Today’s presenters

Mattias Danielsson
Chief Executive Officer

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Chief Financial Officer
Yubico – A global authentication leader

- 4,500+ Business customers + millions of consumers
- 30% of Fortune 500 are customers
- +30m YubiKeys sold
- 400+ Employees
- SEK 1.9bn Net sales LTM Q1 2024
- +80% Gross margin LTM Q1 2024
- 0 account takeovers
Trusted brands trust Yubico
Scaling with existing customers

Continuously landing new key accounts…

2018: 12%
2022: 26%

2.2x

…and expanding with current accounts

2018: Bookings in 2018 and 2023 from the top 25 customers 2018
2023: +119%

Avg. annual repurchase rate 2018-23

…while diversifying across verticals

2018: Bookings from Tech
2023: Bookings from other industries

Financial services, manufacturing, telecom, media and entertainment, government, retail, transport, energy and other

…with a clear go-to-market strategy

1. Build accounts from a smaller group of influential privileged users
2. Expand from the initial footprint to other user groups and use-cases
3. Easy access of buying keys simplifies the decision process and deployment of additional keys

Source: Company information
YubiKey works with 1000+ applications
Highlights from the quarter

Events in the quarter

Strong sales performance:
- 65% Order Bookings growth, across a wide set of geographies, industries and customers

Recognition as industry leader and innovator:
- Fast Magazine

Transition to IFRS Accounting Standards:
- From Jan 1st, conversion to IFRS Accounting Standards and changed format of income statement to cost classification by function. Has affected some reported metrics, especially the gross margin.

Lock-Up Expiry:
- March 18th, the first lock-up expired, with second and final lock-up expiring 18 September 2024, marking 365 days after initial trading.

Events after the quarter

YubiKey Firmware Upgrade:
- On May 6th, Yubico released upgraded firmware, introducing advanced enterprise security features and Yubico Authenticator 7 support.

AGM:
- May 14th, Yubico’s first AGM as a publicly traded company
Q1 2024 – Quarterly summary

- Subscription share of net sales
  Q 12.3 (12.5)%

- Gross margin
  Q 80.9 (80.1)%

- ARR\(^1\)
  SEK 277.1 (219.3) million, growth of 26%

Notes: 1) Annual recurring revenue
Bookings and subscription bookings (SEKm)

- Bookings growth of 65.4% in the quarter, to SEK 578.9 (349.9) million, growth of 65.9% in local currencies.
- Growth in Q1 came from a diverse customer base. Major orders from European defense sector and financial services.
- Long-term financial services contract boosted subscription bookings, impacting ARR from Q2 2024.
- Subscription bookings amounted to SEK 104.1 (27.0) million, corresponding to 18.0% (7.7) of bookings.
Net sales and annual recurring revenue

Net sales, quarterly and 12-months rolling (SEKm)

- Net sales increased 20.4% to SEK 504.4 (419.0) million, corresponding to an increase of 20.5% in local currencies
- Subscription sales represented 12.3% (12.5) of net sales
- Strong interest from financial services, high-tech, and European defense sector. Americas shows an improvement compared to the same quarter last year.

ARR\(^1\) (SEKm)

- ARR increased 26.4% and amounted to SEK 277.1 (219.3) million at the end of the period
- Sequential ARR has decreased due to a large contract renewal at a lower volume, yet overall ARR growth meets expectations, driven by demand from the financial services sector.

Note: 1) 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
EBIT

Adjusted EBIT, quarterly and 12-months rolling (SEKm)

- Gross margin 80.9% (80.1), definition affected by the change in income statement format, from “by nature” to “by function”
- EBIT SEK 90.5 (73.8) million, corresponding to an EBIT margin of 18.0% (17.6)
- Increased commissions related to strong order booking, marketing activities and additional employees in the group
- Unrealized currency effects of SEK +13.7m (-1.3) million
Cash flow and financial position

Comments
- Operating cash flow SEK 33.0 (167.2) million in Q1
- Continued build-up of inventory amounting to SEK 67.6 million in Q1
- Net change in working capital of SEK -35.8 million
- Cash and cash equivalents at the end of the period SEK 577.1 (441.4) million
- Net cash at the end of the period SEK 541.4 (392.7) million
- Interest bearing liabilities of SEK 66.3 (95.9) million, whereof leases of SEK 30.5 (47.2) million

Inventory and % of net sales
IMF report highlights cybersecurity

- IMF's Global Financial Stability Report emphasizes cyber risk's significance for financial stability, noting its targeting of financial institutions, which face potential disruption due to market concentration and reliance on common IT providers.

- Highlighted in the report are systemic risks, exemplified by modest deposit outflows from smaller US banks following cyberattacks.

- Strengthening cybersecurity policies, governance frameworks, and international cooperation is imperative to enhance resilience against cyber threats.

- Notably, financial services represent one of Yubico's fastest-growing segments, showcasing our contribution to fortifying the financial landscape.
Strong start to the year gives a promising future

- The importance of cybersecurity is ever-increasing, and Yubico provides an effective means to address the biggest attack vector

- Worldwide innovation and technology leader in phishing-resistant multifactor authenticator

- Strong sales performance, working with clients across a wide set of industries and geographies

- Long-term customer and partnership relations with several of the world’s leading brands

- Collaborating with regulators in the US and EU to establish cybersecurity-promoting policies
Thanks