



Investor Presentation

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

Sumedh Thakar, CEO
Joo Mi Kim, CFO

August 9, 2021

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, including our upcoming XDR offering;
- our strategy and our business model and our ability to execute such strategy;
- our guidance for revenues, GAAP EPS and non-GAAP EPS for the third quarter and full year 2021; 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 2021.

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

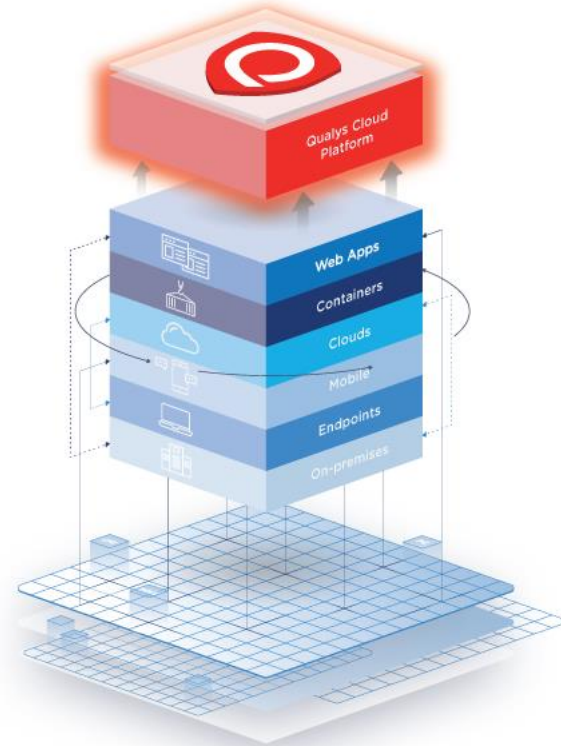
- our ability to continue to develop platform capabilities and solutions;
- the ability of our platform and solutions to perform as intended;
- customer acceptance and purchase of our existing solutions and new solutions;
- real or perceived defects, errors or vulnerabilities in our products or services;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

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

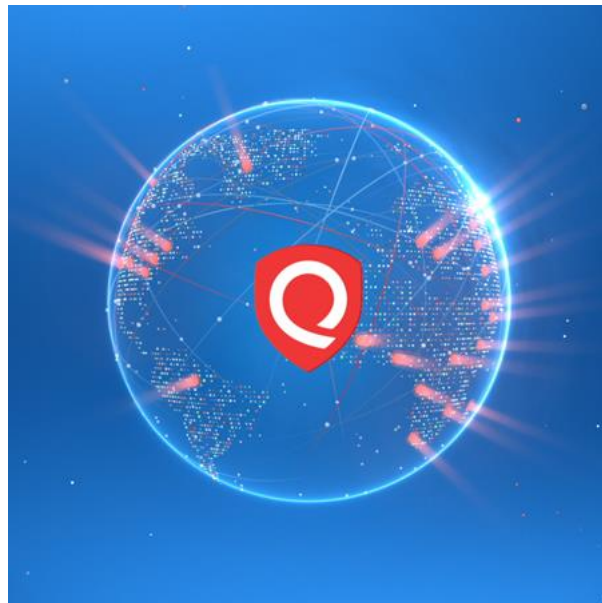
The Power of the Qualys Cloud Platform

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

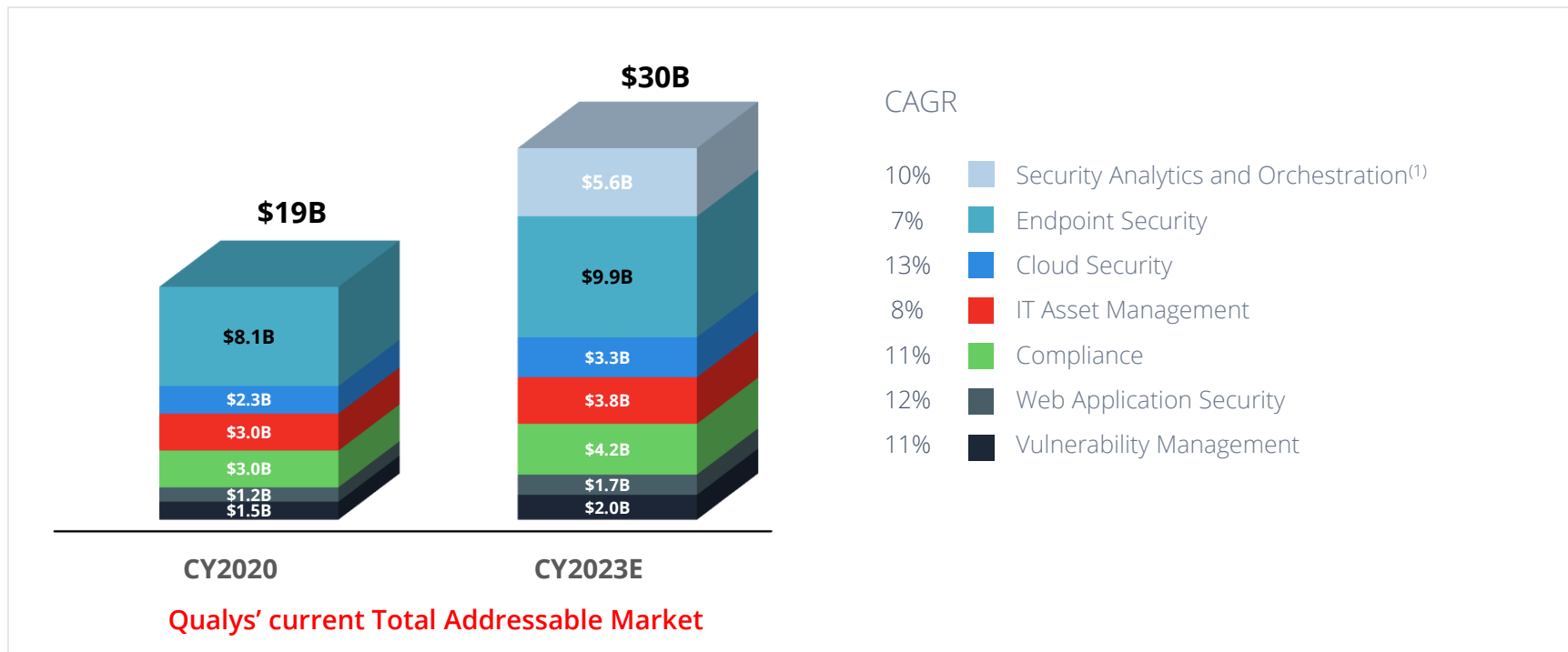


Investment Highlights

- ✓ 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



(1) CAGR calculated based on 2021 to 2023E estimate

Source: IDC, Forrester

Blue Chip Global Customer Base

66% of the Forbes Global 50, 46% of Global 500, and
25% of Global 2000 standardized on Qualys

19,000+ Customers



Note: Customers include active subscribers to 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

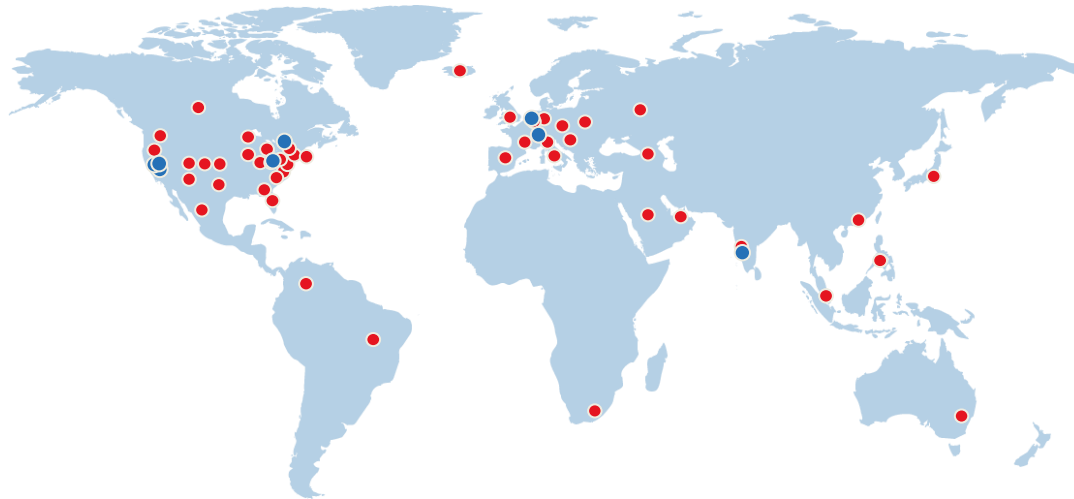
19,000+
Customers

130+
Countries

8
Shared Platforms

85
Private Clouds

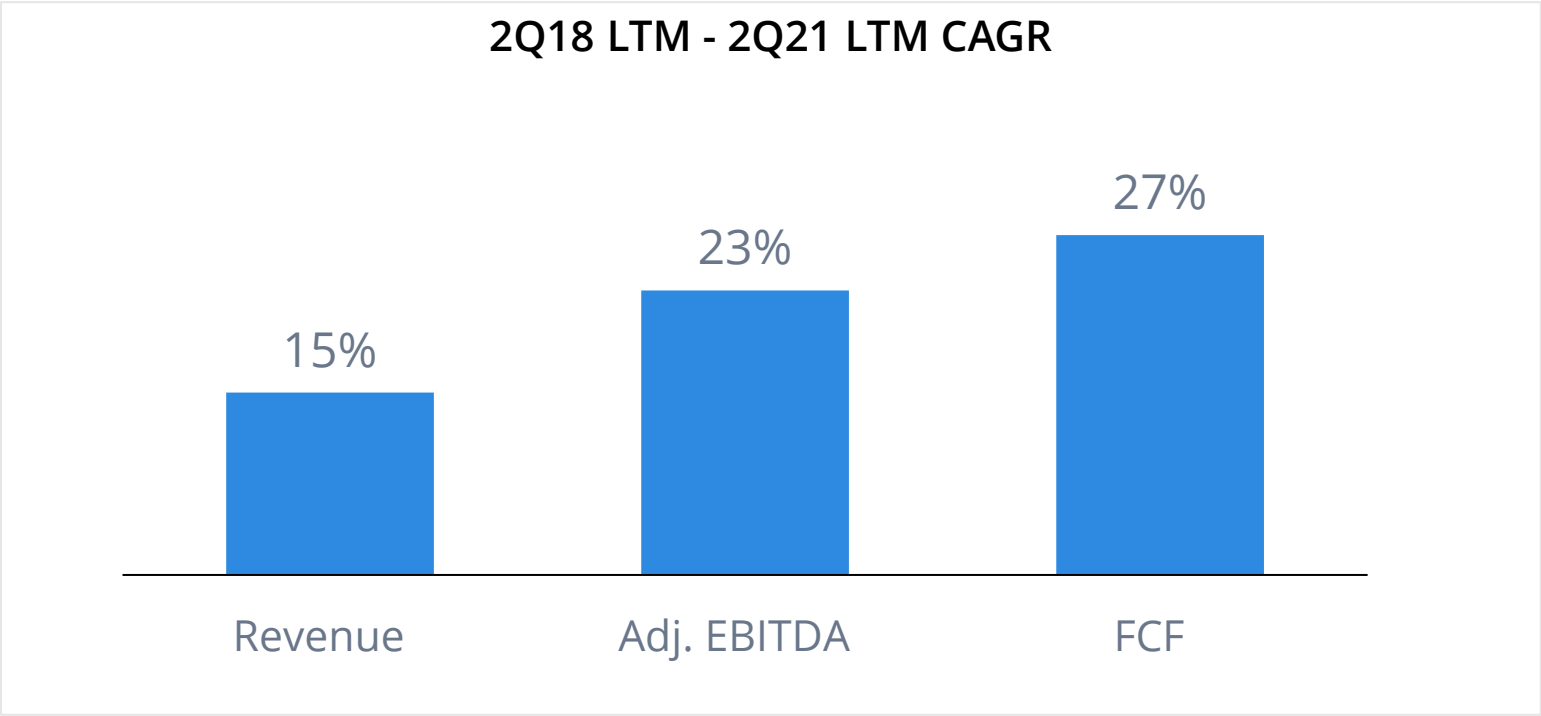
54
Locations



● Qualys' Shared Platforms
● Qualys' Locations

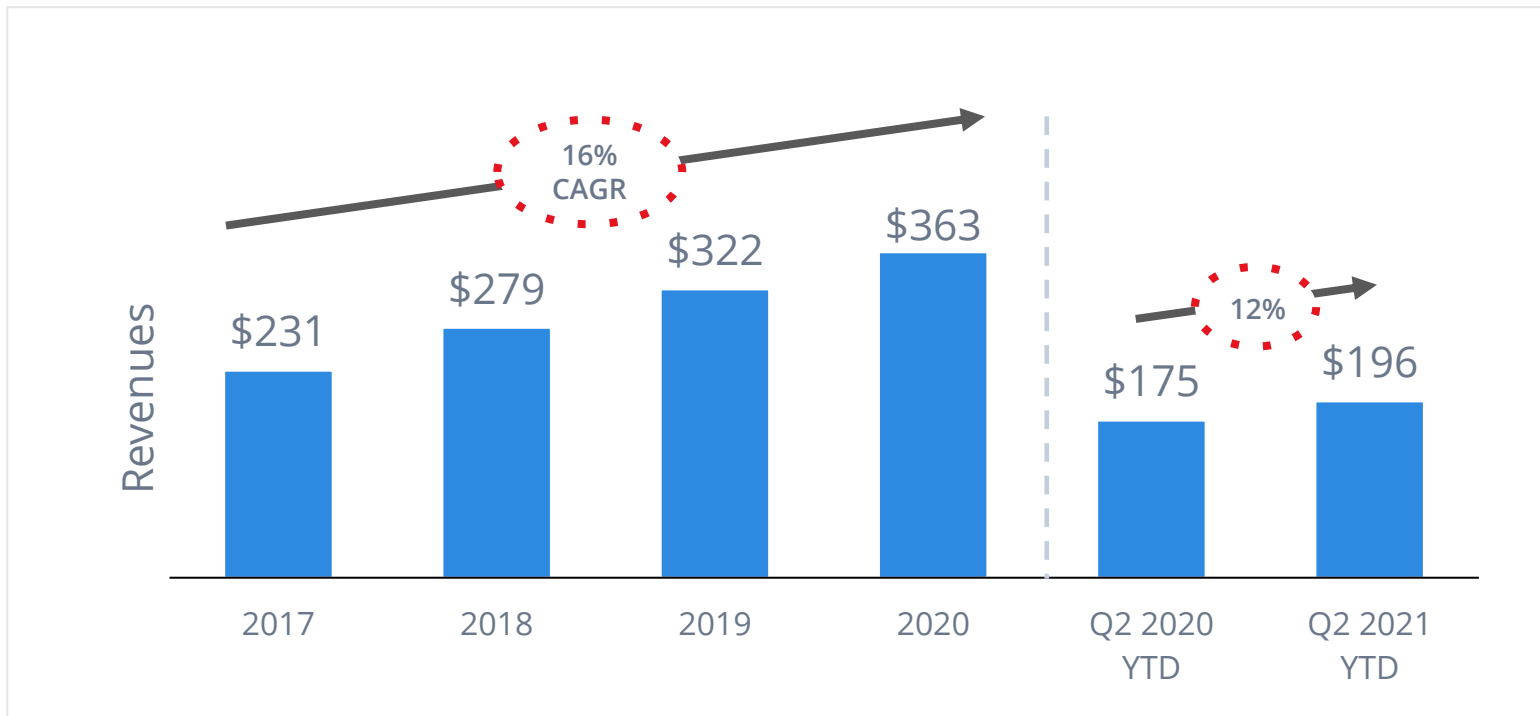
Note: Customers include active subscribers to our free services

Scalable Business Model



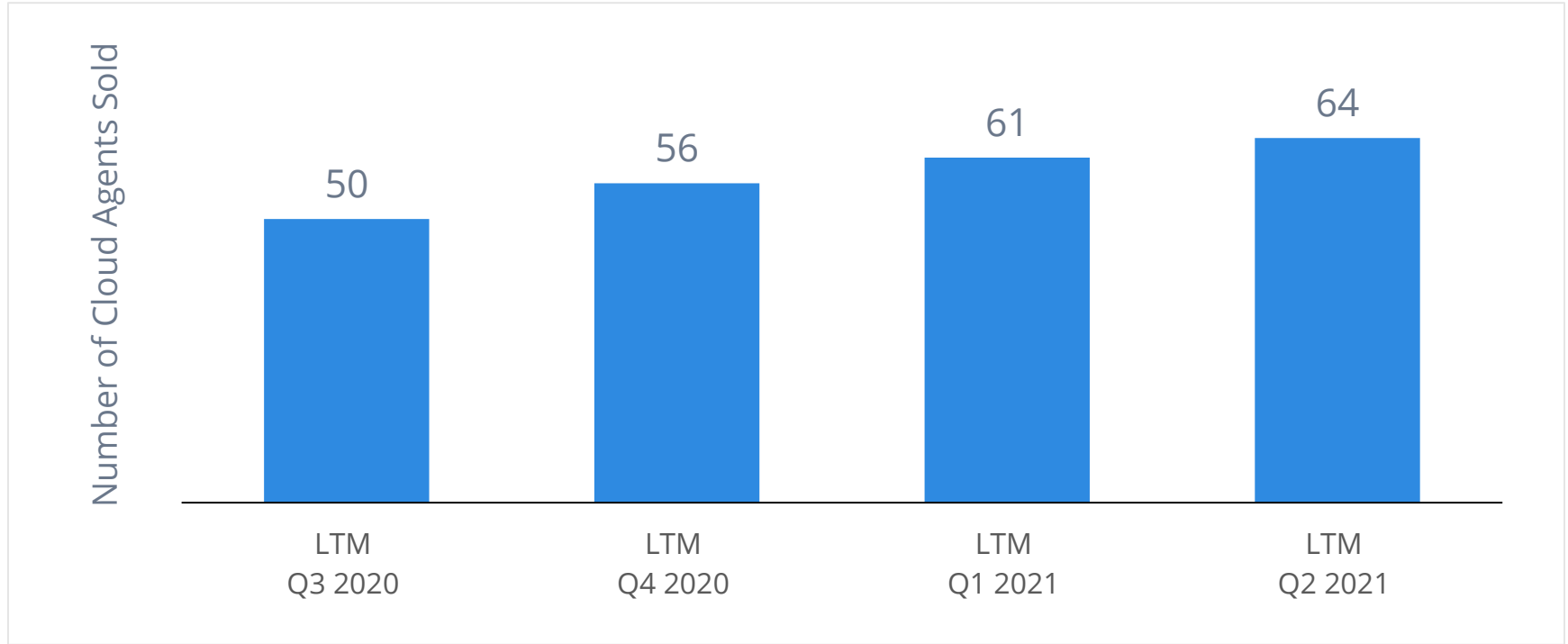
Strong Organic Revenue Growth

(\$ in millions)

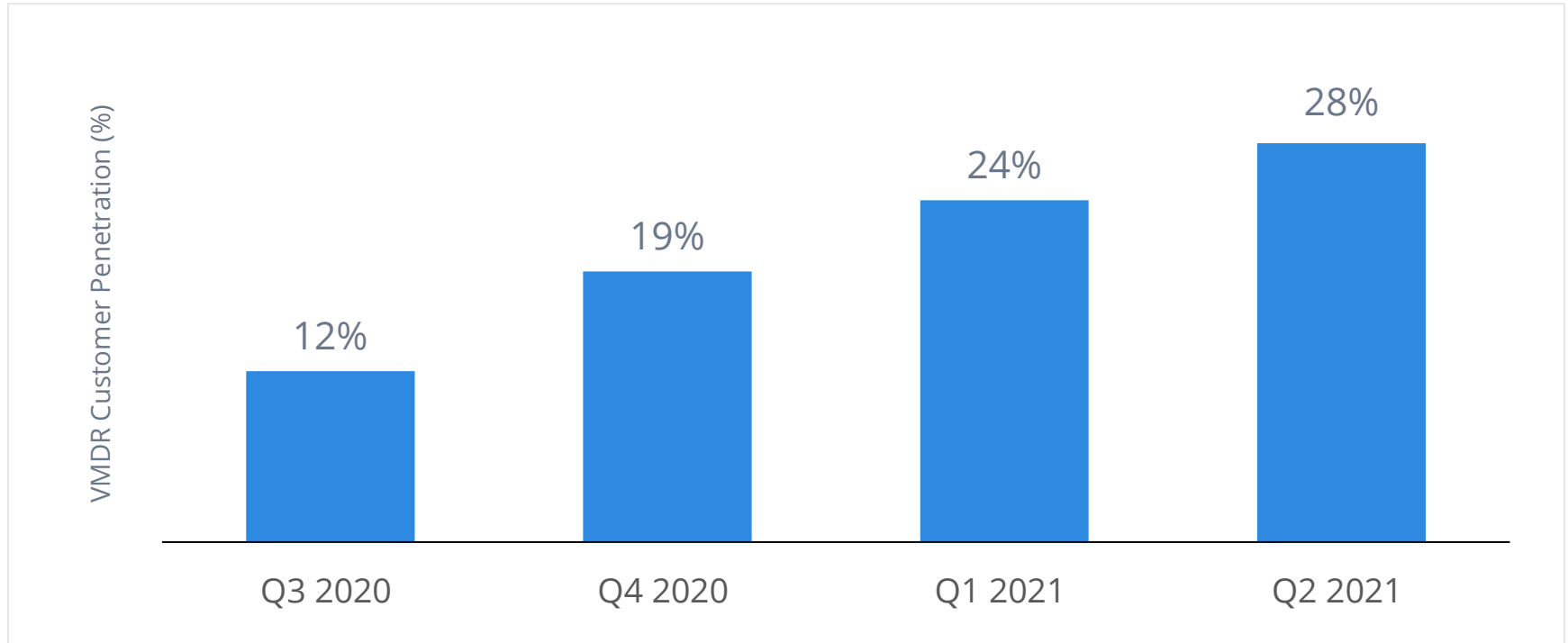


New Apps Enabled by Cloud Agents

(Units in millions)



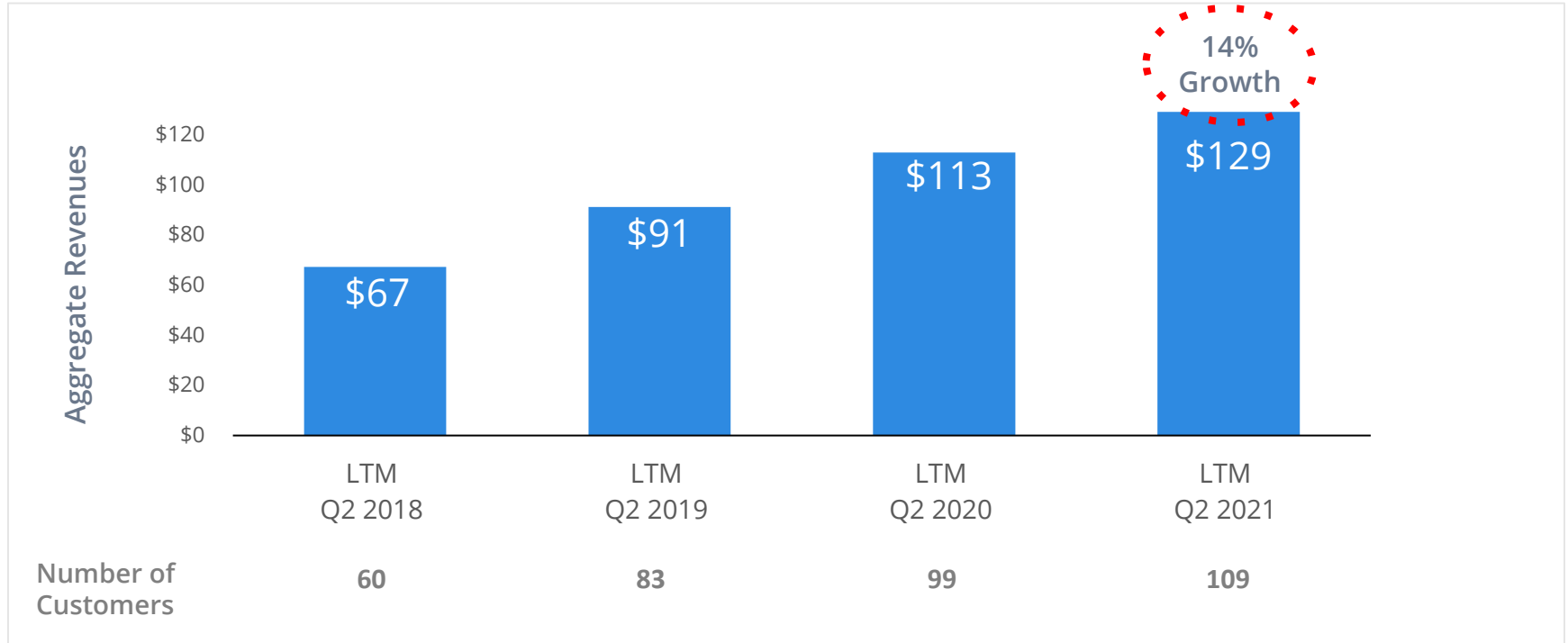
Increasing VMDR Penetration



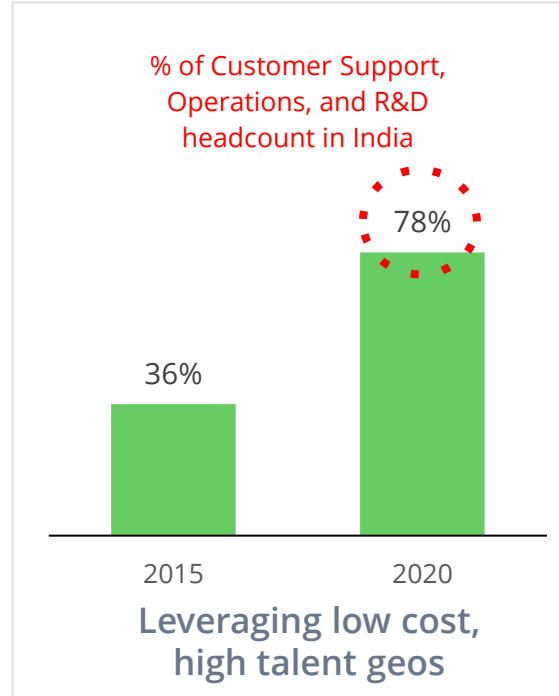
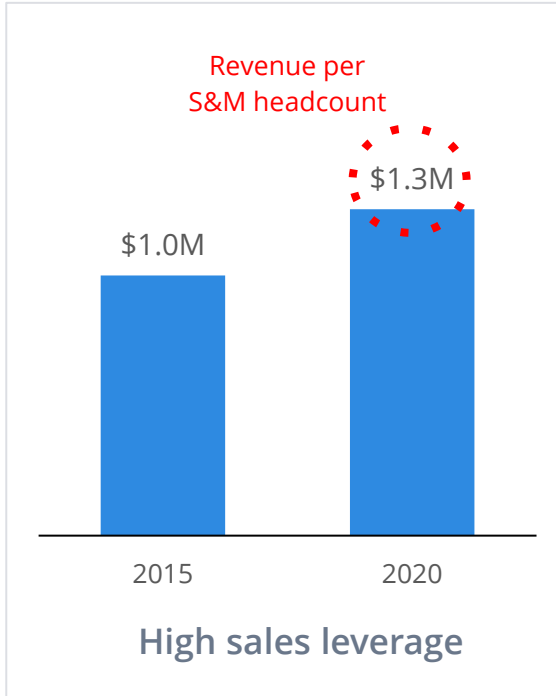
Note: The penetration rate represents the percent of accounts with VMDR divided by total accounts with revenue in the quarter

Platform Adoption Driving Higher Customer Spend

(\$ in millions)

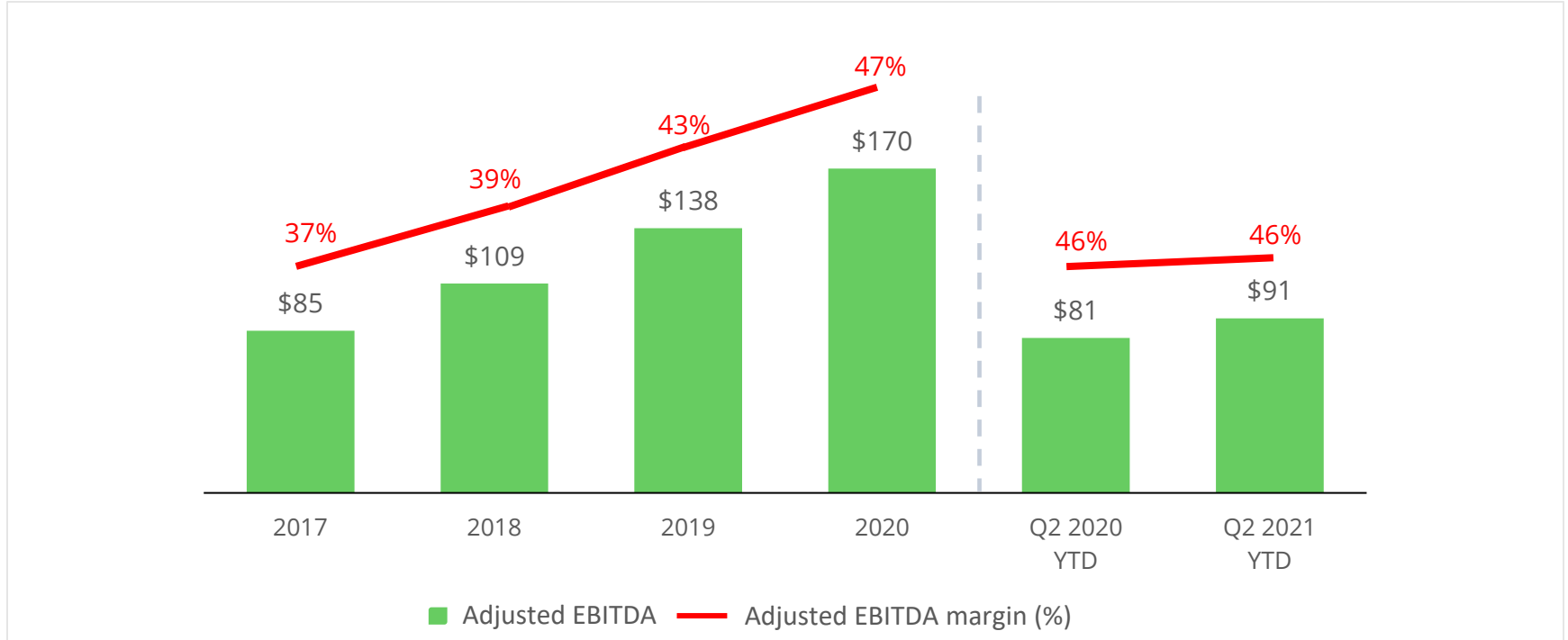


Cloud Platform Enables Scalable Operational Model



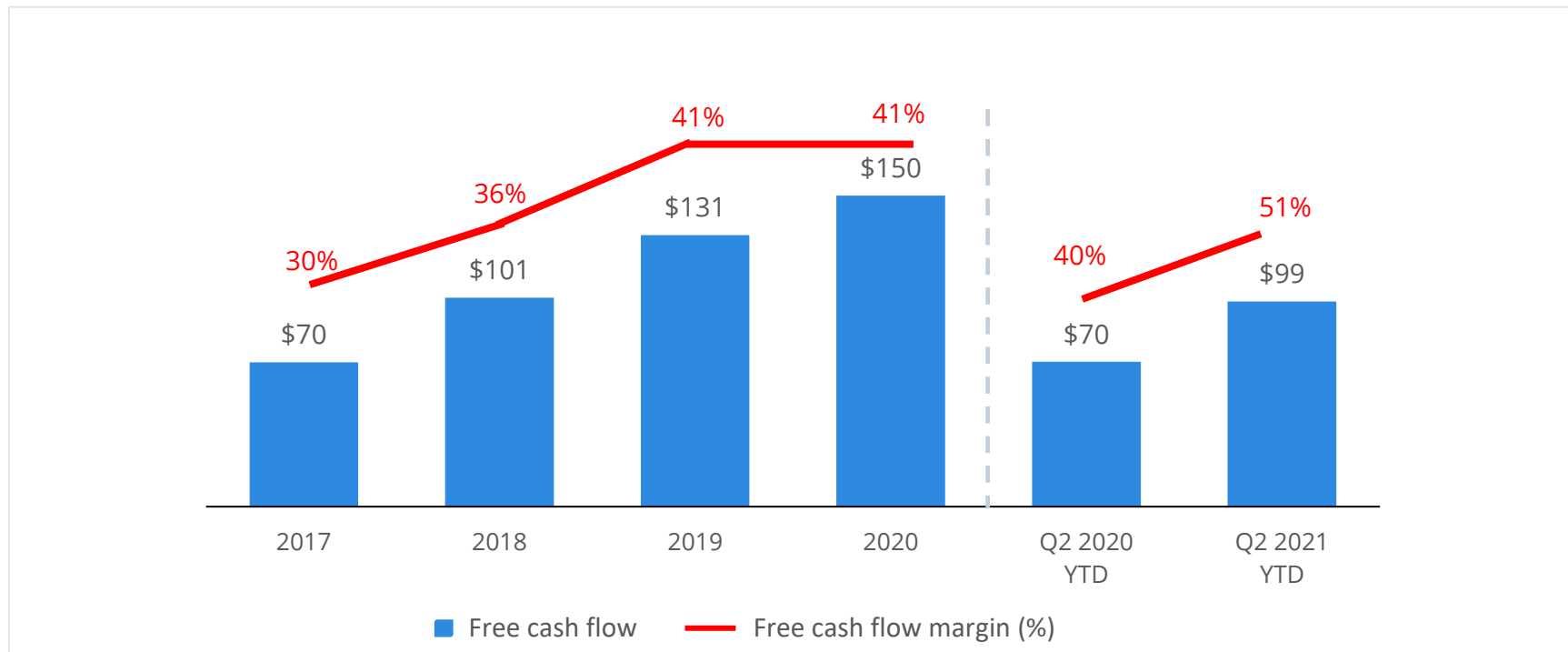
Continued EBITDA Growth

(\$ in millions)



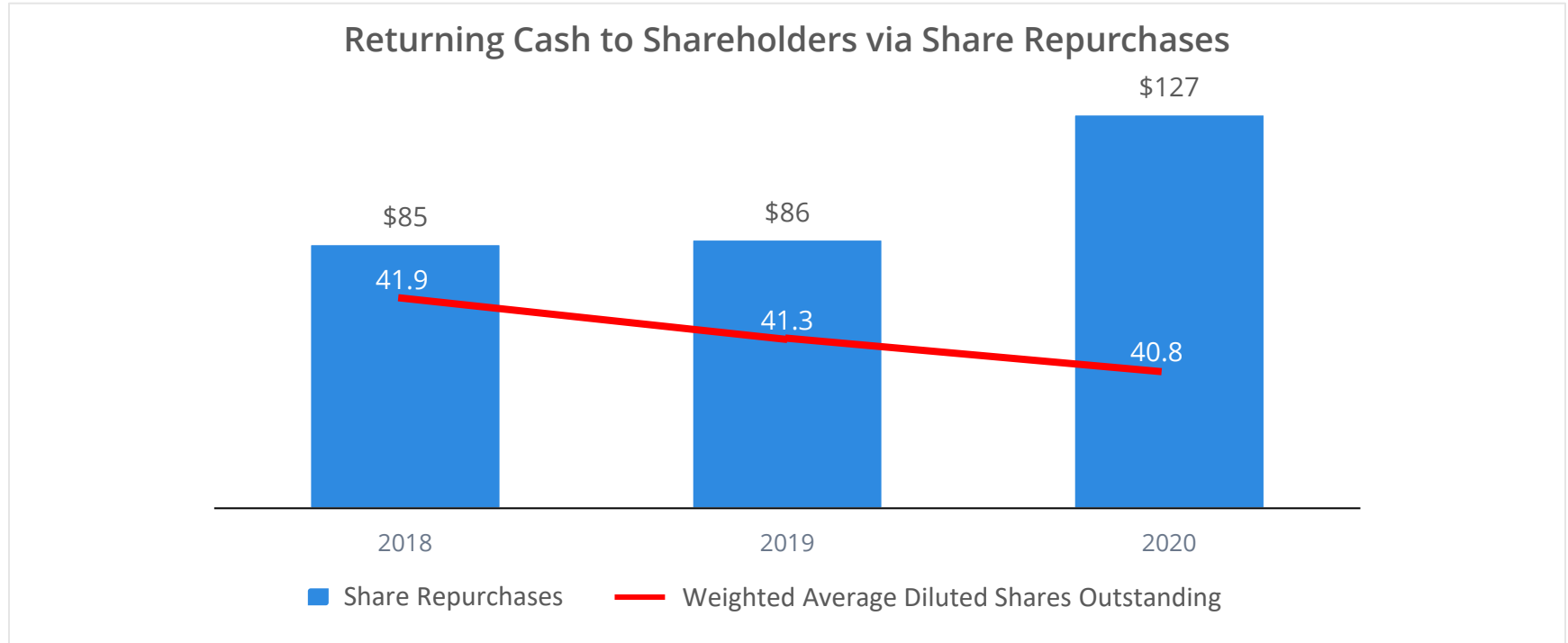
Increasing Free Cash Flow

(\$ in millions)

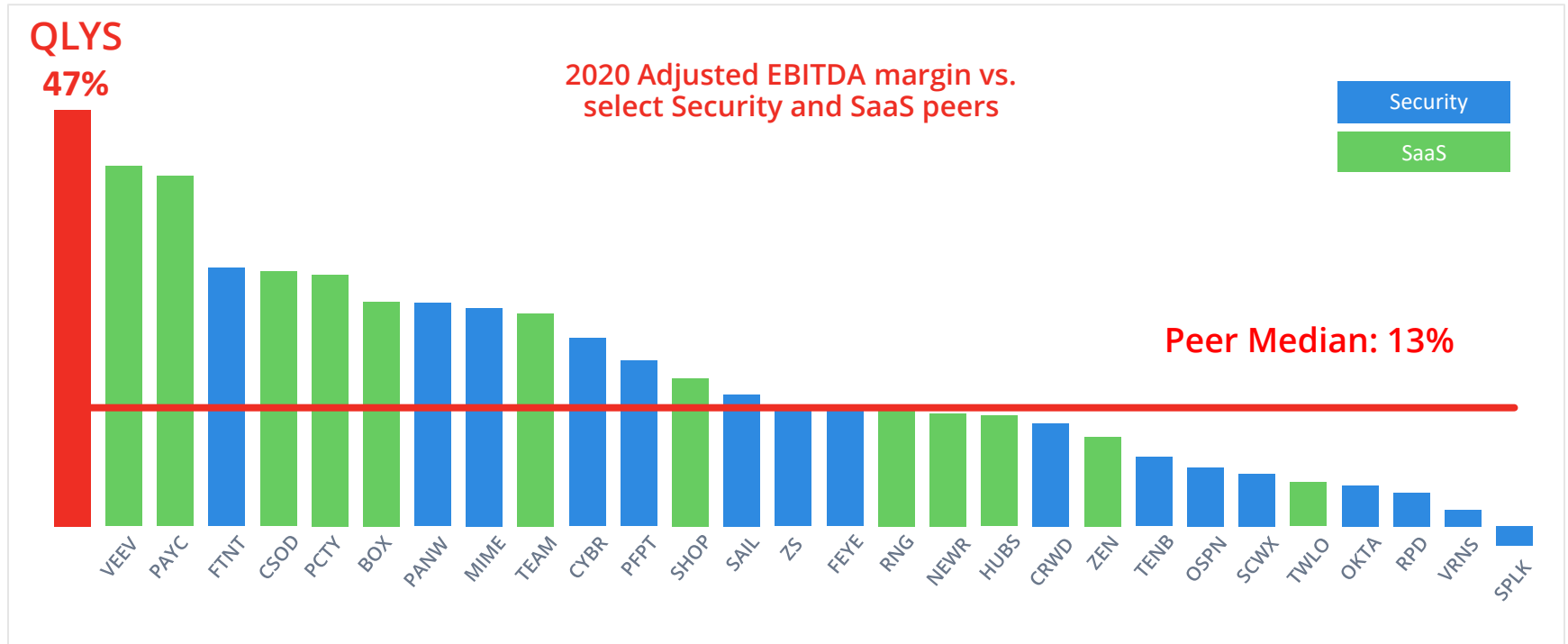


Capital Allocation

(in millions)

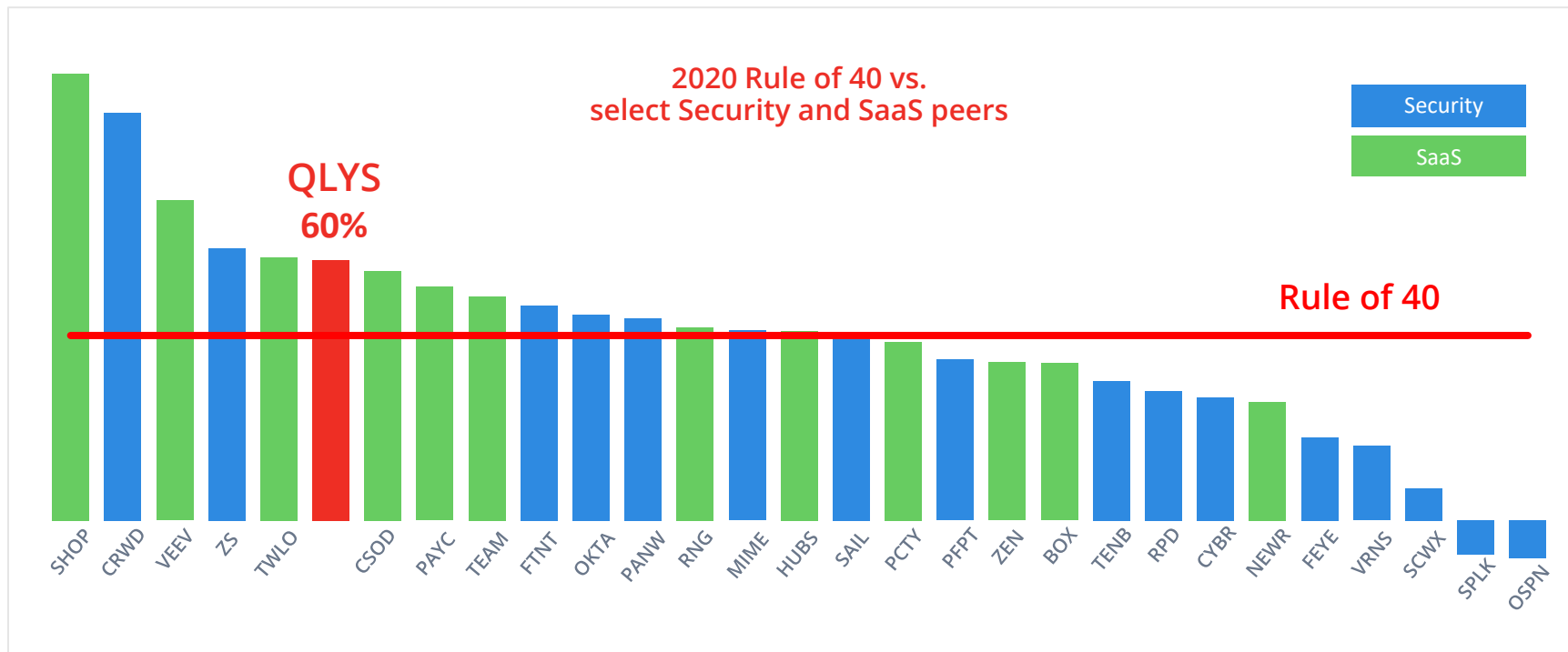


Industry Leading Margins



Source: Nasdaq IR Insight

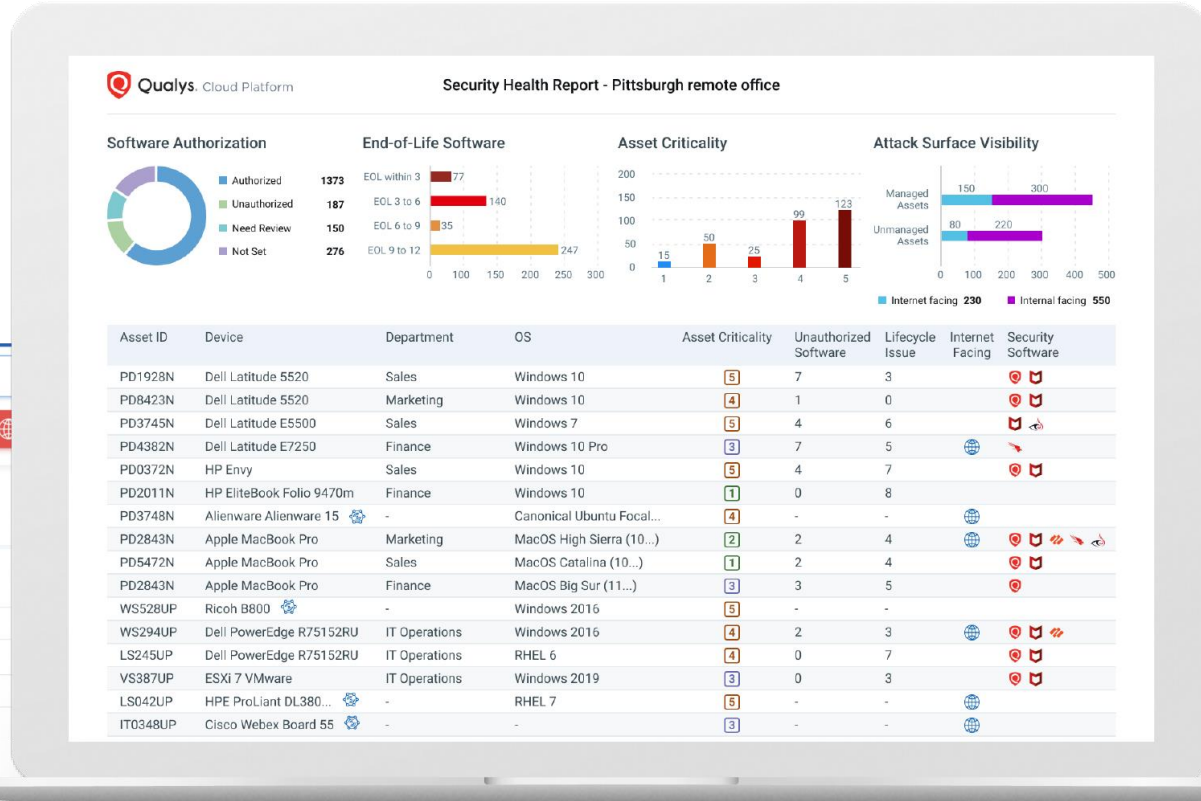
Industry Leading Performance



Source: Nasdaq IR Insight

Note: 2020 Revenue Growth % + EBITDA Margin %

Qualys Cloud Platform & What's Coming Next



ASSETS WITH SECURITY GAPS 779
80% of total

- ### Security Gap
- Unmanaged Assets
 - EOL Hardware/OS
 - EOL Software
 - Unauthorised Software
 - Missing Required Software
 - Security Hygiene

ASSETS | Virginia Data Center

TOTAL ASSETS 974

Business Context

CRITICALITY | Most Critical

Organization (owned by)

Select Organization

Support Group (Managed by)

Operations

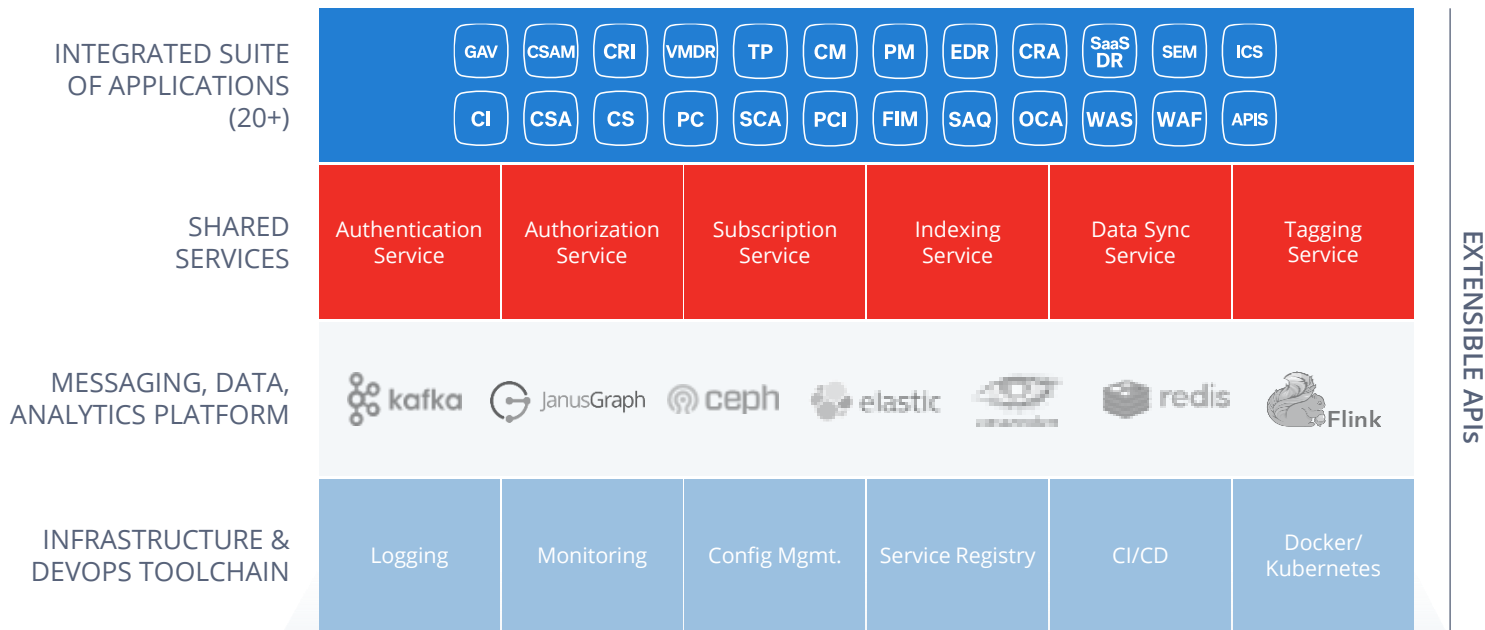
Qualys Sensor Platform

Scalable, self-updating and centrally managed



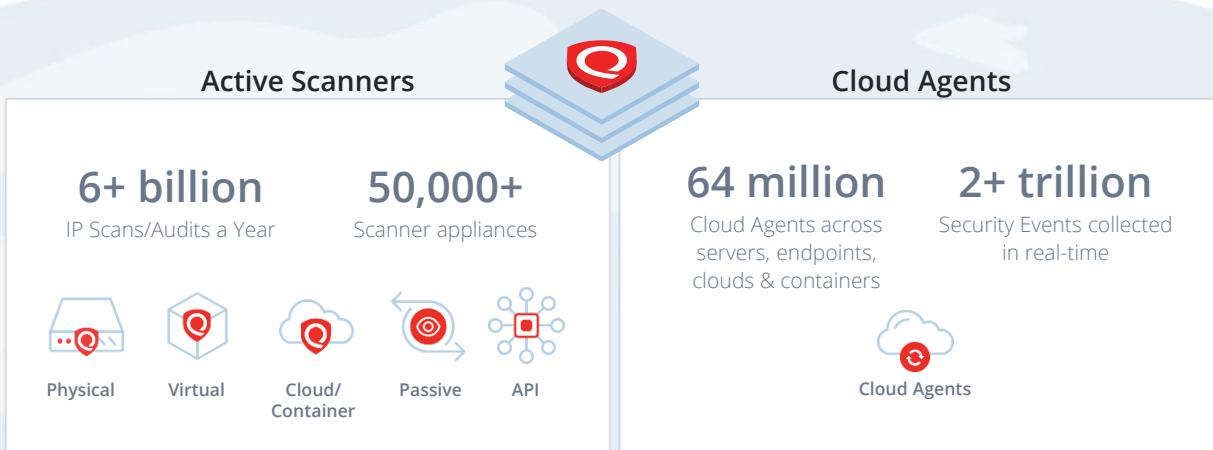
APIs (collect data from 3rd parties)

Qualys Cloud Platform



Global Visibility Across Hybrid IT Environments Enables Superior Security

Scalable, extensible, self-updating & centrally managed



9+ trillion data points

Indexed on Elasticsearch Clusters, giving 2-second visibility

Cloud Platform Enables Vendor & Stack Consolidation

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

20+

Natively integrated IT,
Security
& Compliance Apps

ASSET MANAGEMENT

-  Global AssetView •
-  CyberSecurity Asset Management •
-  Certificate Inventory

IT SECURITY

-  Vulnerability Management, Detection & Response
-  Threat Protection
-  Continuous Monitoring
-  Patch Management
-  Multi-Vector Endpoint Detection & Response
-  Certificate Assessment
-  SaaS Detection and Response
-  Secure Enterprise Mobility
-  Industrial Control System (Beta)

CLOUD/CONTAINER SECURITY

-  Cloud Inventory
-  Cloud Security Assessment
-  Container Security

COMPLIANCE

-  Policy Compliance •
-  Security Configuration Assessment •
-  PCI Compliance
-  File Integrity Monitoring •
-  Security Assessment Questionnaire
-  Out-of-Band Configuration Assessment

WEB APP & API SECURITY

-  Web Application Scanning
-  Web Application Firewall
-  API Security (Beta)

• Available on Cloud Agent

Qualys CyberSecurity Asset Management



Discover & build a complete Inventory with Auto Categorization



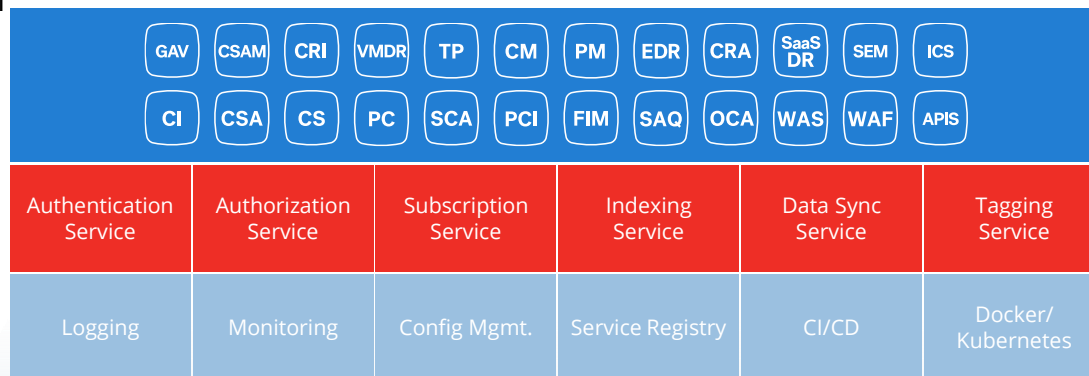
2-way Sync & Enrich CMDB



Detect at-risk assets & applications with in-context enrichment data



Alert, Report & Respond to identified security risks



Built on the Qualys Cloud Platform!

Qualys Multi-Vector EDR

Bringing the unified power of the Qualys Cloud Platform to EDR



Discover & Detect

Monitor assets, vulnerabilities, malicious attacks and incidents



Investigate & Analyze

Correlate and provide context

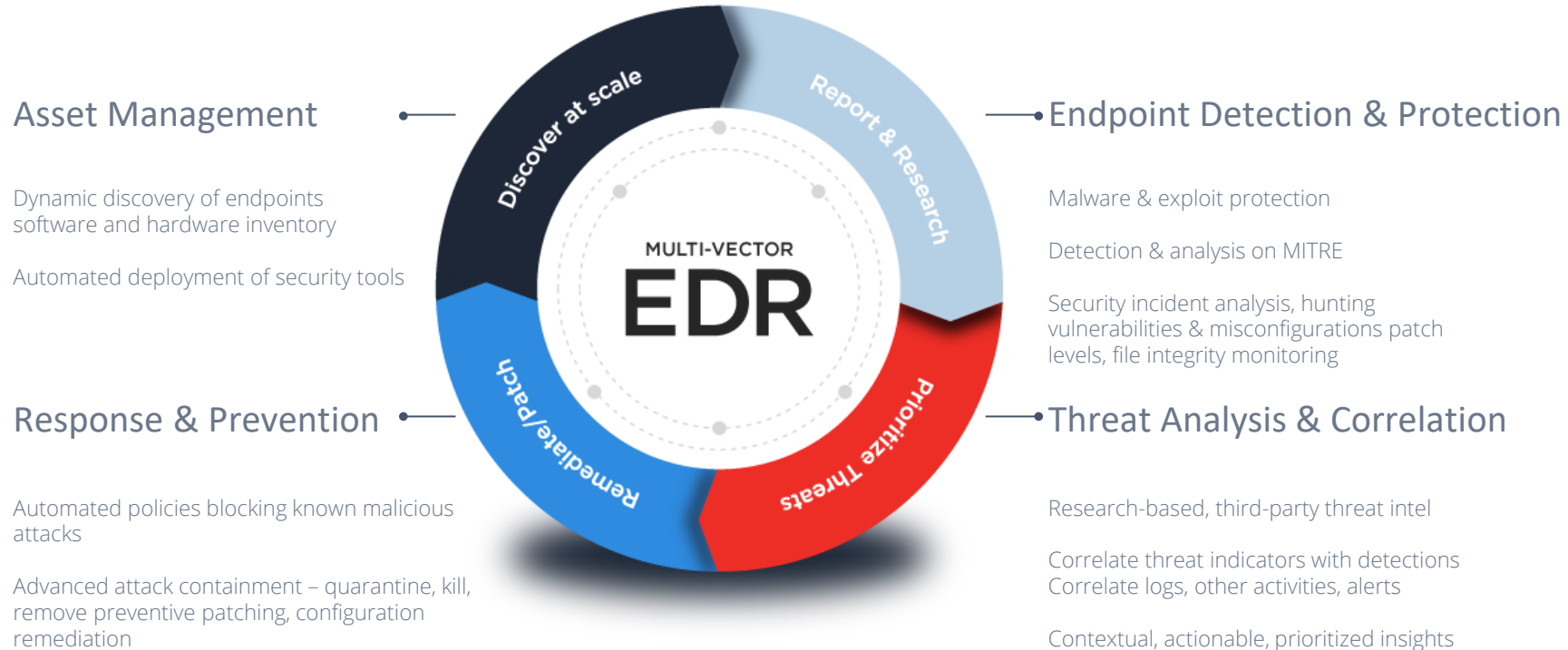


Respond & Prevent

Mitigate the risk with response and prevent future attacks

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)

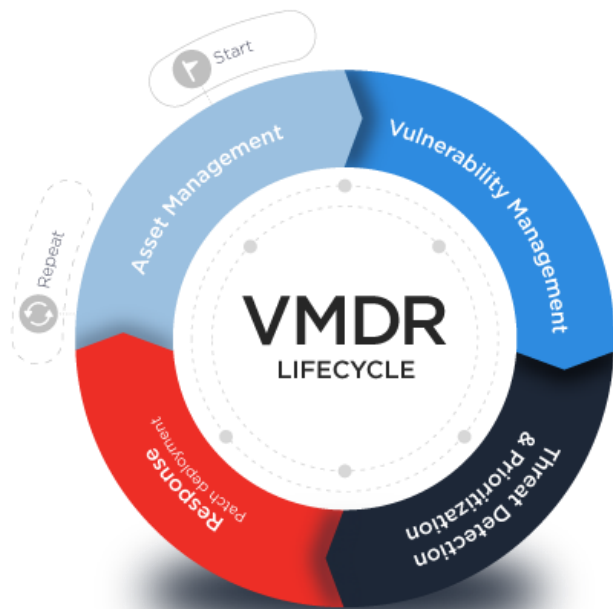
- Server, user endpoint, cloud instances located anywhere in the world
- Query system activity even if system is offline or rebuilt by IT

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">✓ Asset Discovery✓ Asset Inventory<ul style="list-style-type: none">On-Prem Device InventoryCertificate InventoryCloud InventoryContainer InventoryMobile Device Inventory✓ Asset Categorization and Normalization○ Enriched Asset Information○ CMDB Synchronization	<ul style="list-style-type: none">✓ Vulnerability Management✓ Configuration Assessment✓ Certificate Assessment○ Additional Assessment Options<ul style="list-style-type: none">Cloud Security AssessmentContainer Security Assessment	<ul style="list-style-type: none">✓ Continuous Monitoring✓ Threat Protection	<ul style="list-style-type: none">✓ Patch Detection○ Patch Management via Third-Party Vendors○ Patch Management via Qualys Cloud Agents○ Container Runtime Protection○ Mobile Device Management○ Certificate Renewal <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

API Security

Embed security in development pipeline with comprehensive audit, vulnerability & security assessment of openAPIs against best practices, contract specifications

OT / ICS Security

Monitor and secure operational technology environments and industrial control systems

XDR: Security Analytics & Response

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

Infrastructure As Code (IaC)

Embed continuous security enforcement in development infrastructure

Monitor, detect & remediate security misconfigurations & vulnerabilities in deployment templates such as Terraform

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

Reconciliation of Adjusted EBITDA

(\$ in millions)

	2017	2018	2019	2020	Q2 2020 YTD	Q2 2021 YTD
Net income	\$40.4	\$57.3	\$69.3	\$91.6	\$45.0	\$21.4
Depreciation and amortization of property and equipment	19.8	25.2	25.1	26.6	12.6	14.6
Amortization of intangible assets	0.8	3.7	6.1	6.3	3.0	3.3
Income tax provision (benefit)	(1.1)	(1.8)	10.6	10.5	4.3	6.3
Stock-based compensation	27.0	30.1	34.9	40.0	19.4	46.8
Other income, net	(2.1)	(5.1)	(7.7)	(5.4)	(3.4)	(1.0)
Adjusted EBITDA	\$84.8	\$109.4	\$138.3	\$169.5	\$81.0	\$91.3

Note: Amounts may not sum due to rounding.

Reconciliation of Non-GAAP Free Cash Flows

(\$ in millions)

	2017	2018	2019	2020	Q2 2020 YTD	Q2 2021 YTD
GAAP Cash flows provided by operating activities	\$107.6	\$125.5	\$160.6	\$180.1	\$81.6	\$112.2
Purchases of property and equipment	(37.8)	(22.8)	(27.6)	(29.6)	(11.6)	(12.9)
Principal payments under finance lease obligations	—	(1.6)	(1.7)	(0.1)	(0.06)	(0.09)
Non-GAAP Free cash flows	\$69.8	\$101.1	\$131.3	\$150.4	\$70.0	\$99.2

Note: Amounts may not sum due to rounding.

Revenue by Geographic Area

(\$ in millions)

	2017	2018	2019	2020	Q2 2020 YTD	Q2 2021 YTD
United States	\$162.7	\$185.9	\$206.6	\$230.4	\$112.0	\$121.1
% of total revenues	70%	67%	64%	63%	64%	62%
Foreign	\$68.1	\$93.0	\$115.1	\$132.5	\$63.1	\$75.3
% of total revenues	30%	33%	36%	37%	36%	38%
Total Revenues	\$230.8	\$278.9	\$321.6	\$363.0	\$175.1	\$196.5

Note: Amounts may not sum due to rounding.