

yubico

QUARTERLY SUMMARY
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Q4
Year-end report
2023



QUARTERLY SUMMARY

CEO STATEMENT

AT A GLANCE

GROUP DEVELOPMENT

OTHER INFORMATION

FINANCIAL STATEMENTS

ADDITIONAL INFORMATION

Fourth quarter

- Net sales increased by 19.5 percent to SEK 559.9 (468.5) million, corresponding to an increase of 17.8 percent in local currencies
- Subscription sales accounted for 14.0 (11.5) percent of net sales
- Gross profit amounted to SEK 465.7 (387.8) million, corresponding to a gross margin of 83.2 (82.8) percent
- Adjusted EBIT amounted to SEK 88.3 (67.5) million, corresponding to an adjusted EBIT margin of 15.8 (14.4) percent. Items affecting comparability amounted to SEK 6.7 million and consists of a net positive effect from reduced tax cost and additional expenses in the quarter relating to the merger of ACQ and Yubico (see note 4)
- EBIT amounted to SEK 95.1 (67.5) million, corresponding to an EBIT margin of 17.0 (14.4) percent
- Earnings per share after dilution amounted to SEK 0.91 (2.14). The average number of shares has increased by 68 percent compared to the previous year, related to the merger
- Bookings increased by 83.5 percent to SEK 684.1 (372.9) million, corresponding to an increase of 83.2 percent in local currencies
- Subscription bookings accounted for 18.9 (17.2) percent of bookings
- ARR (annual recurring revenue) amounted to SEK 286.5 (204.7) million, an increase of 40.0 percent

January - December

- Net sales increased by 18.1 percent to SEK 1,844.2 (1,561.0) million, corresponding to an increase of 12.5 percent in local currencies
- Subscription sales accounted for 13.8 (9.0) percent of net sales
- Gross profit amounted to SEK 1,577.9 (1,316.3) million, corresponding to a gross margin of 85.6 (84.3) percent
- Adjusted EBIT amounted to SEK 281.7 (215.3) million, corresponding to an adjusted EBIT margin of 15.3 (13.8) percent. Items affecting comparability amounted to SEK -87.2 million and consists of costs relating to the merger of ACQ and Yubico (see note 4)
- EBIT amounted to SEK 194.5 (215.3) million, corresponding to an EBIT margin of 10.5 (13.8) percent
- Earnings per share after dilution amounted to SEK 2.38 (5.00)
- Bookings increased by 16.1 percent to SEK 1,840.0 (1,584.2) million, corresponding to an increase of 10.2 percent in local currencies. Last year includes exceptionally high bookings in the second quarter
- Subscription bookings accounted for 14.9 (15.3) percent of bookings
- The Board of Directors proposes that no dividend shall be paid for the financial year 2023 and that retained earnings shall be carried forward

Q4

Year-end Report 2023

Significant events during the quarter

- In October a SEK 86 million order was closed with one of Yubico's long-standing high-tech customers and will be delivered during 2024
- October 10, 2023, the nomination committee for Yubico's 2024 Annual General Meeting was appointed. See investors.yubico.com for more information

Significant events after the end of the period

- On February 15, 2024, the Board of Directors decided to change the long-term financial targets for growth, from being measured on bookings to being measured on net sales. Updated long-term growth target is: Annual growth in net sales of 25 percent on average

| MSEK | Q4 | | | Jan-Dec | | |
|--|-------|-------|-------|---------|---------|-------|
| | 2023 | 2022 | Δ% | 2023 | 2022 | Δ% |
| Net sales | 559.9 | 468.5 | 19.5 | 1,844.2 | 1,561.0 | 18.1 |
| whereof subscription sales, % | 14.0 | 11.5 | | 13.8 | 9.0 | |
| Gross profit | 465.7 | 387.8 | 20.1 | 1,577.9 | 1,316.3 | 19.9 |
| Gross margin, % | 83.2 | 82.8 | | 85.6 | 84.3 | |
| Adjusted EBITDA ¹ | 93.3 | 70.5 | 32.3 | 296.2 | 226.4 | 30.8 |
| Adjusted EBITDA margin (%) ¹ | 16.7 | 15.1 | | 16.1 | 14.5 | |
| EBITDA | 100.0 | 70.5 | 41.8 | 209.1 | 226.4 | -7.7 |
| EBITDA margin, % | 17.9 | 15.1 | | 11.3 | 14.5 | |
| Adjusted EBIT ¹ | 88.3 | 67.5 | 31.0 | 281.7 | 215.3 | 30.8 |
| Adjusted EBIT margin (%) ¹ | 15.8 | 14.4 | | 15.3 | 13.8 | |
| EBIT | 95.1 | 67.5 | 40.9 | 194.5 | 215.3 | -9.6 |
| EBIT margin, % | 17.0 | 14.4 | | 10.5 | 13.8 | |
| Net result | 78.4 | 109.5 | -28.4 | 142.3 | 255.5 | -44.3 |
| Earnings per share, before dilution ² | 0.91 | 2.22 | -58.9 | 2.38 | 5.17 | -53.9 |
| Earnings per share, after dilution ² | 0.91 | 2.14 | -57.5 | 2.38 | 5.00 | -52.3 |
| Net cash | 508.3 | 231.5 | 119.6 | 508.3 | 231.5 | 119.6 |
| Bookings | 684.1 | 372.9 | 83.5 | 1,840.0 | 1,584.2 | 16.1 |
| whereof subscription bookings, % | 18.9 | 17.2 | | 14.9 | 15.3 | |
| ARR | 286.5 | 204.7 | 40.0 | 286.5 | 204.7 | 40.0 |

¹ Adjusted for effects from transaction related costs.

² The average number of shares has increased by 68 percent compared to the previous year, related to the merger

Q4

Year-end Report 2023

Good start as a publicly traded company

2023 was a transformational year for Yubico. After almost 16 years at the helm at Yubico, co-founder Stina Ehrensavrd stepped down as CEO in February 2023, and passed the baton to me. In June 2023, Ram Shriram, Yubico's longtime chairman, handed over the gavel to Patrik Tigerschiöld. It can be noted that both Stina and Ram remain active in new roles with the company. In April 2023, Yubico's merger with ACQ Bure was announced and the merged company went public on September 20 on Nasdaq First North, Stockholm.

The need for advanced multi-factor authentication (MFA) is bigger than ever. Hacker attacks are becoming more advanced and they are causing harm to the public sector, organizations and companies across the globe. Cybercrime is on the rise, but so also the insight that modern, phishing-resistant MFA is one of the most efficient ways to stop and mitigate these attacks. Yubico is the recognized market leader in this growing market segment, and as a result, we saw a broad-based increase in demand.

This growth was highly visible during the fourth quarter of 2023. Compared to Q4 2022, order bookings were up by more than 83 percent, setting a new quarterly record – without dependency on any individual outlier orders. To meet this surge in demand, the company had to scale quickly, but we were able to do so while maintaining a healthy EBIT margin.

As part of the preparations for the change of listing to the main market, which was communicated in connection with the merger with ACQ Bure, we are transitioning to report in line with the IFRS accounting standard as of 2024.

Financials and sales

Net sales in Q4 2023 increased by 19.5 percent year-over-year to SEK 559.9 million. Gross margin improved slightly to 83.2 percent, and EBIT adjusted for transaction costs related to the merger was SEK 88.3 vs SEK 67.5 million in Q4 2022.

Net Sales for the full year 2023 amounted to SEK 1,844.2 million, up by 18.1 percent compared to 2022. EBIT adjusted for transaction costs related to the merger was SEK 281.7 vs SEK 215.3 million in 2022. The adjusted EBIT margin for the full year was 15.3 percent in 2023 vs 13.8 percent in 2022.

Bookings in the fourth quarter 2023 grew by 83.5 percent compared to Q4 2022. Order bookings for the full year 2023 were up by 16.1 percent compared to 2022, despite the exceptionally large order in Q2 2022. The growth in customer bookings came from a wide set of customers across multiple industries and geographies including American high tech and financial services companies and a wide set of Canadian and European customers.

Subscription sales represented 18.9 percent of the bookings in Q4 vs 17.2 percent subscription bookings in Q4 2022, adding SEK 31.2 million in net new Annual Recurring Revenue (ARR) during Q4 2023. Total ARR stood at SEK 286.5 million at the end of 2023 representing a 40 percent growth compared to last year.

Influencing government policy and working with technology partners

Yubico is actively working to help American and EU regulators set up policies and legislation that promote cybersecurity in an efficient way.

Yubico is also working with several strategic technology partners to ensure that our current and future customers can implement phishing-resistant (MFA) and strong encryption. and is active in several industry organizations, most importantly the FIDO Alliance.

Media recognition

Yubico's solution to one of the most important cybersecurity problems is attracting increasing media attention, in the US as well as in Europe and Asia. In January, articles were published in The New York Times and The Wall Street Journal on how to best protect your online presence. This kind of attention reinforces the importance of phishing-resistant MFA, solidifies Yubico's position as a market leader and sets the company up for continued growth going into 2024.



Mattias Danielsson, CEO

At a glance

Yubico is a global cybersecurity company that since 2016 has grown net sales by a compounded annual growth rate (“CAGR”) of 40 percent. Through its core product and invention, the YubiKey, Yubico solves the number one cybersecurity issue – use of stolen credentials. These cause 9 out of 10 cybersecurity intrusions, often through so called phishing attacks.

The YubiKey is a multi-factor authentication (MFA) hardware key ensuring that only authorized users have access to sensitive accounts and systems. The authentication solution encompasses an extensive portfolio of proprietary technologies.

To date, YubiKeys have been sold and deployed in more than 160 countries worldwide. Yubico’s customers include technology companies, financial services, manufacturing, retail, governments, and the wider public sector,

with customers such as Amazon, Google, Microsoft and the State of Washington using YubiKeys to protect staff, endusers and sensitive information from cyberattacks.

YubiKeys have historically only been sold against a one-time payment, also known as on perpetual basis, which gives the customer ownership of the product throughout its lifetime. Since 2020, Yubico also offers a subscription-based model, in which Yubico assumes a larger overall responsibility and retains ownership of the hardware.

Yubico is headquartered in Stockholm, Sweden and Santa Clara, California with manufacturing primarily located in Sweden with minor manufacturing in the US. The company is traded on Nasdaq First North Growth Market in Stockholm since September 20, 2023.

YUBICO’S OPPORTUNITIES, STRENGTHS AND COMPETITIVE ADVANTAGES



High market growth

Underlying global trends including increased number of cyberattacks, digital transformation, and larger investments in cybersecurity drive demand for Yubico’s solutions



Unique, proven technology

Yubico’s solutions are the gold standard for modern phishing-resistant multi-factor authentication and are used by thousands of businesses and millions of consumers in 160+ countries around the world



Attractive growth potential

High potential to continue expanding with both current and new customers through:

- New use cases
- New industry verticals
- Customers' customers and third-party suppliers



Solid organization setup

Yubico has an experienced global management team with deep industry knowledge. Several of the management members have been with the company for over a decade

1.8_{bn}

Net sales (SEK)
last twelve months

437

employees
per end of last quarter

VISION

Making the internet safer with strong authentication for all

86%

Gross margin
last twelve months

160+

markets
Global presence

VALUE PROPOSITION

Stop phishing attacks and account takeovers in the easiest possible way

Q4

Year-end Report 2023

Net sales, quarterly and 12-month rolling, SEK million



Net sales

October-December

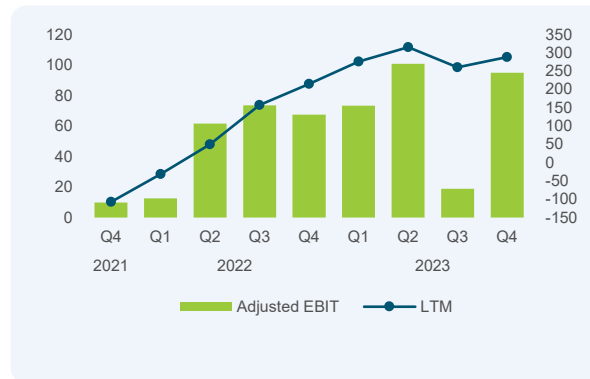
Net sales increased 19.5 percent to SEK 559.9 (468.5) million, corresponding to an increase of 17.8 percent in local currencies and subscription sales represented 14.0 percent (11.5) of net sales.

61.4 percent (72.9) of net sales originated in Americas, 27.7 percent (22.8) in EMEA, and 10.9 percent (4.3) in Asia Pacific. All geographies and customer segments are developing well, but EMEA and APJ are showing strong growth, as is the Canadian market. The lower year-on-year growth rate for the Americas is due to last year's exceptionally large orders, which were mainly delivered in the third and fourth quarters.

January-December

Net sales increased 18.1 percent to SEK 1,844.2 (1,561.0) million, corresponding to an increase of 12.5 percent in local currencies and subscription sales represented 13.8 percent (9.0) of net sales.

Adj. EBIT, quarterly and 12 months rolling, SEK million



66.1 percent (74.6) of net sales originated in Americas, 25.4 percent (20.2) in EMEA and 8.5 percent (5.2) in Asia Pacific.

Gross profit

October-December

Gross profit increased 20.1 percent to SEK 465.7 (387.8) million, corresponding to a gross margin of 83.2 percent (82.8).

January-December

Gross profit increased 19.9 percent to SEK 1,577.9 (1,316.3) million, corresponding to a gross margin of 85.6 percent (84.3).

EBIT

October-December

Adjusted EBIT amounted to SEK 88.3 (67.5) million, corresponding to an adjusted EBIT margin of 15.8 percent (14.4). The adjustment relates to transaction costs in the merger of ACQ and Yubico in September and consists of a positive effect from reduced tax cost, SEK 10.7 million, and additional costs in the quarter,

SEK 4.0 million, net positive effect of 6.7 million. See note 4 for more details. Costs for sales commissions are higher this quarter driven by the strong order bookings in the quarter and the end of year effect of accelerating commissions. Unrealized currency effects are affecting profit with the net amount SEK -14.3 (-23.0) million. EBIT amounted to SEK 95.1 (67.5) million, corresponding to an EBIT margin of 17.0 percent (14.4).

January-December

Adjusted EBIT amounted to SEK 281.7 (215.3) million, corresponding to an adjusted EBIT margin of 15.3 percent (13.8). The adjustment relates to transaction costs in the merger of ACQ and Yubico, see note 4 for more details. EBIT amounted to SEK 194.5 (215.3) million, corresponding to an EBIT margin of 10.5 percent (13.8).

Net profit/loss and earnings per share

October-December

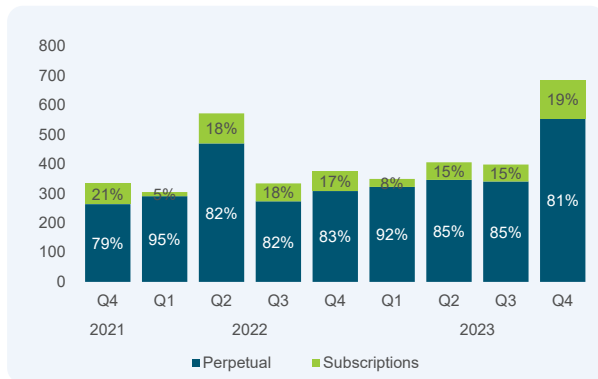
The net profit/loss amounted to SEK 78.4 (109.5) million. The effective tax for the quarter was 17.9 percent (-60.6). Last year the tax losses carried-forward, SEK 221.2 million, were recognized fully in the fourth quarter with a positive tax effect of SEK 45.9 million.

Earnings per share after dilution amounted to SEK 0.91 (2.14). The average number of shares has increased by 68 percent compared to the previous year, related to the merger.

January-December

The net profit amounted to SEK 142.3 (255.5) million. Earnings per share after dilution amounted to SEK 2.38 (5.00).

Bookings by quarter, SEK million



Bookings

October-December

Bookings increased 83.5 percent in the quarter, to SEK 684.1 (372.9) million, corresponding to an increase of 83.2 percent in local currencies. Subscription bookings amounted to SEK 129.2 (64.1) million, corresponding to 18.9 percent (17.2) of bookings.

January-December

Bookings increased by 16.1 percent for the period, to SEK 1,840.0 (1,584.2) million, corresponding to an increase of 10.2 percent in local currencies. Bookings in 2022 included an exceptionally large order in Q2 from one customer, amounting to 39 percent of that quarter's bookings.

Subscription bookings amounted to SEK 274.1 (241.7) million, corresponding to 14.9 percent (15.3) of bookings.

ARR, SEK million



Annual recurring revenue, ARR

ARR increased with 40.0 percent and amounted to SEK 286.5 (204.7) million at the end of the period. Yubico added SEK 31.2 million of net new ARR in the quarter and SEK 81.8 million from December 31, 2022.

Cash flow and financial position

October-December

Cash flow from operating activities during the quarter amounted to SEK -17.7 (40.9) million. Net change in working capital amounted to SEK -99.9 million. The buildup of inventory continued in the quarter to reduce the risk for shortage and delays in customer shipments and amounted to SEK 93.4 million.

Cash flow from investing activities amounted to SEK -3.9 (-4.8) million. Cash flow from financing activities amounted to net SEK -3.3 (-2.0) million.

January-December

Cash flow from operating activities during the period amounted to SEK 97.6 (32.7) million. Changes in working capital for the period amounted to SEK -151.3 million, where inventory buildup of SEK 335.7 million was partly compensated for by positive effects from customer receivables in the beginning of the year. Cash flow from investing activities amounted to SEK 3,410.6 (-18.8) million whereof SEK 3,423.5 million relates to the merger. Cash flow from financing activities amounted to net SEK -3,242.8 (-6.7) million whereof SEK -3,239.5 million relates to the merger. See note 4 for further details on the merger transaction.

Cash and cash equivalents at the end of the period amounted to SEK 547.3 (283.5) million.

Net cash at the end of the period amounted to SEK 508.3 (231.5) million. Net cash consists of Cash and bank of SEK 547.3 (283.5) million less liabilities to credit institutions totaling SEK 39.0 (52.0) million.

Significant events during the period

- On April 19, 2023, it was announced that Yubico AB is merging with ACQ Bure and that the merged company intends to go public on Sweden's Nasdaq First North Growth Market during Q3 2023
- The merger was completed September 20 and trading in the shares of Yubico commenced the same day on Nasdaq First North Growth Market. The last day of trading on Nasdaq Stockholm in the name of ACQ was September 19. See further details in note 4
- Mattias Danielsson was appointed CEO of the combined company in connection with the merger
- An EGM was held September 19, electing Stina Ehrensvärd, Gösta Johannesson, Paul Madera and Ram Shriram as new board members and re-elected Patrik Tigerschiöld (chairman) and Eola Änggård Runsten. The EGM also resolved to implement a long-term incentive program, see further details in the paragraph Long-term incentive program on this page

Sustainability

Yubico's overall vision is to make secure login easy and available for everyone. From a societal perspective, IT security is essential to ensure safe communication and to protect customers, citizens and, by extension, democracies. Yubico responds to the United Nations Sustainable Development Goals (SDG) no.9 by supporting a resilient infrastructure, and SDG no.16 by supporting effective, accountable, and transparent institutions and public access to information.

For more detailed information relating to our sustainability work, see the Annual report for 2022.

Employees

The number of employees in the Yubico group at the end of the period was 437 (378).

Financial targets

The company has adopted the following financial targets in the long-term (within 5 years):

- Growth: Annual growth in net sales of 25 percent on average.
- Profitability: 20 percent EBIT margin.
- Dividend policy: For the foreseeable future, the Company will primarily use generated cash flows for investing in continued growth.

Risk management

Yubico works continuously to identify, evaluate, and manage risks in different systems and processes. Risk analyses are carried out continuously regarding normal operations and in connection with activities that are outside Yubico's regular quality system.

The risk and uncertainty factors for the group and the parent company, including business and financial risks, are described in the annual report for the financial year 2022. There have not been any changes in the risk and uncertainty factors for the group and the parent company since the publication of the last annual report.

Parent company

The Parent company's net sales for the January-December period of 2023 amounted to SEK 976.0 (658.7) million. Profit before tax was SEK 176.0 (216.1) million. Cash and cash equivalents at period end amounted to SEK 476.6 (217.7) million. The number of employees in the Parent Company at the end of the quarter was 127 (106).

Ownership and shares

Yubico Group AB's share is listed to the First North Growth Market under the ticker YUBICO. Certified advisor is FNCA.

As of December 31, 2023, the number of issued shares was 86,114,017. All shares were ordinary shares.

Long-term incentive program

The EGM held on September 19, decided to implement a long-term incentive program for 2023, based on performance stock units (PSUs) for up to approximately 440 senior executives, key personnel and other employees in the group and with maximum number of PSUs that may be awarded of 700,000. Each vested PSU entitles the holder to receive one share in the company. PSUs are vested yearly during a three-year period and subject to performance condition and continued employment. The maximum dilution for current shareholders is 0.80 percent of the current total number of outstanding shares.

In December, 698,629 PSUs were awarded to 356 senior executives, key personnel and other employees in the group based on this program.

Transition to IFRS

Ahead of the upcoming application for re-listing to Nasdaq Stockholm Main Market, the company has decided to introduce reporting in accordance with IFRS accounting standards from 1 January 2024. A more detailed description of the effects of this transition will be published no later than in connection with the publication of the interim report for the first quarter of 2024.

The Board of Directors and CEO give their assurance that the year-end report provides a fair overview of the development of the Group's and Parent Company's operations, profit and financial position and describes the material risks and uncertainty factors faced by the Parent Company and the companies included in the Group.

Stockholm, February 16, 2024

Patrik Tigerschiöld
Chairman

Ramanujam Shriram

Stina Ehrensvärd

Gösta Johannesson

Eola Änggård Runsten

Paul Madera

Mattias Danielsson
CEO

Webcast/teleconference

Yubico will hold a webcast/conference call today, February 16, 2024, at 09:00 CET. Mattias Danielsson, CEO of Yubico and Camilla Öberg, CFO of Yubico will present and answer questions.

To participate in the conference, click on the following link <https://ir.financialhearings.com/yubico-q4-report-2023>. Via the webcast, you can ask written questions. If you wish to ask questions verbally, please register on the following link: <https://conference.financialhearings.com/teleconference/?id=5002486>.

Financial calendar

Interim report January – March: May 14, 2024

Annual General Meeting: May 14, 2024

Interim report January – June: August 15, 2024

Interim report January – September: November 13, 2024

Year-end Report January-December: February 13, 2025

Contacts

Mattias Danielsson
CEO
+46 70 287 00 03
mattias@yubico.com

Camilla Öberg
CFO
+46 73 398 50 01
camilla.oberg@yubico.com

Johan Hähnel
IR
+46 70 605 63 34
johan.hahnel@comir.se

The information in this report has not been audited or reviewed by the company's auditors.

The year-end report includes such information that Yubico is obliged to make public pursuant to the EU Market Abuse Regulation (MAR). The information was submitted for publication on February 16, 2024, at 7.00am CET.

Condensed consolidated statement of profit or loss

| MSEK | Note | Q4 | | Jan-Dec | |
|--|------|--------------|--------------|----------------|----------------|
| | | 2023 | 2022 | 2023 | 2022 |
| Net sales | 2 | 559.9 | 468.5 | 1 844.2 | 1 561.0 |
| Other operating income | | 14.7 | 2.0 | 47.8 | 71.2 |
| Operating income | | 574.6 | 470.5 | 1 892.0 | 1 632.1 |
| Goods for resale | | -94.2 | -80.7 | -266.3 | -244.7 |
| Other external costs | | -92.0 | -78.6 | -309.9 | -275.5 |
| Employee benefit expenses | | -267.7 | -208.0 | -971.7 | -834.8 |
| Depreciation, amortization and impairment of property, plant and equipment and intangible assets | | -5.0 | -3.1 | -14.6 | -11.2 |
| Transaction related expenses | 4 | 6.7 | - | -87.2 | - |
| Other operating expenses | | -27.4 | -32.5 | -47.8 | -50.7 |
| Operating profit/loss (EBIT) | | 95.1 | 67.5 | 194.5 | 215.3 |
| Net financial items | | 0.4 | 0.7 | 3.2 | 5.1 |
| Profit/loss before tax | | 95.5 | 68.2 | 197.7 | 220.4 |
| Tax on profit for the period | 3 | -17.1 | 41.3 | -55.4 | 35.1 |
| Net profit/loss for the period | | 78.4 | 109.5 | 142.3 | 255.5 |
| Earnings per share before dilution, SEK | | 0.91 | 2.22 | 2.38 | 5.17 |
| Earnings per share after dilution, SEK | | 0.91 | 2.14 | 2.38 | 5.00 |
| Average number of shares before dilution | | 86.1 | 49.4 | 59.7 | 49.4 |
| Average number of shares after dilution | | 86.1 | 51.1 | 59.7 | 51.0 |

Condensed consolidated statement of financial position

| MSEK | Note | 31 Dec | |
|--|------|----------------|----------------|
| | | 2023 | 2022 |
| ASSETS | | | |
| Intangible assets | | 7.2 | 10.2 |
| Property, plant and equipment | | 29.7 | 32.3 |
| Financial assets | 3 | 66.8 | 59.3 |
| Total non-current assets | | 103.7 | 101.8 |
| Inventories | | 501.0 | 168.3 |
| Accounts receivable | | 218.6 | 418.4 |
| Other current assets | | 102.9 | 149.9 |
| Cash and bank | | 547.3 | 283.5 |
| Total current assets | | 1,369.9 | 1,020.1 |
| TOTAL ASSETS | | 1,473.6 | 1,121.9 |
| EQUITY AND LIABILITIES | | | |
| Equity | 4 | 1,142.0 | 732.6 |
| Provisions | | 2.6 | 3.8 |
| Non-current liabilities to credit institutions | | 26.0 | 39.0 |
| Current liabilities to credit institutions | | 13.0 | 13.0 |
| Accounts payable | | 66.7 | 85.7 |
| Other current liabilities | | 223.4 | 247.7 |
| Total liabilities | | 331.7 | 389.3 |
| TOTAL EQUITY AND LIABILITIES | | 1,473.6 | 1,121.9 |

Condensed consolidated statement of changes in equity

| MSEK | Note | 31 Dec | |
|--------------------------------------|------|----------------|--------------|
| | | 2023 | 2022 |
| Opening equity | | 732.6 | 435.7 |
| Net profit/loss for the year | | 142.3 | 255.5 |
| Translation differences | | -2.0 | 4.6 |
| New share issue | | 9.7 | 2.0 |
| New share issue in progress | | - | 3.8 |
| Sale of warrants - incentive program | | - | 0.4 |
| Value of share based compensation | | 30.3 | 30.6 |
| Merger related transactions | 4 | 229.0 | - |
| Closing equity | | 1,141.9 | 732.6 |

Condensed consolidated statement of cash flows

| MSEK | Note | Q4 | | Jan-Dec | |
|---|------|--------------|--------------|-----------------|--------------|
| | | 2023 | 2022 | 2023 | 2022 |
| Operating activities | | | | | |
| Profit/loss after financial items | | 95.5 | 68.2 | 197.7 | 220.4 |
| Adjustments for non-cash items, etc. | 4 | 2.2 | 11.3 | 72.1 | 11.9 |
| Income tax paid | | -15.5 | -8.3 | -21.0 | -11.0 |
| Cash flow from operating activities before working capital changes | | 82.2 | 71.3 | 248.8 | 221.3 |
| Change in inventory | | -93.4 | 13.1 | -335.7 | 61.8 |
| Change in current receivables | | 111.7 | -148.4 | 285.7 | -327.2 |
| Change in current liabilities | | -118.2 | 104.9 | -101.3 | 76.8 |
| Cash flow from operating activities | | -17.7 | 40.9 | 97.6 | 32.7 |
| Cash flow from investing activities | 4 | -3.9 | -4.8 | 3,410.6 | -18.8 |
| Cash flow from financing activities | 4 | -3.3 | -2.0 | -3,242.8 | -6.7 |
| Cash flow for the period | | -24.9 | 34.0 | 265.4 | 7.2 |
| Cash and cash equivalents at the beginning of the period | | 581.4 | 253.6 | 283.5 | 264.5 |
| Exchange rate differences in cash and cash equivalents | | -9.2 | -4.2 | -1.6 | 11.7 |
| Cash and cash equivalents at the end of the period | | 547.3 | 283.5 | 547.3 | 283.5 |

Condensed Parent Company income statement

| MSEK | Q4 | | Jan-Dec | |
|--|--------------|--------------|----------------|--------------|
| | 2023 | 2022 | 2023 | 2022 |
| Net sales | 326.0 | 327.6 | 976.0 | 658.7 |
| Other operating income | 14.3 | 1.5 | 46.3 | 68.8 |
| Operating income | 340.2 | 329.1 | 1,022.3 | 727.5 |
| Goods for resale | -102.3 | -37.0 | -294.9 | -143.0 |
| Other external costs | -77.5 | -130.9 | -232.9 | -187.1 |
| Employee benefit expenses | -57.5 | -39.0 | -202.0 | -139.3 |
| Depreciation, amortization and impairment of property, plant and equipment and intangible assets | -3.2 | -1.8 | -9.2 | -6.8 |
| Transaction related expenses | 6.7 | - | -63.7 | - |
| Other operating expenses | -27.1 | -32.1 | -47.4 | -50.1 |
| Operating profit/loss (EBIT) | 79.3 | 88.3 | 172.3 | 201.1 |
| Net financial items | 3.4 | 3.5 | 14.4 | 14.9 |
| Profit/loss before tax | 82.7 | 91.8 | 186.7 | 216.1 |
| Tax on profit for the period | -14.9 | 45.6 | -43.9 | 45.6 |
| Net profit/loss for the period | 67.8 | 137.4 | 142.8 | 261.7 |

Condensed Parent Company balance sheet

| | 31 Dec | 31 Dec |
|--|----------------|--------------|
| MSEK | 2023 | 2022 |
| ASSETS | | |
| Intangible assets | 7.2 | 10.2 |
| Property, plant and equipment | 19.7 | 20.9 |
| Participation in group companies | 0.3 | 0.3 |
| Receivables from group companies | 133.0 | 137.6 |
| Other Financial assets | 51.5 | 49.7 |
| Total non-current assets | 211.7 | 218.7 |
| Inventories | 358.0 | 80.5 |
| Accounts receivable | 86.0 | 46.7 |
| Receivables from group companies | 27.6 | 128.7 |
| Other current assets | 70.7 | 129.8 |
| Cash and bank | 476.6 | 217.7 |
| Total current assets | 1,018.9 | 603.4 |
| TOTAL ASSETS | 1,230.6 | 822.1 |
| EQUITY AND LIABILITIES | | |
| Restricted Equity | 215.3 | 0.4 |
| Non-restricted Equity | 817.3 | 650.7 |
| Total Equity | 1,032.6 | 651.1 |
| Provisions | - | - |
| Non-current liabilities to credit institutions | 26.0 | 39.0 |
| Current liabilities to credit institutions | 13.0 | 13.0 |
| Accounts payable | 58.2 | 75.8 |
| Liabilities to group companies | 26.7 | 0.0 |
| Other current liabilities | 74.1 | 43.2 |
| Total liabilities | 198.0 | 171.0 |
| TOTAL EQUITY AND LIABILITIES | 1,230.6 | 822.1 |

Note 1. Accounting policies

This interim report has been prepared in compliance with the Swedish Annual Accounts Act, and BFNAR 2012:1 Annual Accounts and Consolidated Financial Statements (K3). The company's accounting policies are unchanged compared to the most recent annual report.

Note 2. Net sales

Net sales is distributed as follows:

| MSEK | Q4 | | Jan-Dec | |
|--------------|--------------|--------------|----------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| Americas | 343.9 | 341.3 | 1,218.8 | 1,164.9 |
| EMEA | 155.0 | 107.0 | 468.3 | 314.8 |
| Asia Pacific | 61.1 | 20.1 | 157.3 | 81.3 |
| Total | 559.9 | 468.5 | 1,844.5 | 1,561.0 |

| MSEK | Q4 | | Jan-Dec | |
|--------------|--------------|--------------|----------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| Perpetual | 481.4 | 414.6 | 1,667.6 | 1,419.9 |
| Subscription | 78.5 | 53.8 | 176.6 | 141.1 |
| Total | 559.9 | 468.5 | 1,844.2 | 1,561.0 |

Note 3. Tax

As of December 31, 2022, the parent company had tax losses carried-forward amounting to SEK 221.2 million. SEK 9.5 million was added related to the merger of ACQ, and total tax losses carried-forward per the end of the period was SEK 230.7 million. Total deferred tax assets amounting to SEK 47.6 million at the end of the period.

Due to the merger between the companies, the tax losses carried-forward of SEK 230.7 million will be blocked for usage for the coming 5 years and will be available from 2028.

Note 4. Merger between Yubico and ACQ Bure

On 19 April 2023 ACQ announced that ACQ and Yubico had entered into a merger agreement. The merger was completed 20 September with ACQ as the surviving company but under the name of Yubico AB. The last day for trading of ACQ on Nasdaq Stockholm was September 19 and Yubico's first day of trading on Nasdaq First North Growth Market was September 20. The merger between the companies was made with ACQ as the surviving company, with organization number 559278-6668, but from an accounting perspective, as a reverse merger. Thereby, ACQ is merged into Yubico's balances as per September 20 with the surviving historical numbers of Yubico (old company registration number 556720-8755).

Transaction related expenses

The group has recorded SEK 87.2 million of transaction-related expenses related to the merger, whereof a reduction of costs amounting to 6.7 million was recorded in Q4, related to the merger loss (reduction of 10.7 million) and fees to advisors (increase of 4.0 million). The total cost of SEK 87.2 million is distributed between merger loss of SEK 26.1 million, personnel related expenses of SEK 29.3 million, cost for cancelled incentive

programs of SEK 14.1 million and fees to advisors of SEK 17.7 million. Of the total costs, SEK 50.9 million is not affecting cash.

Cash flow effects

The net effect on the cash flow from the merger was SEK 183.9 million. This consists of SEK 3,423.5 million from investing activities relating to the cash balance of ACQ Bure at the time of the merger and SEK -3,239.5 million from financing activities relating to share placement of SEK 133.0 million, subscription for Yubico shares of SEK 430.4 million and cash consideration to Yubico shareholders of SEK -3,802.9 million.

The total value of the share placement was SEK 344.0 million, where SEK 211.0 million relates to Yubico shareholders' shares sold to cover a debt related to exercise of stock options and warrant programs in the transaction.

Adjustment for non-cash items in the Statement of cash flows includes SEK 50.9 million of transaction related items, relating to the merger loss and cost for cancelled incentive programs.

Full equity specification for the period (KSEK)

| | Share capital | New share issue in progress | Other contributed capital | Balanced income including the year's income | Total equity |
|--|----------------|-----------------------------|---------------------------|---|------------------|
| Opening equity | 394 | 3,838 | 795,316 | -66,906 | 732,642 |
| Net profit/loss for the period | - | - | - | 142,325 | 142,325 |
| Changes in carrying amounts that are accounted for directly in | | | | | |
| Translation differences | - | - | - | -1,984 | -1,984 |
| Total changes in carrying amounts that are accounted for directly | - | - | - | -1,984 | -1,984 |
| Transactions with owners | | | | | |
| New share issue, exercise of options | 3 | - | 9,721 | - | 9,724 |
| Registration of share issue, exercise of options | 1 | -3,838 | 3,837 | - | - |
| Employee stock options - value of employees' services | - | - | - | 30,284 | 30,284 |
| Merger related transactions | | | | | |
| New share issues | 127,785 | - | 5,224 | - | 133,009 |
| Merger adjustment | 87,103 | - | -87,103 | - | - |
| Exercise of stock options and warrants | - | - | 430,372 | - | 430,372 |
| Market value of ACQ Bure in merger | - | - | 3,468,500 | - | 3,468,500 |
| Consideration to Yubico share holders | - | - | -3,802,912 | - | -3,802,912 |
| Total Merger related transactions | 214,888 | - | 14,082 | - | 228,970 |
| Total Transactions with owners | 214,891 | -3,838 | 27,640 | 30,284 | 268,977 |
| Closing equity | 215,285 | - | 822,956 | 103,719 | 1,141,960 |

Quarterly figures

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| MSEK | Q4 2023 | Q3 2023 | Q2 2023 | Q1 2023 | Q4 2022 | Q3 2022 | Q2 2022 | Q1 2022 | Q4 2021 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Net sales | 559.9 | 410.7 | 454.6 | 419.0 | 468.5 | 393.2 | 369.1 | 330.2 | 307.2 |
| Net sales growth (%) | 19.5 | 4.4 | 23.2 | 26.9 | 52.5 | 118.6 | 69.2 | 103.5 | 90.5 |
| Net sales growth (adjusted for change in foreign currency) (%) | 17.8 | 1.8 | 16.2 | 17.3 | 34.3 | 88.9 | 60.7 | 84.5 | 83.3 |
| Subscription sales | 78.5 | 61.9 | 62.4 | 52.3 | 53.8 | 35.5 | 32.7 | 19.1 | 24.7 |
| Subscription sales of net sales (%) | 14.0 | 15.1 | 13.7 | 12.5 | 11.5 | 9.0 | 8.9 | 5.8 | 8.0 |
| Gross profit | 465.7 | 359.8 | 390.6 | 361.8 | 387.8 | 337.7 | 312.7 | 278.1 | 240.2 |
| Adjusted EBITDA | 93.3 | 22.7 | 103.8 | 76.4 | 70.5 | 76.3 | 64.3 | 15.2 | 12.5 |
| EBITDA | 100.0 | -71.1 | 103.8 | 76.4 | 70.5 | 76.3 | 64.3 | 15.2 | 12.5 |
| Adjusted operating profit (EBIT) | 88.3 | 19.1 | 100.8 | 73.4 | 67.5 | 73.6 | 61.7 | 12.6 | 9.8 |
| Operating profit (EBIT) | 95.1 | -74.8 | 100.8 | 73.4 | 67.5 | 73.6 | 61.7 | 12.6 | 9.8 |
| Net profit/loss for the period | 78.4 | -68.3 | 77.9 | 54.3 | 109.5 | 71.1 | 58.9 | 16.0 | 22.1 |
| Gross margin (%) | 83.2 | 87.6 | 85.9 | 86.3 | 82.8 | 85.9 | 84.7 | 84.2 | 78.2 |
| Adjusted EBITDA margin (%) | 16.7 | 5.5 | 22.8 | 18.2 | 15.1 | 19.4 | 17.4 | 4.6 | 4.1 |
| EBITDA margin (%) | 17.9 | -17.3 | 22.8 | 18.2 | 15.1 | 19.4 | 17.4 | 4.6 | 4.1 |
| Adjusted EBIT margin (%) | 15.8 | 4.7 | 22.2 | 17.5 | 14.4 | 18.7 | 16.7 | 3.8 | 3.2 |
| EBIT margin (%) | 17.0 | -18.2 | 22.2 | 17.5 | 14.4 | 18.7 | 16.7 | 3.8 | 3.2 |
| Net cash | 508.3 | 539.1 | 370.5 | 392.7 | 231.5 | 198.4 | 201.9 | 150.8 | 199.5 |
| Bookings | 684.1 | 399.6 | 406.4 | 350.0 | 372.9 | 334.7 | 572.1 | 304.6 | 333.8 |
| Bookings growth (%) | 83.5 | 19.4 | -29.0 | 14.9 | 11.7 | 40.0 | 98.0 | 69.8 | 47.0 |
| Bookings growth (adjusted for change in foreign currency) (%) | 83.2 | 19.8 | -34.9 | 3.0 | -12.0 | 10.0 | 85.1 | 52.7 | 53.8 |
| Subscription bookings | 129.2 | 57.9 | 60.0 | 27.0 | 64.1 | 61.3 | 102.3 | 14.0 | 69.6 |
| Subscription share of bookings (%) | 18.9 | 14.5 | 14.8 | 7.7 | 17.2 | 18.3 | 17.9 | 4.6 | 20.8 |
| ARR | 286.5 | 255.3 | 242.8 | 219.3 | 204.7 | 184.8 | 156.2 | 131.0 | 108.9 |

Key figures not defined in accordance with K3

| Key figure | Definition | Purpose |
|--|--|--|
| Subscription sales | Net sales related to subscription. | Understand the magnitude of subscription revenue. |
| Subscription share of net sales | Subscription sales in relation to net sales. | Measure to analyze the magnitude of the subscriptions in relation to net sales |
| Net sales growth | Annual growth in net sales. | Used to measure the net sales growth in the company. |
| Net sales growth (adjusted for change in foreign currency) | Net sales growth adjusted for changes in foreign currency rates. | Used to measure comparable net sales growth excluding translation effects into foreign currency. |
| Gross profit | Net sales less cost of goods for resale. | Show the company's profitability from operations. |
| Gross margin | Gross profit as a percentage of net sales. | The measure is a complement to the gross profit, which only states the change in absolute figures (when different periods are compared). Gross margin is an indication of the Company's gross earnings capacity, over time. |
| Adjusted EBITDA | Operating profit/loss (EBIT) before depreciation, amortization, and impairments adjusted for items affecting comparability. | The measure is used since it shows the profitability before financial items, taxes, depreciation, amortization, and impairments and is used to analyze and the groups operating activities. |
| EBITDA | Operating profit/loss (EBIT) before depreciation, amortization, and impairments. | The measure is used since it shows the profitability before financial items, taxes, depreciation, amortization, and impairments and is used to analyze and the groups operating activities. |
| Adjusted EBITDA margin | Operating profit/loss (EBIT) before depreciation, amortization, and impairments in relation to net sales adjusted for items affecting comparability. | The measure is a complement to the EBITDA, which only states the change in absolute figures (when different periods are compared). EBITDA margin is an indication of the profitability of operations in relation to net sales, over time. |
| EBITDA margin | Operating profit/loss (EBIT) before depreciation, amortization, and impairments in relation to net sales. | The measure is a complement to the EBITDA, which only states the change in absolute figures (when different periods are compared). EBITDA margin is an indication of the profitability of operations in relation to net sales, over time. |
| Adjusted EBIT margin | Operating profit/loss (EBIT) in relation to net sales adjusted for items affecting comparability. | The measure is a complement to the EBIT (Operating profit/loss), which only states the change in absolute figures (when different periods are compared). EBIT margin is used to provide understanding of the Group's financial performance both short and long term. |
| EBIT margin | Operating profit/loss (EBIT) in relation to net sales. | The measure is a complement to the EBIT (Operating profit/loss), which only states the change in absolute figures (when different periods are compared). EBIT margin is used to provide understanding of the Group's financial performance both short and long term. |
| Net cash | Cash and cash equivalents less interest-bearing liabilities (liabilities to credit institutions). | Used to assess the company's ability to meet its financial obligations and level of debt. |
| Bookings | Total value of bookings received during the period. | Measure used to analyze the magnitude of increase in bookings. |
| Subscription bookings | Total value of subscription bookings received during the period. | Measure used to analyze the expected volume of future revenue related to subscription. |
| Subscription share of bookings | Subscription bookings in relation to total bookings. | Measure to understand the relation of subscription bookings in relation to total bookings. |
| Annual Recurring Revenue (ARR) | Total contract value related to subscription contracts as of the end of the reporting period, excluding one-time fees, divided by the term of the contract, translated based on the average foreign exchange rate on a rolling 12-month basis. | Management follows this measure as it is important to understand annualized revenue expected from subscribers. |

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Reconciliation of key figures not defined in accordance with K3

| MSEK | Q4 | | Jan-Dec | |
|---|--------------|--------------|----------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| Gross profit and gross margin | | | | |
| Net sales | 559.9 | 468.5 | 1,844.2 | 1,561.0 |
| Goods for resale | -94.2 | -80.7 | -266.3 | -244.7 |
| Gross profit | 465.7 | 387.8 | 1,577.9 | 1,316.3 |
| Divided by Net sales | 559.9 | 468.5 | 1,844.2 | 1,561.0 |
| Gross margin | 83.2% | 82.8% | 85.6% | 84.3% |
| Adjusted EBITDA and adjusted EBITDA margin | | | | |
| Operating profit (EBIT) | 101.8 | 67.5 | 194.5 | 215.3 |
| Adjustment for items affecting comparability - transaction costs | -6.7 | - | 87.2 | - |
| Depreciation, amortization and impairment of property, plant and equipment and intangible | 5.0 | 3.1 | 9.6 | 8.1 |
| Adjusted EBITDA | 100.0 | 70.5 | 291.3 | 223.4 |
| Divided by Net sales | 559.9 | 468.5 | 1,844.2 | 1,561.0 |
| Adjusted EBITDA margin | 17.9% | 15.1% | 15.8% | 14.3% |
| EBITDA and EBITDA margin | | | | |
| Operating profit (EBIT) | 101.8 | 67.5 | 194.5 | 215.3 |
| Depreciation, amortization and impairment of property, plant and equipment and intangible | 5.0 | 3.1 | 9.6 | 8.1 |
| EBITDA | 106.7 | 70.5 | 204.1 | 223.4 |
| Divided by Net sales | 559.9 | 468.5 | 1,844.2 | 1,561.0 |
| EBITDA margin | 19.1% | 15.1% | 11.1% | 14.3% |
| Adjusted EBIT and adjusted EBIT margin | | | | |
| Operating profit (EBIT) | 101.8 | 67.5 | 194.5 | 215.3 |
| Adjustment for items affecting comparability - transaction costs | -6.7 | - | 87.2 | - |
| Adjusted EBIT | 95.1 | 67.5 | 281.7 | 215.3 |
| Divided by Net sales | 559.9 | 468.5 | 1,844.2 | 1,561.0 |
| Adjusted EBIT margin | 17.0% | 14.4% | 15.3% | 13.8% |
| EBIT margin | | | | |
| Operating profit (EBIT) | 101.8 | 67.5 | 194.5 | 215.3 |
| Divided by Net sales | 559.9 | 468.5 | 1,844.2 | 1,561.0 |
| EBIT margin | 18.2% | 14.4% | 10.5% | 13.8% |
| Net sales growth (adjusted for change in foreign currency) | | | | |
| Total Net sales growth | 19.5% | | 19.9% | |
| whereof change in foreign currency | 1.7% | | 8.7% | |
| whereof growth adjusted for change in foreign currency | 17.8% | | 11.2% | |

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Reconciliation of key figures not defined in accordance with K3, continued

| MSEK | 31 Dec | |
|--|--------|-------|
| | 2023 | 2022 |
| Net cash | | |
| Cash and bank | 547.3 | 283.5 |
| Non-current liabilities to credit institutions | -26.0 | -39.0 |
| Current liabilities to credit institutions | -13.0 | -13.0 |
| Net cash | 508.3 | 231.5 |

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A hand is shown using a Yubico security key on a laptop keyboard. The key is a small, black, cylindrical device with a gold-colored ring at one end. The hand is holding the key and touching it to the touch-sensitive area of the laptop keyboard. The laptop is silver and has a black keyboard. The background is white.

yubico

Yubico AB

Kungsgatan 44

SE-111 35 Stockholm

Org.nr 559278-6668

Phone: 46 8 411 30 00

www.yubico.com