

QUALYS, INC.
Form 10-Q
November 05, 2015
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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, 2015

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
(State or other jurisdiction of
incorporation or organization)

77-0534145
(I.R.S. Employer
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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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(Do not check if a
smaller reporting
company)

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 30, 2015 was 34,194,842.

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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, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$94,763	\$76,504
Short-term investments	79,382	50,714
Accounts receivable, net of allowance of \$622 and \$590 as of September 30, 2015 and December 31, 2014, respectively	37,876	32,993
Deferred tax assets, current	4,353	8,520
Prepaid expenses and other current assets	8,947	6,528
Total current assets	225,321	175,259
Long-term investments	25,732	39,448
Property and equipment, net	29,965	26,618
Deferred tax assets, net	13,180	14,119
Intangible assets, net	1,708	2,001
Goodwill	317	317
Other noncurrent assets	2,065	2,262
Total assets	\$298,288	\$260,024
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$2,055	\$5,661
Accrued liabilities	11,358	10,353
Deferred revenues, current	91,939	81,147
Total current liabilities	105,352	97,161
Deferred revenues, noncurrent	9,884	10,064
Other noncurrent liabilities	1,154	972
Total liabilities	116,390	108,197
Commitments and contingencies (Note 5)		
Stockholders' equity:		
Preferred stock, \$0.001 par value; 20,000,000 shares authorized, no shares issued and outstanding at September 30, 2015 and December 31, 2014	—	—
Common stock, \$0.001 par value; 1,000,000,000 shares authorized; 34,166,512 and 33,594,285 shares issued and outstanding at September 30, 2015 and December 31, 2014, respectively	34	34
Additional paid-in capital	214,736	195,133
Accumulated other comprehensive income	37	10
Accumulated deficit	(32,909)	(43,350)
Total stockholders' equity	181,898	151,827
Total liabilities and stockholders' equity	\$298,288	\$260,024

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,		September 30,		
	2015	2014	2015	2014	
Revenues	\$42,469	\$34,348	\$119,839	\$97,006	
Cost of revenues	8,762	7,421	24,883	21,442	
Gross profit	33,707	26,927	94,956	75,564	
Operating expenses:					
Research and development	7,564	6,490	21,919	19,305	
Sales and marketing	12,282	11,774	36,501	36,111	
General and administrative	6,983	5,156	19,426	15,112	
Total operating expenses	26,829	23,420	77,846	70,528	
Income from operations	6,878	3,507	17,110	5,036	
Other income (expense), net:					
Interest expense	—	(2) (4) (9)
Interest income	153	127	386	365	
Other income (expense), net	(307) (244) (485) (422)
Total other income (expense), net	(154) (119) (103)	