

The background image shows a vast, dark landscape at night. In the foreground, a person stands on a sandy or rocky shore next to a body of water. The sky is filled with vibrant green and yellow aurora borealis lights, creating a dramatic and ethereal atmosphere. The silhouette of mountains is visible against the bright sky.

yubico

Yubico
—
Annual Report
2023

23

Making the internet safer
for everyone

Content

Overview

■ About Yubico	03
An interview with the Founder and the Chairman	05
2023 in brief	06

Operations

■ CEO comments	07
Market overview	09
■ Business model, targets and strategy	13
■ Our offering and cases	15

Sustainability report

■ Sustainability strategy	20
■ Governance of sustainability and values	21
■ Focus areas	23

Risks

■ Risks and risk management	26
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Ownership

Investment case	28
■ The Yubico share and owners	29
■ Proposal on appropriation of profit	31

Corporate governance report

Corporate governance report	32
Board of Directors	35
Executive Management	36

Financial statements

■ Financial statements	39
■ Notes	46
■ Five year overview	58
■ Signatures	59
Auditor's report	60

Other

Key figures	62
Definitions and glossary	63

- The Board of Directors and the CEO of Yubico AB, company registration number 559278-6668, domiciled in Stockholm, hereby submit the Annual Report for the financial year 2023 for the Parent Company and Group, which consists of the Directors' Report on pages 3–4, 7–8, 13–16, 18, 26–27, 29–31 and the financial statements and notes and comments on pages 38–59.
- Pages 20–25 in this report constitute Yubico's statutory Sustainability Report in accordance with the Swedish Annual Accounts Act. This report relates to the financial year January 1 – December 31, 2023.

Financial calendar

Annual General Meeting 2024	May 14, 2024
Interim Report Q1, 2024	May 14, 2024
Interim Report Q2, 2024	August 15, 2024
Interim Report Q3, 2024	November 13, 2024
Interim Report Q4, 2024	February 13, 2025

Contacts

Camilla Öberg, CFO
 Alexandra Barganowski, Head of Investor Relations
 investorrelations@yubico.com

This is a translation of the original in Swedish. In the event of any discrepancies between the two versions, the original Swedish version shall apply.

Our value proposition

Stopping phishing attacks and account takeovers with strong, modern authentication



About Yubico

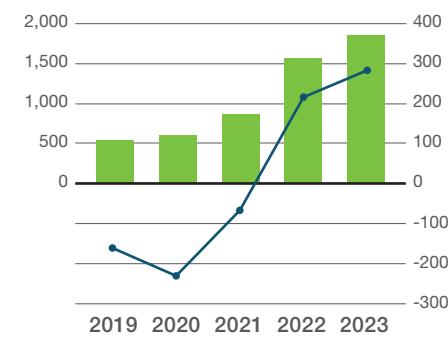
Making the internet safer for everyone

Who

Yubico, founded in 2007, is a global cybersecurity company whose mission is to make the internet safer for everyone. The products are manufactured mainly in Sweden, but also in the U.S. The programming occurs in our offices in Stockholm and in Santa Clara, California. Yubico has grown its net sales by a compounded annual growth rate, CAGR of 36 percent since 2019 and sales 2023 amounted to SEK 1,844m.

The Yubico share is traded on Nasdaq First North Growth Market in Stockholm since September 20, 2023.

Net sales SEK 1,844m
Adj. EBIT SEK 282m



What

Through our core product and invention, the YubiKey, Yubico solves the number one cybersecurity issue – the use of stolen credentials. These cause 9 out of 10 cybersecurity intrusions, often through phishing attacks¹.

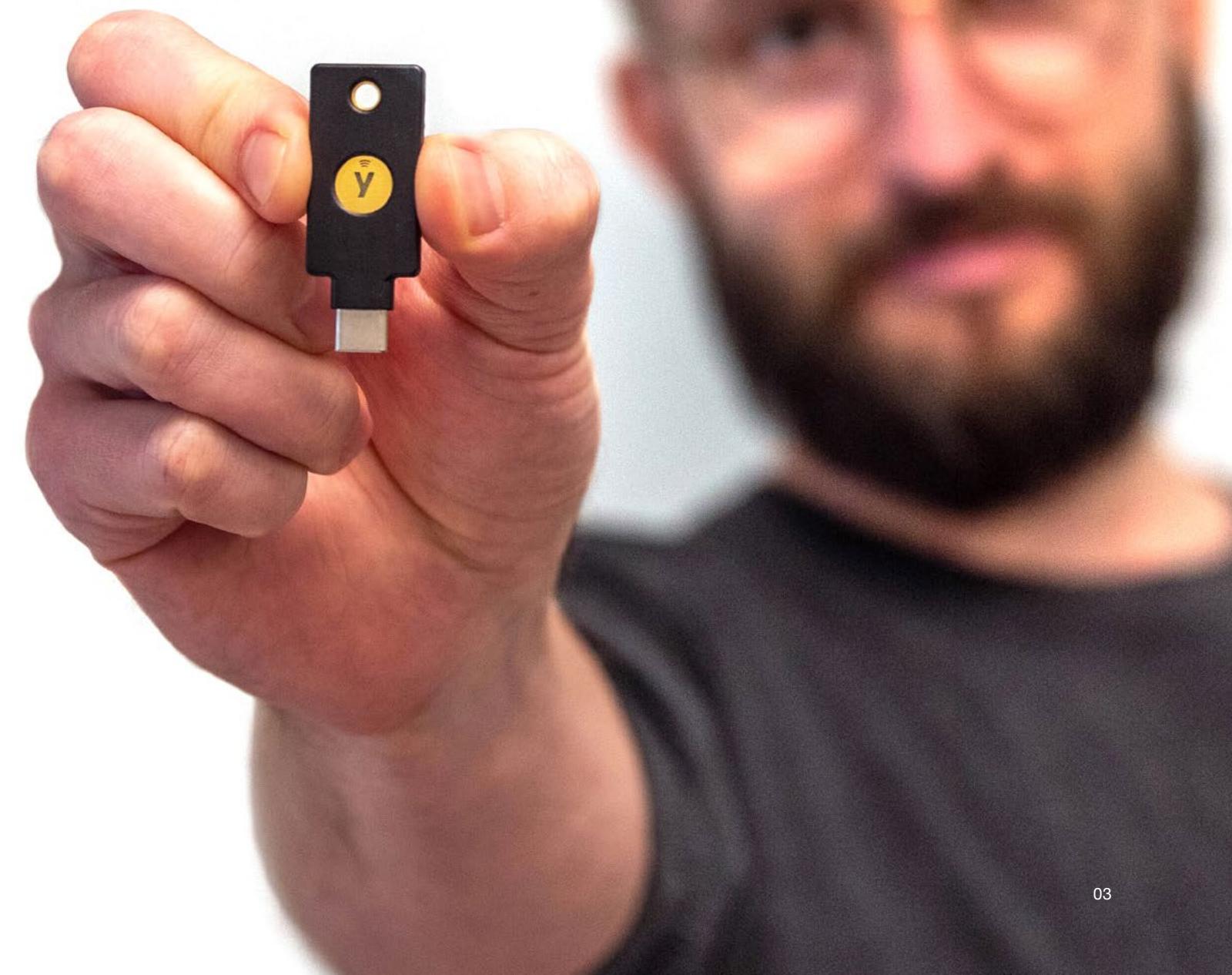
The YubiKey is a multi-factor authentication (MFA) hardware security key ensuring that only authorized users have access to sensitive accounts and systems. The authentication solution encompasses an extensive portfolio of proprietary technologies.

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

Why

With the continued rise in cyber-attacks, modern security and authentication are crucial tools needed in today's digital society to protect sensitive information and data. YubiKeys solve for this and are used and loved by millions of customers in more than 160 countries worldwide.

Our 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.



Yubico's opportunities, strengths and competitive advantages

Since the company was founded in 2007, Yubico has been a leader in setting global standards for secure access to computers, mobile devices, servers, browsers, and internet accounts. Yubico is a creator and core contributor to the FIDO2, WebAuthn, and FIDO Universal 2nd Factor (U2F) open authentication standards, and is a pioneer in delivering modern, hardware-based passkey authentication security at scale.

Perpetual & Subscription based sales model

YubiKeys have historically only been sold against a one-time payment, also known as perpetual basis, which gives the customer ownership of the product throughout its lifetime. In 2020, Yubico introduced a

subscription based model, in which it assumes a larger overall responsibility and retains ownership of the hardware.

High market growth

Global trends including increased number of cyber-attacks, digital transformation, and larger investments in cybersecurity drive demand for Yubico's solutions.

Unique, proven technology

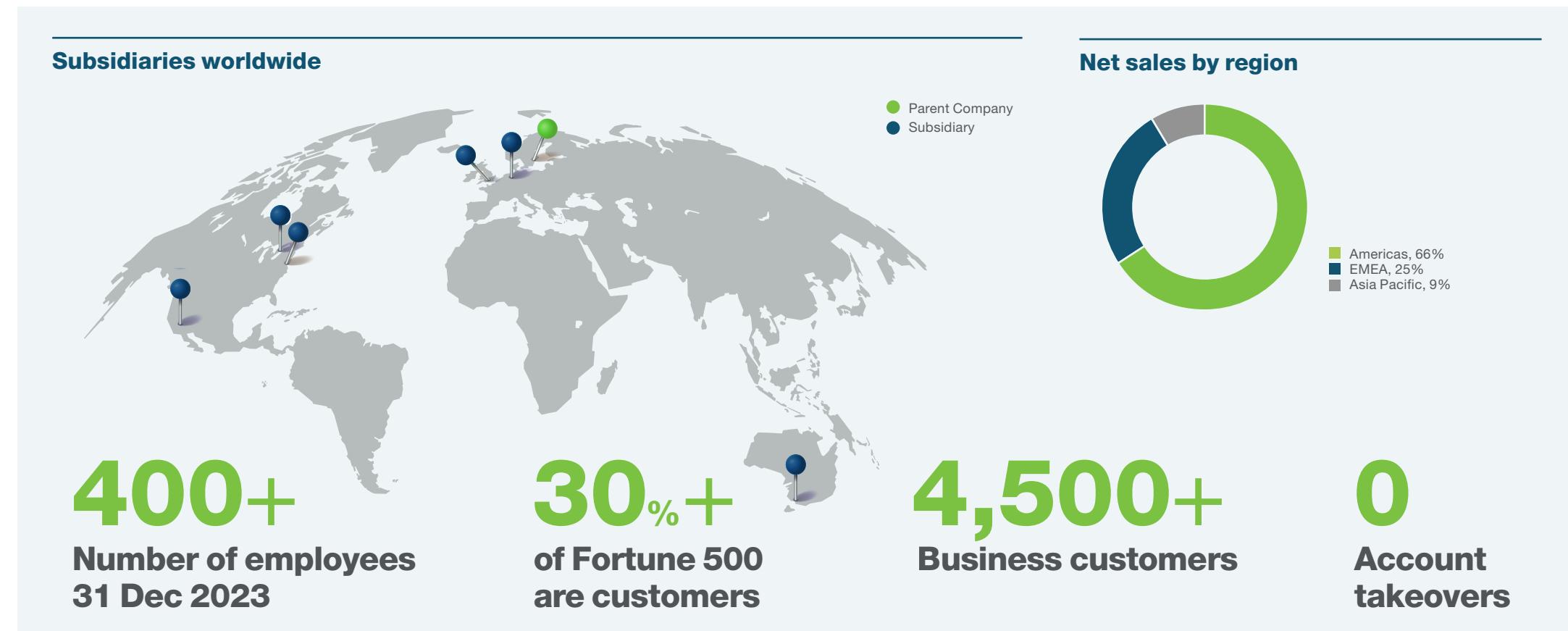
Yubico's solutions are the gold standard for modern phishing-resistant multi-factor authentication and are used by thousands of businesses and millions of individuals in 160+ countries around the world.

Attractive growth potential

There is a 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's global management team are highly skilled and hold deep industry knowledge. Several of these team members have been with the company for over a decade.



The journey to making the internet safer for all

An interview with Stina Ehrensvärd, Co-founder of Yubico and Patrik Tigerschiöld, Chairman of Yubico

Interviewer: Alexandra Barganowski,
Investor Relations Director at Yubico



Stina Ehrensvärd, Co-founder Yubico and Patrik Tigerschiöld, Chairman Yubico

The inspiration behind Yubico's name came from two places: the word ubiquitous and the vision to enable one single and simple login method to securely access all IT systems. The company was founded in 2007, with the insight that software authentication technologies are not enough to stop the increasing numbers of phishing attacks, and the more secure hardware technologies were too costly and complicated to use and deploy. That is, until the YubiKey, the world's first hardware security key was invented.

Fast forward to 2024, and Yubico boasts an impressive client base, with 32 percent of Fortune 500 companies among its customers. As the digital landscape evolves, so does Yubico's pivotal role in shaping the future of cybersecurity. Today, the company stands at the forefront of the expanding advanced authentication market, projected to witness a growth rate of approximately 14 percent annually through 2027.

"90 percent of cyber breaches are caused by phishing and account takeovers. The majority of all malware attacks, including ransomware, will have limited impact if the hackers do not also get access to systems and servers with data to demand ransom for. The growth of easily available AI is already helping hackers to automate phishing and account takeovers at scale. Yubico is here to stop these attacks," says Stina Ehrensvärd, Co-founder of Yubico.

The rapid growth of cybersecurity attacks as well as the industry at large, coupled with a unique solution and a prominent customer base attracted many investors to Yubico, among them Bure Equity, which is now still the biggest shareholder in the company, holding 17 percent of the company's shares.

"We recognized Yubico's immense potential to drive a standard for global IT security, crucial in today's landscape. Our role as investors and board members is to

ensure that the company has the resources and strategy to help mitigate this global problem," says Patrik Tigerschiöld, Chairman of Yubico and Chairman of Bure. Bure Equity also played an instrumental part when it was time to take the company a step further on its journey.

"Yubico works with so many leading internet companies that it has become increasingly more important for the company to ensure its independence. One way to ensure this is through a public listing," continues Patrik.

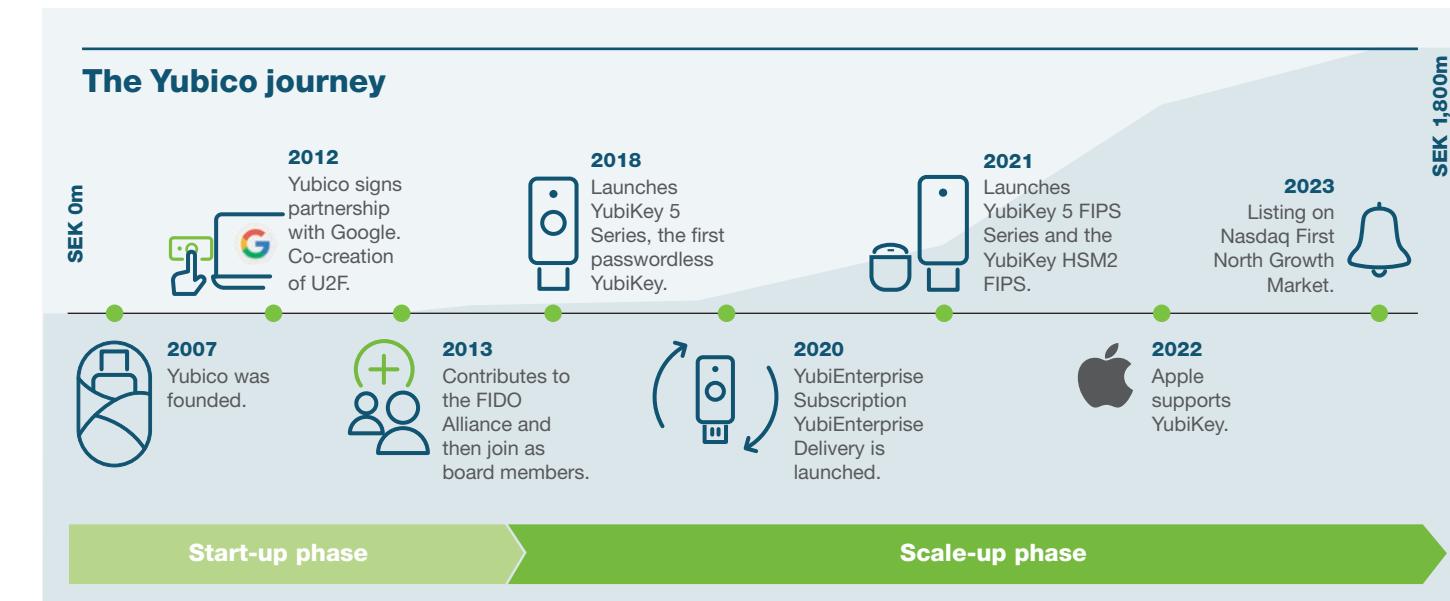
Yubico was listed on September 20th, 2023, and by that time Stina had handed over the CEO role to Mattias Danielsson. Stina remains immersed in steering Yubico towards its future horizons as Co-founder and operative Board member while Jakob Ehrensvärd, the other Co-founder, continues to drive Yubico's technology innovations in his role as Chief Innovation Officer.

"Jakob's and my dedication to propelling Yubico forward remains strong. Jakob continues to drive Yubico's

technical innovation, and I am committed to a number of initiatives driving global cybersecurity standards and education that will further scale the YubiKey technology and the FIDO authentication standards that we pioneered. I am also engaged in Yubico's Secure it Forward program where our technology helps to protect organizations that safeguard human rights and democracy," says Stina.

In 2024, the cost of cybersecurity is estimated to reach 10 trillion USD. Comparing this number with the GDP of the world's largest economies, it is the third largest economy after the USA and China.

"Cyber breaches are today the single largest business risk and should be on top of mind for all CEOs and investors. On the positive side, there are only a handful and fairly easy steps to mitigate the majority of all breaches. During 2024, Bure will start implementing these measurable controls for all our investment portfolio companies, and we encourage the larger investment community to do the same to help make the internet safer for all," says Patrik.



2023 in brief

A milestone year



ACQ Bure + Yubico

On April 19, ACQ Bure and Yubico announced the intention to merge and go public on Sweden's Nasdaq First North growth market. In June, the General Meeting of ACQ Bure and Yubico approved the merger.

In September, a new Board of Directors was elected which included Stina Ehrensvärd, Gösta Johannesson, Paul Madera, Ramanujam Shriram in addition to Eola Änggård Runsten and Patrik Tigerschiöld who was elected Chairman of the Board. ACQ Bure AB was delisted from Nasdaq Main Market ahead of the merger between ACQ Bure AB and Yubico AB. Once the merger was completed Mattias Danielsson was appointed CEO of the combined company. The merged company changed its name to Yubico AB and was listed on Nasdaq First North Growth Market. Yubico had its first day of trading on September 20th 2023 under the ticker YUBICO.

European Digital Identity Wallet

In the spring of 2023, Yubico was invited by the European Commission and Swedish government agencies to help shape a next-generation digital identity (DI) system – European Digital Identity Wallet – that the EU aims to roll out to all EU citizens by 2026. A working demo of the world's first web-based EU DI wallet supporting YubiKeys and FIDO2¹ Security Keys was presented in September for selected project members.

Expanding beyond technology

Yubico's security solution is gaining traction beyond the tech sector, notably growing in the public sector, financial services, and globally.

White House symposium

In July, Yubico participated in a White House symposium on modernizing authentication, held in Washington DC.

Industry-first FIDO pre-registration service

In October, Yubico announced an industry-first, FIDO pre-registration service that will be able to deliver YubiKeys with user login credentials already defined. This was announced in limited early access with Okta², creating a seamless password-less and phishing-resistant, passkey-based MFA for users. Another example of seamless integrations of YubiKeys is HYPR's³ authentication platform, serving customers with a focus on the financial industry.

Key ratios

	2023	2022	2021
Net sales, SEKm	1,844	1,561	867
Gross profit, SEKm	1,577	1,316	710
Gross margin, %	85.6	84.3	81.8
Adjusted EBIT, SEKm	281	215	-67
Adjusted EBIT margin, %	15.3	13.8	-7.7
Net profit/loss for the period, SEKm	142	255	-60
Net cash	508	231	199
ARR	286	204	108

18%
Increase in net sales

20%
Increase in gross profit

40%
Increase in ARR

1) Fast IDentity Online

2) Okta is an identity and access management platform. More than 13,000 organizations use Okta's software and API to sign in, authorize and manage users

3) HYPR is a passwordless multi-factor authentication (MFA) solution that replaces traditional passwords and password-based MFA with a smartphone-based mobile app

CEO comments

Off to a good start as a public company

A year of milestones

2023 was a year of change and growth for Yubico as the company underwent a significant transformation, marking a series of milestones in its journey. Established in 2007 by Stina and Jakob Ehrensvärd, Yubico had thrived under Stina's leadership as CEO. Having been part of the Yubico management team and board since 2010, I had the privilege of working closely with both the founders.

Early in 2023, Yubico's shareholders initiated discussions to take the company public through a merger with ACQ Bure, a pivotal change which was decided and announced in April. As part of this strategic move, Stina Ehrensvärd made the decision to step aside as CEO.

In February 2023, the board appointed me for the role of Yubico's CEO, a responsibility I am honored to undertake, both given Yubico's current state as well as the exciting trajectory that is set to follow.

Importantly, both Stina and Jakob continue to play crucial roles as leaders within the company.

In June 2023, the leadership landscape witnessed further changes as Ram Shriram, Yubico's longstanding Chairman, passed the baton to Patrik Tigerschiöld, who also serves as the Chairman of Yubico's largest shareholder, Bure. Ram, remaining an integral part of Yubico's board, continues to be one of the company's significant shareholders.

The Board also made the decision to update our long term financial targets, in order for them to better reflect our business model. The objective is to grow the net sales on average with 25 percent and to reach a 20 percent EBIT margin.

Continued momentum

To meet the surge in demand we increased our production capacity in 2023, and we continue to do so while maintaining a healthy EBIT margin. Net Sales for the full year 2023 amounted to SEK 1,844.2m, up by 18.1 percent, or 12.5 percent in local currencies, compared to 2022.

EBIT adjusted for transaction costs related to the merger of ACQ Bure and Yubico increased with 30.8 percent to SEK 281.7 (215.3m). The adjusted EBIT margin for the full year increased to 15.3 percent in 2023 (13.8). This is a result of the continued growth with scaling effects having a positive impact on profitability. Order bookings for the full year 2023 were up by 16.1 percent, or 10.2 percent in local currencies, compared to 2022, despite Yubico receiving an exceptionally large order in Q2 2022. The growth in customer orders in 2023 came from a wide set of customers across multiple industries and geographies. Strong sales growth was recorded in the U.S. public and financial services sectors as well as from a wide set of Canadian, European and Asian customers. We see this broad growth as a strength and proof that our offering is attractive to our customers.

Yubico's subscription portfolio performed well during the year. Subscription sales represented 14.9 percent of the order bookings in 2023, in line with previous year (15.3). Yubico added SEK 81.8m in net new Annual Recurring Revenue (ARR), a growth of 40.0 percent and total ARR stood at SEK 286.5m at the end of 2023.

Cash flow from operating activities amounted to SEK 97.5 million (32.7). We continue to build up inventory to reduce the risk for shortage and delays in customer shipments which had a negative impact on the cash flow from operating activities by SEK 335.7m.

Proven to stop cyberattacks at scale

During the last year, cybercrime has been making headlines on a daily basis across the world. The vast majority of cyberattacks are caused by phishing, becoming increasingly sophisticated and automated by AI. Security professionals across the globe are turning to phishing-resistant Multifactor Authentication (MFA) to ensure that only authorized users have access to information and systems. Through our main product, the YubiKey, Yubico is recognized as a pioneer, and market leader of phishing-resistant MFA for the mobile and modern web.

Influencing global standards and government policy

Yubico is actively working to help U.S. and EU regulators set up policies and legislation that promote cybersecurity in an efficient way. The White House Directive requiring phishing-resistant MFA to be implemented by Federal agencies in 2024 is one example of regulation aligned with Yubico's ambitions. Since December 15, 2023, all public U.S. businesses are required by the Securities and Exchange Commission (SEC) to disclose material cyber breaches within four days after the company determines the incident is material, and to annually disclose information regarding cybersecurity risk management, strategy and governance.



"2023 was a year of change and growth for Yubico as the company underwent a significant transformation, marking a series of milestones in its journey"

Mattias Danielsson, CEO

Yubico is active in several industry organizations, and the leading contributor to the FIDO and “Passkey” open authentication standards. The company is a FIDO Alliance Board Member, and a member of the W3C technical working group further developing the standards alongside Google, Apple and Microsoft. We are also an active member and contributor to the European Digital Identity Wallet project, a multi-stakeholder initiative that the European Commission aims to roll out to all EU citizens by 2026.

Investing in future growth

To stay ahead of both the hackers and the competition, Yubico will continue to invest in its technology platform. Innovation is at the center of our success, and we have built an amazing team of developers and security architects. Yubico is working directly with several strategic technology partners to ensure that our current and future customers can implement phishing-resistant MFA and strong encryption, easily and across as many services as possible.

In early October, Yubico announced an industry-first, FIDO pre-registration service that will be able to deliver YubiKeys with user login credentials already defined. This was announced in limited early access with Okta, creating a seamless passwordless and phishing-resistant, passkey-based MFA for users.

Another example of seamless integrations of YubiKeys is HYPR’s authentication platform, serving customers with a focus on the financial industry.

Lifecycle management of system access and login credentials is another area where Yubico can work with partners to help organizations manage onboarding, recovery and revocation of access using a hardware root of trust – the YubiKey.

Media recognition

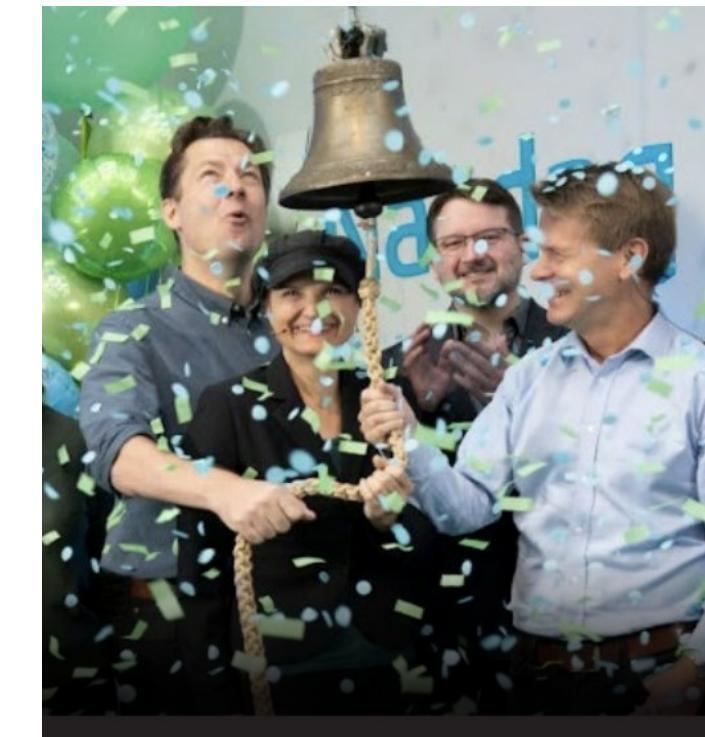
Yubico’s solution to one of the most important cybersecurity problems is attracting increasing media attention, in the U.S. as well as in Europe and Asia. Recent articles in The New York Times and The Wall Street Journal, published in January, 2024 describe how to best protect your online presence. This kind of attention and recognition reinforces the importance of phishing-resistant MFA, solidifies Yubico’s position as a market leader in this growing market, and sets the company up for continued growth going into 2024.

Thank you to employees and shareholders

Lastly, I extend my gratitude to our dedicated employees and shareholders for their invaluable contributions and unwavering support over the past year. Together, we have achieved remarkable milestones, and I am confident that our shared commitment will propel us toward an even more exciting journey ahead.

Mattias Danielsson

CEO Yubico



Market overview

Cybersecurity has never been more important

Market trends driving Yubico's growth

Increasing sophisticated cyber threats

- Cyberattacks continue to escalate with hackers' high ability to bypass traditional security measures such as network firewalls, email spam filters, and text-based authentication.
- Geopolitical instability is amplifying the risk of significant cyberattacks.
- Phishing attacks, which lure users into revealing login and identity information through deceptive emails, phone calls, or text messages, are evolving to circumvent basic security measures. Attackers also employ social engineering tactics, leveraging personal information from social media platforms to guess passwords and steal login credentials.

Trend's impact on market

- To safeguard sensitive information, traditional cybersecurity tools have limited effectiveness. Robust security and authentication measures have become paramount and organizations are ramping up investments in strong identity security controls.
- Annual cost of cyberattacks estimated at over USD 100 billion.¹
- 93 percent of cybersecurity experts and 86 percent of business leaders foresee a catastrophic cyber event occurring within the next two years.²

Surge in digital economy and mobile devices

- Growth in digital identities, digital economy, cloud services, remote work and mobile device usage for business as well as for private purposes.

Trend's impact on market

- An increased risk of data loss or theft has increased need for advanced authentication by identity-based security mechanisms.
- Companies are broadening the use of advanced authentication solutions for employees, customers, partners and contractors.
- 9 out of 10 cybersecurity breaches stem from employee errors, including use of stolen credentials, falling victim to phishing scams, or misuse of sensitive data.³
- Increased spending on public cloud services, up by 21 percent in 2023.
- Trend enhances the appeal of cloud delivered IAM and prompts the urgency to upgrade legacy IAM tools.
- The market advanced authentication estimated at USD 3.3 billion in 2021. Expected to grow with 13.6 percent per year from 2021 to 2027.¹

High regulatory and compliance requirements

- These requirements drive the adoption of identity security tools.

Trend's impact on market

- For example new White House executive order requires all U.S. Federal agencies to use phishing-resistant MFA.
- In 2021, the U.S. Federal Financial Institutions Examination Council (FFIEC) issued guidance mandating compliance requirements for effective authentication and access risk management in digital banking services.

High reputational risk due to media coverage of hacker attacks and non-compliance

- Increased reputational risk drives adoption of identity security solutions.

Trend's impact on market

- Companies are broadening the use of advanced authentication solutions not only for employees but also for customers, partners and contractors.

Shifting login models toward convenient user experience and password-less

- This shift requires IAM platforms supporting integration, logins and export to other platforms, including user behavior analytics.

Trend's impact on market

- Companies are exploring new login models like the security framework Zero Trust which mandates authentication and authorization for all users before granting access.
- Users demand seamless and secure login experiences for convenience.

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

2) 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.

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



The Identity and Access Management (IAM) market

17%
Expected yearly growth rate of the IAM market

IAM – an important tool for managing the security of login methods

IAM is crucial for organizations to safeguard customers and employees from phishing attacks and credential theft. These tools oversee login security, user accounts, and permissions, ensuring only authorized individuals access sensitive data. The U.S. government emphasizes modern, phishing-resistant cybersecurity, highlighted in the 2023 National Cybersecurity Strategy. This strategy prioritizes investments and research in next-gen technologies, including digital identity, as one of its top strategic pillars.³

IAM subsegments, other than the advanced authentication, are:

- **Customer Identity and Access Management (CIAM):** Provides essential authentication and access capabilities for consumers, ensuring seamless interactions and secure transactions. This subsegment focuses on delivering a user-friendly experience while maintaining robust security measures to protect customer data.
- **Identity Governance:** Manages the entire identity lifecycle post-user onboarding, facilitating access

approvals and enforcing governance controls. These solutions are crucial for maintaining data integrity and compliance within organizations. Many governance solutions are used to grant access approvals after employee roles have changed.

- **Identity Management:** Covers a range of essential functions including identity domain controllers, single sign-on (SSO), and user tracking within organizational settings. These solutions streamline access processes and enhance security by effectively managing user identities and permissions.
- **Legacy Solutions:** Comprising older identity management solutions, this segment continues to provide essential support for organizations with legacy infrastructure. While experiencing minimal new sales, these solutions remain significant for generating maintenance revenues and ensuring continuity in operations.
- **Privileged Access Management (PAM):** Tracks and monitors privileged user activities, offering advanced technologies like password vaults and just-in-time credentials. PAM solutions play a critical role in safeguarding sensitive information and maintaining compliance with security regulations.



Single-Factor vs. Multi-Factor Authentication (MFA)

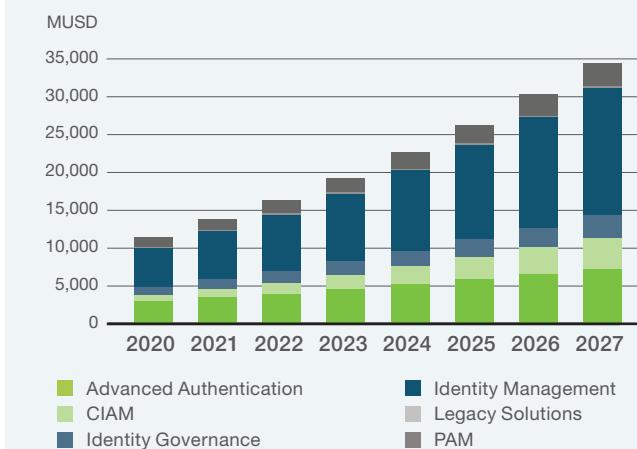


Single-factor authentication, like username and password, is vulnerable to cyber threats. Basic MFA, such as receiving a PIN via text or using an authenticator app, offers improved security but remains susceptible to phishing and MITM attacks. MITM attacks involve intercepting digital conversations to steal credentials.



Advanced authentication solutions, like the YubiKey, mitigate these risks by requiring a physical security key combined with a PIN or biometric input, providing robust protection against unauthorized access.

Global IAM market 2020–2027²



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

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

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

4) Advanced Authentication

The Advanced Authentication market

Advanced Authentication – a variety of sophisticated methods for user verification

The Advanced Authentication market includes hardware and software tokens, biometric reading technology, and specialized systems like PIV and common access cards. As risk levels escalate during the login process, it introduces heightened identity verification measures, including multi-factor authentication, surpassing conventional passwords, to bolster security. This typically involves two-factor (2FA) and multifactor (MFA) methodologies, integrating factors such as knowledge, possession, and biometrics. Additionally, it includes certificates based on public key infrastructure encryption, alongside software and hardware tokens, significantly enhancing authentication methods.

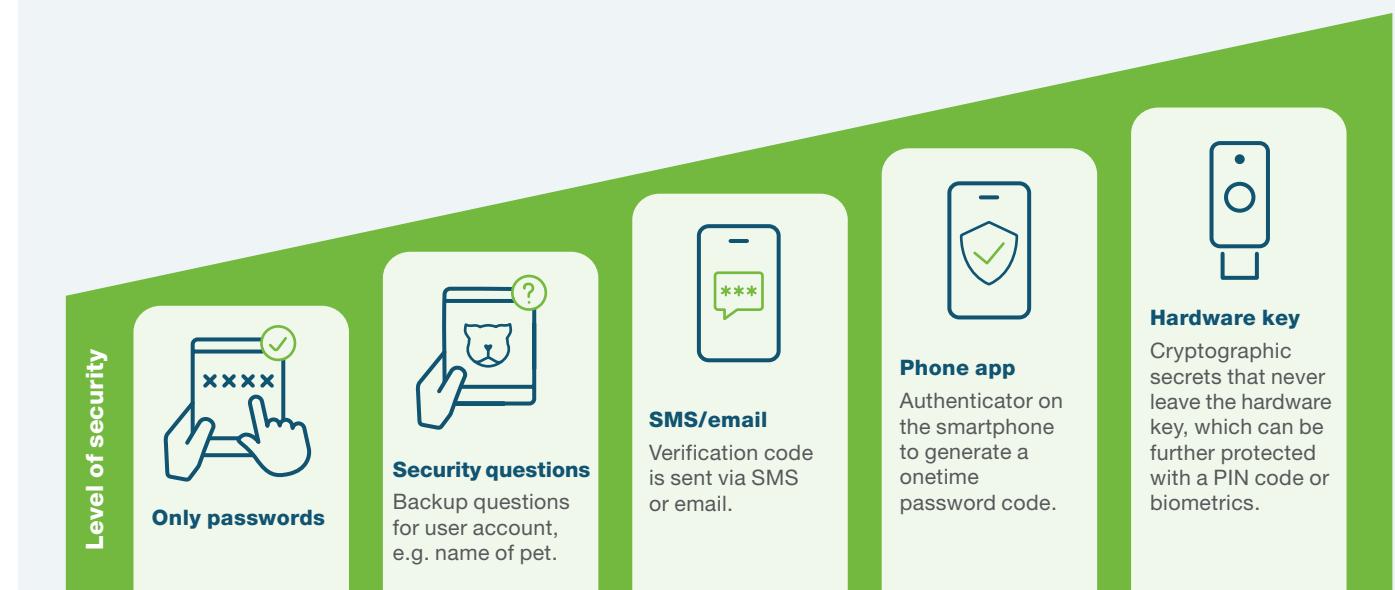
Authentication solution spending by industry

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.² 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 services³ 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 percent to 18.6 percent.¹

14%
Expected yearly
growth rate of
the Advanced
Authentication
market

Evolution of Advanced Authentication market

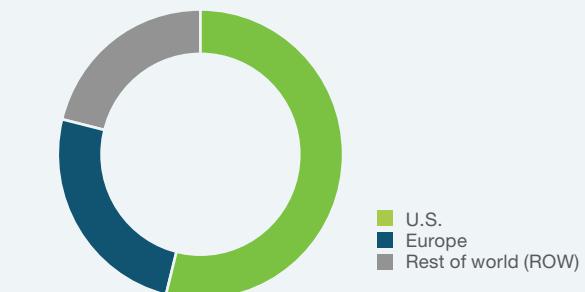


1) IDC, Market Insights on Advanced Authentication, 2023.

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

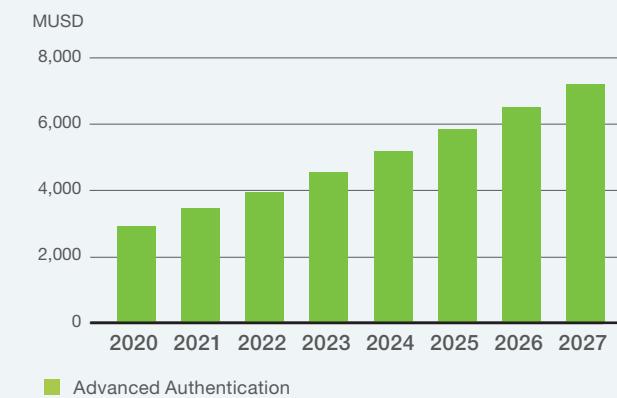
3) Professional services defined as companies providing services or expertise rather than a manufactured concrete product, including service providers within areas such as IT, accounting, audit, consulting, tax and legal advisory to name a few.

Global Advanced Authentication market by geography¹



U.S. is the largest buyer of Advanced Authentication with 57 percent market share as per 2023, followed by Europe with 24 percent, and the rest of the world which holds 19 percent¹.

Global Advanced Authentication market¹ 2020–2027



The Advanced Authentication market, where Yubico operates, is estimated to be approximately USD 5.2 billion in 2023 and is expected to grow with approximately 13.6 percent per year to 2027¹.

The competitive landscape

Yubico operates in the market for advanced authentication, which is a submarket of the large identity and access management (IAM) markets.

Yubico's position in the market

Advanced authentication solutions, like the YubiKey, provide robust protection against unauthorized access and mitigate phishing and MITM attacks by requiring a physical security key combined with a PIN or biometric input. 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.

The Federal Financial Institutions Examination Council (FFIEC) guidance suggests strong authentication methods like MFA solutions utilizing hardware and cryptographic factors to mitigate unauthorized access risks. Yubico offers advanced authentication solutions tailored to meet FFIEC compliance requirements.

Banks issue YubiKeys to high-net-worth individuals to safeguard against password-related fraud. Cloud providers like Amazon Web Services also offer YubiKeys to customers.¹

Companies are exploring new login models like Zero Trust (security framework requiring all users to be authenticated and authorized before being granted access to applications and information), which mandates authentication and authorization for all users before granting access. This requires IAM platforms supporting integration, logins, and export to other platforms, including user behavior analytics. Users demand seamless and secure login experiences for convenience.

Cybersecurity companies like Yubico contribute to building resilient cyber infrastructure, aligning with United Nations Sustainable Development Goals (UN SDG) no. 9. Additionally, advanced authentication supports institutions in accessing information effectively, accountably, and transparently, in line with UN SDG no.16.



The competitive landscape

Overall key competitors in the advanced authentication market include Duo, Fortinet, Microsoft, and Okta. The competitors in the market can be split into three key archetypes.

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.

Overview

Categories of competition	Pure play advanced authentication providers incl. Yubico	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. Is highly secure.
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

¹ Amazon, Protect Yourself online with a Free Multi-Factor Authentication Key, 2023.

Business model, targets and strategy

Business model

The YubiKeys have historically been sold on a perpetual basis, but over the three years, Yubico has been expanding its business through a subscription-based model.

The perpetual revenue model

The perpetual revenue model is based on a customer making a one-time purchase of a YubiKey with an upfront payment, which gives the customer sole ownership of the hardware. Key benefits for the customer related to the perpetual model include that it is a one-time CapEx investment which makes it an attractive alternative for customers who want to try the YubiKeys at a smaller scale first. For Yubico, this implies an important initial sales step allowing testing before larger deployments.

The subscription-based model

The subscription-based model allows for continuous customer dialogue throughout the customer journey, increasing customer retention and loyalty. It gives the customer a lower cost of entry, and a high degree of customization and flexibility. For Yubico, this model 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.

	Perpetual	Subscription
Key terms	<ul style="list-style-type: none"> Upfront payment to purchase YubiKeys, HSMs and services The buyer owns the YubiKey 	<ul style="list-style-type: none"> Multi-year term (3/4/5 years), paid annually or upfront Hardware as a service and ownership stays with Yubico
Benefits for customers	<ul style="list-style-type: none"> One time budget, no hidden cost CapEx investment 	<ul style="list-style-type: none"> Predictable cost over time Flexible for changing needs Access to new products & services OpEx purchase
Implications for Yubico	<ul style="list-style-type: none"> Invoicing and upfront cash payment No long-term customer commitment but high repurchase rate Fast transactional business (simple proposition) 	<ul style="list-style-type: none"> Predictable revenue-phasing over contract length Majority of total cost incurred first year Deeper customer relationship More complex sales
Customer segments	<ul style="list-style-type: none"> Consumers, prosumers, SMB enterprises 	<ul style="list-style-type: none"> Medium and large enterprises, U.S. public sector

Financial targets in the long-term¹

Yubico aims to increase net sales by an average of 25 percent per year in the coming years. To achieve this, Yubico will continue to work according to its strategy and develop and diversify its customer base by continuously improving and adapting its products and services to meet customer needs. Yubico will continue to develop both its perpetual model and its subscription model, with a long-term goal of increasing sales within the subscription-based model. Through this strategic approach, Yubico strives for sustainable growth and an EBIT margin of at least 20 percent.

25%

Average annual growth in net sales

20%

Target of 20% EBIT margin

For the foreseeable future, Yubico will primarily use generated cash flow for investing in continued growth.

¹⁾ Five year targets announced in April 2023 and revised in February 2024.

Yubico's go-to-market model

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 more than 26 percent of the G2000 companies have purchased YubiKeys.

Part of Yubico's foundation to success came from early adopters of IT security solutions, who bought YubiKeys online for testing and then influenced the company internally to increase cybersecurity protection. By then, the IT department has already tested the keys and is able to guide the organization and decision-makers into a larger deployment of YubiKeys.

The current go-to-market approach focuses on addressing larger deployments from the 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. For the largest enterprises and strategic accounts, Yubico uses a direct sales channel approach with a high-touch sales model. 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.

Yubico's sales team consists of approximately 150 employees, including sales representatives, channel partner managers, customer success managers, and technical specialists. 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.

Selection of customers

Over time, Yubico has attracted customers from industry verticals such as financial services, manufacturing, retail, and government agencies. 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.

Large customer base



Our growth strategy

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

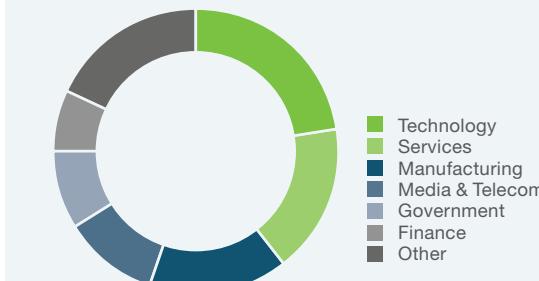
- **Expand current customer base:** Yubico increases engagement with current customers by adding new users and use cases.
- **Expand to customers' customers and third-party suppliers:** Yubico's customers want to protect their end-users and their suppliers aim to secure their value chain to prevent breaches coming from third parties.

• **Land new customers in all verticals:** Part of the growth strategy is to attract new customers within existing industry verticals and grow into new verticals.

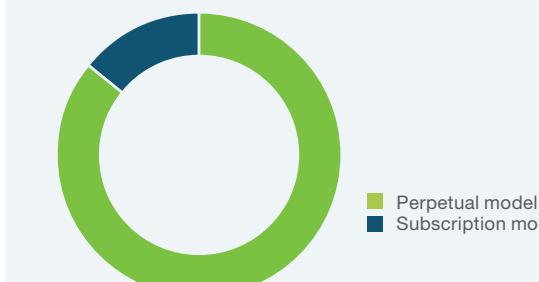
• **Enter new adjacencies:** Yubico aims at entering new authentication solutions adjacencies through R&D and selective acquisitions, and by leveraging the partner ecosystem to sell through partnerships.

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

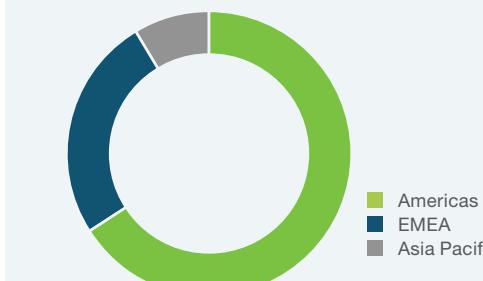
Bookings by segment



Net sales by business model



Net sales by region



Our offering

A safer internet for all

YubiEnterprise Subscription

Yubico offers two services to its enterprise customers, YubiEnterprise Subscription (see “Business model”, page 13) 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’s situation and business needs.

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. We ship keys to nearly 50 countries and also use partners to ensure the shipment of YubiKeys to most countries worldwide.

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 our facilities in Sweden and the U.S. We have also built a robust chain of trust that starts with our vendor assurance program and ends with programmatic validation of components.

To ensure vicinity to all aspects of manufacturing, we use third party suppliers that manufacture and finish the parts close to our two main offices in Sweden and the U.S., where we can make continuous improvements while keeping tight control over production. 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, programming, testing, and shipment all managed internally, Yubico 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 our exact specification.

- Custom-built tools and software for maximum control and security

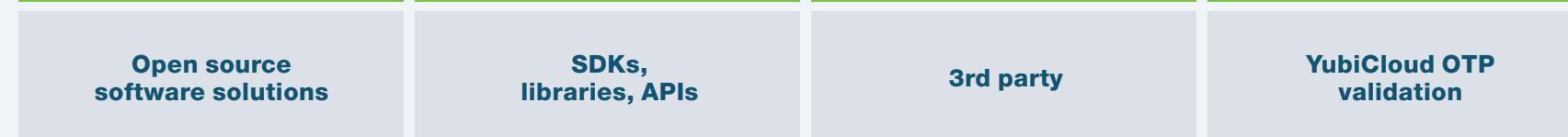
- Sensitive data only handled securely, in Yubico’s facilities
- Ability to scale production to meet demand

The Yubico solution

Services



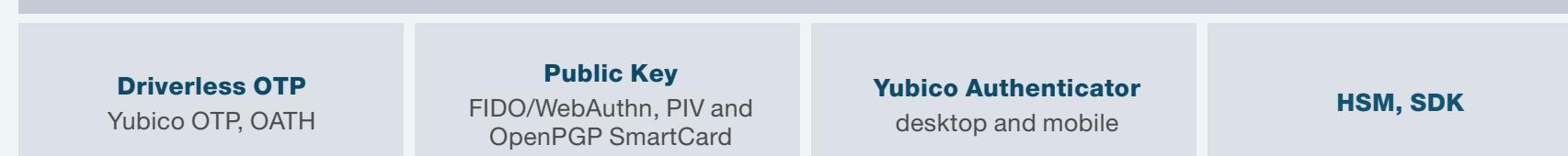
Integrations



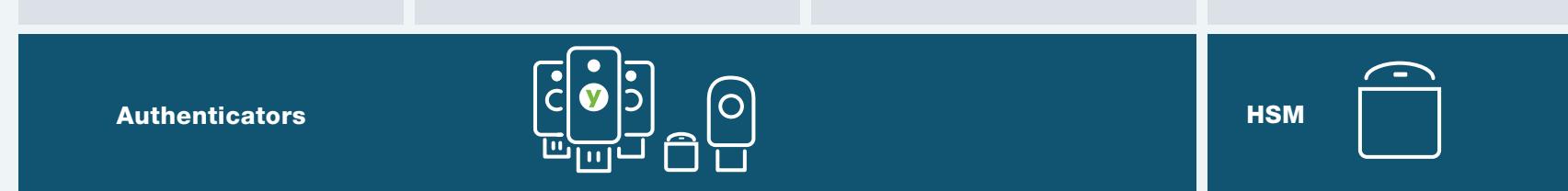
Certifications



Software features



Hardware form factors



Certifications, regulatory compliance, and patents

To ensure local regulatory compliance we have 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 a 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.

Enterprise enablement

One of the core features of the YubiKey is the wide array of cryptographic protocols that are supported, which enables us to integrate with over 800 applications and provide an authentication solution for both legacy and modern infrastructures. 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 1,000+¹ 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



¹) https://resources.yubico.com/53ZDUYE6/at/bjqfjnqtwpncn3t5bgvbvmp/Yubico_Corporate_Brochure.pdf?format=pdf

R&D

Yubico runs all technical development of hardware, software and new services in the parent company and the subsidiary in the U.S. The company also designs and develops new equipment to automate and rationalize the production of YubiKeys. About 80 developers, product owners, and project managers are currently working on this. They are also testing new possibilities for utilizing YubiKeys, maintaining current solutions, documenting their work, and providing support to external developers of applications using YubiKeys as an authentication solution. All costs related to development has been expensed as the time spent by single employees in development projects has not been possible to separate from other current work.

Case study #1

— Google

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 percent reduction in password-related support tickets.

Yubico's core products

Yubico's core product portfolio encompasses several hardware product families and supporting YubiKey software and services.

YubiKeys



YubiKey 5 Series

The YubiKey 5 Series eliminates account takeovers by providing strong phishing defense using multi-protocol capabilities that can secure legacy and modern systems. The product includes strong two-factor, multi-factor and passwordless authentication, and seamless touch-to-sign with a full range of form factors.

YubiKey 5 FIPS Series

The YubiKey 5 FIPS-certified security keys meet the highest level of assurance (AAL3) of the new NIST SP800-63B guidelines.

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, meeting the needs of consumers as well as enterprises.



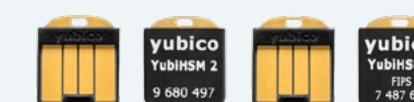
YubiKey Bio Series

YubiKey Bio Series supports biometric authentication using fingerprint recognition for secure and seamless passwordless logins.



YubiHSM (Hardware Security Module)

Protection for cryptographic keys with the world's smallest HSM, and ensure uncompromised cryptographic hardware security for applications, servers, and computing devices at a fraction of the cost and size of traditional HSMs.



Supporting YubiKey Software and Services

The YubiKeys are supported by several services including the Yubico Authenticator app and Software Development Kits (SDK).

Yubico Authenticator

The Yubico Authenticator is a software-based solution for authenticating users of software applications on desktops and mobile phones. The Authenticator stores the credentials in the secure element of the YubiKey and cannot be extracted from the YubiKey.

Software Development Kits

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.

Case study #2

Hyatt Hotels

Hyatt Hotels Corporation is one of the world's most well-recognized and respected hospitality brands with approximately 200,000 employees, 1,500 hotels and all-inclusive properties spanning across 70 countries. With so many properties and employees spread out across the globe, it is a daunting task to keep them all safe from an ever growing list of cyber risks not to mention the need to have each colleague authenticate before access to Hyatt's tools and applications. For customer facing roles at the front desk, mobile authentication was not only an insecure method of authentication, it had the potential to alter the perception of customer experience that a colleague provides.

"One of the challenges we face as a hotel platform is the visual that's associated with using a mobile device to complete an MFA process," notes Art Chernobrov, Director of Identity, Access, and Endpoints. "We also believe that having Guest Services colleagues looking down at their phone to complete an MFA response or approval does not convey the message we want to someone walking past the front desk."

Having a mobile phone in hand sends a negative perception that a Hyatt employee is engaged in personal or social media activities, which was not the image that Hyatt wanted to portray. As a result of the passwordless experience provided by the YubiKey, Hyatt colleagues are able to seamlessly and quickly authenticate to their work environment to fulfill the guest needs, supporting greater eye contact with the guest and a more seamless guest experience. "The experience we're trying to create for a guest as they check into the hotel is that there's nothing that's interrupting that guest and user interaction," shares Chernobrov.

Sustainability Report

A safer internet for all

Sustainability strategy

- comments from the Co-founder

Yubico was founded with the goal to contribute to a safer world, far beyond our own company and products.

We have pioneered global internet security standards that are today, protecting billions of internet users and have built a trusted and successful company with respect for our people and the environment. To help secure the world at large, we have donated our technology to protect election campaigns, free press, and thousands of human rights activists.

We promote transparency by being a driving partner in collaborations with other global organizations and governments to develop open standards for secure multi-factor authentication. This strengthens cybersecurity globally, which has proved increasingly important for both private companies, public organizations and consumers.

As a society, we have increasingly shifted to a work from home environment, using the internet for many of our important everyday tasks and more services are moved to the cloud. This makes us more vulnerable to outside cyber threats. Today's attacks are more sophisticated than ever and are targeting individuals and employees across all levels of an organization. Companies, governments, organizations and even individuals realize that cybersecurity is crucial to protecting business assets, personal data as well as democracies.

Stina Ehrensvärd, Co-founder, Yubico



Governance is building trust

At Yubico, we stand for integrity, fairness & respect in all our interactions

Building trust with customers, partners and society is the foundation for long-term success. Yubico has a commitment to the highest ethical behavior, including zero tolerance for human rights abuses, bribery and corruption as well as ensuring compliance with regulations, policy and law.

Code of Conduct

To ensure the protection of human rights, promotion of fair employment conditions, safe working conditions, responsible management of environmental issues, and high ethical standards Yubico has implemented a Code of Conduct, annually reviewed, and approved by the Board of Directors. This policy sets out the standards that all employees are required to follow; we shall respect all internationally recognized human rights, including the International Bill of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, which addresses freedom of association and collective bargaining, forced labor, child labor, and non-discrimination. We are committed to implementing the UN Guiding Principles on Business and Human Rights throughout our business operations.

We shall avoid causing, contributing to, and being linked to adverse human rights impacts, and adequately address such impacts when they occur. We shall, in all contexts, seek ways to honor the principles of internationally recognized human rights. As a company providing products which are protecting companies and millions of users worldwide, respecting the integrity of individuals is essential to how Yubico operates its business.

Yubico also requires its Business Partners to adhere to business principles consistent with this Code, which is set out in the Business Partner Code of Conduct.

Policies and employee onboarding

All new employees receive training on the Code of Conduct and the whistleblowing process.

Whistleblowing

A whistleblowing process was established during 2022.

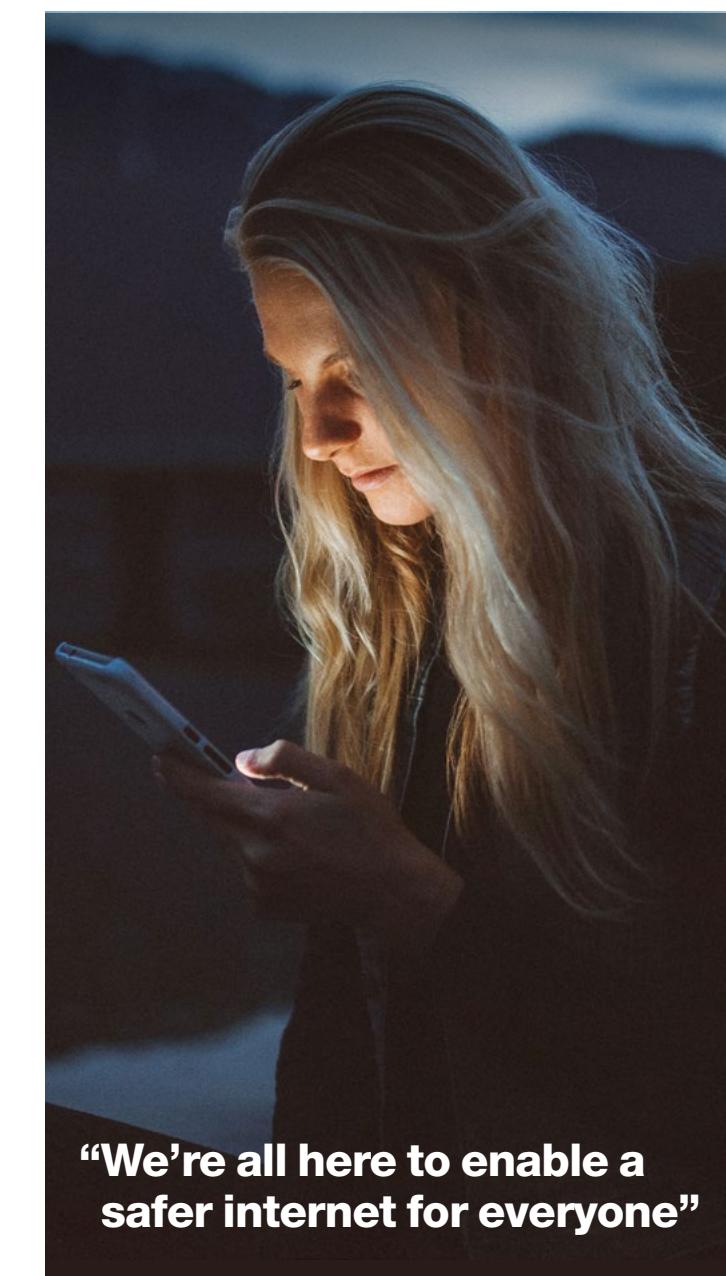
Material topics and stakeholders

Our materiality analysis and stakeholder dialogues identified our most material sustainability topics which are summarized in Yubico's five focus areas. The analysis is based on the relevance for stakeholders and impact on the environment, the society and the highest ethical business standards and human rights throughout our value chain.

In 2024, Yubico will conduct a new materiality analysis based on the double materiality principle according to ESRS (the European Sustainability Reporting Standards) which will involve our Board of Directors and other important stakeholders.

Our values

In early 2018, when the team had just grown to 100 people, we asked every employee what they liked about working for Yubico and what they thought would support success as our team and company grew. The most essential values were distilled into six core concepts, all starting with a letter of our company name. Today, these values continue to guide our decisions, how we reward team members and are the foundation to how and why we win.



"We're all here to enable a safer internet for everyone"

Our values

Your work matters

We're all here to enable a safer internet for all.

Unleash smiles

Be nice. Stay humble. Have fun. Don't take yourself too seriously.

Battle friction

Always look for new ways to simplify our products and work.

Inspire higher

Think big. Do the right thing even when it's difficult. Be a leader.

Customer focus

Win with the best security, usability, quality and customer service.

One team

Be open and responsive. Overcome challenges and celebrate success together.

Yubico's five sustainability focus areas

- **Minimizing environmental impact**
- **Supporting a diverse and global team**
- **Protecting critical IT-infrastructure**
- **Securing free speech, democracy and human rights**
- **Ensuring high ethical standards**

Focus area Minimizing environmental impact

- Circularity – high quality and long product life
- Low weight and volume and no batteries or toxic materials
- Minimized packaging – using recycled and renewable materials
- Waste management and recycling

Production and distribution

Through its suppliers around the world, Yubico is striving to achieve manufacturing which is safe, cost-effective, and respectful to people and the environment. Yubico's product is designed to have a long product life. Recyclable materials are used in Yubico's packaging, and the use of recycled paper is prioritized. Yubico's largest environmental impact lies in the distribution of the products.

During the year, the manufacturing has been concentrated to Sweden, which reduces the need of air freights between Sweden and the U.S. Through optimization of the quantities per shipment between the production sites throughout the manufacturing chain, Yubico reduced the number of shipments.

Reducing waste

The company complies with the directive Waste from Electrical and Electronic Equipment (WEEE) within the EU for a safe handling of electronic waste. During 2022, Yubico linked up with Extended Producer Responsibility (EPR), which means that Yubico reports packaging material generated in the specific country and pays a fee for the waste handling. The registration is made per country and the number of countries Yubico is registered in for this reporting has been extended during the year. This work continues as the company is expanding its sales into new countries. Waste from offices and production facilities is sorted

for recycling. All Yubico events encourage low/no waste options, refraining from making single-use eating and drinking materials available where possible.

Climate compensation

Climate compensation is made for emissions related to business travel.

Project Solvatten

Yubico has worked with Solvatten since 2022. Their mission is to provide people living in developing countries with safe and hot water in a portable, environmental-friendly way. Solvatten is a combined portable water treatment and water heating system that has been designed for off-grid household use in the developing world. It is an easy, innovative solution that provides access to clean, hot water to people worldwide. Thanks to its durable design, Solvatten is an affordable and convenient way to get clean, hot water. Yubico's carbon offset donation in 2023 helped to successfully deploy 72 Solvatten units, profoundly impacting the lives of 382 individuals across various communities. Yubico's carbon offset saved 3,600 trees from being cut down for firewood, which prevented 504 tons of CO₂ emission.

Environmentally certified offices

All of Yubico's offices are environmentally certified under Leadership in Energy and Environmental Design (LEED), which is a well-established American environmental certification system for commercial buildings and the most widely used third-party certification system globally. The certification takes into account materials in the building, energy use, water use, indoor climate and also the local environment and is a quality seal that the properties have a lower environmental impact. The LEED certification is structured across four distinct levels each representing a higher standard of sustainability. Our office in San Francisco has the highest level and the offices in Santa Clara, Seattle and Stockholm the second highest level.

Climate data			
Greenhouse gas emissions			
Total emissions, tCO ₂ e	2023	2022	2021
Scope 1	-	-	-
Scope 2, location-based	103.4	185.7	216.8
Scope 3	2,727.13	1,815.70	149.8
of which waste	1.53	-	-
of which business travel	2,725.60	1,815.70	149.8
Total, tCO₂e	2,830.60	2,006.50	366.6
GHG- intensity tCO ₂ e/employee FTE	6.94	5.41	1.38
Energy consumption			
	2023	2022	2021
Electricity, MWh	341.6	485.6	474.9
of which renewable, %	78	63	n.a.
Energy intensity MWh/employee FTE	0.84	1.31	1.79
Yubico's total emissions have decreased while the GHG intensity has increased. The reduction is partly due to the fact that we have reduced emissions in Scope 2, purchased energy, where we have increased the amount of renewable energy. Energy consumption only takes place in our own offices. We work actively with energy consumption through our environmentally certified offices.			
This year, we have included emission data for waste in Scope 3. Emissions from business travel have increased related to a growing business in combination with more customer events and other business activities compared to 2022. Last year was still affected by the effects of Covid-19 and thus a larger share of digital events took place. Identification and reporting of emissions has improved and changes in emissions data regarding electricity consumption and office waste are related to improved data collection, although there is still a need for estimates in some areas.			

Focus area

Supporting a diverse and global team

- Safe and healthy work environment
- Anti-harassment training
- Gender equality
- Low turnover of staff
- Engagement scores

Our culture and people

Yubico's innovative corporate culture is strongly value-driven based on diversity, inclusion, and a healthy working environment. Yubico educates all employees to counteract harassment of all kinds. Diversity is important to us and our global team represents about 30 nationalities across multiple countries. Our team includes 29 percent women (28) across the entire organization and 31 percent (26) in the company's management.

The initiative to increase the number of women, especially within technical areas such as development and sales where women are especially under-represented, is important for us. The company has partnered with Women in Cybersecurity (WiCyS), an organization working to attract more women in this area and the recruitment process will be developed further during the coming year to bring more diverse talent to the company.

Yubico runs several Employee Resource Groups (ERGs). ERG's are employee-led groups that foster inclusivity and build community. They provide a supportive environment where groups of employees from similar backgrounds or interests network and support each other. ERGs are open to all employees, regardless of self-identification, and may serve multiple purposes. ERGs are entirely employee-driven and volunteer-based groups that can act as

sources of support, education, community, and allyship. Anyone may join any group or attend another group's events. ERGs are an integral part of employee engagement, and they support Yubico's corporate social responsibility with their Environmental, Social, and Governance (ESG) initiatives all while prioritizing diversity, equity, inclusion, and belonging (DEIB). During 2023 the ERG has hosted Earth Day event encouraging employees to connect with nature and share experiences across our internal social media. They have also hosted a webinar focused on how cybersecurity can support sustainability causes.

Employee turnover

86 (109) new employees have joined the company during 2023 and 38 (78) employees have left the company. Employee turnover measured on average headcount was 9.0 percent (20.7).

Competitive terms

The company strives to offer local market salaries, benefits, terms and conditions in all countries and is continuously analyzing terms and benefits and makes adjustments when needed. In recent years, we have increased the benefits in the EMEA and APJ region to align with our terms and benefits in the U.S. and Sweden, where we have our two largest populations. This includes implementing occupational pension in Germany, increasing the number of vacation days and the employer pension contributions in the UK, adding healthcare insurance in the UK and launching a Global Wellness Program. Our Educational Assistance Program is a worldwide benefit.

Yubico offers competitive salaries in all countries and to ensure this, is using salary benchmarking tools when setting salaries. Furthermore, the company annually conducts pay equity analysis for the U.S. and Sweden.

There are no collective bargaining agreements within the Group.

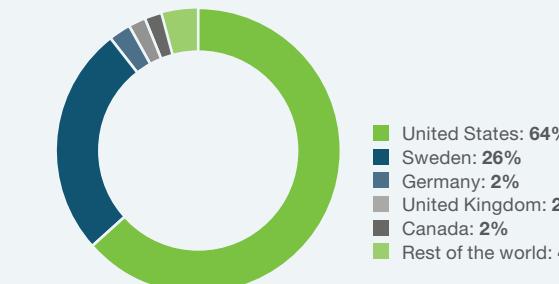
Social metrics (including direct and indirect employees at year end)

	2023	2022
Diversity		
Gender distribution		
Board, % women	33	17
Management, % women	31	26
Other employees, % women	28	29
Total	29	28
Age distribution		
Board, %	0	100
Management, %	1	42
Other employees, %	21	23
Total, %	16	59

Employee satisfaction

The feedback from our employees is very important and we work continuously to improve as an employer. Employee surveys are performed on a yearly basis, covering all employees globally. In the latest survey the participation rate was 87 percent (87) and the engagement score was 82 percent, an increase compared to last year (76).

444 employees around the world



Focus area**Protecting critical IT- infrastructure**

- Yubico is a pioneer and leading contributor and driver of the world's first web authentication standard; and the only technology proven to stop account takeovers at scale
- We built the first FIDO/WebAuthn security key reference designs, published free open-source servers, and offered free technical support spearheading adoption by leading technology and service providers across the globe
- We are contributing to standards as part of groups such as IETF, W3C, and FIDO in order to increase the protection of critical infrastructure and for a wider range of future use cases, including for payments, IoT and verified identities
- Our products and standards are deployed by 19 of the 20 largest internet companies, protecting devices and services for the majority of all internet users
- The YubiKey and YubiHSM are protecting critical government infrastructure around the world, including energy plants, water supply and first responders.

Our mission

As a part of the realization of Yubico's vision, contributing to secure information, protecting citizens and, by extension, democracy, we donate tens of thousands of keys every year to journalists, nonprofit organizations, and to those working to protect human rights. Yubico has during the year been pursuing in spreading knowledge about passkeys and password less, through among others, webinars, blogs, and web pages for developers.

Focus area**Securing free speech, democracy and human rights**

Our Secure it Forward program was established to provide security keys to help those most at-risk to improve their authentication posture. For every 20 keys sold on the Yubico e-commerce store, we are able to donate 1 key to journalists, humanitarian workers, nonprofits, or organizations in need.

We are proud to support:

- Journalists and humanitarian workers
- Non-profit organizations that protect journalists, freelancers, and writers from doxing and other targeted attacks to uphold transparent, fair, and ethical reporting
- Human rights organizations and activist groups focused on ending racism, sexism, LGBTQ+ violence, domestic abuse, and other social justice issues around the world
- Bi-partisan networks that fight to preserve democratic integrity by securing political campaigns, political candidates, and election processes
- Organizations working to further diversity in tech and security, including STEM (Science, Technology, Engineering and Mathematics) programs, hackathons, and diversity-driven events
- Environmental and climate organizations, a target group which has been added to the program during 2023.

Protecting democracy

Our technology has played a critical role in protecting democracy and online systems in several election campaigns, through our work with Defending Digital Campaigns and Microsoft Account Guard. Since the Secure it Forward program was formalized in 2020, Yubico has donated tens of thousands of keys to hundreds of organizations, journalists and humanitarian aid workers around the world.

Focus area**Ensuring high ethical standards**

- Continue the roll out of our Supplier Code of Conduct with our business partners
- Implement recurring trainings in relation to business conduct, abuse reporting and other company policies.

Ethical and sustainable business

Yubico stands for integrity, fairness, and respect in all our relations. Building trust with customers, partners and society is the foundation for long-term success. We stand for a high ethical standard with zero-tolerance of human rights violations, bribery and corruption and complies with the laws, rules and policies that apply in the countries we operate in.

The Company's Board of Directors has adopted a Code of Conduct which includes guidelines for anti-corruption, labor law issues, human rights, and environmental issues as well as a whistleblower process. All new employees take part in an introduction program where this is included.

In the coming year, Yubico will introduce a reoccurring educational training to all employees covering anti-corruption and the whistleblowing process. A Code of Conduct for existing and new suppliers has also been developed and implemented.



"Building trust with customers, partners and society is the foundation for long-term success"

Risks and risk management

Yubico's Board of Directors has the overall responsibility for the establishment and oversight of the group's risk management. The group's risk policies are established to identify and analyze the risks faced by the group, to set appropriate risk limits and controls and to monitor risks and adherence to

limits. The enterprise risk management (ERM) process is a structured way of working to manage and mitigate major business critical risks that potentially could affect the ability to reach the long-term financial and sustainability targets.

Yubico is exposed to numerous risks and opportunities arising from both its own operations and the changing operating environment. The main identified risks for the group are:

Risk category	Risk	Description of risk	Management of risk
Operational risks	As a security company, Yubico relies on the functionality and credibility of its products	There is a risk that Yubico's products will not provide protection against all security vulnerabilities or cyberattacks. Both internal and external factors, including defects or misconfigurations, or defects in the components supplied by third parties, rapidly changing cybersecurity landscape, could cause Yubico's products to become vulnerable to security incidents.	Yubico is regularly audited by our customers to assure Yubico meets the processes and requirements set up to ensure a non-compromised and secure product. The production of the YubiKey is set up through a secure production chain, from the components to the programming of the key. Yubico's products are tested on a daily basis by our high-security-risk customers, and therefore a breach would be known immediately. So far, no breach has happened.
	Change in customer demand and competition	Yubico's security solution is dependent on the YubiKey, being the core of the offering leading to exposure to changing customer demands and threat of new competitors.	Yubico has during several years built up the eco-system with 1,000+ partner integrations. During the last couple of years, Yubico has expanded the service offerings related to the YubiKey, including long-term subscriptions, flexible support, personalized services and partners for ease of deployment. Yubico continues to invest in new features and services to stay ahead of the competition.
	Yubico is dependent on its ability to retain and recruit key personnel	Yubico's most important resource is its employees with critical expertise in IT security and the development of authentication technology. Maintaining, developing skills, and also attracting new employees is a strategic issue for Yubico's operations.	Yubico is building up the employee capabilities within certain key areas to reduce dependency risks. Yubico works continuously to ensure that the company is a good workplace for its employees. Yearly employee surveys are conducted, and employee remuneration and other benefits are benchmarked to be competitive in Yubico's respective location. Culture and values are important to support an inclusive and fair working environment.

Risk category	Risk	Description of risk	Management of risk
Operational risks cont.	Yubico relies on third-party suppliers for critical components and manufacturing	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.	Yubico has secured access to critical components by long-term agreement with delivery commitments and has built up stock to manage a transition if needed. Actions to avoid a single source of manufacturing sites are ongoing and setting up a new site is now manageable for the company with limited effects on the business.
	Risks related to customer and market concentration	Yubico's largest market is North America with 66 percent of the revenue. The largest customer segment is high tech, 23 percent, with some big U.S.-based high tech companies.	Yubico has continued to invest in sales and marketing activities toward new customer segments as well as toward Europe and the Asia Pacific markets. The primary fast-growing segments are government and finance. Geographically Europe showed 50 percent growth and Asia Pacific close to 100 percent growth.
Financial risks	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 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. Yubico has its cash and cash equivalents placed in banks and is exposed to a financial credit risk in relation to the banking system and these banks.	Financial policy and key processes to mitigate the financial risks are implemented. Customer credit risks are managed through a process of acceptable limits for payment terms, continuous control of outstanding accounts receivables, and a clear policy regarding responsibilities, including escalations. Sales to SME and consumers are made through e-commerce sales channels where payments are made upfront. Enterprise sales are usually made to large blue-chip companies, and the public sector where the ability to pay is strong.
	Currency risk	Yubico's main currency is USD as 66 percent of the sales and 64 percent of the employees relate to the U.S. subsidiary. Sales are predominately denominated in U.S. dollars, although to some extent also in EUR. Operating costs are mainly incurred in U.S. dollars, whereas certain costs, including salaries to employees in Sweden are incurred in Swedish kronor. A small part of the costs are incurred in EUR or British pound. This reflects the transaction risk. 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. This reflects the translation risk.	Yubico has relationships with several banks in all countries with local operations. The surplus cash is spread over several banks, primarily in Sweden but also in the U.S. Foreign exchange risk is minimized through central management of the group's consolidated foreign exchange exposure. Yubico works with price lists and sourcing to minimize currency exposure and keeps a suitable net currency balance to match the net currency need from the ordinary business. In order to minimize translation exposure, Yubico primarily balances assets in foreign currency against corresponding liability in the same currency, as a natural hedge. Credit lines and loans to Group companies are primarily denominated in the local currency of the subsidiary to match the company's assets in the same currency.

Five good reasons to invest

Yubico stands at the forefront of the cybersecurity industry, offering a secure authentication solution with our YubiKey. With a proven track record of providing robust security measures, we have a compelling investment case well-positioned to capitalize on the growing demand for reliable and advanced identity protection in an increasingly digitized world.

**1**

Attractive market trends support long-term growth opportunity

Yubico operates in the Advanced Authentication market, a submarket of Identification and Access Management, whose global market size in 2023 was estimated to be USD 19.3 billion. The Advanced Authentication is expected to continue to grow by approximately 13.6 percent per year up until 2027. The surge in advanced authentication is driven by escalating cyber threats, geopolitical instability, regulatory demands, and the shift to advanced authentication in the workforce. Yubico is positioned to address compliance needs, as an increasing number of companies are exploring a move towards user-friendly, passwordless login models.

Advanced Authentication market annual growth expectancy 2021–2027

13.6%

2

Compelling value proposition and clear competitive advantages

Yubico's authentication solutions provide high security through phishing-resistant MFA and have been demonstrated at scale. YubiKeys have a strong track record of zero successful known hacking attempts, to date. Additionally, Yubico's high-quality hardware and firmware rely on a global secure supply chain, which the company fully controls. Yubico's products are backed by an extensive service package including flexible support, personalization services, and partners for ease of deployment, which makes our offering hard to replicate.

Number of account takeovers with YubiKeys

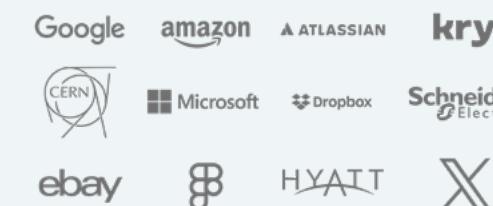
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3

Trusted by global market leaders—creating a market standard for cybersecurity

We have a customer base spanning across several sectors and clients include some of the largest global technology companies as well as governmental agencies. By establishing strategic partnerships, our solution is becoming a recognized standard in the Advanced Authentication segment. This widespread adoption positions us as a key contributor to shaping industry-wide cybersecurity practices, emphasizing the company's pivotal role in setting new standards across various sectors. Yubico is actively working to help U.S. and EU regulators set up policies and legislation that promote cybersecurity in an efficient way.

A broad portfolio of customers

**4**

Strong financial characteristics with an exceptional organic growth

Yubico has over the years shown a strong net sales development with a CAGR of 36 percent per year between 2019 and 2023. The company has also held a stable gross margin of around 85 percent since 2020 and showcased a positive EBIT since 2022. 2023 continued on a solid note with net sales growth of 18 percent compared to 2022 and an adjusted EBIT margin of 15 percent compared to 14 percent the year prior. In 2020 Yubico launched its subscription-based model, YubiEnterprise Services, which has grown to 15 percent of bookings in 2023 and is expected to increase going forward creating a recurring revenue stream.

Rapid organic growth

**5**

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

Our strategic growth plan centers on leveraging our key strengths, including a global blue-chip customer base, extensive partner network, scalable sales model, and robust R&D capabilities. Key initiatives include expanding the current customer base, reaching customers' customers and third-party suppliers, acquiring new customers across various sectors, and exploring new authentication solutions adjacencies through R&D and selective acquisitions. Yubico also aims to enhance customer loyalty and retention by expanding its subscription offerings to both new and existing clients.

Share of recurring revenue

14%

ARR growth

40%

The Yubico share and owners

General information

Yubico AB's share is listed on the Nasdaq First North Growth Market.

ISIN code: SE0015657788

LEI code: 549300I9RBIU9DW59H39

Ticker: YUBICO

Certified advisor: FNCA.

Pursuant to Yubico's articles of association, the company's share capital shall amount to not less than SEK 150m and not more than SEK 600m and the number of shares shall be no fewer than 50m and no more than 200m.

The number of outstanding shares in Yubico amounts to 86,114,017, all of which are ordinary shares. Share capital amounts to SEK 215,285,042.50. The shares are denominated in SEK, and each share has a quota value of SEK 2.50.

Voting rights

Each share in the Company entitles the holder to one vote at the general meeting. Each shareholder is entitled to cast votes equal in number to the number of shares held by the shareholder in the Company.

Rights to dividends and surplus in the event of liquidation

All of the shares in the Company 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.

Central securities depository

Yubico'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.

Share capital development

The table below shows historical changes in the Company's share capital since its formation in 2021 as well as the changes in the number of shares and the share capital that were made in connection with the merger with ACQ Bure.

Sponsorship warrants

There are 4,200,000 warrants outstanding in Yubico, which were received by Bure Equity in its previous role as a sponsor to ACQ Bure AB. These warrants can be used for subscription of shares no earlier than April 1, 2026 and no later than April 1, 2031, in accordance with the terms of the warrants. Each warrant entitles Bure Equity to subscribe for a (1) share in the company at a subscription price of SEK 130.

However, under the warrants Yubico 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 Yubico'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 4.9 percent. The warrants are subject to recalculation terms, which, inter alia, means that future dividends paid by the Yubico will lead to recalculation which will have the effect that the number of shares that the warrants entitle to will increase.

Share-related incentive plans

LTI 2023

The EGM held on September 19, 2023, resolved in accordance with the board's proposal, to implement a long-term incentive program for 2023 ("LTI 2023"). LTI 2023 is based on performance stock units ("PSUs") and includes 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. 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 both a performance condition and continued employment within the Company group. The performance condition is based on that the total shareholder return reaches certain levels.

To secure the delivery of shares pursuant to LTI 2023 and to cover any costs (including taxes and social security costs), the EGM resolved, deviating from the shareholders' preferential rights, to issue a maximum of 762,598 warrants, entitling to subscription of new shares in the Company. The EGM also resolved that the Company may transfer the warrants (i) to the participants or to a designated third party, for the purpose of delivering shares to the participants in accordance with the terms and conditions of LTI

2023, including to a designated third party under a share swap arrangement, and (ii) at a price equal to the fair market value of the warrants using a customary valuation method to a designated third party for the purpose of covering any costs (including taxes and social security costs) under LTI 2023.

The maximum dilution for current shareholders due to LTI 2023 is 0.80 per cent (0.87 per cent including warrants issued to cover any costs) of the current total number of outstanding shares in the Company upon full vesting and full exercise of warrants under LTI 2023.

In December, 698,629 PSUs were awarded to 356 senior executives, key personnel and other employees in the group based on this program.

Lock-up agreements

Bure Equity, Stina Ehrensvärd and Mattias Danielsson have undertaken, with customary exceptions, to Yubico and Skandinaviska Enskilda Banken AB (SEB) not to sell, or otherwise transfer or divest, their respective shareholdings in Yubico before the merger with ACQ Bure, during a period of 365 days following September 20, 2023. In addition, AMF Tjänstepension, entities affiliated with Andreessen Horowitz, Meritech and Ram Shriram, have entered into undertakings to the Yubico and SEB, subject to customary exceptions, not to sell, or otherwise transfer or divest, their respective shareholdings in Yubico before the merger during a period of 180 days following September 20, 2023. Any shares held in ACQ before the merger are not subject to the lock-up undertakings.

Ownership structure December 31, 2023

Holding by size	Number of shareholders	Number of shares
1–1,000	60	53,779
1,001–5,000	76	186,043
5,001–10,000	19	163,184
10,001–50,000	22	514,826
50,001–100,000	10	762,507
100,001–500,000	17	4,583,546
500,001–1,000,000	9	6,380,705
1,000,001–5,000,000	13	25,287,525
5,000,001–10,000,000	2	14,010,176
10,000,001–50,000,000	2	25,489,864
Anonymous	13,493	8,681,862
Total	13,723	86,114,017

Data per share

	2023
No. of shares	86,114,017
Share price at December 31, SEK	131.00
Equity per share, SEK	13.26
Earnings per share after dilution, SEK	2.38

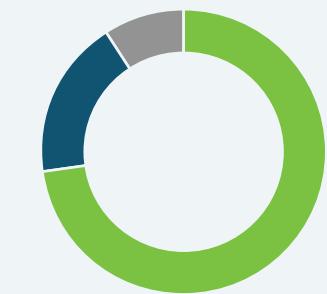
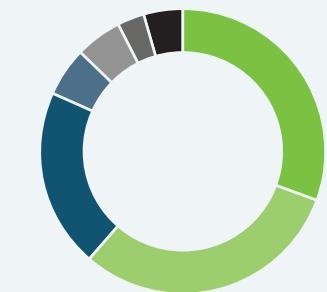
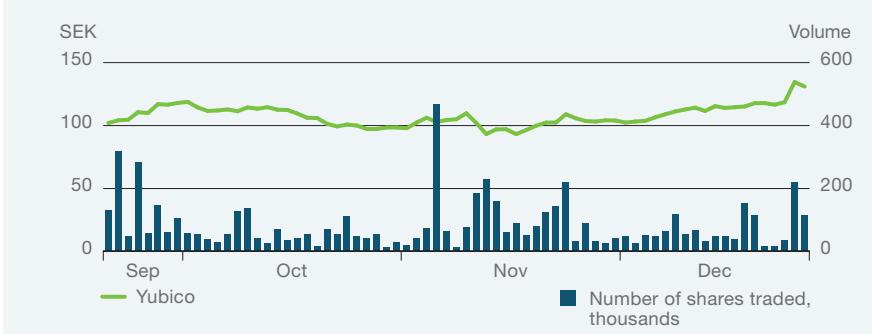
Share capital development

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	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)	127,785,043	51,114,017	215,285,043	86,114,017	2.5

¹⁾ Refers to the dates the resolutions were registered with the Swedish Companies Registration Office (Sw. Bolagsverket).

Largest shareholders December 31, 2023

Shareholder	Number of shares	Holding, %
Bure Equity	15,041,943	17.47
AMF Pension & Fonder	10,447,921	12.13
Stina Ehrensvärd	8,748,938	10.16
Andreessen Horowitz (A16z)	5,261,238	6.11
Fjärde AP-fonden	3,949,999	4.59
Ramanujam Shriram med närliggande	2,649,118	3.08
SEB Fonder	2,226,205	2.59
Andreas Bechtolsheim	2,138,496	2.48
Johan Hernmarck via bolag	2,128,356	2.47
Marc R. Benioff Revocable Trust	2,085,840	2.42
The 10 largest shareholders	54,678,054	63.49
Other	31,435,963	36.51
Total	86,114,017	100.00

Ownership by country**Ownership by type****Share price since listing on Sept 20, 2023**

Proposal on appropriation of profit

At the Annual General Meeting's disposal are the following amounts in SEK:

Share premium reserve	822,955,764
Retained earnings	-148,454,056
Profit for the year	142,794,889
Total	817,296,596

The Board of Directors proposes that the retained earnings and non-restricted equity be managed as follows:

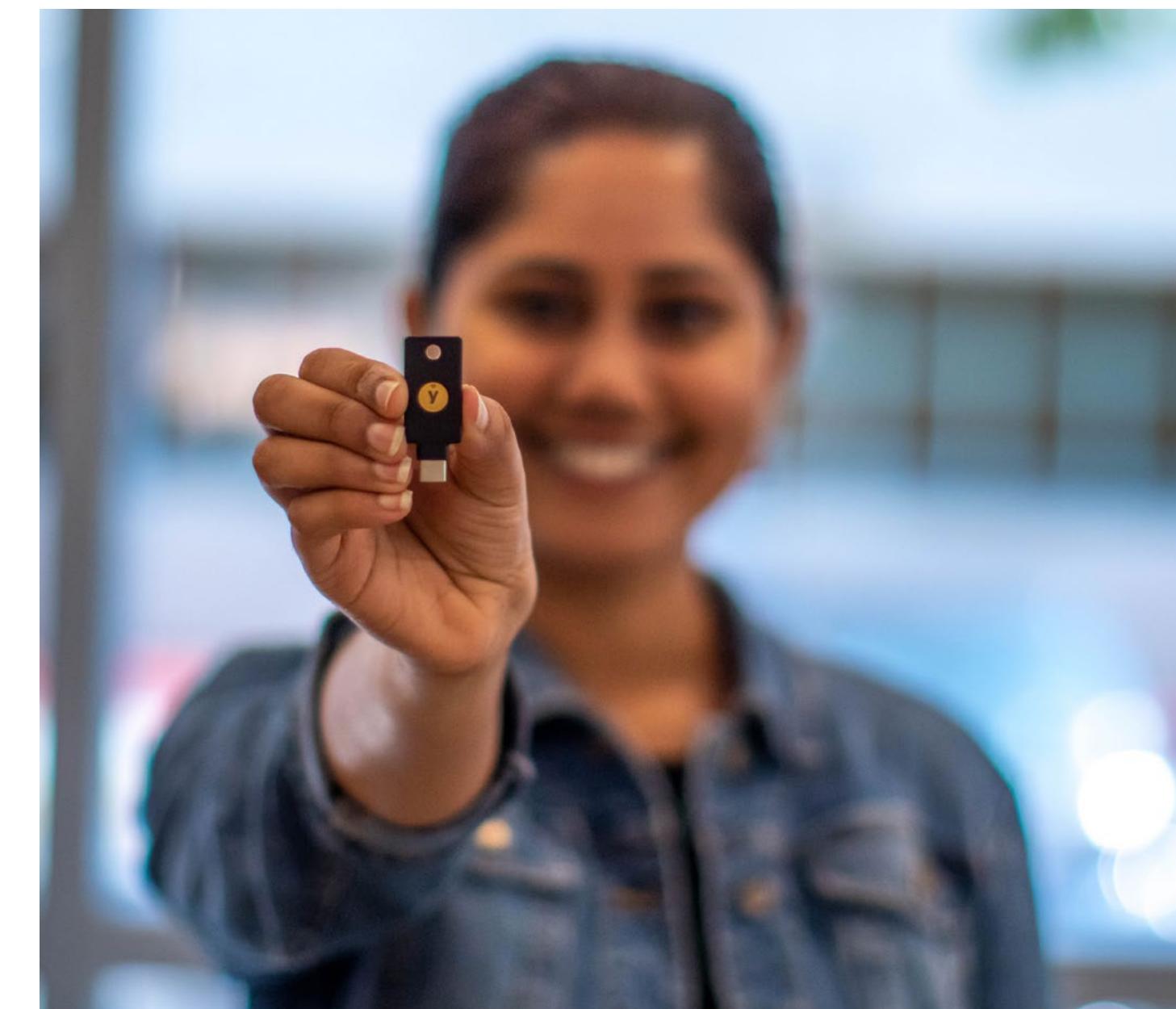
Dividend	0
Carried forward to new account	817,296,596
Total	817,296,596

Proposal on dividend

The Board of Directors proposes that no dividend be paid for the financial year 2023.

Approval and adoption

The Annual Report and consolidated financial statements were approved for publication on April 11, 2024. The consolidated profit and loss accounts and statement of financial position as well as the profit and loss accounts and balance sheet of the Parent Company will be put before the Annual General Meeting for adoption on May 14, 2024.



Corporate governance report

The objective of corporate governance is to ensure that Yubico is managed in an efficient manner to create shareholder value. This is achieved through a clear division of responsibilities between the Annual General Meeting, the Board and the executive management, as well as through clear regulations and transparent processes.

The corporate governance is based on external governing documents such as the Swedish Companies Act, the Annual Accounts Act and Nasdaq First North Growth Market Rulebook, in addition to internal guidelines. Our purpose, guiding principles, vision and Code of Conduct form the basis for internal governance systems. Internal regulations include the Articles of Association, the rules of procedure for the Board of Directors, the instruction for the CEO and several other policy documents that are updated annually.

Shareholders and the share

Yubico AB is a Swedish public limited liability company registered in Stockholm. The share is listed on Nasdaq First North Growth Market. Share capital amounts to SEK 215,285 spread over 86,114,017 shares. Each share carries one vote. At the end of 2023, Yubico had 15,261 identified shareholders. Bure Equity was the largest shareholder with 17.5 percent of capital and votes at the end of the year. More information on Yubico's share and shareholders can be found on pages 29–30.

The Annual General Meeting (AGM)

The AGM is Yubico's highest decision-making body. All shareholders have the right to participate in the AGM and to exercise their voting rights relative to their shareholdings. Rules regarding the AGM can be found in the Swedish Companies Act and the Articles

of Association. Notice to attend the AGM shall be made four to six weeks prior to the meeting through an announcement in Post och Inrikes Tidningar and in a press release published on Yubico website. Issuance of the notice shall be announced in Svenska Dagbladet. Shareholders who wish to participate in the meeting must submit an application in accordance with information in the official notice.

2023 Annual General Meeting

The AGM was held in Stockholm on April 19, 2023 and made the following resolutions:

- Adoption of the balance sheet and the profit and loss accounts
- Disposal of earnings according to the adopted balance sheet and no dividend is paid
- Discharge from liability for the Board members and the CEO
- The number of Board members elected by the general meeting shall be five with no deputy Board members
- It was resolved that Board fees shall be paid with a total of SEK 1,500,000, to be distributed with SEK 500,000 to the Chairman and with SEK 250,000 to each of the other Board members
- It was resolved that fees to the auditor shall be paid on an ongoing basis as invoices are approved
- As ACQ Bure's Board of Directors, Caroline af Ugglas, Katarina Bonde, Sarah McPhee, Eola Änggård Runsten and Patrik Tigerschiöld were re-elected. Patrik Tigerschiöld was re-elected as Board Chairman
- As Yubico's auditor the auditing firm Öhrlings Price-waterhouseCoopers AB was re-elected to serve for the period until the 2024 AGM. Magnus Svensson Henryson will continue as Auditor in Charge

- Principles for the appointment of the Nomination Committee and instructions for the Nomination Committee were approved
- Approval of the Board's remuneration report
- With reference to the transaction with Yubico AB, the Board resolved at the meeting to withdraw its proposal regarding authorization for the Board of Directors to resolve on share issue.

Extra General Meeting June 20, 2023

The EGM made the following resolutions:

- Approval of the merger between ACQ and Yubico.
- To issue a maximum of 51,759,560 new shares in ACQ as the share consideration in the merger.
- To adopt amended articles of association due to the merger where, ACQ's company name is changed to Yubico, a new business description is introduced, the limits for the share capital and the number of shares are changed to enable the share issue resolved upon, and the limits for the number of Board members are changed.
- The resolutions were conditional upon the Swedish Companies Registration Office registering the merger with Yubico and that registration takes place no later than October 31, 2023.
- To authorize the Board of Directors for the period up until the next Annual General Meeting, to resolve to issue new shares to the extent that such new issue can take place without amending the articles of association. An issue may be made with or without deviation from the shareholders' preferential rights. Based on the authorization, the Board of Directors may resolve to issue a number of new shares corresponding to a maximum of ten percent of the total number of outstanding shares in ACQ including the maximum number of shares that may be issued as share consideration according to the EGM's issue resolution above.
- To implement a long-term incentive program for 2023 ("LTI 2023"). LTI 2023 is based on performance stock units ("PSUs") and includes up to approximately

440 senior executives, key personnel and other employees within Yubico.

2024 Annual General Meeting

The Annual General Meeting will be held on May 14, 2024, in Stockholm.

Nomination Committee

The Nomination Committee represents the shareholders. Its task, ahead of the AGM, is to produce proposals regarding election of the Chairman of the meeting; decisions on the number of Board members; election of and decisions on fees to Board members, the Chairman of the Board and auditor; election of and decisions on fees to members pertaining to other special committees or councils that the AGM may resolve on appointing; and proposals for principles on appointing a Nomination Committee for resolution by the AGM. In accordance with the adopted instructions by the AGM 4 May 2023, the Chairman of the Board shall, no later than at the end of the third quarter of each year, ensure that Yubico'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 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 composition of the nomination committee shall be made public as soon as it has been appointed.

The Nomination Committee's proposals shall be published on the Yubico's website well in advance of the annual general meeting. The annual evaluation of the Board's work is presented to the Nomination Committee and form the basis for its work in proposing Board members. The intention is to have an appropriate Board composition, which shall be characterized by versatility and breadth including age, gender, education, background and experience. The Board of Directors is presented on page 35.

The Nomination Committee for the 2024 AGM consists of Carsten Browall, appointed by Bure Equity AB, Patricia Hedelius, appointed by AMF Tjänstepension och Fonder and Stina Ehrensvärd, representing herself.

Board of Directors

The Board of Directors has overall responsibility for Yubico's organization and management. The Board monitors operations, ensures a suitable organization, and establishes guidelines for internal control. The Board establishes strategies and goals and makes decisions on major investments. The CEO is appointed by the Board and is responsible for ongoing administration. The responsibilities of the Board are governed by the Swedish Companies Act and in the rules of procedure. Division of labor between the Board and the CEO is established through written instructions.

The Chair of the Board represents the Board externally as well as internally within Yubico. 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.

The Board held 22 meetings in 2023. In addition to the standard agenda, focus has been the merger

transaction between ACQ Bure and Yubico and strategy going forward.

The Board of Directors' committees

In connection with the listing on Nasdaq First North Growth Market in September 19, 2023, the Board established an audit committee and a remuneration committee. The committees 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 Yubico. The remuneration committee has consisted of Patrik Tigerschiöld (Chairman) and Paul Madera.

Audit committee

The main tasks of the audit committee is 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 Yubico'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 Yubico and pay particular attention to

whether the auditor provides and is allowed to provide Yubico with services other than auditing. 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 audit committee has consisted of Eola Änggård Runsten (Chairman) and Gösta Johannesson.

Evaluation of Board

The Board's work is evaluated annually. The evaluation is done by external evaluation or self-assessment. The objective is to develop, set targets for, and measure the work of the Board, but also to provide the Nomination Committee a basis for the task of preparing proposals on Board appointments to the upcoming AGM. The Chairman of the Board is responsible for the evaluation. In 2023 the evaluation was conducted by a third party and concluded in the Board meeting in February 2024.

The CEO

The CEO is subordinated to the Board and is responsible for the everyday management and operations of Yubico 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 Yubico'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 the Chair of the Board, convene the Board. The CEO shall ensure that the board members continuously receive such information that is required in order to assess Yubico's and the group's financial situation and the development. The CEO and the other members of the executive management are presented on pages 36–37.

Remuneration to Board of Directors, CEO and executive management team

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. See further details above, AGM 2023 and EGM September 2023.

The Board members are not entitled to any benefits following resignation of their board assignments.

Guidelines for remuneration to the CEO and executive management

At the EGM that was held on September 19, 2023, it was decided to adopt guidelines for remuneration to the CEO and executive management team. A successful implementation of Yubico's business strategy and the safeguarding of Yubico's long-term interests, including its sustainability and gender equality, requires that Yubico can recruit and retain qualified employees. This applies in particular with regard to the fact that Yubico is expected to have a significant part of its operations in the US. Yubico 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 outmost to safeguard the shareholders' interests. They should also be simple, long-term and measurable. 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.

The most recently adopted guidelines for remuneration are published on Yubico's website. The Board has prepared a remuneration report that will be presented at the 2024 AGM and published on Yubico's website.

Long-term incentive program

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 Yubico's development and be implemented on market terms.

The EGM held on September 19, 2023, resolved, in accordance with the Board's proposal, to implement a long-term incentive program for 2023 ("LTI 2023"). LTI 2023 is based on performance stock units ("PSUs") and includes up to approximately 440 senior executives, key personnel, and other employees within Yubico Group. See further information on page 32.

External audit

The auditor is appointed by the AGM to review Yubico's annual financial statements and the consolidated accounts, as well as the Board's and CEO's administration. Audits are conducted in accordance with International Standards on Auditing and generally accepted auditing practices in Sweden. The auditor meets with the Audit Committee on an ongoing basis and with the entire Board annually. The auditor submits the Auditor's report to shareholders at the AGM. In 2023, the auditor performed, in addition to the audit, a summary review of the second quarter report and reviews related to the prospect connected to the listing of the merged company on Nasdaq First North Growth Market. Fees to the auditor are paid on an ongoing basis. Refer to Note 5 for information on auditor remuneration.

Internal control of financial reporting

The Board's responsibilities regarding the internal control are regulated in the Swedish Companies Act and the Annual Accounts Act. The responsibility and duties of the Board cannot be transferred to any other party. The Board's duties include ensuring that there is an effective system for follow-up and control of Yubico's operations. The Board must also stay

informed of Yubico's internal control procedures and ensure that the internal control is evaluated.

Yubico's internal control regarding the financial reporting is designed to manage risks and ensure a high level of reliability in the processes around the preparation of the financial reports and to ensure compliance with the applicable reporting requirements and other requirements for Yubico as a listed company.

Control environment and control activities

The control environment consists of a suitable organization, decision-making procedures, authorization and responsibilities, as expressed in policies and guidelines. Common values provide consensus with the intention of strengthening internal control. Yubico's Code of Conduct describes the approach that employees are expected to maintain in matters relating to business ethics and social issues. Examples of steering documents include the rules of procedure for the Board and its committees, the CEO instruction issued by the Board, the delegation of authority with principles, Code of Conduct, and insider and communication policies. The Group's finance organization is centralized and handling all group companies in the same ERP system. Follow-up of earnings and balances are made monthly against budget and forecast. Clear documentation via policies and instructions together with recurrent follow-ups and regular discussions with the auditors ensure continuous efforts to improve these processes.

Risk assessment

Included in risk assessment is the identification and evaluation of the risk for material misstatements in accounting and reporting and the risks of irregularities and fraud. When assessing risks that affect internal control as it relates to financial reporting, the evaluation is based on likelihood and impact. Critical processes are evaluated with respect to their efficiency and risk. During 2023 risk assessment

has been focusing on the monthly closing and financial reporting processes.

Information and communication

Yubico has routines, essential policies and instructions, that have been designed to ensure that the financial reporting is correct, updated and communicated on an ongoing basis. There are both formal and informal information channels to the Board for essential information from the executive management, including information regarding financial position and results on a monthly basis. Other vital information regarding for example ongoing or future investments, key administration matters and potential key risks will be reported to the Board upon occurrence.

For external communication, there are guidelines set out in the Communication as well as the Insider Policy that ensure that Yubico meets the requirements for correct information to the market.

Board of Directors



Patrik Tigerschiöld
Chairman of the Board and director since 2023

Born: 1964

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

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), Mycronic AB and Cavotec S/A. Board member of Ovzon AB (publ).

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), Ideval & Partners Holding AB (2015–2019), and Ideval & Partners Fonder AB (2015–2019).

Shareholding in Yubico (own and closely related parties' holdings): 70,000

Stina Ehrensvärd
Director since 2007

Born: 1967

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

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

Other ongoing assignments: –

Assignments completed during the past five years: –

Shareholding in Yubico (own and closely related parties' holdings): 9,309,739

Gösta Johannesson
Director since 2017

Born: 1959

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

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. Board member of Mentice AB, PG Advice AB, ScandiNova Systems AB and Floribus Invest AB. Senior advisor at Bure Equity AB.

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

Shareholding in Yubico (own and closely related parties' holdings): 238,761

Paul Madera
Director since 2019

Born: 1956

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

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: General Partner 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).

Shareholding in Yubico (own and closely related parties' holdings): 1,948,827

Ramanujam Shriram
Director since 2014

Born: 1957

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

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).

Shareholding in Yubico (own and closely related parties' holdings): 3,467,132

Eola Änggård Runsten
Director since 2023

Born: 1965

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

Education and professional experience: M.Sc. in Business and Economics from Stockholm School of Economics. CFO of AcadeMedia AB (publ) (2013–2019), various management positions at EQT (2007–2012), CFO of SEB Wealth Management (2005–2007), CFO of Affibody Biotechnology (2001–2005).

Other ongoing assignments: Board member of Caybon Holding AB, DIB Services AB, ILT Group AB and subsidiaries, Mentice AB and Sdipotech AB.

Assignments completed during the past five years: Board member of ACQ Bure, various interim roles, CFO of Academedia.

Shareholding in Yubico: 2,000

Executive Management



Mattias Danielsson
Chief Executive Officer

Employed since 2010

Born: 1971

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).

Shareholding in Yubico (own and closely related parties' holdings): 757,391



Camilla Öberg
Chief Financial Officer

Employed since 2020

Born: 1964

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 Välnäslund, 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).

Shareholding in Yubico (own and closely related parties' holdings): 18,725



Stina Ehrensvärd
Chief Evangelist &
Co-Founder

Employed since 2007

Born: 1967

Education and professional experience: Studies in industrial design at University of the Arts, Crafts and Designs in Stockholm. Former consultant in industrial design. Co-founder of Yubico.

Other ongoing assignments: –

Assignments completed during the past five years: –

Shareholding in Yubico (own and closely related parties' holdings): 9,309,739



Jerrod Chong
Chief Operating Officer

Employed since 2013

Born: 1974

Education and professional experience: B.Sc. and M.Eng. in Computer Engineering 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 and Protect Data AB.

Other ongoing assignments: –

Assignments completed during the past five years: –

Shareholding in Yubico: 281,985



Christopher Harrell
Chief Technology Officer

Employed since 2016

Born: 1976

Education and professional experience: Many years of global leadership and hands on experience designing, enhancing, building, delivering, and operating security critical enterprise and internet scale systems, standards, networks, and applications including with MindSpring, NetVMS, Yahoo and Apple.

Other ongoing assignments: –

Assignments completed during the past five years: –

Shareholding in Yubico: 253,301



Carl Helle
Chief Revenue Officer

Employed since 2024

Born: 1966

Education and professional experience: BA degree from Iowa State University and MBA from Marquette University. More than 20 years of experience in IT security and leadership. Previously at Cisco Systems, Proofpoint, BeyondTrust and Deepwatch.

Other ongoing assignments: –

Assignments completed during the past five years: –

Shareholding in Yubico: no ownership

**Jakob Ehrensvärd**
Chief Innovation Officer & Co-Founder

Employed since 2007

Born: 1966**Education and professional experience:** M.Sc. studies at KTH Royal Institute of Technology. Consultant in electronics and computer engineering.**Other ongoing assignments:** Board member of JInovation AB.**Assignments completed during the past five years:** –**Shareholding in Yubico (closely related parties' holdings):** 9,309,739**Henrik Lejdeborn**
General Counsel

Employed since 2018

Born: 1976**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:** –**Shareholding in Yubico (own and closely related parties' holdings):** 54,714**Ronnie Manning**
Chief Marketing Officer

Employed since 2015

Born: 1975**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:** –**Shareholding in Yubico:** 84,785**Emanuela Todaro**
Chief People Officer

Employed since 2017

Born: 1971**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. Many years of experience in HR with a focus on the tech sector, including positions at Accelion and Embrane among others.**Other ongoing assignments:** –**Assignments completed during the past five years:** –**Shareholding in Yubico:** 79,117**Hung Truong**
Chief Engineering Officer

Employed since 2021

Born: 1957**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).**Shareholding in Yubico:** 63,110

Content

Annual report

Financial statements	39
Notes	46
Five-year overview	58
Signatures	59
Auditor's report	60
Key figures	62
Definitions and glossary	63



Financial statements Group

Income statement

Amount in SEKm	Note	2023	2022
Net sales	3	1,844.2	1,561.0
Other operating income	4	47.8	71.2
		1,892.0	1,632.1
Operating costs			
Goods for resale		-266.3	-244.7
Other external costs	5, 8	-397.0	-275.5
Employee benefit expenses	6	-971.7	-834.8
Depreciation, amortization and impairment of property, plant and equipment and intangible assets		-14.6	-11.2
Other operating expenses	7	-47.8	-50.7
Operating profit		194.5	215.3
<i>Financial income and expenses</i>			
Interest income and similar profit/loss items	9	12.4	7.2
Interest expenses and similar profit/loss items	10	-9.3	-2.1
Net financial income/expense		3.2	5.1
Profit/loss before tax		197.7	220.4
Tax on net profit for the year	11	-55.4	35.1
Net profit/loss for the year		142.3	255.5

Comment on the financial development of the Group

The merger between Yubico and ACQ Bure on September 20 was carried out with ACQ as the surviving company, but in accounting terms as a reverse merger. This means that reported figures for the combined company include Yubico's history up to the merger. ACQ's balance sheet has been merged into Yubico's balance sheet and ACQ's results for the period prior to September 20 are included in the merger results reported in Yubico's income statement for 2023. This method is also reflected in subsequent notes. See also Note 31 on the merger.

Net sales increased 18.1 percent corresponding to an increase of 12.5 percent in local currencies. Subscription sales increased from 9.0 percent to 13.8 percent of net sales during the year, a growth from SEK 141.1m to SEK 255.1m.

66.1 percent (74.6) of net sales originated in Americas, 25.4 percent (20.2) in EMEA and 8.5 percent (5.2) in Asia Pacific. The growth came from a wide set of customers across multiple industries and geographies, but EMEA and APJ showed strong growth, 49 percent, and 94 percent respectively.

Other external costs include transaction-related expenses related to the merger of ACQ and Yubico of SEK 87.2m, consisting of merger loss of SEK 26.1m, personnel related expenses of SEK 29.3m, cost for cancelled incentive programs of SEK 14.1m and fees to advisors of SEK 17.7m. Of the total costs, SEK 40.2m is not affecting cash. See further note 31.

Employee benefit expenses have increased with 16.4 percent, a combination of growth in employees and salary inflation.

Operating profit amounted to SEK 194.5m (215.3), corresponding to an EBIT margin of 10.5 percent (13.8). Adjusted for costs related to the merger, SEK 87.2m, operation profit amounted to SEK 281.7m, and adjusted operating margin of 15.3 percent.

To reduce the risk for shortage and delays in customer shipments, investments have been made in building up the inventory, both of components and finished products. The inventory increased with SEK 335.7m during the year, with a negative effect on operating cashflow.

Balance sheet

Amount in SEKm	Note	Dec. 31, 2023	Dec. 31, 2022	Amount in SEKm	Note	Dec. 31, 2023	Dec. 31, 2022
ASSETS							
Non-current assets				EQUITY AND LIABILITIES			
<i>Intangible assets</i>				Equity	19		
Patents and license agreements	12	7.2	10.2	Share capital	20	215.3	0.4
		7.2	10.2	Other contributed capital		823.0	799.2
<i>Property, plant and equipment</i>				Retained earnings incl. net profit for the year		103.7	-66.9
Equipment, tools and installations	13	29.7	32.3			1,142.0	732.6
		29.7	32.3	Provisions			
<i>Financial assets</i>				Deferred tax liability	16	2.6	3.8
Deferred tax assets	16	60.7	52.9			2.6	3.8
Other non-current receivables	17	6.1	6.5	Non-current liabilities	21		
		66.8	59.3	Other liabilities to credit institutions		26.0	39.0
Total non-current assets		103.7	101.8			26.0	39.0
Current assets							
<i>Inventories etc.</i>				Current liabilities			
Raw materials and consumables		202.3	50.3	Liabilities to credit institutions	21	13.0	13.0
Work in progress		263.7	115.0	Advance payments from customers		7.9	19.1
Finished goods and goods for resale		35.0	3.0	Accounts payable		66.7	85.7
		501.0	168.3	Current tax liability		31.7	1.2
<i>Current receivables</i>				Other liabilities		42.2	30.7
Accounts receivable		218.6	418.4	Accrued expenses and deferred income	22	141.6	196.8
Current tax asset		1.0	5.2			303.1	346.4
Other receivables		49.2	101.5	TOTAL EQUITY AND LIABILITIES		1,473.6	1,121.9
Prepaid expenses and accrued income	18	52.8	43.2				
		321.6	568.3				
Cash and bank							
Cash and bank		547.3	283.4				
		547.3	283.5				
Total current assets		1,369.9	1,020.1				
TOTAL ASSETS		1,473.6	1,121.9				

Cash flow statement

Amount in SEKm	Note	2023	2022	Amount in SEKm	Note	2023	2022
Operating activities				Financing activities			
Profit/loss after financial items	26	197.7	220.4	Stock options exercised		430.4	–
Adjustments for non-cash items	28	72.1	11.9	New share issue		142.7	6.3
		269.8	232.3	Repayment of loans		-13.0	-13.0
Income tax paid		-21.0	-11.0	Dividends paid to Parent Company shareholders	31	-3,802.9	–
Cash flow from operating activities before working capital changes		248.8	221.3	Cash flow from financing activities		-3,242.8	-6.7
<i>Cash flow from changes in working capital</i>				Cash flow for the year		265.4	7.3
Increase(-)/Decrease(+) in inventories		-335.7	61.8	Cash and cash equivalents at the beginning of the year		283.5	264.5
Increase(-)/Decrease(+) in operating receivables		285.7	-327.2	Exchange difference in cash and cash equivalents		-1.6	11.7
Increase(+)/Decrease(–) in operating liabilities		-101.3	76.8	Cash and cash equivalents at the end of the year	27	547.3	283.5
Cash flow from operating activities		97.5	32.7				
Investing activities							
Acquisition of property, plant and equipment		-12.9	-18.3				
Divestments of property, plant and equipment		–	0.4				
Acquisition of intangible assets		-0.2	-0.4				
Acquisition of subsidiaries/businesses, net cash effect	31	3,423.5	–				
Increase in financial assets		-0.2	-0.4				
Cash flow from investing activities		3,410.6	-18,7				

Statement of changes in equity

Amount in SEKm	Note	Restricted equity		Non-restricted equity		Total equity
		Share capital, new share issue in progress	Other contributed capital	Retained earnings incl. net profit for the year		
Opening balance Jan 01, 2023		0.4	799.2	-66.9	732.6	
Net profit/loss for the year				142.3	142.3	
Changes in carrying amounts that are accounted for directly in equity						
Translation difference		-	-	-2.0	-2.0	
Total		-	-	-2.0	-2.0	
Transactions with owners						
New share issue		0.0	9.7	-	9.7	
New share issue in progress		0.0	0.0		-	
Employee stock options – value of employees' services		-	-	30.3	30.3	
Merger related transactions	31					
New share issues		127.8	5.2	-	133.0	
Merger adjustment		87.1	-87.1	-	-	
Exercise of stock options and warrants		-	430.4	-	430.4	
Market value of ACQ Bure in merger		-	3,468.5	-	3,468.5	
Consideration to Yubico share holders		-	-3,802.9	-	-3,802.9	
Total merger related transactions		214.9	14.1	-	229.0	
Total transactions with owners		215.3	23.8	30.3	269.0	
Closing equity Dec 31, 2023		215.3	823.0	103.7	1,142.0	

Financial statements Parent Company

Income statement

Amount in SEKm	Note	2023	2022
Net sales		976.0	658.7
Other operating income	4	46.3	68.8
		1,022.3	727.5
Operating costs			
Goods for resale		-294.9	-143.0
Other external costs	5, 8	-296.6	-187.1
Employee benefit expenses	6	-202.0	-139.3
Depreciation, amortization and impairment of property, plant and equipment and intangible assets		-9.2	-6.8
Other operating expenses	7	-47.4	-50.1
Operating profit		172.3	201.2
<i>Financial income and expenses</i>			
Interest income and similar profit/loss items	9	23.6	17.0
Interest expenses and similar profit/loss items	10	-9.3	-2.1
Net financial income/expense		14.3	14.9
Profit/loss before tax		186.7	216.1
Tax on net profit for the year	11	-43.9	45.6
Net profit/loss for the year		142.8	261.7

Balance sheet

Amount in SEKm	Note	Dec. 31, 2023	Dec. 31, 2022	Amount in SEKm	Note	Dec. 31, 2023	Dec. 31, 2022
ASSETS							
Non-current assets				EQUITY AND LIABILITIES			
<i>Intangible assets</i>				Equity	19		
Patents and license agreements	12	7.2	10.2	<i>Restricted equity</i>			
		7.2	10.2	Share capital	20	215.3	0.4
<i>Property, plant and equipment</i>						215.3	0.4
Equipment, tools and installations	13	19.7	20.9	<i>Non-restricted equity</i>			
		19.7	20.9	Free share premium reserve		823.0	799.2
<i>Financial assets</i>				Retained earnings		-148.5	-410.1
Participation in Group companies	14	0.3	0.3	Net profit/loss for the year		142.8	261.7
Receivables from Group companies	15	133.0	137.6			817.3	650.8
Deferred tax assets	16	47.6	45.6			1,032.6	651.1
Other non-current receivables	17	4.0	4.2	Non-current liabilities	21		
		184.9	187.7	Other liabilities to credit institutions		26.0	39.0
Total non-current assets		211.8	218.7			26.0	39.0
Current assets							
<i>Inventories etc.</i>				Current liabilities			
Raw materials and consumables		198.8	47.7	Liabilities to credit institutions	21	13.0	13.0
Work in progress		156.5	32.2	Advance payments from customers		0.3	6.0
Finished goods and goods for resale		2.7	0.6	Accounts payable		58.2	75.8
		358.0	80.5	Liabilities to Group companies		26.7	0.0
<i>Current receivables</i>				Current tax liability		25.3	–
Accounts receivable		86.0	46.7	Other liabilities		14.6	12.2
Receivables from Group companies		27.6	128.7	Accrued expenses and deferred income	22	33.9	25.0
Current tax asset		–	4.2			172.0	132.0
Other receivables		40.6	100.3	TOTAL EQUITY AND LIABILITIES		1,230.6	822.1
Prepaid expenses and accrued income	18	30.1	25.3				
Cash and bank		184.3	305.2				
Cash and bank		476.6	217.7				
		476.6	217.7				
Total current assets		1,018.9	603.4				
TOTAL ASSETS		1,230.6	822.1				

Cash flow statement

Amount in SEKm	Note	2023	2022
Operating activities			
Profit/loss after financial items	26	187.1	216.1
Adjustments for non-cash items	28	52.2	-21.3
		239.3	194.8
Income tax paid		-15.1	-0.4
Cash flow from operating activities before working capital changes		224.2	194.4
<i>Cash flow from changes in working capital</i>			
Increase(-)/Decrease(+) in inventories		-277.5	-14.6
Increase(-)/Decrease(+) in operating receivables		172.3	-213.4
Increase(+)/Decrease(-) in operating liabilities		-23.5	36.6
Cash flow from operating activities		95.5	2.9
Investing activities			
Acquisition of property, plant and equipment		-4.7	-13.5
Acquisition of intangible assets		-0.2	-0.4
Increase in financial assets		3,423.5	0.0
Regulated financial claims		-	24.9
Cash flow from investing activities		3,418.6	10.9
Financing activities			
Stock options exercised		430.4	-
New share issue		142.7	6.3
Repayment of loans		-13.0	-13.0
Dividends paid to shareholders of the Parent Company	31	-3,802.9	-
Cash flow from financing activities		-3,242.8	-6.7
Cash flow for the year		271.2	7.1
Cash and cash equivalents at the beginning of the year		217.7	204.6
Exchange difference in cash and cash equivalents		-12.3	6.0
Cash and cash equivalents at the end of the year	27	476.6	217.7

Statement of changes in equity

Amount in SEKm	Note	Restricted equity	Non-restricted equity		
			Share capital, new share issue in progress	Share premium reserve	Retained earnings incl. net profit for the year
Opening balance Jan 1, 2023		0.4	799.2	-148.5	651.1
Net profit/loss for the year				142.8	142.8
Transactions with owners					
New share issue		0.0	9.7	-	9.7
New share issue in progress		0.0	0.0	-	-
Merger related transactions					
New share issues		127.8	5.2	-	133.0
Merger adjustment		87.1	-87.1	-	-
Exercise of stock options and warrants		-	430.4	-	430.4
Market value of ACQ Bure in merger		-	3,468.5	-	3,468.5
Consideration to Yubico share holders		-	-3,802.9	-	-3,802.9
Total merger related transactions		214.9	14.1	-	229.0
Total transactions with owners		214.9	23.8	-	238.7
At the end of the year Dec 31, 2023		215.3	823.0	-5.7	1,032.6

Notes

Amounts in SEKm unless otherwise stated

Note 1 Accounting policies

The annual report has been prepared in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board's general advice BFNAR 2012:1 Annual report and consolidated accounts (K3).

The Parent Company applies the same accounting policies as the Group except in the cases specified below in the section "Accounting policies of the Parent Company".

The accounting policies are unchanged from previous years.

Assets, provisions and liabilities are valued at cost unless otherwise stated below.

Intangible assets

Research and development expenditure – own development

When accounting for expenditure on the development of new security solutions, products and services, the cost model is applied, meaning that all expenditure is expensed as incurred.

Other intangible assets

Other intangible assets acquired are recorded at cost less accumulated amortization and impairment.

Expenditure on internally generated goodwill and brands is recognized in the income statement as an expense when incurred.

Amortization

Amortization is calculated on a straight-line basis over the estimated useful life of the asset. Amortization is recognized as an expense in the income statement.

Acquired intangible assets

Patent	6–20 years
Licenses	5 years
Brands	10 years

Property, plant and equipment

Property, plant and equipment are recognized at cost less accumulated depreciation and impairment losses. The acquisition cost includes, in addition to the purchase price, expenses directly related to the acquisition.

Depreciation

Depreciation is provided on a straight-line basis over the estimated useful life of the asset as it reflects the expected consumption of the future economic benefits of the asset. Amortization is recognized as an expense in the income statement.

Equipment, tools and installations	Useful life 5 years
------------------------------------	------------------------

Impairment – property, plant and equipment and intangible non-current assets as well as participation in Group companies

At each balance sheet date, it is assessed whether there is any indication that the value of an asset is less than its carrying amount. If such an indication exists, the recoverable amount of the asset is calculated.

The recoverable amount is the higher of fair value less costs to sell and value in use. When calculating the value in use, the present value of the future cash flows that the asset is expected to generate in its operating activities and when it is sold or scrapped is calculated. The discount rate used is pre-tax and reflects market assessments of the time value of money and the risks associated with the asset. A previous impairment loss is reversed only if the reasons for calculating the recoverable amount at the time of the last impairment loss have changed.

Leases

Lessee

All leases have been classified as finance or operating leases. A finance lease is a lease under which the risks and rewards incidental to ownership of an asset are substantially transferred from the lessor to the lessee. An operating lease is a lease that is not a finance lease.

The company has only operating leases.

Operating leases

The lease payments under operating leases, including the increased initial rent but excluding expenses for services such as insurance and maintenance, are recognized as an expense on a straight-line basis over the lease term.

Foreign currency

Items in foreign currency

Monetary items denominated in foreign currency are translated at the closing rate. Non-monetary items are not translated and are recorded at the exchange rate at the time of acquisition.

Translation of foreign operations

Assets and liabilities, including goodwill and other consolidated surpluses and deficits, are translated into the reporting currency at the closing rate. Income and expenses are translated to the reporting currency till monthly average rate. Exchange rate differences arising from the translation are recognized directly in equity.

Inventories

Inventories are stated at the lower of cost and net realizable value. The risk of obsolescence has been taken into account. Cost is calculated on a first-in, first-out basis. The acquisition cost includes not only the cost of purchase but also the cost of bringing the goods to their present location and condition.

Financial assets and liabilities

Financial assets and liabilities are recognized in accordance with Chapter 11 (Financial instruments measured at cost) of BFNAR 2012:1.

Balance sheet recognition and derecognition

A financial asset or financial liability is recognized in the balance sheet when the entity becomes a party to the contractual provisions of the instrument. A financial asset is derecognized when the contractual rights to the cash flows from the asset have expired or been settled. The same applies when the risks and rewards of ownership are substantially transferred to another party and the entity no longer controls the financial asset. A financial liability is derecognized when the contractual obligation is discharged or cancelled.

Measurement of financial assets

Financial assets are initially measured at cost, including any transaction costs directly attributable to the acquisition of the asset.

Note 1. Accounting policies, cont.

Current financial assets are measured after initial recognition at the lower of cost and net realizable value at the balance sheet date.

Accounts and other receivables constituting current assets are valued individually at the amount expected to be received.

Financial assets are measured after initial recognition at cost less any impairment and plus any appreciation.

Measurement of financial liabilities

Non-current financial liabilities are recorded at amortized cost. Expenditure directly attributable to borrowing has been adjusted to the cost of the loan and accrued using the effective interest method. Current liabilities are recognized at cost.

Employee benefits

Post-employment benefits for employees.

Classification

Post-employment benefit plans are classified as either defined contribution plans or defined benefit plans. The Group only has defined contribution plans.

Defined contribution plans

Contributions to defined contribution plans are recognized as an expense. Unpaid contributions are recognized as a liability.

Share-based compensation

Until the merger between Yubico and ACQ Bure in September, the Group had share-based compensation plans for employees where the Group receives services and as consideration Yubico AB issued equity instruments in the form of employee stock options to the employees. All outstanding options at the time were exercised or expired in connection with the merger. The cost is calculated as the fair value at the date of award, based on the Black & Scholes valuation model. The amount to be expensed is reported in the income statement as a personnel expense and in equity in the item Retained earnings and allocated over the vesting period. When an assessment is changed for the number of equity instruments that will vest, this deviation is recognized in the income statement in the period in which the change is made. No social security contributions are levied on these programs.

At the EGM held on September 19, decided to implement a long-term incentive program for 2023, based on performance stock units (PSUs). The performance awards are valued according to the Monte Carlo model, where the cost of share-based payments is the fair value at the time of grant. This cost is recognized as personnel costs together with a corresponding increase in equity during the period in which the service and, where applicable, the performance conditions are met (the vesting period).

Taxes

Tax on net profit for the year in the income statement consists of current tax and deferred tax. Current tax is income tax for the current financial year, which relates to the taxable profit for the year and the part of the income tax for the previous financial year that has not yet been reported. Deferred tax is income tax on taxable profit for future financial years as a result of past transactions or events.

Deferred tax liabilities are recognized for all taxable temporary differences, except for temporary differences arising from the initial recognition of goodwill. Deferred tax assets are recognized for deductible temporary differences and for the possibility of using tax loss carry-forwards in the future. The valuation is based on how the carrying amount of the corresponding asset or liability is expected to be recovered or settled. The amounts are based on the tax rates and tax rules enacted at the balance sheet date and have not been discounted to present value.

Deferred tax receivables have been measured at the maximum amount that is likely to be recovered based on current and future taxable income. The valuation is reviewed at each balance sheet date.

In the consolidated balance sheet, untaxed reserves are split between deferred taxes and equity.

Revenue

The inflow of economic benefits that the entity has received or will receive for its own account is recognized as revenue. Revenue is measured at fair value of what has been or will be received, less discounts.

Sale of goods

Revenue from the sale of goods is recognized when the following criteria are met:

- The economic benefits associated with the transaction are likely to accrue to the company,
- Income can be reliably calculated,
- The entity has transferred the significant risks and rewards of ownership of the goods to the buyer,
- the company no longer has the involvement in day-to-day management usually associated with ownership, nor does it exercise real control over the goods sold; and
- The expenditures incurred or expected to be incurred as a result of the transaction can be reliably estimated.

Revenue from subscriptions

Revenue from subscriptions is recognized evenly over the entire contract period from the time the customer has access to the services.

Consolidated accounts**Subsidiaries**

Subsidiaries are companies in which the Parent Company directly or indirectly holds more than 50% of the voting rights or otherwise has a controlling interest. Control is the right to shape a company's financial and operational strategies in order to obtain economic benefits.

Accounting for business combinations is based on the unit approach. This means that the acquisition analysis is prepared as at the date on which the acquirer obtains control. From this point onwards, the acquirer and the acquired entity are regarded as one reporting entity. Furthermore, application of the unit approach means that all assets (including goodwill) and liabilities, income and expenses are included in their entirety, even for partially owned subsidiaries.

The cost of subsidiaries is calculated as the sum of the fair value at the time of acquisition of the assets paid plus liabilities incurred and assumed and equity instruments issued, expenses directly attributable to the business combination and any additional purchase price. The acquisition analysis determines the fair value, with some exceptions, at the acquisition date of the identifiable assets acquired and liabilities assumed and the minority interest. Minority interests are measured at fair value at the time of acquisition. From the date of acquisition, the consolidated financial statements include the income and expenses, identifiable assets and liabilities and any goodwill or negative goodwill arising.

Note 1. Accounting policies, cont.

Elimination of transactions between Group companies, associates and jointly controlled entities

Intra-Group receivables and liabilities, income and expenses and unrealized gains or losses arising from transactions between Group companies are eliminated in full. Unrealized gains arising from transactions with associated companies are eliminated to the extent of the Group's interest in the company. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no indication of impairment.

Accounting policies of the Parent Company

The accounting policies of the Parent Company are consistent with those of the consolidated accounts, except in the following cases.

Participations in subsidiaries, associated companies and jointly controlled entities

Participations in subsidiaries, associated companies and jointly controlled entities are recognized at cost less accumulated impairment losses. In addition to the purchase price, the acquisition cost includes expenses directly related to the acquisition.

Note 2 Estimates and assessments

The preparation of financial statements and application of accounting policies are often based on management's judgments, estimates and assumptions that are believed to be reasonable at the time they are made. Estimates and judgments are based on historical experience and a number of other factors that are considered reasonable under the circumstances. The results of these are used to assess the carrying values of assets and liabilities that are not otherwise clear from other sources. Actual outcomes may differ from these estimates and assumptions.

Estimates and assumptions are regularly reviewed.

Valuation of loss carryforwards

The company has made an annual assessment of whether it is appropriate to capitalize deferred tax receivables relating to tax loss carryforwards for the year. Deferred tax assets are recognized only for loss carryforwards for which it is probable that they can be used against future taxable profits and against taxable temporary differences. The company has total loss carryforwards amounting to SEK 230.9m.

Note 3 Net sales by geographic market

Group	2023	2022
<i>Net sales by geographic market</i>		
Sweden	25.3	16.0
Rest of Europe, Middle East and Africa	443.0	298.8
Americas	1,218.6	1,164.9
Asia Pacific	157.3	81.3
	1,844.2	1,561.0
Parent Company		
<i>Net sales by geographic market</i>		
Sweden	25.3	16.0
Rest of Europe, Middle East and Africa	406.5	267.4
Americas	388.6	294.0
Asia Pacific	155.6	81.3
	976.0	658.7

Note 4 Other operating income

Group	2023	2022
Exchange rate gains on operating receivables/liabilities	44.7	69.5
Other	3.0	1.6
	47.8	71.2
Parent Company		
Exchange rate gains on operating receivables/liabilities	44.6	68.7
Other	1.7	0.1
	46.3	68.8

Note 5 Auditors' fees and expenses

Group		2023	2022
<i>KPMG AB</i>			
Audit assignments		0.2	0.6
Tax consultancy		–	–
Other assignments		–	0.1
<i>PwC</i>			
Audit assignments		1.0	–
Tax consultancy		0.6	–
Other assignments		0.8	–
<i>Other assignments</i>			
Audit assignments		3.0	–
Tax consultancy		–	–
Other assignments		–	–
Parent Company			
<i>KPMG AB</i>			
Audit assignments		0.2	0.6
Tax consultancy		–	–
Other assignments		0.1	0.1
<i>PwC</i>			
Audit assignments		1.0	–
Tax consultancy		0.6	–
Other assignments		0.8	–

Commentary

An audit assignment means the examination of the annual report and accounting records and of the administration of the Board of Directors and chief executive officer, other tasks incumbent on the company's auditor and advice or other assistance resulting from observations made during such examination or the performance of such other tasks.

Note 6 Employees, employee benefit expenses and remuneration to the Board

Average number of employees	2023	of which women, %	2022	of which women, %
Parent Company				
Sweden	118	31	95	28
Total in the Parent Company	118	31	95	28
Subsidiaries				
USA	263	30	252	31
UK	8	19	7	14
Germany	8	0	6	0
Canada	8	13	4	0
Australia	3	20	2	0
Total in subsidiaries	290	27	271	29
Total Group	408	28	366	29

Reporting on the gender balance of senior managers

	Share of women, %	
	Dec. 31, 2023	Dec. 31, 2022
Parent Company		
Board of Directors	33	17
Other senior executives	44	23
Group		
Board of Directors	33	17
Other senior executives	31	26

Note 6 Employees, employee benefit expenses and remuneration to the Board, cont.

Salaries and other remuneration and social security costs, including pension costs

	2023		2022	
	Salaries and allowances	Social security costs	Salaries and allowances	Social security costs
Parent Company ³	151.8	52.5	99.1	37.9
(of which pension cost) ¹		(14.2)		(11.7)
Subsidiaries ⁴	674.5	58.4	588.9	44.5
(of which pension cost)		(17.4)		(12.5)
Total Group	826.3	110.9	688.0	82.4
(of which pension cost) ²		(31.6)		(24.2)

1) Of the Parent Company's pension costs, SEK 0.6m (0.9) relates to the company's CEO and Board of Directors. The company's outstanding pension obligations to them amount to 0 (0).

2) Of the Group's pension costs, SEK 0.6 (0.9) relates to the company's CEO and Board of Directors. The Group's outstanding pension obligations to them amount to 0 (0).

3) Salaries and other remuneration, as well as social security costs for the Parent Company, include SEK 20.2m attributable to transaction costs related to the merger, which are reported as other external costs in the company's income statement.

4) Salaries and other remuneration and social security costs for the Group include SEK 29.3m attributable to transaction costs related to the merger, which are reported as other external costs in the company's income statement.

Breakdown of salaries and other remuneration between board members and other employees

	2023		2022	
	Board of Directors and CEO	Other employees	Board of Directors and CEO	Other employees
Parent Company	5.2	146.6	3.5	95.6
(of which bonuses etc.)	(0.4)	–	(0.3)	–
Subsidiaries	0.4	674.1	3.7	585.2
(of which bonuses etc.)	(0.1)	–	(0.6)	–
Total Group	5.7	820.6	7.2	680.7
(of which bonuses etc.)	(0.4)	–	(0.9)	–

Share-based payments

Stock option programs

Prior to the merger with ACQ Bure in September 2023, Yubico had an incentive program for employees in the U.S. The programs included employee stock options. The company's employees in the United States were allotted options free of charge where, if vesting conditions were met, one option entitles the holder to subscribe for one share. The condition for the redemption was that the employee remained in employment at the time of exercise. The programs were earned over 4 years, of which a quarter could be redeemed after 12 months and then 1/48th after each month. The total duration of the programs was 9 years.

Performance stock units, (PSUs)

At the Extraordinary General Meeting on 19 September 2023, it was resolved to implement a long-term incentive program for 2023, based on performance share awards (PSU) and including up to approximately 440 senior executives, key employees and other employees in the Group. The maximum number of PSUs that can be awarded is 700,000. Each vested PSU entitles the holder to receive one share in the company. PSUs are vested annually over a three-year period and are subject to performance conditions and continued employment. The maximum dilution for current shareholders is 0.80 percent of the current total number of outstanding shares. In December, 698,298 PSUs were awarded to 356 senior executives, key employees and other employees of the Group based on this program.

Change in the number of stock options (with associated exercise prices in SEK)

2023 Stock option programs	Number of options	Average exercise price
Outstanding at the beginning of the year	1,658,215	229.95
Awarded during the year	–	–
Redeemed/issued during the year	-1,235,050	202.64
Due during the year	-423,165	307.89
Outstanding at year-end	–	–
2022 Stock option programs	Number of options	Average exercise price
Outstanding at the beginning of the year	1,557,640	198.11
Awarded during the year	345,386	385.03
Redeemed/issued during the year	-31,258	190.13
Due during the year	-213,553	257.85
Outstanding at year-end	1,658,215	229.95
Redeemable at year-end	870,420	162.84

Note 6 Employees, employee benefit expenses and remuneration to the Board, cont.**Change in number of Performance stock units, PSUs****2023 performance stock units, PSUs (LTI23)**

	Number of options
Outstanding at the beginning of the year	–
Awarded during the year	698,298
Redeemed/issued during the year	–
Due during the year	–
Outstanding at year-end	698,298

Amounts recognized in the income statement and balance sheet

	2023	2022
Recognized cost of share-based payments, including social security contributions	-30.3	-30.6

The 2023 amount includes SEK -14.1m as a cost for discontinued option programs related to the merger between Yubico and ACQ, and is reported under other external costs.

	Dec. 31, 2023	Dec. 31, 2022
Liability for social security contributions related to share-based payments	0.0	–

Note 7 Other operating expenses

Group	2023	2022
Exchange rate losses on operating receivables/liabilities	47.4	50.4
Other	0.4	0.3
	47.8	50.7
Parent Company		
Exchange rate losses on operating receivables/liabilities	47.0	50.1
Other	0.4	–
	47.4	50.1

Note 8 Operating leases

Leases where the enterprise is the lessee

Future minimum lease payments under non-cancellable operating leases

Group	Dec. 31, 2023	Dec. 31, 2022
Within one year	18.8	18.9
Between one and five years	34.4	47.3
	53.2	66.2
	2023	2022
Lease payments expensed during the financial year	21.1	24.9

Future minimum lease payments under non-cancellable operating leases

Parent Company	Dec. 31, 2023	Dec. 31, 2022
Within one year	6.3	4.9
Between one and five years	–	9.4
	6.3	14.3
	2023	2022
Lease payments expensed during the financial year	6.9	5.6

Note 9 Interest income and similar items

Group

	2023	2022
Interest income, other	12.4	1.4
Exchange rate gains of a financial nature	–	5.8
	12.4	7.2
Parent Company		
Interest income, Group companies	11.3	9.8
Interest income, other	12.4	1.4
Exchange rate gains of a financial nature	–	5.8
	23.6	17.0

Note 10 Interest expenses and similar items

Group

	2023	2022
Interest charges, other	-3.1	-2.1
Exchange rate losses of a financial nature	-6.2	–
	-9.3	-2.1
Parent Company		
Interest charges, other	-3.1	-2.1
Exchange rate losses of a financial nature	-6.2	–
	-9.3	-2.1

Note 11 Tax on profit for the year

Reconciliation of effective tax

Group	2023		2022	
	%	Amount	%	Amount
Profit/loss before tax		197.7		220.4
Tax at the applicable tax rate for the Parent Company	20.6	-40.7	20.6	-45.4
Effect of other tax rates for foreign subsidiaries	1.8	-3.7	0.8	-1.7
Other non-deductible costs	9.3	-18.4	3.9	-8.6
Non-taxable income	-0.0	0.0	-0.4	0.9
Utilization of previously unrecognized tax loss carryforwards	-	-	-20.3	44.7
Capitalization of previously unrecognized loss carryforwards	-	-	-20.7	45.6
Tax attributable to previous years	0.0	-0.1	0.2	-0.3
Deferred tax in foreign subsidiaries	-3.7	7.4	0.0	-
Reported effective tax	-28.2	-55.4	-15.9	35.1

Parent Company	2023		2022	
	%	Amount	%	Amount
Profit/loss before tax		186.7		216.1
Tax at the applicable tax rate for the Parent Company	20.6	-38.5	20.6	-44.5
Non-deductible expenses	2.9	-5.4	0.1	-0.1
Non-taxable income	0.0	0.0	-	-
Utilization of previously unrecognized tax loss carryforwards	-	-	-20.7	44.7
Capitalization of previously unrecognized loss carryforwards	-	-	-21.1	45.6
Reported effective tax	-23.5	-43.9	-21.1	45.6

Note 12 Patent and license agreements

Group

	Dec. 31, 2023	Dec. 31, 2022
<i>Accumulated cost</i>		
At the beginning of the year	18.9	19.0
Other investments	0.2	0.4
Divestments and disposals	-0.3	-
Reclassifications	-	-0.5
At year-end	18.8	18.9
<i>Accumulated amortization</i>		
At the beginning of the year	-8.8	-5.9
Reversed divestments and disposals	0.0	-
Amortization for the year	-2.9	-2.9
At year-end	-11.7	-8.8
Net carrying amount at year-end	7.2	10.2

Parent Company

	Dec. 31, 2023	Dec. 31, 2022
<i>Accumulated cost</i>		
At the beginning of the year	18.9	19.0
Other investments	0.2	0.4
Divestments and disposals	-0.3	-
Reclassifications	-	-0.5
At year-end	18.8	18.9
<i>Accumulated amortization</i>		
At the beginning of the year	-8.8	-5.9
Reversal of amortization on divestments and disposals	0.0	-
Amortization for the year	-2.9	-2.9
At year-end	-11.7	-8.8
Net carrying amount at year-end	7.2	10.2

Reclassification refers to previously capitalized amounts that have been reclassified to operating expenses.

Note 13 Equipment, tools and installations

Group	2023	2022
<i>Accumulated cost</i>		
At the beginning of the year	60.7	41.8
New acquisitions	13.3	18.3
Divestments and disposals	-4.4	-2.7
Translation differences for the year	-1.1	3.3
At year-end	68.5	60.7
<i>Accumulated depreciation</i>		
At the beginning of the year	-28.4	-20.9
Reversal of depreciation on divestments and disposals	0.5	2.5
Depreciation for the year	-11.7	-8.2
Translation differences for the year	0.8	-1.8
At year-end	-38.8	-28.4
Net carrying amount at year-end	29.7	32.3
Parent Company	2023	2022
<i>Accumulated cost</i>		
At the beginning of the year	34.2	20.7
New acquisitions	5.6	13.5
Divestments and disposals	-0.6	-
At year-end	39.2	34.2
<i>Accumulated depreciation</i>		
At the beginning of the year	-13.4	-9.5
Reversal of depreciation on divestments and disposals	0.2	-
Depreciation of cost for the year	-6.3	-3.9
At year-end	-19,471	-13.4
Net carrying amount at year-end	19.7	20.9

Note 14 Participation in Group companies

	2023	2022		
<i>Accumulated cost</i>				
At the beginning of the year	0.3	0.3		
Starting a new company	-	0.0		
At the end of the year	0.3	0.3		
Net carrying amount at year-end	0.3	0.3		
Specification of the Parent Company's holdings of participations in Group companies				
		Net carrying amount SEKK		
Subsidiaries / Corporate identity number / Registered office	Number of shares	Shares, %		
		Dec. 31, 2023	Dec. 31, 2022	
Yubico Inc / 333070-9324 / Delaware	10,003,000	100.0	69	69
Yubico Ltd / 7007100 / Surrey	1,000	100.0	12	12
Yubico GmbH / HRB 11426 / Laer	2,500	100.0	246	246
Yubico Canada Ltd / 1000178316 / Toronto	100	100.0	1	1
Yubico Pty Ltd / ACN623392576 / Melbourne	100	100.0	1	1
			329	329

Note 15 Receivables from Group companies

Parent Company	Dec. 31, 2023	Dec. 31, 2022
<i>Accumulated cost</i>		
At the beginning of the year	137.6	144.0
Regulated claims	-	-24.9
Translation differences for the year	-4.7	18.5
At the end of the year	133.0	137.6
Net carrying amount at year-end	133.0	137.6

Note 16 Deferred tax

Group

Tax loss carryforwards on the balance sheet date amounted to SEK 230.9m (221.2). of which deferred tax assets have been capitalized for SEK 230.9m (221.2).

Due to the merger in Sweden, the deficits are blocked for 5 years.

Group	2023		
	Deferred tax assets	Deferred tax liability	Net
<i>Significant temporary differences</i>			
Temporary differences non-current assets	–	2.6	-2.6
Temporary differences stocks	1.8	–	1.8
Temporary differences in accrued liabilities	6.5	–	6.5
Other temporary differences	4.9	0.0	4.8
Tax loss carryforward	47.6	–	47.6
Deferred tax asset/liability	60.7	2.6	58.1

Group	2022		
	Deferred tax assets	Deferred tax liability	Net
<i>Significant temporary differences</i>			
Temporary differences non-current assets	–	3.7	-3.7
Temporary differences stocks	0.9	–	0.9
Temporary differences in accrued liabilities	5.8	–	5.8
Other temporary differences	0.6	0.2	0.4
Tax loss carryforward	45.6	–	45.6
Deferred tax asset/liability	52.8	3.8	49.0

Parent Company

Tax loss carryforwards on the balance sheet date amounted to SEK 230.9m (221.2). of which deferred tax assets have been capitalized for SEK 230.9m (221.2).

Due to the merger, the deficits are blocked for 5 years.

Parent Company	2023		
	Deferred tax assets	Deferred tax liability	Net
Tax loss carryforward	47.6	–	47.6
Deferred tax assets	47.6	–	47.6
2022			
Parent Company	2022		
	Deferred tax assets	Deferred tax liability	Net
Tax loss carryforward	45.6	–	45.6
Deferred tax assets	45.6	–	45.6

Note 17 Other non-current receivables

Group	Dec. 31, 2023	Dec. 31, 2022
Accumulated cost		
At the beginning of the year	6.5	1.7
Additional claims	0.9	0.8
Regulated claims	-1.1	-0.4
Reclassifications	-	4.1
Translation differences for the year	-0.0	0.3
Net carrying amount at year-end	6.1	6.5
Parent Company		
Accumulated cost		
At the beginning of the year	4.2	0.0
Additional claims	-	0.0
Reclassifications	-0.2	4.1
Net carrying amount at year-end	4.0	4.2

Note 18 Prepaid expenses and accrued income

Group	Dec. 31, 2023	Dec. 31, 2022
Prepaid rents	2.3	2.2
Prepaid production cost	15.8	17.3
Other items	34.7	23.7
	52.8	43.2
Parent Company		
Prepaid rents	1.7	1.7
Prepaid production cost	15.8	17.3
Other items	12.5	6.3
	30.1	25.3

Note 19 Allocation of profit or loss

Proposal for the appropriation of the company's profit or loss

The Board of Directors proposes that non-restricted equity, SEK 817,296,596, be allocated as follows:

Carried forward to new account	817.3
Total	817.3

Note 20 Number of shares and quota value

	Dec. 31, 2023	Dec. 31, 2022
Number of shares	86,114,017	15,773,091
Quota value	2.5	0.025

Note 21 Non-current liabilities

Of the Group's and Parent Company's non-current liabilities, no amount falls due later than five years from the balance sheet date.

Note 22 Accrued expenses and deferred income

Group	Dec. 31, 2023	Dec. 31, 2022
Accrued salaries	2.9	0.4
Accrued vacation pay	31.8	28.1
Social security contributions on vacation pay liability and salaries	5.5	4.8
Accrued commissions	45.8	30.0
Accrued interest expenses	0.2	0.2
Other accrued expenses	13.3	7.6
Deferred income	42.1	125.7
	141.6	196.8
Parent Company		
Accrued vacation pay	9.0	7.6
Social security contributions on vacation pay liability and salaries	4.1	3.4
Accrued commissions	8.0	5.7
Accrued interest expenses	0.2	0.2
Other accrued expenses	10.2	3.7
Deferred income	2.4	4.5
	33.9	25.0

Note 23 Pledged assets and contingent liabilities – Group

Group	Dec. 31, 2023	Dec. 31, 2022
For own liabilities and provisions		
<i>Other liabilities to credit institutions</i>		
Business mortgages	30.0	30.0
Bank guarantee	2.7	2.7
	32.7	32.7

Note 24 Pledged assets and contingent liabilities – Parent Company

Parent Company	Dec. 31, 2023	Dec. 31, 2022
For own liabilities and provisions		
<i>Other liabilities to credit institutions</i>		
Business mortgages	30.0	30.0
Bank guarantee	2.7	2.7
	32.7	32.7

Note 25 Significant events after the end of the financial year

No events have occurred after the balance sheet date that significantly affect the assessment of the financial information in this report.

Note 26 Interest paid

Group	2023	2022
Interest received	12.4	1.4
Interest paid	-3.0	-2.1
Parent Company		
Interest received	23.6	11.2
Interest paid	-3.0	-2.1

Note 27 Cash and cash equivalents

Group	Dec. 31, 2023	Dec. 31, 2022
<i>The following sub-components are included in cash and cash equivalents:</i>		
Bank balances	547.3	283.5
Parent Company		
<i>The following sub-components are included in cash and cash equivalents:</i>		
Bank balances	476.6	217.7

The above items have been classified as cash and cash equivalents on the basis that:

- They have an insignificant risk of value fluctuations.
- They can easily be converted into cash.
- They have a maximum maturity of 3 months from the date of acquisition.

Note 28 Other information relating to the cash flow statement

Adjustments for non-cash items

Group	2023	2022
Depreciation and amortization	14.6	11.2
Unrealized exchange rate differences	-4.7	-26.0
Share-based payment costs	30.3	30.6
Mergerloss	26.1	–
Other items not affecting cash flow	5.8	-3.9
	72.1	11.9

Parent Company

Depreciation and amortization	9.2	6.8
Unrealized exchange rate differences	17.0	-24.5
Mergerloss	26.1	–
Other items not affecting cash flow	0.4	-3.6
	52.6	-21.3

Note 29 Group information

Purchasing and selling within the Group

Of the Parent Company's total sales, 53.3% (56.0) are sales to subsidiaries.

Of the Parent Company's total purchases, 25.2% (45.7) are purchases from subsidiaries.

Note 30 Definitions of key ratios

Balance sheet total: Total assets

Equity ratio: (Total equity + equity portion of untaxed reserves) / Total assets.

Note 31 Merger between Yubico and ACQ Bure

On 19 April 2023 ACQ announced that ACQ and Yubico had entered into a merger agreement. The merger was completed 20 September with ACQ as the surviving company but under the name of Yubico AB. The last day for trading of ACQ on Nasdaq Stockholm was September 19 and Yubco's first day of trading on Nasdaq First North Growth Market was September 20. The merger between the companies was made with ACQ as the surviving company, with organization number 559278-6668, but from an accounting perspective, as a reverse merger. Thereby, ACQ is merged into Yubico's balances as per September 20 with the surviving historical numbers of Yubico (old co ACQ is merged into Yubico's balances as per September 20 with the surviving historical numbers of Yubico (old company registration number 556720-8755).

Cash flow effects

The net effect on the cash flow from the merger was SEK 183.9m. This consists of SEK 3,423.5m from investing activities relating to the cash balance of ACQ Bure at the time of the merger and SEK -3,239.5m from financing activities relating to share placement of SEK 133.0m, subscription for Yubico shares of SEK 430.4m and cash consideration to Yubico shareholders of SEK -3,802.9m.

Adjustment for non-cash items in the Statement of cash flows includes SEK 40.2m of transaction related items, relating to the merger loss and cost for cancelled incentive programs.

Transaction related expenses

The group has recorded SEK 87.2m of transaction related expenses related to the merger. The total cost of SEK 87.2m is distributed between merger loss of SEK 26.1m, personnel related expenses of SEK 29.3m, cost for cancelled incentive programs of SEK 14.1m and fees to advisors of SEK 17.7m. Of the total costs, SEK 40.2m is not affecting cash.

Five-year overview

Development of the company's business, profit and position

Group	2023	2022	2021	2020	2019
Net sales	1,844.2	1,561.0	867.2	606.1	541.7
Profit/loss after financial items	197.7	220.4	-56.5	-232.7	-159.9
Balance sheet total	1,473.6	1,121.9	735.9	755.5	552.7
Average number of employees	407	366	290	277	201
Equity ratio, %	77.5	65.3	59.2	62.3	64.8

Parent Company	2023	2022	2021	2020	2019
Net sales	976.0	658.7	347.6	318.3	130.5
Profit/loss after financial items	186.7	216.1	-57.7	-210.7	-169.7
Balance sheet total	1,230.6	822.1	530.6	540.8	447.6
Average number of employees	118	95	76	64	49
Equity ratio, %	83.9	79.2	72.2	79.7	73.8

For definitions, see note 30.

The company has chosen not to restate the comparables for the year 2019 in this table regarding the correction described in note 6.

Signatures

Statement of assurance

The Board of Directors and the CEO give their assurance that the Annual Report has been prepared in accordance with generally accepted accounting standards in Sweden and that the consolidated financial statements have been prepared in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of

July 19, 2002, on the application of international accounting standards. The Annual Report and consolidated financial statements give a true and fair view of the financial position and performance of the Group and the Parent Company.

The report of the Directors for the Parent Company and the Group gives a true and fair view of the business activities, financial position and results of the Parent Company and the Group and describes the significant risks and uncertainties to which the Parent Company and the Group companies are exposed.

Stockholm, April 11, 2024

Patrik Tigerschiöld
Chairman of the Board

Stina Ehrensvärd

Gösta Johannesson

Paul Madera

Eola Änggård Runsten

Ramanujam Shriram

Mattias Danielsson
Chief Executive Officer

Our audit report was submitted on April 15, 2024.
Öhrlings PricewaterhouseCoopers AB

Magnus Svensson Henryson
Authorized Public Accountant
Auditor in charge

Reita Seseri
Authorized Public Accountant
Co-signing auditor

Auditor's report

To the general meeting of the shareholders of Yubico AB, corporate identity number 559278-6668

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Yubico AB for the year 2023.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical

responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of

Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisoransansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Yubico AB for the year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Stockholm, April 15, 2024

Öhrlings PricewaterhouseCoopers AB

Magnus Svensson Henryson
Auditor in charge
Authorized Public Accountant

Reita Seseri
Authorized Public Accountant

Key figures

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.
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.
Adjusted EBITDA	Operating profit/loss (EBIT) before depreciation, amortization, and impairments adjusted for items affecting comparability.	The measure is used since it shows the profitability before financial items, taxes, depreciation, amortization, and impairments and is used to analyze and the groups operating activities.
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 and the groups operating activities.
Adjusted EBITDA margin	Operating profit/loss (EBIT) before depreciation, amortization, and impairments in relation to net sales adjusted for items affecting comparability.	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.
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.
Adjusted EBIT margin	Operating profit/loss (EBIT) in relation to net sales adjusted for items affecting comparability.	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.
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.

Definitions and Glossary

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.

FFIEC (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 is a global standard for secure authentication on the Web supported by all leading browsers and platforms.



Yubico

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Kungsgatan 44
SE-111 35 Stockholm
Sweden
+46 8 411 30 00