



# Investor Presentation

Security and Compliance for the Digital Transformation

Sumedh Thakar, President and CEO

Joo Mi Kim, CFO

February 7, 2024

# 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, EBITDA margin, capital expenditure, GAAP EPS and non-GAAP EPS for the first quarter and full year 2024; 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 2024.

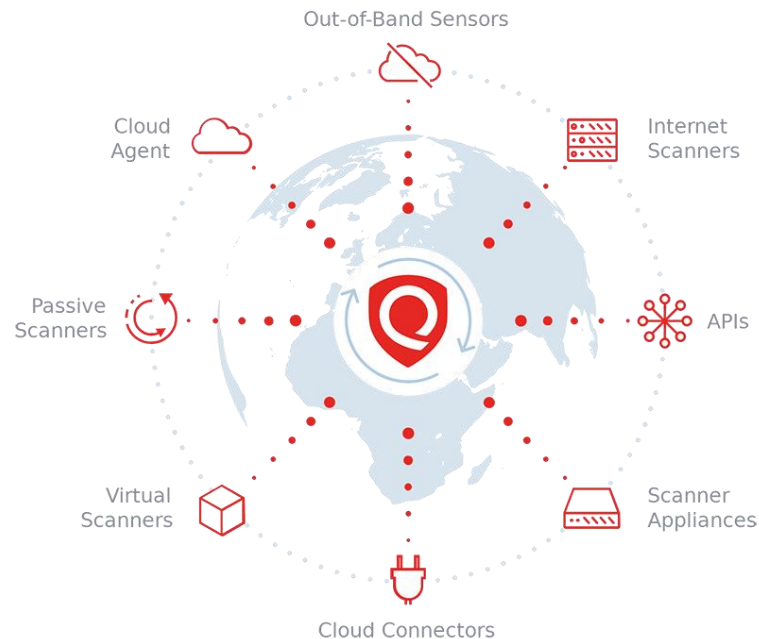
Our expectations and beliefs regarding these matters may not materialize, and actual results in future periods are subject to risks and uncertainties that could cause actual results to differ materially from those projected. These risks include:

- 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 general market, political, economic and business conditions in the United States as well as globally;
- our ability to manage costs as we increase our customer base and the number of our platform solutions;
- the cloud solutions market 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; and
- any unanticipated accounting charges.

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.

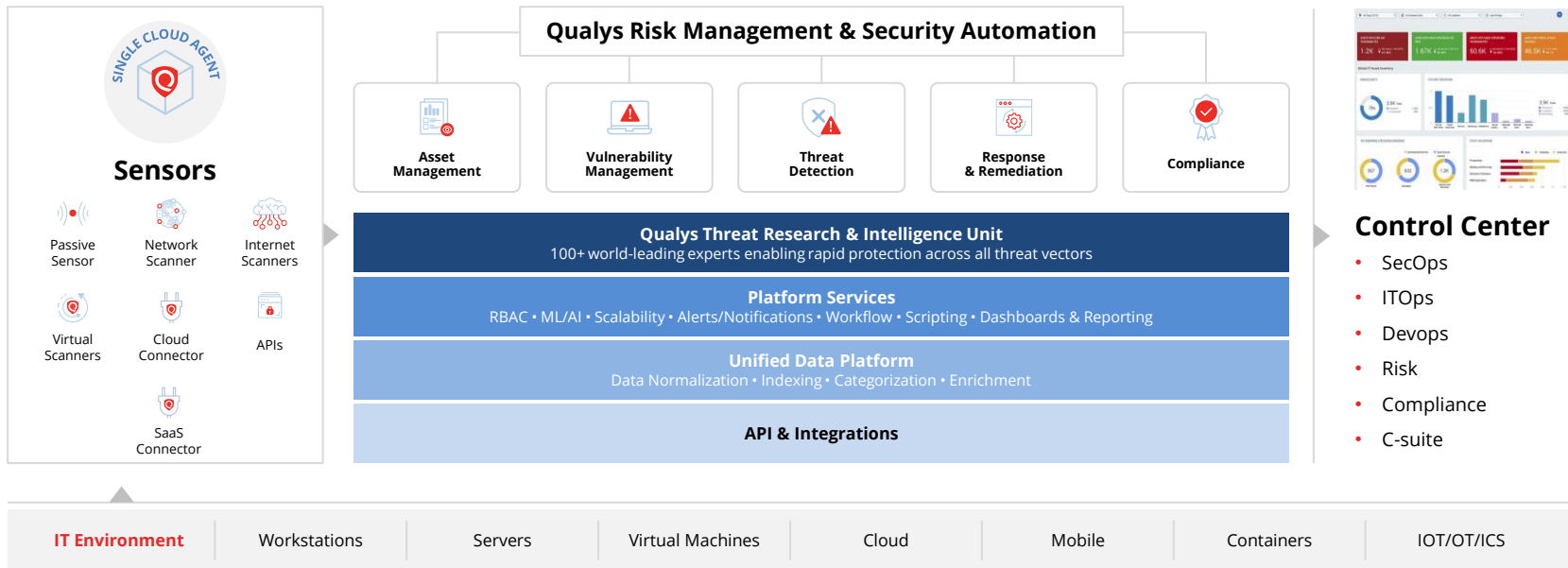
# Investment highlights

- ✓ 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 cloud transformation



# Qualys Enterprise TruRisk Platform

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



# Qualys Enterprise TruRisk Platform advantages

*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  
Internal & External Attack Surface Management (EASM)



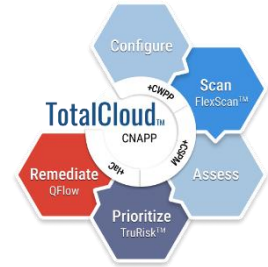
## Vulnerability & Risk Management

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



## XDR/EDR

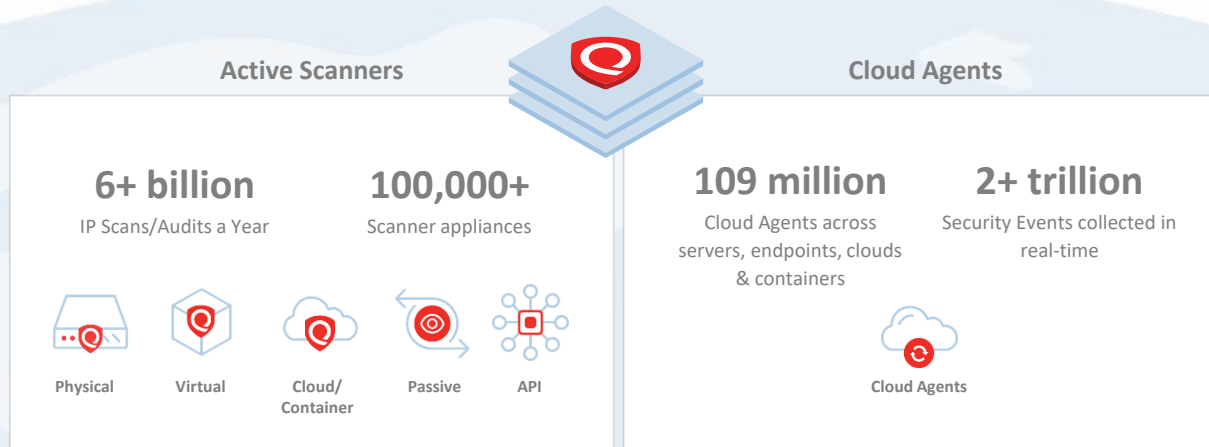
Complete anti-virus & advanced attack protection;  
Detect and investigate using multi-vectors for prioritized response



Assess, monitor, prioritize and remediate the risk in cloud infrastructure and SaaS applications, 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**

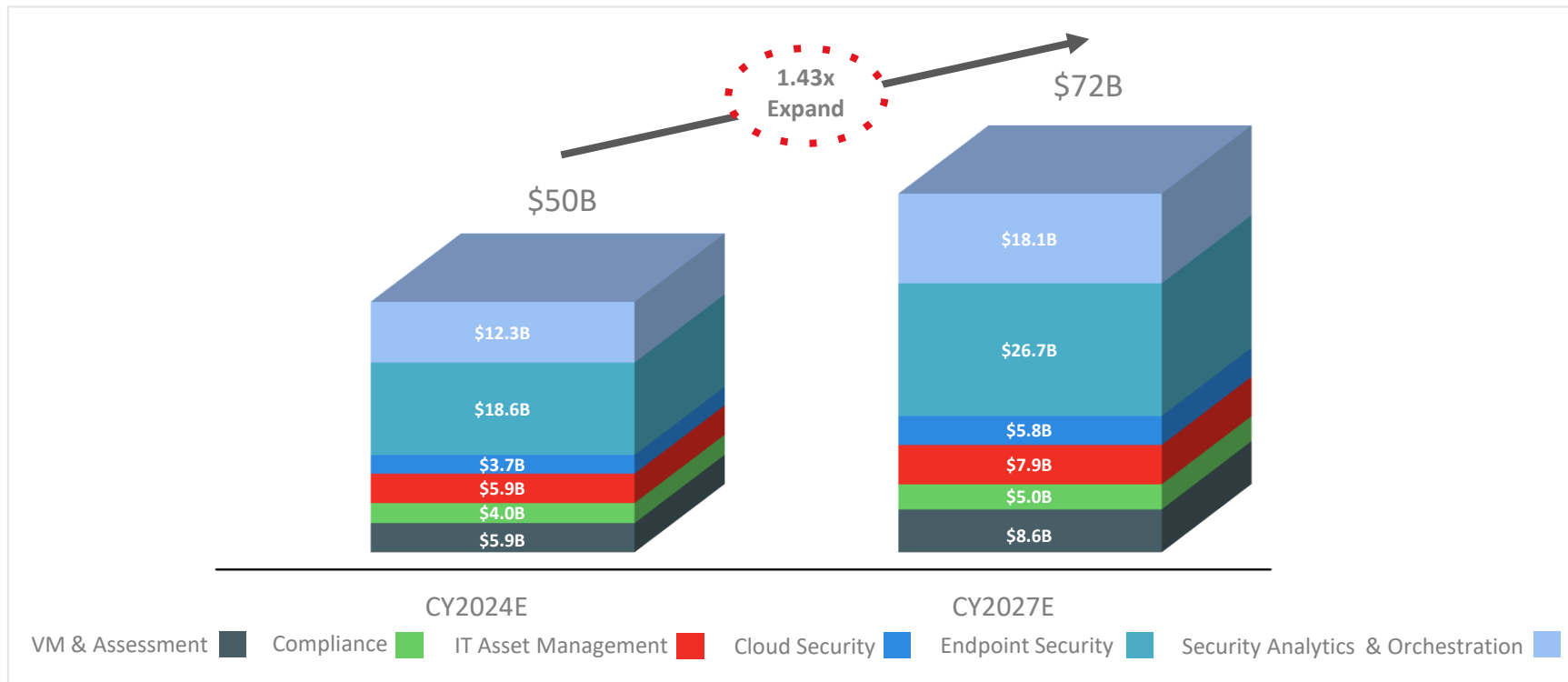
Indexed on Elasticsearch Clusters, giving 2-second visibility

# Cloud platform enables vendor & stack consolidation

IT Security								
Compliance								
Web App Security								
Asset Management								
Cloud Security								



# Large expanding market opportunity



Source: IDC, Qualys estimates

Qualys' Current Total Addressable Market

# Blue chip global customer base



**70%**

of the

**Forbes  
Global  
50**

**54%**

of the

**Forbes  
Global  
500**

**32%**

of the

**Forbes  
Global  
2000**

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*



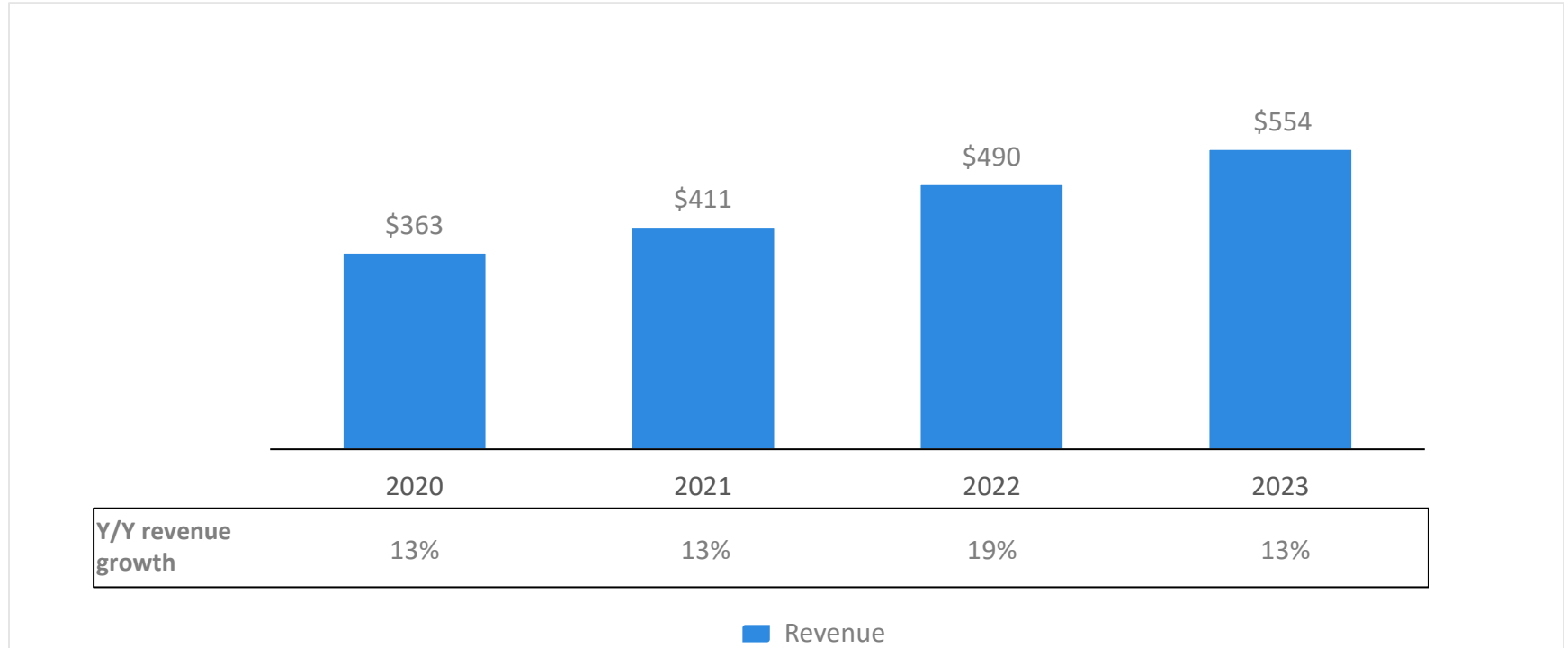
# Attractive value proposition for partners

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

MSSPs	Cloud Provider Partners	Outsourcing Providers	Value Added Resellers	Consultants
				

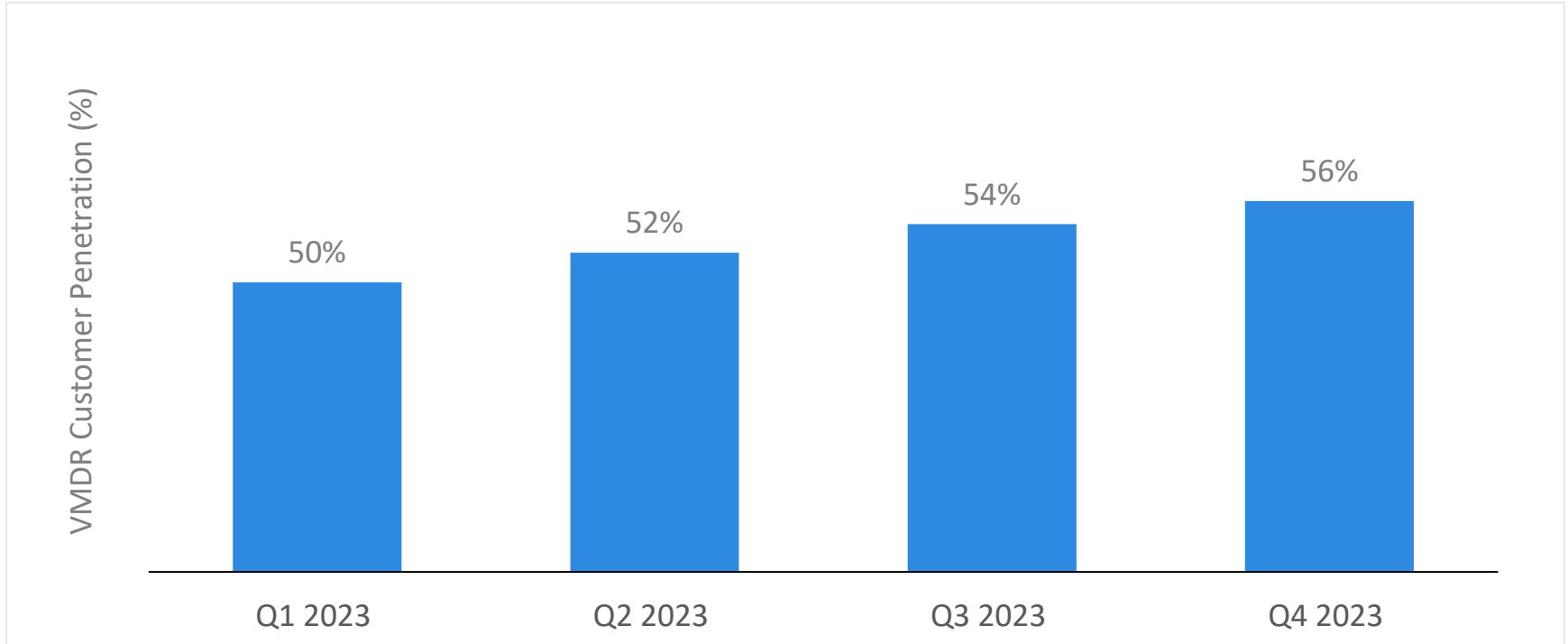
# Continued revenue growth

(\$ in millions)



# Increasing VMDR penetration

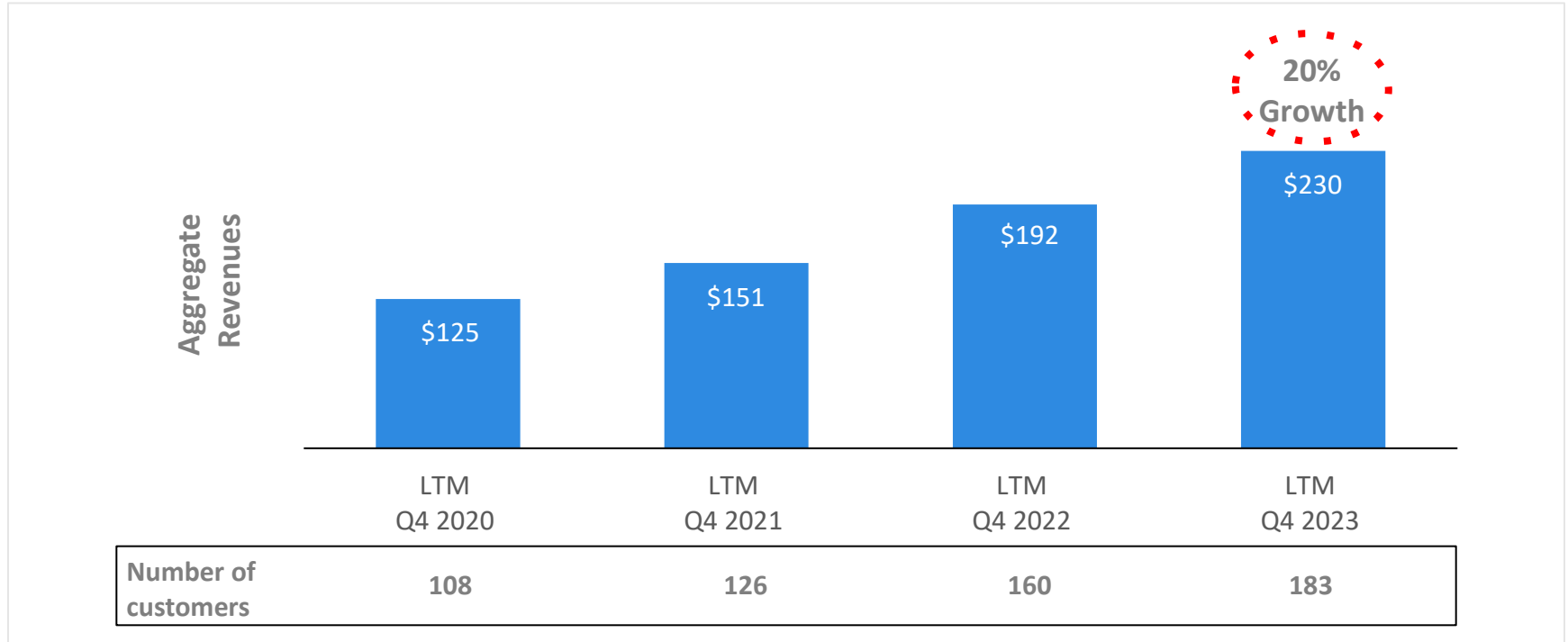
*Key strategic and competitive differentiation*



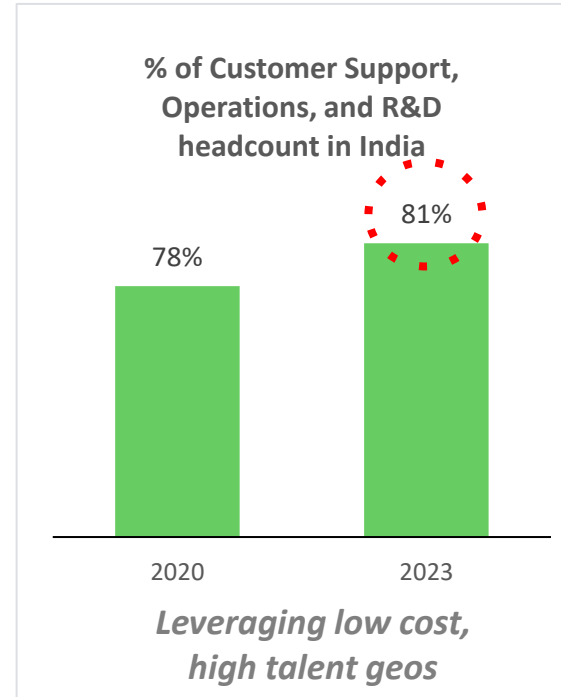
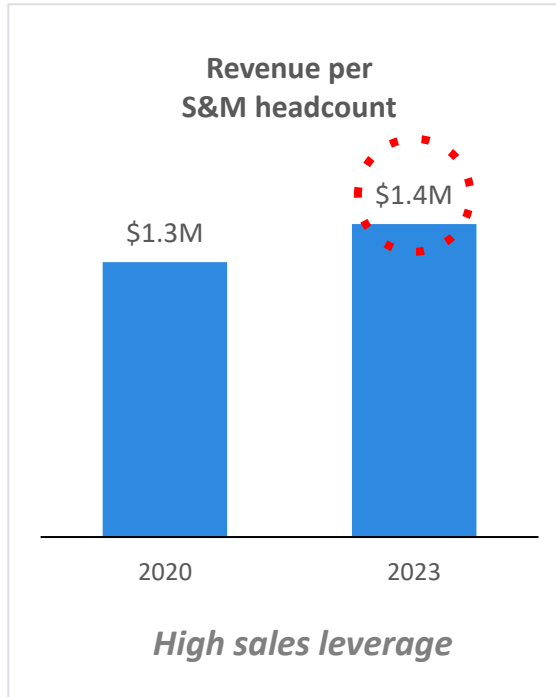
Note: The penetration rate represents the percent of customers with VMDR divided by total customers with revenue in the quarter

# Platform adoption driving higher customer spend

(\$ in millions)



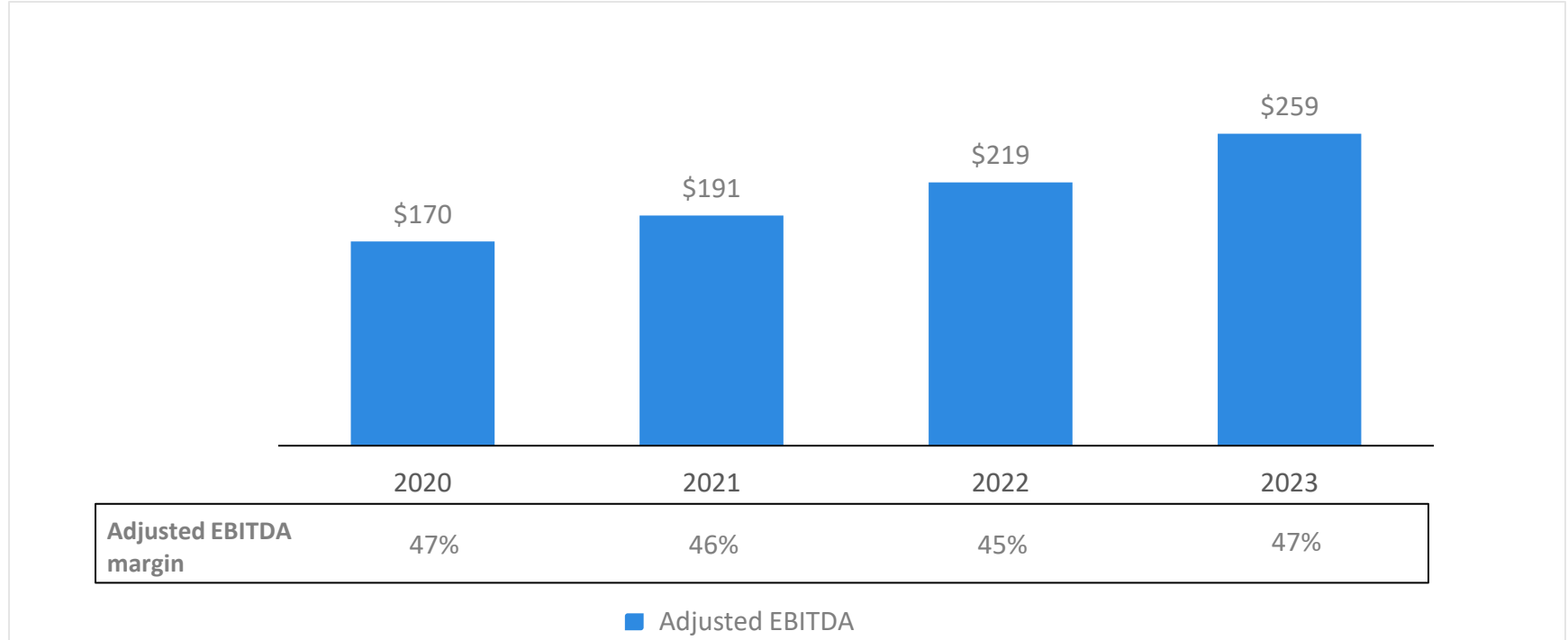
# Cloud platform enables scalable operational model





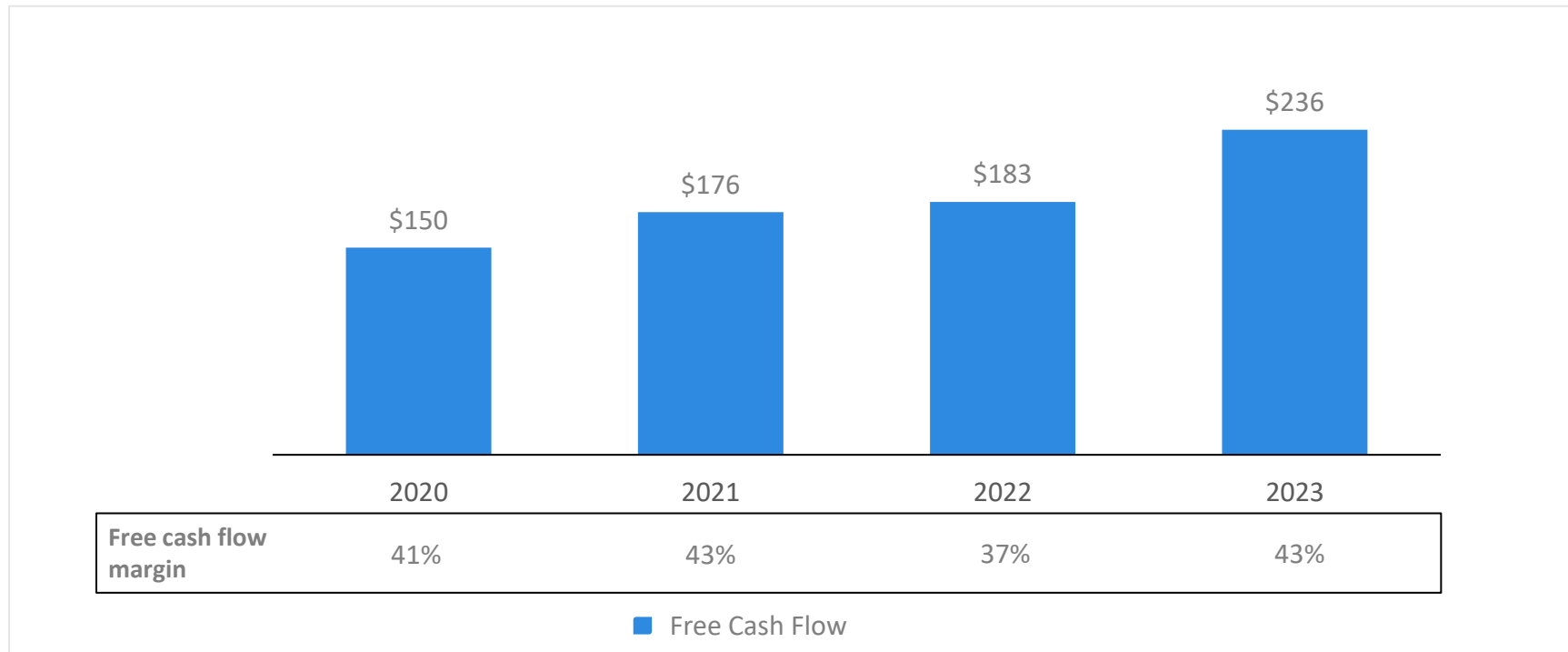
# Continued growth in profitability

(\$ in millions)



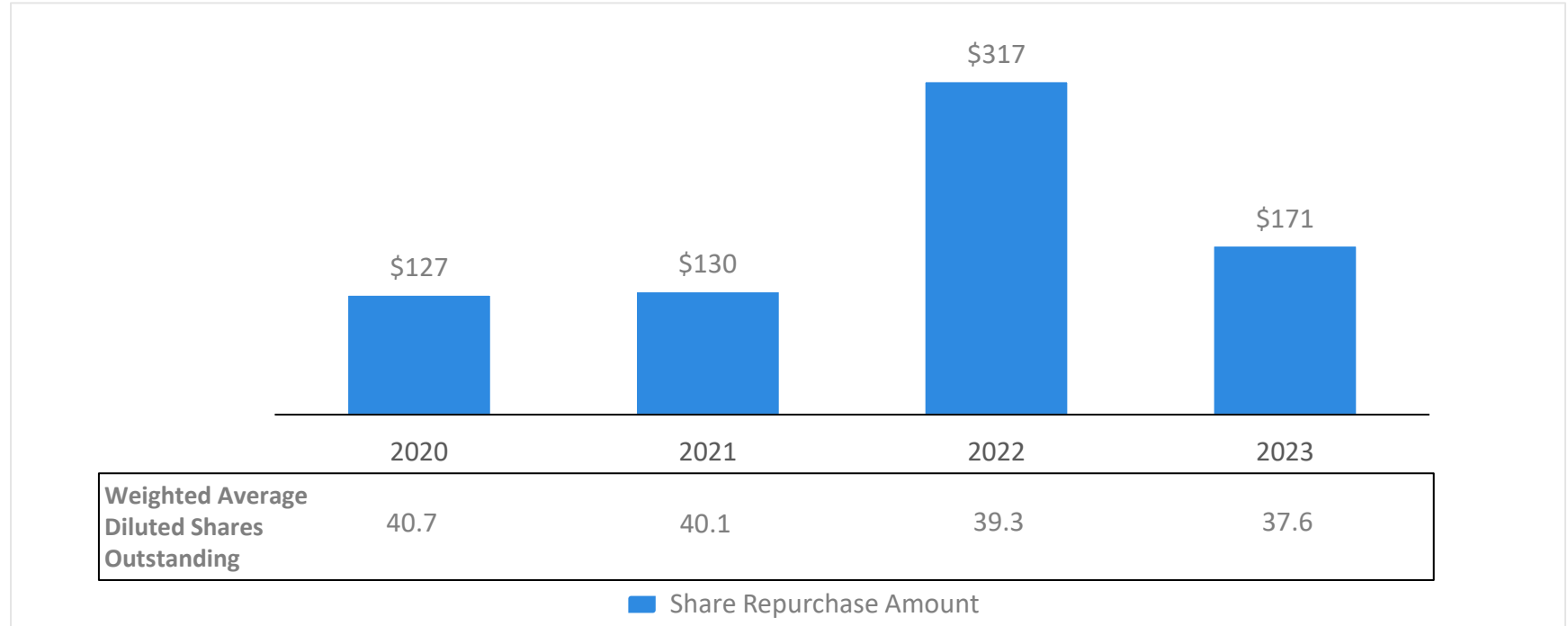
# Strong cash flow generation

(\$ in millions)

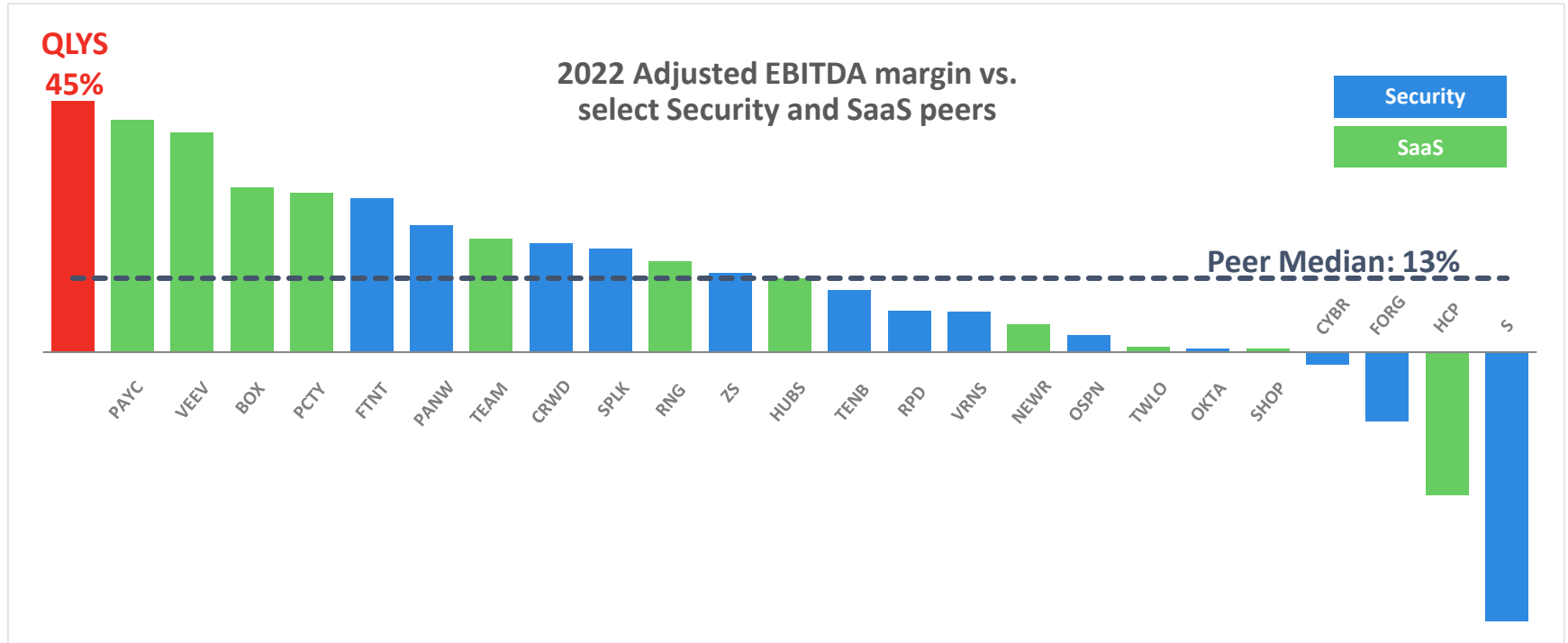


# Leveraging excess cash to return capital to shareholders

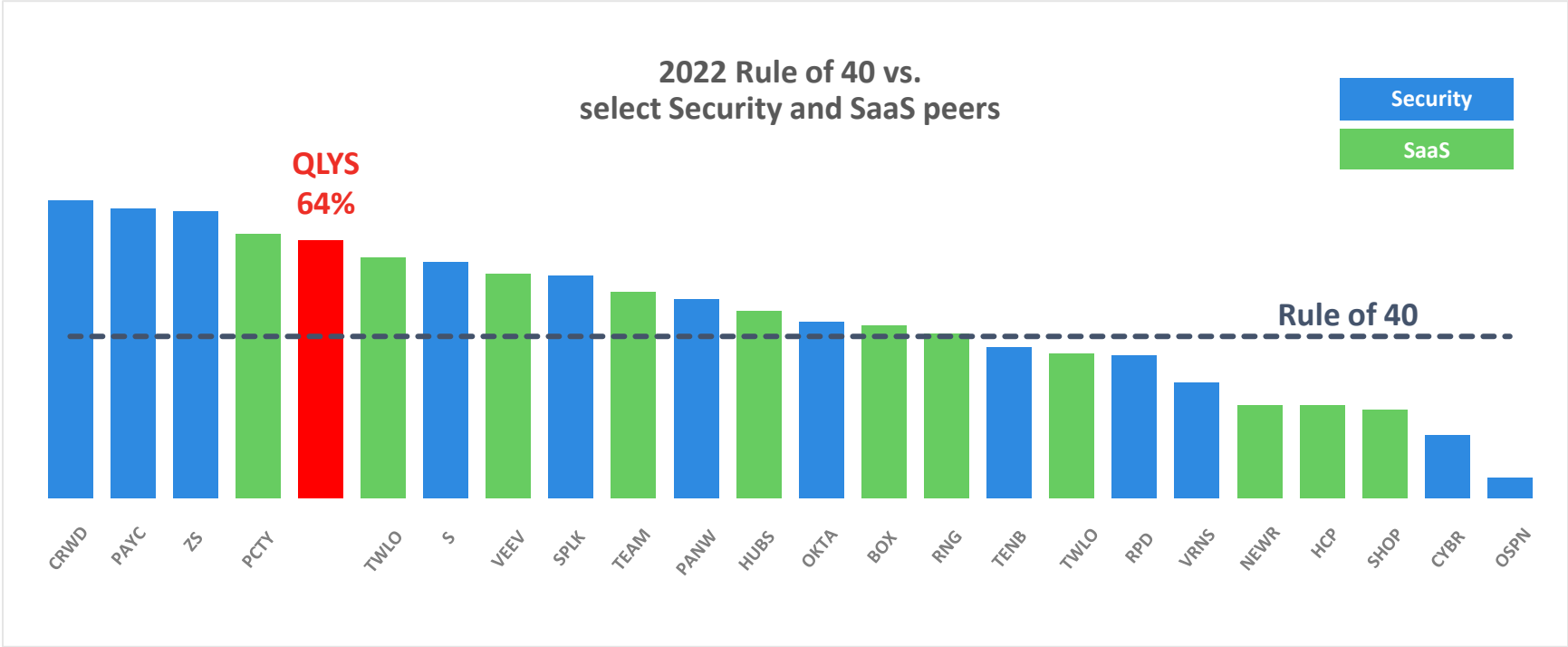
(in millions)



# Industry-leading margins



# Achieving rule of 60: growth + profitability



Source: Nasdaq IR Insight, company reports  
 Note: 2022 Revenue Growth % + EBITDA Margin %

# Appendix

# Qualys IT, security & compliance solutions

## ASSET MANAGEMENT

---

### **CyberSecurity Asset Management (CSAM)**

*See entire attack surface, continuously maintain your CMDB, and track EOL/EOS software*

### **External Attack Surface Management (EASM)**

*Gain an attacker's view of your external internet-facing assets and unauthorized software*

## VULNERABILITY MANAGEMENT

---

### **Vulnerability Management, Detection & Response (VMDR)**

*Discover, assess, prioritize, and patch critical vulnerabilities up to 50% faster*

### **Enterprise TruRisk Management (ETM)**

*Consolidate & translate security & vulnerability findings from 3<sup>rd</sup> party tools*

### **Web App Scanning (WAS)**

*Automate scanning in CI/CD environments with shift left DAST testing*

## RISK MITIGATION

---

### **Patch Management (PM)**

*Efficiently remediate vulnerabilities and patch systems*

### **Custom Assessment and Remediation (CAR)**

*Quickly create custom scripts and controls for faster, more automated remediation*

## THREAT DETECTION & RESPONSE

---

### **Multi-Vector Endpoint Detection & Response (EDR)**

*Advanced endpoint threat protection, improved threat context and alert prioritizations*

### **Context Extended Detection & Response (XDR)**

*Extend detection and response beyond the endpoint to the enterprise*

## COMPLIANCE

---

### **Policy Compliance (PC)**

*Reduce risk and comply with internal policies and external regulations with ease*

### **File Integrity Monitoring (FIM)**

*Reduce alert noise and safeguard files from nefarious actors and cyber threats*

## CLOUD SECURITY

---

### **TotalCloud (CNAPP)**

*Cloud-Native Application Protection Platform for multi-cloud environment*

### **Container Security (CS)**

*Discover, track, and continuously secure containers – from build to runtime*

### **Cloud Security Posture Management (CSPM)**

*Continuously discover, monitor, and analyze your cloud assets for misconfigurations and non-standard deployments*

### **Infrastructure as Code Security (IaC)**

*Detect and remediate security issues within IaC templates*

### **Cloud Workload Protection (CWP)**

*Detect, prioritize, and remediate vulnerabilities in your cloud environment*

### **Cloud Detection and Response (CDR)**

*Continuous real-time protection of the multi-cloud environment against active exploitation, malware, and unknown threats*

# CyberSecurity Asset Management

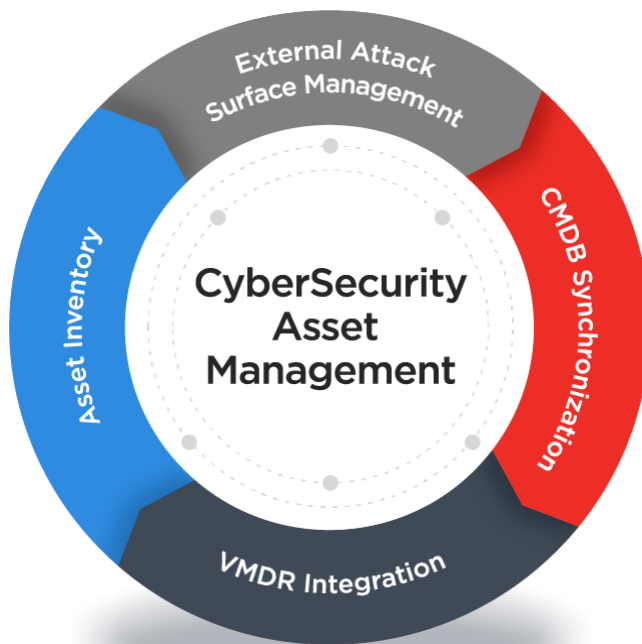
*Purpose-built Asset Management with CyberSecurity & Risk Context*

## 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

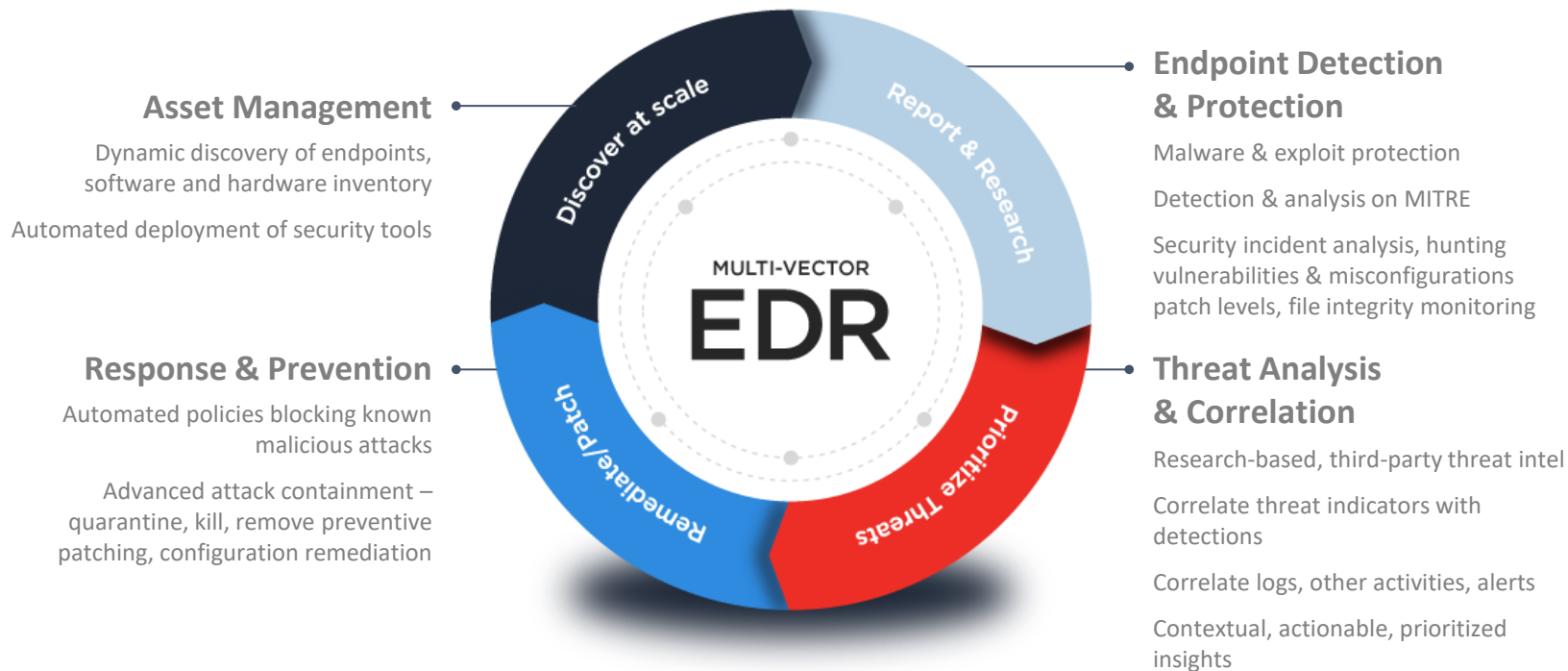
Save valuable time by automating and orchestrating operational tasks with Qualys Qflow

## 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

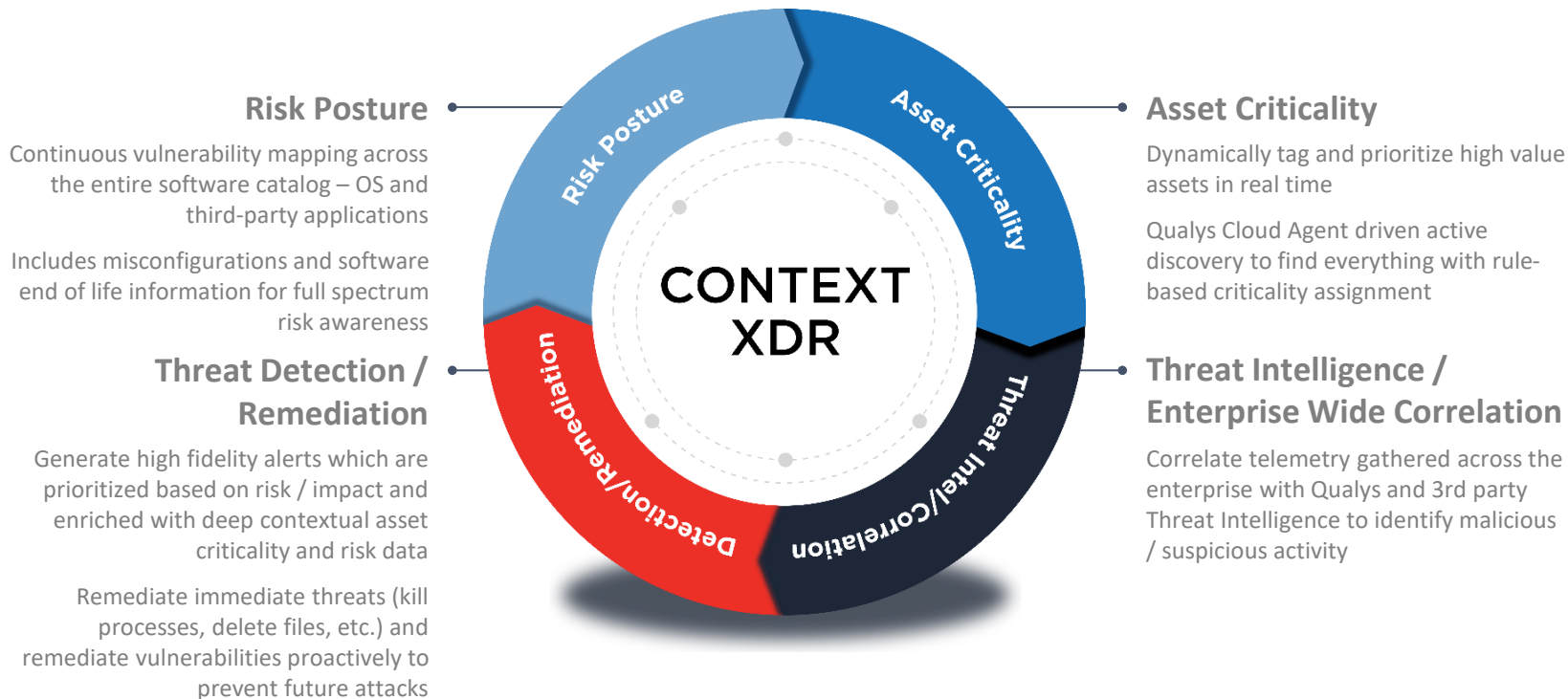
# Qualys Multi-Vector EDR

*Providing multi-vector context for the endpoints*



# Qualys Context XDR

*Complete context, enhanced remediation, improved productivity*



# Qualys TotalCloud

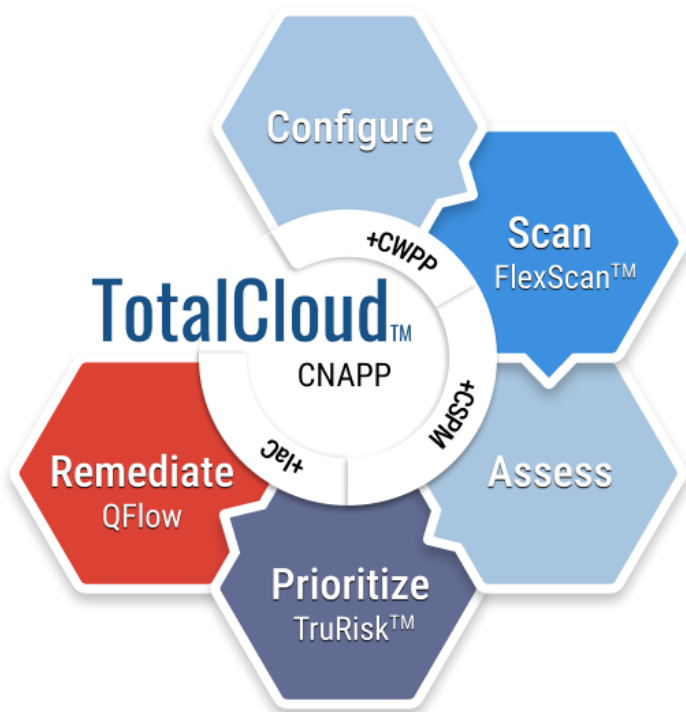
## *Simplifying cloud-native security*

### 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)

	2020	2021	2022	2023
Net income	\$91.6	\$71.0	\$108.0	\$151.6
Depreciation and amortization of property and equipment	26.6	29.2	28.9	23.9
Amortization of intangible assets	6.3	6.7	5.7	3.1
Income tax provision	10.5	18.4	25.7	27.1
Stock-based compensation	40.0	67.6	53.4	69.1
Total other income, net	(5.4)	(1.7)	(3.2)	(15.6)
<b>Adjusted EBITDA</b>	<b>\$169.5</b>	<b>\$191.2</b>	<b>\$218.6</b>	<b>\$259.1</b>

Note: Amounts may not sum due to rounding.

# Reconciliation of Non-GAAP Free Cash Flows

(\$ in millions)

	2020	2021	2022	2023
GAAP Cash flows provided by operating activities	\$180.1	\$200.6	\$198.9	\$244.6
Less: Purchases of property and equipment, net of proceeds from disposal	(29.6)	(24.4)	(15.4)	(8.8)
Less: Principal payments under finance lease obligations	(0.1)	(0.1)	(0.0)	0.0
<b>Non-GAAP Free cash flows</b>	<b>\$150.4</b>	<b>\$176.1</b>	<b>\$183.5</b>	<b>\$235.8</b>

Note: Amounts may not sum due to rounding.

# Revenue mix

