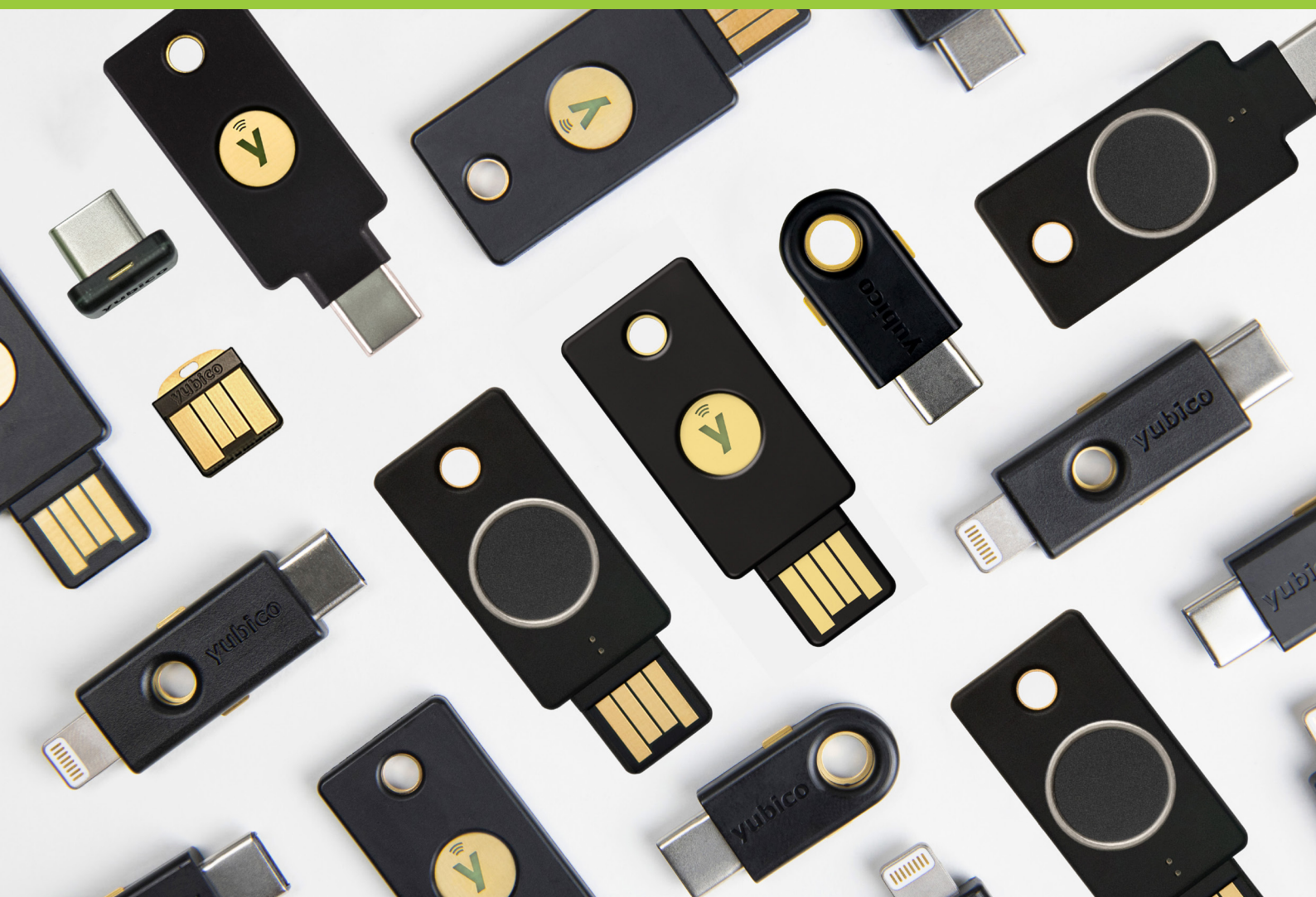


Yubico AB

Company Description

prior to listing on Nasdaq First North Growth Market
in Stockholm



Nasdaq First North Growth Market is a registered SME growth market, in accordance with the Directive on Markets in Financial Instruments (EU 2014/65) as implemented in the national legislation of Denmark, Finland and Sweden, operated by an exchange within the Nasdaq group. Issuers on Nasdaq First North Growth Market are not subject to all the same rules as issuers on a regulated main market, as defined in EU legislation (as implemented in national law). Instead, they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in an issuer on Nasdaq First North Growth Market may therefore be higher than investing in an issuer on the main market. All issuers with shares admitted to trading on Nasdaq First North Growth Market have a Certified Adviser who monitors that the rules are followed. The respective Nasdaq exchange approves the application for admission to trading.

IMPORTANT INFORMATION

This company description (the “**Company Description**”) has been prepared according to the Nasdaq Nordic Main Market Rulebook for Issuers of Shares and the Nasdaq First North Growth Market Rulebook for Issuers of Shares for the purpose of Nasdaq Stockholm’s listing review of ACQ Bure AB, reg. no. 559278-6668 (“**ACQ**”) in connection with the statutory merger whereby ACQ absorbs Yubico AB, reg. no. 556720-8755 (the “**Transaction**”), which was approved by the extraordinary general meetings of ACQ and Yubico AB respectively on 20 June 2023. In connection with completion of the Transaction, ACQ has applied to change its listing venue from Nasdaq Stockholm (Main Market) to Nasdaq First North Growth Market and change its name to Yubico AB (the “**Company**”). This Company Description is not a prospectus and has not been approved by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*). The Company Description has only been prepared in connection with the application for listing of the Company’s shares on Nasdaq First North Growth Market and does not contain any offering of shares or any other financial instruments in the Company in Sweden or in any other jurisdiction. Nasdaq First North Growth Market is a Multilateral Trading Facility (MTF), an alternative marketplace operated by an exchange within the Nasdaq group, and is not subject to the same rules as companies on the regulated main market. This Company Description has been prepared by ACQ and reviewed by Nasdaq Stockholm AB.

This Company Description is available in Swedish and English on ACQ’s website, www.acq.se. In the event of discrepancies between the versions, the Swedish version shall prevail. For definitions of specific terms used in the Company Description, refer to the section “*Definitions*”. The Company Description is governed by Swedish law. Disputes arising in connection with the Company Description, or any subsequent legal matters are to be settled exclusively by the courts of Sweden.

This Company Description is not, and is not to be viewed as, an invitation to purchase or sell securities in the Company. This Company Description does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States, Australia, Canada, Hong Kong, South Africa or any other jurisdiction in which such offers or sales are unlawful (the “**Excluded Territories**”). The securities referred to in this Company Description have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or under the securities laws of any state of the United States, and may not be offered, sold, resold or delivered, directly or indirectly, in or into the United States absent registration except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Subject to certain limited exceptions, the securities referred to in this Company Description are being offered and sold only outside the United States. There is no intention to register any securities referred to herein in the United States or to make a public offering of the securities in the United States. In addition, the securities have not been and will not be registered under any applicable securities laws of any state, province, territory, county or jurisdiction of the other Excluded Territories. Accordingly, such securities may not be offered, sold, resold, taken up, exercised, renounced, transferred, delivered or distributed, directly or indirectly, in or into the Excluded Territories or any other jurisdiction if to do so would constitute a violation of the relevant laws of, or require registration of such securities in, the relevant jurisdiction. Further details of which U.S. and other holders of Yubico AB shares are eligible to receive shares in the Company in the merger, and the procedural steps required to be taken by such persons in order to receive such shares, as well as the procedures for those U.S. and other holders of Yubico AB shares who do not so qualify to receive shares in the Company, have been delivered to the relevant holders. In the United Kingdom, this Company Description and any other materials in relation to the securities described herein is being distributed only to, and is directed only at, and any investment or investment activity to which this document relates is available only to, and will be engaged in only with, “qualified investors” (within the meaning of the United Kingdom version of the Prospectus Regulation which is part of United Kingdom law by virtue of the European Union (Withdrawal) Act 2018) and who are (i) persons having professional experience in matters relating to investments who fall within the definition of “investment professionals” in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”); or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “**relevant persons**”). In the United Kingdom, any investment or investment activity to which this material relates is available only to, and will be engaged in only with, relevant persons. Persons who are not relevant persons should not take any action on the basis of this Company Description and should not act or rely on it.

Information to distributors

In connection with the product governance requirements under (a) Directive 2014/65/EU on markets in financial instruments (“**MiFID II**”), (b) Articles 9 and 10 of the Commission Delegated Directive (EU) 2017/593 supplementing MiFID II, and (c) Chapter 5 of the Swedish Financial Supervisory Authority’s regulations on securities business, FFFS 2017:2, collectively “**MiFID II product governance requirements**,” and without prejudice to any liability for damages that may be imposed on a “manufacturer” under the MiFID II product governance requirements, the shares in the Company have undergone a product approval process, whereby the target market for the shares in the Company is (i) non-professional customers and investors who meet the criteria for professional customers and eligible counterparties, each as defined in MiFID II (“**target market**”), and (ii) suitable for distribution through all distribution channels permitted under MiFID II. Irrespective of the target market assessment, the distributors should note that the value of the shares in the Company may decrease, and it is not certain that investors will receive the entire or any portion of the invested amount back; the shares in the Company do not offer any guaranteed income and no capital protection; and an investment in the shares in the Company is only suitable for investors who do not need a guaranteed income or capital protection, who (either alone or together with a suitable financial or other adviser) are capable of evaluating the benefits and risks of such an investment, and who have sufficient resources to bear any losses that may arise therefrom. The target market assessment does not affect the requirements under any contractual, legal, or regulatory sales restrictions relating to the Transaction. The target market assessment is not considered (a) a suitability or appropriateness assessment pursuant to MiFID II; or (b) a recommendation to any investor or group of investors to invest in, acquire, or take any other action with respect to the shares in the Company. Each distributor is responsible for its own target market assessment regarding the shares in the Company and for determining appropriate distribution channels.

Forward-looking statements and risk factors

The Company Description contains certain forward-looking statements that reflect the Company’s current views on future events as well as financial and operational development. Such words as “intends”, “assesses”, “expects”, “can”, “plans”, “estimates” and other expressions that relate to indications or predictions concerning future development or trends and that do not refer to historical facts constitute forward-looking statements. Forward-looking statements are, by nature, associated with known, as well as unknown, risks and uncertainties, given their dependence on future events and circumstances. Forward-looking statements are no guarantee of future results or trends, and the actual results could differ materially from those contained in the forward-looking statements. All forward-looking statements provided by the Company or on the Company’s behalf apply only from the date on which they were provided and are based on the knowledge and information available to the Company on the date of this Company Description.

The Company does not make any undertaking that it will disclose updates or revisions of forward-looking statements due to new information, future events or other such matters above beyond what is required according to applicable laws. A description of risk factors related to Yubico AB is included in the section “*Risk factors*” in this Company Description.

Certified Adviser

The Company has engaged FNCA Sweden AB (“**FNCA**”) as its Certified Adviser. FNCA does not own any shares in the Company.

Industry and market information

This Company Description contains industry and market information compiled from information obtained from third parties. The Company does not assume any responsibility for the accuracy of any industry and market information that is included in this Company Description. Concerning such information from third parties, as far as the Company is aware and can ascertain by comparisons with other information published by a relevant third party, no information has been omitted that could render the reproduced information inaccurate or misleading.

Presentation of financial information

Certain financial and other information that is presented in this Company Description has been rounded to make the information easily comprehensible to the reader. Accordingly, the figures contained in certain columns do not tally exactly with the total amount specified. Except as specifically stated herein, no information in the Company Description has been audited or reviewed by the Company’s auditor.

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Definitions and abbreviations

“**ACQ**” refers to ACQ Bure AB, reg. no. 559278-6668;

The “**Transaction**” refers to the combination of ACQ and Yubico AB by way of a statutory merger whereby ACQ absorbs Yubico AB; and

“**Yubico**” or the “**Company**” refers to the combined company following completion of the Transaction, or the company group in which ACQ will be the parent company following completion of the Transaction, or Yubico AB, reg. no. 556720-8755, or the company group in which Yubico AB is the parent company, depending on the context.

Important dates

19 September 2023	Last day of trading in ACQ on Nasdaq Stockholm
20 September 2023	Closing of the Transaction
20 September 2023	First day of trading in Yubico's shares on Nasdaq First North Growth Market

Financial calendar

Interim report for Q3 2023 (January – September)	10 November 2023
Year-end report for 2023 (January – December)	16 February 2024
Annual general meeting 2024	14 May 2024

Risk factors

An investment in the shares in Yubico is associated with different risks. Prior to making an investment decision, prospective investors should carefully analyze the risks described below. Set out below is a description of material risks related to Yubico, its shares and the proposed Transaction, including the intended change of listing venue from Nasdaq Stockholm (Main Market) to Nasdaq First North Growth Market. Prospective investors should make an independent evaluation, with or without help from their own independent advisors, of the risks associated with an investment in Yubico. The risk factors mentioned below are limited to risks which are specific to Yubico and/or to the Transaction and which are assessed to be material for making an informed investment decision. The descriptions below are based on information available as of the date of this Company Description. Although the most material risk factors have been presented first within each category, the order in which the remaining risks are presented is not necessarily an indication of the significance of the risks, the likelihood of the risks actually materializing or the scope of any potential negative impact to Yubico's business, financial condition, prospects and results of operations.

Risks related to Yubico's business and industry

As a global cybersecurity company, Yubico relies on the functionality and credibility of its products

Yubico is a global cybersecurity company providing advanced authentication solutions that prevent account takeovers. Yubico's overarching mission is to make the internet more secure for everyone by removing the root cause of most cybersecurity intrusions; stolen credentials. Yubico's core product, the YubiKey, is a multi-factor authentication (MFA) hardware token ensuring that only authorized users have access to sensitive accounts and systems.

There is a risk that Yubico's products will not provide protection against all security vulnerabilities, exploits, or cyberattacks, especially in light of the rapidly changing cybersecurity landscape (see further below in "*The cybersecurity market is rapidly evolving to address the increasingly challenging cyber threat landscape, and the future development may not be in favour of Yubico's products*"). Both internal and external factors, including defects or misconfigurations of Yubico's products or defects in the components supplied by third parties that are used in Yubico's products, could cause Yubico's products to become vulnerable to security incidents that cause them to fail to protect against cyberattacks. Whilst it has not led to any damage for its customers, Yubico has historically experienced that components supplied by third parties have demonstrated vulnerabilities when being used for certain protocols. If such weaknesses are not discovered and addressed properly, they may erode the protective features of Yubico's products, which could have negative effects for the credibility of the products, particularly as Yubico's business is heavily dependent on the reputation of its core product and brand, "YubiKey".

The YubiKeys are either sold to the customer, on a perpetual basis, or delivered under Yubico's subscription-based sales model with the intention of being used during the entirety of the subscription period without being replaced. As the products are hardware-based, Yubico is unable to provide comprehensive remote updates of the products to its customers. Yubico continuously works to develop and adapt its products to the changing cybersecurity landscape, but even if Yubico successfully develops its products to provide protection against, for example, a new form of cyberattack, there is a risk that Yubico's less updated products that have already been sold in the market will fail to offer the same level of protection as its most recent products.

Any real or perceived shortcomings, defects or vulnerabilities in Yubico's products could cause significant harm to Yubico and the reputation of the YubiKey brand, which would have a negative effect on Yubico's business and results of operations.

The cybersecurity market is rapidly evolving to address the increasingly challenging cyber threat landscape, and the future development may not be in favour of Yubico's products

Yubico's product and service offering is based on hardware-based security keys providing a multi-factor authentication. As such, Yubico's product portfolio comprises of several hardware product families. The cybersecurity market is characterized by rapid technological change, evolving industry standards, and continuously changing customer requirements and preferences. In the future, hardware tokens could be considered less user-friendly and unmodern compared to other alternatives, including text message or email codes or app-based authentication methods.

Yubico's products may become less effective due to the development of new technologies or inventions, which could have implications for the currently existing data encryption solutions, making these obsolete. There may evolve other methods, technologies, products or services that offer similar or better authentication solutions than the products that Yubico offers.

Changes in the nature of advanced cyber threats could also result in a shift in IT budgets away from solutions such as Yubico's hardware-based products towards other forms of solutions. Organizations that use such security products may also believe that their existing security solutions sufficiently protect access to their sensitive business data, and may continue allocating their cybersecurity budgets to such solutions instead of adopting Yubico's advanced authentication solutions.

Advanced cyber attackers are skilled at adapting to new technologies and developing new methods of gaining access to organizations' sensitive business data. Yubico expects cyber threats to continuously evolve and increase in complexity, and Yubico will need to continually modify and improve its offerings to adapt to any such developments in order to retain and grow its customer base.

There is a risk that industry developments, including the development of competing solutions as well as changes in the nature of cyber threats, result in a decrease in the demand for Yubico's products. If Yubico fails to adapt to such changes, this could have a negative effect on Yubico's results of operations and future prospects.

Yubico is exposed to general economic and market conditions, in particular in relation to the technology sector

Yubico's products are sold on several geographical markets, with the United States being Yubico's largest market, accounting for 62% of Yubico's bookings for the financial year ended 31 December 2022. EMEA is also a large market for Yubico, accounting for 16% of Yubico's bookings for the same period.

Downturns in general economic conditions on the markets where Yubico operates, for example due to geopolitical instability, weaker consumer confidence or other macro-economic factors, may affect the demand for Yubico's products. Historically, Yubico's customers have primarily been global technology companies. Although Yubico has grown and diversified its customer base to other industry verticals in the past few years, a significant share of Yubico's largest customers are still technology companies. Approximately 40% of Yubico's bookings (excluding bookings related to e-commerce) for the financial year ended 31 December 2022 were attributable to customers in the technology sector (including several of the major technology companies

in the world). It is likely that a slowdown in the tech industry with layoffs, decreased budgets to spend on IT-security and general constraints on investments, such as has been the case in the recent past and, to some extent, continues to be case in the U.S., will also impact Yubico. These conditions could have a negative effect on Yubico's results of operations and financial condition.

Yubico's transition toward a subscription-based sales offering could affect its net sales and profitability in the short- and medium term and may not be as successful as expected

Yubico's products are sold both directly to end-customers and via distributors and resellers, either against a one-time payment on a perpetual basis, also known as the perpetual model, or through a subscription-based model, launched in 2020, in which the hardware is provided as a service with Yubico retaining ownership of the hardware. Historically, the greater part of Yubico's net sales has come from sales through the perpetual model, and perpetual sales accounted for 85% of Yubico's bookings and 91% of Yubico's net sales for the financial year ended 31 December 2022 while net sales from its subscription-based model accounted for 15% of Yubico's bookings and 9% of Yubico's net sales during the same period. Yubico has recently updated its sales strategy to increasingly focus on sales through the subscription-based model, in particular with regards to sales to larger enterprises. While Yubico's customers are increasingly adopting the subscription-based model, there is a risk that this offering will not be fully embraced by Yubico's customers and that the transition toward a subscription-based sales model will be challenging.

Net sales from the subscription-based sales are evenly booked over the contract length, typically three years, while direct costs are booked after they are incurred, which typically means that approximately 70% of the costs are booked year one and 15% of the costs per year the following two years. The perpetual model entails upfront cash payments and that the hardware ownership is moved to the customer, meaning that 100% of net sales and costs are booked when the product is delivered. Therefore, Yubico's net sales and profitability are expected to be impacted negatively in the short- and medium term by the transition to the subscription-based model. There is also a risk that customers purchasing Yubico's subscription will not maintain or extend their subscriptions or purchase additional subscriptions. As the subscription-based model was launched in 2020, with the majority of subscription contracts being on three-year terms, there is a risk that certain of the agreements that were entered into in 2020 are not renewed, which may have an impact on Yubico's results of operations in the near-term.

Yubico relies on third-party suppliers and could be negatively affected by interruptions in its supply chains or defects in third-party components

Yubico's business is dependent on third-party suppliers, in particular with regards to manufacturing services as well as the supply of key components and, although to a lesser extent, licensing of third party software used in certain of Yubico's products.

Certain manufacturers that Yubico has engaged in Sweden account for a significant part of Yubico's total purchases of manufacturing services and components, and these manufacturers are therefore material to Yubico's production capabilities. There are key components of Yubico's products that are sourced from one single supplier, and, as a result, failure by such supplier to deliver according to Yubico's requests from time to time at terms that are acceptable to Yubico could adversely affect Yubico's operations. The manufacturing process of Yubico's products involves several steps, where different suppliers are involved, including production, assembly, and plastic molding. Disturbances or interruptions in any of these steps could result in difficulties for or failure by Yubico to deliver sufficient quantities of products to its customers and distributors in accordance with agreed timelines. Further, Yubico licenses third party software for use in its products that include biometric authentication. Biometric products accounted for 2% of Yubico's net sales in the financial year ended 31 December 2022.

From time to time, Yubico competes with procurement teams from other industries for the same key components. For instance, there has recently been a semiconductor shortage in the automotive industry, which has adversely affected the availability of such components for other industries, including for Yubico. Any supply interruptions may have a negative effect on Yubico's customer relationships and results of operations, both temporarily and potentially in the longer term.

Further, Yubico's future growth and potential geographical expansion may impose increased demands on Yubico's suppliers to meet increased volumes, and there is a risk that Yubico's existing suppliers will be unable to continue provide its services on terms beneficial to Yubico, and/or that Yubico is unable to find alternative suppliers that can provide similar terms as Yubico's existing suppliers, which could have a negative effect on Yubico's result of operations and financial condition.

Yubico faces significant competition from other cybersecurity companies

The cybersecurity market in general, and the advanced authentication market specifically, is highly competitive. Yubico's current main competitors include several key archetypes;

- Pure play advanced authentication providers, offering an MFA security solution that involves the use of hardware security keys, such as the YubiKey. Leading products of these providers offer biometric and near-field communication-based solutions.
- Broader identity solution providers, offering mobile phone message or mobile phone push based MFA solutions. These providers have larger and more bundled portfolios of broader cybersecurity and identity security solutions.
- Traditional authentication providers, providing early-generation login security solutions such as physical dongle tokens authentication solutions.

Conditions in the advanced authentication market could change rapidly and significantly as a result of technological advancements, and there is a risk that the development of new competing authentication solutions by existing or new competitors affect Yubico's competitiveness negatively (see further in "*As a global cybersecurity company, Yubico relies on the functionality and credibility of its products*"). Certain of Yubico's key competitors have competitive advantages such as broader product offerings, greater brand-recognition and significantly greater financial resources. Although YubiKey is an established brand with a strong track record, customers may prefer to purchase solutions from such larger, more well-known companies, which may affect Yubico's growth and results of operations negatively.

Yubico's future prospects are dependent on its ability to retain and recruit key personnel

Yubico's future prospects depend on its ability to continue to identify, attract, train, retain and motivate a sufficient number of highly skilled personnel, in particular hardware and software engineers, key developers and personnel with security experience. The cybersecurity market is continuously evolving, and in order to be able to adapt its products to changing circumstances, Yubico is dependent on the ability of its employees to continue to develop and improve its products. There is a high degree of competition for such personnel, and failure to successfully attract or retain sufficiently qualified personnel could harm Yubico's business, growth and profitability, and/or require Yubico to increase its salary costs. Departure of key personnel may also result in the departure of other employees. In addition, considerable time and expense is often required for Yubico in its selling activities to its major customers (see further in "*Yubico's sales cycle can be long and unpredictable, and its sales*").

efforts require considerable time and expense"). Yubico's ability to successfully compete for potential customers is dependent on Yubico's sales personnel being sufficiently trained and informed about Yubico's solutions. Yubico may be unable to find qualified sales personnel or to provide sufficient training for its existing employees. If Yubico is unable to retain or attract skilled and experienced sales personnel, it could affect Yubico's ability to implement its growth strategy and have a negative effect on Yubico's business and results of operations.

Yubico's ability to develop existing products and introduce new products and features is dependent on adequate R&D resources

A significant aspect of Yubico's growth strategy, and a fundamental requirement for its ability to stay competitive and enter new markets, is that Yubico continues to develop its products to adapt to market developments and new or changed cyberthreats. Yubico is therefore dependent on having sufficient resources and personnel for research and development (see further in "*– Yubico's future prospects are dependent on its ability to retain and recruit key personnel*"). If Yubico is unable to effectively develop its products due to a lack of financial resources or sufficient employees, Yubico's future prospects could be negatively affected.

Yubico's sales cycle can be long and unpredictable, and its sales efforts require considerable time and expense

Since Yubico's net sales are predominately deriving from sales to enterprises, the timing of Yubico's sales and related revenue recognition is unpredictable. Yubico is often required to spend significant time and resources to better educate and familiarize potential customers with the value proposition of Yubico's solutions. Customers often view the purchase of IT security solutions as a strategic decision and therefore carefully evaluate Yubico's solutions before completing a purchase. During the sales cycle, Yubico expends significant time and money on sales and marketing and contract negotiation activities, which may not result in a sale. Additional factors that may influence the length and variability of Yubico's sales cycle is budget cycles and decisions, lengthy purchasing approval processes, the industries in which Yubico's customers operate, the evaluation of competing solutions during the purchase process and evolving functionality demands. If Yubico's efforts in pursuing sales and customers are unsuccessful, or if its sales cycles lengthen, this could have a negative effect on Yubico's results of operations.

Risks related to customer concentration and dependence on existing relationships with large technology companies in the U.S. that are material to Yubico

Yubico's ten largest customers in 2022 accounted for 43% of Yubico's bookings (excluding bookings related to e-commerce) for the financial year ended 31 December 2022, while the same customers accounted for 18% of Yubico's bookings for the financial year ended 31 December 2021. Some of these customers are large technology companies based in the United States. Yubico has maintained and developed its relationships with these customers for several years, and it is important for Yubico to continue to maintain and build upon these relationships. Various factors may affect Yubico's relationship with these customers, such as changes in the cybersecurity market or cyberthreats that cause such customers to select other cybersecurity solutions instead of Yubico's or real or perceived shortcomings in Yubico's products. If Yubico fails to provide sufficient support to its customers and ensure that its products remain competitive long term, there is a risk that Yubico's larger customers will decrease or cease its purchases from Yubico, which would have a negative effect on Yubico's results of operations. Further, single orders from large customers may have noticeable impact on net sales and results in specific quarters, which may make it more difficult to compare different quarters with each other, and entails an unpredictability in Yubico's sales cycle and could lead to increased volatility in the share price of Yubico's shares following completion of the Transaction.

If Yubico fails to adapt or develop its products to ensure that they interoperate with a variety of operating systems and software applications developed by other parties, Yubico's offering may become less competitive

Yubico's products communicate with third party applications to provide secure access to computers, devices, networks and online services. Yubico is therefore dependent on the interoperability of its products with third-party services, including operating systems, software and technology, which is outside of Yubico's control. There is a risk that changes in such technology, or errors in the implementation of protocols used to allow communication between third party offerings and Yubico's products, degrade the functionality of Yubico's products. Yubico may not be successful in developing or maintaining relationships with key stakeholders developing the most widely adopted operating systems for computers, portable devices and software applications. Yubico relies on open standards for many integrations between its solutions and third-party applications that Yubico's customers utilize. If such application providers were to move away from open standards, or if a widely utilized application provider were to adopt proprietary

integration standards and not make them available for the purpose of facilitating interoperability with Yubico's products, the utility of Yubico's products would be decreased. Any decrease in the interoperability of Yubico's products with leading operating systems and software applications may lead to decreased demand for Yubico's products, which could have a negative effect on Yubico's results of operations.

Risks associated with product certification standards such as FIPS and FIDO

To ensure local regulatory compliance, Yubico has an active presence in regulatory forums such as FIDO Alliance and holds local and regional certifications such as Federal Information Processing Standard (FIPS) 140-2, Certification de Sécurité de Premier Niveau (CSPN) and FIDO level 2. Certain customers, particularly in the public sector, require that the cybersecurity products they purchase hold relevant certifications, and would in all likelihood not maintain their purchases from Yubico if Yubico were to lose such certifications. The validation processes for product certification standards such as FIPS includes the ability to revalidate the product upon incremental changes, a process which is more expedient than the original validation process, while major changes to products typically require a new validation process in order to maintain the certification. Should Yubico replace or update its firmware or any of the components used in its products with new, externally produced components, there is a risk that the updated product would have to be subject to a new certification process. A process to obtain a new certification could be time-consuming. Whilst Yubico would still be able to offer its products that are already certified to customers during such certification process in respect of an updated product, the previous product may be less effective and there is a risk that such previous certifications expire prior to receipt of the certification of the new product. If Yubico is unable to continuously maintain all relevant product certifications, Yubico may lose customers, in particular customers within the public sector with specific compliance requirements, temporarily or permanently, which would have a negative impact on Yubico's results of operations.

Changes in government regulations and standards for authentication solutions could require Yubico to make potentially costly modifications to its products and services in order to remain compliant and maintain or obtain existing or new certifications, which could have a negative impact on Yubico's results of operations.

Risks associated with Yubico's international operations

Yubico authentication solutions are sold in more than 160 countries worldwide. Its international operations and the use of Yubico's products and services in various countries subject Yubico to risks that may be greater than those faced if it had been operating in either a single market or a few homogeneous markets (such as within the European Union). Whilst, currently, Yubico's products are generally

considered as mass market products and, as such, not subject to country-specific statutory certification requirements, Yubico faces several risks due its international presence which include, but are not limited to:

- differing fiscal, statutory filing and mandatory corporate law requirements;
- potentially adverse tax consequences, including the complexities of foreign value added tax, or other tax, systems and restrictions on the repatriation of earnings (see further in “– Yubico is subject to the risk of its tax rate increasing, audits, tax disputes and changes in existing regulations or adoptions of new regulations”);
- data protection and privacy laws which subject Yubico to stringent obligations and may, for example, require customer data to be stored and processed in a designated territory;
- certain activities that may be legal or unregulated in one country may be illegal or regulated in another country, or subject to different and potentially conflicting legal or regulatory requirements in different jurisdictions; and
- reduced or uncertain protection for intellectual property rights in some countries.

These factors may cause Yubico's international costs of doing business to exceed its comparable domestic costs. They may also require significant management attention and financial resources, either of which could have a negative effect on Yubico's business and results of operations.

Legal and regulatory risks

Yubico may be unable to adequately protect or enforce its intellectual property rights, and third parties have alleged and may in the future allege that Yubico is infringing their intellectual property rights.

The protection of Yubico's intellectual property, including its trademarks, copyrights, patents, domain names and trade secrets, is important to Yubico's business. Yubico seeks to protect its intellectual property rights by registering and maintaining trademarks and patents (in particular the trademarks YUBICO and YUBIKEY) as well as keeping trade secrets confidential. Yubico obtains services from an external advisor for assistance with the maintenance of its trademark portfolio. Yubico also relies on contractual measures to protect its proprietary rights when offering or procuring products and services, including confidentiality undertakings, and provisions assigning the intellectual property in relevant agreements, such as invention assignment agreements entered into with its employees and consultants.

In addition to its key trademarks, YUBICO and YUBIKEY, Yubico possesses intellectual property rights in the form of patents, even though these patents are not considered to be among the most important intellectual property assets for Yubico's business. Yubico's existing and future intellectual property rights may not provide Yubico with competitive advantages or distinguish its products and services from

those of its competitors. Yubico's intellectual property rights may be contested, circumvented or found unenforceable or invalid, and it may not be able to prevent third parties from infringing, diluting or otherwise violating them and Yubico may be required to expend significant time and expense in order to prevent infringement or to enforce its rights.

Third parties have historically asserted and may in the future assert that Yubico's products, technology, methods or practices infringe, misappropriate or otherwise violate their intellectual property or other proprietary rights. As the number of products and offerings from Yubico increase, and additional competitors to Yubico develop new technology, the risks of claims may increase. In addition, to the extent that Yubico gains higher visibility and market exposure, for instance due to the listing on Nasdaq First North Growth Market, Yubico faces an increased risk of being the subject of intellectual property infringement claims.

Specifically, Yubico has, similar to other companies in the industry, from time to time been contacted by third parties claiming that Yubico's products incorporate features and functionality covered by such third parties' patented technology. Yubico has been offered to license such patented technology, but Yubico has so far not engaged in any discussions or entered into any licensing agreements. Thus, there is a risk that such third parties may at some point initiate legal proceedings against Yubico for patent infringement.

However, regardless of their merit, claims that result in litigation could result in substantial costs by diverting the attention of management, causing significant delays in introducing new or enhanced services or technology, materially disrupting the conduct of Yubico's business and damaging its reputation and brand. As a consequence of any successful patent or other intellectual property claims, Yubico could be required to pay substantial damages and compensation for its prior use of the third party patented technology, seek licenses for alternative technologies from third parties or obtain a license from the third party claiming infringement, develop non-infringing technology or, in a worst case scenario, be required to stop selling or marketing the infringing products. Yubico may also be obligated to indemnify its customers or refund payments from customers. Any of the above risks could have a negative effect on Yubico's business, results of operations and financial condition.

Yubico uses open-source software in its service offerings, which is provided with limited or no warranties and could impose an obligation to share proprietary source code if certain open source software is used

Yubico uses open-source software in its software solutions and may use more open-source software in the future. From time to time, there have been claims challenging the ownership of open-source software against companies that incorporate open-source software into their service offerings. There is a risk that these licenses could be construed

in a way that could impose unanticipated conditions or restrictions on Yubico's ability to commercialize its service offerings. In addition, if Yubico was to combine its proprietary software with open-source software in a certain manner, it could, under certain of the open-source licenses, be required to disclose the source code of its proprietary software to the public, free of charge. This would allow Yubico's competitors to create similar services with less development effort and time. Yubico has implemented internal business controls and systems to control and surveillance its use of open-source software so that only appropriate open-source software is used by Yubico, to mitigate the above-mentioned risks. However, if Yubico uses open-source software in an inappropriate way, e.g. by incorrectly using or by a wrongful assessment permitting use of certain open source software, Yubico may be required to redesign its service offerings, pay damages for copyright infringement, be required to release the source code to proprietary software to the public free of charge, discontinue the use of certain open source software due to a breach of the licensing terms or discontinue the offering of some or all of its service offerings or take other remedial actions.

In addition to risks related to license requirements, usage of open-source software can lead to greater risks than use of third-party commercial software, as open-source licensors generally do not provide warranties or assurance of title or controls on origin of the software. In addition, many of the risks associated with usage of open-source software, such as the lack of warranties or assurances of title, cannot be eliminated, and could, if not properly addressed, negatively affect Yubico's business. Any of the above risks could have a negative effect on Yubico's business and financial condition.

A portion of Yubico's revenues is generated by indirect sales to U.S. federal agencies, which are subject to a number of challenges and risks

A portion of Yubico's revenues is generated by sales, through Yubico's distributor network, to U.S. federal agencies, and the Company may in the future increase sales to U.S. federal agencies. Sales to U.S. federal agencies are subject to a number of risks. Selling to federal agencies can be highly competitive, expensive and time consuming, often requiring significant administration, upfront time and expense without any assurance that Yubico will complete a sale. Government demand and payment for Yubico's products and services may be impacted by public sector budgetary cycles and funding authorizations, with funding reductions or delays adversely affecting public sector demand for Yubico's products. For purchases by the U.S. government, the government may require certain products to be manufactured in the United States and other high-cost manufacturing locations, and Yubico may not manufacture all products in locations that meet the requirements of the U.S. government.

The Transaction could have consequences for Yubico's relationships with U.S. government customers, including the risk that such U.S. government customers will decide to terminate their relationship with Yubico (pursuant to contractual rights included as standard form provisions in the U.S. government's contracts with its suppliers and sub-contractors). There is also a risk that U.S. federal agencies or committees could claim to have jurisdiction in connection with the Transaction, review the Transaction, and among other, require that filings or approvals is made.

Yubico is subject to the risk of its tax rate increasing, audits, tax disputes and changes in existing regulations or adoptions of new regulations

Yubico is subject to taxation in Sweden and several other jurisdictions, including federal, state and local tax jurisdictions (see also "*Risks associated with Yubico's international operations*"). During the financial years ended 31 December 2022 and 2021, Yubico's tax on profit for the year (as included in the income statement for the period) was SEK 35,083,000 and SEK -3,796,000, respectively. There is a risk that Yubico's understanding and interpretation of tax laws, tax treaties and other provisions, including with respect to income, sales and use, value added, deferred tax assets or liabilities and other taxes, are not correct in all respects. Yubico's tax expenses, deferred tax assets or liabilities and effective tax rate could also be adversely affected by changes in applicable tax laws and regulations, or their interpretation and application, including the possibility of retroactive effect. Tax authorities in the relevant jurisdictions could make assessments and decisions that differ from Yubico's understanding and interpretation of the aforementioned laws, tax treaties and other provisions, which may require Yubico to pay substantial additional tax, including penalties and interest, and could have a negative effect on Yubico's results of operations and financial condition. Also, ownership changes or other potential restrictions on carrying forward operating losses for tax purposes, could present a risk for Yubico's ability to utilize such losses or other tax attributes (as applicable). In recent years, tax authorities have also increased the focus on transfer pricing, which is also an area of high complexity. Transfer pricing related disputes often concern significant amounts and may sometimes take several years to conclude. Negative outcomes in transfer pricing related reviews and disputes may have a negative effect on Yubico's tax position. Yubico may also become involved in other tax disputes, tax audits and litigations of varying significance and scope. Such processes can lead to lengthy proceedings over several years and may require Yubico to pay substantial additional tax, which could have a negative effect on Yubico's results of operations and financial condition.

Yubico is exposed to the risk of legal actions and liability claims against it by customers or otherwise

In the ordinary course of business, Yubico may be involved in various litigation matters, including but not limited to commercial disputes and employee claims, and may from time to time be involved in governmental or regulatory investigations or similar matters arising out of Yubico's current or future business. Any claims asserted against Yubico, regardless of merit or eventual outcome, could harm Yubico's reputation and have an adverse impact on its relationship with customers and other third parties and could lead to additional related claims. Certain claims may seek injunctive relief, which could disrupt the ordinary conduct of Yubico's business and operations or increase Yubico's cost of doing business. Yubico's insurance or indemnities may not cover all claims that may be asserted against it. Should the ultimate judgments or settlements in any future litigation or investigation significantly exceed Yubico's insurance coverage, they could have a negative effect on Yubico's results of operations and financial condition.

Yubico's customers use Yubico's authentication solutions for purposes that are critical to their businesses, and as such, any errors, defects, security vulnerabilities and incidents could result in losses to Yubico's customers. Although Yubico seeks to limit recourse against it under its contractual terms, customers may either opt to seek compensation for losses they suffer or cease conducting business with Yubico altogether. Provisions typically included in Yubico's agreements with customers that attempt to limit Yubico's exposure to claims may not be enforceable or adequate or may otherwise not protect Yubico from liability or damages with respect to any particular claim. Even if ultimately unsuccessful, a claim brought against Yubico by any of its customers, such a claim could be time consuming, costly to defend and seriously damaging to Yubico's reputation and brand. This could make it harder for Yubico to sell its products and services and the loss of business or impact on brand reputation could have a negative effect on Yubico's business, results of operations and financial condition.

Risks related to Yubico's financial situation

Yubico is exposed to the risk of exchange rate fluctuations

Yubico is exposed to the risk of exchange rate fluctuations. Exchange rate fluctuations may have an adverse impact on Yubico's consolidated income statement, statement of financial position and/or cash flows. These fluctuations are a result of reporting Yubico's financial statements in Swedish kronor, which is different from the functional currency of some of Yubico's subsidiaries, its assets and liabilities being stated in different currencies and certain revenue and costs arising in different currencies. The recorded operating costs are mainly incurred in U.S. dollars, whereas certain costs, including salaries to employees in Sweden, are incurred in Swedish kronor. The sales are predominately denominated

mainly in U.S. dollars, although to some extent also in EUR. The results of, and the financial positions of, Yubico's subsidiaries are reported in the relevant local currencies and then translated into Swedish kronor at the applicable exchange rates for inclusion in Yubico's consolidated financial statements. Consequently, Yubico's results of operations and financial position are impacted by the value of Swedish kronor relative to other currencies. The value of the Swedish kronor relative to other currencies has varied significantly in the past and any significant fluctuations in the value of the Swedish kronor relative to other currencies could have a negative effect on Yubico's business, results of operations and financial condition.

Yubico may not be able to obtain loans at favourable terms, or at all

Yubico's operations have historically been financed primarily through its equity and/or operating cash flow. In addition, Yubico has entered into a credit facility agreement with AB Svensk Exportkredit under which Yubico, as of 30 June 2023, had outstanding debts of approximately SEK 45,500,000 plus interest. The credit facility is repaid in quarterly instalments with the final repayment falling due in December 2024. Yubico's capacity to service its debts and otherwise comply with its obligations under its loan agreement, including any financial covenants, and to, upon maturity, refinance its outstanding debt depends on, among other things, Yubico's future cash flows and financial condition. Additional financing needs may evolve for Yubico for several reasons, including due to research and development initiatives, mergers and acquisitions, geographic expansion, or because its operations were to be loss-making. There is a risk that financing will not be available for Yubico in the future on favourable terms or at all, which entails a risk that Yubico cannot implement its business plan in full or at all, or finance its ongoing operations, including if they were to be loss-making. If Yubico is not successful in obtaining loans at favourable terms or at all, it could have a negative effect on Yubico's business and financial condition.

Yubico is subject to credit risks

Credit risk means the risk of a counterparty in a financial transaction not fulfilling its obligations on the relevant day of maturity or at all. Yubico has some of its cash and cash equivalents placed in US banks, which exposes Yubico to a financial credit risk in relation to the US banking system and these banks. In addition, Yubico is exposed to a commercial credit risk in relation to its customers and suppliers, primarily related to claims on customers and advance payment to suppliers. If the financial conditions of any of Yubico's counterparties are worsened and it results in the counterparty not being able to fulfil its obligations towards Yubico in time or at all, it may have a negative impact on Yubico's financial position.

Risks related to the Transaction

The due diligence carried out by ACQ may not reveal all relevant considerations or liabilities in Yubico

ACQ has conducted a due diligence review of Yubico to confirm the value of Yubico and identify matters that could affect ACQ's willingness to make the Transaction. In this review, ACQ has relied on information provided by Yubico, as well as on investigations performed by third parties and by ACQ's own advisors. There is a risk that the due diligence undertaken has failed to reveal all relevant information for the evaluation of the Transaction, including with respect to the valuation of Yubico, or that the information received was incomplete, insufficient or inaccurate. If the due diligence review has failed to identify matters that are material in relation to Yubico's business, financial position or future prospects, or if Yubico's business is negatively affected by other factors outside of Yubico's control, for example related to the markets that the Company operates in, or general economic conditions, ACQ may have overpaid for the merger. It may not be possible for the Company to be indemnified for undiscovered liabilities under the merger agreement, and, if pursued, any such claims may have to be directed towards some of its largest shareholders which could severely harm its relationships with its owners and be counterproductive.

There is a risk that a directed issue of shares in ACQ and other share placings will not be successful and/or will be made at a substantial discount

The board of directors of ACQ intends to use its authorization from the extraordinary general meeting on 20 June 2023 to resolve upon issuance of new shares to be placed in connection with the Transaction. The placing is expected to also comprise shares in the Company that are sold to finance exercise of Yubico warrants and options by certain holders who are eligible to receive merger consideration in the form of shares. There is currently no subscription or guarantee undertakings in relation to such placing or other share placings to the benefit of ACQ, and such placing and other share placings may be unsuccessful or only possible to carry out at a discount, which may be significant, to the closing price of the shares in the Company on Nasdaq Stockholm. Any such share placings could cause a decrease of the market price of the shares in the Company and the directed share issue would dilute the economic and voting rights of the existing shares in the Company. The then-present market conditions are uncertain and the Company is not able to predict the level of demand for shares in the Company or the level of any discount. Thus, the shareholders of the Company will bear the risk of such future directed issue and share placing reducing the market price of the shares in the Company and/or diluting their shareholdings.

Risks related to the contemplated change of listing venue to Nasdaq First North Growth Market

ACQ intends to change listing venue from Nasdaq Stockholm (Main Market) to Nasdaq First North Growth Market. Nasdaq First North Growth Market is a multilateral trading facility (MTF) registered as a growth market for small and medium sized companies, in accordance with Directive 2014/65/EU of the European Parliament and of the Council on Markets in Financial Instruments, as implemented in the national legislation of Denmark, Finland and Sweden, operated by Nasdaq Stockholm Aktiebolag. Issuers on Nasdaq First North Growth Market are not subject to the same rules as issuers on a regulated market. Instead, they are subject to a set of less comprehensive rules adapted to smaller growth companies. The risk of investing in issuers that are listed on Nasdaq First North Growth Market is generally higher compared to an investment in an issuer that is listed on Nasdaq Stockholm (Main Market).

Change of financial reporting standards from RFR 2 to K3

ACQ's financial statements for the financial years 2021 and 2022 have been prepared in accordance with RFR 2 Accounting for Legal entities (RFR 2). Following completion of the Transaction, the group will prepare its consolidated financial statements in accordance with the Swedish Annual Accounts Act and BFNAR 2012:1 Annual Report and Consolidated Financial Statements (K3), which is the financial reporting standard currently applied by Yubico.

Financial information prepared in accordance with K3 is not necessarily comparable with information presented by other companies reporting in accordance with other reporting standards, such as IFRS and RFR 2. The fact that the group will not apply IFRS may make it more difficult for investors to evaluate Yubico as a potential investment and international investors may decline to invest in Yubico as they are not familiar with the accounting standards applied by Yubico and therefore view Yubico as a high-risk investment. These circumstances which may have an adverse effect on Yubico's ability to attract international investors and the share price.

Risks related to the shares in Yubico

The shares may decline and be volatile and investors may lose all or part of their investments

Prior to the Transaction, there was no public market for Yubico's shares, as Yubico's shares were subject to transfer restrictions, and there is no assurance that the shares in Yubico will actively be traded or that trading can be maintained. Investors may not be in a position to sell their shares quickly or at the market price if there is no active trading in the shares. The current shareholders of Yubico who are eligible to receive share consideration in the Transaction will enter or have entered into lock-up agreements, subject to customary exceptions, for periods of 365 or 180 days following closing of the Transaction, which may have a

negative effect on the liquidity of Yubico's shares. After the Transaction, the price of the shares may be subject to considerable fluctuation. In particular, the price of the shares may be affected by supply and demand for the shares, fluctuations in actual or projected results, failure to meet analysts' earnings expectations, changes in general economic conditions, changes in regulatory conditions and other factors. Moreover, the general volatility of share prices may create pressure on the price of the shares even if there is no reason for this in Yubico's operations or earnings potential. Yubico cannot assure that the market price of the shares will not decline and the shares may trade at prices significantly decrease, regardless of Yubico's actual operating performance. As a result, investors may not be able to resell their shares at or above the price at which they acquired shares in Yubico, or at all.

Future sales of shares in Yubico may affect the market price of the shares

Future sales of shares after completion of the Transaction, including shares after the expiration of lock up periods, may affect the market price of the shares. Bure Equity AB ("**Bure Equity**"), Stina Ehrensward and Mattias Danielsson will undertake, with customary exceptions, to the Company and SEB not to sell, or otherwise transfer or divest, their respective shareholdings in the Company during a period of 365 days following the date of completion of the Transaction. In addition, the other shareholders of Yubico who are eligible to receive share consideration in the Transaction have entered into undertakings to the Company and SEB, subject to customary exceptions, not to sell, or otherwise transfer or divest, their respective shareholdings in the Company (excluding any shares in ACQ held before the Transaction) during a period of 180 days following the date of completion of the Transaction. Shares in the Company that are not subject to any lock-up arrangements, as well as shares that are currently subject to lock-up arrangements, but which will expire at some time in the future, or which may be waived or terminated, will be available for sale. Sales of substantial amounts of shares following completion of the Transaction, or the perception that such sales could occur, could adversely affect the market price of the shares and may make it more difficult for shareholders to sell their shares at a time and price that they deem appropriate.

Warrants in the Company may lead to dilutive effects for the shareholders

There are 4,200,000 warrants outstanding in the Company that were subscribed for by Bure Equity in its previous capacity as a sponsor to ACQ Bure AB. The warrants can be exercised for subscription of shares no earlier than 1 April 2026 and no later than 1 April 2031, subject to the terms and conditions of the warrants, and each warrant entitles Bure Equity to subscription of one (1) share in the Company at a subscription price of SEK 130. However, under the terms and conditions for the warrants the Company has the right to demand that the number of

shares each warrants entitles to is recalculated such that the number of shares only represent the net value of the warrants (“net strike”), whereby subscription of shares shall be made at the share’s quota value instead of the full exercise price. Depending on the Company’s decision as to whether it opts for net strike or not, the dilution for existing shareholders may, at the time of exercise of all warrants, amount to a maximum of approximately 4.6%, based on the number of shares in the Company after completion of the Transaction (excluding any additional shares that are issued to be placed in connection with the Transaction). The warrants are subject to recalculation terms, which, *inter alia*, means that future dividends paid by the Company will lead to recalculation which will have the effect that the number of shares that the warrants entitle to will increase.

Yubico’s ability to pay dividends in the future may be constrained and depends on several factors

If declared by a shareholders’ meeting, shareholders in Yubico will be entitled to receive future dividends. Yubico’s board of directors has adopted a dividend policy pursuant to which Yubico intends to primarily use generated cash flows for Yubico’s continued expansion. Further, Swedish law limits Yubico’s ability to propose and declare dividends to certain funds legally available for that purpose. As the amount of future dividend payments Yubico may make, if any, will depend upon its dividend policy as well as its future earnings, financial condition, cash flows, working capital requirements and other factors, there is a risk that in any given year a dividend will not be proposed or declared.

Yubico’s future offerings of debt or equity securities may adversely affect the market price of the shares in Yubico and lead to substantial dilution of existing shareholders

In the future, Yubico may seek to raise capital through offerings of debt securities or additional equity securities. Shares in Yubico may also be issued upon the exercise of warrants and employee stock option programs that may be implemented in Yubico. An issuance of additional equity securities or securities with rights to convert into equity could reduce the market price of the shares in Yubico and would dilute the economic and voting rights of existing shareholders if made without granting subscription rights to existing shareholders. Because the timing and nature of any future offering will depend on then-present market conditions, Yubico cannot predict or estimate the amount, timing or nature of any future offerings. Thus, shareholders in Yubico bear the risk of any future offerings reducing the market price of the shares and/or diluting their shareholdings.

Investors with a reference currency other than Swedish kronor will become subject to certain foreign exchange risks when investing in shares in Yubico

Investors with a reference currency other than Swedish kronor will become subject to certain foreign exchange risks when investing in shares in Yubico. Yubico’s equity capital is denominated in Swedish kronor and all dividends on the shares in Yubico will be paid by it in Swedish kronor. Investors whose reference currency is a currency other than Swedish kronor may be adversely affected by any reduction in the value of the Swedish kronor relative to the respective investor’s reference currency. In addition, such investors could incur additional transaction costs in converting Swedish kronor into another currency. Investors whose reference currency is a currency other than Swedish kronor are therefore urged to consult their financial advisors.

U.S. and other non-Swedish holders of shares may not be able to exercise pre-emptive rights to participate in rights offers

Under Swedish law, holders of shares will have certain pre-emptive rights in respect of certain issues of shares, unless those rights are disappplied by a resolution of the shareholders at a general meeting or the shares are issued on the basis of an authorization to the board of directors under which the board may disapply the pre-emption rights. Securities laws of certain jurisdictions may restrict Yubico’s ability to allow participation by shareholders in such jurisdictions in any future issue of shares carried out on a pre-emptive basis in a rights offer. For example, shareholders in the United States may be unable to exercise any such rights to subscribe for new shares unless a registration statement under the U.S. Securities Act is effective in respect of such subscription rights and shares or unless an exemption from the registration requirements under the Securities Act is available. Shareholders in other jurisdictions outside Sweden may similarly be affected if the rights and the new shares being offered have not been registered with, or approved by, the relevant authorities in such jurisdiction. Yubico is under no obligation to, and no assurances are given that it will, file a registration statement under the Securities Act or seek similar approvals or relevant exemptions for the sale of securities under the laws of any other jurisdiction outside Sweden in respect of any subscription rights and shares, and doing so in the future may be impractical and costly. To the extent that Yubico’s shareholders in jurisdictions outside Sweden are not able to exercise their rights to subscribe for new shares in any future rights issues, shareholders who hold residency in non-Swedish jurisdictions may experience a dilution of their holding of Yubico’s shares. It is possible that such dilution is not offset by any compensation received in exchange for subscription rights.

Background and reasons

ACQ was listed on Nasdaq Stockholm in March 2021 and established on the initiative of Bure Equity. In connection with the listing of ACQ on Nasdaq Stockholm in March 2021, SEK 3.5 billion was raised for the purpose of acquiring an unlisted company. ACQ has focused on finding a target company within sectors and markets where Bure Equity is already active and has experience, and where the target company has potential to pursue long-term growth within its core business. Yubico meets all the investment criteria that were set in connection with the establishment of ACQ and ACQ believes it has strong potential to create value for the Company's shareholders over time.

For Yubico, the business combination with ACQ represents an important step in Yubico's continued development and is expected to promote future growth as a global authentication leader by increasing general awareness of Yubico, e.g. by increasing the ability to attract and retain key employees, customers and partners, as well as giving access to the Swedish and international capital markets. ACQ intends to change its listing venue to Nasdaq First North Growth Market in connection with the completion of the Transaction. ACQ considers that Nasdaq First North Growth Market provides better conditions, compared to Nasdaq Stockholm (Main Market), to complete the Transaction in view of the contemplated timetable for the Transaction, and that it is also a suitable listing venue for the Company at this current stage. The Company intends to seek a relisting on Nasdaq Stockholm (Main Market) within 12–18 months after completion of the Transaction.

Information regarding the Transaction

Description of the Transaction

On 19 April 2023, ACQ and Yubico signed a merger agreement and adopted a joint merger plan to combine ACQ and Yubico by way of a statutory merger under the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*), whereby ACQ will absorb Yubico. On 20 June 2023, the extraordinary general meetings of ACQ and Yubico respectively resolved to approve the Transaction and the adopted merger plan.

The Transaction values Yubico's shares at USD 800 million, corresponding to SEK 8,293 million¹⁾. The merger consideration consists of newly issued shares in ACQ and cash, whereby 58% of the consideration will be paid in shares and 42% in cash to holders of shares of Yubico outstanding at the time of registration of the merger (other than certain shareholders resident in certain foreign jurisdictions (including the United States) (the "**Ineligible Foreign Holders**")). An eligible holder of shares in Yubico will receive 2.9 ACQ shares and SEK 208.0 in cash for each Yubico share held by such shareholder.²⁾

In aggregate, a total of 49,797,085 ACQ shares and SEK 3,680 million in cash, plus cash payment to Ineligible Foreign Holders to be determined in connection with completion of the Transaction, will be paid as merger consideration.³⁾ Ineligible Foreign Holders will not receive ACQ shares but will instead receive the fair market value in cash of those ACQ shares to which such Ineligible Foreign Holder would otherwise have been entitled pursuant to the merger plan. A placing of ACQ shares is intended to occur in order to secure the obligation of the Company to effect cash payments to such Ineligible Foreign Holders in connection with the Transaction (see further in section "*Share capital and ownership structure – Directed share issue in the Company*").

The Transaction meets the requirements of a de-SPAC transaction, such that, following completion of the Transaction, ACQ will cease to be a special purpose acquisition company (SPAC) and instead be the parent company of the Yubico group, which will, in addition to the parent company, consist of the current subsidiaries of Yubico.

ACQ's current shareholders will hold approximately 40.6% of the shares and votes in the Company following completion of the Transaction.

Financing of the merger consideration

The cash portion of the merger consideration will be paid by ACQ's existing funds, which are currently blocked, and by use of cash from exercise of warrants and options in Yubico.

The remaining existing funds which are not used to satisfy payment of the cash portion of the merger consideration will be retained in the Company for working capital purposes to support the transition to the subscription-based model, see further in section "*Business description – Revenue model*".

The extraordinary general meeting of ACQ held on 20 June 2023 resolved to issue up to 51,759,560 shares in ACQ to satisfy payment of the share portion of the merger consideration. Based on the number of eligible holders of shares in Yubico, and the number of shares held by such eligible holders, which since then have been determined following the extraordinary general meeting, a total of 49,797,085³⁾ ACQ shares are expected to be issued as merger consideration.

1) Based on the average spot exchange rate in SEK/USD (approximately 10.37) during the period 11–14 April 2023, retrieved from the Swedish Central Bank (Sw. *Riksbanken*) published at <https://www.riksbank.se/en-gb/statistics/search-interest--exchange-rates/>.

2) The numbers have been rounded, the complete numbers are as follows. 2.897 ACQ shares will be received for each 0.57866 Yubico share, in respect of 57.866% of the total number of Yubico shares held by each shareholder, and SEK 208.000 will be received for each 0.42134 Yubico share, in respect of 42.134% of the total number of Yubico shares held by each shareholder.

3) Assuming that all outstanding and, at the time of completion of the Transaction, vested warrants and options in Yubico that were in the money based on the latest paid price of ACQ's shares on 1 September 2023 are exercised prior to the completion of the Transaction. Cash payment to US-based shareholders in Yubico to be converted from SEK to USD on or about 20 September 2023.

Responsibility statement from the boards of directors

We declare that, to the best of our knowledge, the information provided in the Company Description is accurate and that, to the best of our knowledge, the Company Description is not subject to any omissions that may serve to distort the picture the Company Description is to provide, and that all relevant information in the minutes of board meetings, auditor's records and other internal documents is included in the Company Description. The description of Yubico on page 24–33 has been prepared by ACQ and reviewed by Yubico's board of directors. Yubico's board of directors declares, to the best of its knowledge, that the information provided in the abovementioned pages is in accordance with the factual situation and that no information likely to affect its significance has been excluded.

ACQ Bure AB

The board of directors

Yubico AB

The board of directors



Market overview

Market overview

Yubico's market

Yubico operates in the market for advanced authentication, which is a submarket of the larger identity and access management (IAM) market. The IAM market is estimated to have a global market size of approximately USD 19.3 billion¹⁾ in 2023, primarily driven by the growth in digital identities and the need to secure access to devices, software services and data hosted online through cloud services. The advanced authentication market is estimated at almost a quarter of the total IAM market in 2023, with many organizations yet to implement advanced authentication.²⁾

With the continued rise in cyberattacks, modern security and authentication is a crucial capability needed in today's digital society to protect sensitive information and data. Most organizations and individuals rely on digital services for their everyday activities, and the need for strong security measures to safeguard against cyber threats have become increasingly important. The annual cost of cyberattacks is estimated at over USD 100 billion³⁾ and keeps increasing driven by the rise of the digital economy, geopolitical tensions and sophisticated cybercrimes.

Traditional cybersecurity tools are not always effective in protecting against modern cyberattacks and advanced identity security is becoming an increasingly important factor for trust between users and their digital ecosystems. Statistics say that 9 out of 10 cybersecurity breaches are caused by employee mistakes, such as use of stolen credentials, phishing or misuse.⁴⁾ In phishing attacks, an attacker baits users through email, phone calls, or text messages to disclose their login and identity information. Phishing emails, phone calls and text message attacks are evolving to become more convincing and realistic, allowing them to easily bypass basic and legacy security technologies. Attackers also steal login credentials through other techniques such as social engineering, in which attackers guess passwords based on personal identity data, such as name, date of birth, name of children, which might be available on social network platforms or alike.

IAM is an important series of cybersecurity controls for companies, authorities, and other organizations to protect their customers and employees from phishing attacks and stolen credentials. IAM tools manage the security of login methods, user accounts and permissions to ensure that only authorized individuals have access to sensitive information and data. The U.S. government has shed light on the importance of modern, phishing-resistant cybersecurity. In 2023, the U.S. government announced the National Cybersecurity Strategy which focuses on strategic investments and prioritizes cybersecurity research and development (R&D) for the next-generation technologies, which includes digital identity among the top five strategic pillars.⁵⁾

Single-factor authentication consists of sign-in options such as username and password. Basic MFA technologies include receiving a personal identification number (PIN) or passcode via text message or using mobile authenticator app. This type of MFA technologies are, per definition, more secure than single-factor authentication but they are still highly susceptible to phishing attacks, man-in-the-middle (MITM) attacks and account takeovers. A MITM attack is a type of eavesdropping attack where an attacker interrupts an existing digital conversation and puts themselves in the middle of the communication to obtain the other user's password, PIN or passcode.

Phishing-resistant MFA is defined by the National Institute of Standards and Technology (NIST) as "the ability of the authentication protocol to detect and prevent disclosure of authentication secrets and valid authenticator outputs to an imposter relying party without reliance on the vigilance of the subscriber" ... "for example, regardless of whether the subscriber was directed there via search engine optimization or prompted by email it is considered to be a phishing attack".⁶⁾ In conclusion, phishing-resistant MFA minimizes the risk of hacking due to individual employee mistakes.

1) IDC, *Market Insights on Advanced Authentication*, 2023.

2) Research shows 42% of European organizations rate poor password hygiene as the number-one identity and access challenge. IDC, *Market Insights on Advanced Authentication*, 2023.

3) Estimate based on the number of incidents and average cost, sourced from IBM Security, *X-Force Threat Intelligence Index*, 2022; Ponemon Institute and IBM Security, *Cost of a Data Breach Report*, 2022; Verizon, *Data Breach Investigations Report*, 2022.

4) Tessian, *Psychology of Human Error*, 2020; CISO-MAG, "Psychology of Human Error" *Could Help Businesses Prevent Security Breaches*, 2020.

5) The White House, The Biden-Harris Administration announces national cybersecurity strategy, 3 March 2023.

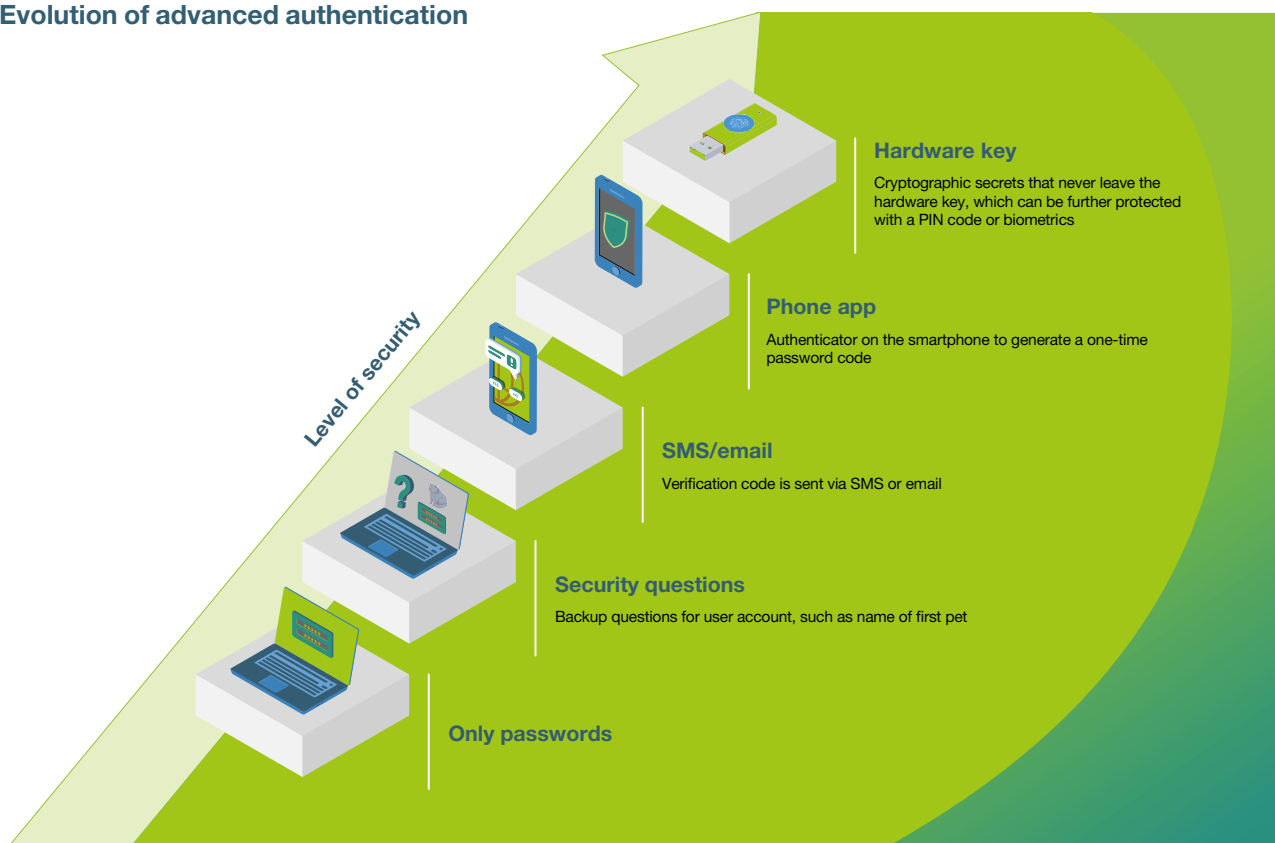
6) NIST, *Digital Identity Guidelines, Authentication and Lifecycle Management*, December 2022.

Advanced authentication solutions can address this security gap by using a physical security key that supports modern authentication standards and technologies, such as the YubiKey, which requires the user to combine a security key with a PIN or biometric input such as a fingerprint. An attacker cannot capture these inputs and therefore the system and the user are protected.

Yubico pioneered modern authentication and provides one of the most secure and advanced, phishing resistant authentication solutions, where a physical key in combination with a PIN code or biometrics solution can completely replace passwords. This makes changing passwords and password resets obsolete, enabling significant cost savings in information technology (IT) support.

The YubiKey supports multiple authentication protocols allowing it to be used across many applications and services, such as personal identity verification (PIV)/Smart Card, and one-time password (OTP). YubiKeys also support the industry-leading Fast Identity Online (FIDO) WebAuthn authentication standards set by FIDO Alliance, which develops open standards and promotes more secure and convenient MFA. WebAuthn is a standard that allows servers, applications, websites, and other systems to manage and verify registered users with phishing-resistant and passwordless authentication, such as a biometric or possession-based device authenticator. As one of the members of FIDO Alliance, Yubico works closely with partners such as Apple, Google and Microsoft as well as many others to further develop and promote the benefits of phishing-resistant MFA. Another factor that makes the YubiKey stand out amongst competition is that it is compliant with global and regional standards such as Federal Information Processing Standard (FIPS) 140-2, Certification de Sécurité de Premier Niveau (CSPN) and FIDO level 2.

Evolution of advanced authentication



Size and growth of Yubico’s market

Market size

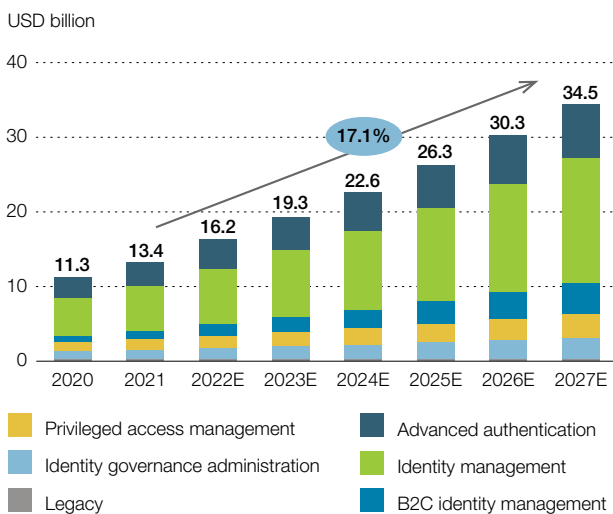
The estimated value of the global IAM market was USD 13.4 billion in 2021 and is expected to grow by approximately 17.1% per annum between 2021 and 2027.¹⁾

The market for identity and access management can be split into six subsegments (where Yubico is operating within the advanced authentication segment), comprising²⁾:

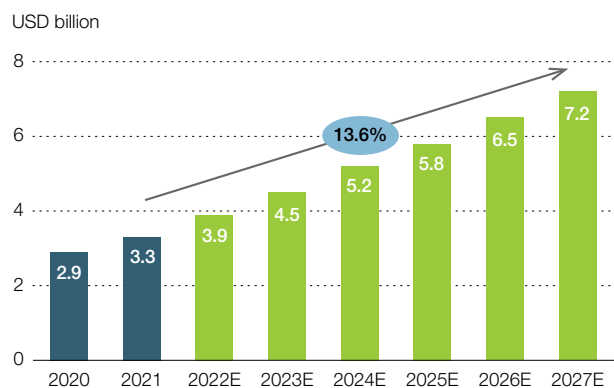
- (a) **Advanced authentication:** The advanced authentication submarket includes sophisticated methods of authenticating a user and comprises solutions such as hardware tokens supporting any sort of plug or proximity networking protocols, software tokens stored in a computer security chip or a smart device enclave, and PIV and common access cards systems developed for financial and government use based on Smart Card readers. This submarket also includes authentication solutions based on biometric reading technology, which also can leverage open and advanced standards, such as WebAuthn, to enable direct authentication in web browsers.
- (b) **Identity management:** The identity management submarket includes most of the activities associated with what is referred to as the “joiner/mover/leaver processes”, which include identity domain controllers or directories, basic authentication technologies, resource access authorization capabilities, automated policy provisioning features, limited user behavioral tracking systems and single sign-on (SSO) for workforce identities in an organization.

- (c) **Business to customer (B2C) identity management:** The B2C identity management submarket, also known as customer identity and access management (CIAM), includes basic authentication and access capabilities and is intended to serve consumers or customers rather than employees or partners. B2C identity management differs from business to employee (B2E) and primarily includes authentication capabilities separate from those users would experience within a similar workforce solution. The solutions in this segment focus on helping consumers buy a company’s goods or services whereas business to business identity management focuses mainly on providing consumers best in class login experience with a high level of security.
- (d) **Privileged access management (PAM):** The PAM submarket comprises identity technologies that track, monitor, and report what users with extended access rights, such as administrators or superusers, are doing with their privileged accesses, which is primarily a B2E identity solution. The market also includes technologies for providing restricted password vaults and ephemeral or just-in-time credentials.
- (e) **Identity governance administration:** The identity governance administration submarket includes software technology for the management of the whole identity lifecycle, generally after user onboarding through identity management. Many governance solutions are used to grant access approvals after employee roles have changed. This submarket primarily comprises B2E identity solutions but may grow and extend the product logic to consumer solutions.

Global identity and access management market, from 2020 to 2027³⁾



Global advanced authentication market, from 2020 to 2027⁴⁾



1) IDC, *Market Insights on Advanced Authentication*, 2023.
 2) Descriptions based on IDC, *Market Insights on Advanced Authentication*, 2023.
 3) IDC, *Market Insights on Advanced Authentication*, 2023.
 4) IDC, *Market Insights on Advanced Authentication*, 2023.

- (f) **Legacy:** The legacy submarket includes older identity management solutions stemming from the system, rather than the network, access which can typically be found on timesharing, also referred to as mainframe, platforms, or as an extension to databases. There are few new license sales in this space and most solutions are simply generating maintenance revenues and are expected to do so for several years.

Within the IAM market, the submarket advanced authentication, where Yubico operates, was estimated to be approximately USD 3.3 billion in 2021 and is expected to grow with approximately 13.6% per annum from 2021 to 2027.¹⁾ Yubico is one of the key players in the advanced authentication market and Yubico's innovative solutions are generally being adopted faster than the overall market, driven by the increasing need for effective security measures to protect against sophisticated cyberattacks that can bypass the traditional identity security controls.

Yubico's market split by geography and authentication spending by industry

Authentication solutions are bought across all industries and geographies and are also purchased by consumers. Geographically, the U.S. market for advanced authentication was the largest market in 2021 with an estimated market size of USD 1.8 billion, corresponding to approximately 54.1% of the global advanced authentication market. The European market was estimated as the second

largest market in 2021 at approximately USD 0.8 billion, corresponding to approximately 25.0% of the total market. Geographical markets with strong growth include Latin America and the US, with expected annual growth rates of approximately 19.7% and 16.3% respectively from 2021 to 2026.²⁾

The industry verticals financial services, public administration, IT, and healthcare are among the leading buyers of authentication solutions. The financial services and the public sector are verticals driving adoption as these sectors are highly regulated and subject to high security requirements, such as the U.S. Homeland Security Presidential Directive 12 (HSPD-12) which requires all U.S. government agencies to utilize PIV compatible Smart Cards to authenticate employees in official information systems.³⁾ The U.S. executive order (EO 14028 and subsequent M-22-09 memo) mandate government agencies to implement phishing-resistant MFA as part of deploying Zero Trust Architecture. By 2026, the industry verticals expected to spend most on authentication are the financial services sector with approximately USD 0.9 billion, professional services⁴⁾ with approximately USD 0.8 billion, and the public sector with approximately USD 0.6 billion. The largest growth rates for authentication spending are expected in the sectors financial services, professional services, retail, and investment services with annual growth rates between 2021 and 2026 ranging between approximately 15.6% to 18.6%.⁵⁾



1) IDC, *Market Insights on Advanced Authentication*, 2023.

2) IDC, *Market Insights on Advanced Authentication*, 2023.

3) National Security Agency, *Selecting Secure Multi-factor Authentication Solutions*, October 2020.

4) Professional services defined as companies providing services or expertise rather than a manufactured concrete product, including service providers within areas such as IT, accounting, audit, consulting, tax and legal advisory to name a few.

5) IDC, *Market Insights on Advanced Authentication*, 2023.

Market trends

There are several market trends driving growth in the advanced authentication market, including:

Increasing sophisticated cyberthreats and limited effectiveness of traditional cybersecurity tools

Given that hackers can bypass traditional network fire-wall-based security controls, regular email and mobile phone text spam and phishing filters, or compromise text messages and phone push based authentication, organizations are increasing their spend on strong identity security controls and further accelerating the shift to more advanced authentication models. Moreover, geopolitical instability is exacerbating the risk of significant cyberattacks according to World Economic Forum that states in its Global Cybersecurity Outlook report for 2023 that over 93% of cybersecurity experts and 86% of business leaders believe that geopolitical instability will lead to a far-reaching, catastrophic cyber event likely in the next two years.¹⁾

Regulatory and compliance requirements

Regulatory and compliance requirements drive the adoption of identity security tools. Further, increased press coverage on hacker attacks and non-compliance creates increased reputational risk and drives adoption of identity security solutions. In 2021, the U.S. Federal Financial Institutions Examination Council (FFIEC) issued guidance driving compliance requirements for effective authentication and access risk management principles and practices for customers, employees, and third parties accessing digital banking services and information systems. The FFIEC guidance has recommended banks and financial institutions to consider strong authentication, such as MFA solutions using hardware and cryptographic factors, that can mitigate risks associated with unauthorized access to information systems for high-risk users. Yubico provides advanced authentication solutions that directly address the FFIEC compliance requirements.

The increasing shift to advanced authentication in the workforce

Companies are increasingly expanding advanced authentication solutions to their customers. According to Yubico, some companies such as banks are issuing YubiKeys to their customers such as high net worth individuals to protect such customers from fraud related to password compromises. Additionally, cloud providers such as Amazon Web

Services offer the YubiKeys to their customers.²⁾ Historically, advanced authentication was typically reserved for privileged internal users, such as system administrators and company leaders, but is now being rolled out to the full workforce, often including partners, contractors, and customers' customers according to Yubico.

Shifting login models toward user experience and passwordless

Companies are independently exploring new login models, such as Zero Trust (security framework requiring all users to be authenticated and authorized before being granted access to applications and information) based on context and risk, which requires IAM platforms that support integration, logins, and export to other platforms, such as user behavior analytics. Additionally, users are expecting seamless and secure login experiences for a convenient user experience.

Cloud and remote work

There is an ongoing shift to hybrid and multi-cloud solutions, which complicates pure perimeter-based security models and increases the need for identity-based security mechanisms, and boosts the attractiveness of cloud-delivered IAM, creating an urgency to upgrade legacy IAM tools. The shift to public cloud services, which increased by 21% in spending in 2023³⁾, from traditional systems isolated on-premise, makes systems accessible from remote locations, which increases the risk of unauthorized access. Additionally, remote work has led to increased use of mobile devices for work, which can put companies' information at risk of being lost or stolen. The risk of unauthorized access through lost devices can be prevented by MFA, even if a mobile device falls into the wrong hands.

Trend towards environmental, social, and governance (ESG)

A cybersecurity company, such as Yubico, addresses one of the global challenges defined by the United Nations Sustainable Development Goals (SDG) by contributing to the process of building a more resilient cyber infrastructure, which is in line with SDG no. 9. Moreover, advanced authentication supports institutions and companies to be able to access information in a manner that is effective, accountable, and transparent, which is consistent with the United Nations SDG no. 16.

1) World Economic Forum, *Global Cybersecurity Outlook 2023*, January 2023.

2) Amazon, *Protect Yourself online with a Free Multi-Factor Authentication Key*, 2023.

3) Gartner, *Gartner Forecasts Worldwide Public Cloud End-User spending to reach Nearly \$600 Billion in 2023*, 31 October 2022.

Competitive landscape

Overall key competitors (coopetition) in the advanced authentication market include Duo, Fortinet, Microsoft, and Okta. According to the Company, the competitors in the market can be split into three key archetypes:

- 1. Pure play advanced authentication providers**, such as Yubico, with a focus on advanced authentication and a passwordless user experience. Such companies offer a type of MFA security solution that involves the use of hardware security keys to provide an additional security layer when accessing accounts and services. Leading products of these providers offer biometric and near field communication based (NFC) solutions for an, even more, user-friendly and secure passwordless experience. Few players of this type offer products beyond the hardware. Examples of additional offerings include advanced hardware key manufacturing, distribution to individuals and companies, and integration with other identity security solutions via partnering and interoperability. Customers value the highest degree of security from best-of-breed solutions. With an extensive integration portfolio, full control over firmware, a secure supply chain, and advanced services, Yubico is a strong player in this segment.
- 2. Broader identity solution providers** offer mobile phone message or mobile phone push-based MFA solutions. These providers have larger and more bundled portfolios of broader cybersecurity and identity security solutions. The majority is focused on SSO, which is a single set of credentials or single login across applications, with a mobile phone, email, and text message-based MFA. Providers in this category are focused on providing SSO across a wider range of applications and devices. Companies in this category include Duo, Fortinet, Microsoft and Okta.
- 3. Traditional authentication providers** offer early-generation login security solutions such as physical dongle tokens authentication solutions with a small display that shows the generated codes for the login. This category also includes PIV and common access cards systems developed for financial and government use based on Smart Card readers. Highly secure solution but with more complex infrastructure requirements.



Overview of the competitive landscape

Categories of competition	Pure play advanced authentication providers	Broader identity solution providers	Traditional authentication providers
Description	MFA solutions typically involving hardware-based products with focus on passwordless experience. Leading products generally offer biometric or NFC solutions for an even more user-friendly experience	Bundled portfolios with broader cybersecurity and identity security solutions, with the majority focused on SSO	Early-generation login security solutions, including PIV and common access cards systems
Hardware/software focus	Hardware	Software	Hardware
Product example	Hardware security keys (such as the YubiKey)	SSO with a mobile phone, email, and text message-based MFA	Physical dongle tokens with small displays showing generated login codes

Note that Yubico belongs to the category of pure play advanced authentication providers but also covers the category of traditional authentication providers due to the multi-protocol functionality of YubiKeys. This enables customers to cover their legacy needs while they transition to more modern authentication solutions. Yubico expects the competitive landscape to develop in line with the rest of the cybersecurity market, with both best-of-breed products and bundled solutions co-existing, and with a limited number of new entrants in the established markets. Best-of-breed products and less secured bundled solutions can co-exist as customers have varying degrees of security demands, often dependent on type of industry and operations. With the broader IAM market being approximately four times larger than the advanced authentication market, there are several adjacent and large segments to grow into. Additionally, there are still many companies not using advanced authentication¹⁾, providing ample room for growth within the segment. Modern authentication solutions are expected to disrupt the market in favor of players such as Yubico.

The advanced authentication market is characterized by three pronounced entry barriers:

- **Long-term trust and reputation:** Chief information security officers look for established and proven solutions for critical authentication control. Yubico has been active in the market for over 15 years and is regarded as one of the most advanced and secure authentication solution providers, having established itself among leading technology companies with high-security needs. Yubico’s hardware keys are phishing-resistant and have a proven track record. For a new player, it would likely take years to develop a similar market trust and reputation.

- **Highly secure advanced technology:** Requires deep expertise in multiple areas, such as secure hardware chips, biometrics, identity management, advanced authentication, and industry-leading security protocols such as FIDO2/WebAuthn, U2F, and PIV.
- **Integration with the broader identity ecosystem:** Yubico has worked with technology partners and industry associations since the Company was established and is one of the members of the FIDO Alliance, which is developing industry standards and promoting phishing resistant MFA, which creates a clear advantage that takes time to replicate. Moreover, Yubico has been working closely with partners such as Apple, Google, and Microsoft, and identity security providers on integration capabilities to cater to customer needs together.

Additionally, Yubico has created strong company-specific moats including its reputation for providing a secure solution, full control over its supply chain in relevant aspects with manufacturing in Sweden and the US, and certifications such as meeting cryptographic module standard FIPS 140-2 and digital identity guideline NIST 800-63B.



1) Research shows 42% of European organizations rate poor password hygiene as the number-one identity and access challenge. IDC, *Market Insights on Advanced Authentication*, 2023.



Business description

Business description

Overview of Yubico

Yubico is a global cybersecurity company headquartered in Stockholm, Sweden and Santa Clara, CA, USA, providing advanced authentication solutions that prevent account takeovers. Yubico's overarching mission is to make the internet more secure for everyone by removing the root cause of most cybersecurity intrusions; stolen credentials, which cause 9 out of 10 cybersecurity intrusions, often through phishing attacks.¹⁾ Yubico's core product, the YubiKey, is a multi-factor authentication (MFA) hardware token ensuring that only authorized users have access to sensitive accounts and systems. The authentication solution encompasses an extensive portfolio of proprietary technologies, with production lines in Sweden and the United States. To date, YubiKeys have been sold and deployed in around 160 countries worldwide.

MFA solutions have existed for decades; however, not all MFA is created equal. Traditional or basic solutions have often been hard to use, expensive, and companies have had to compromise between security requirements and convenience for their employees. What makes Yubico stand out is its value proposition of both high security and ease of use.

Yubico has been pioneering innovation in the advanced MFA space for over a decade. By creating and evolving the best and most innovative open standards for authentication solutions, software development kits (SDKs) and implementation of secure authentication, Yubico has become one of the most highly regarded companies in the sector.

The YubiKeys have been adapted to relevant government regulations, including the American Federal Information Processing Standard (FIPS) and the French/European Certification de Sécurité de Premier Niveau (CSPN). These certifications are also part of Yubico's work to lead open authentication standards. Thanks to the open standard strategy, YubiKeys are flexible and easy to use with virtually all computer and mobile operating systems and the product has more than 800 verified partner integrations.

Yubico has established a strong track record where no accounts protected by YubiKeys are known to have been hacked to date. The YubiKey supports both modern and legacy systems, being compatible with multiple authentication protocols, including FIDO2/WebAuthn, Universal 2nd Factor (U2F), PIV/Smart Card, and One-Time Password (OTP). This enables and makes it easier for enterprises with complex backends to implement the solution. The combi-



1) Tessian, *Psychology of Human Error*, 2020; CISO-MAG, "Psychology of Human Error" Could Help Businesses Prevent Security Breaches, 2020.

nation of open standards, an extensive integration database (achieved through more than 800 verified partner integrations), support for multiple authentication protocols and a wide partner network allows for an almost universal fit for the YubiKey with enterprise system environments.

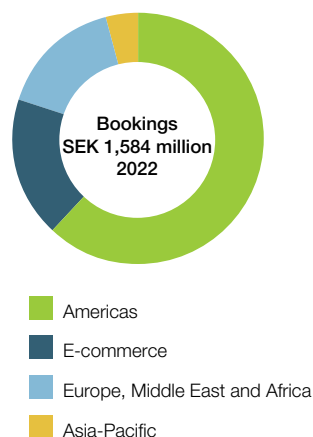
Yubico has achieved a distinctive position in the U.S. technology sector with several of the major technology companies in the world, including Amazon, Google, and Microsoft, using YubiKeys to protect staff and sensitive information from cyberattacks. In the last few years, Yubico has not only continued to grow its footprint across technology companies, but it has also been able to grow and diversify its customer base to broad industry verticals, such as financial services, manufacturing, retail, governments and the wider public sector. As of the end of 2022, more than a quarter of all G2000¹⁾ companies had purchased YubiKeys.

Yubico's products and services are primarily sold to enterprises, but the YubiKey is an attractive proposition also for small to medium-sized businesses (SMBs) and security-conscious consumers. While large account enterprise sales are managed by the Yubico internal sales force, the consumer and SMB market is predominantly served at scale through e-commerce and a worldwide distributor and reseller network.



The below chart shows Yubico's bookings in 2022 split by geography.

Share of bookings 2022 by geography



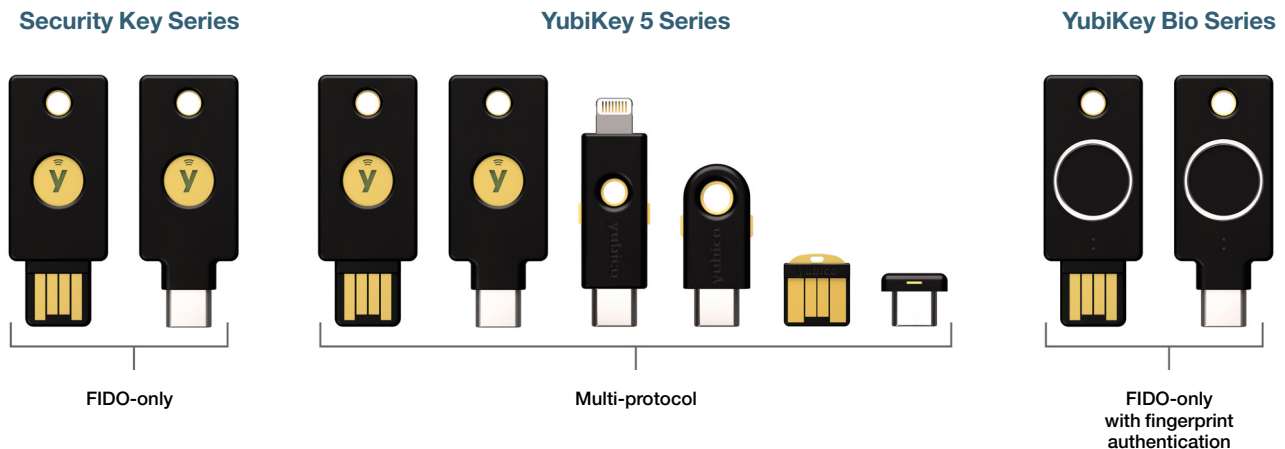
YubiKeys have historically only been sold with a one-time payment offering, also known as the perpetual model, which gives the customer ownership of the hardware. Since 2020, Yubico has also offered a subscription-based model, in which it assumes a larger overall responsibility and retains ownership of the hardware. Since launch, the YubiKey subscription offering has grown to account for 15% of bookings in 2022. The enterprise proposition includes an enterprise portal, YubiKey international delivery which offers, support, extended warranty and professional services. Yubico aims to increase sales of the subscription-based model going forward, while still keeping the perpetual alternative.

Yubico's marketing and sales team works continuously to attract new clients in both existing and new markets, as well as expanding within current accounts. Yubico has historically shown strong growth with existing customers. For example, annual bookings in USD for the cohort of top 25 customers in 2017 grew by a CAGR of 32% between 2017 and 2022. As previous customer experience shows, many customers expand their use of YubiKeys from internal use to a larger part of the value chain, for example to vendors, consultants and to their own customers. This extension of enterprise use cases beyond the internal organization is a big opportunity for future growth and has the potential to become a major source of revenue.

1) 26% of the G2000 companies. Forbes Global 2000 list ranks the largest companies in the world using metrics including sales, profit, assets and market value.

Yubico's offering

Overview of the main hardware product families



Yubico's core product portfolio encompasses several hardware product families; the YubiKey 5 series, the YubiKey Bio series and the Security Key series, supported by an extensive service package. Moreover, Yubico has a comprehensive enterprise offering, consisting of YubiEnterprise Subscription and YubiEnterprise Delivery, that simplifies international deployment and handling of YubiKeys.

The YubiKey 5 Series

The YubiKey 5 Series is a hardware-based authentication solution that provides protection against account takeovers and supports multiple protocols, including existing Smart Card, OTP, FIDO U2F/2, and WebAuthn. The YubiKey is easy to use, fast and reliable, and is proven at scale to significantly reduce IT costs and eliminate account takeovers. The YubiKey multi-protocol support streamlines authentication for companies with multiple systems that use different authentication standards.

The YubiKey Bio Series

The YubiKey Bio Series, built primarily for desktops, combines Yubico's hallmark hardware security with fingerprint on device authentication. It offers a secure passwordless experience and second factor login together with strong biometric authentication.

The Security Key Series

The Security Key Series combines hardware-based authentication, public key cryptography, and the FIDO2/WebAuthn and FIDO U2F protocols to eliminate account takeovers. There are four security keys within this series, meeting the needs for consumers as well as for enterprises. The Security Key series works out of the box with hundreds of services already supporting FIDO2 and U2F authentication protocols including personal Microsoft accounts (for passwordless login), Dropbox, Facebook, Google, Twitter, a growing list of password managers, and many more FIDO2 and U2F compatible services and applications.

YubiHSM

YubiHSM ensures secure hardware cryptographic key storage and operations for applications, servers and computing devices while eliminating the cost and complexity of traditional Hardware Security Modules (HSM). Traditional rack-mounted and card-based HSMs are not practical for many organizations as they relate to issues with accommodating the HSM's size, deployment complexity and cost. Moreover, cryptographic keys stored in software are susceptible to hackers and malware attacks. With Yubico's HSM solutions, organizations get enterprise-grade, high cryptographic security and operations without the traditional HSM price tag. Organizations can easily secure servers, applications, databases, assembly lines, Internet of Things and Industrial Internet of Things devices, cryptocurrency exchanges and more with the YubiHSM. Additionally, the YubiHSM is small and fits easily into a USB slot on computers and servers, which allows fast and flexible deployment across diverse environments.

Supporting YubiKey Services

The YubiKeys are supported by several services including the Yubico Authenticator app and Software Development Kits (SDK). The Yubico Authenticator is a software-based solution for authenticating users of software applications on desktop and mobile phones. In most other authenticators, the OTPs that are used to authenticate the user's accounts are stored on the user's mobile phone or computer, which can be compromised or stolen, whereas the Yubico Authenticator stores the credentials in the secure element of the YubiKey and cannot be extracted from the YubiKey. The SDKs facilitate a smooth integration with customer applications, offer seamless in-app experiences, reduce app development time through enterprise-grade SDK integrations and consistent security posture through cross-platform support.

YubiEnterprise Services

Yubico offers two services to its enterprise customers, YubiEnterprise Subscription and YubiEnterprise Delivery, which enable flexible purchasing and efficient delivery of YubiKeys, globally and at scale. They are independent but complement each other depending on the customer situation and business needs.

YubiEnterprise Subscription

YubiEnterprise Subscription service offers customers to license keys on a per-user based subscription. This simplifies acquisition and roll-out of phishing-resistant authentication through the YubiKeys for organizations with 500 users or more, with future-proof flexibility and with additional cost savings. Subscription customers are automatically entitled to a web-based interface that helps organizations easily view orders, shipments, inventory status and a wide range of other information that helps with enterprise deployment and planning. Subscription customers are also eligible to purchase additional services and product offerings.

YubiEnterprise Delivery

The YubiEnterprise Delivery is a cloud-based service that streamlines the distribution of YubiKeys to end-users, serving both domestic and international locations including residential addresses. Yubico ships keys to close to 50 countries and the Company also uses partners to ensure shipment of YubiKeys to most countries worldwide.

Business model

Go to market model

Yubico's sales and go to market strategy has been to build accounts from a smaller group of influential privileged users, expanding from the initial footprint to other user groups and use cases. Part of this success comes from early adopters of IT security solutions buying YubiKeys online for testing, and then influencing the company internally to increase cybersecurity protection. By then, the IT department has already tested the keys and are able to guide the organization and decision makers into a larger deployment of YubiKeys. The easy access of buying keys simplifies the decision process and is part of Yubico's go to market motion. In recent years, the time between the first deployment and the expanding use cases has become gradually shorter. The current go to market approach focuses on addressing larger deployments from start, a strategy that has been successfully enabled by the subscription model that offers enterprises purchasing flexibility to buy and deploy and ramp-up aligned with internal requirements and changing needs.

Sales channels

Yubico uses a combination of direct and indirect sales channels, and the sales approach is adjusted depending on account size, Yubico's market presence and target industry. For the largest enterprises and strategic accounts, Yubico uses a direct sales channel approach with a high-touch sales model and direct fulfillment. For medium-sized enterprises, Yubico uses a combination of direct-touch sales and



partner fulfillment. Small businesses and consumers are handled through Yubico's e-commerce and local resellers. In the US, the direct sales channel has been the primary approach, except for the public sector that traditionally relies on an approved reseller structure. In the rest of the world, an indirect sales model is applied supported by Yubico's sales representatives and channel team. Since 2022, Yubico has been developing the U.S. channel set-up to better serve small and mid-sized companies at scale.

Yubico's sales team consists of approximately 100 employees, including sales representatives, channel partner managers, customer success managers and professional services personnel. This team is tailored to engage with customers across all industries and all countries through a regional setup. Yubico's indirect sales network consists of approximately 40 selected distributors with a total network of several thousands of resellers globally. Yubico views channel partners as a critical extension of its own salesforce and has a well-developed channel program that enables partners to easily learn, sell, and deliver Yubico's solutions to customers.

Revenue model

The YubiKeys have historically been sold on a perpetual basis, but over the last two years Yubico has been expanding its business through a subscription-based model. There are several reasons for launching the subscription offering, including new ways for Yubico to deepen customer relationships and extend revenue over time, but also to offer an alternative that can reduce the customer's buying barriers and create incentives to choose to secure a larger share of employees already in the initial deal.

The perpetual revenue model is based on that the customer makes a one-time purchase of a YubiKey with an upfront payment, which gives the customer sole ownership of the hardware. The main hardware product families vary in price between USD 25 and USD 90 depending on security classification and features. Key benefits for the customer related to the perpetual model include that it is a one-time capex investment and low commitment which makes it an attractive alternative, especially for customers who want to try the YubiKeys at a smaller scale first. This is a purchase model commonly used and preferred by larger technology companies. For Yubico, this implies a fast transaction while receiving an upfront payment, no long-term customer commitments, and an important initial sales step allowing testing before larger deployments.

The subscription offering is available on multiyear terms, 3, 4 or 5 years, is either paid for annually or through an upfront payment and entails that the hardware is provided as a service with Yubico retaining ownership of the hardware. Benefits for the customer include a lower cost of entry, high degree of customization, faster rollouts, flexibility both in terms of YubiKey form-factor choice over time and possibility to adjust the number of users as the employee base evolves, and extended warranty throughout the contract period. The subscription offering, with its high degree of

flexibility, is popular with government agencies and it has grown significantly within this segment. The subscription-based model allows for continuous customer touch-points throughout the customer journey, increasing customer retention and loyalty. It results in predictable revenues phased over the contract length and allows Yubico to grow revenue in the immediate customer organization as well as to the customer's third-party partners and, ultimately, their customer base if applicable. This expands Yubico's addressable market in existing accounts, offering a faster path to growth compared to signing new customers. Thus, Yubico aims to increase sales of the subscription-based model going forward, while still keeping the perpetual alternative. The subscription model is offered through all sales channels, except e-commerce, and is currently available for deals larger than 500 users. The direct sales team as well as the indirect sales channel of selected distributors work actively on optimizing customer engagement and sales based on account size, geography, and industry.

Customer base and case studies

Customer business drivers

Data breaches are one of the biggest threats to businesses today and the leading cause is stolen credentials. The underlying business drivers and the need for Yubico's solutions can be summarized in three categories, (i) maximize security, (ii) modernize MFA and (iii) achieve compliance, as new rules and regulations apply. Maximize security includes drivers to prevent account takeovers, secure supply chain and replace less secure MFA solutions. The modernized MFA category includes drivers to improve user experience, increase productivity, reduce cost, and enable digital transformation. Achieve compliance comprises being compliant with various standards and certifications such as FIPS, Sarbanes-Oxley Act (SOX) and General Data Protection Regulation (GDPR).

Yubico's customers use YubiKeys for different situations. Typical use cases are securing privileged account users such as IT, human resources and management, securing call centers, protecting shared workstation users, and enabling remote workforce. Other typical use cases are improving user experience and security for office workers, protecting corporate system access by third parties and safeguarding Yubico's customers' end customers.

Customer base

Yubico's products secure access to computers, networks and online services for thousands of businesses and millions of users in over 160 countries globally. Yubico's customer base includes 19 of the 20 largest technology platforms in the U.S. and approximately 26% of the G2000 companies have purchased YubiKeys. Historically, Yubico's largest customer industry has primarily been global technology companies, including companies such as Amazon, Atlassian, eBay, Google, Microsoft, Okta, Salesforce and Twitter. Over time, Yubico has attracted more customers

from other industry verticals such as financial services, manufacturing, retail, and governments agencies, including CERN, Coinbase, Dyson, Hyatt, Novartis, Schneider Electric, and the State of Washington to name a few. In 2018, clients in the technology sector accounted for 57% of bookings (excluding bookings related to e-commerce), while in 2022 the technology sector was 40% of bookings (excluding bookings related to e-commerce). Moreover, the U.S. has been the largest region historically but the share of customers from other parts of the world is growing and the largest markets outside the U.S. are the DACH region (Germany, Austria, and Switzerland) and the UK.

Google case study

One of Yubico's early influential customers is Google, who contacted Yubico in 2009 to help them remedy the situation where Google was the target of sophisticated cyberattacks capable of circumventing traditional security controls and lacked viable authentication options. At the time, Google was using an authentication app, which proved to be vulnerable to phishing and targeted hacker attacks. To solve the problem, Google decided, after thorough testing, to make YubiKeys the single and mandatory authentication method for all employees. Since this deployment of YubiKeys at Google, no accounts protected by YubiKeys are known to have been hacked. In addition, according to Google's own calculations, the implementation of YubiKeys made their staff login process four times faster than before and created significant savings in IT support thanks to a 92% reduction in password-related support tickets.

Forrester Total Economic Impact™ study

In 2022, Yubico commissioned Forrester Consulting to conduct a Total Economic Impact™ study and examine the potential return on investment (ROI) enterprises may realize by deploying YubiKeys. Forrester Consulting interviewed security leaders from organizations using YubiKeys across their user bases who reported that YubiKeys eliminated risk of phishing and credential theft, drove business growth through improved security levels and reputation, and improved productivity and user experience across the organizations. Forrester Consulting's study concluded that an investment in YubiKeys gave a ROI of c. 200% and that the investment was paid back in 11 months.

Technology and product differentiation

High security often comes with the trade-off of high complexity. The vision and motivation behind the invention of the YubiKey was to combine high security with ease of use. With increased threat levels and increasing complexity of services, there is an even higher demand for secure and future-proof technologies with simplicity in implementation and user experience.

Yubico's products are built on state-of-the-art secure elements, used for the majority of Smart Cards, payment cards and passports, providing best in class protection against unauthorized access. The design of the YubiKey

minimizes the attack surface, by moving storage of cryptographic keys and secure processing away from the computer and into an external dedicated hardware authentication device. In today's highly complex systems, this is becoming increasingly important. Additionally, the products are designed with respect for its customers and the environment. This is taken into consideration with how YubiKeys are produced, making them crush and water resistant, and do not need batteries. The YubiKeys are also characterized by long lifespan and can be used for several years before replacements are needed.

There are four areas of differentiation that underpin Yubico's value proposition of high security and ease of use, and its position as thought leader within authentication technology.

World class innovator

Yubico has been a leading actor of innovation in the authentication space for one and a half decades. The Company works with creating and evolving open standards, providing one of the best solutions, from authenticators to SDKs, and best practices around implementing secure authentication. Yubico believes that open standards are the heart of successfully securing the internet and making it accessible to all. Even though Yubico has worked with open standards since the start, the Company has an extensive portfolio of proprietary technologies and a patent portfolio in technology. Yubico is the core inventor behind FIDO U2F and FIDO2 with a strong position ahead of competition.

In order to keep growing and stay in the forefront, Yubico needs to continue investing in R&D. The Company has a highly skilled engineering team with more than 170 people within engineering, product and solutions committed to developing new technologies to pioneer the next generation of authentication standards that are paving the way for a password-free future.

Superior hardware and firmware

Yubico has more than 15 years of experience in building high-quality hardware and firmware, resulting in one of the most feature-rich, easy-to-use, durable, and secure authentication devices on the market. The quality and dependability of the YubiKey is deemed by the Company to be superior.

- Highly secure specialized hardware to minimize the attack surface
- Durable and sleek hardware that can last for years – invented an efficient way to manufacture the YubiKeys, in one solid and robust piece of plastic using a high pressure injection molding technique
- Proprietary firmware developed by industry experts and that is being refined continuously
- Multi-protocol support that can be integrated within existing systems, and provides compatibility across many different devices

Enterprise enablement

One of the core features of the YubiKey is the wide array of cryptographic protocols that is supported, which enables Yubico to integrate with over 800 applications and provide an authentication solution for both legacy and modern infrastructures. In addition to being able to scale production to meet the demand, Yubico provides services to help keep customers' employees secured. Coupled with the vast ecosystem of partner integrations, this makes Yubico an attractive choice for enterprises of all sizes. Yubico's open-source SDKs further enable YubiKey integration into custom services.

- Ecosystem with 800+ partner integrations
- Subscription service with fast rollouts, replacements for lost keys and flexible tiers
- Global reseller and network providing local sales and solution support in most markets
- Custom programming for pre-configuration of devices
- SDKs to enable custom development and provisioning

Fully controlled and secure supply chain at scale

Yubico's hardware-backed authenticators rely on a global secure supply chain. Sensitive operations, such as programming, take place at Yubico's facilities in Sweden and the US. Yubico has also built a robust chain of trust that starts with its vendor assurance program and ends with programmatic validation of components. To ensure vicinity to all aspects of manufacturing, Yubico uses third party suppliers that manufacture and finish the parts close to Yubico's two main offices in Sweden and the US, where the

Company can make continuous improvements while keeping a tight control over what is produced. Yubico uses third party service providers for shipment to end-customers, distributors and resellers to ensure delivery of YubiKeys to most countries worldwide.

With manufacturing, testing, provisioning, and order shipment all managed by Yubico, the Company has full control over the supply chain in relevant aspects. This ensures quality in the device, integrity, and security as well as the ability to build the product to Yubico's exact specification.

- Custom-built tools and software for maximum control and security
- Sensitive data only handled securely, in Yubico facilities
- Ability to scale production to meet demand

Certifications, regulatory compliance and patents

To ensure local regulatory compliance Yubico has an active presence in regulatory forums such as FIDO Alliance and a team dedicated to working with local and regional certifications, such as FIPS, FIDO certification level 2 and CSPN. In addition, several government agencies have approved the YubiKey without awarding a specific certification. Certifications are often recognized regionally so the current certification status provides competitive advantage in the U.S. and EU.

Yubico's history of innovation has resulted in an extensive portfolio of approximately 50 awarded patents in areas such as usability, programming, production, automation and protocol evolution.



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.

Yubico's sustainability focus is based on the Company's value chain and materiality analysis carried out in 2021 which identified the most material sustainability aspects, for Yubico, based on 1) relevance for Yubico's stakeholders and 2) impact on the environment, the society, and the economy. The most material aspects have been grouped into five overarching focus areas:

- **Minimizing environmental impact:** Yubico is committed to reducing its environmental footprint through for example offering high-quality and long-lasting products, reviewing manufacturing processes, collaborating with environmentally responsible suppliers, and complying with waste management directives such as WEEE (Waste from Electrical and Electronic Equipment).
- **Securing free speech, democracy, and human rights:** As part of the Company's security mission, Yubico is committed to securing free speech, democracy, and human rights. Through its "Secure it forward" program, Yubico donates YubiKeys to journalists, dissidents, and non profit organizations every month. For every 20 keys sold on the Yubico e-commerce store, Yubico donates one key to an organization or person in need. In 2022, 20,000 keys were for example donated to support Ukraine.
- **Supporting diversity:** Yubico's company culture is highly value-driven and centered on values such as diversity, inclusion, and a healthy work environment. The Company has a global team with more than 30 nationalities and a diverse ethnic representation. About 29% of the employees are women, and Yubico works actively to increase this ratio, especially in technical areas such as development and sales where women are particularly underrepresented. For example, the Company is supporting the organization Women in Cybersecurity (WiCyS), an organization working to attract more women in the field.
- **Protecting critical IT infrastructure:** Yubico is continuously working with new innovations and applications across various customer groups to ensure sustained resilient IT infrastructure and further strengthening the Company's global IT security education efforts with educational programs.
- **Ensuring high ethical standards:** Yubico has zero tolerance of human rights violations, bribery and corruption and follows the laws, rules and policies that apply in the countries where it operates. The Company's Code of Conduct includes guidelines for anti-corruption, labor law issues, human rights and environmental issues. All new employees go through the Code of Conduct during their introductory training. During 2022 Yubico also implemented a Supplier Code of conduct which is being implemented for all new suppliers. For the coming years, the aim is to extend the implementation of the Supplier Code of Conduct with existing suppliers.



Key events in Yubico's history

Year	Events
2007	Yubico was founded in Stockholm, Sweden, by Stina and Jakob Ehrensvärd to develop the YubiKey 1.0, a one-time pass-word authenticator, requiring no client or driver.
2012	Yubico signs partnership with Google to co-create the open authentication standard U2F. ¹⁾
2013	Yubico and Google contribute to the U2F technical specifications and to FIDO Alliance, and then join as board members.
2018	Yubico launches YubiKey 5 Series and the first passwordless YubiKey.
2020	Yubico's enterprise subscription offering is launched.
2021	Yubico introduces the next generation of FIPS certified security keys with the YubiKey 5 FIPS Series and also introduces a new FIPS-validated hardware security module, the YubiKey HSM2 FIPS.
2022	Apple supports YubiKey and Yubico has sold more than 22 million YubiKeys since inception.
2023	ACQ and Yubico merge, and Yubico is listed on Nasdaq First North Growth Market.

Strategic priorities

Yubico's strategy focuses on a set of strategic growth initiatives leveraging the Company's superior capabilities including its global blue-chip customer base, extensive partner network, scalable sales model and strong R&D capabilities.

- **Expand current customer base:** Increase the engagement with current customers through adding new users and use cases.
- **Expand to customers' customers and third-party suppliers:** For Yubico's customers to protect their end-users, and for their suppliers to secure their value chain to prevent breaches coming from third parties.
- **Land new customers in all verticals:** Attract new customers within existing industry verticals and grow into new verticals.
- **Enter new adjacencies:** Enter new authentication solutions adjacencies through R&D and selective acquisitions, and by leveraging the partner ecosystem to sell through partnerships.

In addition to the growth initiatives, the Company is focusing on expanding its subscription offering to both new and existing customers to build customer loyalty and retention.

Strengths and strategies

Several opportunities, strengths and competitive advantages have contributed to Yubico's growth and performance, and they provide a solid foundation for Yubico to continue executing on its strategy. These opportunities, strengths and competitive advantages include:

Market trends support long-term growth opportunity

Yubico operates in the IAM submarket advanced authentication, whose global market size in 2021 was estimated to USD 3.3 billion and is expected to show growth development and increase by approximately 13.6% per annum between 2021 and 2027²⁾. The market growth is underpinned by global trends such as an increasing number of cyberattacks, regulation, shift to advanced authentication in the workforce, shift toward passwordless, cloud migration and trends toward ESG which drive the demand for Yubico's solutions.

Differentiated value proposition and competitive advantages

Yubico's authentication solutions provide high security through phishing-resistant MFA and have been tried at scale. The Company has a track record of zero successful known hacking attempts, to date. Additionally, Yubico's hardware and firmware rely on a global secure supply chain, which the Company fully controls in relevant aspects, to ensure the highest level of security throughout the production. Yubico's products are backed by an extensive service package including flexible support, personalization services and partners for ease of deployment, which makes Yubico's offering hard to replicate. Moreover, the YubiKeys are easy-to-use with all computers and mobile devices and provide flexibility as they are based on open standards. The combination of a high level of security with user-friendliness makes Yubico's offering differentiated compared to competitive technologies and gives competitive advantages.

1) Whilst the partnership represented a milestone at the time, it has since then expired and been replaced by other agreements with Google.

2) IDC, *Market Insights on Advanced Authentication*, 2023.

Diverse customer base from being trusted by global market leaders – creating a deep defensible moat

Yubico has a diverse customer base spanning across several sectors and clients include some of the largest global technology companies. Yubico continuously works with attracting new clients as well as expanding the current accounts to further build on its diversified customer base.

Strong financial characteristics with track record of organic growth

Yubico has shown rapid organic growth with a growth rate of approximately 50% per annum between 2016 and 2022, while maintaining a stable gross margin of around 80%. In 2022, Yubico demonstrated a year-over-year net sales growth of 80% and returned to profitability, which increased the EBIT margin by 21.5 p.p. to 13.8%. After investing in the organization over the last few years, Yubico is ready to further scale up the business, capitalize on the operational leverage and focus on profitable growth.

Proven strategy supported by underlying pillars as well as multiple growth vectors

Yubico has a proven strategy which is supported by multiple growth initiatives ahead, including expanding the current customer base, expanding to customers' customers and third-party suppliers, landing new customers across all industry verticals, and entering new authentication adjacencies.

Experienced management team and solid organizational setup to continue successful scale-up

Yubico has an experienced management team with deep industry knowledge, and several members of management have been with the Company since its founding. The Company's employees come from global leading technology companies, with extensive experience in technology-focused business development. Yubico's CEO Mattias Danielsson has been with Yubico for more than a decade and has vast experience from the sector including co-founding and leading the e-commerce platform Tradera which was later acquired by eBay. Yubico's technology-focused organization combined with the management team's knowledge and competence work seamlessly together with the founders Stina and Jakob Ehrensvård who will continue being operational, makes the Company well-positioned to further scale up the business and execute the growth strategy.

Financial targets and guidance

Financial targets

ACQ's board of directors has, together with Yubico's board of directors, considered appropriate financial targets for the Company and have agreed on the following targets in the long-term (within 5 years):

- Growth: Target of annual growth in bookings (order intake) of 25% on average.
- Profitability: Target of 20% EBIT margin.
- Dividend policy: For the foreseeable future, the board of directors of the Company will primarily use generated cash flow for investing in continued growth.

Guidance for 2023

- Bookings growth for the full year 2023 may come somewhat short of the long-term financial target.
- EBIT-margin for 2023 is expected to be 5–15%, depending on the development of subscription sales.

Yubico strives to increase the share of subscriptions, which normally have a contract period of three years. Net sales in such contracts are evenly booked over the three-year period, while direct costs are booked after they are incurred, which means approximately 70% year one and 15% per year the following two years. This means that EBIT is lower year one and higher the following two years compared to the perpetual revenue model, where 100% of net sales and cost are booked when delivered.

The financial targets and guidance above constitute forward-looking information. The financial targets and the guidance are based on a number of estimates and assumptions related to, among other things, the development of Yubico's industry and markets, operations, results and financial position and are subject to risks and uncertainties, see further under "Important information – Forward-looking statements and risk factors" and "Risk factors" above.



Selected financial information

Selected financial information

Introduction

This section contains selected consolidated historical information regarding Yubico AB¹⁾ for the financial years ending 31 December 2022, 2021 and 2020, and for the six-month period ending 30 June 2023, with comparative figures for the corresponding period in 2022. The information has been derived from Yubico's audited consolidated financial statements for 2022²⁾, which have been prepared in accordance with the Swedish Accounting Standards Board's general advice on Annual Report and Consolidated Financial Statements (K3) (Sw. *Bokföringsnämndens allmänna råd (BFNAR 2012:1) om årsredovisning och koncernredovisning*), as well as from Yubico's unaudited reviewed consolidated interim financial statements for the six-month period ending 30 June 2023, which have been prepared in accordance with Chapter 9 (Interim Report) of the Swedish Annual Accounts Act (Sw. *årsredovisningslagen (1995:1554)*). Hence, the information has not been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and is thus not necessarily comparable with other companies.

From an accounting perspective, the merger between Yubico and ACQ is accounted for as a reverse acquisition. Hence, the financial statements following completion of the merger will be presented in accordance with Yubico's (as opposed to ACQ's) financial history. ACQ does not have any operational or relevant financial history.

Selected financial information

Income statement – Group

SEK thousands	Financial year ending 31 December		
	2022	2021	2020
Net sales	1,560,977	867,226	606,111
Other operating income	71,154	29,677	5,782
	1,632,131	896,903	611,893
Operating expenses			
Goods for resale	-244,714	-157,603	-83,515
Other external expenses	-275,500	-194,639	-143,605
Personnel expenses	-834,818	-583,123	-585,146
Depreciation, amortization and impairments	-11,161	-9,917	-6,962
Other operating expenses	-50,654	-18,595	-23,030
Operating profit/loss	215,284	-66,974	-230,365
Net result from financial items			
Interest income and similar items	7,208	12,316	69
Interest expense and similar items	-2,117	-1,803	-2,382
Profit/loss after financial items	220,375	-56,461	-232,678
Profit/loss before tax	220,375	-56,461	-232,678
Income taxes	35,083	-3,796	-4,572
Profit/loss for the period	255,458	-60,257	-237,250

1) References to "Yubico" in this section refer to Yubico AB, reg. no. 556720-8755, i.e. the entity that will be absorbed by ACQ upon completion of the Transaction.

2) Certain financial information for the financial year ending 31 December 2021 and the financial year ending 31 December 2020 was restated in Yubico's audited consolidated financial statements for 2022. As a result, the financial information for the financial year ending 31 December 2021 and the financial year ending 31 December 2020 included in this section has been derived from the comparative figures included in the audited consolidated financial statements for 2022.

Condensed income statement – Group

SEK millions	Six-month period ending 30 June	
	2023	2022
Net sales	873.6	699.3
Other operating income	25.2	42.7
Operating income	898.8	742.0
Goods for resale	-121.2	-108.5
Other external costs	-138.8	-124.6
Employee benefit expenses	-447.3	-410.9
Depreciation, amortization and impairments of property, plant and equipment and intangible assets	-6.0	-5.3
Other operating expenses	-11.3	-18.5
Operating profit/loss (EBIT)	174.2	74.3
Net financial items	-1.5	4.9
Profit/loss before tax	172.7	79.1
Tax on profit for the year	-40.5	-4.3
Profit/loss for the period	132.2	74.9

Balance sheet – Group

SEK thousands	2022-12-31	2021-12-31	2020-12-31
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Patents and licenses	10,169	13,175	14,899
	10,169	13,175	14,899
<i>Tangible fixed assets</i>			
Equipment, tools and installations	32,280	20,865	18,824
	32,280	20,865	18,824
<i>Financial non-current assets</i>			
Deferred tax assets	52,874	6,061	–
Other long-term receivables	6,460	1,654	2,502
	59,334	7,715	2,502
Total non-current assets	101,783	41,755	36,225
Current assets			
<i>Inventories etc.</i>			
Raw materials and supplies	50,283	48,655	43,370
Work in progress	114,991	140,724	146,616
Finished products and goods purchased for resale	3,049	19,025	8,601
	168,323	208,404	198,587
<i>Short-term receivables</i>			
Trade receivables	418,385	133,014	177,040
Current tax assets	5,200	4,462	4,502
Other receivables	101,541	54,732	5,423
Pre-paid expenses and accrued income	43,183	28,987	15,945
	568,309	221,195	202,910
<i>Cash and cash equivalents</i>			
Cash and cash equivalents	283,492	264,499	317,813
	283,492	264,499	317,813
Total current assets	1,020,124	694,098	719,310
Total assets	1,121,907	735,853	755,535

Balance sheet – Group

SEK thousands	2022-12-31	2021-12-31	2020-12-31
Equity and Liabilities			
Equity			
Share capital	394	394	391
Other contributed capital	799,153	792,872	782,950
Retained earnings incl. profit/loss for the period	-66,905	-357,545	-317,130
Total equity	732,642	435,721	466,211
Provisions			
Deferred tax liability	3,837	2,895	-
	3,837	2,895	-
Non-current liabilities			
Other liabilities to credit institutions	39,000	52,000	-
	39,000	52,000	-
Current liabilities			
Liabilities to credit institutions	13,000	13,000	65,000
Prepayments from customers	19,054	25,561	36,422
Trade payables	85,743	40,075	27,273
Current tax liabilities	1,153	-	-
Other liabilities	30,665	34,426	19,056
Accrued expenses and deferred income	196,813	132,175	141,573
	346,428	245,237	289,324
TOTAL EQUITY AND LIABILITIES	1,121,907	735,853	755,535

Condensed balance sheet – Group

SEK millions	2023-06-30	2022-06-30
ASSETS		
Intangible fixed assets	8.7	12.0
Tangible fixed assets	33.7	28.5
Financial fixed assets	59.5	8.7
Total non-current assets	102.0	49.3
Inventories	352.8	199.6
Accounts receivable	287.3	214.8
Other current assets	125.3	86.3
Cash and bank	416.0	260.4
Total current assets	1,181.5	761.1
TOTAL ASSETS	1,283.5	810.5
EQUITY AND LIABILITIES		
Equity	887.1	535.4
Provisions	4.0	3.3
Non-current liabilities to credit institutions	32.5	45.5
Current liabilities to credit institutions	13.0	13.0
Accounts payable	64.4	43.8
Other current liabilities	282.4	169.4
Total liabilities	396.4	275.0
TOTAL EQUITY AND LIABILITIES	1,283.5	810.5

Statement of cash flows – Group

SEK thousands	Financial year ending 31 December		
	2022	2021	2020
Operating activities			
Profit/loss after financial items	220,375	-56,461	-232,678
Adjustment for non-cash items	11,923	22,035	66,090
	232,298	-34,426	-166,588
Taxes paid	-10,965	-3,756	-4,722
Cash flow from operating activities before changes in working capital	221,333	-38,182	-171,310
<i>Cash flow from changes in working capital</i>			
Increase (-)/Decrease (+) of inventories	61,849	-9,817	-65,656
Increase (-)/Decrease (+) of operating receivables	-327,179	-16,142	-92,034
Increase (+)/Decrease (-) of operating liabilities	76,817	10,808	68,885
Cash flow from operating activities	32,820	-53,333	-260,115
Investing activities			
Acquisition of tangible fixed assets	-18,325	-8,048	123
Disposal of tangible fixed assets	416	-	-
Acquisition of intangible assets	-425	-1,146	-9,104
Investment and divestment of financial assets	-440	1,000	2,573
Cash flow from investing activities	-18,774	-8,194	-6,408
Financing activities			
Share issue	6,281	9,925	311,573
Repayment of debt	-13,000	-	-
Cash flow from financing activities	-6,719	9,925	311,573
Cashflow for the period	7,327	-51,602	45,050
Cash and cash equivalents beginning of the period	264,499	317,813	277,640
Exchange rate differences in cash and cash equivalents	11,666	-1,712	-4,878
Cash and cash equivalents end of the period	283,492	264,499	317,812

Condensed statement of cash flows – Group

SEK millions	Six-month period ending 30 June	
	2023	2022
Operating activities		
Profit/loss after financial items	172.7	79.1
Adjustment for non-cash items, etc.	12.5	3.3
Income tax paid	-4.4	-1.9
Cash flow from operating activities before working capital changes	180.7	80.6
Change in inventory	-180.9	27.4
Change in current receivables	171.3	-63.0
Change in current liabilities	-36.1	-43.3
Cash flow from operating activities	135.0	1.7
Cash flow from investing activities	-5.5	-10.6
Cash flow from financing activities	-3.1	-2.6
Cash flow for the period	126.4	-11.4
Cash and cash equivalents at the beginning of the period	283.5	264.5
Exchange rate differences in cash and cash equivalents	6.1	7.3
Cash and cash equivalents at the end of the period	416.0	260.4

Alternative performance measures

This section includes certain alternative performance measures (APM) which are not defined under K3. These are used by Yubico as Yubico believes that these APMs provide valuable information for investors and other stakeholders to evaluate the financial performance of Yubico. As not all companies calculate financial measures in the same way, they are not always comparable with similar measures used by other companies. These measures should therefore not be regarded as a substitute for measures defined under K3. The APMs have been extracted both from the financial statements and Yubico's internal accounting system and have not been audited. For definitions of these APMs, see "– Definitions of alternative performance measures used in the Company Description" below.

Alternative performance measures not defined in accordance with K3

SEK millions (unless otherwise stated)	Financial year ending 31 December		
	2022	2021	2020
Bookings	1,584.2	1,041.1	831.0
Subscription bookings	241.7	176.3	182.2
Subscription share of bookings (%)	15.3%	16.9%	21.9%
Subscription sales	141.1	58.0	6.5
Subscription share of net sales (%)	9.0%	6.7%	1.1%
Net sales growth (%)	80.0%	43.1%	N/A
Net sales growth (adjusted for change in foreign currency) (%)	60.9%	49.2%	N/A
Gross profit	1,316.3	709.6	522.6
Gross margin (%)	84.3%	81.8%	86.2%
EBITDA	226.4	-57.1	-223.4
EBITDA margin (%)	14.5%	-6.6%	-36.9%
EBIT	215.3	-67.0	-230.4
EBIT margin (%)	13.8%	-7.7%	-38.0%
Net cash	231.5	199.5	252.8
ARR	204.7	108.9	61.0

SEK millions (unless otherwise stated)	Six-month period ending 30 June	
	2023	2022
Bookings	756.2	876.7
Subscription bookings	87.0	116.3
Subscription share of bookings (%)	11.5	13.3
Subscription sales	114.7	51.8
Subscription share of net sales (%)	13.1	7.4
Net sales growth (%)	24.9	N/A
Net sales growth (adjusted for change in foreign currency) (%)	16.5	N/A
Gross profit	752.4	590.8
Gross margin (%)	86.1	84.5
EBITDA	180.2	79.6
EBITDA margin (%)	20.6	11.4
EBIT	174.2	74.3
EBIT margin (%)	19.9	10.6
Net cash	370.5	201.9
ARR	242.8	156.2

Definitions of alternative performance measures used in the Company Description

The use of APMs is useful to investors for the following reasons:

To provide investors with insight into management's decision-making because management uses these measures to run the business and make financial, strategic, and operating decisions. APMs provide investors with additional information that enables year-over-year comparisons, and in many cases, inclusion of APMs may also facilitate comparison with other companies' corresponding APMs.

APM used in the Company Description	Definition	Purpose
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.
Subscription sales	Net sales related to subscription.	Measure to 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.
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 the group's operating activities.
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.
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.
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.

Pro forma financial information

The pro forma financial information has been included to describe a hypothetical situation and has been prepared for illustrative purposes only. The pro forma information should be read together with the section “Selected financial information” in this Company Description, as well as the audited financial statements for the financial years 2022, 2021 and 2020 and the financial statements for the interim period 1 January – 30 June 2023, which are incorporated by reference into this Company Description (see “Documents incorporated by reference”). Furthermore, the pro forma financial information may not necessarily reflect the Company’s actual operating results and/or financial position if the Transaction had been completed as of the earlier date set forth below, and such pro forma financial information should not be viewed as an indication of the Company’s operating results or financial position for any future period. Accordingly, potential investors should not place undue weight on the pro forma financial information. The pro forma financial information is based on available information.

Basis for the pro forma financial information

From an accounting perspective, the Transaction is accounted for as a reverse acquisition, due to the fact that the shareholders of Yubico will in the aggregate have a greater ownership share in Yubico than the current shareholders of ACQ following completion of the Transaction, which means that the accounting for the Transaction must be prepared as if Yubico had acquired ACQ. Hence, the future financial statements of ACQ will be a continuation of Yubico’s financial statements. The Transaction is not within the scope of Ch 19 of K3 Business Combinations as ACQ does not meet the definition of a “business”, instead it will be accounted for within the scope of Ch 26 Share-based Payments in K3. For accounting purposes, the Transaction will be treated as the equivalent of Yubico issuing shares for the net assets of ACQ. The net assets of ACQ will be stated at historical cost, with no goodwill or other intangible assets recorded. Any excess fair value of the consideration over the fair value of ACQ’s identifiable net assets acquired represents compensation for the service of a stock exchange listing (listing expenses) for its shares and is expensed as incurred, in the income statement. The pro forma also considers the private placement necessary to settle the cash purchase price. The cash consideration will be reflected as a distribution to Yubico shareholders in equity.

The cash portion of the merger consideration will be paid through ACQ’s existing cash and cash equivalents including restricted funds and by using the cash from the exercise of warrants and stock options in Yubico and the private placement.

Remaining existing cash that is not used for payment of the cash part of the merger consideration will be retained in the Company.

The purpose of the consolidated pro forma financial information is to report the hypothetical impact the Transaction with Yubico would have had on ACQ’s consolidated income statement during the periods 1 January – 31 December 2022 and 1 January – 30 June 2023 if the Transaction would have been completed, and Yubico had been consolidated as of 1 January 2022 as well as the consolidated balance sheet if the consolidation had been carried out as of the balance sheet date of 30 June 2023.

An investor should be aware that the hypothetical financial position and the hypothetical result stated in the pro forma statement may differ from how the corresponding information would have looked in the income statement and the balance sheet if the transactions had de facto taken place on the previous occasions.

Accounting principles

Pro forma adjustments have been made to reflect the formal acquisition of Yubico. ACQ prepares its financial reports in accordance with the Swedish Annual Accounts Act and in accordance with the Swedish Financial Reporting Council’s (Sw. *Rådet för finansiell rapportering*) recommendation RFR 2. Accounting for legal entities RFR 2 means that ACQ applies all International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU, with the limitations that follow from the Swedish Financial Reporting Council’s recommendation RFR 2 for legal entities.

Yubico prepares its financial reports in accordance with the Swedish Annual Accounts Act and BFNAR 2012:1 Annual Report and Consolidated Financial Statements (K3). The pro forma financial information is prepared in accordance with K3 as that is the accounting standard that will be

applied by the Company following the completion of the Transaction. There are no effects in relation to the different accounting standards, but in order to achieve better consistency between ACQ's and Yubico's financial statements, minor reclassifications have been made in the pro forma information in order to align with Yubicos' presentation format.

Adjustments

Pro forma income statement for the financial year 2022

1. Other external expenses

The adjustment of SEK 11,660 thousand relates to transaction costs recognized in ACQ's income statement for the financial year 2022. These are indirectly considered when the below listing cost is calculated and reversed to avoid double counting. This adjustment is non-recurring in nature.

2. Transaction-related costs

When the transaction is accounted for as an acquisition of ACQ, an expense will be recognised, as explained above, which corresponds to the difference between the consideration transferred, and the adjusted equity of ACQ as of 30 June 2023. The adjustment of ACQs equity concerns estimated future transaction costs in ACQ of SEK 15,515 thousand.

The purchase price in the reverse acquisition is based on the market cap of ACQ as of 31 August 2023. Since the ACQ share is listed, the purchase price is determined based on the ACQ share's closing price on Nasdaq Stockholm on 31 August 2023, of SEK 99.3 per share, with the number of shares amounts to 35 million, results in an estimated purchase price of SEK 3,475.5 million.

The listing expense is calculated as follows.

Estimated purchase price	SEK 3,475.5 million
Equity in ACQ as of 30 June 2023	SEK 3,432.0 million
Expected transaction costs in ACQ that has not affected equity as of 30 June 2023	SEK -15.5 million
Adjusted equity	SEK 3,416.5 million
Listing cost (Estimated purchase price minus adjusted equity)	SEK 59.0 million

In addition to the above listing cost, the result is charged with expected transaction costs that Yubico is expected to have of SEK 23,981 thousand. This entails a total adjustment for transaction-related costs of SEK 82,996 thousand.

3. Interest income and similar items

The adjustment is calculated as the difference between ACQ's interest income of SEK 14,700 thousand for the financial year and an estimated interest income for ACQ based on a weighted average interest of 0.38% calculated on an amount of SEK 177,431 thousand, which corresponds to an interest income of SEK 674 thousand, which entails a net adjustment of SEK 14,026 thousand regarding interest income and similar items.

The amount regarding cash and cash equivalents corresponds to the remaining cash and cash equivalents after payment of the cash consideration and receipt of funds from the exercise of warrants and share options in Yubico and the private placement.

The adjustments above are currently deemed not to affect taxable profit.

Income statement

Income statement – Group (SEK thousands)	Audited ACQ 2022	Audited Yubico 2022	Pro forma adjustment	Unaudited Pro forma
Net sales		1,560,977		1,560,977
Other operating income		71,154		71,154
		1,632,131		1,632,131
Operating expenses				
Goods for resale		-244,714		-244,714
Other external expenses	-15,500	-275,500	11,660 ¹⁾	-279,340
Personnel expenses		-834,818		-834,818
Depreciation, amortization and impairments		-11,161		-11,161
Other operating expenses		-50,654		-50,654
Transaction related			-82,996 ²⁾	-82,996
Operating profit/loss	-15,500	215,284	-71,336	128,448
Net result from financial items				
Interest income and similar items	14,700	7,208	-14,026 ³⁾	7,882
Interest expense and similar items	–	-2,117		-2 117
Profit/loss after financial items	-800	220,375	-85,362	134,213
Profit/loss before tax	-800	220,375	-85,362	134,213
Income taxes	–	35,083	–	35 083
Profit/loss for the period	-800	255,458	-85,362	169,296

The income statement for the period 1 January 2023-30 June 2023

1. Other external expenses

Since the pro forma regarding the income statement is based on the transaction occurring on 1 January 2022, the expensed transaction costs in ACQ of SEK 41.4 million for the period are reversed. The adjustment is non-recurring in nature.

2. Net financial items

The adjustment is calculated as the difference between ACQ's interest income of SEK 38.3 million for the period and an estimated interest income for ACQ based on a weighted average interest rate of 1.23% of SEK 177,431 thousand, which corresponds to SEK 2.1 million. The pro forma income statement is adjusted by SEK 36.2 million regarding interest income and similar items accordingly.

The adjustments above are currently deemed not to affect taxable profit.

Income statement – Group (SEK millions)	Audited ACQ Jan – June 2023	Audited Yubico Jan – June 2023	Pro forma adjustment	Unaudited Pro forma
Net sales		873.6		873.6
Other operating income		25.2		25.2
		898.8		898.8
Operating expenses				
Goods for resale		-121.2		-121.2
Other external expenses	-45.4	-138.8	41.4	-142.8
Personnel expenses		-447.3		-447.3
Depreciation, amortization and impairments		-6.0		-6.0
Other operating expenses		-11.3		-11.3
Operating profit/loss	-45.4	174.2	41.4	170.2
Net result from financial items				
Net financial items	38.3	-1.5	-36.2	0.7
Profit/loss after financial items	-7.0	172.7	5.2	170.9
Profit/loss before tax	-7.0	172.7	5.2	170.9
Income taxes		-40.5		-40.5
Profit/loss for the period	-7.0	132.2	5.2	130.5

Pro forma condensed balance sheet as of 30 June 2023

Notes:

1) Other short-term receivables

Of the total cash consideration of SEK 3,602.5 million, SEK 3,155.2 million is paid from the restricted funds in ACQ. The remaining part is paid from ACQ's cash and cash equivalents.

2) Prepaid expenses

Refers to an adjustment for prepaid transaction costs in Yubico as of 30 June of SEK 8.0 million and a corresponding negative adjustment of equity.

3) Liquid funds

The negative adjustment of cash and cash equivalents of SEK 147.4 million consists of the following items:

The estimated private placement of 1,452,721 shares at SEK 99.3/share (corresponding to the closing price on 31 August) ¹⁾	SEK 144.2 million
Received net cash when exercising options	SEK 211.1 million

The total cash consideration of SEK 3,602.5 million (SEK 3,682.4 million, of which SEK 79.9 million is settled net against claims regarding redemption of options) which means that SEK 447.3 million will be paid from cash and cash equivalents.	SEK -447.3 million
pro forma	SEK -447.3 million
Payments regarding unpaid transaction costs	SEK -55.4 million
Net adjustment of cash and cash equivalents	SEK -147.4 million

4) Equity

The net adjustment of equity corresponds to the following adjustments.

Reconciliation of equity (SEK million)	
Equity ACQ	SEK 3,432.0 million
Equity Yubico	SEK 887.1 million
Total equity	SEK 4,319.1 million

Adjustments

Share consideration in the reverse acquisition	SEK 3,475.5 million
Elimination of equity ACQ	SEK -3,432.0 million
Private placement	SEK 144.2 million
Net cash received for warrants and options in Yubico	SEK 211.1 million
Unexpensed transaction costs in Yubico	SEK -24.0 million
Listing cost	SEK -59.0 million
Paid cash consideration	SEK -3,602.5 million
Total adjustment in equity	SEK -3,286.7 million

5) Accounts payable and accrued expenses

Refers to trade payables and accrued costs that are settled in connection with the transaction

1) The final price in the private placement will be adjusted based on the share price at the transaction date.

Balance sheet – Group (SEK millions)	ACQ 30 June 2023	Yubico 30 June 2023	Pro forma Adjustment Reverse acquisition	Pro forma Balance sheet
Assets				
Non-current assets				
<i>Intangible assets</i>				
Patents and licenses		8.7		8.7
		8.7		8.7
<i>Tangible fixed assets</i>				
Equipment, tools and installations		33.7		33.7
		33.7		33.7
<i>Financial non-current assets</i>				
Deferred tax assets		53.2		53.2
Other long-term receivables		6.3		6.3
		59.5		59.5
Total non-current assets		102.0		102.0
Current assets				
<i>Inventories etc.</i>				
Raw materials and supplies		144.2		144.2
Work in progress		181.7		181.7
Finished products and goods purchased for resale		26.9		26.9
		352.8		352.8
Short term receivables				
Trade receivables		287.3		287.3
Current tax assets	4.0	4.3		8.3
Other receivables	3,155.2	62.5	–3,155.2 ¹⁾	62.5
Pre-paid expenses and accrued income	28.5	58.5	–8.0 ²⁾	79.0
	3,187.7	412.6	–3,163.2	437.1
Cash and cash equivalents				
Cash and cash equivalents	269.4	416.0	–147.4 ³⁾	538.1
	269.4	416.0	–147.4	538.1
Total current assets	3,457.1	1,181.5	–3,310.6	1,328.0
Total assets	3,457.1	1,283.5	–3,310.6	1,430.0
Equity and liabilities				
Total equity	3,432.0	887.1	–3,286.7⁴⁾	1,032.5
Provisions				
Deferred tax liability		4.0		4.0
		4.0		4.0
Non-current liabilities				
Other liabilities to credit institutions		32.5		32.5
		32.5		32.5
Current liabilities				
Liabilities to credit institutions		13.0		13.0
Prepayments from customers		13.0		13.0
Trade payables	3.2	64.4	–2.5 ⁵⁾	65.1
Current tax liabilities		36.3		36.3
Other liabilities		35.5		35.5
Accrued expenses and deferred income	21.9	197.6	–21.4 ⁶⁾	198.1
	25.1	359.9	–23.9	361.1
Total equity and liabilities	3,457.1	1,283.5	–3,310.6	1,430.0

Independent auditor's assurance report on the compilation of pro forma financial information



This is a literal translation of the Swedish original report

Independent Auditor's Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in a Company Description according to Nasdaq Stockholm AB regulations

To the board of directors of i ACQ Bure AB (publ) (under name change to) Yubico AB (publ), corporate identity number 559278-6668

Report on the Compilation of Pro Forma Financial Information Included in a Company Description according to Nasdaq Stockholm AB regulations

We have completed our assurance engagement to report on the compilation of pro forma financial information of ACQ Bure AB (publ) ("company"). The pro forma financial information consists of the pro forma income statement for the twelve month period ended 31 December 2022 and for the six month period ended 30 June 2023 as well as the pro forma balance statement as at 30 June 2023, as set out on pages 44–49 of the Company Description issued by the company. The applicable criteria on the basis of which the Board of Directors has compiled the pro forma financial information are described on pages 44-49 of the Company Description.

The pro forma financial information has been compiled by the Board of Directors to illustrate the impact of the merger between Yubico AB and ACQ Bure AB (publ) set out on pages 44-49 on the company's financial position and its financial performance as if the transaction had taken place at 30 June 2023 and 1 January 2022 respectively. As part of this process, information about the company's financial position and financial performance has been extracted by the Board of Directors from the Company's financial statements for the period ended 31 December 2022, on which an audit report has been published. Information about the company's financial position and financial performance has been extracted by the Board of Directors from the company's financial statements for the period ended 30 June 2023, on which a review has been published.

The Board of Directors Responsibility for the Pro Forma Financial Information

The Board of Directors is responsible for compiling the pro forma financial information inspired by the basis of the Commission Delegated Regulation (EC) 2019/980.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements in Sweden, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The audit firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



Auditor's Responsibilities

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled correctly, in all material respects, by the Board of Directors inspired by the basis of the Commission Delegated Regulation (EC) 2019/980.

We conducted my (our) engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires that the Auditor plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the pro forma financial information on the basis of the Commission Delegated Regulation (EC) 2019/980.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a company description is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented in the way that it has been presented for the periods ended 31 December 2022 and 30 June 2023 or as at the balance sheet date 30 June 2023.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The pro forma adjustments have been compiled correctly on the basis of the applicable criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.
- The basis of the applicable criteria are in accordance with the company's accounting principles and as set out on pages 44-49 in the company description .

The procedures selected depend on the practitioner's judgment, having regard to the practitioner's understanding of the nature of the company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria stated on pages 44-49 and are in accordance with the company's accounting principles.



Stockholm 12 September 2023
Öhrlings PricewaterhouseCoopers AB

Magnus Svensson Henryson
Authorized Public Accountant

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Comments to the financial development

The information below shall be read together with the audited financial statements for the financial years 2020, 2021 and 2022 and the unaudited reviewed financial statements for the interim period 1 January – 30 June 2023, which are incorporated by reference into this Company Description (see “Documents incorporated by reference”). Please also refer to the section “Selected financial information – Introduction” in this Company Description for additional information about the historical financial information that has been included in this Company Description and the basis on which it has been prepared.

Comparison between 1 January – 30 June 2023 and 1 January – 30 June 2022

Net sales

Net sales for the six-month period ended 30 June 2023 amounted to SEK 873.6 million, compared with SEK 699.3 million for the six-month period ended 30 June 2022, which corresponds to an increase of SEK 174.3 million or 24.9%. All geographies and customer segments were developing well, though Asia Pacific doubled net sales compared to last year as a result of increased sales capacity and sales activities during last year. Americas growth rate was slightly lower than the Group, related to an unusually large order last year.

Operating profit/loss (EBIT)

Operating profit/loss (EBIT) for the six-month period ended 30 June 2023 amounted to SEK 174.2 million compared with SEK 74.3 million for the six-month period ended 30 June 2022, which corresponds to an increase of SEK 99.9 million or 134.5%. The increase was primarily a result of growth of net sales and increase in gross margin, 86.1% compared to 84.5% last year, together with scaling of the business with a lower increase in operating costs.

Profit/loss for the period

Profit/loss for the six-month period ended 30 June 2023 amounted to SEK 172.7 million compared with SEK 79.1 million for the six-month period ended 30 June 2022, which corresponds to an increase of SEK 93.6 million or 118.3%. The effective tax for the period was 23.4% (5.4). Due to the merger Yubico cannot utilize the tax losses carried-forward for a period of five years.

Cash flow and financial position

For the six-month period ended on 30 June 2023, cash flow from operating activities amounted to SEK 135.0 million, compared with SEK 1.7 million in the corresponding period 2022. The change was primarily a result of the increased

operating profit and reduced negative effect from change in working capital, SEK –45.7 million for the period compared to SEK –78.9 million last year.

For the six-month period ended on 30 June 2023, cash flow from investing activities amounted to SEK –5.5 million, compared with SEK –10.6 million in the corresponding period 2022.

For the six-month period ended on 30 June 2023, cash flow from financing activities amounted to SEK –3.1 million, compared with SEK –2.6 million in the corresponding period 2022.

Cash and cash equivalents amounted to SEK 416.0 million as of 30 June 2023.

Total assets amounted to SEK 1,283.5 million as of 30 June 2023. Total equity and liabilities amounted to SEK 1,283.5 million as of the same date.

Comparison between 2022 and 2021

Net sales

Net sales for the financial year ending 31 December 2022 amounted to SEK 1,560,977 thousand, compared with SEK 867,226 thousand for the financial year ending 31 December 2021, which corresponds to an increase of SEK 693,751 thousand or approximately 80.0%, corresponding to an increase of 60.9% in local currencies. The increase was primarily a result of increased sales within all customer segments and geographical areas.

Operating profit/loss

Operating profit/loss for the financial year ending 31 December 2022 amounted to SEK 215,284 thousand, compared with SEK –66,974 thousand for the financial year ending 31 December 2021, which corresponds to an increase of SEK 282,258 thousand. The increase was primarily a result of increased net sales in combination with scaling effects in operating costs.

Profit/loss for the period

Profit/loss for the financial year ending 31 December 2022 amounted to SEK 255,458 thousand, compared with SEK –60,257 thousand for the financial year ending 31 December 2021, which corresponds to an increase of SEK 315,715 thousand. The increase was primarily a result of increased net sales in combination with scaling effects in operating costs. Yubico AB's tax losses carried forward were deemed possible to use and therefore a deferred tax asset was recognized with a positive tax effect of SEK 45,585 thousand.

Cash flow and financial position

For the financial year ending 31 December 2022, cash flow from operating activities amounted to SEK 32,820 thousand, compared with SEK –53,333 thousand in the corresponding period 2021. The change was primarily a result of improvements in operating profit.

For the financial year ending 31 December 2022, cash flow from investing activities amounted to SEK –18,774 thousand, compared with SEK –8,194 thousand in the corresponding period 2021. The change was primarily a result of investments to expand the production capacity.

For the financial year ending 31 December 2022, cash flow from financing activities before changes in working capital amounted to SEK –6,719 thousand, compared with SEK 9,925 thousand in the corresponding period 2021. The change was primarily a result of an amortization.

Cash and cash equivalents amounted to SEK 283,492 thousand as of 31 December 2022.

Total assets amounted to SEK 1,121,907 thousand as of 31 December 2022. Total equity and liabilities amounted to SEK 1,121,907 thousand as of the same date.

Comparison between 2021 and 2020**Net sales**

Net sales for the financial year ending 31 December 2021 amounted to SEK 867,226 thousand, compared with SEK 606,111 thousand for the financial year ending 31 December 2020, which corresponds to an increase of SEK 261,115 thousand or 43.1%, corresponding to an increase of 49.2% in local currencies. The increase was primarily a result of increased sales within e-commerce and the subscription-based sales model.

Operating profit/loss

Operating profit/loss for the financial year ending 31 December 2021 amounted to SEK –66,974 thousand, compared with SEK –230,365 thousand for the financial year ending 31 December 2020, which corresponds to a decrease in losses of SEK 163,391 thousand. The decrease was primarily a result of increased sales combined with a careful increase in operating costs.

Profit/loss for the period

Profit/loss for the financial year ending 31 December 2021 amounted to SEK –60,257 thousand, compared with SEK –237,250 thousand for the financial year ending 31 December 2020, which corresponds to a decrease in losses of SEK 176,993 thousand or approximately 74.6%. The decrease was primarily a result of increased sales combined with a careful increase in operating costs.

Cash flow and financial position

For the financial year ending 31 December 2021, cash flow from operating activities amounted to SEK 53,333 thousand, compared with SEK –260,115 thousand in the corresponding period 2020. The change was primarily a result of an improvement of the operating profit.

For the financial year ending 31 December 2021, cash flow from investing activities amounted to SEK –8,194 thousand, compared with SEK –6,408 thousand in the corresponding period 2020. The change was primarily a result of investments in production equipment and automation.

For the financial year ending 31 December 2021, cash flow from financing activities amounted to SEK 9,925 thousand, compared with SEK 311,573 thousand in the corresponding period 2020. The change was primarily a result of a directed share issue in 2020.

Cash and cash equivalents amounted to SEK 264,499 thousand as of 31 December 2021.

Total assets amounted to SEK 735,853 thousand as of 31 December 2021. Total equity and liabilities amounted to SEK 735,853 thousand as of the same date.

Capitalization, indebtedness and other financial information

The tables in this section present the Company's capitalization and net indebtedness as of 30 June 2023. It should be noted that the Company's financial position changes significantly through the Transaction, why the information about the Company's capitalization and net indebtedness in this section is also presented on a pro forma basis for the Transaction. For further information about the financial effects of the Transaction, please refer to the section "Pro forma financial information".

Capitalization

SEK million	30 June 2023	Pro forma 30 June 2023 ¹⁾
Total current debt (including current portion of non-current debt)		13.0
For which guarantees have been issued		
Against other security		13.0
Unguaranteed/unsecured		
Total non-current debt (excluding current portion of non-current debt)		32.5
For which guarantees has been issued		
Against other security		32.5
Unguaranteed/unsecured		
Shareholder equity	3,432.0	1,032.5
Share capital ²⁾	87.5	215.6
Other contributed capital	3,361.1	815.7
Other reserves	-16.6	1.2
Total capitalization (excluding comprehensive income for the period)	3,432.0	1,078.0

1) The 30 June 2023 pro forma information has not been reviewed by the Company's auditor.

2) Represents 86,249,806 shares with a quota value of SEK 2.50 post-merger.

Indebtedness

SEK million	30 June 2023	Pro forma 30 June 2023 ¹⁾
(A) Cash and bank ²⁾	269.4	538.1
(B) Cash equivalents		
(C) Other current financial assets	3,155.2	
(D) Liquidity (A+B+C)	3,424.6	538.1
(E) Current financial liabilities (including debt instruments, but excluding current portion of non-current financial liabilities)		
(F) Current portion of non-current financial liabilities		13.0
(G) Current financial indebtedness (E)+(F)		13.0
(H) Net current financial indebtedness (G)-(D)	-3,424.6	-525.1
(I) Non-current financial liabilities (excluding current portion and debt instruments)		32.5
(J) Debt instruments		
(K) Non-current trade and other liabilities		
(L) Non-current financial indebtedness (I+J+K)		
(M) Total financial indebtedness (H+L)	-3,424.6	-492.6

1) The 30 June 2023 pro forma information has not been reviewed by the Company's auditor.

2) Cash and banks consist of current accounts and available balances with banks and corresponding institutions.

Working capital statement

The Company assesses that the existing working capital is sufficient to meet the Company's requirements during the next twelve-month period. Working capital in this Company Description refers to the Company's ability to access cash and cash equivalents in order to fulfil its payment obligations when they fall due for payment.

Change of financial reporting standards from IFRS to K3

ACQ's financial statements for the financial years 2020, 2021 and 2022 have been prepared in accordance with RFR 2 Accounting for Legal entities (RFR 2). Following completion of the Transaction, the group will prepare its consolidated financial statements in accordance with the Swedish Annual Accounts Act and BFNAR 2012:1 Annual Report and Consolidated Financial Statements (K3), which is the financial reporting standard currently applied by Yubico.

Guidance for 2023

For information about guidance for 2023, see section "*Business description – Financial targets and guidance*".

Significant changes after 30 June 2023

Other than as described in the pro forma columns above, the Company assesses that there have been no significant changes in the group's financial position after 30 June 2023 up to and including the date of this Company Description.

Board of directors, senior executives and auditor

Board of directors

The board of directors of ACQ has convened an extraordinary general meeting in ACQ, to be held on 19 September 2023 in connection with the completion of the Transaction for the purpose of, *inter alia*, electing a new board of directors for the Company. If the extraordinary general meeting resolves in accordance with the nomination committee's proposal, the board of directors of the Company will comprise members of both Yubico's and ACQ's current board of directors, with Patrik Tigerschiöld as the chairman of the board of directors. All the board members will be elected for the period until the end of the annual general meeting that will be held in 2024.

The table below presents the directors and whether they are considered to be independent in relation to the Company and its management and in relation to the Company's major shareholders.

Name	Position	Director since	Independent in relation to the Company and its management	Independent in relation to major shareholders
Patrik Tigerschiöld	Chairman of the board	2023	Yes	No
Stina Ehrensvärd	Director	2007	No	No
Gösta Johannesson	Director	2017	Yes	No
Paul Madera	Director	2019	Yes	Yes
Ramanujam Shriram	Director	2014	Yes	Yes
Eola Änggård Runsten	Director	2023	Yes	Yes

More detailed information is provided below regarding the directors, including their education, experience, ongoing and previous assignments, as well as their holdings in the Company following the completion of the Transaction.

Information on the year that each director was appointed to the board of directors refers to the year such person was appointed to the board of Yubico AB, which was the parent company of the Yubico group prior to the completion of the Transaction.



Patrik Tigerschiöld

Chairman of the board and director since 2023.

Education and professional experience: M.Sc. in Business and Economics from Stockholm University. Former president and CEO of Bure Equity AB (publ) (2010–2013) and Skanditek AB (1999–2010) before the merger with Bure Equity AB (publ). Many years of experience from SEB and as head of SEB Fonder (1990s). Financial analyst at Hagströmer & Qviberg Fondkommission AB (1985–1989).

Other ongoing assignments: Chairman of the board and board member of Bure Equity AB, ACQ Bure AB, Studieförbundet Näringsliv och Samhälles (SNS) Serviceaktiebolag, and Myronic AB. Board member of Ovzon AB (publ). Board member and CEO of Anna Kirtap AB.

Assignments completed during the past five years: Chairman of the board and board member of Självregleringen i Sverige Service AB (2014–2022), YPO Guld service AB (2021–2022), and Atle Investment Management AB (2014–2021). Board member of Stockholms universitet holding AB (2014–2018), Idevall & Partners Holding AB (2015–2019), and Idevall & Partners Fonder AB (2015–2019).

Holding in the Company (own and closely related parties' holdings)¹⁾: 14,921,943 shares and 4,200,000 warrants.

Independent in relation to the Company and its management, but not independent in relation to major shareholders.



Stina Ehrensavard

Director since 2007.

Education and professional experience: Education in industrial product design from the University of the Arts, Crafts and Designs in Sweden. Co-founder of Yubico.

Other ongoing assignments: –

Assignments completed during the past five years: –

Holding in the Company (own and closely related parties' holdings): 9,309,739 shares

Not independent in relation to the Company and its management, and not independent in relation to major shareholders.



Gösta Johannesson

Director since 2017.

Education and professional experience: B.Sc. in Business and Economics from Uppsala University, and AMP from Wharton Business School.

Other ongoing assignments: Chairman of the board and board member of Xvivo Perfusion Aktiebolag, Axiell Group Intressenter AB, and Floribus Invest AB. Board member of Mentice AB, PG Advice AB, ScandiNova Systems AB, and Floribus Invest Adviser AB. Senior adviser at Bure Equity AB.

Assignments completed during the past five years: Chairman of the board and board member of Idevall & Partners Holding AB (2015–2019), and Idevall & Partners Fonder AB (2015–2019). Board member of Interflora Aktiebolag (2012–2023), Axiell Group AB (2008–2020), and Atle Investment Services AB (2019–2021)

Holding in the Company (own and closely related parties' holdings): 238,761 shares.

Independent in relation to the Company and its management, but not independent in relation to major shareholders.

1) Including Bure Equity's holding of shares and warrants in the Company following completion of the Transaction.



Paul Madera

Director since 2019.

Education and professional experience: B.S. from United States Air Force Academy, and M.B.A. from Stanford Graduation School of Business. Many years of experience from the Meritech Capital Partners group.

Other ongoing assignments: Founder and Managing Member of Meritech Capital Partners. Board member of Air Force Academy Foundation, DataStax Inc., Filevine Inc., GuideCX Inc., Icertis Inc., and Kinetica DB Inc.

Assignments completed during the past five years: Board member of Braze Inc. (2017–2021), Sonendo Inc. (2014–2022), and ForgeRock Inc. (2014–2022).

Holding in the Company (own and closely related parties' holdings)¹⁾: 1,948,827 shares.

Independent in relation to the Company and its management, as well as independent in relation to major shareholders.



Ramanujam Shriram

Director since 2014.

Education and professional experience: B.Sc. from University of Madras.

Other ongoing assignments: Board member of Alphabet Inc., 24-7 Customer Inc., Paperless Post Inc., Antheia Inc., Krikey Inc., Abacus.AI, and EasyPost. Managing Director of Sherpalo Ventures. Trustee of Dhanam Foundation, Stanford Health Care, and Indiaspora.

Assignments completed during the past five years: Director of GoForward Inc. (2016–2023). Vice Chair and Trustee of Stanford University Board (2009–2019).

Holding in the Company (own and closely related parties' holdings)²⁾: 3,467,132 shares

Independent in relation to the Company and its management, as well as independent in relation to major shareholders.



Eola Änggård Runsten

Director since 2023.

Education and professional experience: M.Sc. in Business and Economics from Stockholm School of Economics. CFO of AcadeMedia AB (publ) (2013–2019), CFO of EQT Management Sarl (2010–2012), Group Head of Human Resources and member of the management team of EQT Partners (2007–2010). CFO of SEB Wealth Management (2005–2007), CFO of Affibody Biotechnology (2001–2005), and before that financial advisor in corporate finance at Alfred Berg and Handelsbanken.

Other ongoing assignments: Chairman of the board in Eola Advisory AB. Board member of ACQ Bure AB, Caybon Holding AB, DIB Services AB, ILT Group AB, ILT Holding AB, ILT Inläsningstjänst AB, Mentice AB (publ), Sdiptech AB (publ), Poly IntermediateCo AB, Poly MidCo AB, and PolyBidCo AB.

Assignments completed during the past five years: Board member of AcadeMedia Group AB (2015–2020) and several other subsidiaries in the AcadeMedia Group (2013–2020), Wise Consulting AB (2020), and several other subsidiaries in the Wise Group (2020).

Holding in the Company: 2,000 shares.

Independent in relation to the Company and its management, as well as independent in relation to major shareholders.

1) Including holding of shares which Meritech Yubico L.L.C., Meritech Affiliates Yubico L.L.C., and Meritech Entrepreneurs Yubico L.L.C will hold in the Company following completion of the Transaction.

2) Including shares held through trusts, established for the benefit of Ramunujam Shriram and/or closely related parties, following completion of the Transaction.

Executive management

Name	Position	Member of the executive management since	Employed by the group since
Mattias Danielsson	Chief Executive Officer	2010	2010
Camilla Öberg	Chief Financial Officer	2020	2020
Jerrod Chong	Chief Operating Officer	2013	2013
Stina Ehrensvärd	Chief Evangelist & Co-Founder	2007	2007
Jakob Ehrensvärd	Chief Innovation Officer & Co-Founder	2007	2007
Christopher Harrell	Chief Technology Officer	2016	2016
Ronnie Manning	Chief Marketing Officer	2019	2015
Emanuela Todaro	Chief People Officer	2021	2017
Hung Truong	Chief Engineering Officer	2021	2021
Henrik Lejdeborn	General Counsel	2021	2018

Below is a presentation of the executive management, including education, experience, ongoing and previous assignments as well as their holdings in the Company.





Mattias Danielsson

Chief Executive Officer.

Education and professional experience:

M.Sc. in Business and Economics from Stockholm School of Economics. Ph.D. studies at Stockholm School of Economics and UC Berkeley. Co-founder, board member (2001–2006) and CEO (2000–2006) of Tradera, and co-founder and board member (2008–2009) of Avito Holding AB.

Other ongoing assignments: Board member of Solvatten AB. Board member and CEO of Aaemeo AB.

Assignments completed during the past five years:

Board member of JInnovation AB (2013–2023) and Solvatten Charitable Foundation US (2017–2022).

Holding in the Company (own and closely related parties' holdings): 741,304¹⁾ shares.



Camilla Öberg

Chief Financial Officer.

Education and professional experience:

M.Sc. in Business and Economics from Stockholm School of Economics. Many years of experience from leading finance positions in the IT consulting industry, including with Cybercom (2012–2020), Logica Holdings AB (2010–2011), and WM-data.

Other ongoing assignments: Chairman of the board and board member of Southside Stories AB. Board member of Xvivo Perfusion Aktiebolag, Investment AB Vålåslund, and Instalco AB. Partner of Öberg & Öberg Handelsbolag.

Assignments completed during the past five years:

Board member of Knowit Connectivity AB (2012–2020), Knowit IS/IT Services AB (2012–2020), Cybercom Denmark (2012–2020), and Cybercom Poland (2012–2020). Chairman of the board and board member of Bostadsrättsföreningen Rudan 2 (2005–2021).

Holding in the Company (own and closely related parties' holdings): 18,725¹⁾ shares.



Jerrod Chong

Chief Operating Officer.

Education and professional experience:

M.Sc.Eng. from University of Michigan. Many years of IT security experience and selling of complex enterprise solutions to Global 2000 customers, and previous experience from Check Point.

Other ongoing assignments: –

Assignments completed during the past five years: –

Holding in the Company: 281,985¹⁾ shares.



Stina Ehrensvärd

Chief Evangelist & Co-Founder.

Please see further information under “Board of directors” above.



Jakob Ehrensvärd

Chief Innovation Officer & Co-Founder.

Education and professional experience:

M.Sc. studies at KTH Royal Institute of Technology. Leading inventor of the YubiKey and FIDO/WebAuthn standards.

Other ongoing assignments: Board member of JInnovation AB.

Assignments completed during the past five years: –

Holding in the Company (closely related parties' holdings): 9,309,739 shares.



Christopher Harrell

Chief Technology Officer.

Education and professional experience:

Many years of experience working with IT security at MindSpring (1997–2000), NetVMG (2000–2003), Yahoo (2003–2011 and 2013–2016), and Apple (2011–2013).

Other ongoing assignments: –

Assignments completed during the past five years: –

Holding in the Company: 252,882¹⁾ shares.

1) Certain members of the executive management will exercise warrants and options in Yubico and participate in the placing of shares described in the section “Share capital and ownership structure – Directed share issue in the Company” in connection with the completion of the Transaction, in order to finance the payment of the subscription price. Each relevant person’s holdings of shares in Yubico following the Transaction will therefore be affected by the price per share in the placing. Shareholdings stated in this section are based on a price of SEK 99.3 per share in the placing, which was the closing price for the ACQ share on Nasdaq Stockholm on 31 August 2023.



Ronnie Manning

Chief Marketing Officer.

Education and professional experience: B.A. in Communications from University of Maryland. Many years of agency and corporate communications experience at Raytheon/Websense and Edelman Public Relations.

Other ongoing assignments: –

Assignments completed during the past five years: –

Holding in the Company: 84,785¹⁾ shares.



Emanuela Todaro

Chief People Officer.

Education and professional experience: B.Sc. in Materials Science and Engineering from Politecnico di Torino, and M.Sc. in Material Science and Engineering from Stanford University. Professional in Human Resources (PHR) and Global Professional in Human Resources (GPHR) from Human Resources Certification Institute.

Other ongoing assignments: –

Assignments completed during the past five years: –

Holding in the Company: 78,825¹⁾ shares.



Hung Truong

Chief Engineering Officer.

Education and professional experience: B.Sc. from State University of New York, M.A.Sc. from University of Waterloo, and M.B.A. from University of Western Ontario. Many years of global engineering leadership experience and delivery of complex mission-critical products and solutions for demanding enterprise environments.

Other ongoing assignments: –

Assignments completed during the past five years: Vice President of Products at Utimaco (2018–2021), Vice President of Engineering at Micro Focus/HPE (2017–2018), and Senior Director/Vice President of Engineering at HPE/HP (2010–2017).

Holding in the Company: 61,885¹⁾ shares.



Henrik Lejdebom

General Counsel.

Education and professional experience: Law degree from Stockholm University. Many years of experience from leading the legal functions of different fast growing high-tech companies in various stages of development.

Other ongoing assignments: –

Assignments completed during the past five years: –

Holding in the Company (own and closely related parties' holdings): 54,714¹⁾ shares.

1) Certain members of the executive management will exercise warrants and options in Yubico and participate in the placing of shares described in the section "Share capital and ownership structure – Directed share issue in the Company" in connection with the completion of the Transaction, in order to finance the payment of the subscription price. Each relevant person's holdings of shares in Yubico following the Transaction will therefore be affected by the price per share in the placing. Shareholdings stated in this section are based on a price of SEK 99.3 per share in the placing, which was the closing price for the ACQ share on Nasdaq Stockholm on 31 August 2023.

Other information about the board of directors and the executive management

Other than what is stated below, there are no conflicts of interest with any of the members of the board of directors and the executive management which entails that their private interests may be in conflict with the Company's. However, several members of the board and the executive management have financial interests in the Company as a consequence of their holdings, direct or indirect, of shares and/or warrants in the Company.

Stina Ehrensvärd and Jakob Ehrensvärd are married, and Henrik Lejdeborn is Mattias Danielsson's brother in law. Beyond that, there are no family ties between the board of directors and the executive management.

None of the directors or the members of the executive management have during the last five years (i) been sentenced for fraud-related offences, (ii) represented a company which has been declared bankrupt or filed for liquidation (other than voluntary liquidation), or been subject to administration under bankruptcy (iii) been bound by and/or been subject to sanctions by any regulatory or supervisory authority (including approved professional organizations) or (iv) been prohibited by a court of law from being a member of any company's administrative, management or supervisory body or from exercising a senior or overarching function of any company.

Independent auditor

The external audit of the accounts of the Company, including the management by the board and the executive management, is conducted in accordance with generally accepted auditing standards in Sweden. The external auditor attends at least two board meetings per year. On at least one of these occasions, the auditor is to discuss the audit with the directors without the presence of the CEO or any other member of the executive management.

Öhrlings PricewaterhouseCoopers AB (PwC) has been ACQ's independent auditor since 2020. KPMG AB (KPMG) has been Yubicos independent auditor since 2017. The annual general meeting in ACQ held on 4 May 2023 resolved to re-elect PwC as the auditor for the period until the end of the annual general meeting 2024 and PwC will accordingly continue as independent auditor in the Company. Magnus Svensson Henryson (born 1969) is the auditor in charge. Magnus Svensson Henryson is an authorized public accountant and member of FAR, the industry organization for accounting, auditing and consulting. PwC, with Magnus Svensson Henryson as the auditor in charge, and KPMG, with Fredrik Sjölander as the auditor in charge, has been auditor for ACQ and Yubico respectively throughout the entire period which the historical financial information in this Company Description covers. PwC's address is Torsgatan 21, SE-113 97 Stockholm, Sweden.

In addition to the audit assignment, PwC was engaged for additional services in 2022, mainly audit services outside the audit assignment. Such services were always, and solely, provided to the extent consistent with the regulations in the Swedish Auditors Act (Sw. *revisorslagen (2001:883)*) and FAR's rules of professional conduct pertaining to the objectivity and independence of auditors.

Corporate governance

Corporate governance

The Company will, once its shares have commenced trading on Nasdaq First North Growth Market, comply with the Nasdaq First North Growth Market Rulebook, in addition to Swedish legislation (including the Swedish Companies Act) and internal guidelines.

General meeting of shareholders

According to the Swedish Companies Act, the general meeting is the Company's highest decision making body. At the general meeting, the shareholders exercise their voting rights in key issues, such as the adoption of income statements and balance sheets, distribution of the company's earnings, discharge from liability for the members of the board and the CEO, election of members of the board and auditor as well as remuneration to the board and the auditor.

The annual general meeting must be held within six months from the end of the financial year. In addition to the annual general meeting, extraordinary general meetings may be convened. According to the articles of association, general meetings are convened by publication of the convening notice in the Swedish National Gazette (*Sw. Post- och Inrikes Tidningar*) and on the Company's website. At the time of the notice convening the meeting, information that the notice has been issued shall be published in Svenska Dagbladet.

Right to attend general meetings

Shareholders who wish to participate in a general meeting must be included in the shareholders' register maintained by Euroclear Sweden on the day falling six banking days prior to the meeting and notify the Company of their participation no later than on the date stipulated in the notice convening the meeting. Shareholders may attend the general meetings in person or through a representative and may be accompanied by a maximum of two assistants. Typically, it is possible for a shareholder to register for the general meeting in several different ways as indicated in the notice of the meeting. In addition to notifying the Company of their intention to participate in the general meeting, shareholders whose shares are nominee registered, through a bank or other nominee, must request that their shares are temporarily registered in their own names in the share register maintained by Euroclear Sweden in order to be entitled to participate in the general meeting. A shareholder, or its representative, may vote for all shares owned or represented by the shareholder.

Shareholders' initiatives

Shareholders who wish to have a matter brought before the general meeting must submit a written request to the board. The matter shall be addressed at the general meeting, provided that the request was received by the board no later than one week prior to the earliest date pursuant to the Swedish Companies Act on which notice to attend the general meeting may be issued, or after that date if in due time for the matter to be included in the notice to attend the general meeting.

Nomination committee

At ACQ's annual general meeting on 4 May 2023, instructions for the composition and work of the nomination committee within the Company were adopted. According to these instructions, the chairman of the board shall, no later than at the end of the third quarter of each year, ensure that the Company's three largest shareholders or ownership groups, in terms of voting rights, are invited to nominate their own representative to the nomination committee. The determination of voting rights is based on Euroclear Sweden's shareholder list (owner-grouped) and other available owner statistics as of the last banking day in August, or any other documentation that shareholders or ownership groups at this time report as evidence of their shareholding. If one or more shareholders decline to nominate a member to the nomination committee, one or more additional shareholder(s) in subsequent order of ownership share shall be offered the opportunity to nominate a member to the nomination committee. However, no more than five additional shareholders need be contacted, unless the chairman of the board finds that there are special reasons for doing so.

The nomination committee shall consist of a total of at least three members, including the chairman of the board. The composition of the nomination committee shall be made public as soon as it has been appointed. The chairman of the nomination committee shall, unless members agree otherwise, be the member who represents the largest shareholder in terms of votes. However, the chairman of the board or other board member shall not be the chairman of the nomination committee.

The nomination committee shall, according to the instructions, prepare and submit proposals to the annual general meeting, for i) the election of a chairman of the meeting, ii) election of and remuneration to the chairman of the board and board members of the Company, respectively, and, where applicable, any other special committee or sub-

committee that the annual general meeting may decide to appoint, iii) election of and remuneration to the auditor and, if applicable, the deputy auditor and iv) proposals on such amendments to the nomination committee instructions that the nomination committee deems appropriate. An account of the nomination committee's work in the form of proposals and opinions from the nomination committee shall be published on the Company's website well in advance of the annual general meeting.

Board of directors

Work of the board of directors

The board is the second-highest decision-making body of the Company after the general meeting and the highest executive body of the Company.

The board has the overall responsibility for the organization of the Company and the management of the Company's affairs. The board shall ensure that the Company's organization is structured so that the accounting, management of funds and the Company's overall financial situation are controlled in a satisfactory manner. The board is responsible for establishing the Company's business objectives and strategies, for reviewing the Company's operations and continuously monitoring the Company's development and financial situation in relation to the established objectives. The board is responsible for the group's financial statements being prepared in compliance with legislation and applicable accounting principles, and for quality assurance of the Company's financial reporting. The board also has the task of ensuring that there is satisfactory control of the Company's compliance with laws and regulation. The board shall primarily dedicate its work to long-term and/or significant issues for the Company. Furthermore, it is the task of the board to appoint the CEO, adopt instructions covering the duties of the CEO and monitor the CEO's ongoing management of the Company.

The chair of the board represents the board externally as well as internally within the Company. The chair shall organize and lead the work of the board, and ensure that the work is done efficiently and in accordance with applicable legislation and regulations. The chair shall ensure that board meetings are held when necessary, that the board's work is evaluated annually and that the board's decisions are implemented effectively.

According to the Company's articles of association, the board shall comprise at least three (3) and a maximum of ten (10) directors. Provided that the extraordinary general meeting of the Company resolves to elect the proposed board members, the board will consist of six members elected by the general meeting following completion of the Transaction and when the Company's shares are listed on Nasdaq First North Growth Market. The board members are presented in "*Board of directors, executive management and auditor – Board of directors*".

The board of directors' committees

In connection with the listing on Nasdaq First North Growth Market and the inaugural meeting of the board, the board intends to establish an audit committee. The board intends to evaluate whether it is appropriate to establish a remuneration committee in the future, and in the meantime the board as a whole will fulfil the tasks of the remuneration committee. The audit committee and the remuneration committee are preparatory bodies of the board.

Remuneration committee

The tasks of the remuneration committee include the preparation of proposals on remuneration principles, remunerations and other employment terms for the executive management. The remuneration committee shall also monitor and evaluate any programs for variable remuneration for the executive management, the application of the guidelines for remuneration to the executive management adopted by the general meeting, as applicable, as well as the current remuneration structures and remuneration levels in the Company.

Audit committee

The main tasks of the audit committee shall be to, without otherwise affecting the board's responsibilities and duties, ensure that a satisfactory level of control over risk management, internal control, accounting and financial reporting exists and ensure that the Company's financial reporting is prepared in accordance with laws, other relevant regulations and applicable accounting standards. The committee shall ensure a maintained, ongoing contact with the external auditor, review the performance and evaluate the work of the external auditor and make recommendations to the nomination committee for the appointment, reappointment or termination of appointment of the external auditor. The committee shall also review and assess the external auditor's independence and objectivity towards the Company and pay particular attention to whether the auditor provides and is allowed to provide the Company with services other than auditing. Furthermore, the committee shall inform the board of the results of the external audit, in what way the audit contributed to the reliability of the financial reports and what function the committee have had.

The CEO

The Company's CEO is subordinated to the board and is responsible for the everyday management and operations of the Company pursuant to the Swedish Companies Act and the rules of procedure for the board. The division of work between the board and the CEO is set out in the rules of procedure for the board and the CEO's instructions. Matters that in terms of the scope and nature of the Company's operations are of unusual kind or of great importance do not fall under the definition of everyday management.

The CEO shall prepare necessary information and supporting documents prior to board meetings and, if instructed by chair of the board, convene the board. The CEO reports at board meetings and shall submit motivated decision proposals. The CEO shall ensure that the board members continuously receive such information that is required in order to assess the Company's and the group's financial situation and the development of each group company. The CEO and the other members of the executive management are presented in "Board of directors, executive management and auditor – Executive management".

Remuneration to the board of directors, CEO and executive management

Remuneration to the board of directors

Fees and other remuneration to the members of the board, including the chair of the board, are resolved by the general meeting. The nomination committee has proposed to the extraordinary general meeting to be held on 19 September 2023 that fees shall be paid in the amount of SEK 500,000 to the chair of the board and SEK 250,000 to each of the other board members. It is further proposed that remuneration shall be paid in the amount of SEK 100,000 to the chair of the audit committee and that no remuneration shall be paid to the other committee members. The fee levels are based on a customary mandate period of approximately twelve months and is valid from the day the board member takes office as board member and for the period until the end of the next annual general meeting.

Guidelines for remuneration to the executive management

The guidelines shall cover members of the board of directors, the CEO and other members of the senior management in accordance with 9.9 of the Swedish Corporate Governance Code. The guidelines shall apply to remuneration agreed, and to changes made to remuneration already agreed, after the guidelines have been adopted by the extraordinary general meeting on 19 September 2023, and the resolution has entered into force. The guidelines do not apply to remuneration decided by the general meeting.

The board of directors shall have the right to decide to deviate temporarily, in whole or in part, from the guidelines if there are special reasons for doing so in an individual case

and a deviation is necessary to meet the long-term interests and sustainability of the Company or to ensure the financial viability of the Company. Any such deviation shall be disclosed in the remuneration report to the next annual general meeting. The guidelines shall apply until further notice, but at the latest until the annual general meeting in 2027.

Guidelines that promote the Company's business strategy, long-term interests, and sustainability

A successful implementation of the Company's strategy and the safeguarding of the Company's long-term interests, including its sustainability and gender equality, requires that the Company can recruit and retain qualified employees. This applies in particular with regard to the fact that the Company is expected to have a significant part of its operations in the US. The Company shall therefore apply market based and competitive remuneration levels and terms of employment in order to be able to recruit and retain a management team with high competence and a capacity to achieve set goals. The types of remuneration shall motivate senior executives to do their utmost to safeguard the shareholders' interests. They should also be simple, long-term and measurable.

Types of remuneration etc.

The remuneration and other terms of employment to senior executives shall be in line with market conditions. The total remuneration may consist of basic salary, variable remuneration, pensions and various other benefits.

Fixed basic salary

The fixed salary for senior executives shall be in line with market practice and based on competence, responsibility and performance.

Variable remuneration

Variable remuneration may be paid to senior executives where the board considers that it encourages the right behaviors and does not jeopardize long-term value creation. The variable remuneration should reward target-related performance. An outcome shall be related to the fulfilment of the Company's financial targets and other measurable targets that support long-term shareholder value. The targets set out should mainly be common to senior executives but may also relate to individual performance to a limited extent. The measurement period for variable remuneration shall, as a rule, be based on performance over a period of approximately twelve months. Variable remuneration to the CEO may amount to 100% of the fixed basic salary and for other respective senior executives may amount to 50% of the fixed basic salary and shall in both cases be non-pensionable.

Share or share price related incentive programs

The general meeting shall, regardless of the guidelines, be able to decide on share and share price related incentive programs for senior executives. An incentive program shall

aim to improve the participants' commitment to the Company's development and be implemented on market terms.

Pension and other benefits

The terms and conditions of senior executives' pensions must be based on defined contribution pension solutions.

The non-monetary benefits of senior executives must facilitate the work performance of senior executives and correspond to what can be considered reasonable in relation to market practice in the market where each senior executive is active. Premiums and other costs related to such benefits may in total amount to a maximum of 10% of the fixed annual cash salary.

Notice period and severance pay

Upon termination of the employment, the notice period may not exceed twelve months. Fixed cash salary during the notice period and severance pay may not, in aggregate, exceed an amount corresponding to the fixed cash salary for eighteen months for the CEO and twelve months for other senior executives. In the event of termination by the executive, the notice period may not exceed six months, without the right to severance pay.

Salary and conditions of employment

In the preparation of the board of directors' proposal for these guidelines for remuneration, the salary and conditions of employment for the Company's employees have been taken into account by including information on the employees' total remuneration, the components of the remuneration and the increase pace of the remuneration over time as

part of the board of directors' basis for resolution when evaluating the reasonableness of the guidelines and the limitations resulting from them.

Remuneration to the board, in addition to board fees decided by the general meeting

Members of the board elected by the general meeting shall in special cases be able to receive fees and other compensation for work performed on behalf of the Company, alongside the work of the board. Remuneration in line with market conditions shall be able to be paid for such services, subject to approval by the board. These guidelines shall be applied on such remuneration.

The decision process

The board has not established a remuneration committee, but the entire board fulfils the tasks of the remuneration committee. The board resolves on guidelines for remuneration to senior executives as well as any deviation from the guidelines. The board shall prepare a proposal for new guidelines at least every fourth year and present the proposal for resolution by the annual general meeting. The guidelines shall be in force until new guidelines have been adopted by the general meeting. The board shall also monitor and evaluate programs for variable remuneration to the executive management, the application of the guidelines for remuneration to senior executives as well as the current remuneration structures and compensation levels in the Company. In the board's work regarding remuneration related matters, the CEO or other members of the executive management are not present in so far the questions concern their own remuneration.

Remuneration paid by the Company to the CEO and other members of the executive management

The table below sets forth the remuneration to the CEO and other members of the executive management in the Company for the financial year of 2022.

Amount, SEK million	Fixed remuneration	Variable remuneration	Pension costs	Other benefits	Total
Mattias Danielsson, CEO ¹⁾	3.4	0.3	0.9	0.0	4.6
Stina Ehrensvärd, former CEO ²⁾	2.6	0.6	0.0	0.4	3.6
Other senior executives³⁾	22.5	7.1	1.9	1.0	32.5
Total	28.5	8.0	2.8	1.4	40.7

1) Mattias Danielsson took office as CEO in February 2023.

2) Stina Ehrensvärd resigned as CEO in February 2023.

3) The amounts do not include remuneration to Mattias Danielsson during 2022.

Current employment agreements for the CEO and other members of the executive management

Certain members of the executive management are employed in a subsidiary of the Company and subject to US law. The CEO and the other members of the executive management are employed in the Company.

The Company applies a pension policy whereby the Company makes pension contributions on base salary equivalent to the ITP1 pension plan. The employment agreement of the CEO stipulates a notice period of six

months if notice is given by the Company or if notice is given by the CEO. The employment agreements of the other members of the executive management employed by the Company stipulates notice periods of between three and six months if notice is given by the Company, or if notice is given by the senior executive. There are no agreements regarding severance payment in case of termination of the CEO or the other members of the executive management employed by the Company.

Share capital and ownership structure

General information

Pursuant to the Company's articles of association, the Company's share capital shall be not less than SEK 150,000,000 and not more than SEK 600,000,000 and the number of shares shall be not less than 50,000,000 and not more than 200,000,000.¹⁾ As of 30 June 2023, and as of the date of this Company Description, there are a total of 35,000,000 shares in ACQ, all of which are ordinary shares. The share capital amounts to SEK 87,500,000. The shares are denominated in SEK, each with a quota value of SEK 2.50.

A total of 49,797,085²⁾ new shares are expected to be issued as merger consideration in the Transaction. In connection with the completion of the Transaction, the board of directors intends to resolve on a directed issue of up to 1,452,721²⁾ new shares under the authorization granted for the board of directors by the extraordinary general meeting in ACQ held on 20 June 2023, to secure the obligation of the Company to effect cash payments to Ineligible Foreign Holders in connection with the Transaction (see further in section "*Share capital and ownership structure – Directed share issue in the Company*"). The number of shares in the Company is therefore expected to be up to 86,249,806²⁾ following completion of the Transaction.

All shares in the Company have been issued pursuant to Swedish law. All issued shares have been fully paid and are, except for the undertakings described under "*Lock-up agreements*" below, freely transferable in accordance with applicable law. The shares are not subject to an offer following a mandatory bid, redemption right or redemption obligation. No public takeover offer has been made for the Company's shares during the current or preceding financial year.

The shares in ACQ are currently traded on Nasdaq Stockholm's SPAC segment and were given observation status by Nasdaq Stockholm upon the announcement of the Transaction, which according to the Nasdaq Nordic Main Market Rulebook for Issuers of Shares is to occur immediately upon the announcement of a de-SPAC transaction.

Articles of association

On 20 June 2023, the extraordinary general meeting of ACQ resolved to amend the articles of association in order for these to be suitable for Yubico following the Transaction. The resolution regarding the amendments to the articles of association is conditional upon completion of the Transaction and that the Swedish Companies Registration Office (Sw. *Bolagsverket*) registers the merger. The amendments include among other that ACQ's company name is changed to Yubico AB, a new business description is introduced in order to appropriately reflect the business conducted by Yubico, the limits for the share capital and the number of shares are changed to allow for the share issue (merger consideration) resolved upon by the extraordinary general meeting, and the limits for the permitted number of board members are changed.

In addition, the board has proposed that the extraordinary general meeting of ACQ to be held on 19 September 2023 resolves to amend the articles of association such that sections 13–14 in the articles of association regarding the right to share redemption and liquidation are removed, considering that these sections will not be relevant following completion of the Transaction.

Please refer to the section "*Articles of association*" for further information.

Certain rights associated with the shares

The rights associated with the Company's shares, including those pursuant to the articles of association, can only be amended in accordance with the procedures set out in the Swedish Companies Act.

Voting rights

Each share in the Company will carry one vote at general meetings.

1) The articles of association were adopted at ACQ's extraordinary general meeting on 20 June 2023, and will be registered with the Swedish Companies Registration Office in connection with completion of the Transaction.

2) Assuming that all outstanding and, at the time of completion of the Transaction, vested warrants and options in Yubico that were in the money based on the latest paid price of ACQ's shares on 1 September 2023 are exercised prior to the completion of the Transaction.

Preferential right to new shares

If the Company issues new shares, warrants or convertibles in a cash or set-off issuance, the shareholders have preferential rights to subscribe for such securities in proportion to the number of shares held prior to the issuance. The articles of association will not restrict the Company's ability to issue new shares, warrants or convertibles with deviation from the shareholders' preferential rights under the Swedish Companies Act. Please refer to the section "Articles of association" for further information.

Rights to dividends and surplus in the event of liquidation

All of the shares in the Company will carry equal rights to dividends and to the Company's assets and any surpluses in the event of liquidation. Resolutions regarding any dividends are to be made by the general meeting. Shareholders who are registered in the share register, maintained by Euroclear, on the record date determined by the general meeting are entitled to receive dividend. The payment of any dividends will be administered by Euroclear or, should the shares be nominee-registered, in accordance with the procedures of the individual nominee. Dividend is normally paid to shareholders through Euroclear as a cash amount per share, but may also comprise forms other than cash dividends (distribution in kind).

Information regarding takeover offers and redemption of minority shares

Provided that the Company's shares are admitted to trading on Nasdaq First North Growth Market, the Company's share will be subject to the rules regarding public takeover offers issued by the Swedish Corporate Governance Board (Takeover rules for certain trading platforms). These rules stipulate that any person who does not hold any shares, or hold shares representing less than 30% of the voting rights in a Swedish limited liability company whose shares are

admitted to trading on, for example, Nasdaq First North Growth Market, and who through the acquisition of shares in such a company, alone or together with a closely related party, holds shares representing 30% or more of the voting rights, is obliged to immediately disclose the size of its holding in the company and, within four weeks thereafter, make an offer to acquire the remaining shares in the company (mandatory offer requirement).

A shareholder who holds more than 90% of the shares in a Swedish limited liability company has the right to redeem the remaining shares in such company. The owners of the remaining shares have a corresponding right to have their shares redeemed by the majority shareholder. The formal procedure for the redemption of minority shares is regulated in the Swedish Companies Act.

Central securities depository

The Company's shares are registered in a central securities depository (CSD) register in accordance with the Swedish Central Securities Depositories and Financial Instruments Accounts Act (Sw. lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument). This register is managed by Euroclear Sweden, P.O. Box 191, SE-101 23 Stockholm, Sweden. No share certificates have been issued for the Company's shares. The ISIN code for the Company will remain the same as the current code for ACQ, i.e. SE0015657788.

Share capital development

The below table illustrates historical changes in the Company's share capital since its formation in 2021 (up until the date of this Company Description) as well as the changes in the number of shares and the share capital that will be made in connection with the Transaction.

Date ¹⁾	Event	Change in share capital, SEK	Change in number of shares	Share capital after the change, SEK	Number of shares after the change	Quota value, SEK
2020-10-26	Formation	500,000	500,000	500,000	500,000	1
2021-01-27	Reverse share split	–	499,999	500,000	1	500,000
2021-01-27	Share split	–	199,999	500,000	200,000	2.5
2021-03-24	New share issue	87,000,000	34,800,000	87,500,000	35,000,000	2.5
2023-09-20	New share issue (merger consideration)	124,492,712.5 ²⁾	49,797,085 ²⁾	211,992,712.5 ²⁾	84,797,085 ²⁾	2.5

1) Refers to the dates the resolutions were registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) except for the issue of the merger consideration shares, where the date refers to the expected date of the completion of the merger.

2) Assuming that all outstanding and, at the time of completion of the Transaction, vested warrants and options in Yubico that were in the money based on the latest paid price of ACQ's shares on 1 September 2023 are exercised prior to the completion of the Transaction.

Convertibles, warrants and other share-based instruments

ACQ has issued 4,200,000 warrants to Bure Equity. The warrants can be exercised for subscription of shares no earlier than 1 April 2026 and no later than 1 April 2031, subject to the terms and conditions of the warrants, and each warrant entitles Bure Equity to subscription of one (1) share in the Company at a subscription price of SEK 130. However, under the warrants the Company has the right to demand that the number of shares each warrants entitles to is recalculated such that the number of shares only represent the net value of the warrants ("net strike"), whereby subscription of shares shall be made at the share's quota value instead of the full exercise price. Depending on the Company's decision as to whether it opts for net strike or not, the dilution for existing shareholders may, at the time of exercise of all warrants, amount to a maximum of approximately 4.6%, based on the number of shares in the Company after completion of the Transaction (excluding any additional shares that are issued to be placed in connection with the Transaction). The warrants are subject to recalculation terms, which, *inter alia*, means that future dividends paid by the Company will lead to recalculation which will have the effect that the number of shares that the warrants entitle to will increase.

As of 1 September 2023, there were a total of 2,303,173 outstanding warrants (Sw. *teckningsoptioner*) in Yubico, as well as stock options reflecting in all material respects the terms of the warrants, that have been issued in different series under equity incentive plans implemented by Yubico to members of Yubico's executive management and other employees. Holders of warrants and stock options that will have vested no later than 30 September 2023 were entitled to exercise their warrants and stock options to become shareholders and were notified in accordance with the terms and conditions of the respective series of warrants and stock options. All warrants and stock options outstanding in Yubico that have not been exercised prior to the Transaction will expire worthless in connection with the completion of the Transaction.

Share-related incentive plans

Upon completion of the merger, all of the existing share-related incentive plans in Yubico will have been accelerated and expired. The board of the Company has proposed that the extraordinary general meeting to be held on 19 September 2023 resolves to introduce a three-year long-term incentive program ("LTI 2023") based on performance stock units ("PSUs") for senior executives, key personnel and other employees in the group. LTI 2023 is proposed to include up to approximately 440 senior executives, key personnel and other employees within the Company group. The maximum number of PSUs that may be awarded is 700,000, whereby each PSU shall entitle the holder to receive one share in the Company (or, depending on in

which manner share delivery under LTI 2023 is arranged for, subscription of one share at quota value). The PSUs will vest with one-third on each of three yearly vesting dates, following shortly after publication of the Company's interim report for the third quarter during 2024, 2025 and 2026, provided that the participant is still employed with the Company group (with certain limited exemptions, such as if the participant's employment is terminated as a result of pension or long-term illness) on the applicable vesting date, and that a TSR performance condition is fulfilled. The performance condition relates to the annualized TSR, whereby 20% of the PSUs vest if the TSR increase amounts to 9% during a vesting period and 100% of the PSUs vest if the TSR increase is 15% or more during a vesting period, with a linear vesting in between 9 and 15%, and a possible "catch-up" depending on the TSR performance during the term of LTI 2023 in full. Subject to the terms of the incentive plan, LTI 2023 will allow for yearly vesting and pay-out of shares for holders of PSUs who are employees of Yubico in the United States and Canada, whereas other participants receive pay-out of shares after the full term of LTI 2023. In order to secure share delivery to the holders of PSUs and to cover any costs (including taxes and social security costs), the board has proposed that the Company issues a maximum of 762,598 warrants, entitling to subscription of new shares in the Company. If all of these warrants were to be exercised, it would represent a dilution effect of 0.87% of the current total number of outstanding shares in the Company.

Authorizations

At ACQ's extraordinary general meeting held on 20 June 2023 it was resolved, among other things, to authorize the board of directors on one or several occasions for the period until the end of the next annual general meeting, with or without deviation from the shareholders' preferential rights, to resolve on a new issue of shares, to the extent such issue can take place without amendments of the articles of association. The total number of shares issued under the authorization may not exceed 10% of the total number of outstanding shares in ACQ including the maximum number of shares which may be issued as share consideration in the merger. The authorization shall include the right to resolve on issue where payment is made in cash, by contribution in kind or by way of set-off. A cash issue or issue by way of set-off that takes place with deviation from the shareholders' preferential rights shall be in line with market terms.

The purpose of the authorization and the reasons for deviation from the shareholders' preferential rights is to enable the issue to be carried out to restore the Company's cash after redemption of shares in connection with the Transaction and to finance the payment of fair market value to certain foreign shareholders in Yubico who cannot receive shares due to applicable securities legislation.

Ownership structure

Yubico is owned, as per the date of this Company Description, among others by its co-founder Stina Ehrensvärd, and principal investors Bure Equity, entities affiliated with Andreessen Horowitz, Ram Shriram, and AMF Tjänstepension.

Upon completion of the Transaction, ACQ's current shareholders will hold approximately 40.6% of the shares and votes in the Company. Bure Equity, currently holding approximately 14.9% (on a fully diluted basis) of the shares and votes in Yubico and 20.0% of the shares and votes in ACQ, will be the largest shareholder in the Company with a shareholding of approximately 17.2%. Bure Equity will also hold 4,200,000 warrants in the Company, which Bure Equity received as a sponsor when ACQ was established. The sponsor warrants can be exercised for subscription of shares no earlier than 1 April 2026 and no later than 1 April 2031 (see further in "– Convertibles, warrants and other share-based instruments"). Bure Equity will thus, *inter alia*, continue to have a significant influence over the outcome of matters resolved by voting at a general meeting in the Company. Such influence may be limited by provisions in the Swedish Companies Act.

The table below sets out the anticipated holdings of the five largest shareholders of the Company, based on the latest available shareholder data, and assuming all current shareholders of ACQ will have the same holdings at the time of completion of the Transaction:

Shareholder	Number of shares and votes (%)
Bure Equity	17.2
AMF Tjänstepension and AMF Fonder	10.9
Stina Ehrensvärd	10.8
Entities affiliated with Andreessen Horowitz	6.1
Fourth Swedish National Pension Fund	4.1
Top five shareholders	49.1
Other shareholders	50.9
Total	100%

Source: ACQ

Directed share issue in the Company

In connection with the Transaction, newly issued shares are intended to be placed. The placing will occur in order to secure the obligation of the Company to effect cash payments to Ineligible Foreign Holders in connection with the Transaction. The board of directors of ACQ intends to use its authorization from the extraordinary general meeting on 20 June 2023 to resolve upon issuance of up to 1,452,721¹⁾ new shares to be placed in connection with the Transaction. The placing is expected to also comprise shares in the Company that are sold to finance exercise of Yubico warrants and options by certain holders who are eligible to receive merger consideration in the form of shares. The total size of the combined placing is expected to comprise no more than 4 million shares, which corresponds to approximately 5% of the expected total number of shares in the Company post completion of the Transaction.

The above placings of shares in the Company are expected to occur on or about 20 September 2023. Post the issuances of new shares in ACQ as part of the Transaction, the total number of shares in the Company is expected to be up to 86,249,806¹⁾.

Lock-up agreements

Bure Equity, Stina Ehrensvärd and Mattias Danielsson will undertake, with customary exceptions, to the Company and Skandinaviska Enskilda Banken AB (SEB) not to sell, or otherwise transfer or divest, their respective shareholdings in the Company during a period of 365 days following the date of completion of the Transaction. In addition, the other shareholders of Yubico who are eligible to receive share consideration in the Transaction, including AMF Tjänstepension, entities affiliated with Andreessen Horowitz, Meritech and Ram Shriram, have entered into undertakings to the Company and SEB, subject to customary exceptions, not to sell, or otherwise transfer or divest, their respective shareholdings in the Company during a period of 180 days following the date of completion of the Transaction. Any shares already held in ACQ before the Transaction are not subject to the lock-up undertakings.

1) Assuming that all outstanding and, at the time of completion of the Transaction, vested warrants and options in Yubico that were in the money based on the latest paid price of ACQ's shares on 1 September 2023 are exercised prior to the completion of the Transaction.

Articles of association

Articles of Association of Yubico AB¹⁾

Reg. no. 559278-6668

§ 1 Company name

The company operates under the business name (Sw. *företagsnamn*) Yubico AB. The company is public (publ).

§ 2 Registered office

The board of directors shall have its registered office in Stockholm.

§ 3 Operations

The company's operations shall be to conduct cyber security and to provide security products and services linked to authentication and other business activities associated therewith.

§ 4 Share capital

The share capital shall amount to not less than SEK 150,000,000 and not more than SEK 600,000,000.

§ 5 Number of shares

The number of shares shall be not less than 50,000,000 and not more than 200,000,000 shares.

§ 6 Board of Directors

The board of directors shall consist of no less than three and no more than ten directors, with no deputy directors. The directors are elected annually at the annual general meeting for the period until the end of the next annual general meeting.

§ 7 Auditors

The company shall have one (1) or two (2) auditors with no more than (2) deputy auditors, or one (1) registered audit company.

§ 8 Notice of a general meeting

Notice of a general meeting shall be published in the Official Swedish Gazette (Sw. *Post- och Inrikes Tidningar*) as well as on the company's website. An announcement that notice has been issued shall be published in Svenska Dagbladet.

§ 9 Notification of attendance and right to participate in a general meeting

To be able to participate in a general meeting, shareholders shall notify the company of this no later than the date specified in the notice of the general meeting. This day shall not be a Sunday, another public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and must not fall earlier than the fifth weekday before the general meeting.

A shareholder may be accompanied by one or two assistants when attending a general meeting, but only if the shareholder's notification pursuant to the previous paragraph includes information to that effect.

§ 10 Collection of powers of attorney and postal voting

The board of directors may collect powers of attorney in accordance with the procedures set out in Chapter 7, Section 4, second paragraph of the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*).

The board of directors may resolve, ahead of a general meeting, that shareholders shall be entitled to exercise their voting rights in advance by post prior to the general meeting.

1) The articles of association were adopted at ACQ's extraordinary general meeting on 20 June 2023, and will be registered with the Swedish Companies Registration Office in connection with completion of the Transaction. In addition, the board has proposed that the extraordinary general meeting to be held on 19 September 2023 resolves to amend the articles of association such that sections 13–14 regarding the right to share redemption and liquidation will be removed. For further information regarding the articles of association, see "Share capital and ownership structure – Articles of association".

§ 11 Annual General Meeting

The annual general meeting shall be held annually within six months after the end of the financial year, and the following matters shall be addressed:

1. Election of chairman of the meeting;
2. Preparation and approval of the voting list;
3. Election of one or two persons to, in addition to the chairman, approve the minutes of the meeting;
4. Determination as to whether the meeting has been duly convened;
5. Approval of the agenda;
6. Presentation of the annual report and the auditor's report and, as applicable, the consolidated annual report and the consolidated auditor's report;
7. Resolutions regarding:
 - (a) approval of the income statement and balance sheet and, as applicable, the consolidated income statement and consolidated balance sheet;
 - (b) distribution of the company's profit or loss in accordance with the adopted balance sheet;
 - (c) discharge from liability of the members of the board of directors and the chief executive officer;
8. Determination of number of board members and auditors and, if applicable, deputy auditor;
9. Determination of remuneration to the members of the board of directors and the auditor;
10. Election of members of the board of directors;
11. Election of auditor, and, if applicable, deputy auditor;
12. Any other matter to be addressed by the meeting in accordance with the Swedish Companies Act or the articles of association.

§ 12 Financial year

The company's financial year shall be the calendar year.

§ 13 Right of redemption at the request of shareholders

A. The following shall apply to redemption at the request of shareholders:

1. Reduction of the share capital, however not below the minimum capital, may after notification by shareholder be made by redemption of shares, however not more than of a total of ten (10) percent of the total number of shares issued by the company at the time of the general meeting (the "**General Meeting**") convened to approve the acquisition or acquisitions (the "**Acquisition**") of a business or company referred to in § 3 above.

2. Shareholders may, during (10) working days from and including the day of the General Meeting, notify the board of directors that they wish to have all (but not fewer than all) of their shares redeemed. Such request shall be made in writing in the way and on the form provided by the company and shall state the number of shares requested to be redeemed. The request is irrevocable.
3. Shareholders are only entitled to request and have their shares redeemed in respect of all their shares in accordance with the above, and in addition, only if the following conditions are fulfilled:
 - a) The shareholder has voted against the Acquisition at the General Meeting,
 - b) The shareholder confirms, according to the redemption request form provided by the company, that the shareholder is not included in the group of persons prevented from requesting redemption pursuant to applicable regulations for the regulated market or MTF platform where the company's shares are admitted to trading.
4. After the board of directors has received requests of redemption of shares and determined:
 - (a) that these were received on time,
 - (b) that the shareholder has the right to request redemption in accordance with this § 13, item 3 above, and
 - (c) that redemption can take place with regard to
 - (i) the company's latest approved balance sheet, taking into account changes in the restricted equity that occurred after the balance sheet date,
 - (ii) that it appears justifiable with regard to the requirements set out in Chapter 17 Section 3 of the Swedish Companies Act, and
 - (iii) the limits for the company's share capital,

the board of directors shall resolve on the reduction and take the necessary measures to ensure that redemption is executed within 30 calendar days after the General Meeting. If such day for execution is not a banking day, redemption shall be executed on the banking day immediately preceding such day. If any of the circumstances according to this § 13, item 4, sub-item (c) above justifies redemption of a lower number of shares than for which the board of directors have received requests, the board of directors shall resolve to redeem the maximum number of shares possible. In these cases, the board of directors shall resolve to redeem any remaining shares that have been requested for redemption as soon as possible with regard to the circumstances according to this § 13, item 4, sub-item (c) above.
5. If more shares are requested for redemption than

can be redeemed according to this § 13, item 4, sub-item (c) above, or if the number of shares requested for redemption exceeds the limit set out in this § 13, item 1 above, distribution of the number of shares to be redeemed shall be made in proportion to the number of shares each shareholder has requested for redemption at the end of the request period. To the extent the distribution of shares does not go out evenly, further distribution shall take place by drawing of lots.

6. When the resolution on reduction is made, an amount equal to the reduction amount shall be allocated to the statutory fund if the necessary funds are available, provided that it is necessary for permission for reduction of share capital not to be required.
7. The redemption consideration for each redeemed share shall correspond to the introduction price for the company's share when the share was first admitted to trading on a regulated market or MTF platform, less the proportion of any taxes and the company's operating costs for the period from the formation of the company up to and including the General Meeting, that each redeemed share represents of the company's share capital.

Payment of the redemption consideration shall be made no later than 30 calendar days after the registration of redemption. No interest shall be paid on the redemption consideration.

§ 14 Liquidation

If a notice to convene the General Meeting for approval of the Acquisition has not been issued within 36 months from the first day of trading in the company's shares on a regulated market or MTF platform, the company shall enter into liquidation and its funds shall be distributed to the shareholders in accordance with the Swedish Companies Act's provisions on liquidation.

§ 15 Record day provision

The shares of the company shall be registered in a record day register pursuant to the Central Securities Depositories and Financial Instrument Accounts Act (*Sw. lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*). The shareholder or nominee who on the record date is registered in the share register and in a central securities depository register pursuant to Chapter 4 of the mentioned Act or any person who is registered in a central securities depository account pursuant to Chapter 4, Section 18 first paragraph items six to eight of the mentioned Act, shall be deemed to be authorised to exercise the rights set out in Chapter 4, Section 39 of the Swedish Companies Act.

These articles of association have been adopted by the extraordinary general meeting on 20 June 2023

Legal issues and supplementary information

Corporate information and legal structure

General company information

ACQ

ACQ Bure AB, reg. no. 559278-6668, is a Swedish public limited liability company formed in Sweden on 12 October 2020 and registered with the Swedish Companies Registration Office on 26 October 2020. ACQ's operations are conducted in accordance with the Swedish Companies Act.

ACQ's LEI-code is 549300I9RBIU9DW59H39 (which will be the LEI-code of the Company) and the registered address is c/o Bure Equity AB (publ), Nybrogatan 6, SE-114 34 Stockholm, Sweden. ACQ's website is www.acq.se.

Yubico

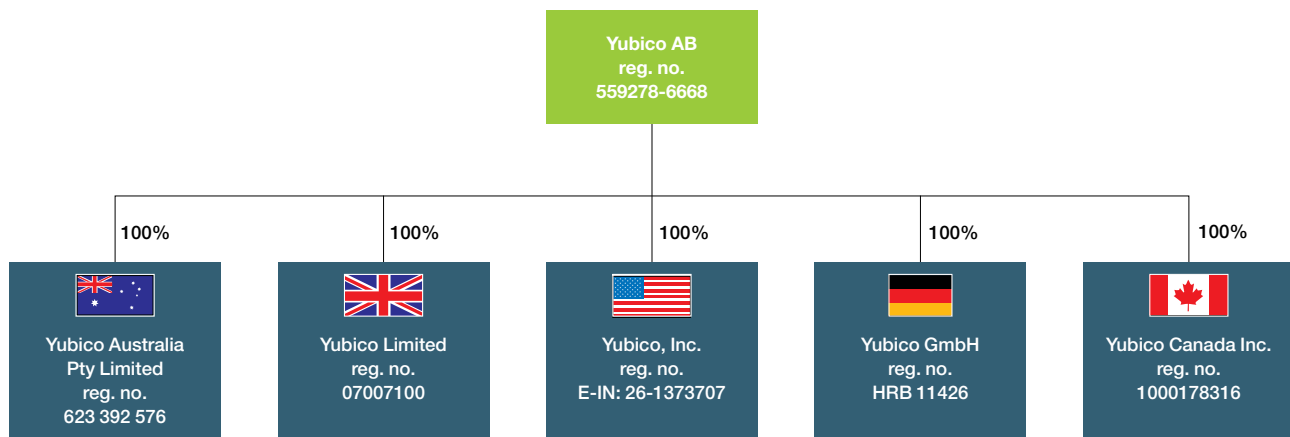
Yubico AB, reg. no. 556720-8755, is a Swedish limited liability company formed in Sweden on 12 December 2006 and registered with the Swedish Companies Registration Office on 18 January 2007. Yubico's operations are conducted in accordance with the Swedish Companies Act.

The registered address is Kungsgatan 44, SE-111 35 Stockholm, Sweden. Yubico's website is www.yubico.com.

Following completion of the Transaction, the trading symbol (ticker) on Nasdaq First North Growth Market for the Company's share will be YUBICO.

Group Structure

As of the date of this Company Description, ACQ has no subsidiaries. Following completion of the Transaction whereby ACQ will absorb Yubico in the merger, and change its name to Yubico AB, the legal structure will be as set out below.



Differences between Nasdaq Stockholm (Main Market) and Nasdaq First North Growth Market

In connection with the Transaction, the Company has applied for listing of its shares on Nasdaq First North Growth Market. As of this date and prior to completion of the Transaction, ACQ's shares are listed on Nasdaq Stockholm (Main Market). Nasdaq Stockholm (Main Market) is a regulated market¹⁾ while Nasdaq First North Growth Market is a Multilateral Trading Facility (MTF)²⁾, entailing different rules and regulations for each marketplace. Below table sets out the main differences between Nasdaq Stockholm (Main Market) and Nasdaq First North Growth Market:

	Main Market	Nasdaq First North Growth Market
Listing requirements		
<i>Organization (board of directors/management)</i>	<ul style="list-style-type: none"> The majority of the directors shall be independent.³⁾ Familiar with the company's structure for internal reporting, financial reporting, IR and disclosing information to the market. 	<ul style="list-style-type: none"> At least one director shall be independent. Familiar with the company's structure for internal reporting, financial reporting, IR and disclosing information to the market.
<i>Minimum market value</i>	EUR 1 million	No
<i>Public holding and ownership distribution</i>	25% free float ⁴⁾	10% free float
<i>Number of shareholders</i>	500 qualified ⁵⁾ shareholders, or 300 with liquidity provider	300 qualified ⁵⁾ shareholders, or 100 with liquidity provider
<i>Takeover rules</i>	Swedish Takeover Act (Sw. <i>Lag om offentliga uppköpserbjudanden på aktiemarknaden (2006:451)</i>), Takeover Rules for Nasdaq Stockholm and Nordic Growth Market NGM, issued by the Swedish Corporate Governance Board (Sw. <i>Kollegiet för svensk bolagsstyrning</i>)	Takeover rules for certain trading platforms by the Swedish Corporate Governance Board.
External requirements		
<i>Corporate governance code</i>	Yes	No
<i>Non-financial information and diversity (sustainability)</i>	Yes ⁶⁾	No ⁷⁾
<i>Rules for notification of changes in major shareholdings</i>	Yes ⁸⁾	No
<i>EU Market Abuse Regulation (MAR)</i>	Yes	Yes
Company disclosure requirements		
<i>Inside information (MAR)</i>	Yes	Yes
<i>Mandatory disclosures</i>	According to the Main Market Rulebook	According to First North Growth Market Rulebook
<i>Financial reporting standard</i>	IFRS	Local accounting standards (GAAP)
<i>Interim report</i>	Quarterly: Q4 and Q2 according to IAS 34, Q1 and Q3 (lighter/voluntary)	Half-yearly

1) "Regulated market" refers to the definition in Chapter 1 Section 4b of the Securities Market Act (Sw. *lag (2007:528) om värdepappersmarknaden*), i.e. a multilateral system within the EEA which connects or enables connection regarding several purchase and sales interests in financial instruments from third parties – regularly, within the system and in accordance with non-discretionary rules – so that it results in a contract.

2) "Multilateral Trading Facility" refers to the definition in Chapter 1 Section 4b of the Securities Market Act, i.e. a multilateral system within the EEA which connects several purchase and sales interests in financial instruments – within the system and in accordance with non-discretionary rules – so that it results in a contract.

3) According to the Swedish Corporate Governance Code, which is applicable to companies whose shares are admitted to trading on a regulated market. The Swedish Corporate Governance Code is based on the principle of "comply or explain".

4) A revised rule according to which the minimum free float level shall be 10%, but at least SEK 500 million, is intended to be implemented in the Nasdaq Nordic Main Market Rulebook for Issuers of Shares by 1 January 2024.

5) A qualified shareholder is a shareholder holding shares with a value of at least EUR 500.

6) Statutory requirements applicable as from 1 July 2016.

7) May apply depending on number of employees, revenue and balance sheet.

8) Changes in Major Shareholdings are also known as "flagging" in Sweden and is a disclosure of a change in ownership to be reported by the shareholder to the company and the relevant Financial Supervisory Authority.

Material agreements

Merger agreement and merger plan

On 19 April 2023, ACQ and Yubico AB entered into a merger agreement and adopted a joint merger plan to combine ACQ and Yubico AB by way of a statutory merger. The merger agreement sets out the terms and conditions on which ACQ and Yubico AB agreed to sign the merger plan for the purpose of implementing the merger. The agreement contains certain conditions for the completion of the merger, including, *inter alia*, (i) that the merger plan is approved by the shareholders of each of ACQ and Yubico AB at their respective general meetings (this condition was fulfilled on 20 June 2023), (ii) that Nasdaq Stockholm has resolved to de-list the shares in ACQ from Nasdaq Stockholm and admitted the shares in the Company to be listed on Nasdaq First North Growth Market, and (iii) that the pre-merger undertakings made by ACQ and Yubico AB pursuant to the merger plan have not been breached prior to the day of the registration of the merger with the Swedish Companies Registration Office in any manner which would result in a material adverse effect on the merger or the Company. The pre-merger undertakings include that each party undertakes to carry on their respective businesses in the ordinary course of business consistent with past practice, and not to, without the prior written consent of the other party, take certain corporate actions including the distribution of dividends, issuance of shares or other securities, acquisition or disposal of material shareholdings, businesses or assets, entry into material contracts, or amendments of the articles of association. Certain of Yubico AB's key shareholders are also parties to the merger agreement and have made certain undertakings in consideration of the merger (see further in section "*Share capital and ownership structure – Lock-up agreements*").

Apart from the above, Yubico has not during the past two years entered into any material agreement outside the ordinary course of business.

Certain agreements with Bure Equity

Prior to the listing of ACQ's shares on Nasdaq Stockholm in 2021, ACQ entered into four agreements with Bure Equity for the provision of transaction-related advisory services, for the CEO and CFO respectively, as well as IT and financial services. Furthermore, Bure Equity and ACQ entered into a licensing agreement regarding the trademarks ACQ and Bure.

Upon completion of the Transaction, these agreements will cease to apply immediately.

Certain agreements made in the ordinary course of business

Customer agreements

Yubico's products are sold both directly to end-customers and via distributors/resellers, either through the subscription-based model or on a perpetual basis. A majority of Yubico's largest customers are located in the United States and have entered into direct sales agreements with Yubico Inc. Yubico's end-customers outside of the United States are primarily solicited through distributors/resellers. Both the direct agreements and the distribution agreements are typically entered into on indefinite terms or with automatic renewals, subject to termination notice periods normally varying between one to three months. Yubico generally provides twelve-month warranties for each product delivered under the agreements.

Intellectual property rights

Yubico has a global portfolio of registered patents, trademarks and design rights, including in the United States and Europe. Yubico obtains services from an IPR consultancy firm and dedicated service provider for assistance with the maintenance of its trademark and patent portfolios. Other than the registered IPR, the software components (firmware) in Yubico's products, and the associated copyright thereto, are material assets to Yubico. Certain other software is also developed and maintained by Yubico, for example in order to provide supplementary services to its customers. Yubico considers its brands and reputation in the market, in particular its trademarks YUBICO and YUBIKEY, as well as its product designs, to be the most important IPR held by Yubico, and thus more important than its patented technology. Yubico's trademarks are registered in several jurisdictions globally, including in the EU and the United States. The group's patents include (i) a "device and method for identification and authentication", (ii) a "dual interface device for access control and a method therefor", (iii) a "USB C plug", (iv) a "portable security device with dual interfaces" (v) "activation for near-field communication device", (vi) "USB-C plug with surface mount contact points", (vii) a "method for activation of an access to a computer system or to a program", (viii) a "bezel for attaching sensor to a printed circuit board in a security key", and (ix) a "portable two-factor authentication device". Some of the patents include patented designs. Yubico's key market for patent registration is the United States, where the majority of Yubico's patents are registered. Certain of Yubico's patents are also registered in other jurisdictions such as Sweden and Germany.

Insurance

Yubico is covered by several insurances associated with its business, including general and product liability, crime, cyber safety, fire safety and business travels. Certain group companies are also covered by a general business insurance, employer's insurance, and management liability insurance. Yubico uses a professional broker for assistance with its group wide insurance coverage and considers its insurance coverage to be adequate and in line with market practice.

Litigation and other proceedings

Yubico is not, and has not been, party to any governmental proceedings, legal proceedings or arbitration (including any such proceedings that have not yet been settled or which, according to Yubico's knowledge, are threatened to be initiated) during the past twelve months that may have, or have had in the recent past, significant effects on Yubico and/or its financial position or profitability.

Yubico is, from time to time, party to various claims and legal proceedings arising in the ordinary course of business. Third parties have historically asserted, and may in the future assert, that Yubico's products, technology, methods or practices infringe, misappropriate or otherwise violate their intellectual property or other proprietary rights.

Related party transactions

During 2020, Yubico had transactions which amounted to SEK 1,305 thousand, with a company owned by Yubico's CEO, Mattias Danielsson. The transactions were related to purchase of consultancy services, a project leader of the ERP implementation.

During 2022, Yubico had transactions with the same company which amounted to SEK 2,558 thousand. The transactions were related to services of an interim head of finance in one of Yubico's geographical regions.

The person who has delivered the services through the same company is also closely related to Henrik Lejdeborn, the General Counsel of Yubico. All transactions have been made on market terms.

There were no related party transactions in Yubico during the financial year 2021 or during the six-month period ending 30 June 2023.

For information about ACQ's transactions with related parties during the financial years ending 31 December 2022 and 2021, and during the six-month period ending 30 June 2023, refer to Note 7 in the audited financial statements for the financial years 2022 and 2021 and the financial statements for the interim period 1 January – 30 June 2023, which are incorporated by reference into this Company Description (see "*Documents incorporated by reference*").

After 30 June 2023 and up until the date of this Company Description, Yubico and ACQ have had no transactions with related parties.

Other than the transactions described above, neither of Yubico or ACQ has been party to any related party transactions during the financial years ending 31 December 2022, 2021 and 2020 or during the current financial year up to and including the date of this Company Description.

For information on remuneration to the board and executive management, see the section "*Corporate governance – Remuneration to the board of directors, CEO and executive management*".

Documents incorporated by reference

The following documents are incorporated by reference in this Company Description and form a part of the Company Description:

Document	Page
Yubico's consolidated unaudited reviewed interim report for the period 1 January – 30 June 2023	10 (Condensed consolidated statement of profit or loss)
	11 (Condensed consolidated statement of financial position)
	12 (Condensed consolidated statement of cash flows)
	13 (Condensed parent company income statement)
	14 (Condensed parent company balance sheet)
	15 (Condensed notes to the financial statements)
Yubico's consolidated audited annual report for the financial year ended 31 December 2022	7 (Consolidated income statement)
	8–9 (Consolidated balance sheet)
	10 (Consolidated statement of cash flows)
	11 (Company income statement)
	12–13 (Company balance sheet)
	14 (Company statement of cash flows)
	15–28 (Notes to the financial statements)
30–31 (Auditor's report)	
Yubico's consolidated audited annual report for the financial year ended 31 December 2021	6 (Consolidated income statement)
	7–8 (Consolidated balance sheet)
	9 (Consolidated statement of cash flows)
	10 (Company income statement)
	11–12 (Company balance sheet)
	13 (Company statement of cash flows)
	14–27 (Notes to the financial statements)
	28–29 (Auditor's report)
Yubico's consolidated audited annual report for the financial year ended 31 December 2020	7 (Consolidated income statement)
	8 (Consolidated balance sheet)
	9 (Consolidated statement of cash flows)
	10 (Company income statement)
	11–12 (Company balance sheet)
	13 (Company statement of cash flows)
	14–32 (Notes to the financial statements)
	33–34 (Auditor's report)
	ACQ's unaudited interim report for the period 1 January – 30 June 2023
9 (Balance sheet)	
10 (Statement of changes in equity)	
11 (Cash flow statement)	
12 (Notes to the financial statements)	
ACQ's audited annual report for the financial year ended 31 December 2022	31 (Income statement)
	32 (Balance sheet)
	33 (Statement of changes in equity)
	34 (Statement of cash flows)
	35–38 (Notes to the financial statements)
	42–46 (Auditor's report)
ACQ's audited annual report for the financial year ended 31 December 2021	31 (Income statement)
	32 (Balance sheet)
	33 (Statement of changes in equity)
	34 (Statement of cash flows)
	35–38 (Notes to the financial statements)
	42–46 (Auditor's report)

Yubico's annual reports for the financial years 2022, 2021 and 2020 have been audited by the auditor and the interim report for the period 1 January – 30 June 2023 has been reviewed by the auditor. The historical financial information for Yubico for 2021 and 2020 that is included in this Company Description is based on the financial information for 2021 and 2020 that has been derived from Yubico's financial statements for 2022 (as comparative numbers).

ACQ's annual reports for the financial years 2022 and 2021 have been audited by the auditor while the interim report for the period 1 January – 30 June 2023 has not been reviewed by the auditor.

Investors should read all information which is incorporated in the Company Description by reference.

This Company Description and the documents incorporated by reference above are available in electronic form on ACQ's website.

Documents available for inspection

Copies of the following documents can be obtained from the Company in paper format upon request at the Company's head office and at the website www.acq.se.¹⁾

- Yubico's articles of association.
- Yubico's certificate of registration.
- Yubico's consolidated unaudited reviewed interim report for the period 1 January – 30 June 2023.
- Yubico's consolidated audited annual reports for the financial years ended 31 December 2022, 31 December 2021 and 31 December 2020.
- ACQ's unaudited interim report for the period 1 January – 30 June 2023.
- ACQ's audited annual reports for the financial years ended 31 December 2022 and 31 December 2021.



1) Following completion of the Transaction, all information will be available at www.investors.yubico.com.

Definitions

B2C	Business to Customer A transaction that takes place between a business and an individual as the end customer
B2E	Business to Employee Electronic commerce that uses an intra-business network which allows companies to provide products and/or services to their employees
CSPN	Certification de Sécurité de Premier Niveau A certification issued by the French National Agency for Information Systems Security, for information technology products
FFEIC	Federal Financial Institutions Examination Council A formal U.S. government interagency body composed of five banking regulators that is empowered to prescribe uniform principles, standards, and report forms to promote uniformity in the supervision of financial institutions
FIDO Alliance	Fast Identity Online Alliance FIDO Alliance is an open industry association launched 2013 whose mission is to develop and promote authentication standards that help reduce the world's reliance on passwords
FIDO	Fast Identity Online FIDO is a set of technology-agnostic security specifications for strong authentication. FIDO is developed by the FIDO Alliance
FIPS	Federal Information Processing Standard The Federal Information Processing Standard Publication 140-2 is a U.S. government computer security standard used to approve cryptographic modules. It is published by the U.S. National Institute of Standards and Technologies and is a security standard recognized by the U.S. and Canadian governments, as well as the European Union
HSM	Hardware Security Module An HSM is a hardware security module that delivers enhanced protection for cryptographic keys, securing modern infrastructures. It can securely generate, store and manage digital keys
IAM	Identity and Access Management A framework of policies and technologies for ensuring that the proper people in an enterprise have the appropriate access to the right technology resources, based on their roles and privileges in the organization
IT	Information Technology The use of computers to create, process, store, retrieve and exchange data and information
MFA	Multi-Factor Authentication An authentication method in which a computer user is granted access only after successfully presenting two or more pieces of evidence, or factors, to an authentication mechanism
MITM	Man-In-The-Middle An attack where the attacker secretly relays and possibly alters the communications between two parties who believe that they are directly communicating with each other

NIST	National Institute of Standards and Technology An agency of the United States Department of Commerce whose mission is to promote American innovation and industrial competitiveness
OTP	One-Time Password A code that is valid for only one login session or transaction. An OTP is typically sent via a text message to a mobile phone, and they are frequently used as part of two-factor authentication
PAM	Privileged Access Management A submarket of IAM comprising identity technologies that track, monitor, and report what users with extended access rights
PIN	Personal Identification Number Personal identification number is an individualized code that provides a layer of security to the electronic authentication
PIV	Personal Identity Verification A personal identity verification credential is a U.S. Federal government-wide credential used to access Federally controlled facilities and information systems at the appropriate security level
SDK	Software Development Kit SDK brings together a group of tools that enable the programming of mobile applications
SDG	Sustainable Development Goals The United Nations Sustainable Development Goals are the blueprint to achieve a better and more sustainable future for all. The goals address the global challenges, including poverty, inequality, climate change, environmental degradation, peace and justice
SSO	Single Sign-On An authentication method that enables users to securely authenticate with multiple applications and websites by using just one set of credentials
WebAuthn	WebAuthn WebAuthn is a global standard for secure authentication on the Web supported by all leading browsers and platforms

Addresses

ACQ Bure AB

Nybrogatan 6
SE-114 34 Stockholm
Sweden

Yubico AB

Kungsgatan 44
SE-111 35 Stockholm
Sweden

Financial advisor to ACQ

Skandinaviska Enskilda Banken AB

Kungsträdgårdsgatan 8
SE-111 47 Stockholm
Sweden

Legal advisor to ACQ

Advokatfirman Cederquist KB

Hovslagargatan 3
P.O Box 1670
SE-111 96 Stockholm
Sweden

Auditors

Auditor of ACQ

Öhrlings PricewaterhouseCoopers AB

Torsgatan 21
SE-113 97 Stockholm
Sweden

Auditor of Yubico

KPMG AB

Vasagatan 16
SE-111 20 Stockholm
Sweden

ACQ Bure AB

Nybrogatan 6
SE-114 34 Stockholm
Sweden
+46 8 614 00 20
www.acq.se