



Investor Presentation

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

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May 7th, 2020

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 innovation and the capabilities of our platform;
- our expectations regarding the growth and market acceptance of our Vulnerability Management, Detection and Response application;
- the benefits of our strategic acquisitions; the benefits of our new products, integrations, collaborations and joint solutions;
- our strategy and our business model and our ability to execute such strategy;
- the effects of COVID-19 on our business and results of operations;
- our guidance for revenues, GAAP EPS and non-GAAP EPS for the second quarter and full year 2020, and our expectations for the number of weighted average diluted shares outstanding and the GAAP and non-GAAP effective income tax rate for the second quarter and full year 2020.

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;
- the effects of COVID-19 on our business and results of operations;
- 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/compliance solutions and secure the Digital Transformation

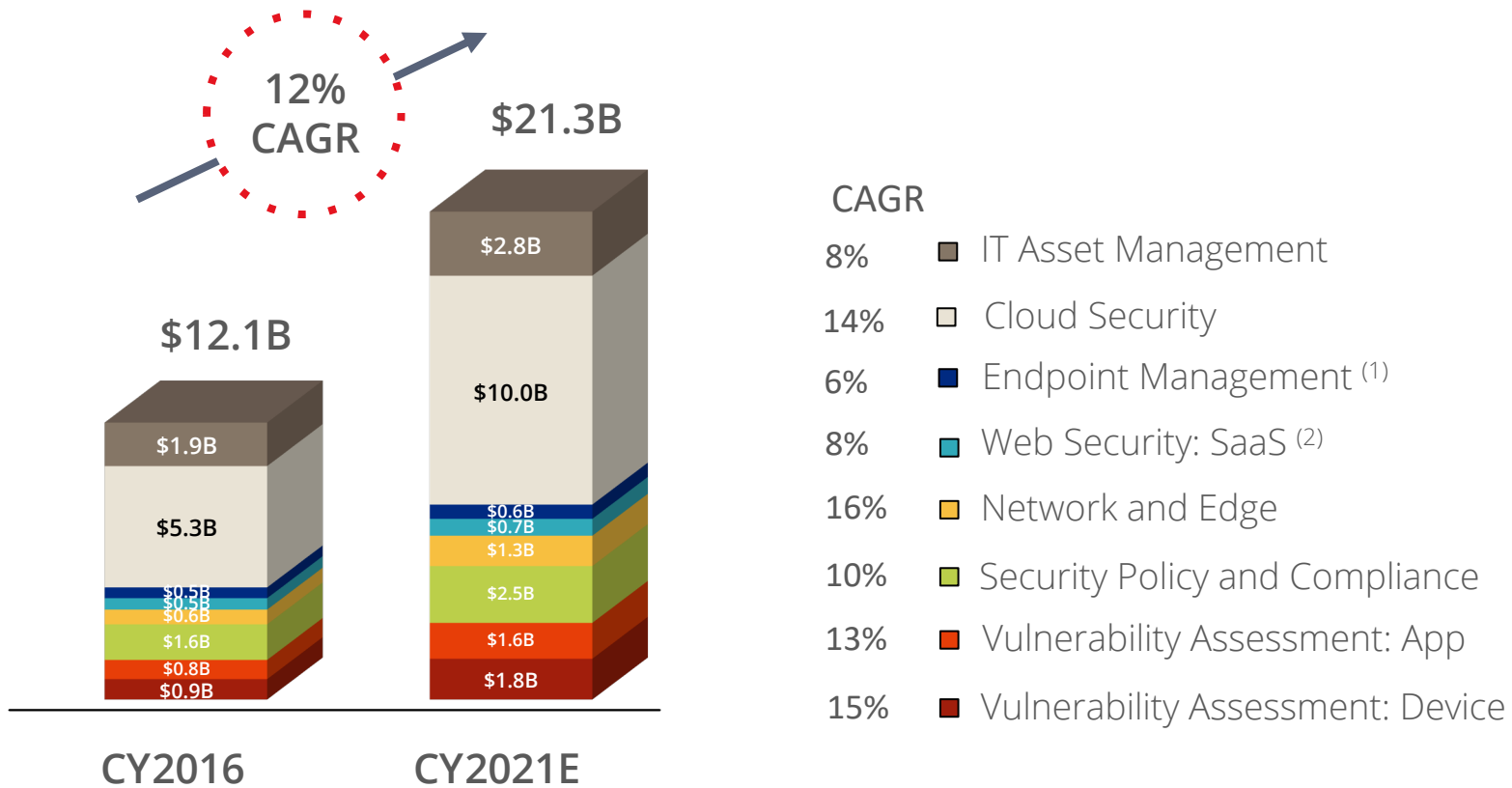


Investment Highlights

- ✓ 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

Driven by Increasing Apps on Qualys' Cloud Platform



Qualys' current Total Addressable Market

(1) 2017 to 2021E period
 (2) 2015 to 2020E period
 Source: IDC

Blue Chip Global Customer Base

70% of the Forbes Global 50, 47% of Global 500, and 25% of Global 2000 standardized on Qualys

15,700+ Customers



Note: Customers include active subscribers of 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

15,700+
Customers

130+
Countries

8
Shared Platforms

87
Private Clouds

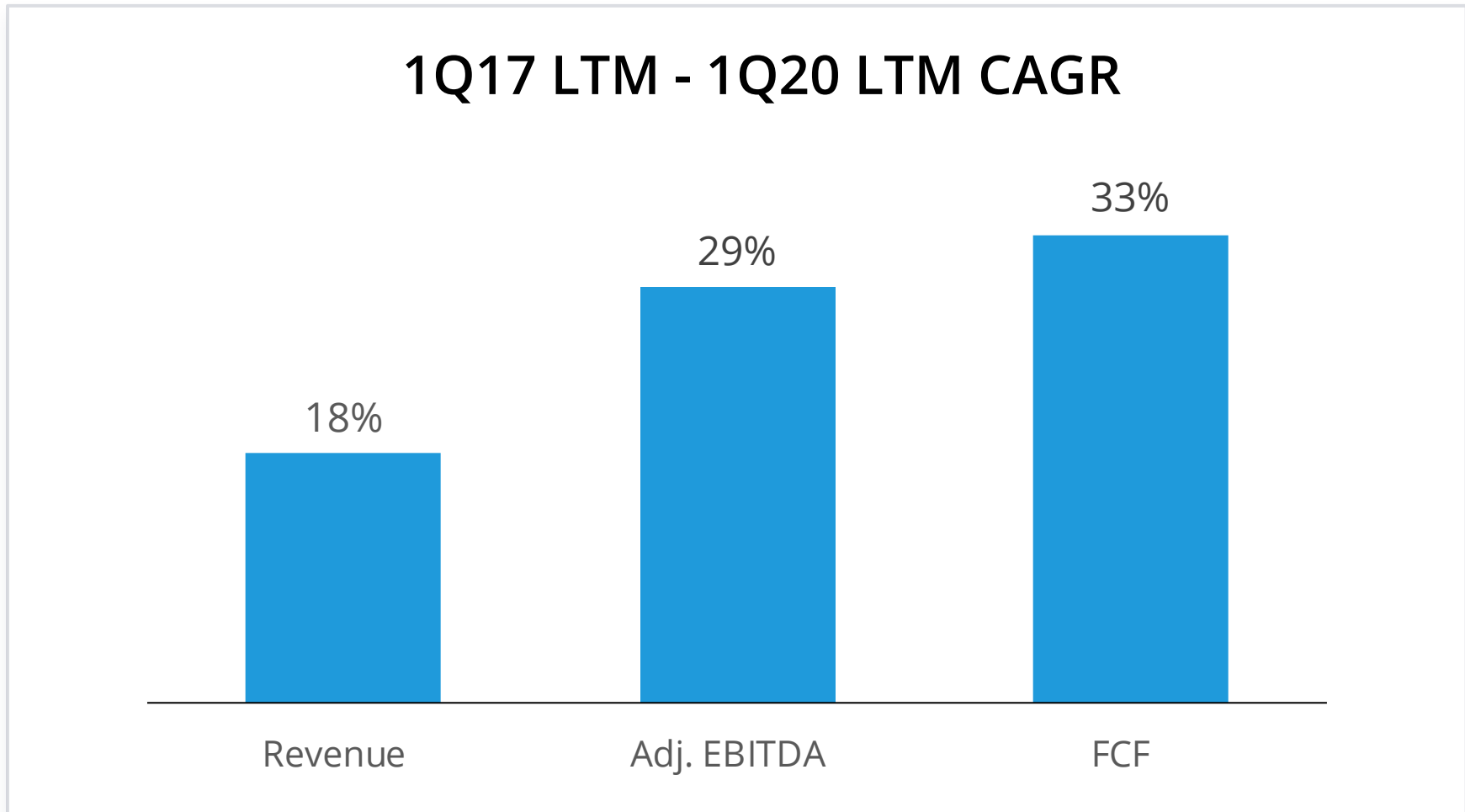
54
Locations



Note: Customers include active subscribers of our free services

Scalable Business Model

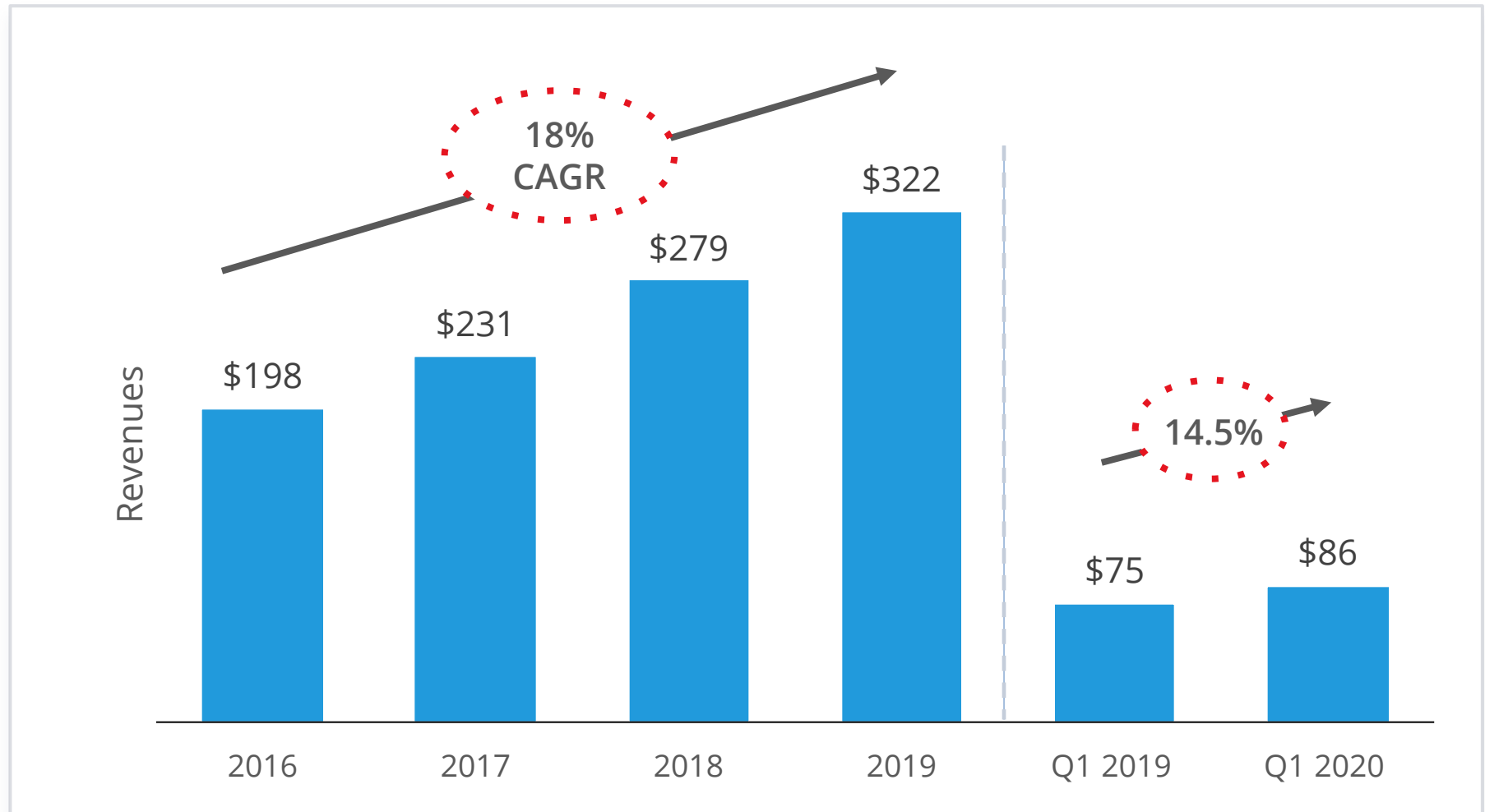
Strong and Consistent Performance



Strong Organic Revenue Growth

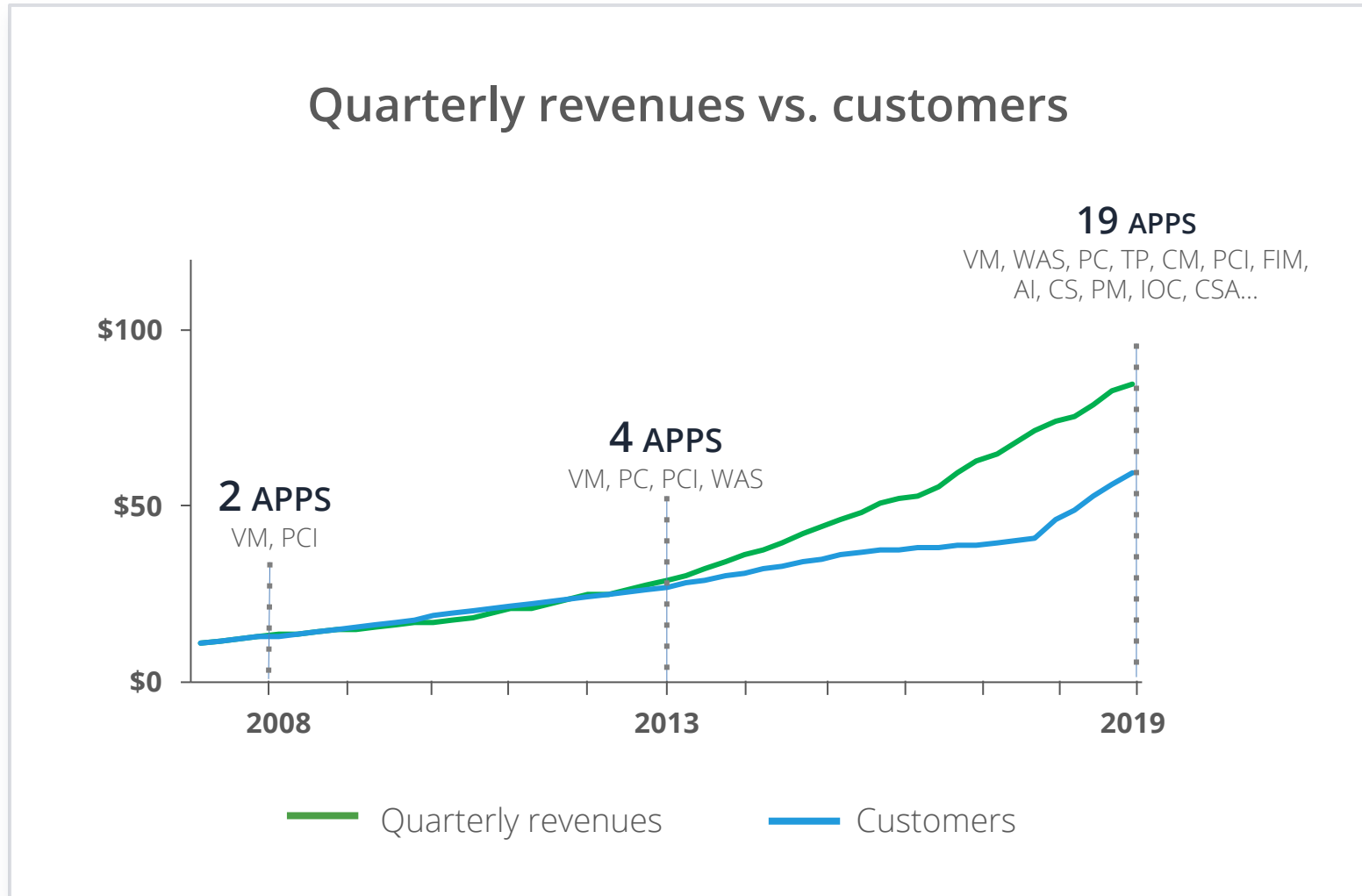
Outperforming market and gaining share

(\$ in millions)



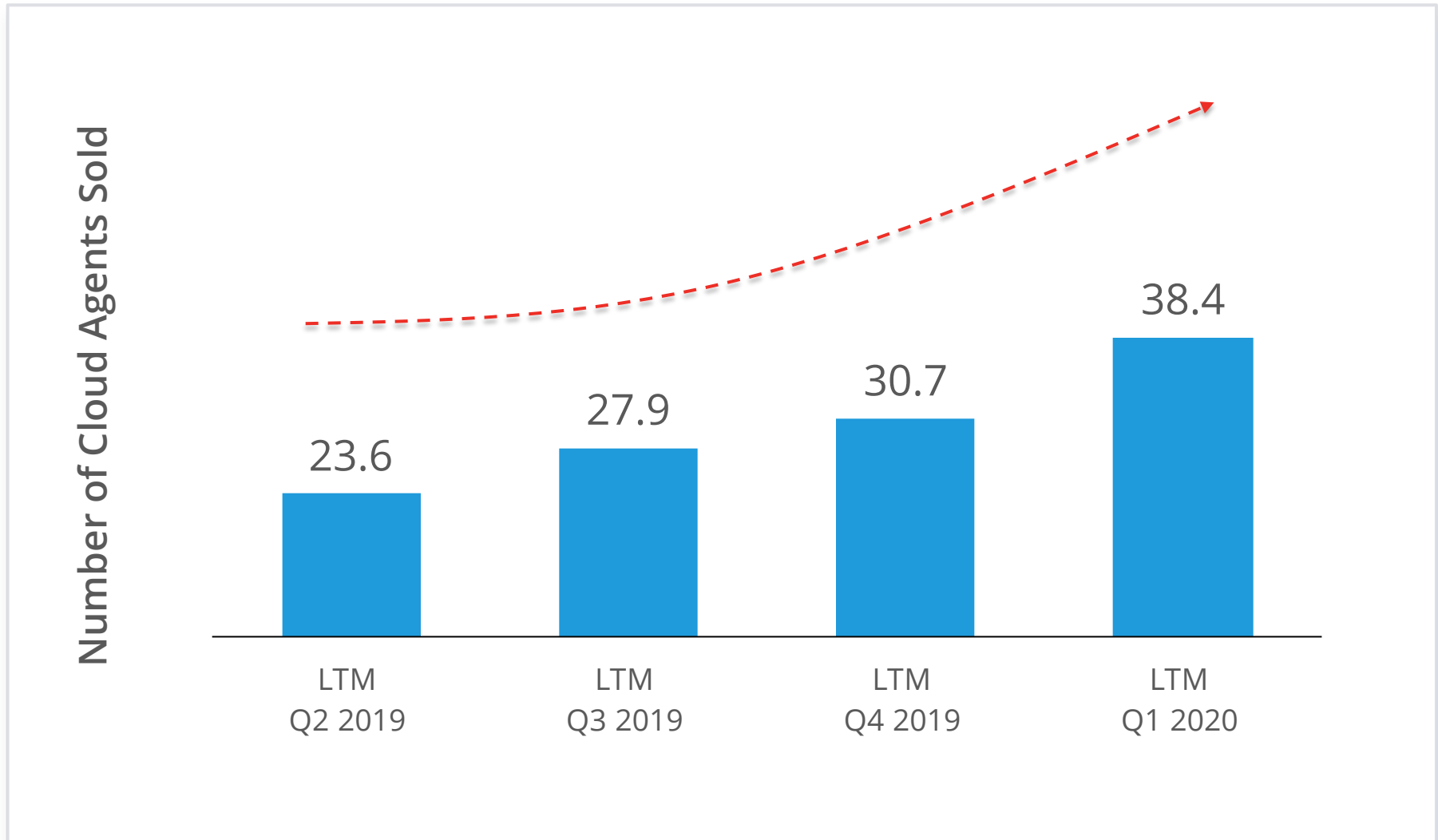
Adoption of New Solutions Fuels Growth and Profitability

(\$ in millions)

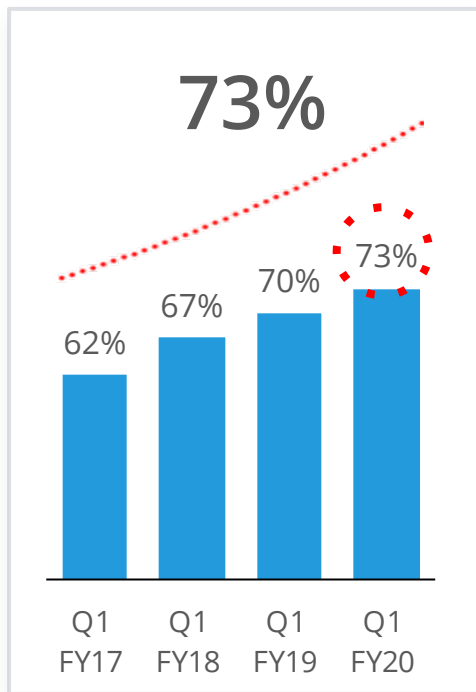


New Apps Enabled by Cloud Agents

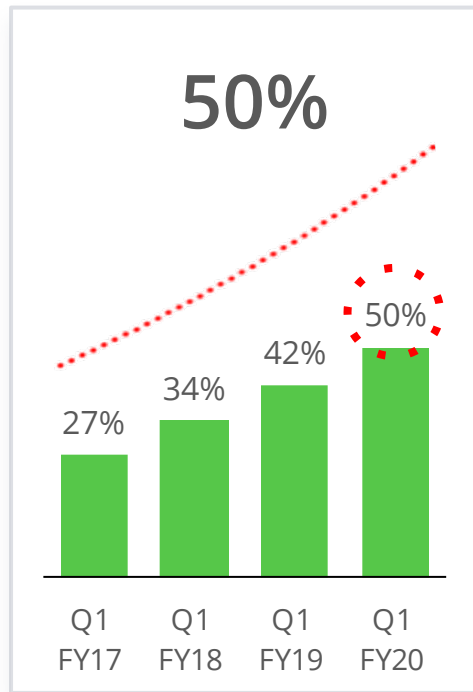
(Units in millions)



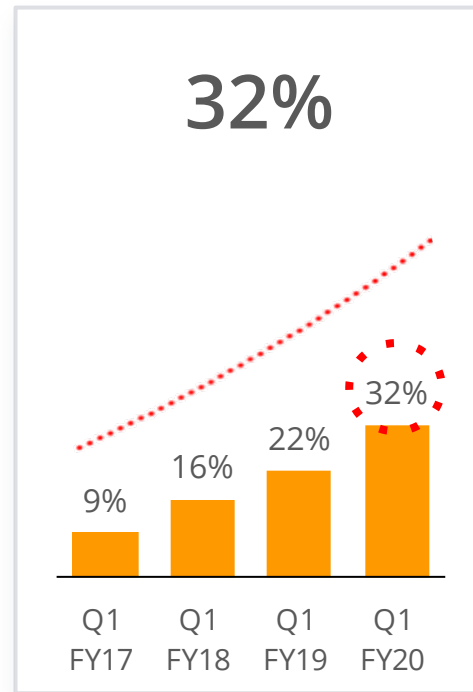
Platform Adoption Accelerating



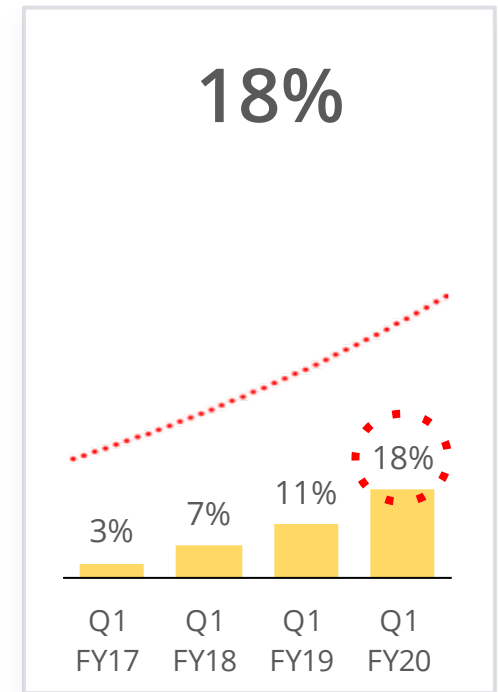
2+ solutions



3+ solutions



4+ solutions



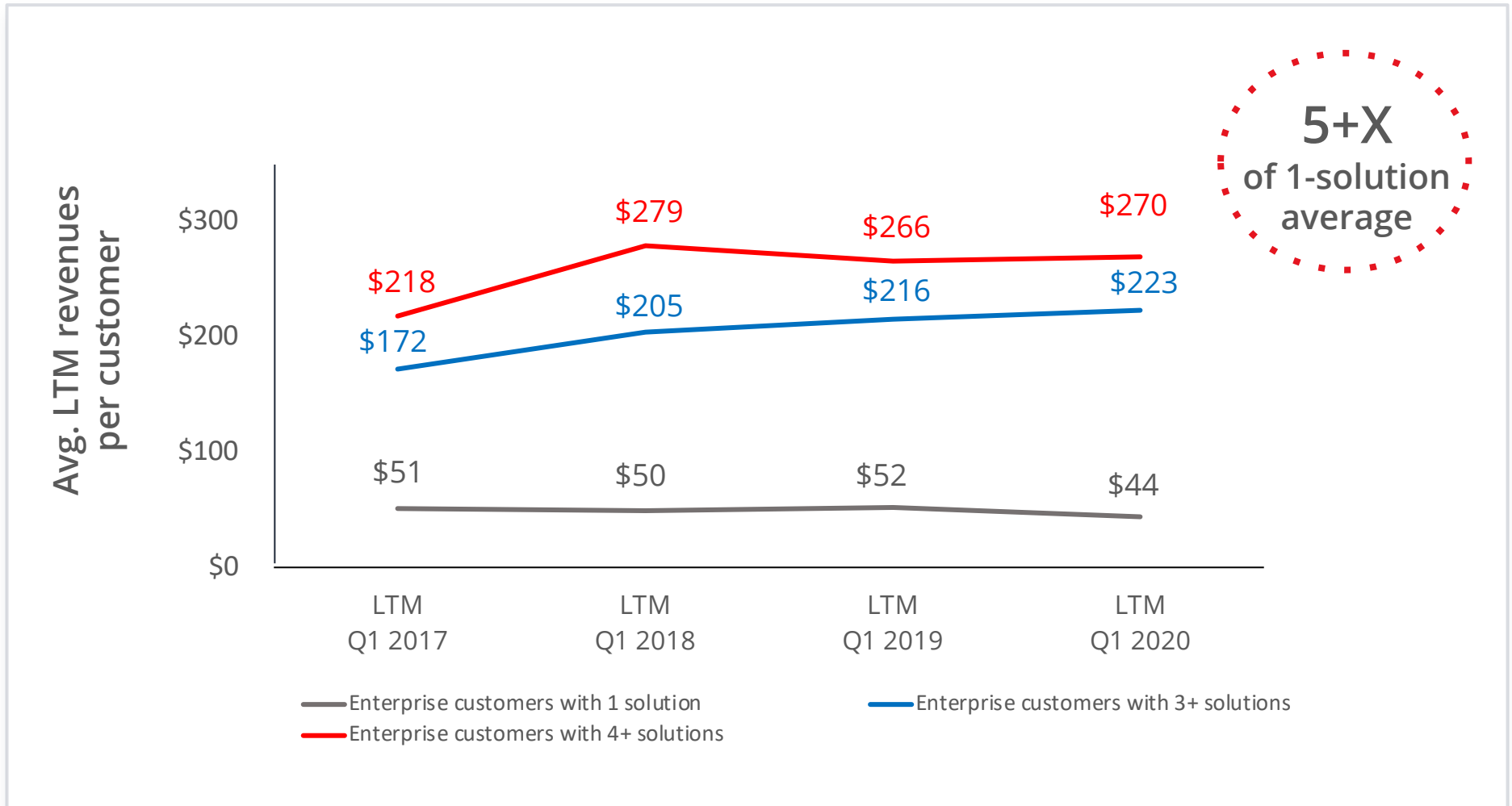
5+ solutions

% of Enterprise customers with select number of solutions

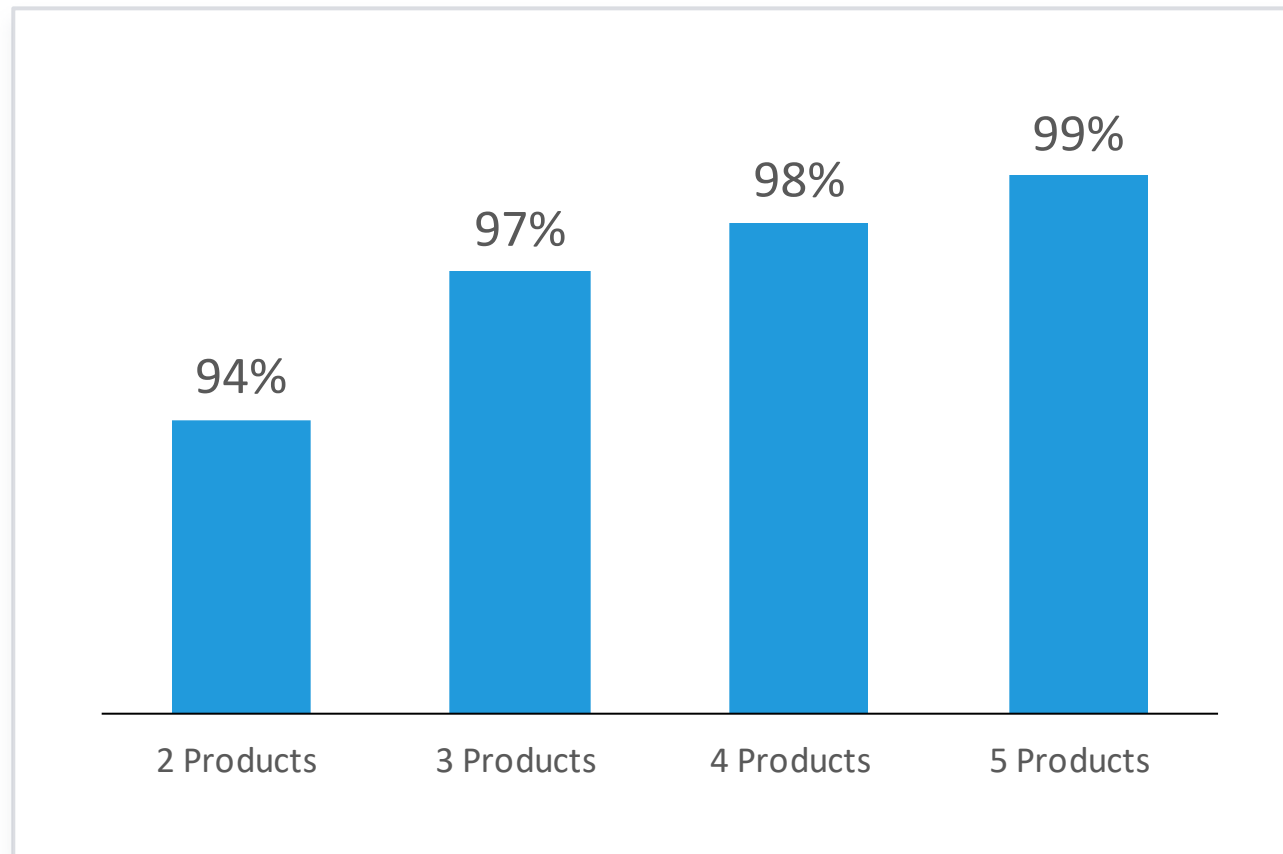
Multiplier Effect

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

(\$ in thousands)



Multi-Product Adoption Drives Increased Stickiness

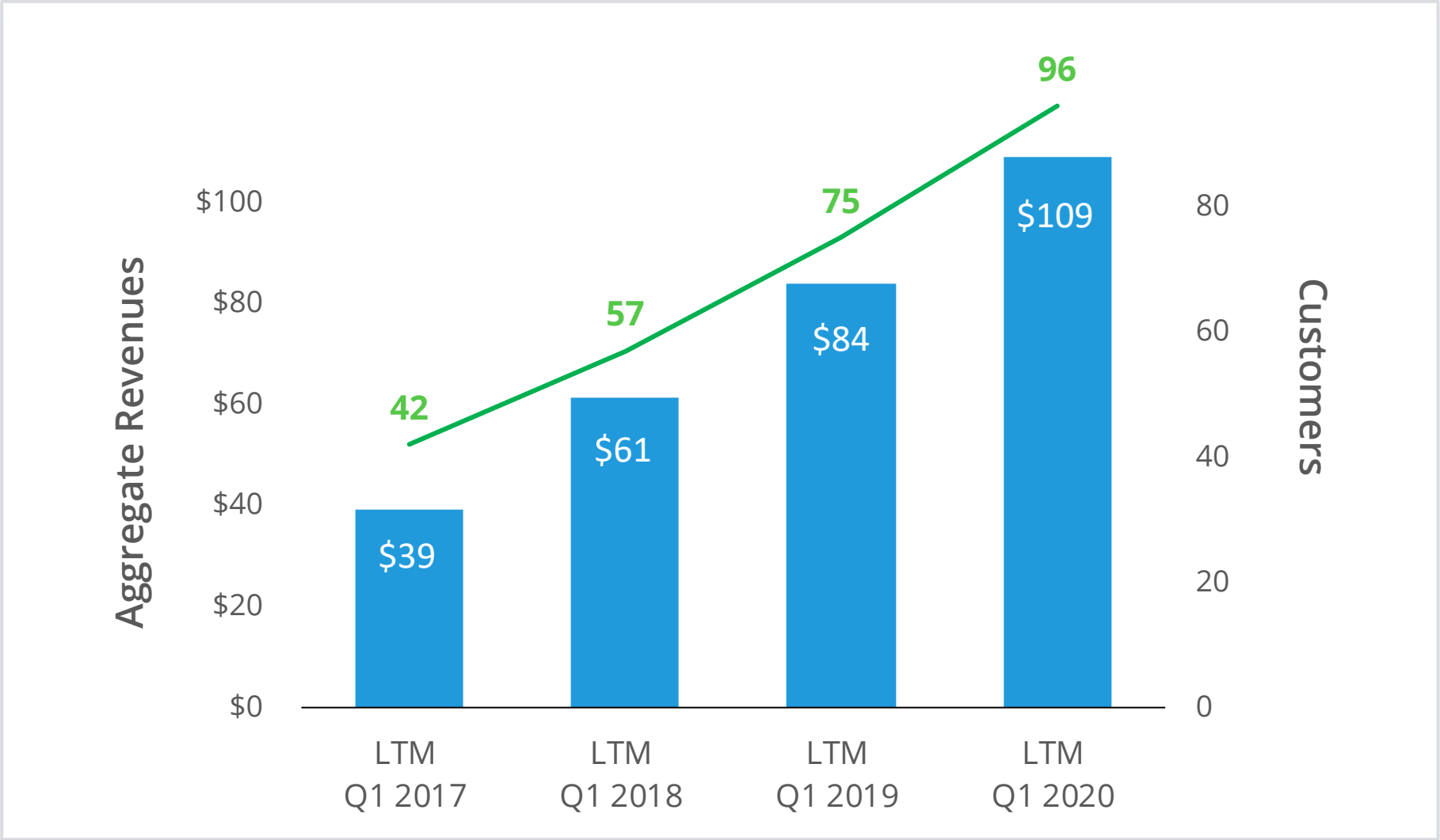


2019 Enterprise Gross Dollar Retention Rate

Note: Dollar Retention Rate is the retention rate of prior year Enterprise ARR (excluding upsell and downsell) averaged over the last four quarters

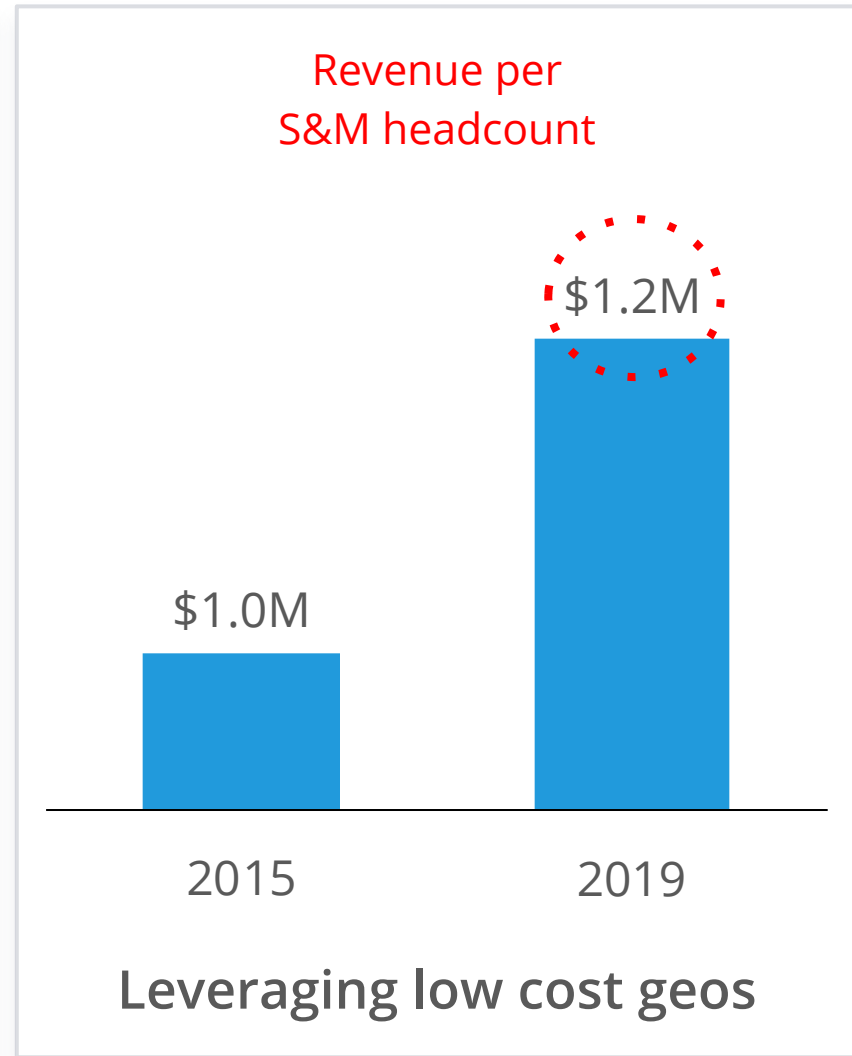
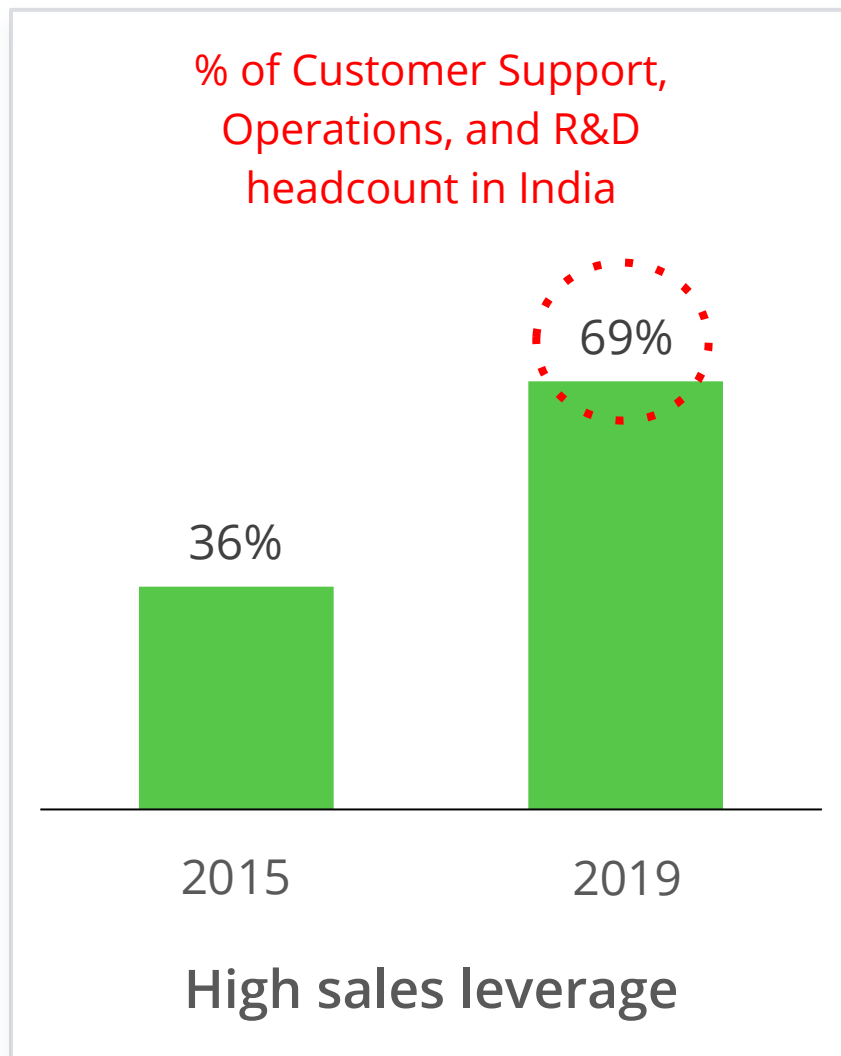
Increasing Number of Large Customers

(\$ in millions)



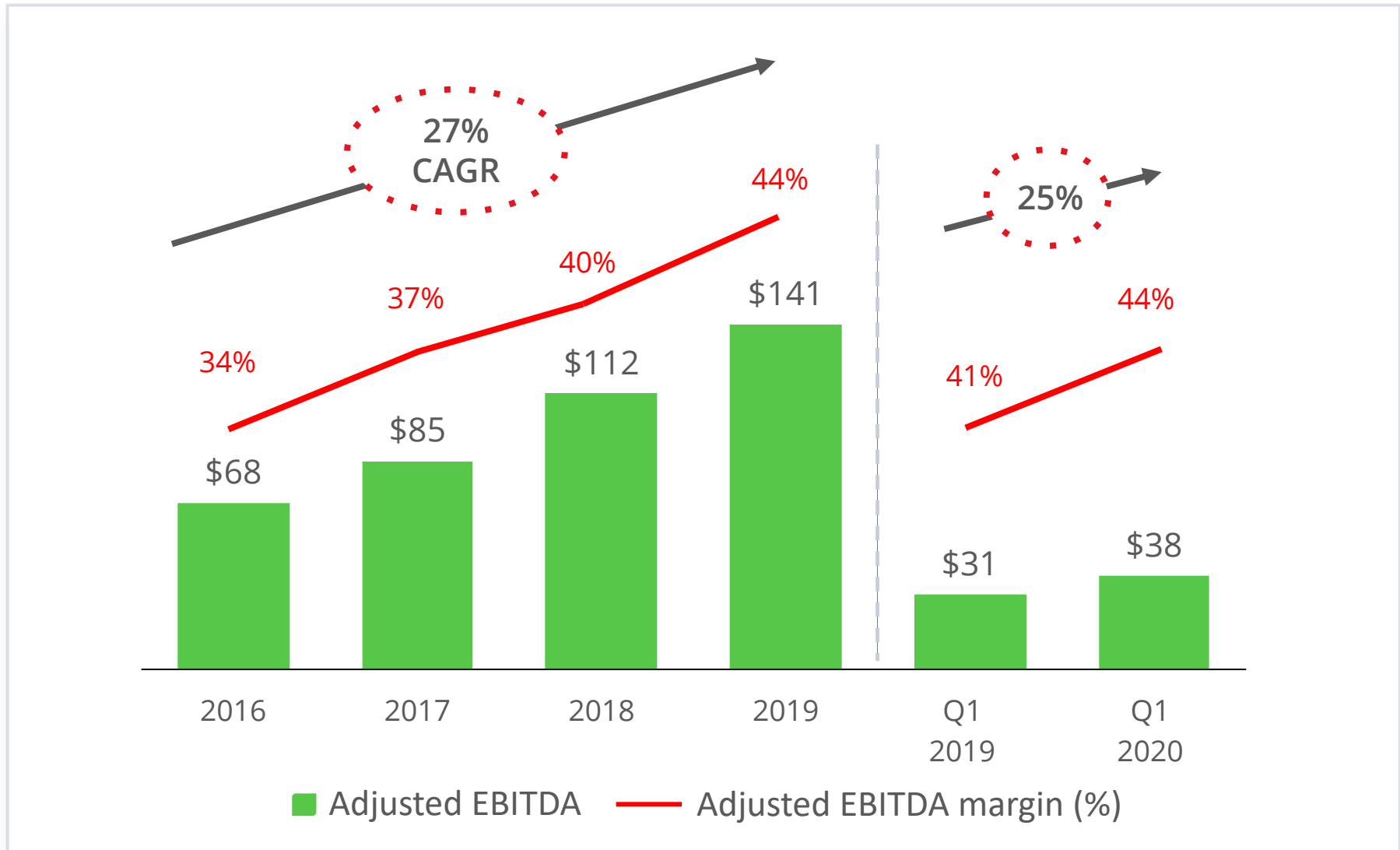
Note: Customer count is defined as customers with greater than \$500K in annual revenue

Cloud Platform Enables Scalable Operational Model



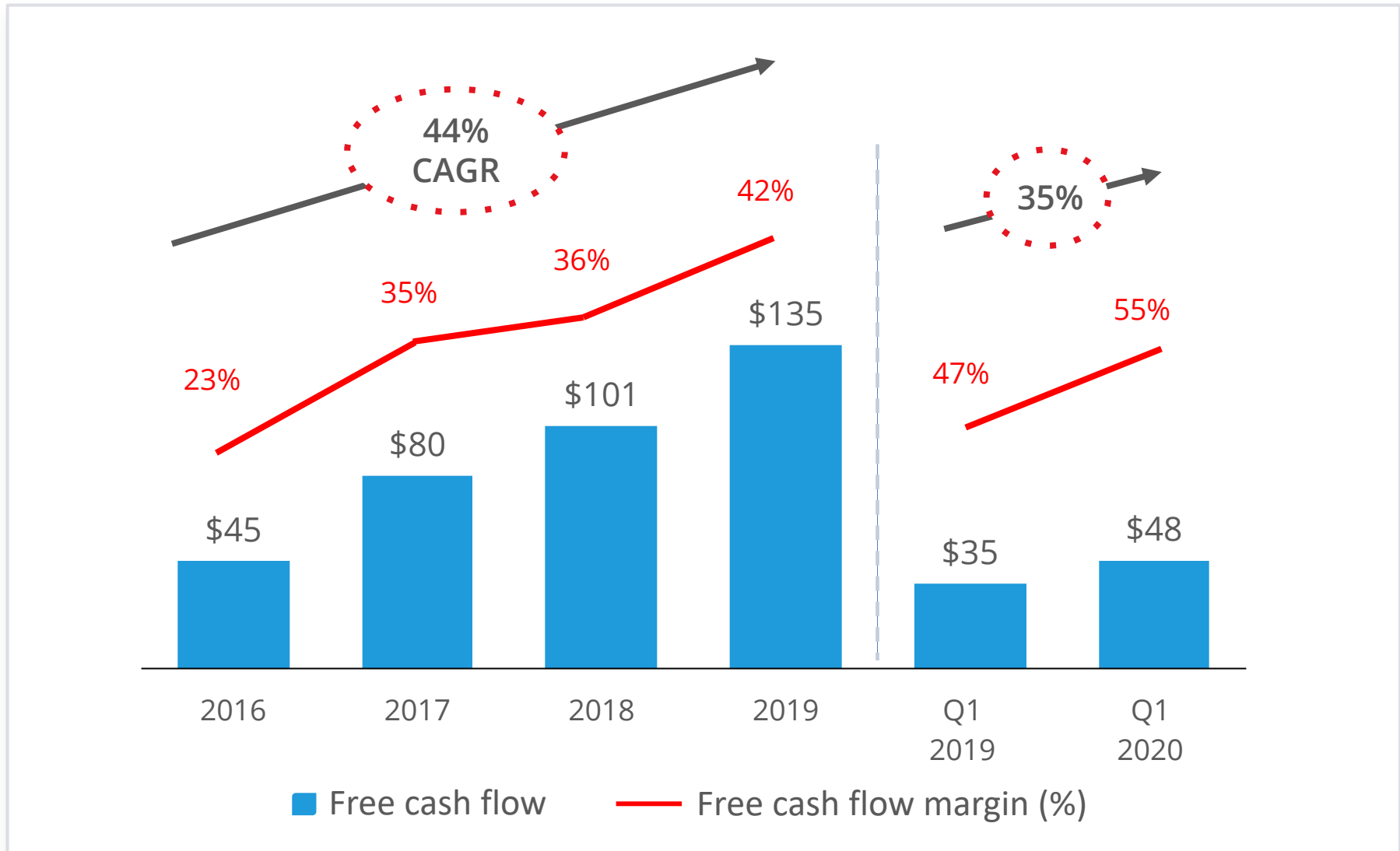
Expanding Margins

(\$ in millions)



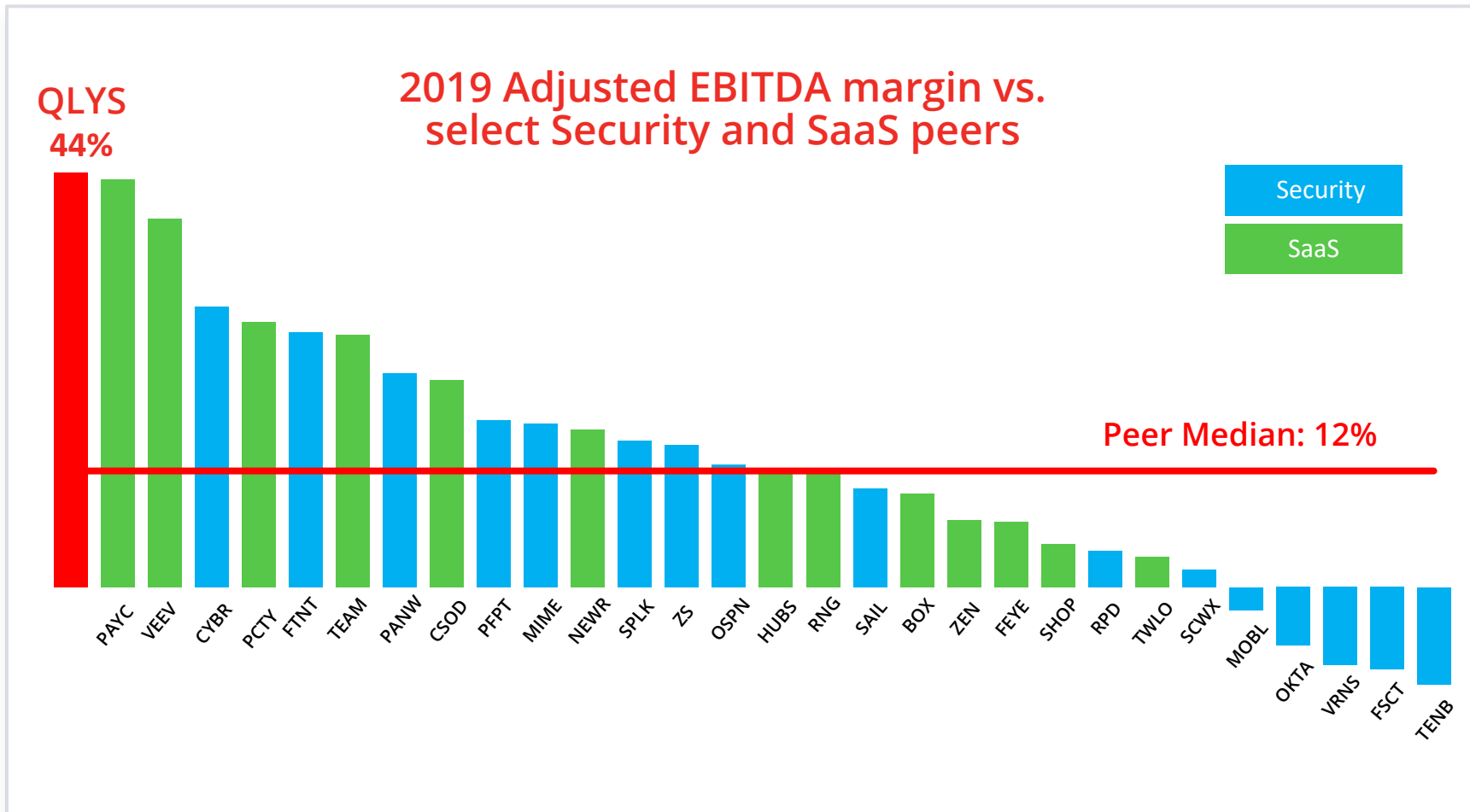
Increasing Free Cash Flow

(\$ in millions)

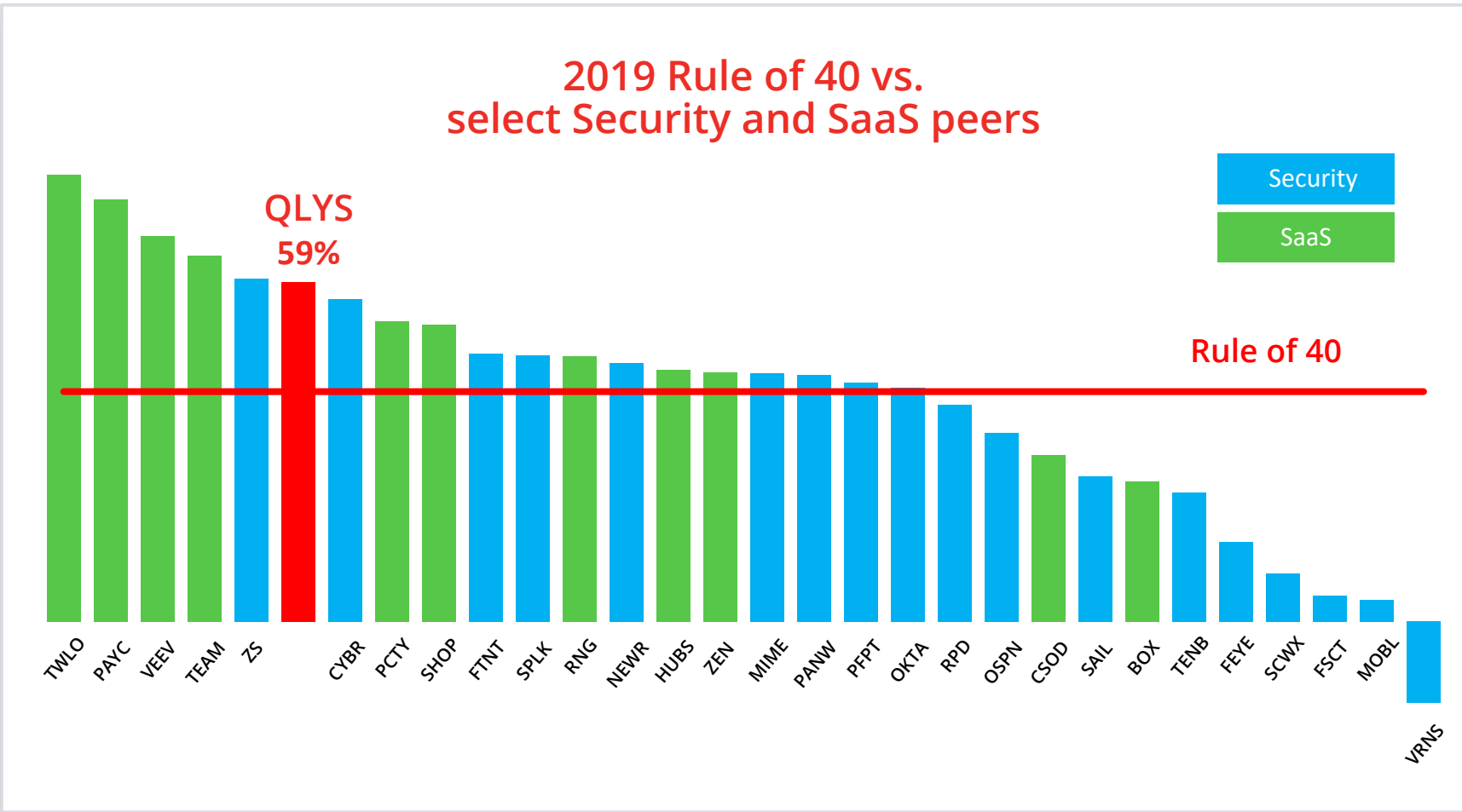


Note: 2017, 2019 & 1Q20 non-GAAP Free cash flow normalized for headquarters office facility costs (net)

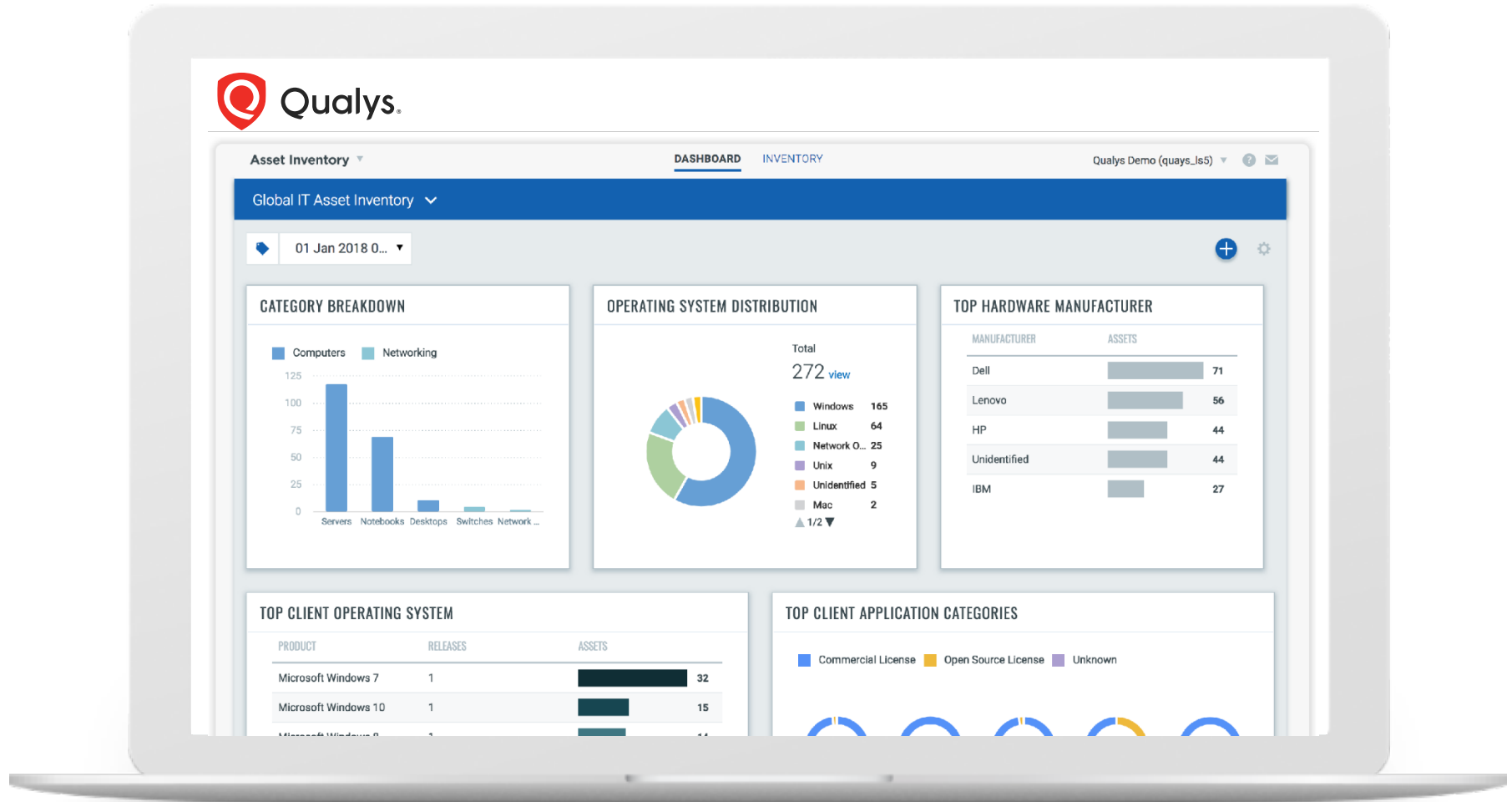
Industry-leading Margins



Industry-leading Performance

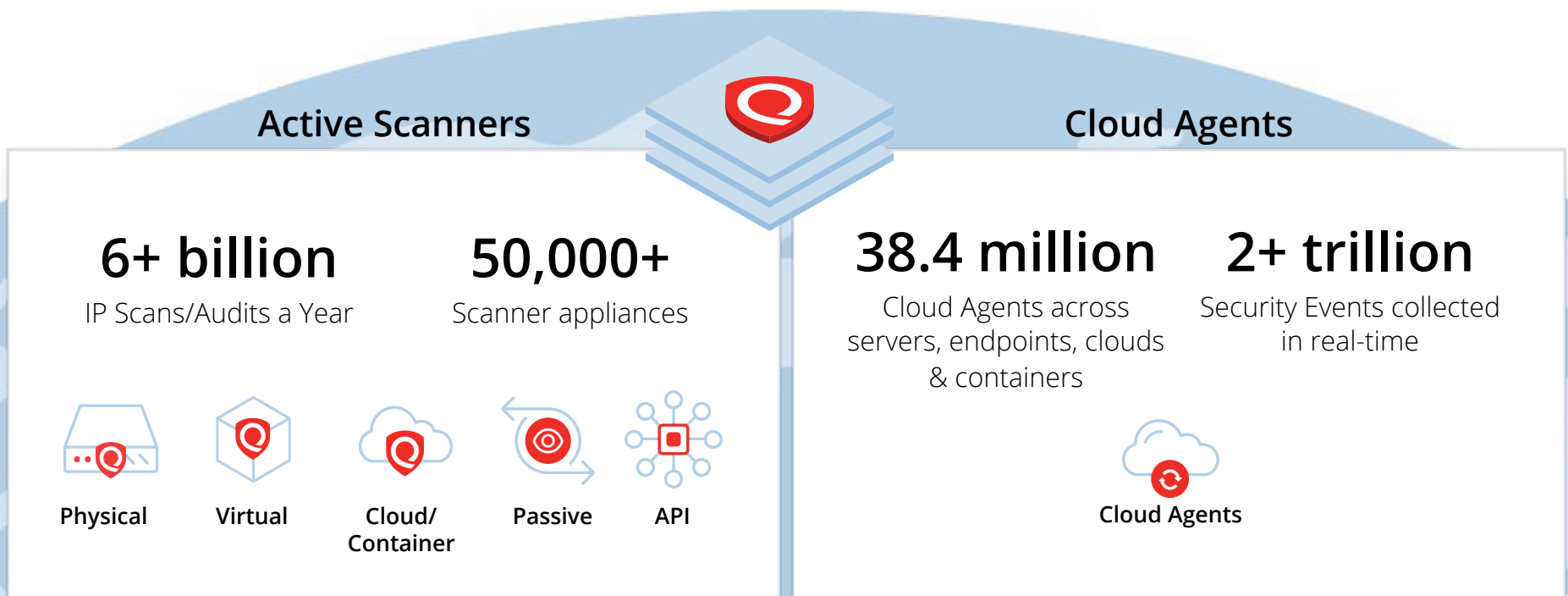


Qualys Cloud Platform and Roadmap



Global Visibility Across Hybrid IT Environments Enables Superior Security

Scalable, extensible, self-updating & centrally managed



6+ trillion data points

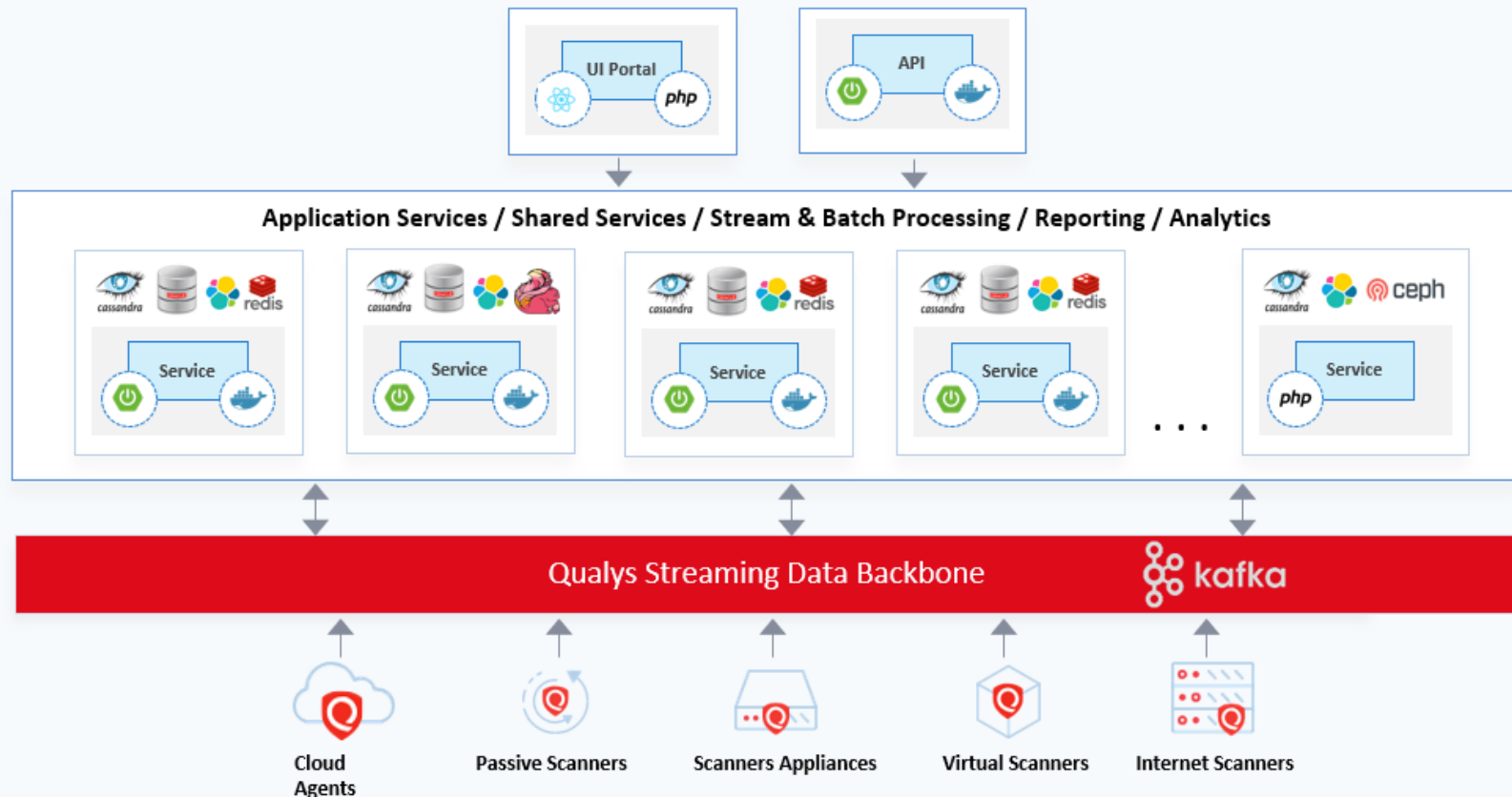
Indexed on Elasticsearch Clusters, giving 2-second visibility

Qualys Cloud Platform

Scalable, Extensible, Micro-services, DevOps

Integrated Suite of Applications

AI VM CM TP FIM PC PCI SAQ IOC WAS WAF SYN ...



Cloud Platform Enables Vendor and Stack Consolidation



Increasing Number of Apps Delivered Through the Qualys Cloud Platform

19

integrated apps
and counting



GLOBAL IT ASSET MANAGEMENT

- AI** Asset Inventory
- SYN** CMDB Sync
- CRI** Certificate Inventory

COMPLIANCE

- PC** Policy Compliance
- SCA** Security Configuration Assessment
- PCI** PCI Compliance
- FIM** File Integrity Monitoring
- SAQ** Security Assessment Questionnaire
- OCA** Out-of-Band Configuration Assessment

WEB APP SECURITY

- WAS** Web App Scanning
- WAF** Web App Firewall

IT SECURITY

- VM** Vulnerability Management
- TP** Threat Protection
- CM** Continuous Monitoring
- PM** Patch Management
- IOC** Indication of Compromise

CLOUD/CONTAINER SECURITY

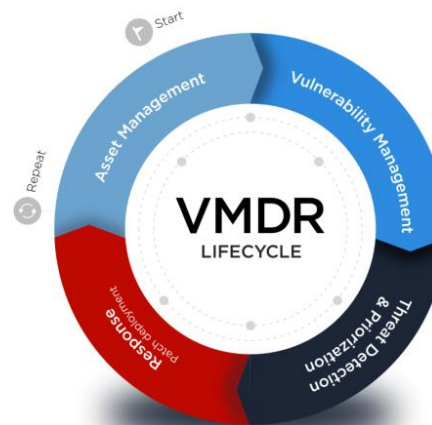
- CI** Cloud Inventory
- CSA** Cloud Security Assessment
- CS** Container Security

Introducing Qualys VMDR[®]

Next Generation Vulnerability Management Solution

Bringing Vulnerability Management to the Next Level

- VMDR provides the power to continuously detect vulnerability and misconfigurations across the entire global hybrid IT environment and respond in real-time from a single platform with built-in orchestration.
- VMDR uniquely provides customers with full visibility across their entire global IT environment and combines this with a state-of-the-art prioritization engine that also takes into account misconfigurations and digital certificate security exposures.
- VMDR provides the foundation for a comprehensive risk-based vulnerability management program that does not solely rely on CVE-based vulnerabilities and arbitrary risk scores, which can give a false sense of security.



VMDR with Built-in Orchestration



Identify and categorize all known and unknown assets on your global hybrid-IT environment



Detect and analyze vulnerabilities and misconfigurations with six sigma accuracy



Quickly focus on what's most urgent with automated remediation prioritization



Inoculate your assets from the most critical threats with automated patching and remediation

Figure 1: Evolution in vulnerability management

1st generation	2nd generation	3rd generation
<ul style="list-style-type: none"> • Scan periodically • Identify vulnerabilities • Present list of vulnerabilities IT/security team • Manually prioritize and remediate 	<ul style="list-style-type: none"> • Take scan data from any scanner • Ingest threat intel (mainly open source) • Apply analytics/machine learning • Provide a prioritized list of vulnerabilities, in some cases with recommended remedial actions 	<ul style="list-style-type: none"> • End-to-end workflow • Discover all assets in hybrid IT environment • Scan and identify vulnerabilities • Prioritize vulnerabilities • Take remedial action, apply patches

Source: Ovum

Introducing Qualys VMDR[®]

Next Generation Vulnerability Management Solution

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. VMDR includes the following Qualys sensors (unlimited): Virtual Passive Scanning Sensors (for discovery), Virtual Scanners, Cloud Agents, Container Sensors, and Virtual Cloud Agent Gateway Sensors for bandwidth optimization.

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 Inventory Certificate Inventory Cloud Inventory Container Inventory Mobile 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 Assessment Container 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 style="text-align: right;">✓ Included ○ Add on</p>

Additional Apps to Come in 2020

Certificate Management

Automated renewing and management of digital certificates*

Cloud Security Management

Remediation and management of cloud vulnerabilities*

Run-Time Container Security

Runtime defense and automated policy enforcement to protect against breaches and anomalies*

Secure Access Control

Respond to threats automatically by controlling access to critical resources

Secure Enterprise Mobility

Continuous visibility, security and compliance of enterprise mobile devices

Data Lake / SIEM

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

EDR




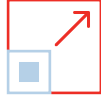
Continuously monitor and discover, investigate and respond to advanced security threats


Note: Target Beta time frame

* Currently in Beta

Unique Advantages of the Qualys' Cloud Platform


Single-pane-of-glass-view across on-premises assets, endpoints, containers and cloud environments allowing customers to consolidate their stack and getting better security and compliance visibility

 <p>No hardware to buy or manage</p> <p>Nothing to install or manage, and all services are accessible in the cloud via web interface. Qualys operates and maintains everything.</p>	 <p>Lower operating costs</p> <p>With everything in the cloud, there are no capital expenditures, no extra human resources needed, and no infrastructure or software to buy and maintain.</p>	 <p>Easy to deploy and maintain</p> <p>Easily perform assessments on geographically distributed and segmented networks at the perimeter, behind the firewall, on dynamic cloud environments and endpoints.</p>	 <p>Unprecedented scaling</p> <p>Qualys Cloud Platform is a scalable, end-to-end solution for all aspects of IT security. Once deployed, seamlessly add new coverage, users and services as you need them.</p>
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Always Up-to-date


Qualys has the largest knowledge base of vulnerability signatures in the industry and performs over 3 billion IP scans per year. All security updates are made in real time.



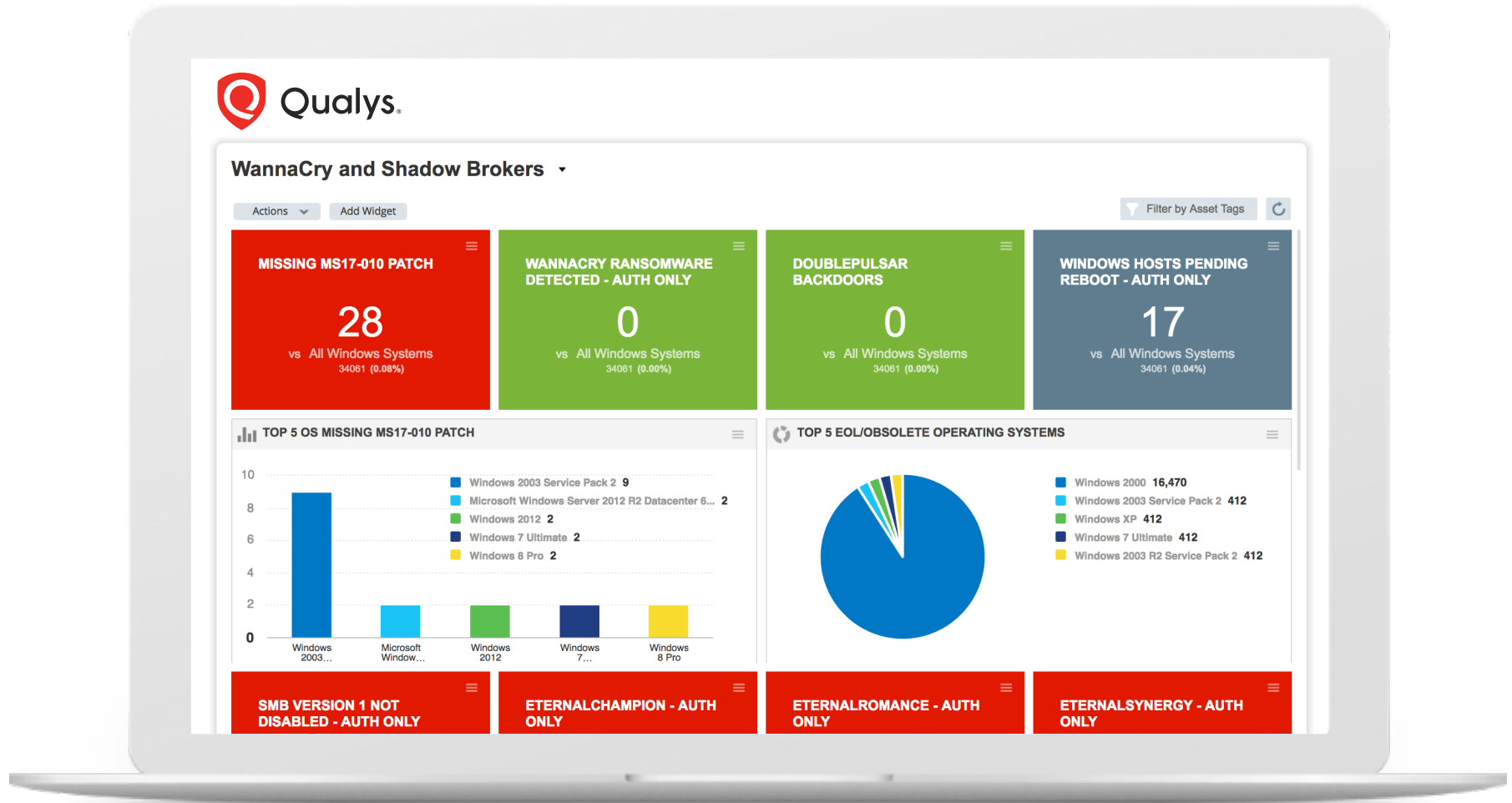
Data stored securely

Vulnerability data is securely stored and processed in an n-tiered architecture of load-balanced servers. Our encrypted databases are physically and logically secure.

Available as a Public or on-premises Private Cloud

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

Appendix



Increasing Number of Apps Delivered Through the Qualys Cloud Platform

IT SECURITY

- VM** **Vulnerability Management**
Continuously detect and protect against attacks, anytime, anywhere
- TP** **Threat Protection**
Pinpoint your most critical threats and prioritize patching
- CM** **Continuous Monitoring**
Alerts you in real time about network irregularities

- PM** **Patch Management**
Streamline and accelerate vulnerability remediation for all IT assets
- IOC** **Indication of Compromise**
Continuously monitor endpoints to detect suspicious activity

GLOBAL IT ASSET MANAGEMENT

- AI** **Asset Inventory**
Maintain full, instant visibility of all your global IT assets
- SYN** **CMDB Sync**
Synchronize asset information from Qualys into ServiceNow CMDB
- CRI** **Certificate Inventory**
Inventory of TLS/SSL digital certificates on a global scale

COMPLIANCE MONITORING

- PC** **Policy Compliance**
Assess security configurations of IT systems throughout your network
- SCA** **Security Configuration Assessment**
Automate configuration assessment of global IT assets
- PCI** **PCI Compliance**
Automate, simplify and attain PCI compliance quickly

- FIM** **File Integrity Monitoring**
Log and track file changes across global IT systems
- SAQ** **Security Assessment Questionnaire**
Minimize the risk of doing business with vendors and other third parties
- OCA** **Out-of-Band Configuration Assessment**
Achieve complete visibility of all known IT infrastructure

CLOUD/CONTAINER SECURITY

- CI** **Cloud Inventory**
Inventory of all your cloud assets across AWS, Azure, GCP and others
- CSA** **Cloud Security Assessment**
Get full visibility and control across all public cloud instances
- CS** **Container Security**
Discover, track, and continuously protect containers

WEB APPLICATION SECURITY

- WAS** **Web Application Scanning**
Secure web applications with end-to-end protection
- WAF** **Web Application Firewall**
Block attacks and virtually patch web application vulnerabilities

Reconciliation of Adjusted EBITDA

(\$ in millions)

	2016	2017	2018	2019	Q1 2019	Q1 2020
Net income	\$19.2	\$40.4	\$57.3	\$69.3	\$13.3	\$18.7
Depreciation and amortization of property and equipment	16.6	19.8	25.2	25.1	6.4	6.2
Amortization of intangible assets	0.4	0.8	3.7	6.1	1.5	1.5
Interest expense	0.0	0.0	0.2	0.1	---	---
Provision for (benefit from) income taxes	11.2	(1.1)	(1.8)	10.6	2.6	3.5
Stock based compensation	20.1	27.0	30.1	34.9	8.4	10.0
Other (income) expenses, net	(0.3)	(2.1)	(5.3)	(7.7)	(1.8)	(1.8)
Acquisition-related expense	---	0.1	3.0	2.4	0.2	0.0
One-time tax related expense	0.7	---	---	---	---	---
Adjusted EBITDA	\$67.9	\$84.9	\$112.4	\$140.8	\$30.6	\$38.2

Reconciliation of Non-GAAP Free Cash Flow

(\$ in millions)

	2016	2017	2018	2019	Q1 2019	Q1 2020
GAAP Cash flows provided by operating activities	\$68.1	\$107.6	\$125.5	\$160.6	\$44.3	\$52.4
Purchases of property and equipment	(23.2)	(37.8)	(22.8)	(27.6)	(8.6)	(7.3)
Capitalized software development costs	---	---	---	---	---	---
Headquarters office facilities costs (net)	---	10.5	---	3.3	---	2.6
Principal payments under capital lease obligations	---	---	(1.6)	(1.7)	(0.4)	(0.0)
Non-GAAP Free cash flow	\$44.9	\$80.3	\$101.1	\$134.6	\$35.3	\$47.7

Note: 2017, 2019 & 1Q20 non-GAAP Free cash flow normalized for headquarters office facility costs (net)

Revenue by Geographic Area

(\$ in millions)

	2016	2017	2018	2019	1Q 2019	1Q 2020
United States	139.7	162.7	185.9	206.6	48.6	55.0
	71%	70%	67%	64%	65%	64%
Foreign	58.2	68.1	93.0	115.1	26.7	31.3
	29%	30%	33%	36%	35%	36%
Total Revenues	\$197.9	\$230.8	\$278.9	\$321.6	\$75.3	\$86.3