

yubico

Making the internet safer for all



Q3 interim report, 2023

Today's presenters

yubico



Mattias Danielsson
Chief Executive
Officer



Camilla Öberg
Chief Financial
Officer

Yubico – A global authentication leader

400+
Employees

4500+
Business customers
+ millions of
consumers

30%
of Fortune 500
are customers

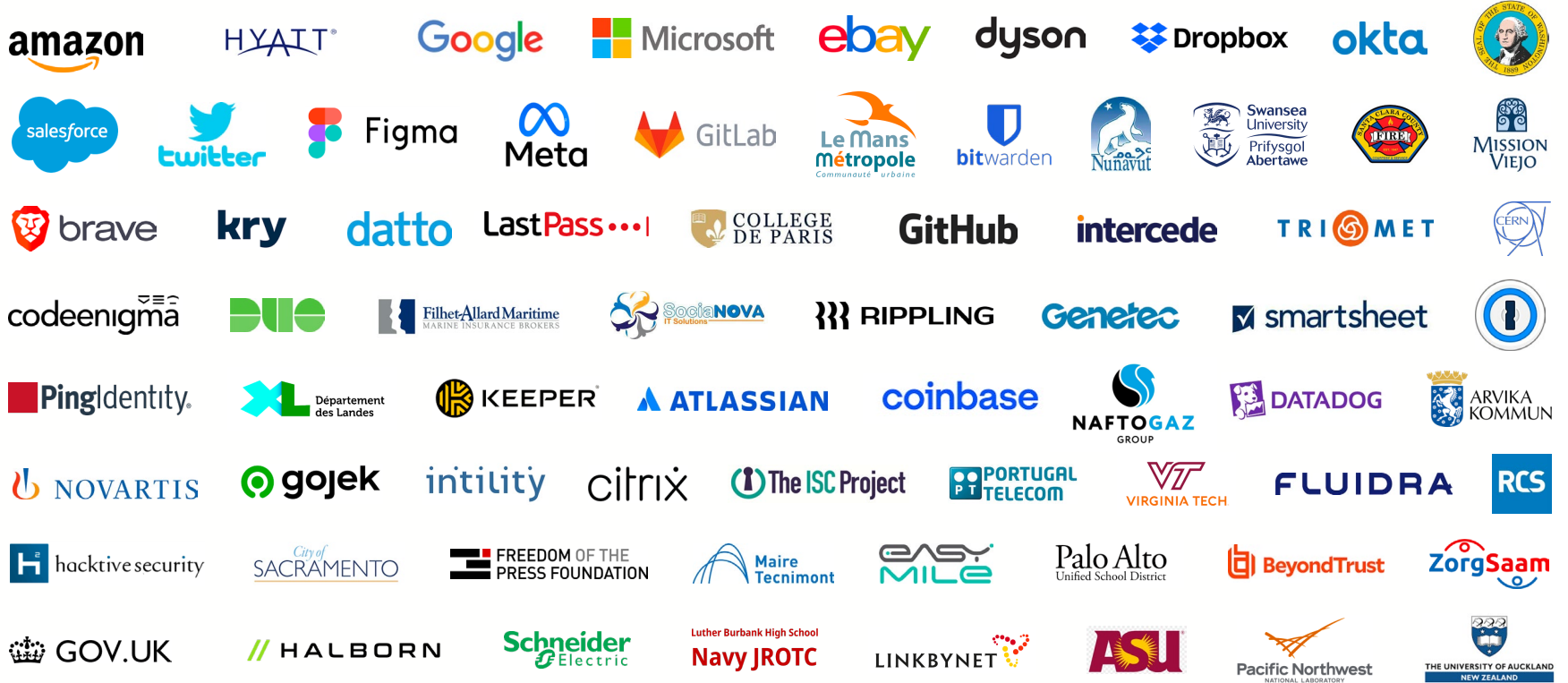
+22m
YubiKeys sold

SEK 1.8bn
Net sales LTM
Q3 2023

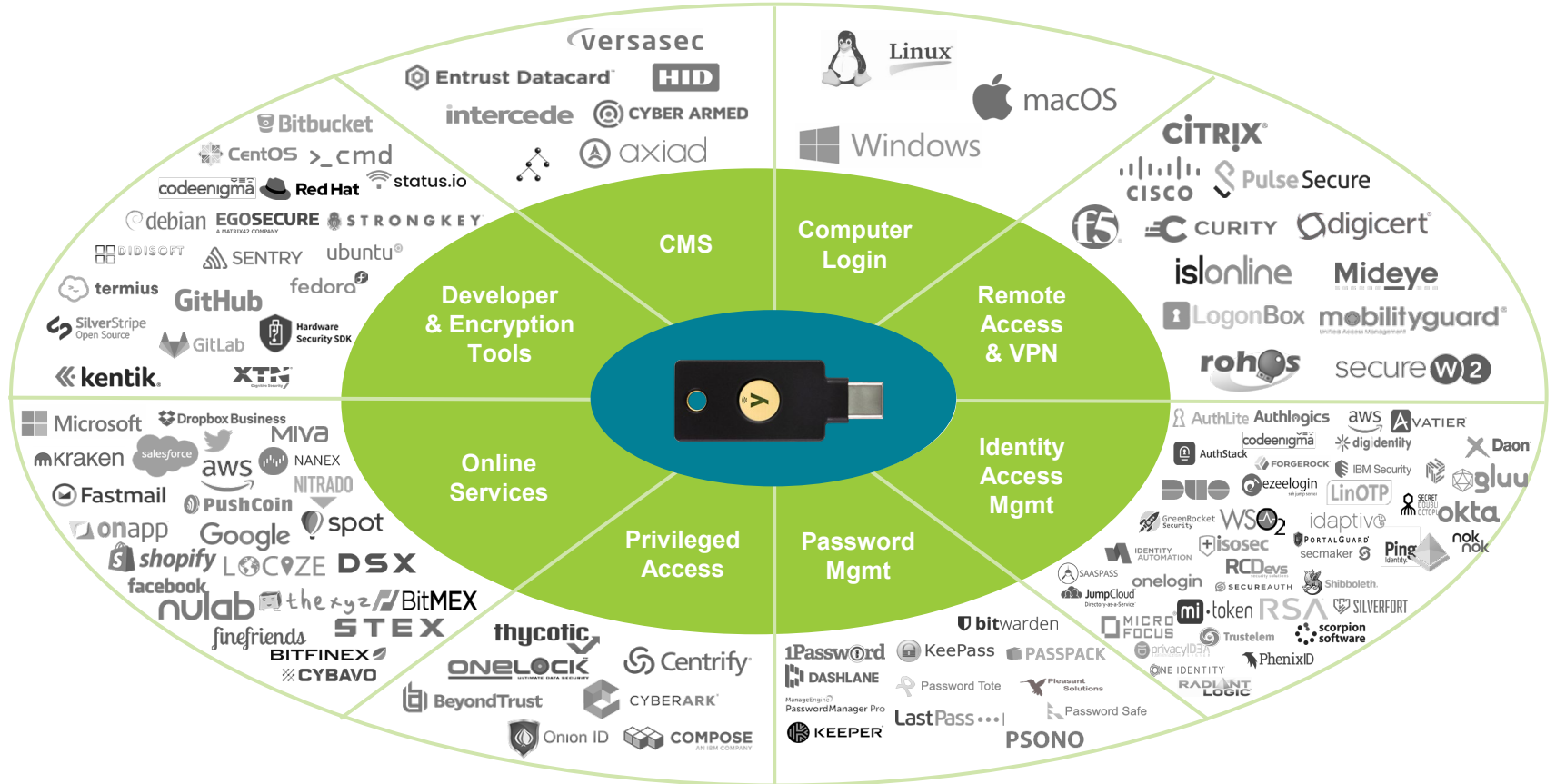
+86%
Gross margin
LTM Q3 2023

0
account
takeovers

Trusted brands trust Yubico



YubiKey works with 800+ applications



A historic time



Summarizing a milestone quarter

- Merger between ACQ and Yubico finalized
- Listed on Nasdaq First North Growth market Sept 20
Ticker YUBICO
- Successful placement of SEK 344 million
- Well known long-term shareholders;
Bure, AMF, Yubico's founders, Andreessen Horowitz
- New board appointed, a combination of former Yubico and former ACQ boards securing continuation and long-term commitment
- Long-term Incentive program approved – 700,000 shares equal to a dilution of 0.8%



Strategic integrations and new products

FIDO Pre-reg – Seamless integration with leading identity and platform provider

- Pre-registration turnkey solution making roll-out fast and easy
- Announced in October with limited early access in partnership with Okta

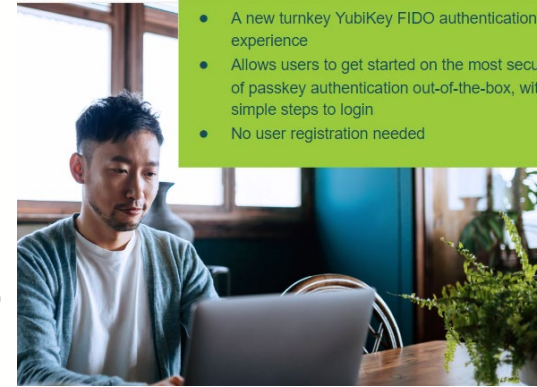
European Digital Identity Wallet

- Next generation digital identity (DI) system that the EU aims to roll out to all EU citizens by 2026
- Demo of the world's first web-based EU DI wallet with YubiKeys and FIDO Security Keys presented late September for selected project members

Protecting secrets on servers – YubiHSM

- New features making the YubiHSM work seamlessly across major cloud platform providers, presented at Amazon re:invent in November
- Estimated market size of SEK 18bn

Turnkey YubiKey FIDO activation



- A new turnkey YubiKey FIDO authentication experience
- Allows users to get started on the most secure form of passkey authentication out-of-the-box, with two simple steps to login
- No user registration needed



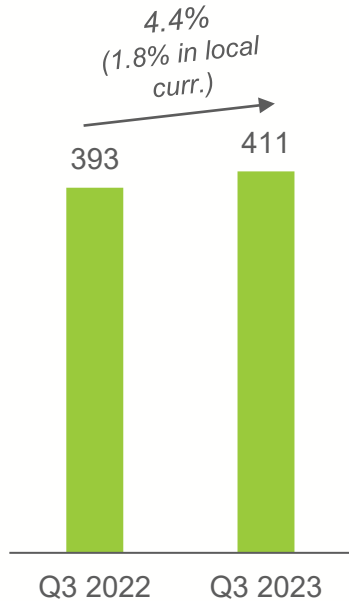
Cyber security trends supporting customer demand

- Governments and financial institutions across the world are taking actions on cyber security controls
- Goldman Sachs requesting phishing-resistant authentication including YubiKeys and FIDO Security Keys for selected high value customer services
- The Securities and Exchange Commission (SEC) requires Public US businesses to publish cyber breaches and management, expected to further push public organizations to invest more in modern, phishing-resistant authentication

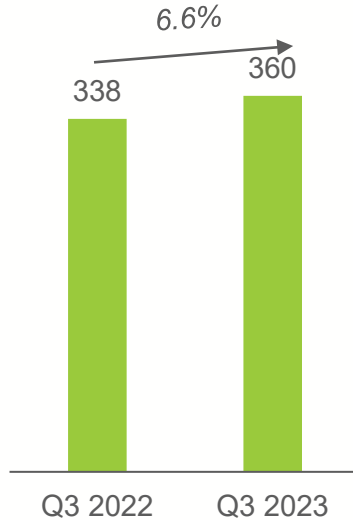


Q3 2023 – Quarterly summary

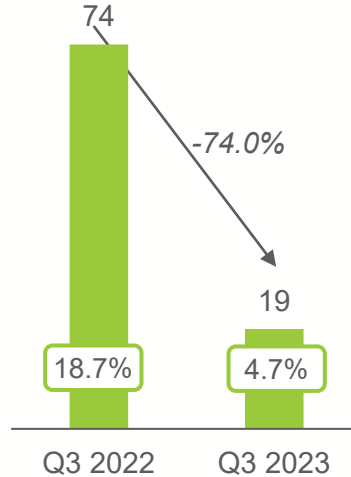
Net sales (SEKm)



Gross profit (SEKm)



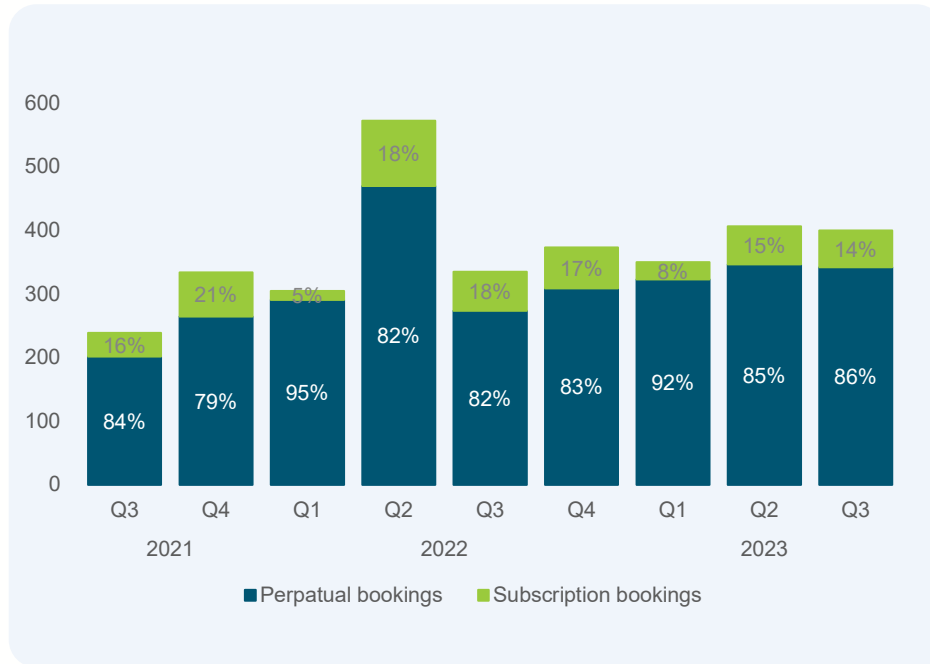
Adj EBIT (SEKm) and margin (%)



- **Subscription share of net sales**
15.1 (9.0)%
- **Gross margin**
87.6 (85.9)%
- **ARR¹**
SEK 255.3 (184.8) million
- **Items affecting comparability**
SEK -93.9 million relating to the merger of ACQ and Yubico

Bookings and subscription bookings

Bookings and subscription bookings (SEKm)



Comments

- Bookings growth of 19.4 percent in the quarter, to SEK 399.6 (334.7) million, growth of 19.8 percent in local currencies
- Strong growth Q3 includes telecom companies and the public sector in the US and Polish markets
- Subscription bookings amounted to SEK 57.9 (61.3) million, corresponding to 14.5 percent (18.3) of bookings
- Bookings Q2 2022 included an exceptionally large order, amounting to 39 percent of that quarter's bookings

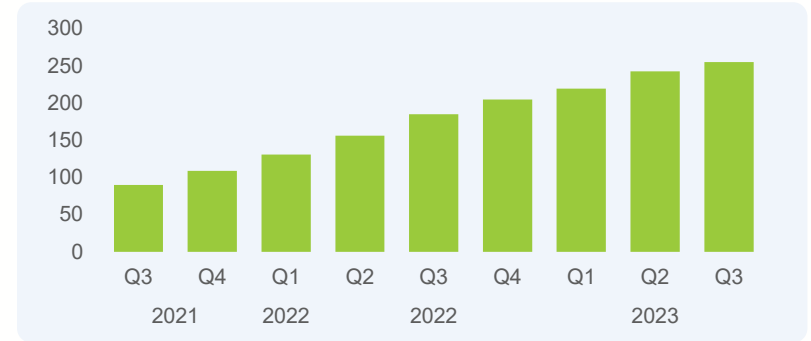
Net sales and annual recurring revenue

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



- Net sales increased 4.4 percent to SEK 410.7 (393.2) million, corresponding to an increase of 1.8 percent in local currencies and subscription sales represented 15.1 percent (9.0) of net sales

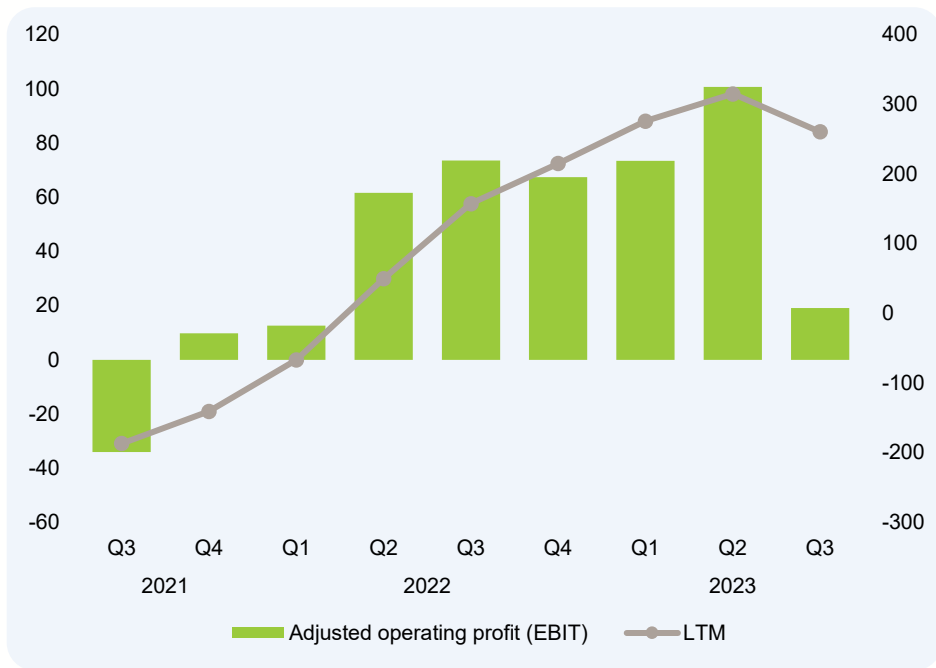
ARR¹ (SEKm)



- ARR increased 38.2 percent and amounted to SEK 255.3 (184.8) million at the end of the period
- Yubico added SEK 12.5 million of net new ARR in the quarter and SEK 50.7 million from December 31, 2022

EBIT

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



Comments

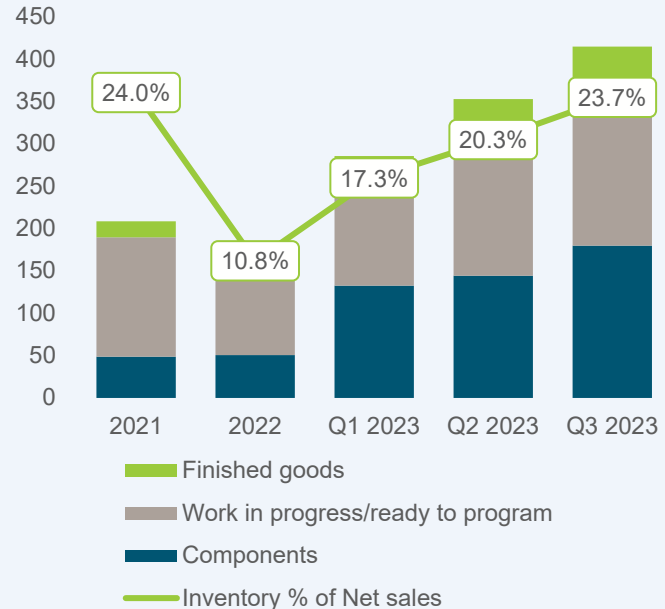
- Adjusted EBIT SEK 19.1 (73.6) m, corresponding to an adjusted EBIT margin of 4.7 percent (18.7)
- Items affecting comparability amounting to SEK 93.9 million relating to the merger
- Strong gross margin 87.6% (85.9)
- Unrealized currency effects of SEK -1.7m (28.4) million

Cash flow and financial position

Comments

- Operating cash flow SEK -19.8 (-9.9) million in Q3
- Continued build-up of inventory amounting to SEK 61.3m in Q3 and SEK 242.3m year to date
- Accruals for transaction related costs reduced net working capital with SEK 51.3 million
- Net change in working capital of SEK -5.7 million
- Cash and cash equivalents at the end of the period SEK 581.4 (253.6) million
- Net cash at the end of the period SEK 539.1 (198.4) million

Inventory and % of net sales



Financial effects of merger transaction

Merger was made with ACQ as surviving company but accounting-wise as a reverse merger

- ACQ net assets merged into Yubico balances, with Yubico financial history carried forward
- Net effect on equity amounting to SEK 229.0 m

Transaction related expenses of SEK 93.9 m

- Whereof no cash effect of SEK 50.9 million (merger loss SEK 36.8 m, cancelled incentive program SEK 14.1 m)

Net effect on cashflow amounting to SEK 183.9 million

- Cash balance of ACQ Bure of SEK 3,423.5 m
- Cash consideration paid to Yubico shareholders SEK -3,802.9 m
- Share placement of SEK 133.0 m
- Subscription fees for Yubico shares of SEK 430.4 m

Well positioned for continued growth

- Our business is performing well, in line with our expectations
- Q4 are off to a strong start, including a SEK 86 million order from long-standing high-tech customer
- Broadened customer base and healthy sales pipeline
- New product and business development initiatives will further accelerate adoption
- Cyber security has never been more important
- The Company's long-term targets and the guidance for 2023 communicated in the Q2 report remain unchanged



Q&A





Thanks