

QUALYS, INC.
Form 10-Q
November 03, 2017
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Quarterly Period Ended September 30, 2017

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from to

Commission file number 001-35662

QUALYS, INC.
(Exact name of registrant as specified in its charter)

Delaware 77-0534145
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification Number)

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)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

- Large accelerated filer Accelerated filer
- Non-accelerated filer (Do not check if a smaller reporting company)
 - Smaller reporting company
 - Emerging growth company

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If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares of the Registrant's common stock outstanding as of October 31, 2017 was 37,919,527.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Qualys, Inc.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(in thousands, except share and per share data)

	September 30, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 90,517	\$ 86,737
Short-term investments	212,210	157,119
Accounts receivable, net of allowance of \$658 and \$702 as of September 30, 2017 and December 31, 2016, respectively	46,354	47,024
Prepaid expenses and other current assets	18,299	9,808
Total current assets	367,380	300,688
Long-term investments	40,358	45,725
Property and equipment, net	51,281	39,401
Deferred tax assets, net	32,359	16,590
Intangible assets, net	5,801	987
Goodwill	900	317
Restricted cash	1,200	1,200
Other noncurrent assets	2,048	2,096
Total assets	\$ 501,327	\$ 407,004
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,398	\$ 2,051
Accrued liabilities	14,679	13,317
Deferred revenues, current	132,167	114,964
Total current liabilities	148,244	130,332
Deferred revenues, noncurrent	16,041	15,528
Other noncurrent liabilities	9,401	2,731
Total liabilities	173,686	148,591
Commitments and contingencies (Note 6)		
Stockholders' equity:		
Preferred stock, \$0.001 par value; 20,000,000 shares authorized, no shares issued and outstanding at September 30, 2017 and December 31, 2016	—	—
Common stock, \$0.001 par value; 1,000,000,000 shares authorized; 37,896,671 and 35,841,001 shares issued and outstanding at September 30, 2017 and December 31, 2016	38	36
Additional paid-in capital	290,520	266,794
Accumulated other comprehensive loss	(120) (156)
Retained Earnings (Accumulated deficit)	37,203	(8,261)
Total stockholders' equity	327,641	258,413
Total liabilities and stockholders' equity	\$ 501,327	\$ 407,004

See accompanying Notes to Condensed Consolidated Financial Statements

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Qualys, Inc.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	September 30, 2017	2016	September 30, 2017	2016
Revenues	\$59,490	\$50,987	\$167,913	\$145,701
Cost of revenues	12,728	11,465	37,175	31,276
Gross profit	46,762	39,522	130,738	114,425
Operating expenses:				
Research and development	10,892	9,756	31,240	27,353
Sales and marketing	15,475	14,498	46,872	43,393
General and administrative	9,546	7,281	25,112	22,383
Total operating expenses	35,913	31,535	103,224	93,129
Income from operations	10,849	7,987	27,514	21,296
Other income (expense), net:				
Interest expense	—	(9) (3) (23
Interest income	753	363	1,775	903
Other expense, net	(82) (124) (288) (442
Total other income (expense), net	671			