

QUALYS, INC.
Form 10-Q
November 07, 2013
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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, 2013

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 31, 2013 was 32,251,783.

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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, 2013	December 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$42,118	\$34,885
Short-term investments	58,748	83,547
Accounts receivable, net of allowance of \$381 and \$331 at September 30, 2013 and December 31, 2012, respectively	25,022	24,545
Prepaid expenses and other current assets	5,116	4,377
Total current assets	131,004	147,354
Restricted cash	—	114
Long-term investments	24,805	—
Property and equipment, net	22,493	18,148
Intangible assets, net	2,492	2,811
Goodwill	317	317
Other noncurrent assets	564	1,574
Total assets	\$181,675	\$170,318
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$1,097	\$2,031
Accrued liabilities	7,950	7,803
Deferred revenues, current	61,389	56,497
Capital lease obligations, current	1,071	1,183
Total current liabilities	71,507	67,514
Deferred revenues, noncurrent	8,456	8,616
Income taxes payable, noncurrent	684	594
Other noncurrent liabilities	533	1,231
Capital lease obligations, noncurrent	—	808
Total liabilities	81,180	78,763
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, 2013 and December 31, 2012	—	—
Common stock, \$0.001 par value; 1,000,000,000 shares authorized, 32,237,969 and 31,420,028 shares issued and outstanding at September 30, 2013 and December 31, 2012, respectively	32	31
Additional paid-in capital	174,056	166,651
Accumulated other comprehensive loss	(1,080) (1,035
Accumulated deficit	(72,513) (74,092
Total stockholders' equity	100,495	91,555
Total liabilities and stockholders' equity	\$181,675	\$170,318

See accompanying Notes to Condensed Consolidated Financial Statements

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2013	2012	2013	2012
Revenues	\$27,749	\$23,382	\$78,923	\$66,763
Cost of revenues	6,415	4,634	18,134	13,423
Gross profit	21,334	18,748	60,789	53,340
Operating expenses:				
Research and development	5,151	5,076	15,739	15,325
Sales and marketing	10,411	8,797	30,739	27,827
General and administrative	4,277	3,154	12,226	8,811
Total operating expenses	19,839	17,027	58,704	51,963
Income from operations	1,495	1,721	2,085	1,377
Other income (expense), net:				
Interest expense	(7) (38) (37) (153
Interest income	115	1	273	2
Other income (expense), net	(84)		