
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported)
July 31, 2013

Qualys, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-35662
(Commission
File Number)

77-0534145
(IRS Employer
Identification No.)

1600 Bridge Parkway
Redwood City, California 94065
(Address of principal executive offices, including zip code)

(650) 801-6100
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.

On August 5, 2013, Qualys, Inc. (“**Qualys**”) issued a press release announcing its financial results for the quarter ended June 30, 2013. In the press release, Qualys also announced that it would be holding a conference call on August 5, 2013 to discuss its financial results for the quarter ended June 30, 2013. The full text of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

This information is intended to be furnished under Item 2.02 of Form 8-K, “Results of Operations and Financial Condition” and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(b) Director Resignation

On July 31, 2013, Yves B. Sisteron resigned from the Board of Directors (the “**Board**”) of Qualys effective immediately. Mr. Sisteron’s resignation is not the result of any disagreement with Qualys relating to Qualys’ operations, policies or practices. The Board has appointed General Peter Pace, one of Qualys’ current directors, to replace Mr. Sisteron on Qualys’ audit committee.

(d) Appointment of New Director

On August 1, 2013, the Board appointed Kristi M. Rogers to serve as a member of the Board, effective immediately. Ms. Rogers will serve in the class of directors whose term expires at the Annual Meeting of Stockholders to be held in 2016. In addition, Ms. Rogers was appointed as a member of the nominating and governance committee of the Board, effective immediately.

Ms. Rogers has served as a Managing Director of Government Affairs and Public Policy of Manatt, Phelps & Phillips LLP since February 2013. From July 2006 to January 2008, Ms. Rogers served as Executive Vice President of Aegis LLC, a provider of security and support services to the U.S. government. From January 2008 to June 2009, Ms. Rogers served as President of Aegis LLC and from July 2009 to November 2011, Ms. Rogers served as Chief Executive Officer and President of Aegis LLC. Ms. Rogers has also served on the board of directors of several private companies. Ms. Rogers holds a Bachelor of Science degree in Political Science from Michigan State University.

In connection with her appointment to the Board on August 1, 2013, and in accordance with Qualys’ compensation program for non-employee directors, Ms. Rogers was granted an option to purchase 21,000 shares of common stock. The shares subject to the grant will vest over three years on a monthly basis, subject to continued service as a director through each vesting date. In the event of a “change in control” (as defined in Qualys’ 2012 Equity Incentive Plan (the “**2012 Plan**”)), all shares subject to the grant would become fully vested and immediately exercisable. The grant is subject to the terms and conditions of the 2012 Plan and the related

stock option agreement. In addition, Qualys expects to grant an option to purchase 12,000 shares of common stock to Ms. Rogers on the date of each annual meeting of stockholders, in each case based on continuing service as a director. Each annual grant is expected to vest over one year on a monthly basis. Qualys will also reimburse Ms. Rogers for all reasonable expenses in connection with her services to Qualys.

In addition, Ms. Rogers has executed Qualys' standard form of indemnification agreement, a copy of which has been filed as Exhibit 10.10 to Qualys' Registration Statement on Form S-1 filed with the Securities and Exchange Commission on August 10, 2012.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--|
| 99.1 | Press release issued by Qualys, Inc. dated August 5, 2013. |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

QUALYS, INC.

By: /s/ Philippe F. Courtot
Philippe F. Courtot
Chairman, President and Chief Executive Officer

Date: August 5, 2013

EXHIBIT INDEX

**Exhibit
No.**

Description

99.1 Press release issued by Qualys, Inc. dated August 5, 2013.



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QUALYS ANNOUNCES SECOND QUARTER 2013 FINANCIAL RESULTS

Revenue Growth of 18% Year-Over-Year
GAAP EPS of \$0.02, Non-GAAP EPS of \$0.06

REDWOOD CITY, CA – August 5, 2013 – Qualys, Inc. (NASDAQ: QLYS), a pioneer and leading provider of cloud security and compliance solutions, today announced financial results for the second quarter ended June 30, 2013. For the quarter, the Company reported revenues of \$26.3 million, GAAP net income of \$0.9 million, non-GAAP net income of \$2.1 million, adjusted EBITDA of \$4.5 million, GAAP earnings per diluted share of \$0.02, and non-GAAP earnings per diluted share of \$0.06.

“We are pleased to report another solid quarter as we continue to execute against our strategic plan and drive momentum throughout our business,” stated Philippe Courtot, Chairman and Chief Executive Officer of Qualys. “Our years of investment in the QualysGuard Cloud Platform and product innovation are clearly paying off, resulting in increased adoption of our solutions by organizations worldwide. Our core Vulnerability Management customers are increasingly adopting our new solutions, including Web Application Scanning and Policy Compliance. Our continued investment in innovation also has produced enhanced platform capabilities, including the ability to now package the entire Qualys platform and deliver it to customers fully virtualized on a single VCE Vblock System. This significant milestone opens up another avenue of growth for the Company, expanding our reach to organizations such as managed security service providers and government entities that require an on-premise solution for our cloud offerings. With a growing base of more than 6,000 customers worldwide, we remain confident in our outlook for the second half of 2013 and will continue to focus on strategic investments that maintain our technical leadership while leveraging the strength of our SaaS business model to grow revenues and increase value to our customers and shareholders.”

Second Quarter 2013 Financial Highlights

Revenues: Revenues for the second quarter of 2013 increased by 18% to \$26.3 million compared to \$22.2 million in the same quarter last year. Revenue growth was driven by a combination of increased sales of subscriptions for additional solutions to existing customers, as well as sales of subscriptions to new customers.

Bookings: Four-Quarter Bookings (a non-GAAP financial measure) were \$109.0 million for the four-quarter period ended June 30, 2013, an increase of \$15.0 million, or 16%, compared to \$94.0 million for the four-quarter period ended June 30, 2012. The increase in Four-Quarter Bookings was primarily due to sales of subscriptions for additional solutions to the existing customer base, as well as sales of subscriptions to new customers.

Gross Profit: GAAP gross profit for the second quarter of 2013 increased by 16% to \$20.4 million compared to \$17.6 million in the same quarter last year. GAAP gross margin was 77% for the second quarter of 2013 compared to 79% in the same quarter last year. Non-GAAP gross profit for the second quarter of 2013 increased by 16% to \$20.5 million compared to \$17.6 million in the same quarter last year. Non-GAAP gross margin was 78% for the second quarter of 2013 compared to 79% in the same quarter last year. The decrease in gross margin was related to increased depreciation resulting from higher levels of capital expenditures and related operations costs to support the growth of the Company's business, including the deployment of new solutions and the expansion of its data center infrastructure.

Operating Income: GAAP operating income for the second quarter of 2013 increased to \$0.9 million compared to an operating loss of \$0.2 million in the same quarter last year. GAAP operating margin increased to 3% for the second quarter of 2013 compared to (1%) in the same quarter last year. Non-GAAP operating income for the second quarter of 2013 increased to \$2.1 million compared to \$0.7 million in the same quarter last year. Non-GAAP operating margin increased to 8% for the second quarter of 2013 compared to 3% in the same quarter last year.

Net Income: GAAP net income for the second quarter of 2013 was \$0.9 million, or \$0.02 per diluted share, compared to a net loss of \$0.3 million, or a \$0.05 net loss per diluted share, in the same quarter last year. Non-GAAP net income for the second quarter of 2013 was \$2.1 million, or \$0.06 per diluted share, compared to a non-GAAP net income of \$0.6 million, or a \$0.02 net income per diluted share, in the same quarter last year.

Adjusted EBITDA: Adjusted EBITDA (a non-GAAP financial measure) for the second quarter of 2013 increased by 82% to \$4.5 million compared to \$2.5 million in the same quarter last year. As a percentage of revenues, adjusted EBITDA increased to 17% for the second quarter of 2013 compared to 11% in the same quarter last year.

Second Quarter 2013 Business Highlights

New Customers:

- New customers included: Administrative Office of the U.S. Courts, Airbus, CBS Corporation, C.R. Bard, Graybar, InBev, Lufkin Industries, Maroc Telecom, Mayo Clinic, Northern Trust, Pearson PLC, Regeneron Pharmaceuticals and State Street Corporation.

New Products and Functionalities:

- Introduced QualysGuard Express Lite as an all-in-one, easy-to-use and affordable IT security and compliance package for small businesses, enabling protection against Internet attackers and simplifying compliance with PCI and regulatory mandates.
- Released the QualysGuard Private Cloud Platform on VCE Vblock Systems, providing managed security service providers and government entities with a complete and integrated turnkey solution where data resides on premise with the same performance and scalability that the Qualys' public platform offers.
- Introduced QualysGuard Questionnaire as a cloud-based customizable solution to help customers automate vendor risk management and certification processes.
- Announced the availability of QualysGuard Web Application Firewall (WAF) Beta for Amazon EC2 and for on-premise deployments, delivering customers a next-generation distributed WAF to protect web applications running in the cloud or on premise against known and emerging threats.

- Released an integration with FireMon to deliver real-time network risk visibility and remediation through proactive attack simulation and threat detection.

Channel Partners:

- Partnered with OISG Group to deliver cloud IT security and compliance solutions in the United Kingdom and Northern Ireland.
- Partnered with Proficio to deliver to medium-sized businesses the QualysGuard offerings integrated along with real-time event monitoring as one unified easy-to-use cloud service.
- Launched with du Telecom their managed services offering to support customers in the U.A.E. based on the QualysGuard Private Cloud Platform installed at du in Dubai.

Financial Performance Outlook

Third Quarter 2013 Guidance: Management expects revenues to be in the range of \$27.1 million to \$27.6 million. GAAP net income per diluted share is expected to be in the range of \$0.00 to \$0.02 and non-GAAP net income per diluted share is expected to be in the range of \$0.03 to \$0.05 based on approximately 36.1 million weighted average diluted shares outstanding for the quarter.

Full Year 2013 Guidance: Full year 2013 guidance remains unchanged with management expecting revenues to be in the range of \$106 million to \$108 million. GAAP EPS is expected to be in the range of \$0.02 to \$0.06 per diluted share and non-GAAP EPS is expected to be in the range of \$0.16 to \$0.20 per diluted share based on approximately 35.8 million weighted average diluted shares outstanding for the full year.

Investor Conference Call

Qualys will host a conference call and live webcast to discuss its second quarter 2013 financial results today at 2:00 p.m. Pacific Time (5:00 p.m. Eastern Time). To access the conference call, dial (877) 881-2609 in the U.S. or +1 (970) 315-0463 for international participants with conference ID #13344544. The live webcast of Qualys' earnings conference call can also be accessed at investor.qualys.com. A replay of the conference call will be available through the same webcast link following the end of the call.

About Qualys, Inc.

Qualys, Inc. (NASDAQ: QLYS), is a pioneer and leading provider of cloud security and compliance solutions with over 6,000 customers in more than 100 countries, including a majority of each of the Forbes Global 100 and Fortune 100. The QualysGuard Cloud Platform and integrated suite of solutions help organizations simplify security operations and lower the cost of compliance by delivering critical security intelligence on demand and automating the full spectrum of auditing, compliance and protection for IT systems and web applications. Founded in 1999, Qualys has established strategic partnerships with leading managed service providers and consulting organizations including Accuvant, BT, Dell SecureWorks, Fujitsu, NTT, Symantec, Verizon, and Wipro. The company is also a founding member of the Cloud Security Alliance (CSA). For more information, please visit www.qualys.com.

Qualys, the Qualys logo and QualysGuard are proprietary trademarks of Qualys, Inc. All other products or names may be trademarks of their respective companies.

Legal Notice Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements generally relate to future events or our future financial or operating performance. Forward-looking statements in this press release include, but are not limited to, statements related to: continued revenue growth and overall momentum in our business; our expectations regarding strategic investments in our business; our guidance for revenues, GAAP net income per diluted share and non-GAAP net income per diluted share for the third quarter and full year of 2013; and our expectations for the number of weighted average diluted shares outstanding for the third quarter and full year of 2013. 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; customer acceptance and purchase of our existing solutions and new solutions; our ability to retain existing customers and generate new customers; the market for cloud solutions for IT security and compliance not continuing to develop; competition from other products and services; and general market, political, economic and business conditions. The forward-looking statements contained in this press release are also subject to other risks and uncertainties, including those more fully described in our filings with the Securities and Exchange Commission, including our Quarterly Report on Form 10-Q for the three months ended March 31, 2013, filed with the Securities and Exchange Commission on May 10, 2013. The forward-looking statements in this press release are based on information available to Qualys as of the date hereof, and Qualys disclaims any obligation to update any forward-looking statements, except as required by law.

Non-GAAP Financial Measures

In addition to reporting financial results in accordance with generally accepted accounting principles, or GAAP, Qualys monitors non-GAAP measures of Four-Quarter Bookings, non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating income, non-GAAP operating margin, non-GAAP net income (loss), non-GAAP net income (loss) per diluted share and adjusted EBITDA.

Qualys monitors Four-Quarter Bookings to understand sales trends for its business. Qualys believes this metric provides an additional tool for investors to use in assessing its business performance in a way that more fully reflects current business trends than reported revenues and reduces the variations in any particular quarter caused by customer subscription renewals. Qualys believes Four-Quarter Bookings reflects the material sales trends for its business because it includes sales of subscriptions to new customers, as well as subscription renewals and upsells of additional subscriptions to existing customers.

Qualys also monitors non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating income, non-GAAP operating margin, non-GAAP net income (loss), non-GAAP net income (loss) per diluted share and adjusted EBITDA to evaluate its ongoing operational performance and enhance an overall understanding of its past financial performance. Qualys believes that these non-GAAP metrics help illustrate underlying trends in its business that could otherwise be masked by the effect of the income or expenses, as well as the related tax effects, that are excluded in non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating income, non-GAAP operating margin, non-GAAP net income (loss), non-GAAP net income (loss) per diluted share and adjusted EBITDA. Furthermore, Qualys uses these

measures to establish budgets and operational goals for managing its business and evaluating its performance. Qualys also believes that non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating income, non-GAAP operating margin, non-GAAP net income (loss), non-GAAP net income (loss) per diluted share and adjusted EBITDA provide additional tools for investors to use in comparing its recurring core business operating results over multiple periods with other companies in its industry.

The presentation of this non-GAAP financial information is not intended to be considered in isolation or as a substitute for results prepared in accordance with GAAP. A reconciliation of the non-GAAP financial measures discussed in this press release to the most directly comparable GAAP financial measures is included with the financial statements contained in this press release. Management uses both GAAP and non-GAAP information in evaluating and operating its business internally and as such has determined that it is important to provide this information to investors.

Qualys, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(in thousands, except per share data)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|--------------------------------|------------------|------------------------------|------------------|
| | 2013 | 2012 | 2013 | 2012 |
| Revenues | \$26,291 | \$22,190 | \$51,174 | \$43,381 |
| Cost of revenues ⁽¹⁾ | 5,924 | 4,629 | 11,719 | 8,789 |
| Gross profit | 20,367 | 17,561 | 39,455 | 34,592 |
| Operating expenses: | | | | |
| Research and development ⁽¹⁾ | 5,291 | 5,148 | 10,588 | 10,249 |
| Sales and marketing ⁽¹⁾ | 10,160 | 9,784 | 20,328 | 19,030 |
| General and administrative ⁽¹⁾ | 4,053 | 2,843 | 7,949 | 5,657 |
| Total operating expenses | 19,504 | 17,775 | 38,865 | 34,936 |
| Income (loss) from operations | 863 | (214) | 590 | (344) |
| Other income (expense), net: | | | | |
| Interest expense | (12) | (50) | (30) | (115) |
| Interest income | 81 | 1 | 158 | 1 |
| Other income (expense), net | 33 | (92) | (286) | (104) |
| Total other income (expense), net | 102 | (141) | (158) | (218) |
| Income (loss) before provision for (benefit from) income taxes | 965 | (355) | 432 | (562) |
| Provision for (benefit from) income taxes | 92 | (78) | 162 | 0 |
| Net income (loss) | <u>\$ 873</u> | <u>\$ (277)</u> | <u>\$ 270</u> | <u>\$ (562)</u> |
| Net income (loss) per share attributable to common stockholders: | | | | |
| Basic | <u>\$ 0.03</u> | <u>\$ (0.05)</u> | <u>\$ 0.01</u> | <u>\$ (0.10)</u> |
| Diluted | <u>\$ 0.02</u> | <u>\$ (0.05)</u> | <u>\$ 0.01</u> | <u>\$ (0.10)</u> |
| Weighted average shares used in computing net income (loss) per share attributable to common stockholders: | | | | |
| Basic | <u>31,777</u> | <u>5,515</u> | <u>31,636</u> | <u>5,392</u> |
| Diluted | <u>35,393</u> | <u>5,515</u> | <u>35,353</u> | <u>5,392</u> |

⁽¹⁾ Includes stock-based compensation as follows:

| | | | | |
|--------------------------------|-----------------|---------------|-----------------|-----------------|
| Cost of revenues | \$ 111 | \$ 73 | \$ 204 | \$ 127 |
| Research and development | 236 | 169 | 444 | 317 |
| Sales and marketing | 158 | 308 | 441 | 507 |
| General and administrative | 733 | 330 | 1,098 | 605 |
| Total stock-based compensation | <u>\$ 1,238</u> | <u>\$ 880</u> | <u>\$ 2,187</u> | <u>\$ 1,556</u> |

Qualys, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)
(in thousands)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|--------------------------------|-----------------|------------------------------|-----------------|
| | 2013 | 2012 | 2013 | 2012 |
| Net income (loss) | \$ 873 | \$ (277) | \$ 270 | \$ (562) |
| Change in foreign currency translation gain (loss), net of zero tax | (51) | (30) | (61) | (58) |
| Available-for-sale investments: | | | | |
| Change in net unrealized gain (loss) on investments, net of zero tax | (15) | — | (15) | — |
| Less: reclassification adjustment for net gain (loss) included in net income (loss) | (2) | — | (8) | — |
| Net change, net of zero tax | (17) | — | (23) | — |
| Other comprehensive income (loss), net | (68) | (30) | (84) | (58) |
| Comprehensive income (loss) | <u>\$ 805</u> | <u>\$ (307)</u> | <u>\$ 186</u> | <u>\$ (620)</u> |

Qualys, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(in thousands)

| | June 30, 2013 | December 31, 2012 |
|---|-------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 68,619 | \$ 34,885 |
| Short-term investments | 37,758 | 83,547 |
| Accounts receivable, net | 22,928 | 24,545 |
| Prepaid expenses and other current assets | 4,883 | 4,377 |
| Total current assets | 134,188 | 147,354 |
| Restricted cash | — | 114 |
| Long-term investments | 20,075 | — |
| Property and equipment, net | 22,526 | 18,148 |
| Intangible assets, net | 2,597 | 2,811 |
| Goodwill | 317 | 317 |
| Other noncurrent assets | 596 | 1,574 |
| Total assets | <u>\$ 180,299</u> | <u>\$ 170,318</u> |
| Liabilities and Stockholders' Equity | | |
| Current Liabilities: | | |
| Accounts payable | \$ 2,502 | \$ 2,031 |
| Accrued liabilities | 11,410 | 7,803 |
| Deferred revenues, current | 58,835 | 56,497 |
| Capital lease obligations, current | 1,058 | 1,183 |
| Total current liabilities | 73,805 | 67,514 |
| Deferred revenues, noncurrent | 8,823 | 8,616 |
| Income taxes payable, noncurrent | 635 | 594 |
| Other noncurrent liabilities | 523 | 1,231 |
| Capital lease obligations, noncurrent | 278 | 808 |
| Total liabilities | 84,064 | 78,763 |
| Stockholders' equity: | | |
| Common stock | 32 | 31 |
| Additional paid-in capital | 171,144 | 166,651 |
| Accumulated other comprehensive loss | (1,119) | (1,035) |
| Accumulated deficit | (73,822) | (74,092) |
| Total stockholders' equity | 96,235 | 91,555 |
| Total liabilities and stockholders' equity | <u>\$ 180,299</u> | <u>\$ 170,318</u> |

Qualys, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands)

| | Six Months Ended June 30, | |
|--|------------------------------|------------------|
| | 2013 | 2012 |
| Cash flows from operating activities: | | |
| Net income (loss) | \$ 270 | \$ (562) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | |
| Depreciation and amortization expense | 4,493 | 3,546 |
| Bad debt expense | 68 | 68 |
| Loss on disposal of property and equipment | 9 | 6 |
| Stock-based compensation | 2,187 | 1,556 |
| Non-cash interest expense | — | 18 |
| Amortization of premiums on investments | 115 | — |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 1,549 | 2,339 |
| Prepaid expenses and other assets | 429 | (1,273) |
| Accounts payable | 477 | 1,063 |
| Accrued liabilities | 1,170 | 485 |
| Deferred revenues | 2,545 | 3,078 |
| Other noncurrent liabilities | (442) | (301) |
| Net cash provided by operating activities | <u>12,870</u> | <u>10,023</u> |
| Cash flows from investing activities: | | |
| Purchases of investments | (75,048) | — |
| Sales and maturities of investments | 100,624 | — |
| Purchases of property and equipment | (6,238) | (5,989) |
| Release of restricted cash | 114 | — |
| Net cash provided by (used in) investing activities | <u>19,452</u> | <u>(5,989)</u> |
| Cash flows from financing activities: | | |
| Proceeds from exercise of stock options | 2,163 | 1,200 |
| Principal payments under capital lease obligations | (655) | (1,261) |
| Net cash provided by (used in) financing activities | <u>1,508</u> | <u>(61)</u> |
| Effect of exchange rate changes on cash and cash equivalents | (96) | (62) |
| Net increase in cash and cash equivalents | 33,734 | 3,911 |
| Cash and cash equivalents at beginning of period | 34,885 | 24,548 |
| Cash and cash equivalents at end of period | <u>\$ 68,619</u> | <u>\$ 28,459</u> |
| Non-cash investing and financing activities: | | |
| Vesting of early exercised common stock options | \$ 144 | \$ 54 |
| Purchases of property and equipment included in accrued liabilities | \$ 2,450 | \$ — |

Qualys, Inc.
RECONCILIATION OF NON-GAAP DISCLOSURES
FOUR-QUARTER BOOKINGS
(Unaudited)
(in thousands)

| | Four Quarters Ended June 30, | |
|--------------------------------------|---------------------------------|-----------------|
| | 2013 | 2012 |
| Revenues | \$ 99,213 | \$83,408 |
| Deferred revenues, current | | |
| Beginning of the Four-Quarter Period | 48,999 | 38,361 |
| Ending | 58,835 | 48,999 |
| Net change | 9,836 | 10,638 |
| Four-Quarter Bookings | <u>\$109,049</u> | <u>\$94,046</u> |

Qualys, Inc.
RECONCILIATION OF NON-GAAP DISCLOSURES
EBITDA AND ADJUSTED EBITDA
(Unaudited)
(in thousands)

| | Three Months Ended | | Six Months Ended | |
|---|---------------------------|-----------------|-------------------------|-----------------|
| | June 30, | | June 30, | |
| | 2013 | 2012 | 2013 | 2012 |
| Net income (loss) | \$ 873 | \$ (277) | \$ 270 | \$ (562) |
| Depreciation and amortization of property and equipment | 2,267 | 1,679 | 4,279 | 3,327 |
| Amortization of intangible assets | 107 | 117 | 214 | 219 |
| Interest expense | 12 | 50 | 30 | 115 |
| Provision for (benefit from) income taxes | 92 | (78) | 162 | 0 |
| EBITDA | <u>3,351</u> | <u>1,491</u> | <u>4,955</u> | <u>3,099</u> |
| Stock-based compensation | 1,238 | 880 | 2,187 | 1,556 |
| Other (income) expense, net | (114) | 91 | 128 | 103 |
| Adjusted EBITDA | <u>\$ 4,475</u> | <u>\$ 2,462</u> | <u>\$ 7,270</u> | <u>\$ 4,758</u> |

Qualys, Inc.
RECONCILIATION OF NON-GAAP DISCLOSURES
(Unaudited)
(in thousands, except per share data)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|--------------------------------|-----------------|------------------------------|-----------------|
| | 2013 | 2012 | 2013 | 2012 |
| GAAP gross profit | \$20,367 | \$17,561 | \$39,455 | \$34,592 |
| Plus: | | | | |
| Stock-based compensation | 111 | 73 | 204 | 127 |
| Non-GAAP gross profit | <u>\$20,478</u> | <u>\$17,634</u> | <u>\$39,659</u> | <u>\$34,719</u> |
| GAAP income (loss) from operations | \$ 863 | \$ (214) | \$ 590 | \$ (344) |
| Plus: | | | | |
| Stock-based compensation | 1,238 | 880 | 2,187 | 1,556 |
| Non-GAAP income from operations | <u>\$ 2,101</u> | <u>\$ 666</u> | <u>\$ 2,777</u> | <u>\$ 1,212</u> |
| GAAP net income (loss) | \$ 873 | \$ (277) | \$ 270 | \$ (562) |
| Plus: | | | | |
| Stock-based compensation | 1,238 | 880 | 2,187 | 1,556 |
| Non-GAAP net income | <u>\$ 2,111</u> | <u>\$ 603</u> | <u>\$ 2,457</u> | <u>\$ 994</u> |
| Non-GAAP net income attributable to common stockholders | <u>\$ 2,109</u> | <u>\$ 144</u> | <u>\$ 2,454</u> | <u>\$ 232</u> |
| Non-GAAP net income per share attributable to common stockholders: | | | | |
| Basic | <u>\$ 0.07</u> | <u>\$ 0.03</u> | <u>\$ 0.08</u> | <u>\$ 0.04</u> |
| Diluted | <u>\$ 0.06</u> | <u>\$ 0.02</u> | <u>\$ 0.07</u> | <u>\$ 0.04</u> |
| Weighted average shares used in computing non-GAAP net income per share attributable to common stockholders | | | | |
| Basic | <u>31,777</u> | <u>5,515</u> | <u>31,636</u> | <u>5,392</u> |
| Diluted | <u>35,393</u> | <u>25,996</u> | <u>35,353</u> | <u>25,629</u> |

Qualys, Inc.
NET INCOME (LOSS) PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS
(Unaudited)
(in thousands, except per share data)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|--------------------------------|------------------|------------------------------|------------------|
| | 2013 | 2012 | 2013 | 2012 |
| | (in thousands) | | | |
| Numerator: | | | | |
| Net income (loss) | \$ 873 | \$ (277) | \$ 270 | \$ (562) |
| Net income attributable to participating securities | (1) | — | — | — |
| Net income (loss) attributable to common stockholders—basic | 872 | (277) | 270 | (562) |
| Undistributed earnings reallocated to participating securities | — | — | — | — |
| Net income (loss) attributable to common stockholders—diluted | <u>\$ 872</u> | <u>\$ (277)</u> | <u>\$ 270</u> | <u>\$ (562)</u> |
| Denominator: | | | | |
| Weighted-average shares used in computing net income (loss) per share attributable to common stockholders—basic | 31,777 | 5,515 | 31,636 | 5,392 |
| Effect of potentially dilutive securities: | | | | |
| Common stock options | 3,616 | — | 3,717 | — |
| Weighted-average shares used in computing net income (loss) per share attributable to common stockholders—diluted | <u>35,393</u> | <u>5,515</u> | <u>35,353</u> | <u>5,392</u> |
| Net income (loss) per share attributable to common stockholders | | | | |
| Basic | <u>\$ 0.03</u> | <u>\$ (0.05)</u> | <u>\$ 0.01</u> | <u>\$ (0.10)</u> |
| Diluted | <u>\$ 0.02</u> | <u>\$ (0.05)</u> | <u>\$ 0.01</u> | <u>\$ (0.10)</u> |