
**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)
April 28, 2016**

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 May 2, 2016, Qualys, Inc. (“**Qualys**” or the “**Company**”) issued a press release announcing its financial results for the quarter ended March 31, 2016. In the press release, Qualys also announced that it would be holding a conference call on May 2, 2016 to discuss its financial results for the quarter ended March 31, 2016. 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 Election of Directors; Appointment of Certain Officers; Compensatory Arrangement of Certain Officers.

(c) Appointment of Certain Officers

On May 2, 2016, Qualys announced the appointment of Melissa B. Fisher to serve as the Chief Financial Officer of Qualys, effective as of April 28, 2016, and issued a press release announcing the appointment of Ms. Fisher. The full text of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Ms. Fisher, age 43, joins Qualys from Zynga Inc., a social gaming company, where she served as the Vice President of FP&A, Investor Relations and Treasury from April 2015 prior to her joining Qualys. Ms. Fisher previously served as the Vice President of Corporate Development, Investor Relations and Treasury of Digital River, Inc., a global provider of enterprise e-commerce SaaS solutions, from July 2013 to March 2015. From September 2009 to March 2012, Ms. Fisher served as a Managing Director at Foros. Ms. Fisher was a Managing Director at Banc of America Securities where she worked from 2002-2009 and was previously employed by Goldman, Sachs & Co. Ms. Fisher currently serves as a director of Image Sensing Systems, Inc., and previously served as a director of Digital Generation, Inc. Ms. Fisher holds an M.B.A. from the Harvard Graduate School of Business Administration and an A.B. in Government from Harvard University.

In connection with Ms. Fisher’s appointment as Chief Financial Officer, Ms. Fisher entered into an offer letter dated April 15, 2016 (the “**Offer Letter**”). The Offer Letter provides for (i) an annual base salary of \$325,000; (ii) eligibility to participate in the Company’s corporate bonus plan, with an initial performance-based target of up to 50% of base salary; (iii) an option to purchase 67,911 shares of the Company’s Common Stock (the “**Option**”) and an award of Restricted Stock Units (“**RSUs**”) having a value of approximately \$800,000 (which is 31,707 RSUs), based on the average of the closing trading prices of Qualys Common Stock for the 30 days ending one week before the date of grant; in each case subject to the terms of Qualys’ 2012 Equity Incentive Plan (the “**2012 Plan**”) and related option agreement (the “**Option Agreement**”) or restricted stock unit agreement (the “**RSU Agreement**”), as applicable; and (iv) eligibility to participate in the Company’s standard benefit plans and arrangements. The Option will vest over an approximately 4-year period, with twenty five percent (25%) of the shares subject to the Option vesting on April 28, 2017, and the balance of the shares subject to the Option vesting monthly thereafter, subject to continued service through each vesting date. The RSUs will vest over an approximately 4-year period, with twenty five percent (25%) of the RSUs vesting on May 1, 2017, and the balance of the RSUs vesting quarterly thereafter, subject to continued service through each vesting date. The Offer Letter provides that if, within 12 months following a “change in control” (as defined in the 2012 Plan) Ms. Fisher’s employment is terminated by Qualys other than for “cause” (as defined in the Option Agreement and the RSU Agreement), death, or disability or she resigns for “good reason” (as defined in the Option Agreement and the RSU Agreement), then, in each case, 100% of the then-unvested shares subject to the Option and RSUs shall accelerate. In addition, if within the first year of employment Ms. Fisher’s employment is terminated by Qualys without cause, she will be entitled to severance equal to six (6) months of her base salary and COBRA continuation coverage, subject to her entering into a severance agreement with and a general release of claims in favor of Qualys.

The foregoing summary of Ms. Fisher’s compensation is qualified in its entirety by reference to the text of her Offer Letter, a copy of which is attached hereto as Exhibit 10.1 and is incorporated herein by reference.

There were no arrangements or understandings between Ms. Fisher and any other persons pursuant to which she was selected as the Company’s Chief Financial Officer. There are no family relationships between Ms. Fisher and any director, executive officer, or person nominated or chosen by the Company to become a director or executive officer of the Company. The Company has not entered into any transactions with Ms. Fisher that would require disclosure pursuant to Item 404(a) of Regulation S-K promulgated by the Securities and Exchange Commission.

Ms. Fisher will enter into the Company's standard form of indemnification agreement, a copy of which was previously filed on August 10, 2012 as Exhibit 10.10 to the Company's Registration Statement on Form S-1 No. 333-182027.

Salary Increases and Bonuses Targets to Named Executive Officers

On April 28, 2016, the Compensation Committee (the "**Compensation Committee**") of the Board of Directors (the "**Board**") of Qualys approved certain changes to the current compensatory arrangements with the named executive officers of Qualys for 2016. The following table shows the updated 2016 cash compensation arrangements for each of the named executive officers identified below which are effective as of April 28, 2016:

<u>Name</u>	<u>Base Salary</u>	<u>Bonus Target</u>	<u>Target Cash</u>
Philippe F. Courtot	\$ 375,000	100.0%	\$ 750,000
Sumedh S. Thakar	\$ 325,000	50.0%	\$ 487,500
Amer S. Deeba	\$ 300,000	50.0%	\$ 450,000
Bruce K. Posey	\$ 275,000	50.0%	\$ 412,500

Equity Grants

On April 28, 2016, the Board approved, based on the recommendation of the Compensation Committee, the following awards of RSUs and options to purchase shares of the Qualys Common Stock to the named executive officers identified below:

<u>Name</u>	<u>Number of RSUs</u>	<u>Value of RSUs</u>	<u>Number of Options</u>	<u>Value of Options</u>	<u>Total Value</u>
Philippe F. Courtot	—	\$ —	500,000	\$ 5,500,000	\$5,500,000
Sumedh S. Thakar	59,450	\$ 1,500,000	136,000	\$ 1,500,000	\$3,000,000
Amer S. Deeba	19,817	\$ 500,000	45,300	\$ 500,000	\$1,000,000
Bruce K. Posey	15,854	\$ 400,000	36,300	\$ 400,000	\$ 800,000

The number of RSUs granted was determined by dividing the dollar amount by the average of the closing trading prices of Qualys Common Stock for the 30 days ending one week before the date of grant. The RSUs vest quarterly in equal installments over a four-year period after May 1, 2016, subject to continued service through each vesting date. The number of options granted was estimated by dividing the dollar amount by the Black-Scholes value of a single option approximated by using the assumptions Qualys uses for financial accounting purposes in the most recently completed fiscal quarter, but assuming the stock price and exercise price are the same 30-trading day average used for the RSU calculation. The options were granted with an exercise price equal to the closing price of the Qualys Common Stock on the date of grant, or \$25.56, and vest monthly over a four-year period beginning on April 28, 2016, subject to continued service through each vesting date.

Corporate Bonus Plan Amendments

On April 28, 2016, the Board and the Compensation Committee approved certain changes to Qualys' 2016 Corporate Bonus Plan (the "**2016 Bonus Plan**") which will be effective for the Company's second fiscal quarter of 2016. The 2016 Bonus Plan no longer uses Annual Subscription Value ("**ASV**") as the sole metric for quarterly bonuses, and instead uses a combination of the following three metrics which are equally weighted: ASV growth from the same quarter in 2015, growth in revenue from the same quarter in 2015, and non-GAAP earnings per diluted share.

The 2016 Bonus Plan will be filed with the Company's quarterly report on Form 10-Q for the quarterly period ended June 30, 2016.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.1	Offer Letter between Qualys and Melissa B. Fisher, dated April 15, 2016.
99.1	Press release issued by Qualys, Inc. dated May 2, 2016 regarding the Company's financial results for the quarter ended March 31, 2016.
99.2	Press release issued by Qualys, Inc. dated May 2, 2016 regarding the appointment of Melissa Fisher to serve as Chief Financial Officer.

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: May 2, 2016

EXHIBIT INDEX

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April 15, 2016

Melissa B. Fisher
[Address]

Dear Melissa:

On behalf of Qualys (the "Company"), I am pleased to offer you the position of Chief Financial Officer, reporting to Philippe Courtot, Chairman and CEO. Your location of work will be Redwood City, California. The details of your offer are outlined below:

Salary: \$325,000* (Annual Salary)

* To be paid semi-monthly. Less payroll deductions and all required withholding.

Bonus: You will be eligible to participate in a bonus program earning up to 50% of your annual salary, depending on Qualys' performance.

Should Qualys terminate your employment without cause, you will be entitled to severance equal to six (6) months of your base salary and six (6) months COBRA, provided you sign Qualys' Severance agreement and the Qualys General Release of Claims.

Benefits: You will be eligible for the following standard Qualys benefits as of the first of the month following date of hire: Medical and Dental Insurance, 401k plan, Flexible Spending, 4 weeks Vacation, Sick Leave, Qualys Assigned Holidays and other benefits described in the Summary Plan Descriptions, available for your review. Qualys may modify compensation and benefits from time to time as it deems necessary.

RSUs: We will recommend to the Board of Directors (or its Compensation Committee) that you be granted restricted stock units (the "RSUs") covering shares of Qualys Common Stock. The number of RSUs that management will recommend will be determined by dividing \$800,000 by the average of the closing trading prices of Qualys Common Stock for the 30 days ending one week before the applicable grant date of your RSUs, rounding up to the nearest whole share. The RSUs will be subject to Qualys' 2012 Equity Incentive Plan and an RSU agreement thereunder. Your RSUs will vest over approximately 4 years with 1/4 of the RSUs vesting on the one year anniversary of the 1st day of the month following your start date as an employee under this agreement (the "First Vesting Date"). Then 1/16 of the RSUs vest quarterly each three months after the First Vesting Date on the first day of the applicable month. All vesting is subject to your continued service to Qualys through each vesting date. However, 100% of the then unvested shares subject to the RSUs shall accelerate and vest if: (i) Qualys incurs a "change in control" (as defined in the 2012 Equity Incentive Plan); and (ii) your employment is terminated by Qualys other than for "cause" (as will be defined in your RSU agreement), death or disability or you resign for "good reason" (as will be defined in your RSU agreement), in each case, during the period on, and 12 months following, a change in control.

Options:

We will recommend to the Board of Directors that you be granted a stock option to purchase 67,911 shares of Common Stock under Qualys' 2012 Equity Incentive Plan (the "Option"). Your Option will be subject to a four-year vesting schedule, with vesting to commence as of your start date as an employee under this agreement. Under the vesting schedule, your shares under your Option would vest at the rate of 25% upon completion of the first year of employment, with an additional 2.0833% of such shares vesting for each full month of continuous employment completed after the first anniversary. However, 100% of the then unvested shares subject to the Option shall accelerate and vest if: (i) Qualys incurs a "change in control" (as defined in the 2012 Equity Incentive Plan); and (ii) your employment is terminated by Qualys other than for "cause" (as will be defined in your Option agreement), death or disability or you resign for "good reason" (as will be defined in your Option agreement), in each case, during the period on, and 12 months following, a change in control.

As a Qualys employee, you will be expected to abide by Qualys rules and regulations, and sign and comply with the attached Proprietary Information and Inventions Agreement, which prohibits unauthorized use or disclosure of Qualys' proprietary information.

Your employment relationship with Qualys is at-will. You may terminate your employment with Qualys at any time and for any reason whatsoever simply by notifying Qualys. Likewise, Qualys may terminate your employment at any time and for any reason whatsoever, with or without cause or advance notice. This at-will employment relationship cannot be changed except in a writing signed by a Qualys officer.

This letter, together with your Employee Proprietary Information and Inventions Agreement and the option agreement between you and Qualys (relating to your option grant described above), forms the complete and exclusive statement of your employment agreement with Qualys. The employment terms in this letter supersede any other agreements or promises made to you by anyone, whether oral or written. Your employment is contingent upon providing evidence of your legal right to work in the United States as required by the US Citizenship and Immigration Services.

We look forward to your acceptance of employment with Qualys under the terms described above. To accept this offer, please sign and date this letter. Please return the original offer letter along with the Employee Proprietary Information and Inventions Agreement in the enclosed envelope and keep a copy of the offer letter for your records. This offer will expire on Monday, April 18, 2016 and is contingent upon successful reference checks and a satisfactory background check.

Melissa, we are excited about you joining our team. If you have any questions, please feel free to call me at [Phone Number].

Sincerely,

/s/ Rima Touma Bruno

Rima Touma Bruno
VP, Human Resources

Offer Accepted By:

Date Accepted:

Start Date:

/s/ Melissa Fisher

2016-04-15

April 28, 2016

Melissa Fisher

April 28, 2016



QUALYS, INC. ANNOUNCES FIRST QUARTER 2016 FINANCIAL RESULTS

Revenue Growth of 23% Year-Over-Year

GAAP EPS: \$0.13

Non-GAAP EPS: \$0.21

REDWOOD CITY, CA – May 2, 2016 – Qualys, Inc. (NASDAQ: QLYS), a pioneer and leading provider of cloud-based security and compliance solutions, today announced financial results for the first quarter ended March 31, 2016. For the quarter, the Company reported record revenues of \$46.2 million, GAAP net income of \$4.8 million, non-GAAP net income of \$8.0 million, adjusted EBITDA of \$16.1 million, GAAP earnings per diluted share of \$0.13 and non-GAAP earnings per diluted share of \$0.21.

“Our strong fiscal first quarter results were driven by continued growth of customer and partner commitments to our pure SaaS security and compliance platform as the market is now clearly shifting away from traditional enterprise security and compliance products,” said Philippe Courtot, Chairman, President and CEO, Qualys. “Our results demonstrate that by winning a larger share of our customers’ security spend, we continue to outpace the market growth rate.”

Courtot continued, “At the RSA Conference this quarter, we introduced new innovations and major expansions to our platform all of which were very well received by our customer base. We continue to see significant adoption for our Cloud Agents technology across all sectors of our business. Security is now a strategic priority embedded in key business decisions for enterprises and organizations around the world. Our world-class security and compliance platform allows us to deliver multiple, fully-integrated cloud-based security offerings to achieve superior security, simplify deployment and reduce total cost of ownership for our customers.”

First Quarter 2016 Financial Highlights

Revenues: Revenues for the first quarter of 2016 increased by 23% to \$46.2 million compared to \$37.5 million for the same quarter in 2015. Revenue growth was driven by a combination of sales of subscriptions to new customers, as well as subscription renewals and upsells of additional subscriptions to existing customers.

Deferred Revenues: Current deferred revenues increased by 15.5% to \$101.6 million at March 31, 2016 compared to \$87.9 million at March 31, 2015. Total deferred revenues increased by 17% to \$114.6 million at March 31, 2016 compared to \$98.0 million at March 31, 2015.

Gross Profit: GAAP gross profit for the first quarter of 2016 increased by 25% to \$36.8 million compared to \$29.5 million for the same quarter in 2015. GAAP gross margin percentage was 80% for the first quarter of 2016 compared to 79% in the prior year's first quarter. Non-GAAP gross profit increased by 25% to \$37.2 million compared to \$29.9 million in the same quarter in 2015. Non-GAAP gross margin percentage was 80% for both first quarter periods in 2016 and 2015.

Operating Income: GAAP operating income for the first quarter of 2016 was \$7.6 million compared to \$4.9 million in the same quarter in 2015. Non-GAAP operating income for the first quarter of 2016 was \$12.3 million compared to \$8.8 million in the same quarter in 2015.

Net Income: GAAP net income for the first quarter of 2016 was \$4.8 million, or \$0.13 per diluted share, compared to \$3.0 million, or \$0.08 per diluted share, for the same quarter in 2015. Non-GAAP net income for the first quarter of 2016 was \$8.0 million, or \$0.21 per diluted share, compared to non-GAAP net income of \$5.5 million, or \$0.15 per diluted share, for the same quarter in 2015.

Adjusted EBITDA: Adjusted EBITDA (a non-GAAP financial measure) for the first quarter of 2016 increased by 35% to \$16.1 million compared to \$12.0 million for the same quarter in 2015. As a percentage of revenues, adjusted EBITDA increased to 35% for the first quarter of 2016 compared to 32% for the same quarter in 2015.

First Quarter 2016 Business Highlights

Customers:

- New customers included: Cox Automotive, Avery Dennison, AECOM Technology Corporation, ED&F MAN, Admiral Group Plc, Roche Holdings AG, Main Line Health, Huawei Technologies Co., Library of Congress, MTN Group, ICBC Standard Bank, Blue Cross and Blue Shield of Massachusetts, South Carolina Dept of Employment, HCL Technologies LTD, Nissan Motors Limited and the Accord Group.

New Services:

- Continued Qualys Cloud Agents expansion for new operating systems including LINUX and Mac OS adding to the platform's existing support for Windows. This technology enables visualization of all IT assets with Qualys AssetView™ and eases expansion of vulnerability management and policy compliance programs to endpoints, mobile IT assets and elastic cloud environments.
- Introduced Qualys ThreatPROTECT™ leveraging Qualys Vulnerability Management to help customers visualize risk and prioritize threats to improve remediation efforts and reduce risk from the most critical vulnerabilities.
- Launched Qualys Security Assessment Questionnaire (SAQ) as an extension to Qualys Policy Compliance solution to assist customers with streamlining compliance questionnaires and collecting evidence for various compliance efforts and regulatory mandates including PCI, HIPAA, SOX and others.
- Introduced a new enterprise version of the Qualys Private Cloud Platform or ePCP targeted for the midmarket that is fully packaged as a 1-U appliance fully managed by Qualys and delivering to customers the entire Qualys suite while allowing to keep their data on on-premise.

Strategic and Channel Partnerships:

- Announced OEM partnership with HEAT Software to embed their best-of-breed patching solution, PatchLink technology, within Qualys Cloud Agents to distribute patches and allow customers to perform remediation at the endpoints.

Industry Recognition:

- Qualys Web Application Scanning (WAS) named a winner in the 2016 SANS Awards.
- Qualys Vulnerability Management (VM) highlighted as a leader in the 2016 SANS Awards.

New CFO Appointed:

- Qualys announced today in a separate press release ([here](#)) the appointment of Melissa Fisher as Chief Financial Officer. Fisher will lead all elements of the company's finance, accounting, investor relations, treasury, and tax functions. Fisher brings nearly 20 years of technology industry and public markets experience to Qualys. She was most recently the Vice President of FP&A, Investor Relations and Treasury at Zynga (NASDAQ - ZNGA).

Financial Performance Outlook

Second Quarter 2016 Guidance: Management expects revenues to be in the range of \$47.6 million to \$48.3 million. At the midpoint, this represents 20% growth over second quarter 2015 revenues. GAAP net income per diluted share is expected to be in the range of \$0.06 to \$0.08, which assumes an effective income tax rate of 37%, and non-GAAP net income per diluted share is expected to be in the range of \$0.15 to \$0.17, which assumes an effective non-GAAP income tax rate of 36%. Second quarter 2016 EPS estimates are based on approximately 38.4 million weighted average diluted shares outstanding for the quarter.

Full Year 2016 Guidance: Management continues to expect revenues to be in the range of \$195.6 million to \$198.6 million. At the midpoint, this represents 20% growth over 2015 full year revenues. GAAP net income per diluted share is expected to be in the range of \$0.36 to \$0.41, which assumes an effective income tax rate of 37%. Non-GAAP net income per diluted share is expected to be in the range of \$0.74 to \$0.79, which assumes an effective non-GAAP income tax rate of 36%. Full year 2016 EPS estimates are based on approximately 38.9 million weighted average diluted shares outstanding.

Investor Conference Call

Qualys will host a conference call and live webcast to discuss its first quarter 2016 financial results today at 1:30 p.m. PST (4:30 p.m. EST). To access the conference call, dial (877) 881-2609 in the U.S. or +1 (970) 315-0463 for international participants with conference ID #87693736. 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-based security and compliance solutions with over 8,800 customers in more than 100 countries, including a majority of each of the Forbes Global 100 and Fortune 100. The Qualys 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 Accenture, BT, Cognizant Technology Solutions, Dell SecureWorks, Fujitsu, HCL Comnet, Infosys, NTT, Optiv, Tata Communications, 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: the growth of our business, including renewals, adoption of our existing solutions and our new offerings to both existing and new customers; the effect of new structures to our standard contract terms; the expansion of our partnerships and the related benefits of such partnerships; the threat environment in which we operate and any changes thereto; the capabilities of our platform; our strategy and our business model, the scalability of our strategy, and ability to execute such strategy; our guidance for revenues, GAAP EPS and non-GAAP EPS for the second quarter and full year 2016, and our expectations for the number of weighted average diluted shares outstanding and effective income tax rate for the second quarter and full year 2016. 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; 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 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. 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 Annual Report on Form 10-K for the year ended December 31, 2015, filed with the Securities and Exchange Commission on February 26, 2016. 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 operating measures of non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating income, non-GAAP net income, non-GAAP net income per diluted share, adjusted EBITDA and free cash flow to evaluate its ongoing operational performance and enhance an overall

understanding of its past financial performance. Qualys believes that these non-GAAP operating 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 net income, non-GAAP net income per diluted share and adjusted EBITDA. Furthermore, Qualys uses these operating measures to establish budgets and operational goals for managing its business and evaluating its performance. Qualys monitors free cash flow as a liquidity measure to provide useful information to management and investors about the amount of cash generated by the Company that, after the acquisition of property and equipment and capitalized software development costs, can be used for strategic opportunities, including investing in our business, making strategic acquisitions and strengthening the balance sheet. Qualys also believes that non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating income, non-GAAP net income, non-GAAP net income per diluted share, adjusted EBITDA and free cash flow 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 Company's non-GAAP net income and non-GAAP net income per diluted share include tax adjustments required to achieve the effective tax rate on a non-GAAP basis, which could differ from the GAAP effective tax rate. The Company believes the non-GAAP effective tax rate, which is 36% in 2016, is a reasonable estimate under its global operating structure. The Company intends to re-evaluate the non-GAAP effective tax rate on an annual basis. However, it may adjust this rate during the year to take into account events or trends that it believes materially impact the estimated annual rate. The non-GAAP effective tax rate could be subject to change for a number of reasons, including but not limited to, significant changes resulting from tax legislation, material changes in geographic mix of revenues and expenses and other significant events.

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.

Investor Contact:

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Media Contact:

Jennifer McManus-Goode
LEWIS for Qualys
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Source: Qualys

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

	Three Months Ended March 31,	
	2016	2015
Revenues	\$46,248	\$37,493
Cost of revenues (1)	9,416	7,964
Gross profit	36,832	29,529
Operating expenses:		
Research and development (1)	7,834	7,150
Sales and marketing (1)	13,933	11,443
General and administrative (1)	7,468	6,016
Total operating expenses	29,235	24,609
Income from operations	7,597	4,920
Other income (expense), net:		
Interest expense	(13)	—
Interest income	250	101
Other expense, net	(69)	(178)
Total other income (expense), net	168	(77)
Income before income taxes	7,765	4,843
Provision for income taxes	2,982	1,841
Net income	<u>\$ 4,783</u>	<u>\$ 3,002</u>
Net income per share:		
Basic	<u>\$ 0.14</u>	<u>\$ 0.09</u>
Diluted	<u>\$ 0.13</u>	<u>\$ 0.08</u>
Weighted average shares used in computing net income per share:		
Basic	<u>34,619</u>	<u>33,775</u>
Diluted	<u>37,838</u>	<u>38,235</u>

(1) Includes stock-based compensation as follows:

Cost of revenues	\$ 379	\$ 328
Research and development	1,295	1,152
Sales and marketing	1,249	811
General and administrative	1,774	1,584
Total stock-based compensation	<u>\$ 4,697</u>	<u>\$ 3,875</u>

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

	Three Months Ended	
	March 31,	
	2016	2015
Net income	\$ 4,783	\$ 3,002
Available-for-sale investments:		
Change in net unrealized gain (loss) on investments, net of tax	229	29
Less: reclassification adjustment for net realized gain (loss) included in net income	12	(4)
Net change, net of tax	241	25
Other comprehensive income, net	241	25
Comprehensive income	<u>\$ 5,024</u>	<u>\$ 3,027</u>

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

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 112,471	\$ 91,698
Short-term investments	93,238	87,268
Accounts receivable, net	42,414	42,325
Prepaid expenses and other current assets	7,448	7,945
Total current assets	<u>255,571</u>	<u>229,236</u>
Long-term investments	34,614	43,277
Property and equipment, net	31,786	31,329
Deferred tax assets, net	17,165	16,079
Intangible assets, net	1,267	1,360
Goodwill	317	317
Other noncurrent assets	1,942	1,916
Total assets	<u>\$ 342,662</u>	<u>\$ 323,514</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 4,393	\$ 2,368
Accrued liabilities	11,513	11,786
Deferred revenues, current	101,557	98,025
Total current liabilities	<u>117,463</u>	<u>112,179</u>
Deferred revenues, noncurrent	13,092	14,564
Other noncurrent liabilities	1,611	1,205
Total liabilities	<u>132,166</u>	<u>127,948</u>
Stockholders' equity:		
Common stock	35	34
Additional paid-in capital	233,133	223,228
Accumulated other comprehensive income (loss)	30	(211)
Accumulated deficit	(22,702)	(27,485)
Total stockholders' equity	<u>210,496</u>	<u>195,566</u>
Total liabilities and stockholders' equity	<u>\$ 342,662</u>	<u>\$ 323,514</u>

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

	Three Months Ended	
	March 31,	
	2016	2015
Cash flows from operating activities:		
Net income	\$ 4,783	\$ 3,002
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	3,834	3,182
Bad debt expense	80	175
Loss on disposal of property and equipment	—	4
Stock-based compensation	4,697	3,875
Amortization of premiums and accretion of discounts on investments	208	168
Excess tax benefits from stock-based compensation	(3,095)	(91)
Deferred income taxes	(1,086)	1,362
Changes in operating assets and liabilities:		
Accounts receivable	(169)	(5,914)
Prepaid expenses and other assets	573	(670)
Accounts payable	2,026	(3,609)
Accrued liabilities	2,822	1,690
Deferred revenues	2,059	6,782
Other noncurrent liabilities	406	70
Net cash provided by operating activities	<u>17,138</u>	<u>10,026</u>
Cash flows from investing activities:		
Purchases of investments	(49,450)	(31,781)
Sales and maturities of investments	52,176	25,977
Purchases of property and equipment	(4,181)	(6,148)
Capitalized software development costs	(118)	(99)
Net cash used in investing activities	<u>(1,573)</u>	<u>(12,051)</u>
Cash flows from financing activities:		
Proceeds from exercise of stock options	2,113	3,448
Excess tax benefits from stock-based compensation	3,095	91
Net cash provided by financing activities	<u>5,208</u>	<u>3,539</u>
Net increase in cash and cash equivalents	20,773	1,514
Cash and cash equivalents at beginning of period	91,698	76,504
Cash and cash equivalents at end of period	<u>\$112,471</u>	<u>\$ 78,018</u>
Non-cash investing and financing activities:		
Vesting of early exercised common stock options	\$ —	\$ 6

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

	Three Months Ended	
	March 31,	
	2016	2015
Net income	\$ 4,783	\$ 3,002
Depreciation and amortization of property and equipment	3,724	3,084
Amortization of intangible assets	110	98
Interest expense	13	—
Provision for income taxes	2,982	1,841
EBITDA	11,612	8,025
Stock-based compensation	4,697	3,875
Other (income) expense, net	(181)	77
Adjusted EBITDA	<u>\$16,128</u>	<u>\$11,977</u>

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

	Three Months Ended	
	March 31,	
	<u>2016</u>	<u>2015</u>
GAAP gross profit	\$36,832	\$29,529
Plus: Stock-based compensation	379	328
Non-GAAP gross profit	<u>\$37,211</u>	<u>\$29,857</u>
GAAP income from operations	\$ 7,597	\$ 4,920
Plus: Stock-based compensation	4,697	3,875
Non-GAAP income from operations	<u>\$12,294</u>	<u>\$ 8,795</u>
GAAP net income	\$ 4,783	\$ 3,002
Plus: Stock-based compensation	4,697	3,875
Less: Tax adjustment	(1,504)	(1,332)
Non-GAAP net income	<u>\$ 7,976</u>	<u>\$ 5,545</u>
Non-GAAP net income per share:		
Basic	<u>\$ 0.23</u>	<u>\$ 0.16</u>
Diluted	<u>\$ 0.21</u>	<u>\$ 0.15</u>
Weighted average shares used in computing non-GAAP net income per share:		
Basic	<u>34,619</u>	<u>33,775</u>
Diluted	<u>37,838</u>	<u>38,235</u>

Qualys, Inc.
RECONCILIATION OF NON-GAAP DISCLOSURES
FREE CASH FLOWS
(Unaudited)
(in thousands)

	Three Months Ended	
	March 31,	
	<u>2016</u>	<u>2015</u>
GAAP cash flows provided by operating activities	\$17,138	\$10,026
Less:		
Purchases of property and equipment	(4,181)	(6,148)
Capitalized software development costs	(118)	(99)
Non-GAAP free cash flows	<u>\$12,839</u>	<u>\$ 3,779</u>



Qualys Appoints Melissa Fisher as Chief Financial Officer

Appointment Brings Valuable Combination of Technology Industry and Public Markets Experience to Qualys

REDWOOD CITY, CA – May 2, 2016 – Qualys, Inc. (NASDAQ: QLYS), a pioneer and leading provider of cloud-based security and compliance solutions, today in conjunction with its first quarter 2016 earnings release announced the appointment of Melissa Fisher as Chief Financial Officer.

Fisher will lead all elements of the company's finance organization, including finance, accounting, investor relations, treasury and tax. She is joining Qualys' seasoned executive team to further advance the company's vision of helping its 8,800 customers in over 100 countries secure their IT infrastructures, providing a continuous view of each customer's security and compliance landscape.

"I am thrilled to be joining the leadership team of Qualys as Chief Financial Officer at this exciting time," said Melissa Fisher, CFO of Qualys. "Qualys is a leading pure and profitable SaaS security software company well-positioned due to its disruptive cloud-based platform and I look forward to helping take Qualys to the next level as the company leverages its platform to drive long-term value for customers, shareholders, partners and employees."

"Melissa is joining Qualys at a pivotal time, when we see the market coming our way due to the increasing adoption of cloud-based security solutions and the strong desire for enterprises to consolidate the overwhelming number of enterprise security and compliance offerings that they must deploy and maintain to secure their networks," said Philippe Courtot, Chairman, President and CEO of Qualys. "Melissa brings to Qualys a unique blend of operational and public markets experience in the areas of Investment Banking, FP&A, Investors Relations and Treasury. We are delighted to welcome Melissa to Qualys."

Fisher brings 20 years experience as a strategic financial executive working with technology companies on areas including corporate finance, investor relations, treasury, financial planning and analysis, mergers & acquisitions, and corporate governance. Fisher previously served as VP, FP&A, IR and Treasury at Zynga Inc., a social gaming company. Prior to Zynga, Fisher served as VP, Corporate Development, IR and Treasury at Digital River, Inc. a global provider of enterprise e-commerce SaaS solutions.

Prior to Digital River, Fisher was an investment banker and advised companies on more than \$400 billion of transaction volume at Goldman Sachs, Banc of America Securities and Foros.

Fisher currently serves as a director and as chair of the Audit Committee on the Board of Image Sensing Systems, Inc. Fisher previously served as a member of the Audit Committee and member of the Board of Directors of Digital Generation, Inc. Fisher received an AB in government from Harvard University and an MBA from Harvard Business School.

Quarterly Results Conference Call

Qualys will host a conference call and live webcast today at 4:30 p.m. Eastern Time (1:30 p.m. Pacific Time) to discuss its first quarter 2016 financial results. To access the conference call, dial (877) 881-2609 in the U.S. or +1 (970) 315-0463 for international participants with conference ID # 87693736. The live webcast of Qualys' earnings conference call can also be accessed at <http://investor.qualys.com/events.cfm>. 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-based security and compliance solutions with over 8,800 customers in more than 100 countries, including a majority of each of the Forbes Global 100 and Fortune 100. The Qualys 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 Accenture, BT, Cognizant Technology Solutions, Dell SecureWorks, Fujitsu, HCL Comnet, Infosys, NTT, Optiv, Tata Communications, Verizon and Wipro. The company is also a founding member of the Cloud Security Alliance (CSA). For more information, please visit www.qualys.com.

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