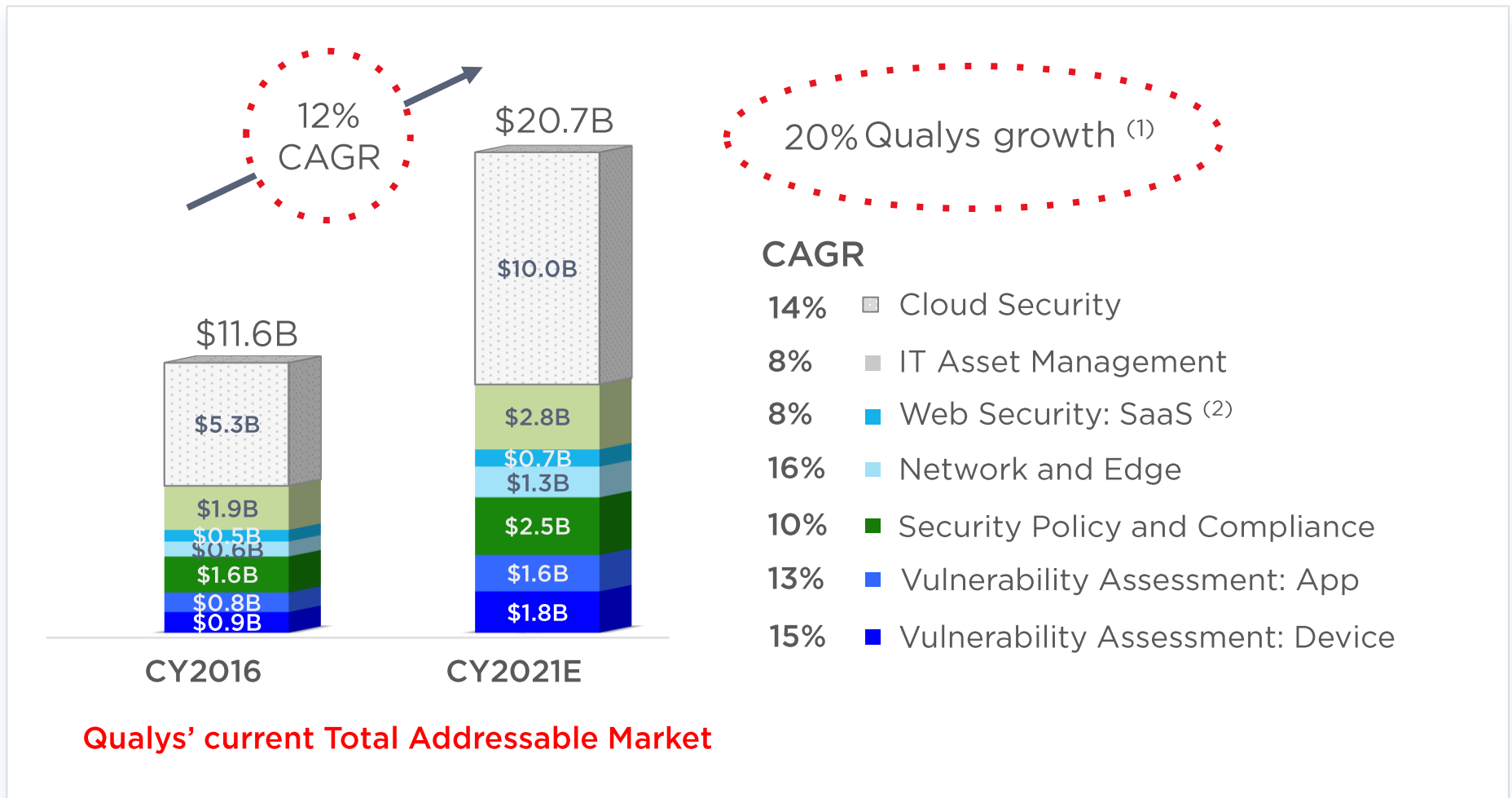Uniquely positioned to capitalize on stack consolidation and move to the cloud

Scalable business model and industry-leading profitability

Multiple levers of recurring revenue growth

Industry-leading Cloud Security and Compliance Platform

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Large expanding market opportunity
Qualys Cloud Platform the vehicle for TAM expansion

12% CAGR

$11.6B
- $5.3B
- $1.9B
- $0.5B
- $0.6B
- $1.6B
- $0.8B
- $0.9B

CY2016

$20.7B
- $10.0B
- $2.8B
- $0.7B
- $1.3B
- $2.5B
- $1.6B
- $1.8B

CY2021E

Qualys' current Total Addressable Market

20% Qualys growth [1]

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

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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

10,300+ Customers

ADP · Agilent Technologies · ally · accenture · AVAYA · NISSAN · LOCKHEED MARTIN · GM · BASF The Chemical Company · Deloitte. · kpn · CISCO · DAIMLER · DU PONT · DOW JONES · Goldman Sachs · THE HOME DEPOT · ERNST & YOUNG · Lilly · VISA · SOCIETE GENERALE · hp · KPMG · PURDUE · SYBASE · bp · PriceWaterhouseCoopers · STARWOOD HOTELS & RESORTS WORLDWIDE, INC. · Ogilvy · ORACLE · Bank of America · Symantec · STAPLES · STARZ! · viacom · intuit · MORNINGSTAR · TOSHIBA · VeriSign · amazon · WB THE TELEVISION NETWORK · WILLIAMS-SONOMA · gsk · Russell Investments · THOMSON · CATERPILLAR

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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%

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Attractive value proposition for partners
High-margin recurring revenue with no capex

MSSPs telcos

Outsourcing providers

VAS resellers

Consultants

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Strong global presence

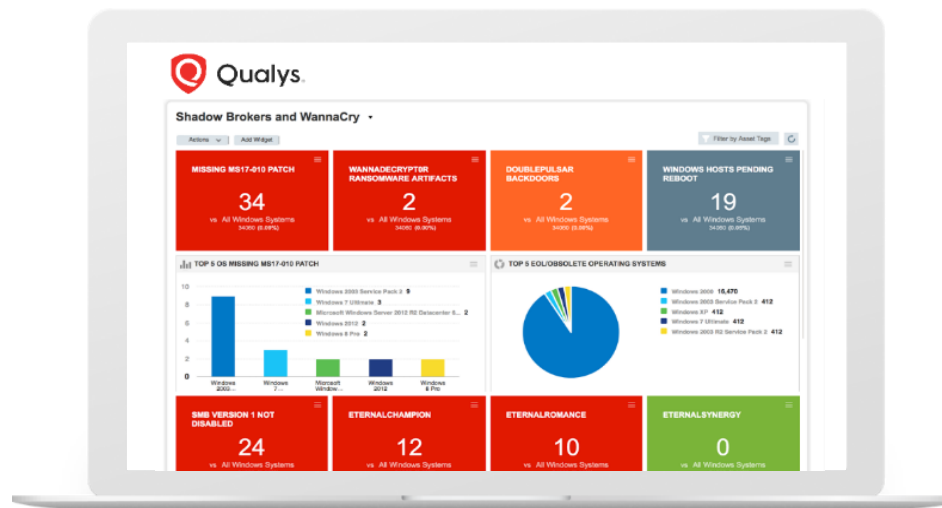| 10,300+	130+	6	68	47
Customers	Countries	Shared Platforms	Private Clouds	Locations

● Qualys locations

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Qualys Cloud Platform and 2018 Roadmap

Qualys Cloud Platform

Unified approach to detection, prevention & response
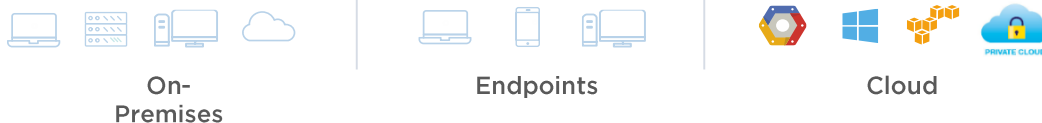
Integrated Suite of Applications	CA · AI · VM · CM · TP · FIM · PC · PCI · SAQ · IOC · WAS · WAF · · ·

Analytics and Reporting Engines	kafka · ORACLE · ceph · elastic · cassandra · redis · Flink · Microservices

Distributed Sensors	Hardware · Virtual · Cloud · Agent · Passive · API

Environments	On-Premises · Endpoints · Cloud

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Global visibility across environments enables superior security

Scalable, self-updating & centrally managed

Physical	**Virtual**	**Cloud/Container**	**Cloud Agents**	**Passive**	**API**
Legacy data centers	Private cloud infrastructure	Commercial IaaS & PaaS clouds	Light weight, multi-platform	Passively sniff on network	Integration with Threat Intel feeds
Corporate infrastructure	Virtualized infrastructure	Pre-certified in market place	On-premise, elastic cloud & endpoints	Real-time device discovery & identification	CMDB Integration
Continuous security and compliance scanning	Continuous security and compliance scanning	Fully automated with API orchestration	Real-time data collection	Identification of APT network traffic	Log connectors
		Continuous security and compliance scanning	Continuous evaluation on platform for security and compliance	Extract malware files from network for analysis	

Agentless + Agent Based + Passive

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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
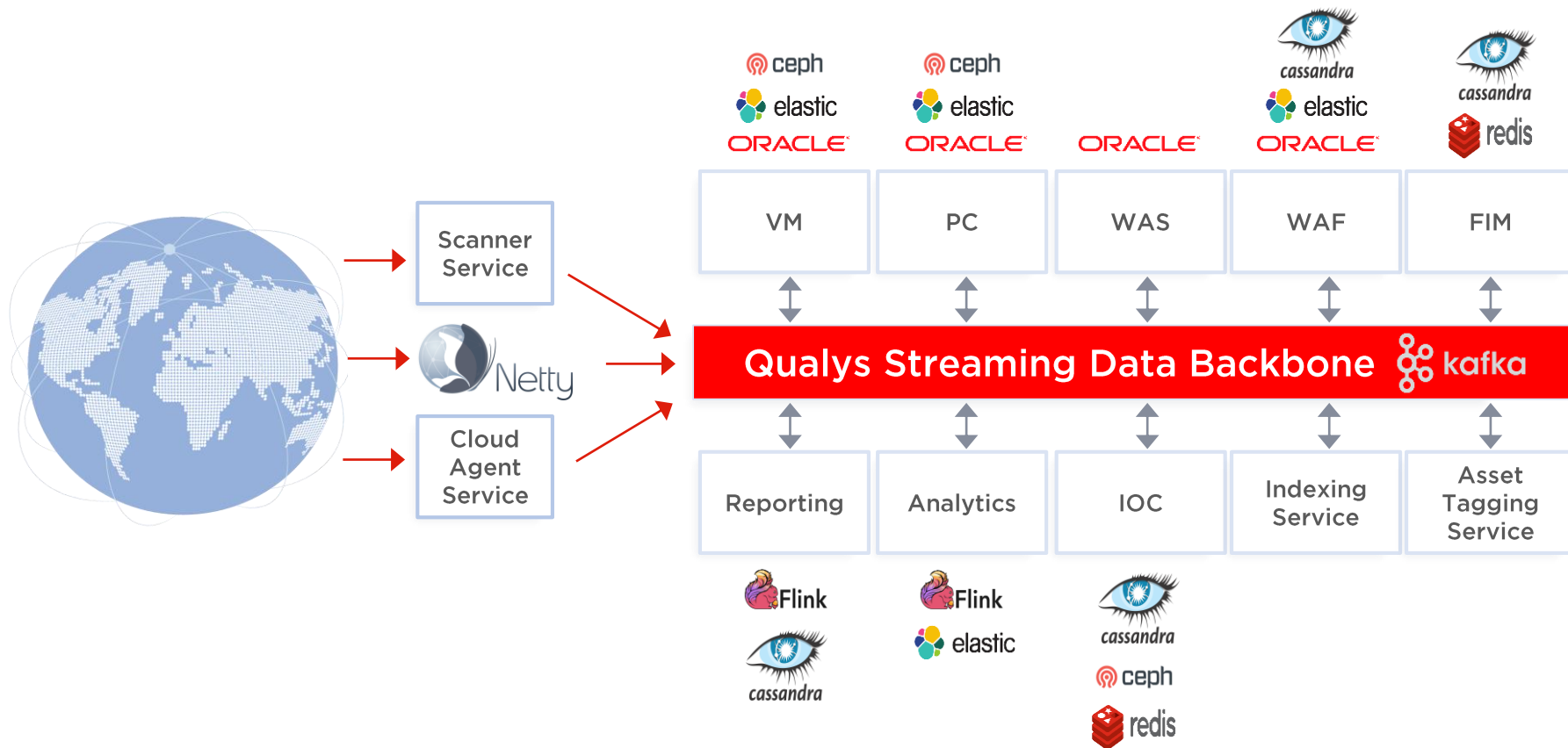Security Events

3+ billion
IP Scans/Audits a Year
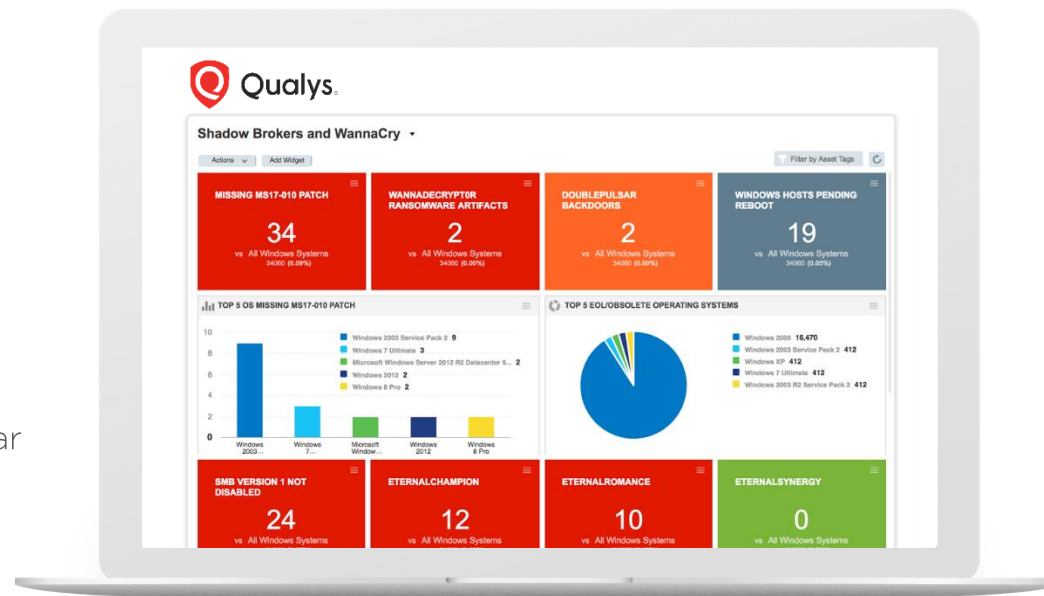
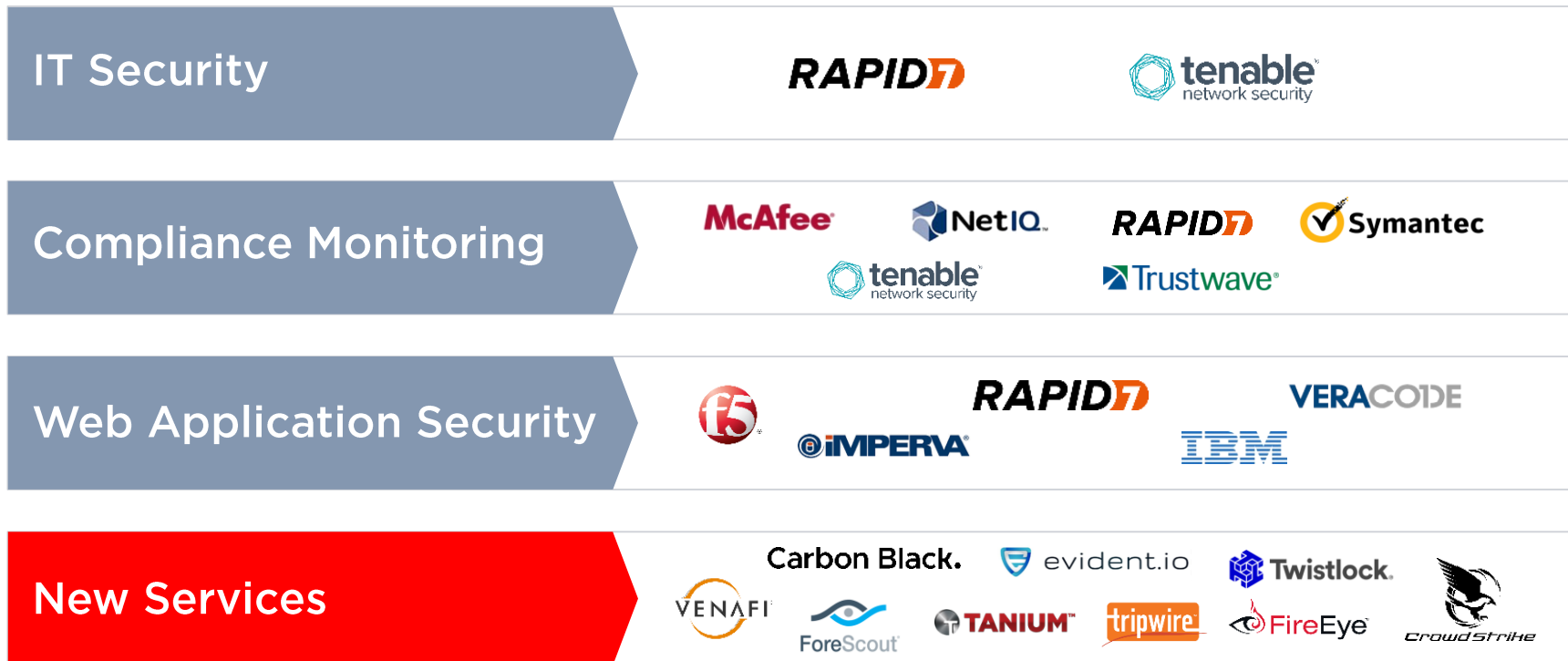**250+ billion**
Data Points Indexed on Elasticsearch Clusters

99.99966%
Six Sigma Scanning Accuracy

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Robust pure cloud platform serves as a scalable distribution channel

Scalable, Micro-services, DevOps

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Qualys Cloud Platform enables vendor and stack consolidation

| IT Security | RAPID7   tenable network security |

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

| Web Application Security | f5   RAPID7   VERACODE   iMPERVA   IBM |

| New Services | Carbon Black.   evident.io   Twistlock   VENAFI   ForeScout   TANIUM   tripwire   FireEye   CrowdStrike |

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Increasing number of Apps delivered through the Qualys Cloud Platform

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

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

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

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

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

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

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

COMPLIANCE MONITORING

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

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

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

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

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

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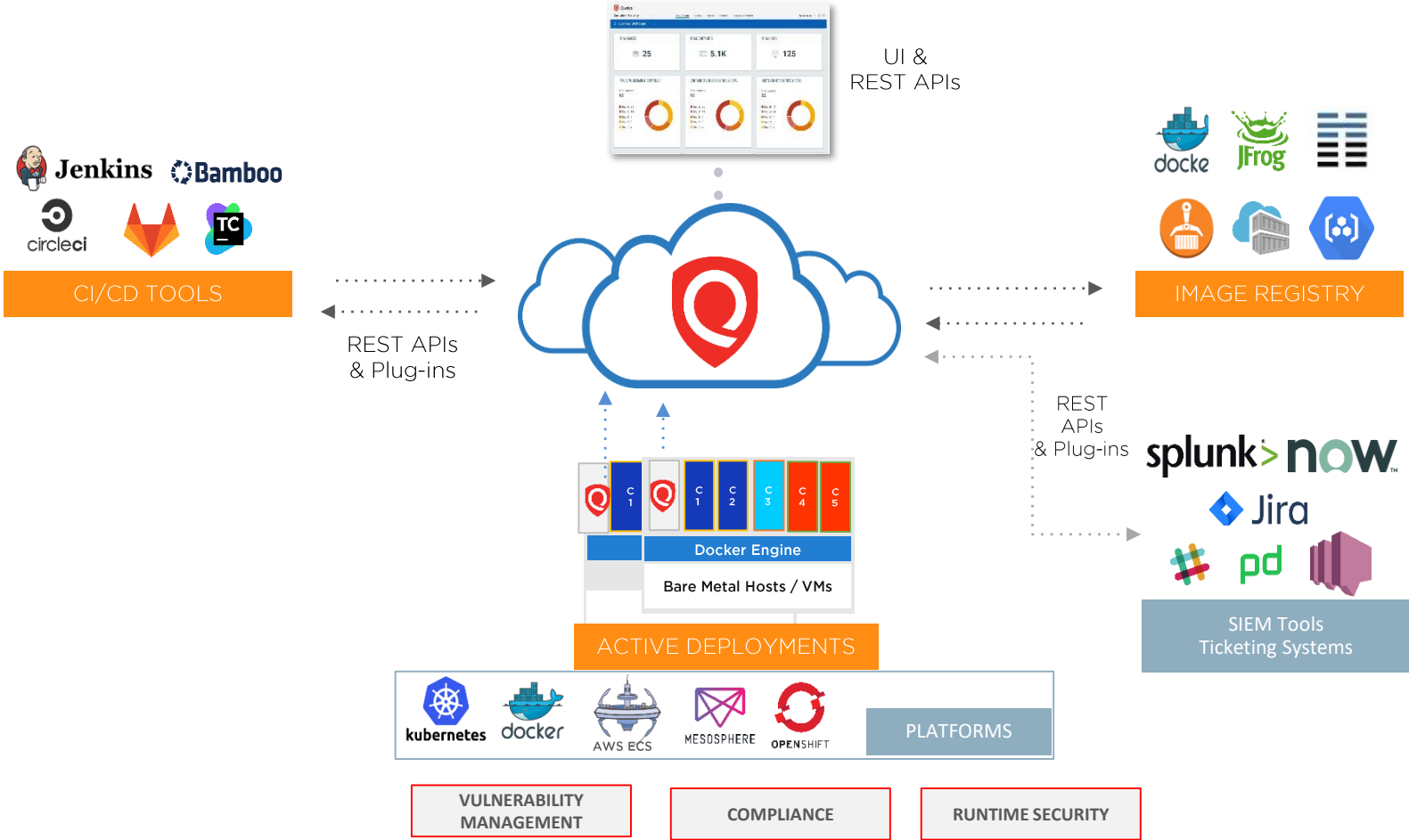Minimize the risk of doing business with vendors and other third parties

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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Qualys Container Security App
GA in June

UI &
REST APIs

CI/CD TOOLS

REST APIs
& Plug-ins

IMAGE REGISTRY

REST
APIs
& Plug-ins

C1   C1 C2 C3 C4 C5

Docker Engine

Bare Metal Hosts / VMs

ACTIVE DEPLOYMENTS

kubernetes   docker   AWS ECS   MESOSPHERE   OPENSHIFT   PLATFORMS

SIEM Tools
Ticketing Systems

VULNERABILITY
MANAGEMENT

COMPLIANCE

RUNTIME SECURITY

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Additional apps to come

Q3 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

Q4 2018

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
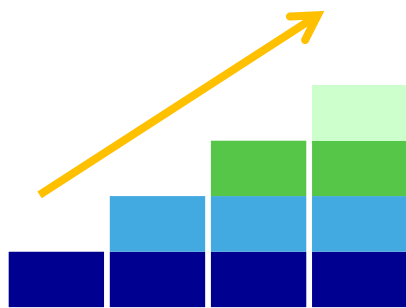Remediation and management of cloud vulnerabilities

Note: Target Beta dates

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Scalable Business Model
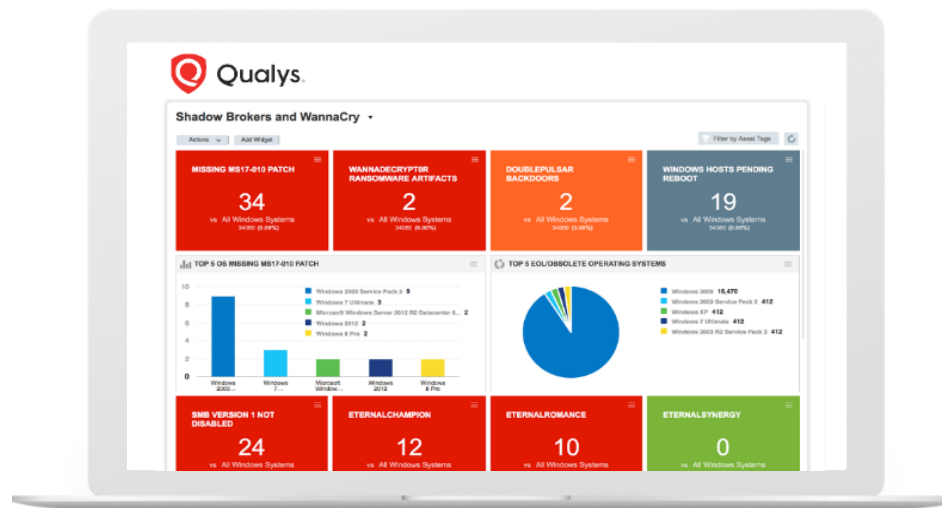
Strong and consistent organic revenue growth
Outperforming market and gaining share

($ in millions)

Revenues

- 2014: $134
- 2015: $164
- 2016: $198
- 2017: $231

20% CAGR

- Q2 2017 YTD: $108
- Q2 2018 YTD: $133

23%

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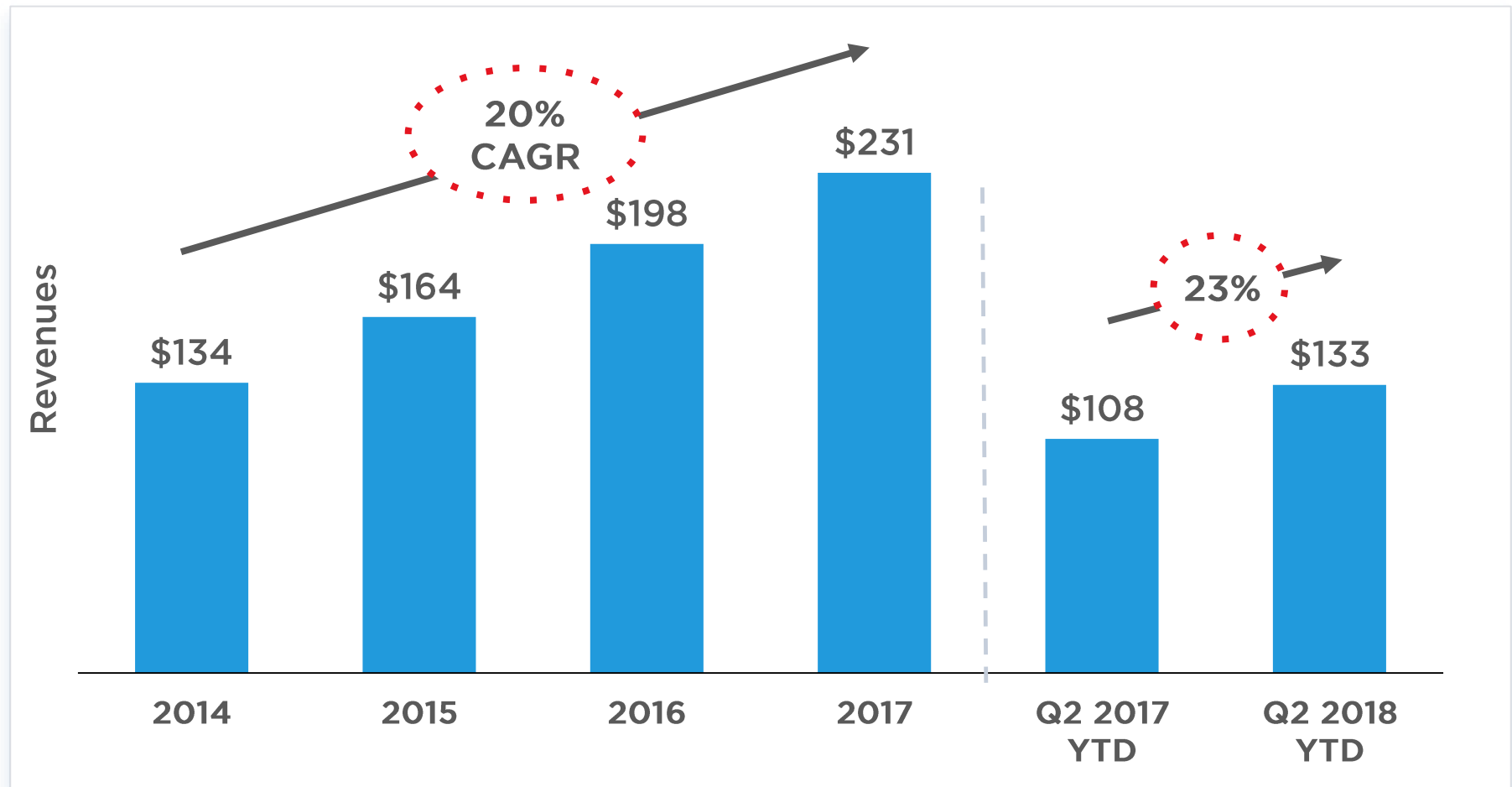
Adoption of new solutions (APPS) fuels growth and profitability

Quarterly revenues vs. customers

$ millions

20+ APPS

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

$100

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

2 APPS
Q1' 08
VM, PCI

$50

$0

2008   2010   2013   2015   2017

— Quarterly revenues   — Customers

■ Initial solution
■ Expansion
■ Additional solutions
■ Future products

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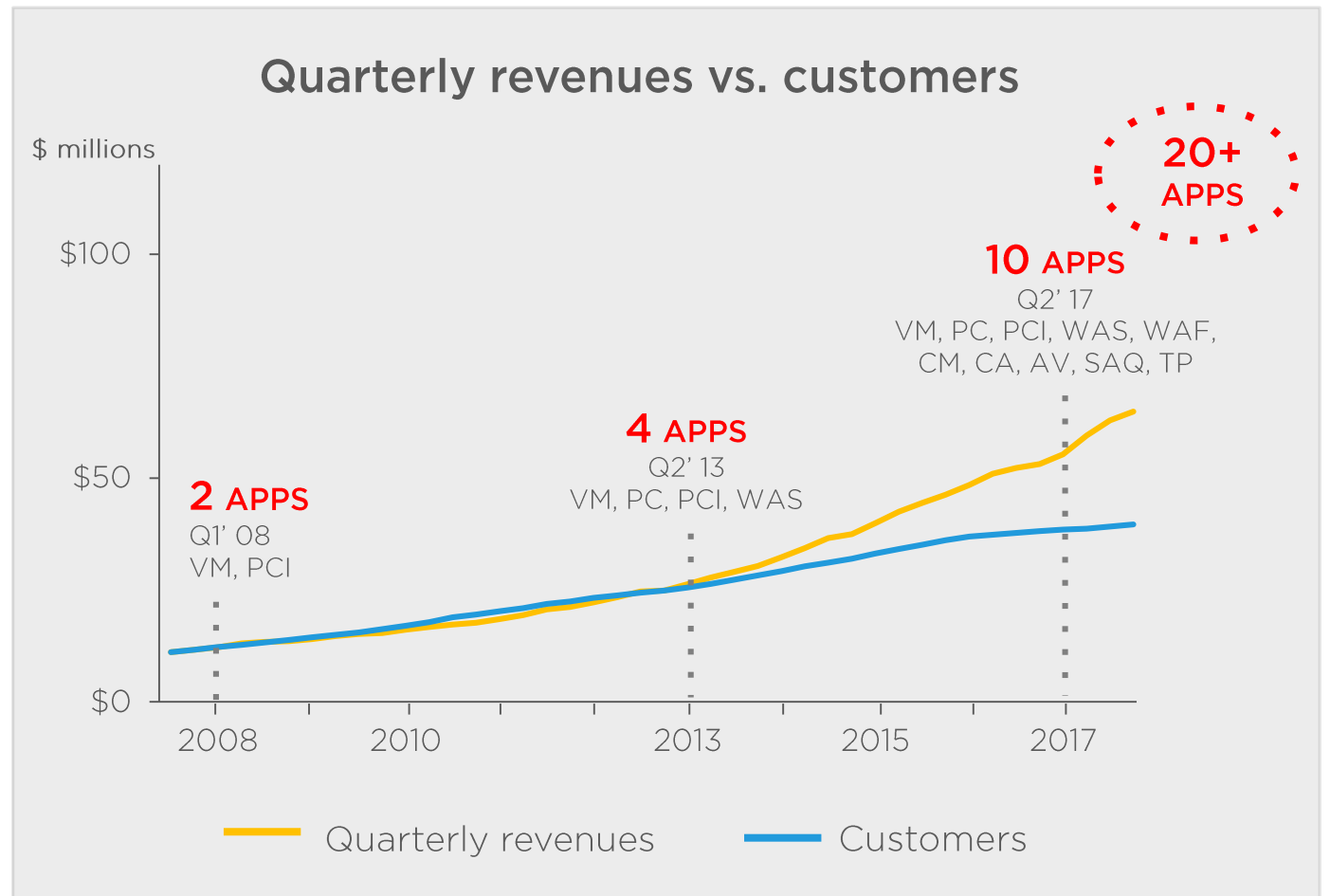
Increasing Cloud Agent Adoption

(Units in millions)
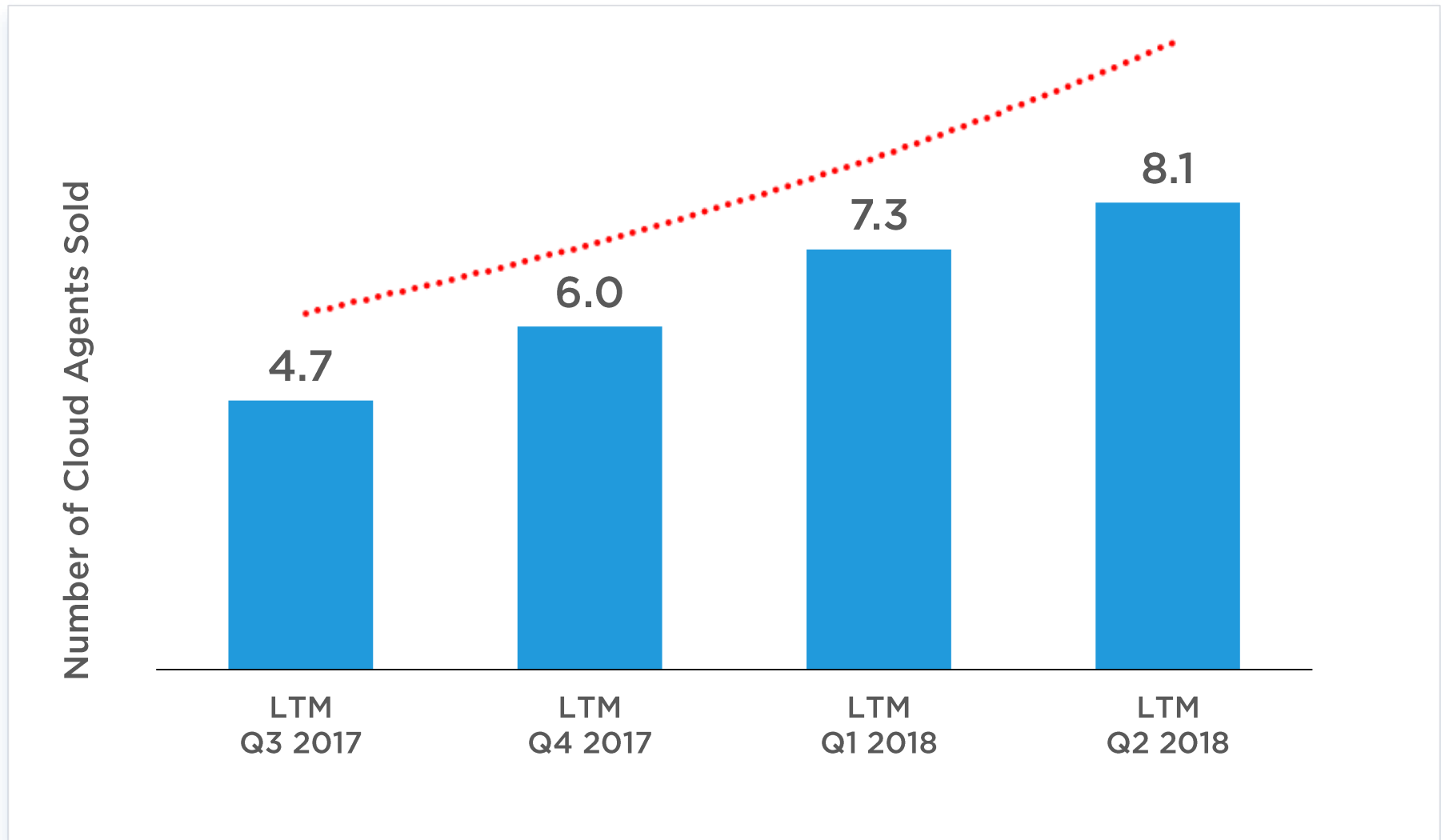
Platform adoption accelerating

% of Enterprise customers with 2+ solutions

68%

Q2 FY15	Q2 FY16	Q2 FY17	Q2 FY18
55%	59%	63%	68%

% of Enterprise customers with 3+ solutions

37%

Q2 FY15	Q2 FY16	Q2 FY17	Q2 FY18
18%	22%	28%	37%

% of Enterprise customers with 4+ solutions

19%

Q2 FY15	Q2 FY16	Q2 FY17	Q2 FY18
1%	4%	11%	19%
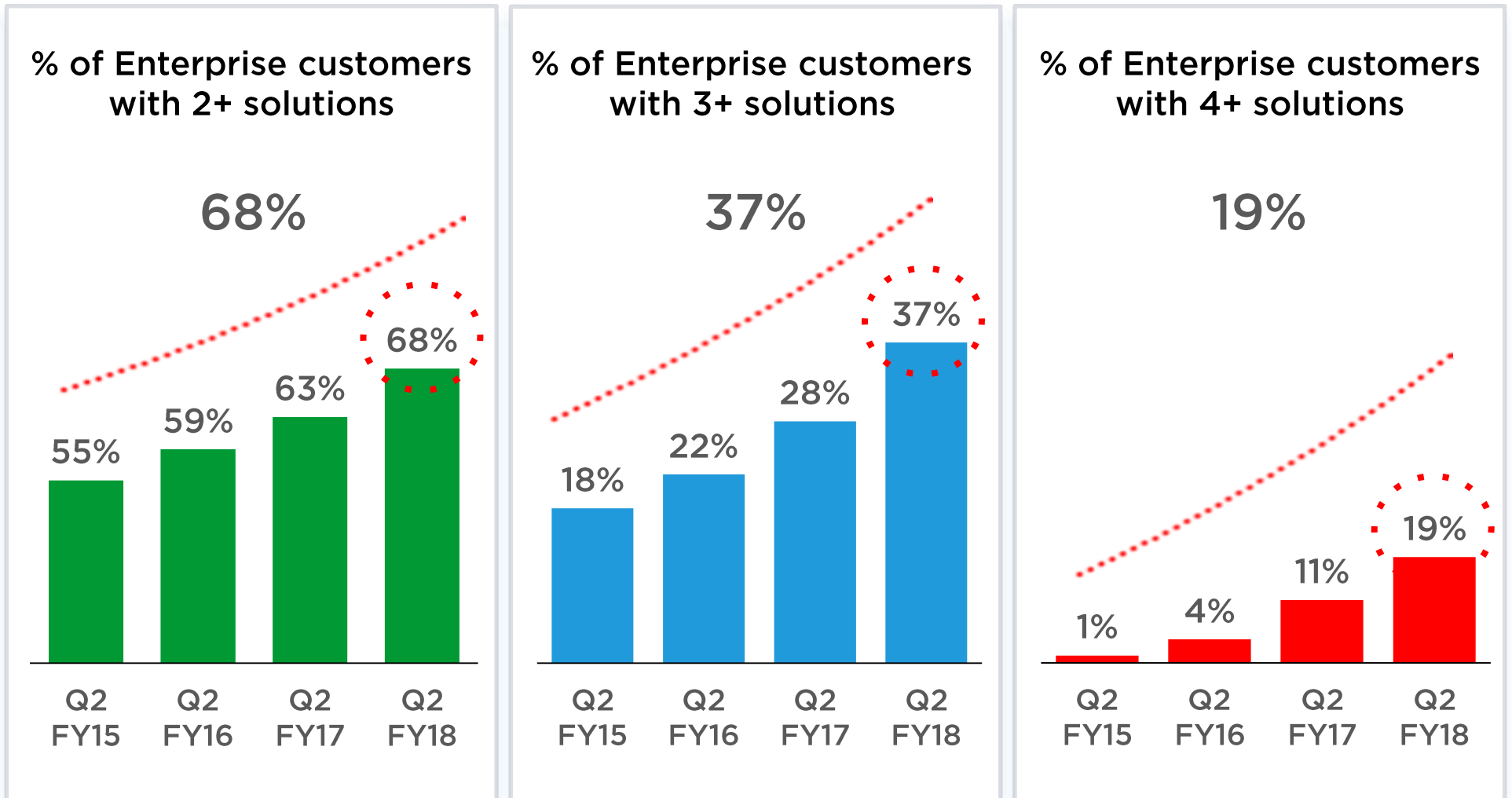
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Multiplier effect

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

($ in thousands)

Avg. LTM revenues per customer

$300

$200

$100

$0

$133

$95

$49

$192

$153

$51

$238

$182

$50

$274

$207

$52

5+x
of 1-solution average

LTM Q2 FY15

LTM Q2 FY16

LTM Q2 FY17

LTM Q2 FY18

— Enterprise customers with 1 solution

— Enterprise customers with 3+ solutions

— Enterprise customers with 4+ solutions
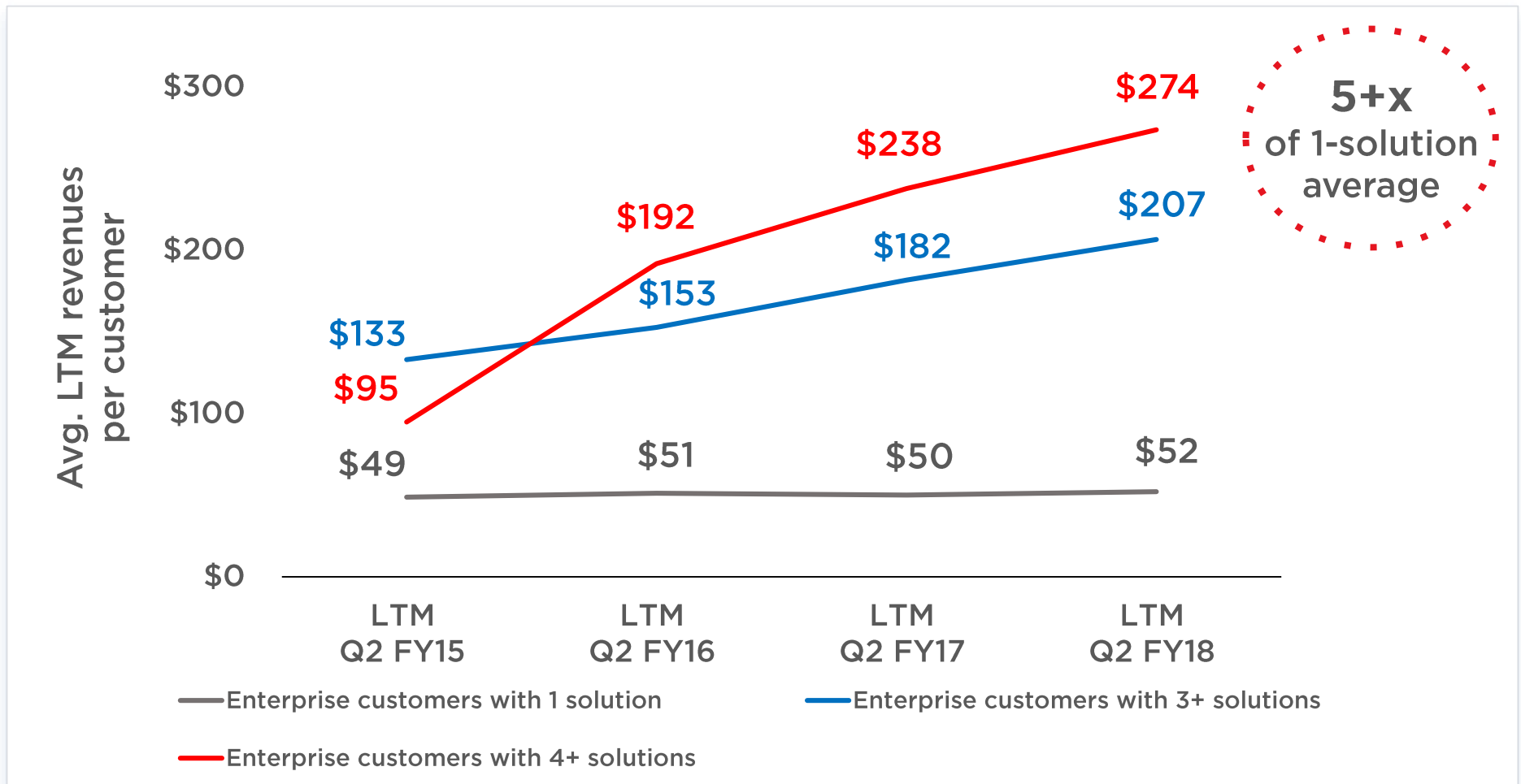
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Our largest customers spend an average of LTM $1M+ with Qualys

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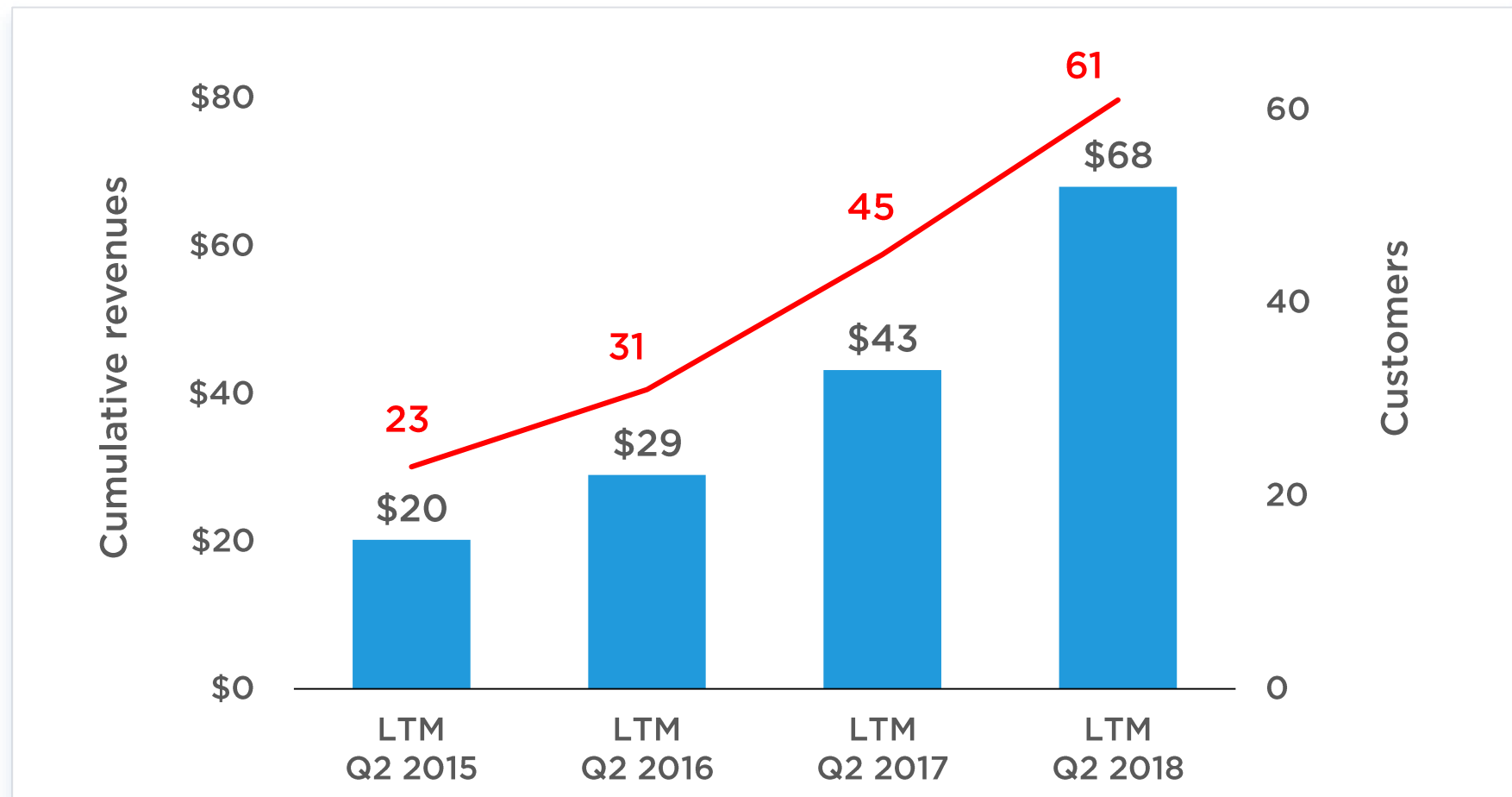
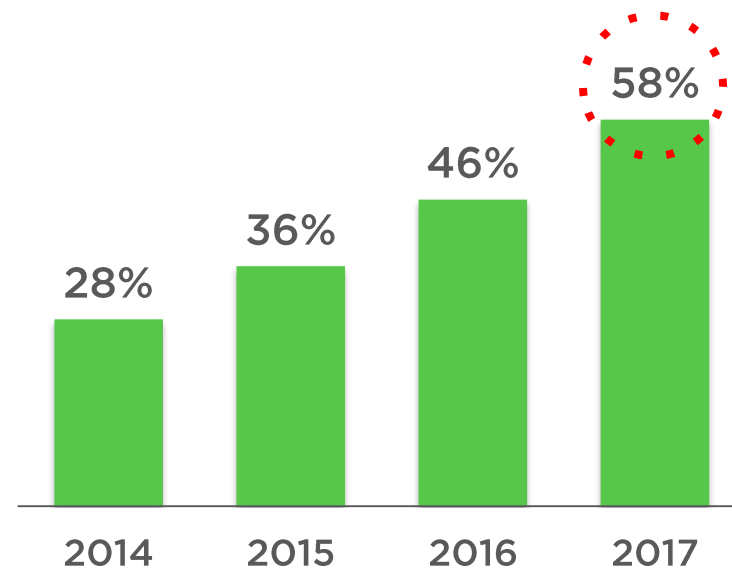Note: Customer count is defined as customers with greater than $500K in annual revenue

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Platform enables scalable operational model

Revenue per S&M headcount

$0.9M — 2014
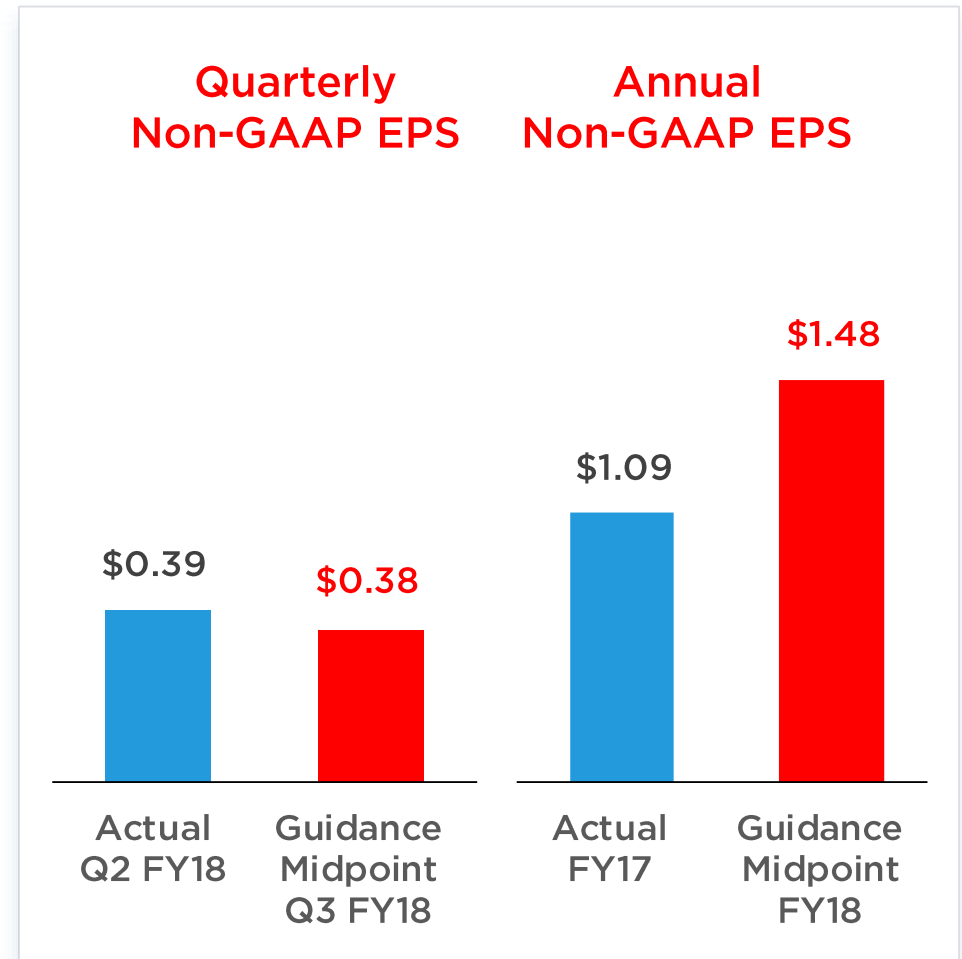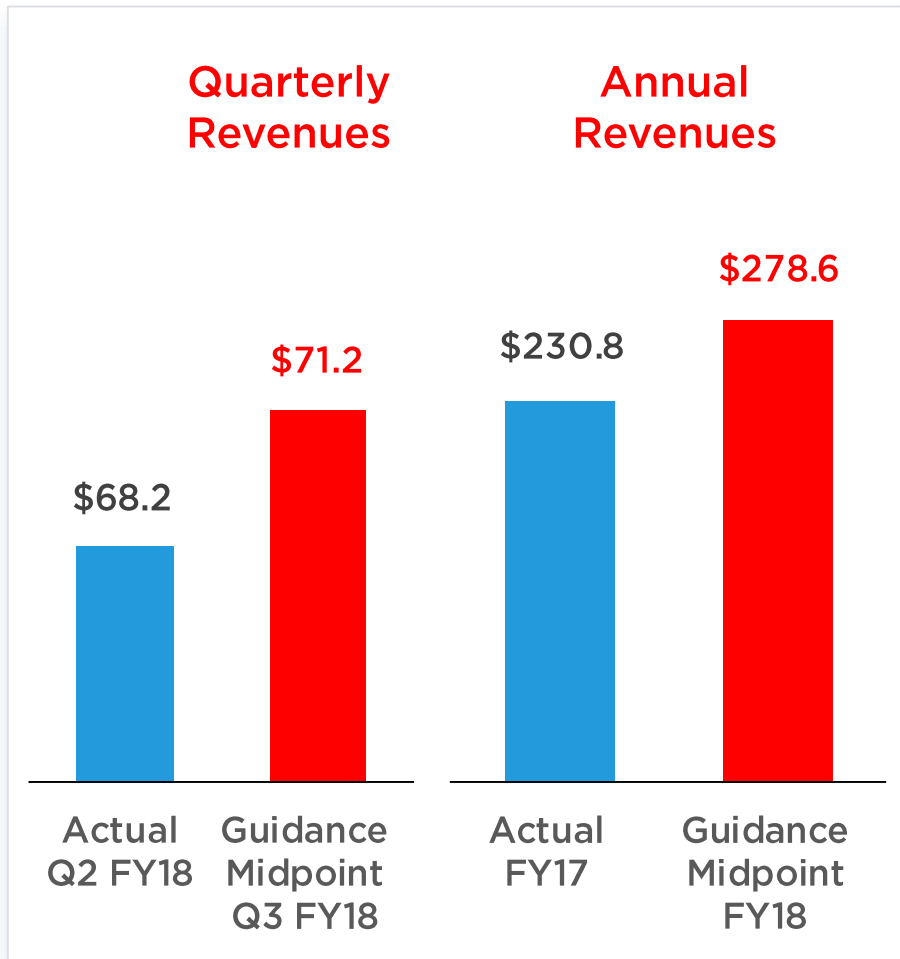$1.0M — 2015
$1.1M — 2016
$1.2M — 2017
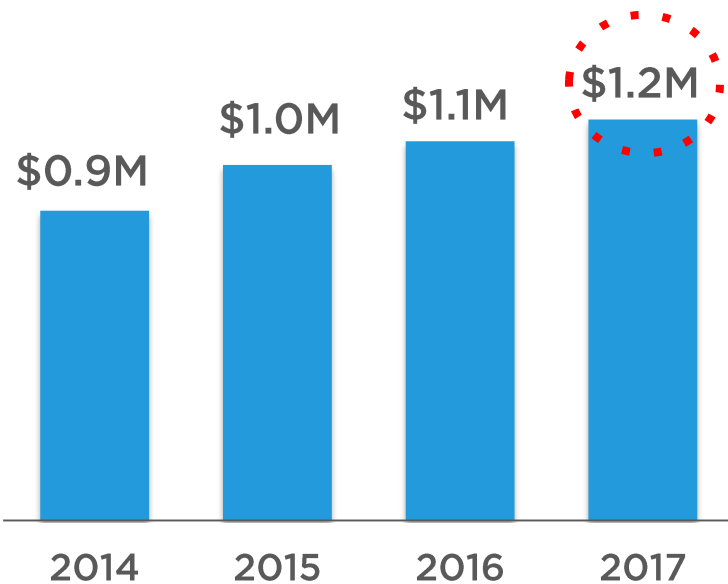
High sales leverage

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

28% — 2014
36% — 2015
46% — 2016
58% — 2017

Leveraging low cost geos

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2018 Revenue and Non-GAAP EPS Growth

Quarterly Revenues

$68.2 — Actual Q2 FY18

$71.2 — Guidance Midpoint Q3 FY18

Annual Revenues

$230.8 — Actual FY17

$278.6 — Guidance Midpoint FY18

Quarterly Non-GAAP EPS

$0.39 — Actual Q2 FY18

$0.38 — Guidance Midpoint Q3 FY18

Annual Non-GAAP EPS

$1.09 — Actual FY17

$1.48 — Guidance Midpoint FY18

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Increasing adjusted EBITDA & operating cash flow

($ in millions)

Left chart — Adjusted EBITDA with Adjusted EBITDA margin (%):
- 2014: $32, 24%
- 2015: $57, 34%
- 2016: $68, 34%
- 2017: $85, 37%
- Q2 2017 YTD: $37, 34%
- Q2 2018 YTD: $51, 39%

Right chart — Operating cash flow with Operating cash flow margin (%):
- 2014: $41, 31%
- 2015: $66, 40%
- 2016: $68, 34%
- 2017: $108, 47%
- Q2 2017 YTD: $49, 45%
- Q2 2018 YTD: $67, 51%
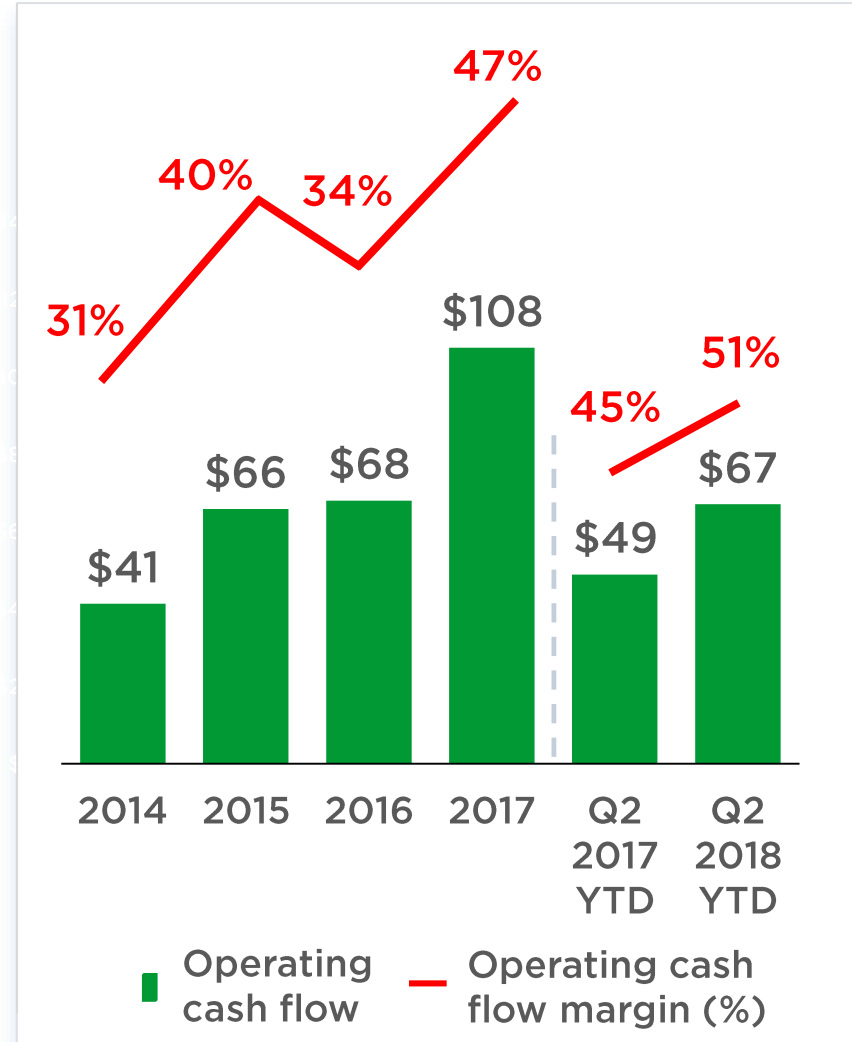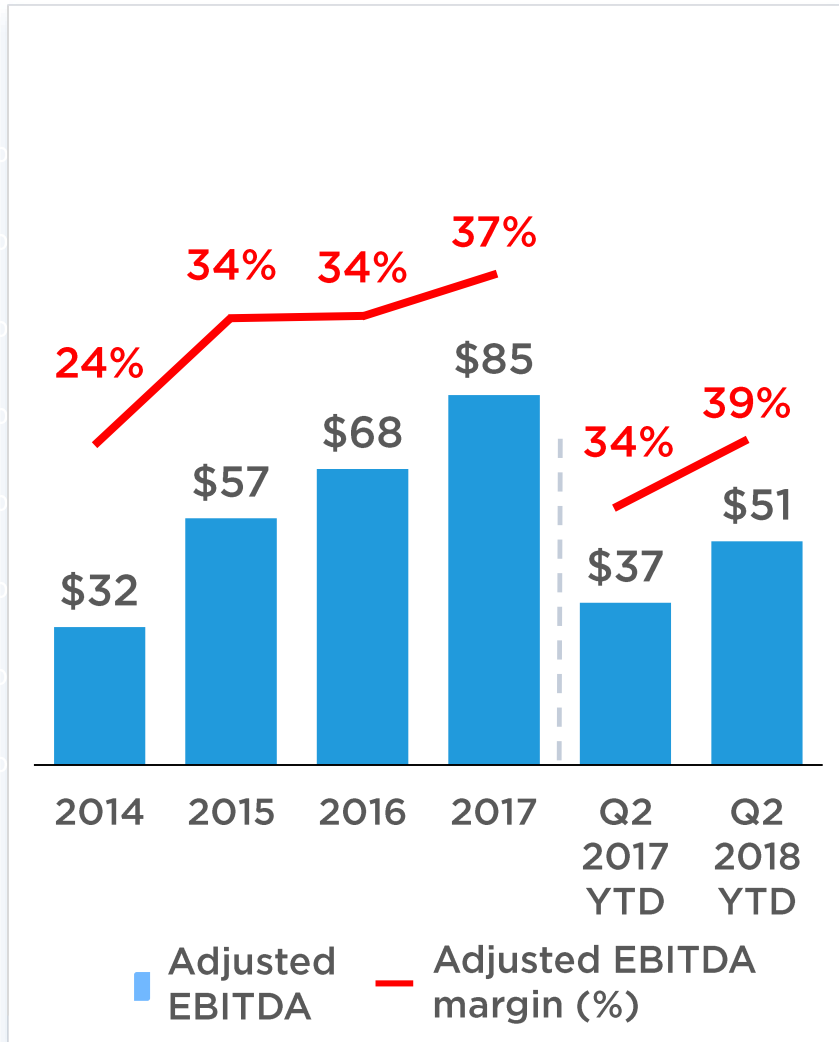
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Industry-leading margins

Q1 CY2018 EBITDA margin vs. select Security and SaaS peers

Security
SaaS

QLYS 38%

Peer average: 9%

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

Source: JPMorgan

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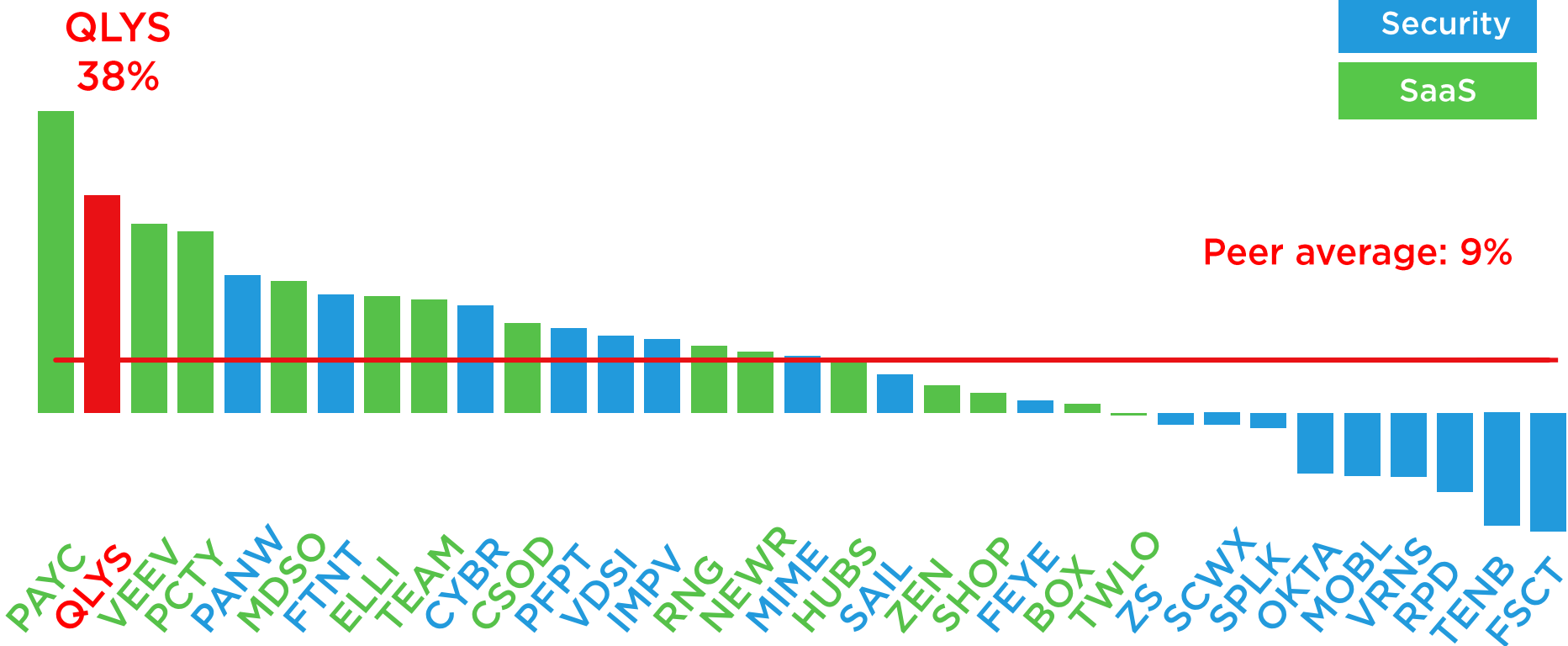
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Industry-leading Performance

**Q1 CY2018 Rule of 40 vs.
select Security and SaaS peers**

**QLYS
60%**

Security
SaaS

Rule of 40 (40%)

PAYC SHOP QLYS TEAM PFPT PCTY VEEV PANW MIME HUBS TWLO OKTA ZS ELLI SAIL RNG NEWR ZEN MDSO CYBR FTNT CSOD IMPV TENB SPLK VDSI VRNS BOX FEYE FSCT SCWX RPD MOBL
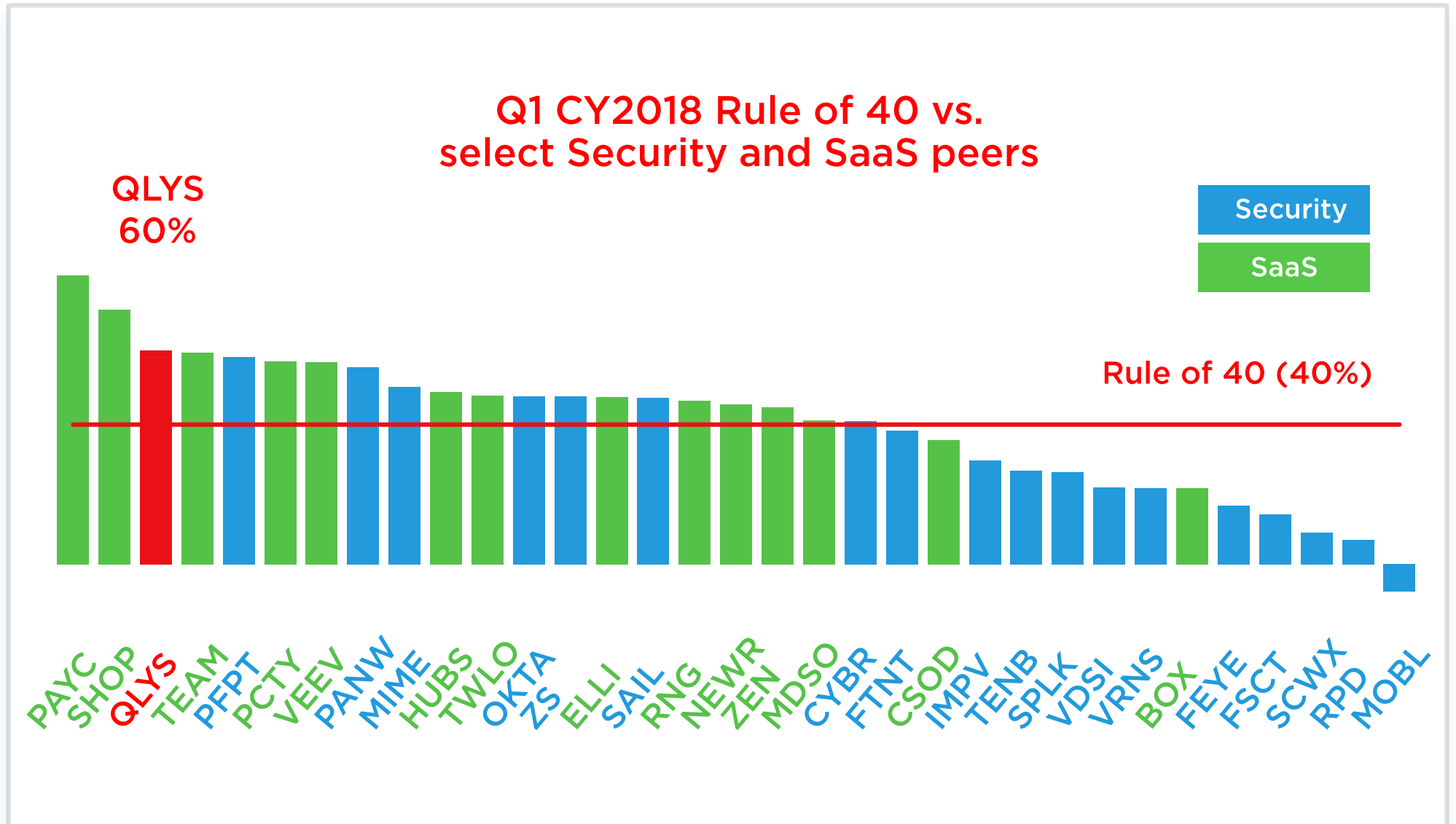
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Unique advantages of the Qualys Cloud Platform

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.

Available as a Public or on-premise Private Cloud

Full server rack	For governments, enterprises, and MSSPs
Virtual rack	For governments, enterprises, and MSSPs
Standalone appliance	For small businesses
FedRAMP authorized	

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Appendix
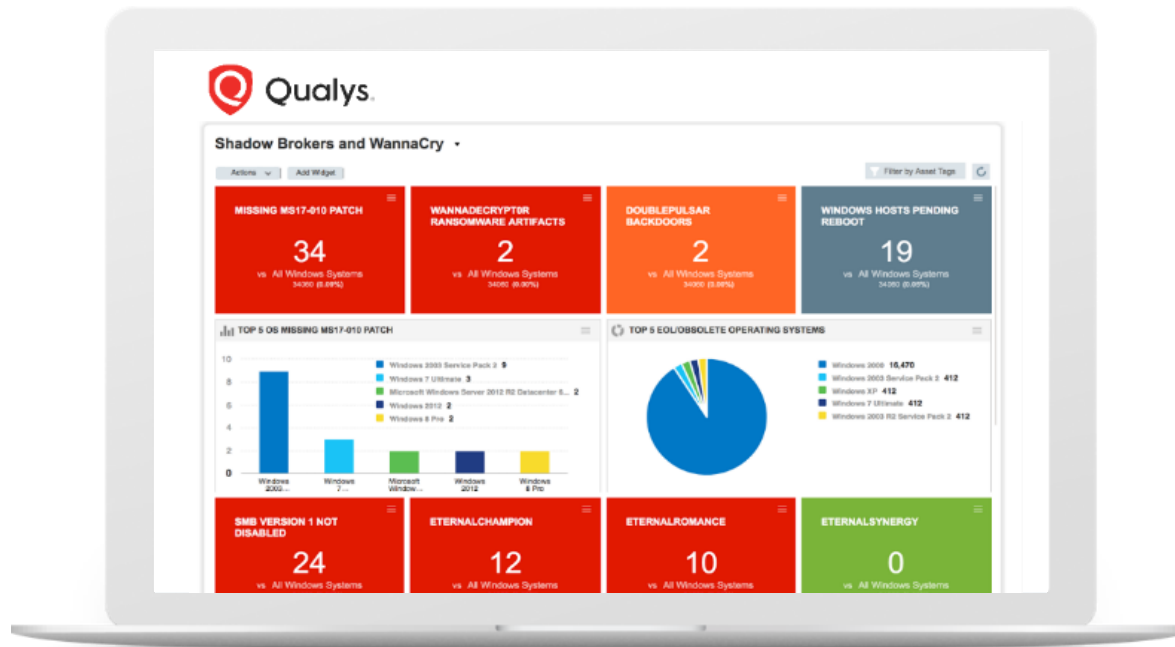
Reconciliation of Adjusted EBITDA

($ in millions)

	2014	2015	2016	2017	Q2 2017 YTD	Q2 2018 YTD
Net income	$30.2	$15.9	$19.2	$40.4	$29.1	$19.4
Depreciation and amortization of property and equipment	11.5	14.0	16.6	19.8	9.6	12.8
Amortization of intangible assets	0.4	0.4	0.4	0.8	0.2	1.5
Interest expense	0.0	0.0	0.0	0.0	0.0	0.1
Provision for (benefit from) income taxes	(21.6)	8.7	11.2	(1.1)	(11.7)	2.0
Stock-based compensation	10.5	17.5	20.1	27.0	10.8	15.9
Other (income) expense, net	0.6	0.3	(0.3)	(2.1)	(0.8)	(2.2)
Acquisition-related expense	---	---	---	0.1	---	1.9
One-time tax related expense	---	---	0.7	---	---	---
Adjusted EBITDA	**$31.7**	**$56.7**	**$68.0**	**$84.9**	**$37.2**	**$51.4**

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Reconciliation of Non-GAAP Net Income

($ in millions, except per diluted share metric)

	2017	Q2 2018
GAAP Net income	$40.4	$10.3
Stock-based compensation	27.0	7.0
Intangible asset amortization (1)	0.5	0.8
Acquisition-related expense (2)	0.1	1.6
Tax adjustment	(24.5)	(3.4)
Non-GAAP Net income	**$43.5**	**$16.4**
Non-GAAP Net income per diluted share	**$1.09**	**$0.39**

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

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