

yubico

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Q2

Interim report

April-June 2024



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Second quarter

- Net sales increased by 36.3 percent to SEK 614.4 (450.8) million, corresponding to an increase of 34.7 percent in local currencies
- Subscription sales amounted to 9.7 (13.0) percent of net sales
- Gross profit amounted to SEK 493.4 (363.0) million, corresponding to a gross margin of 80.3 (80.5) percent
- EBIT amounted to SEK 130.8 (97.3) million, corresponding to an EBIT margin of 21.3 (21.6) percent
- Earnings per share after dilution amounted to SEK 1.17 (1.52). The average number of shares has increased by 79 percent compared to the previous year, related to the merger of ACQ Bure and Yubico in September 2023
- Bookings increased by 65.5 percent to SEK 672.6 (406.4) million, corresponding to an increase of 62.8 percent in local currencies
- Subscription bookings amounted to 21.1 (14.8) percent of bookings, including renewals
- ARR (annual recurring revenue) amounted to SEK 287.6 (242.8) million, an increase of 18.4 percent

January - June

- Net sales increased by 28.8 percent to SEK 1,113.3 (864.6) million, corresponding to an increase of 28.2 percent in local currencies
- Subscription sales amounted to 10.5 (12.2) percent of net sales
- Gross profit amounted to SEK 895.8 (693.3) million, corresponding to a gross margin of 80.5 (80.2) percent
- EBIT amounted to SEK 215.8 (166.0) million, corresponding to an EBIT margin of 19.4 (19.2) percent
- Earnings per share after dilution amounted to SEK 2.01 (2.55)
- Bookings increased by 65.5 percent to SEK 1,251.6 (756.3) million, corresponding to an increase of 64.3 percent in local currencies
- Subscription bookings amounted to 19.7 (11.5) percent of bookings

Q2

Interim report Apr Jun 2024

Significant events during the quarter

- On May 6, 2024, Yubico released an updated version of YubiKey firmware, introducing enhanced enterprise security features and support for Yubico Authenticator 7
- On May 14, 2024, Yubico held its Annual General Meeting (AGM) where Jaya Baloo was elected as a new Board Member. Additionally, the board's proposal to implement a long-term incentive program (LTIP) for 2024 was approved. Further details on the LTIP are given in this report (p. 8)

Significant events after the end of the period

- There were no significant events after the end of the period

MSEK	Q2			Jan-Jun			LTM	Full-year
	2024	2023	Δ%	2024	2023	Δ%	23/24	2023
Net sales	614.4	450.8	36.3	1,113.3	864.6	28.8	2,075.9	1,827.3
whereof subscription sales, %	9.7	13.0		10.5	12.2		12.0	12.8
Gross profit	493.4	363.0	35.9	895.8	693.3	29.2	1,661.1	1,458.6
Gross margin, %	80.3	80.5		80.5	80.2		80.0	79.8
Adjusted EBIT ¹	130.8	97.3	34.4	215.8	166.0	30.1	316.1	266.2
Adjusted EBIT margin (%) ¹	21.3	21.6		19.4	19.2		15.2	14.6
EBIT	130.8	97.3	34.4	215.8	166.0	30.1	229.0	179.1
EBIT margin, %	21.3	21.6		19.4	19.2		11.0	9.8
Net profit/loss	103.6	75.2	37.8	177.4	125.9	40.9	182.0	130.6
Earnings per share, before dilution ²	1.20	1.52	-20.9	2.06	2.55	-19.2	1.70	2.19
Earnings per share, after dilution ²	1.17	1.52	-22.9	2.01	2.55	-20.9	1.65	2.18
Net cash	645.7	370.5	74.3	645.7	370.5	74.3		508.3
Bookings	672.6	406.4	65.5	1,251.6	756.3	65.5	2,335.2	1,840.0
whereof subscription bookings, %	21.1	14.8		19.7	11.5		18.6	14.9
ARR	287.6	242.8	18.4	287.6	242.8	18.4		286.5

Correction of reported subscription sales 2022-2024: A correction of previously reported subscription revenue was made in Q2 2024. In this interim report the correction has been made retrospectively for comparability through restatement of each quarter affected by the error. See note 4 for further information.

¹ Adjusted for effects from transaction costs related to the merger of ACQ and Yubico.

² The average number of shares after dilution has increased by 79 percent compared to the previous year, related to the merger.

Continued strong development in Q2

Q2 marks another great quarter for Yubico. Our bookings continue its strong trajectory and increased by 66 percent in the quarter, compared to the same quarter last year. The growth in bookings has been driven by a diverse range of customers across various industries and geographies. The financial sector remains a strong foundation, solidifying its role as a key driver of our growth, with continued strong interest from this industry. We're also seeing impressive momentum as we expand our reach within Global 2000 companies. Net sales increased by 36 percent compared to Q2 2023, reaching SEK 614 million in the quarter. Gross margin held steady at around 80 percent during the period. EBIT rose by 34 percent to SEK 131 million from SEK 97 million in Q2 2023, corresponding to an EBIT margin of 21 percent. The growth in Annual Recurring Revenue (ARR) is back on a positive trend and reached SEK 288 million at the end of Q2 2024, demonstrating an 18 percent year-over-year increase and adding SEK 11 million in net new ARR during the quarter. An important addition during this quarter was a renewal from a large financial institution.

Jaya Baloo joins Yubico's Board

In May, Yubico held its first Annual General Meeting (AGM) as a listed company. The AGM re-elected the current board members, and elected a new board member, Jaya Baloo. Personally, I could not be happier to have her join the board. Jaya brings over two decades of experience in information security, her expertise will be a significant asset to Yubico, and we are happy to welcome her to Yubico's board of directors.

Launch of YubiKey Firmware 5.7 and strategic collaborations

In May, we also successfully launched our YubiKey firmware version 5.7, which is specifically developed to meet the needs of enterprises. This update strengthens our commitment to delivering secure, user-friendly, and scalable authentication solutions. The new firmware offers enhanced features, such as increased PIN complexity, enterprise attestation, and expanded key data storage. These improvements enable organizations to implement passwordless, modern authentication and promote phishing-resistant practices globally. The features in YubiKey 5.7 also align with the latest U.S. government requirements for implementing phishing-resistant multifactor authentication (MFA) and offer advanced key management functions.

Our collaborations with industry leaders like Okta and Microsoft will further accelerate the implementation of passwordless solutions. The period where Okta customers have early access to FIDO Pre-reg, and our efforts with Microsoft, paves the way for companies to easily transition to a more secure and passwordless future. These partnerships not only reduce the burden on customers' IT teams but also provide end-users with an efficient and secure experience during the onboarding period.

Yubico among Time Magazine's 100 Most influential companies

Over the years Yubico has been recognised by a variety of awards. One of the ones I am most proud of just happened in Q2, where Yubico was recognized among

TIME Magazine's 100 Most Influential Companies of 2024. This acknowledgement is a testament to the hard work of our team and the support of our global community in our mission to make the internet safe through our products. As we move into the second half of 2024, we remain focused on our customers, and expanding our market presence. The increasing global emphasis on robust cybersecurity measures continues to drive demand for our solutions, and we are well-positioned to meet this growing need.



Mattias Danielsson, CEO

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At a glance

Yubico is a global cybersecurity company that between 2019 and 2023 has grown net sales by a compounded annual growth rate (“CAGR”) of 36 percent. Through its core product and invention, the YubiKey, Yubico solves the number one cybersecurity issue – use of stolen credentials. These cause 8 out of 10 cybersecurity intrusions, often through so called phishing attacks.

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

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

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

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

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

YUBICO’S OPPORTUNITIES, STRENGTHS AND COMPETITIVE ADVANTAGES



High market growth

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



Unique, proven technology

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



Attractive growth potential

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

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



Solid organization setup

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

2.1 bn

Net sales (SEK)
last twelve months

459

employees
per end of last quarter

80%

Gross margin
last twelve months

160+

Markets
Global presence

VISION

Making the internet safer with strong authentication for all

VALUE PROPOSITION

Stop phishing attacks and account takeovers in the easiest possible way

Q2

Interim report Apr Jun 2024

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



Net sales

April-June

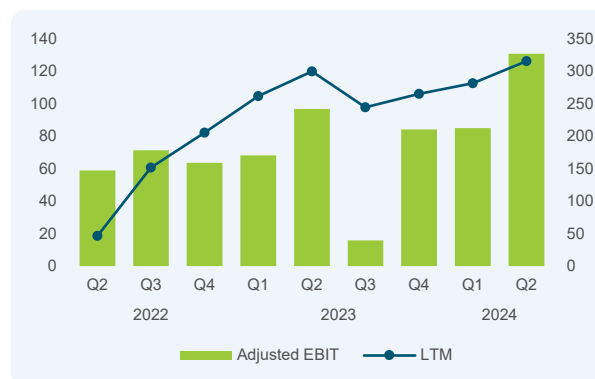
Net sales increased 36.3 percent to SEK 614.4 (450.8) million, corresponding to an increase of 34.7 percent in local currencies and subscription sales represented 9.7 percent (13.0) of net sales.

66 percent (75) of net sales originated in Americas, 28 percent (19) in EMEA, and 7 percent (6) in Asia Pacific. All geographies and customer segments are developing well. We continue to see a strong interest from the financial services industry, the high-tech sector, and the public sector.

January-June

Net sales increased 28.8 percent to SEK 1,133.3 (864.6) million, corresponding to an increase of 28.2 percent in local currencies and subscription sales represented 10.5 percent (12.2) of net sales.

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



Gross profit

April-June

Gross profit increased 35.9 percent to SEK 493.4 (363.0) million, corresponding to a stable gross margin of 80.3 percent (80.5).

January-June

Gross profit increased 29.2 percent to SEK 895.8 (693.3) million, corresponding to a gross margin of 80.5 percent (80.2).

EBIT

April-June

EBIT amounted to SEK 130.8 (97.3) million, corresponding to an EBIT margin of 21.3 percent (21.6). The number of employees amounted to 459 (407) at the end of the quarter, an increase of 13 percent from the same period last year. Selling expenses increased in the quarter due to increased commissions related to the strong order booking.

The cost for the new LTIP program, which was granted in June, amounted to SEK 6.0 million.

Unrealized currency effects are affecting profit with the net amount SEK -7.2 (-4.8) million.

January-June

EBIT amounted to SEK 215.8 (166.0) million, corresponding to an EBIT margin of 19.4 percent (19.2).

Net profit/loss and earnings per share

April-June

The net profit/loss amounted to SEK 103.6 (75.2) million. The effective tax for the quarter was 20.1 percent (21.7).

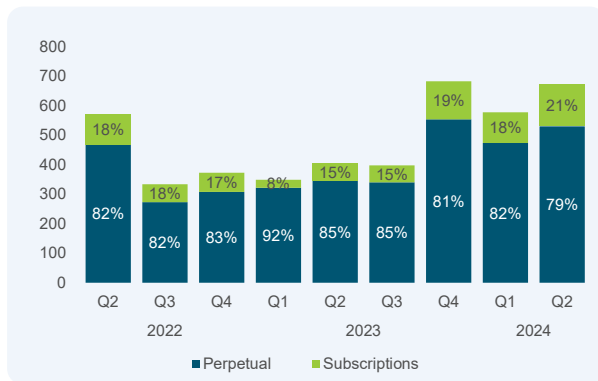
Earnings per share after dilution amounted to SEK 1.17 (1.52). The average number of shares has increased by 79 percent compared to the previous year, related to the merger of ACQ Bure and Yubico in September 2023.

January-June

The net profit/loss amounted to SEK 177.4 (125.9) million.

Earnings per share after dilution amounted to SEK 2.01 (2.55).

Bookings by quarter, SEK million



Bookings

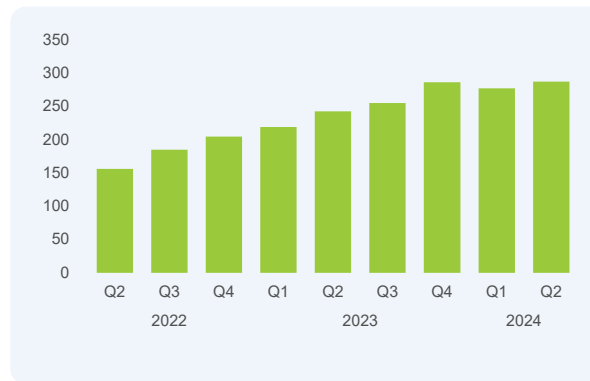
April-June

Bookings increased 65.5 percent in the quarter, to SEK 672.6 (406.4) million, corresponding to an increase of 62.8 percent in local currencies. Subscription bookings amounted to SEK 142.2 (60.0) million, corresponding to 21.1 percent (14.8) of bookings. A large proportion of the subscription bookings are contract renewals. The growth in bookings came from a wide set of customers, industries, and geographies. Some of our largest orders relate to the financial sector and leading tech companies. We see continued interest from the European defense sector.

January-June

Bookings increased 66.2 percent to SEK 1,251.6 (756,3) million, corresponding to an increase of 64.3 percent in local currencies. Subscription bookings amounted to

ARR, SEK million



SEK 246.3 (87.0) million, corresponding to 19.7 percent (11.5) of bookings.

Annual recurring revenue, ARR

ARR is back on a positive trend and increased by 18.4 percent compared to last year and amounted to SEK 287.6 (242.8) million at the end of the period. This quarter marked the initiation of a new long-term contract in the financial sector and the renewal of an existing contract at a higher volume with another financial sector client. We also signed a renewal from a large US government agency.

Cash flow and financial position

April-June

Cash flow from operating activities during the quarter amounted to SEK 119.6 (93.4) million. Net change in working capital amounted to SEK -0,8 (-121,1) million.

During 2023 and Q1 2024, there was a strategic decision to build up inventory levels. Although inventory continued to rise this quarter, the growth rate has slowed compared to last year and Q1 2024. Inventory now represents a slightly smaller proportion of net sales compared to Q1 2024.

Cash flow from investing activities amounted to SEK -15,9 (-2,8) million. Cash flow from financing activities amounted to SEK -6.5 (-1.5) million, where-of SEK 3.3 million is amortization on offices leases. Total interest-bearing liabilities at the end of the period amounting to SEK 59.8 (92.1) million, whereof total lease liabilities amounting to SEK 27.3 (46.6) million.

January-June

Cash flow from operating activities during the period amounted to SEK 181.2 (179.2) million. Changes in working capital for the period amounted to SEK -33.0 million, whereas increase in inventory amounted to SEK 96.8 million. Cash flow from investing activities amounted to SEK -20,6 (-5,5) million. Cash flow from financing activities amounted to net SEK -14.5 (-7.6) million. Cash and cash equivalents at the end of the period amounted to SEK 678.2 (416.0) million. Net cash at the end of the period amounted to SEK 645.7 (370.5) million.

Full year 2023, investing activities and financing activities were impacted by the merger transaction between ACQ Bure and Yubico in September 2023. More information can be found in Q3 2023 interim report.

Sustainability

Yubico's overall vision is to make secure login easy and available for everyone. From a societal perspective, IT security is essential to ensure safe communication and to protect customers, citizens and, by extension, democracies. Yubico responds to the United Nations Sustainable Development Goals (SDG) no.9 by supporting a resilient infrastructure, and SDG no.16 by supporting effective, accountable, and transparent institutions and public access to information. For more detailed information relating to our sustainability work, see the Annual report for 2023.

Employees

The number of employees in the Yubico group at the end of the period was 459 (407).

Financial targets

The company adopted the following financial targets in 2023 to be accomplished in 5 years' time:

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

Risk management

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

company, including business and financial risks, are described in the annual report for the financial year 2023. There have not been any changes in the risk and uncertainty factors for the group and the parent company since the publication of the last annual report.

Parent company

The Parent company's net sales for the January-June period amounted to SEK 319.3 (280.1) million. Profit before tax was SEK 113.8 (91.9) million. Cash and cash equivalents at the period end amounted to SEK 570.5 (361.0) million. The number of employees in the Parent Company at the end of the quarter was 134 (115).

Ownership and shares

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

As of June 30, 2024, the number of issued shares was 86,114,017. All shares were ordinary shares.

Change in accounting standards and accounting policies

Yubico started reporting in accordance with IFRS Accounting Standards and with the new functional-based format for Statement of Profit and Loss as per the interim report for the first quarter 2024, see Yubico's interim report for the first quarter 2024 for further information.

Long-term incentive program

The AGM held on May 14, resolved to implement a long-term incentive program for 2024 ("LTIP 2024"). The program is based on performance stock units ("PSUs")

and includes up to approximately 480 senior executives, key personnel and other employees within the Group. The maximum number of PSUs that may be awarded is 700,000. Each vested PSU shall entitle the holder to receive one share in the company. PSUs are vested yearly during a three-year period. Vesting of PSUs is subject to two performance conditions as well as continued employment within the Group. The performance conditions include the company's revenue growth and EBIT margin during performance periods corresponding to each of the financial years 2024, 2025 and 2026. The maximum dilution for current shareholders is 0.80 percent of the current total number of outstanding shares.

In June, 612,850 PSUs were awarded to 388 senior executives, key personnel and other employees in the group based on this program. The remaining PSUs can be granted to new employees before the end of the year.

The salary cost of the program (IFRS 2, non-cash item) is estimated to SEK 104.5 million for the full program, whereof SEK 63.9 million in the first year due to the yearly vesting terms, and social security costs are estimated to SEK 13.9 million for the full program, whereof SEK 8.5 million during the first year, given that the performance conditions are met. The total social security costs during the term of LTI 2024 will depend on the geographical split of the participants, the number of PSUs that will be vested and the value of the benefit that the participant will receive. The total cost per month during the first vesting period is currently estimated to SEK 6.0 million.

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

Stockholm, August 14, 2024

Patrik Tigerschiöld
Chairman

Ramanujam Shiriram

Stina Ehrensverd

Paul Madera

Jaya Baloo

Eola Änggård Runsten

Gösta Johannesson

Mattias Danielsson
CEO

Webcast/teleconference

Yubico will hold a webcast/conference call today, August 15, 2024, at 09:00 CET. Mattias Danielsson, CEO of Yubico and Camilla Öberg, CFO of Yubico will present and answer questions.

To participate in the conference, click on the following link <https://ir.financialhearings.com/yubico-q2-report-2024>. Via the webcast, you can ask written questions. If you wish to ask questions verbally, please register on the following link: <https://conference.financialhearings.com/teleconference/?id=50049839>

Financial calendar

Interim report January – September: November 13, 2024

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

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

The interim report includes such information that Yubico is obliged to make public pursuant to the EU Market Abuse Regulation (MAR). The information was submitted for publication on August 15, 2024, at 7.00am CET.

Q2

Interim report Apr Jun 2024

Condensed consolidated statement of profit or loss

MSEK	Note	Q2			Jan-Jun			LTM	Full-year	
		2024	2023	2022	2024	2023	2022	23/24	2023	2022
Net sales	2	614.4	450.8	366.3	1,113.3	864.6	695.7	2,075.9	1,827.3	1,551.2
Cost of sales	3	-121.0	-87.7	-83.5	-217.5	-171.3	-158.6	-414.9	-368.7	-354.0
Gross profit		493.4	363.0	282.8	895.8	693.3	537.1	1,661.1	1,458.6	1,197.2
Research and development	3	-82.7	-69.8	-62.6	-157.0	-133.6	-110.9	-297.5	-274.1	-235.0
Selling expenses	3	-195.7	-146.8	-140.3	-382.8	-285.9	-256.5	-746.3	-649.4	-545.0
Administrative expenses	3	-76.0	-62.3	-48.2	-145.2	-121.6	-123.6	-292.3	-268.8	-234.3
Transaction related expenses		-	-	-	-	-	-	-87.2	-87.2	-
Other income and expenses		-8.3	13.1	26.4	5.1	13.8	24.2	-8.8	-0.1	20.5
EBIT		130.8	97.3	58.0	215.8	166.0	70.2	229.0	179.1	203.4
Net financial items		-1.1	-1.3	-1.2	7.9	-2.6	3.5	11.7	1.1	2.4
Profit/loss before tax		129.7	96.0	56.9	223.8	163.4	73.7	240.6	180.2	205.9
Tax		-26.1	-20.8	-1.3	-46.4	-37.4	-2.9	-58.6	-49.6	38.6
Net Profit/loss		103.6	75.2	57.5	177.4	125.9	70.8	182.0	130.6	244.5
Earnings per share before dilution, SEK		1.20	1.52	1.16	2.06	2.55	1.43	1.70	2.19	4.95
Earnings per share after dilution, SEK		1.17	1.52	1.13	2.01	2.55	1.39	1.65	2.19	4.79
Average number of shares before dilution (mill)		86.1	49.4	49.4	86.1	49.4	49.4	72.3	59.7	49.4
Average number of shares after dilution (mill)		88.4	49.4	51.0	88.1	49.4	51.0	73.3	59.7	51.0

Condensed consolidated statement of comprehensive income

MSEK	Note	Q2			Jan-Jun			LTM	Full-year	
		2024	2023	2022	2024	2023	2022	23/24	2023	2022
Net Profit/loss		103.6	75.2	57.5	177.4	125.9	70.8	182.0	130.6	244.5
Other comprehensive income										
Items to be reclassified to profit/loss, after tax										
Translation differences at translating foreign entities		1.6	7.1	7.0	14.9	6.4	8.7	6.1	-2.5	8.6
Tax relating to translation differences		1.4	-	-	1.4	-	-	1.4	-	-
Total comprehensive income		106.6	82.3	64.5	193.8	132.3	79.5	189.6	128.1	253.1

All equity and total comprehensive income are attributable to owners of the Parent company, and there are no non-controlling interests.

Condensed consolidated statement of financial position

MSEK	30 Jun			31 Dec		1 Jan
	2024	2023	2022	2023	2022	2022
ASSETS						
Intangible assets	17.3	8.7	12.0	7.2	10.2	13.2
Property, plant and equipment	56.5	78.8	87.8	63.1	83.2	83.0
Financial assets	6.7	6.3	1.9	6.1	6.5	2.2
Deferred tax assets	69.0	53.6	7.0	61.2	53.2	6.1
Total non-current assets	149.5	147.5	108.8	137.6	153.0	104.4
Inventories	605.3	352.8	199.6	501.0	168.3	208.4
Accounts receivable	410.5	268.5	211.2	191.9	408.6	133.0
Other current assets	88.4	127.9	86.3	102.9	149.9	80.1
Cash and cash equivalents	678.2	416.0	260.4	547.3	283.5	264.5
Total current assets	1,782.4	1,184.1	761.1	1,369.9	1,020.1	686.0
TOTAL ASSETS	1,931.9	1,331.6	869.9	1,507.5	1,173.2	790.4
EQUITY AND LIABILITIES						
Equity	1,328.4	873.4	533.7	1,122.8	725.8	435.7
NON-CURRENT LIABILITIES						
Non-current interest-bearing liabilities	34.1	60.4	88.0	44.7	73.7	111.4
Deferred tax liabilities	2.7	4.0	3.3	2.6	3.8	2.9
Total non-current liabilities	36.9	64.4	91.3	47.3	77.5	114.3
CURRENT LIABILITIES						
Current interest-bearing liabilities	25.6	31.7	29.3	29.3	29.9	13.0
Accounts payable	53.3	64.4	43.8	66.7	85.7	40.1
Other current liabilities	487.8	278.8	168.2	214.6	244.5	187.3
Total current liabilities	566.7	381.1	242.5	319.4	363.3	240.4
TOTAL LIABILITIES	603.5	445.5	333.8	366.7	440.8	354.6
TOTAL EQUITY AND LIABILITIES	1,931.9	1,331.6	869.9	1,507.5	1,173.2	790.4

Condensed consolidated statement of changes in equity

MSEK	30 Jun			31 Dec	
	2024	2023	2022	2023	2022
Opening equity	1,122.8	725.8	435.7	725.8	435.7
Net Profit/loss	177.4	125.9	70.8	130.6	244.5
Translation differences	16.4	6.4	8.7	-2.5	8.7
Total comprehensive income	193.8	132.3	79.5	128.1	253.2
New share issue	-	2.7	2.1	9.7	2.0
New share issue in progress	-	0.7	1.7	-	3.8
Sale of warrants - incentive program	-	-	0.1	-	0.4
Value of share based compensation	11.9	11.9	14.5	30.3	30.6
Merger related transactions	-	-	-	229.0	-
Closing equity	1,328.4	873.4	533.7	1,122.8	725.8

Condensed consolidated statement of cash flows

MSEK	Q2			Jan-Jun			LTM	Full-year	
	2024	2023	2022	2024	2023	2022	23/24	2023	2022
Operating activities									
Profit/loss before tax	129.7	96.0	56.9	223.8	163.4	73.7	240.6	180.2	205.9
Adjustments for non-cash items, etc.	12.4	2.6	2.7	14.2	20.2	12.0	88.7	94.7	26.9
Income tax paid	-22.5	-5.1	-5.3	-56.9	-4.4	-1.9	-73.4	-21.0	-11.0
Cash flow from operating activities before working capital changes	119.6	93.4	54.3	181.2	179.2	83.8	256.0	254.0	221.3
Change in inventory	-29.2	-63.2	16.5	-96.8	-180.9	27.4	-251.5	-335.7	61.8
Change in current receivables	-67.5	-47.7	4.4	-173.4	180.3	-59.3	-51.0	302.7	-327.2
Change in current liabilities	95.9	-10.2	-21.5	237.2	-39.1	-44.5	169.4	-106.9	76.8
Cash flow from operating activities	118.9	-27.6	53.7	148.2	139.5	7.4	122.8	114.1	32.7
Cash flow from investing activities	-15.9	-2.8	-8.0	-20.6	-5.5	-10.6	3,395.5	3,410.6	18.8
Cash flow from financing activities	-6.5	-1.5	-3.4	-14.5	-7.6	-8.2	-3,266.3	-3,259.3	17.3
Cash flow for the period	96.4	-31.9	42.4	113.0	126.4	-11.4	252.0	265.4	7.2
Cash and cash equivalents at the beginning of the period	577.1	441.4	212.5	547.3	283.5	264.5	416.0	283.5	264.5
Exchange rate differences in cash and cash equivalents	3.6	6.5	5.5	17.9	6.1	7.3	10.2	-1.6	11.7
Cash and cash equivalents at the end of the period	678.2	416.0	260.4	678.2	416.0	260.4	678.2	547.3	283.5

Condensed Parent Company income statement

MSEK	Q2		Jan-Jun		LTM	Full-year
	2024	2023	2024	2023	23/24	2023
Net sales	319.3	280.1	591.3	481.9	813.3	976.0
Cost of sales	-69.5	-90.6	-158.1	-157.2	-323.7	-322.8
Gross profit	249.7	189.5	433.2	324.7	761.7	653.1
Research and development	-45.7	-49.9	-89.5	-62.2	-170.7	-143.4
Selling expenses	-51.0	-30.2	-90.2	-58.0	-174.4	-142.1
Administrative expenses	-39.6	-32.2	-77.1	-53.5	-154.2	-130.6
Transaction related expenses	-	-	-	-	-63.7	-63.7
Other income and expenses	-9.2	12.8	3.8	26.7	-23.9	-1.1
Operating profit/loss (EBIT)	104.3	90.0	180.2	177.6	174.8	172.2
Net financial items	9.5	1.9	21.8	3.9	32.3	14.4
Profit/loss before tax	113.8	91.9	202.0	168.2	207.1	186.7
Tax on profit for the period	-23.4	-18.9	-41.7	-34.6	-85.6	-78.5
Net profit/loss for the period	90.4	73.0	160.2	133.5	121.5	108.1

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Condensed Parent Company balance sheet

MSEK	30 Jun 2024	30 Jun 2023	31 Dec 2023
ASSETS			
Intangible assets	5.8	8.7	7.2
Property, plant and equipment	19.3	21.9	19.7
Participation in group companies	0.3	0.3	0.3
Receivables from group companies	139.9	143.3	133.0
Other Financial assets	4.1	3.8	4.0
Deferred tax asset	48.3	45.6	47.6
Total non-current assets	217.8	223.6	211.7
Inventories	449.9	219.7	358.0
Accounts receivable	86.0	39.8	86.0
Receivables from group companies	221.7	98.2	27.6
Other current assets	10.1	95.7	70.7
Cash and cash equivalents	570.5	361.0	476.6
Total current assets	1,338.3	814.4	1,018.9
TOTAL ASSETS	1,556.1	1,038.0	1,230.6
EQUITY AND LIABILITIES			
Restricted Equity	215.3	0.4	215.3
Non-restricted Equity	989.4	822.3	817.3
Total Equity	1,204.7	822.7	1,032.6
NON-CURRENT LIABILITIES			
Non-current liabilities to credit institutions	19.5	32.5	26.0
Total non-current liabilities	19.5	32.5	26.0
CURRENT LIABILITIES			
Current liabilities to credit institutions	13.0	13.0	13.0
Accounts payable	47.6	54.1	58.2
Liabilities to group companies	159.6	79.7	26.7
Other current liabilities	111.7	36.1	74.1
Total current assets	331.9	182.8	172.0
TOTAL LIABILITIES	351.4	215.3	198.0
TOTAL EQUITY AND LIABILITIES	1,556.1	1,038.0	1,230.6

Note 1. Accounting policies

This interim report comprise of the Swedish Parent Company Yubico AB ("Yubico"), with corporate registration number 559278-6668, and its subsidiaries. The Group is a global cybersecurity company whose mission is to make the internet safer for everyone. The operation is to conduct cyber security and to provide security products and services linked to authentication and other business activities associated therewith. The address of the head office is Kungsgatan 44,111 35 Stockholm.

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" with some additional disclosures as required by the Swedish Annual Accounts Act.

As of January 1, 2022, Yubico prepares its consolidated financial statements in accordance with IFRS® Accounting Standards. The Group's transition date to IFRS Accounting Standards is January 1, 2022. The transition to IFRS Accounting Standards has been recognized in accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards". The previously published financial information for 2023 and 2022 prepared in accordance with the Swedish Annual Accounts Act and BFNAR 2012:1 (K3), has been restated to IFRS Accounting Standards. For further information of the transition to IFRS, see Yubico's interim report for the first quarter 2024, note 1, note 4, note 5 and "Appendix Transition to IFRS and function based statement of P/L".

The Parent Company's interim financial statements have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) chapter 9 "Interim Report" and the standard RFR 2 "Accounting for legal entities". The transition from previous application of the standard BFNAR 2012:1 (K3) to RFR 2 for 2024 had no impact on the Parent Company's income statement and balance sheet neither for the current reporting period nor for comparative figures presented. The Parent Company applies the same

accounting policies as the Group with the exceptions specified in note 7 of Yubico's interim report for the first quarter 2024.

In addition to transition to IFRS Accounting Standards and RFR 2, the format for the consolidated Statement of profit or loss and the Parent Company's Income statement has been changed, from operating cost by nature to operating cost by function, i.e. Cost of sales, Research and development, Selling expenses and Administrative expenses. The change has been implemented retrospectively for 2022 and 2023. Detailed information on the restatement of comparative periods is presented in Yubico's interim report for the first quarter 2024 in Note 4 "First time adoption of IFRS and transition to function based statement of profit or loss" and in "Appendix Transition to IFRS and function based statement of P/L" for the Group and in "Appendix Transition to income statement by function – Parent Company" for the Parent Company.

The preparation of financial statements requires management to make estimates for accounting purposes. These estimates and assumptions are based on historical experience and other factors that are considered to be reasonable under current circumstances. Actual outcome may differ from the estimates if the estimates or circumstances change.

These condensed financial statements are presented in Swedish kronor (SEK) which is the Parent Company's functional currency. All amounts are presented in million Swedish kronor ("SEK m"), unless otherwise indicated. Rounding differences may occur. Disclosures in accordance with IAS 34.16A are provided in the financial statements, notes and other parts of the interim report.

Correction of reported subscription sales 2022-2024

A correction of previously reported subscription revenue was made in Q2 2024. In this interim report the correction has been made retrospectively through restatement of each quarter affected by the error for comparability. See note 4 for further information.

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Note 2. Net sales

SEKm	Q2			Jan-Jun			LTM	Full-year	Full-year
	2024	2023	2022	2024	2023	2022	23/24	2023	2022
Americas	403.8	336.8	281.8	765.9	569.0	500.3	1,398.5	1,201.6	1,155.1
EMEA	170.3	86.7	70.6	271.5	229.5	154.5	510.4	468.3	314.8
Asia Pacific	40.3	27.3	13.9	75.9	66.0	40.9	167.1	157.3	81.3
Total	614.4	450.8	366.3	1,113.3	864.6	695.7	2,076.0	1,827.3	1,551.2

MSEK	Q2			Jan-Jun			LTM	Full-year	Full-year
	2024	2023	2022	2024	2023	2022	23/24	2023	2022
Perpetual	554.6	392.2	336.4	996.9	759.0	647.6	1,827.1	1,589.0	1,419.9
Subscription	59.8	58.5	29.9	116.4	105.7	48.2	248.9	238.2	131.3
Total	614.4	450.8	366.3	1,113.3	864.6	695.7	2,076.0	1,827.3	1,551.2

Note 3. Personnel expenses for the group by function

MSEK	Q2			Jan-Jun			LTM	Full-year	
	2024	2023	2022	2024	2023	2022	23/24	2023	2022
Cost of sales	22.5	19.9	22.5	47.5	42.6	41.3	90.6	85.7	92.3
Research and development	73.1	65.5	55.7	140.0	125.1	101.0	265.4	250.5	211.2
Selling expenses	144.4	107.6	104.7	280.3	205.8	190.0	540.8	466.3	392.4
Administrative expenses	44.0	35.7	26.8	85.5	73.8	78.5	181.0	169.3	138.9
Total	284.0	228.7	209.7	553.3	447.3	410.9	1,077.7	971.7	834.8

Note 4. Correction of reported subscription sales 2022-2024

A correction of previously reported subscription revenue was made in Q2 2024. Subscription revenue has been overstated during the period 2022-2024 by a total amount of SEK 32.3 million, with an effect on net profit of SEK 21.7 million. In this interim report the correction has been made retrospectively through restatement of each quarter

affected by the error for comparability. There are no effects on Q2 2024. See the table below for details of the effects on the income statement. The equivalent restatements affect Accounts receivables, Other current liabilities and Equity in the Balance sheet and corresponding effects in the Cashflow statement.

MSEK	2022					2023					2024
	Q1	Q2	Q3	Q4	Full-year	Q1	Q2	Q3	Q4	Full-year	Q1
Net sales and EBIT	-0.8	-2.8	-2.3	-3.9	-9.8	-5.2	-3.8	-3.4	-4.6	-17.0	-5.5
Tax	0.3	0.9	0.7	1.3	3.2	1.7	1.3	1.1	1.5	5.6	1.8
Net profit/loss	-0.5	-1.9	-1.5	-2.6	-6.6	-3.5	-2.6	-2.3	-3.1	-11.4	-3.7
Earnings/share before and after dilution, SEK	-0.01	-0.04	-0.03	-0.05	-0.13	-0.07	-0.05	-0.04	-0.04	-0.19	-0.04

Quarterly figures

MSEK	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Net sales	614.4	498.9	555.3	407.3	450.8	413.8	464.6	390.9	366.3
Net sales growth (%)	36.3	20.6	18.7	4.2	23.1	25.6	51.2	117.3	67.9
Net sales growth (adjusted for change in foreign currency) (%)	34.7	20.6	18.0	1.6	16.1	16.1	33.2	87.8	59.5
Subscription sales	59.8	56.5	73.9	58.5	58.5	47.2	49.9	33.2	29.9
Subscription sales of net sales (%)	9.7	11.3	13.3	14.4	13.0	11.4	10.7	8.5	8.2
Gross profit	493.4	402.4	432.1	333.2	363.0	330.2	358.0	302.1	287.0
Adjusted operating profit (EBIT)	130.8	85.1	84.2	16.1	97.3	68.3	62.7	70.5	58.0
Operating profit (EBIT)	130.8	85.1	90.9	-77.7	97.3	68.3	62.7	70.5	58.0
Net profit/loss for the period	103.6	73.8	75.3	-70.7	75.2	68.7	105.5	68.2	55.6
Gross margin (%)	80.3	80.7	77.8	81.8	80.5	79.8	77.1	77.3	78.4
Adjusted EBIT margin (%)	21.3	17.0	15.2	4.0	21.6	16.5	13.5	18.0	15.8
EBIT margin (%)	21.3	17.0	16.4	-19.1	21.6	16.5	13.5	18.0	15.8
Net cash	645.7	541.3	508.3	539.1	370.5	392.7	231.5	198.4	201.9
Bookings	672.6	578.9	684.1	399.6	406.4	350.0	372.9	334.7	572.1
Bookings growth (%)	65.5	65.4	83.5	19.4	-29.0	14.9	11.7	40.0	98.0
Bookings growth (adjusted for change in foreign currency) (%)	62.8	65.9	83.2	19.8	-34.9	3.0	-12.0	10.0	85.1
Subscription bookings	142.2	104.1	129.2	57.9	60.0	27.0	64.1	61.3	102.3
Subscription share of bookings (%)	21.1	18.0	18.9	14.5	14.8	7.7	17.2	18.3	17.9
ARR	287.6	277.1	286.5	255.3	242.8	219.3	204.7	184.8	156.2

Key figures not defined in accordance with IFRS Accounting Standards

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

Additional information

Reconciliation of key figures not defined in accordance with IFRS Accounting Standards

MSEK	Q2			Jan-Jun			LTM	Full-year	
	2024	2023	2022	2024	2023	2022	23/24	2023	2022
Gross profit and gross margin									
Net sales	614.4	450.8	366.3	1,113.3	864.6	695.7	2,075.9	1,827.3	1,551.2
Cost of sales	-121.0	-87.7	-83.5	-217.5	-171.3	-158.6	-414.9	-368.7	-354.0
Gross profit	493.4	363.0	282.8	895.8	693.3	537.1	1,661.1	1,458.6	1,197.2
Divided by Net sales	614.4	450.8	366.3	1,113.3	864.6	695.7	2,075.9	1,827.3	1,551.2
Gross margin	80.3%	80.5%	77.2%	80.5%	80.2%	77.2%	80.0%	79.8%	77.2%
Adjusted EBIT and adjusted EBIT margin									
Operating profit (EBIT)	130.8	97.3	58.0	215.8	166.0	70.2	229.0	179.1	203.4
Adjustment for items affecting comparability - transaction costs	-	-	-	-	-	-	87.2	87.2	-
Adjusted EBIT	130.8	97.3	58.0	215.8	166.0	70.2	316.1	266.2	203.4
Divided by Net sales	614.4	450.8	366.3	1,113.3	864.6	695.7	2,075.9	1,827.3	1,551.2
Adjusted EBIT margin	21.3%	21.6%	15.8%	19.4%	19.2%	10.1%	15.2%	14.6%	13.1%
EBIT margin									
Operating profit (EBIT)	130.8	97.3	58.0	215.8	166.0	70.2	229.0	179.1	203.4
Divided by Net sales	614.4	450.8	366.3	1,113.3	864.6	695.7	2,075.9	1,827.3	1,551.2
EBIT margin	21.3%	21.6%	15.8%	19.4%	19.2%	10.1%	11.0%	9.8%	13.1%
Net sales growth (adjusted for change in foreign currency)									
Total Net sales growth	36.3%			28.8%					
whereof change in foreign currency	1.6%			0.6%					
whereof growth adjusted for change in foreign currency	34.7%			28.2%					

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Reconciliation of key figures not defined in accordance with IFRS Accounting Standards

MSEK	30 Jun			31 Dec	
	2024	2023	2022	2023	2022
Net cash					
Cash and bank	678.2	416.0	260.4	547.3	283.5
Non-current interest-bearing liabilities	-34.1	-60.4	-88.0	-44.7	-73.7
Current interest-bearing liabilities	-25.6	-31.7	-29.3	-29.3	-29.9
Less:					
Lease liabilities	27.3	46.6	59.3	35.0	51.5
Net cash	645.7	370.5	202.4	508.3	231.5

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A close-up photograph of a person's hand using a black YubiKey on a silver laptop. The YubiKey is inserted into the USB-C port on the left side of the laptop. The person's index finger is touching the gold-colored sensor on the YubiKey. The laptop keyboard is visible on the right side of the image, showing keys like 'tab', 'caps lock', 'shift', 'fn', 'control', 'option', 'Z', 'A', 'S', 'D', 'W', 'E', 'R', 'Q', 'S', 'D', 'F', 'G', 'H', 'J', 'K', 'L', 'N', 'M', 'V', 'X', 'C', 'B', 'N', 'M', 'P', 'R', 'O', 'I', 'O', 'U', 'Y', 'I', 'P', 'A', 'S', 'D', 'F', 'G', 'H', 'J', 'K', 'L', 'N', 'M', 'V', 'X', 'C', 'B', 'N', 'M', 'P', 'R', 'O', 'I', 'O', 'U', 'Y', 'I', 'P'. The background is a plain white surface.

yubico

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