

yubico

Making the internet safer for all

Q2 report, 2024



Today's presenters

yubico



Mattias Danielsson
Chief Executive
Officer



Camilla Öberg
Chief Financial
Officer

Yubico – A global authentication leader

400+
Employees

4,500+
Business customers
+ millions of
consumers

30%
of Fortune 500
are customers

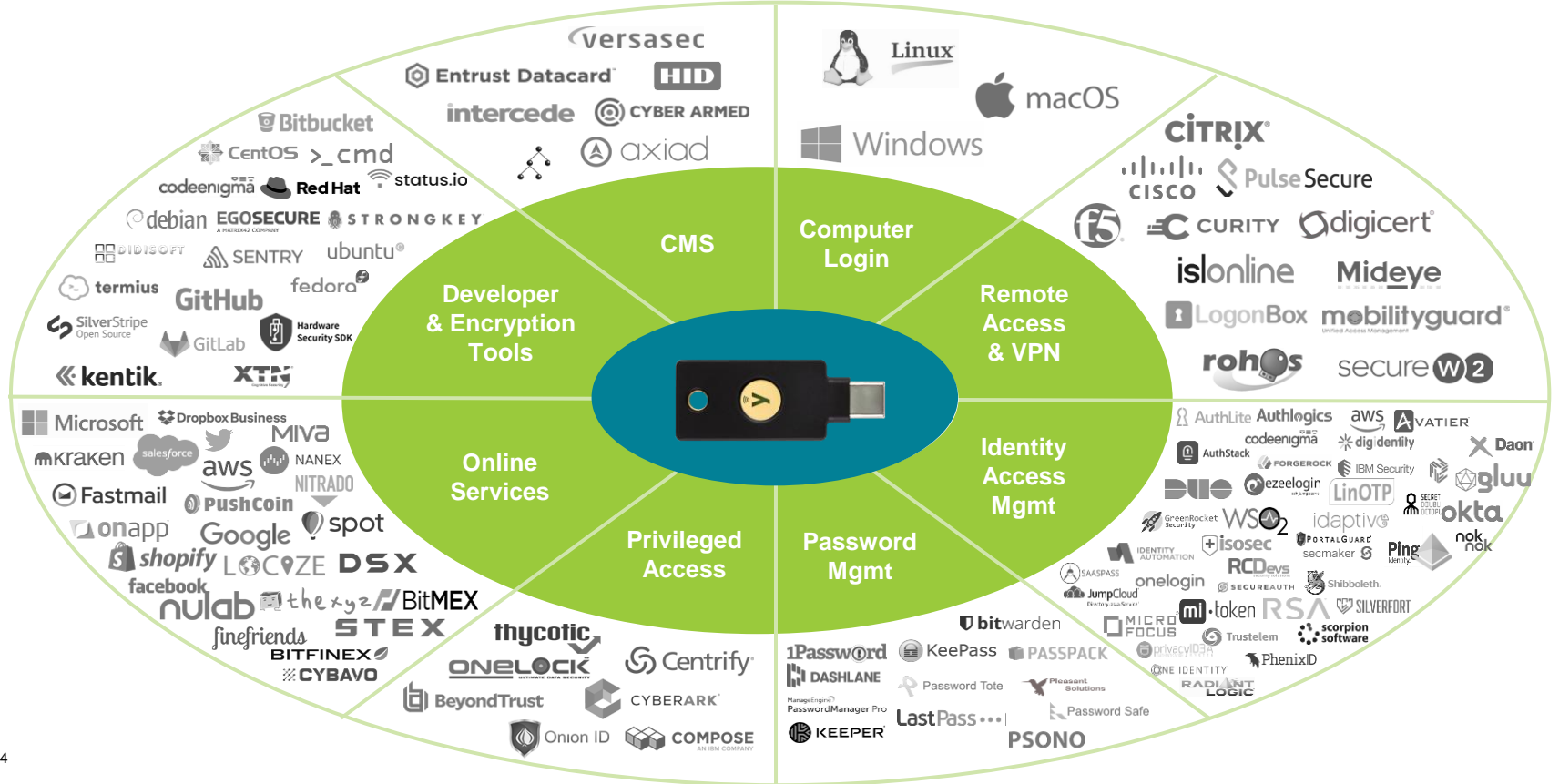
+32m
YubiKeys sold

SEK 2.1bn
Net sales LTM
Q2 2024

+80%
Gross margin
LTM Q2 2024

0
account
takeovers

YubiKey works with 1 000+ applications

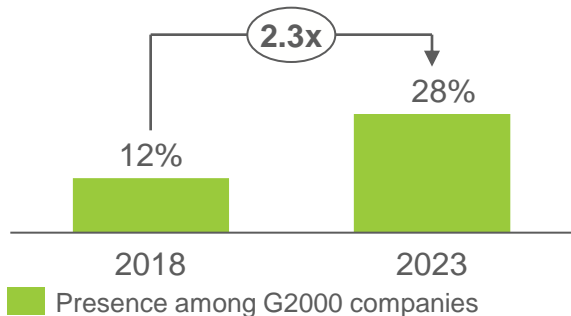


Trusted brands trust Yubico

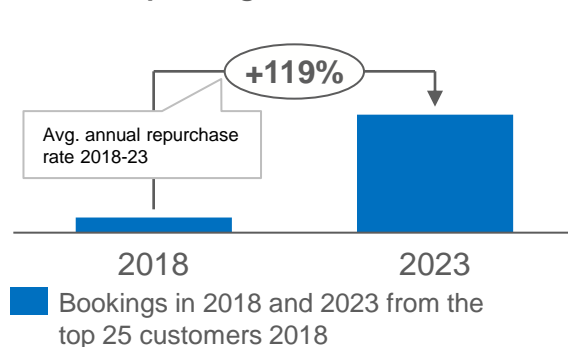


Scaling with existing customers

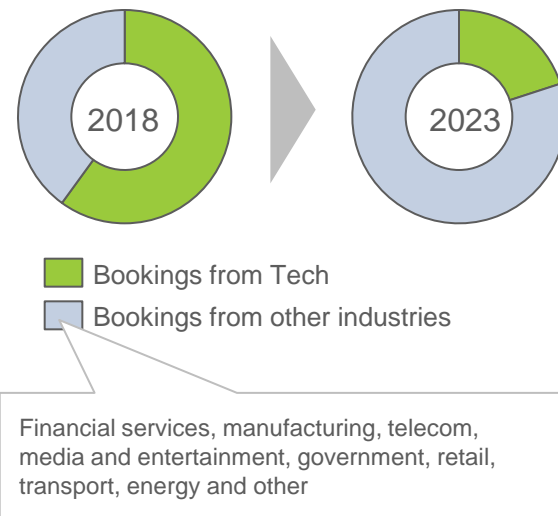
Continuously landing new key accounts...



...and expanding with current accounts



...while diversifying across verticals



...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

Highlights from the quarter

Events in the quarter

Strong order bookings:

- 66% Order Bookings growth, across a wide set of geographies, industries and customers. Continued growth in financial industry and among G2000

Release of new firmware 5.7:

- Yubico released an updated version of YubiKey firmware with focus on enterprise customers
- Okta pre-reg and Microsoft collaborations

AGM resolutions:

- Jaya Baloo elected as a new Board Member.
- Approval of Board's proposal to implement a long-term incentive program (LTIP) for 2024

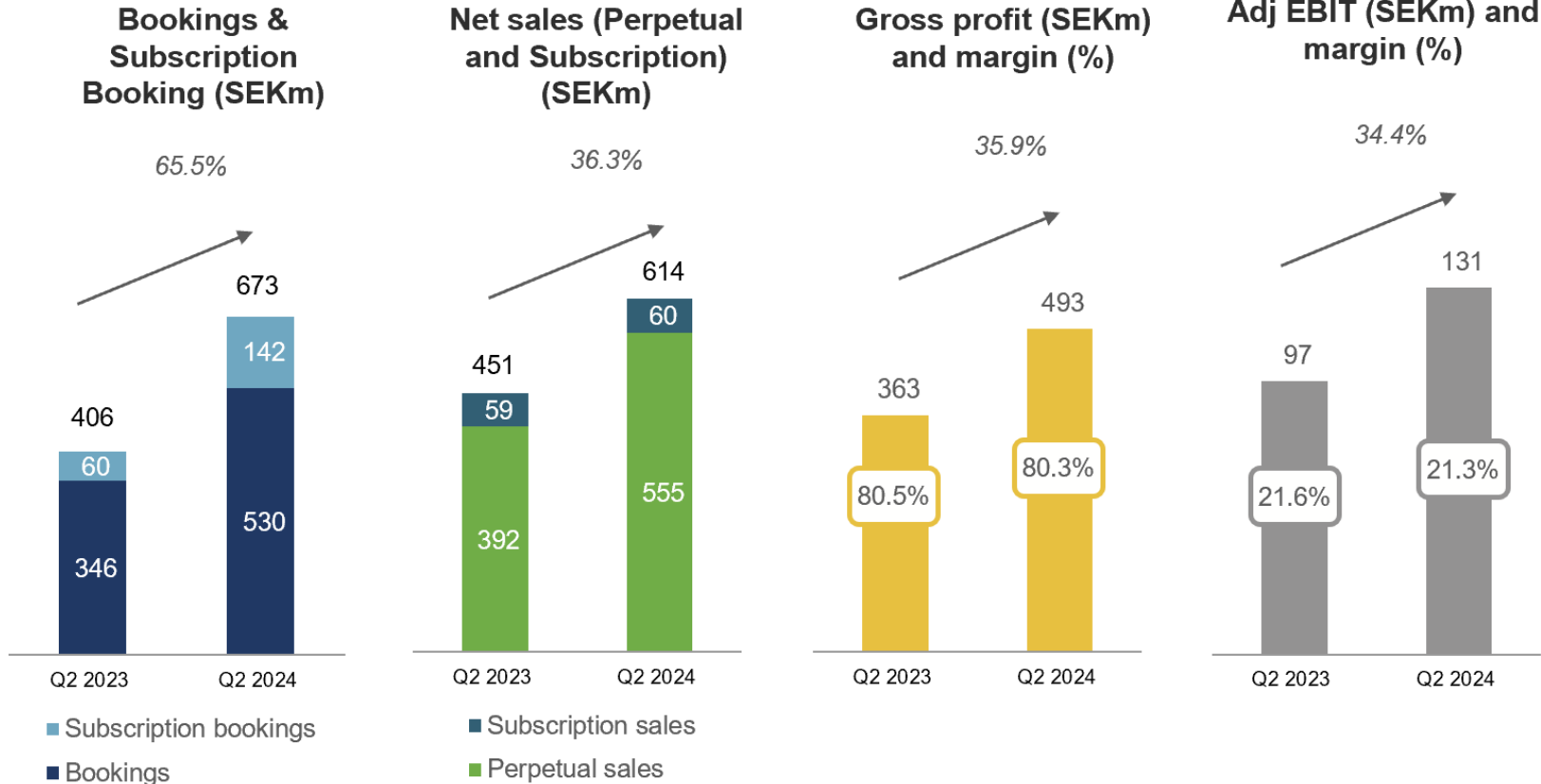
Recognition:

- Yubico included on Time Magazine's 100 Most influential companies

Events after the quarter

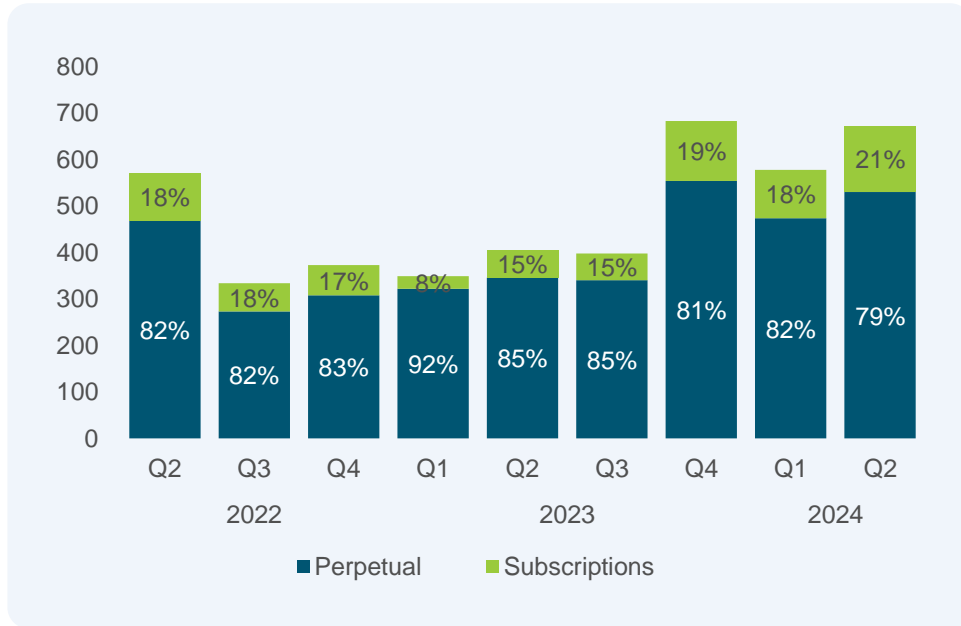
- No significant events after the end of the period

Q2 2024 – Quarterly summary



Bookings and subscription bookings

Bookings and subscription bookings (SEKm)



Comments

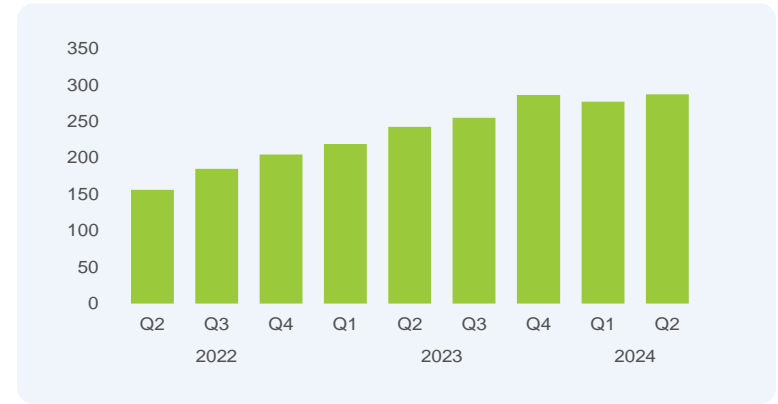
- Bookings growth of 65.5% in the quarter, to SEK 672.6 (406.4) million, growth of 62.8% in local currencies
- Growth was driven by a diverse customer base, with the largest orders from the financial sector and major tech companies. Continued interest is noted in the European defense sector
- Subscription bookings amounted to SEK 142.2 (60.0) million, corresponding to 21.1% (14.8%) of bookings
- Large share of renewals; among them an expansion with a large financial customer and a renewal with a large US government agency

Net sales and annual recurring revenue

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



ARR¹ (SEKm)



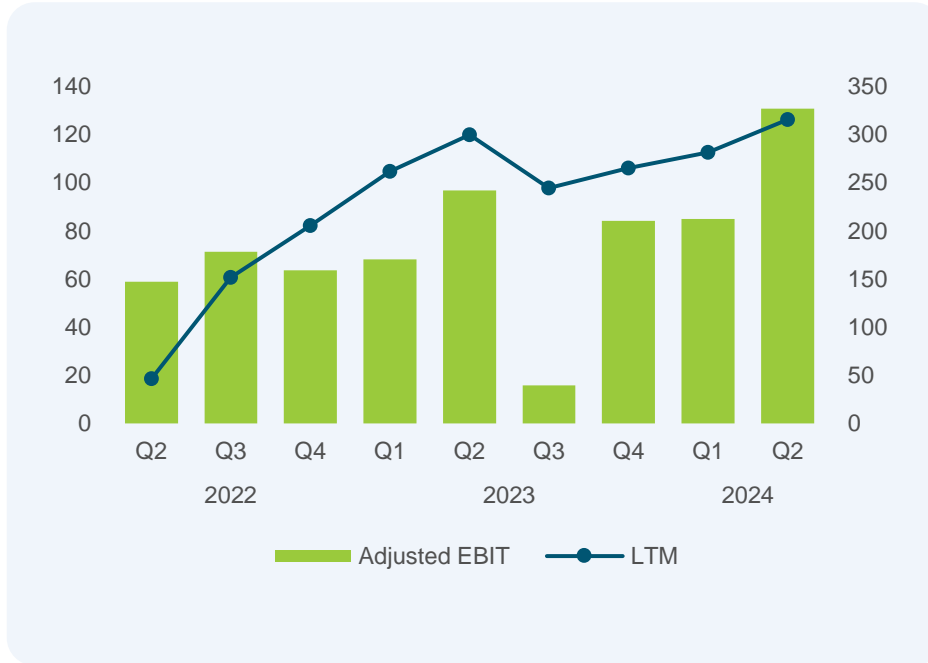
- Net sales increased 36.3% to SEK 614.4 (450.8) million, corresponding to an increase of 34.7% in local currencies
- Subscription sales represented 9.7% (13.0%) of net sales
- Continued interest from financial services, high-tech, and public sectors. EMEA sales rose to 28% (from 19%) year-over-year.

- ARR increased 18.4% and amounted to SEK 287.6 (242.8) million at the end of the period
- ARR is trending positively. This quarter included a new long-term contract and a higher-volume renewal in the financial 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)



Comments

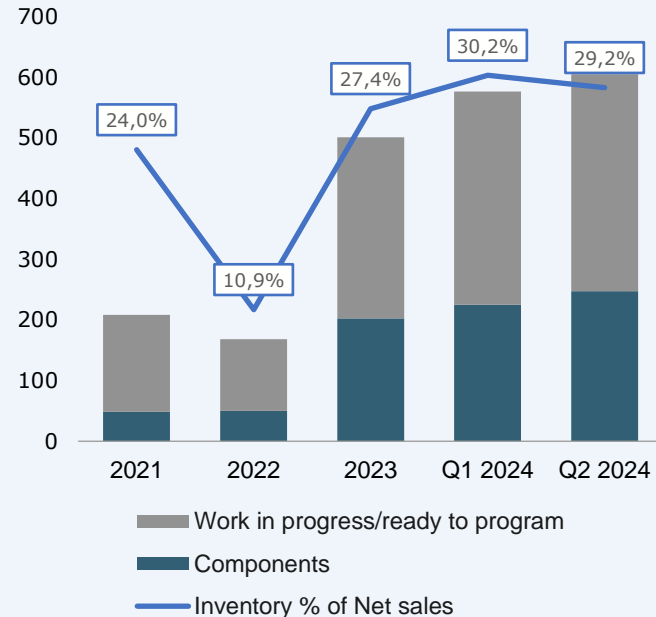
- Gross profit SEK 493.4 (363.0) million, corresponding to a stable gross margin of 80.3 percent (80.5)
- EBIT SEK 130.8 (97.3) million, corresponding to an EBIT margin of 21.3% (21.6).
- Selling expenses rose due to higher commissions from strong order bookings. LTIP program, granted in June, amounted to SEK 6.0 million.
- Unrealized currency effects of SEK -7.2 (-4.8) million

Cash flow and financial position

Comments

- Operating cash flow SEK 119.6 (93.4) million in Q2
- Inventory continued to grow, but at a lower rate than last year and Q1 2024 and shows reduction in inventory to net sales ratio. Cashflow effect from change in inventory amounted to SEK -29.2 million in Q2
- Net change in working capital of SEK -0.8 (-121.1) million
- Cash and cash equivalents at the end of the period SEK 678.2 (416.0) million
- Net cash at the end of the period SEK 645.7 (370.5) million
- Interest bearing liabilities of SEK 59.8 (92.1) million, whereof leases of SEK 27.3 (46.6) million

Inventory and % of LTM net sales



Strongly positioned for continued growth

- The critical importance and interest for cybersecurity continues to grow, with Yubico at the forefront of driving innovation
- The financial sector remains a strong key driver of our growth partly driven by regulation
- We see substantial growth in the EMEA region as it begins to align with the rapid advancements seen in the Americas
- Our strategic partnerships with leading tech companies will significantly accelerate the widespread adoption of passwordless technologies
- Yubico being named one of the most influential companies of 2024 underscores the dedication of our team and the unwavering support of our global community in advancing our mission to make internet safe for all

Q&A



A blue-tinted image of Earth from space, showing the curvature of the planet and the dark, star-filled background of space. The word "Thanks" is centered in white text.

Thanks