



Q1

Interim Report

January 1–March 31, 2021

Financial summary of the first quarter of 2021

- Net sales increased by 3.1 percent to SEK 153m (148). Adjusted for currency effects, net sales increased by 13.2 percent.
- EBIT amounted to SEK 40m (13), an increase of 207.1 percent. Adjusted for currency effects, EBIT increased by 292.6 percent.
- The EBIT margin for the quarter was 25.9 percent (8.7).
- Adjusted EBIT¹ amounted to SEK 48m (14), an increase of 246.6 percent.
- The adjusted EBIT margin¹ for the quarter was 31.1 percent (9.3).
- Net profit for the period amounted to SEK 31m (10).
- Cash flow from operating activities totaled SEK 42m (39).
- Earnings per share (before and after dilution) amounted to SEK 62.17 (20.94).

Significant events during the period

- Launch of Pro-11, a new generation studio flash.
- Pernilla Ekman and Helena Holmgren were elected to serve as new Board members at the Extraordinary General Meeting held on March 15.
- Gunilla Öhman was appointed Head of Investor Relations and joined the management team.

Significant events after the end of the period

- The Board of Directors decided on financial targets: A growth rate of 10 percent in currency-adjusted net sales, an EBIT margin of 25-30 percent and a dividend payout ratio of >50 percent of net profit.
- The Board of Directors has proposed a dividend of SEK 156m to be paid to the Parent Company Profoto Invest AB.

Net sales, adjusted
for currency effects¹

+13%

Q1 2021 vs. Q1 2020

Adjusted EBIT
margin¹

31%

Q1 2021 (9% Q1 2020)

Key ratios

Group

	2021 Jan–March	2020 Jan–March	Δ%	2020 full year
Net sales, SEKm	153	148	3.1	528
EBIT, SEKm	40	13	207.1	-12
EBIT margin, %	25.9	8.7	–	-2.2
Adjusted EBIT ¹ , SEKm	48	14	246.6	56
Adjusted EBIT margin ¹ , %	31.1	9.3	–	10.6
Net profit for the period, SEKm	31	10	196.9	-17
Cash flow from operating activities, SEKm	42	39	9.6	153
Net debt ² , SEKm	-124	-7	1,637.9	-91
Net debt/EBITDA	-1.23	-0.03	–	-1.20
Earnings per share	62.17	20.94	196.9	-34.87

All amounts are in millions of SEK (SEKm) unless otherwise stated. Rounding differences of SEKm +/-1 may occur when adding up figures. Where an underlying figure is SEK 0m when rounded, it will be reported as 0. Figures in parentheses represent the same period last year.

1) For information and explanations regarding alternative performance measures, see pages 16–17.

2) A negative amount indicates a positive net cash position.

Heading back with higher profitability

The pandemic had a severe negative impact on Profoto's market during the second and third quarters of 2020. Our most loyal customers, the professional photographers, had less and less to do. Canceled trips, trade fairs, weddings and sports events – that explains a lot. We worked hard to adapt our costs and we really did succeed at doing so. For example, after increasing the degree of outsourcing, we now have a completely different fixed cost base that will still allow us to continue to grow.

During the first quarter of 2021 we saw that China and Japan began to open up their societies, while Europe and North America continued to have restrictions and shutdowns. As vaccination campaigns gain momentum, we should see a return to a normal market that includes travel and normalization of the rate of weddings and sports events, which will provide good prospects for growth for Profoto.

Product development and new product launches are crucial to Profoto's growth, something we have not given up on during this time. During the quarter, we had a major launch – Profoto's new flagship product Pro-11, an upgrade to the Pro-10, which is used by many of the world's leading photographers. The Pro-11 is mainly purchased by rental studios and rental companies, which in turn rent it out to fashion photographers around the world. The launch has been highly successful.

Sales in the quarter increased by 13 percent on a currency-adjusted basis, while profit increased several-fold. Profitability is back at a very high level. While this is a good start, we are not yet back where we should be in terms of sales and growth.

Many companies have had problems with components and shipping during this quarter. I won't say that such problems did not affect us, but we have nevertheless been able to handle them, even if delivery times of some products increased marginally.

The field of photography and image creation has tremendous potential. Profoto is the world leader in lighting products for professional photographers, driving innovation and awareness of how to create better images through light. Light makes the difference between a good and a great image.



We have been preparing Profoto for an IPO on the Stockholm Stock Exchange for some time, in part to expand our ownership base and in part, to gain access to the Swedish and international capital markets – all for the purpose of promoting our continued growth and development. Now we are well prepared for this new step in Profoto's history.

So in essence – we are on the way back to our growth journey!

Anders Hedebark
President and CEO

Financial overview

First quarter, January 1-March 31, 2021

Net sales

Net sales for the first quarter totaled SEK 153m (148), a 3.1 percent increase compared with the corresponding period the previous year. Adjusted for currency effects, sales increased by 13.2 percent during the first months of the year. During the quarter Profoto launched Pro-11, a new generation studio flash, that was well received on the market. In addition, sales of products used for photographing e-commerce products strengthened, while sales of products for event and wedding photography declined compared with the previous year. The company's assessment is that this is an effect of continued regional restrictions due to the coronavirus pandemic.

Regions

Changes in sales by region, compared with the same period the previous year: Americas -14.6 percent, APAC +77.3 percent and EMEA -13.6 percent. For absolute figures by region, see Note 2. Growth in APAC is primarily attributable to a strong sales quarter, where the launch of the Pro-11 drove sales. In addition, the coronavirus pandemic negatively impacted sales in APAC during the corresponding quarter in 2020.

The negative growth in Americas and EMEA is the result of restrictions in the regions in Q1 2021, combined with the lower impact of the pandemic on the regions' sales, compared with the same period in 2020.

Operating profit (EBIT)

During the first quarter, EBIT totaled SEK 40m (13), which corresponds to an EBIT margin of 25.9 percent (8.7). Adjusted for currency effects, EBIT¹ increased by 292.6 percent.

Adjusted EBIT¹ was SEK 48m (14) and adjusted EBIT margin was 31.1 percent (9.3). One-off expenses of SEK 8m are mainly attributable to costs related to the preparation for the IPO of Profoto.

The increase in EBIT is due to increased sales, as well as improved operational efficiency, which in turn is a result of the cost-saving program carried out in the second half of 2020. The increase in EBIT is due to lower other external expenses of SEK 34m (44) and personnel expenses of SEK 29m (41), compared with the same period the previous year.

Financial items

Financial items were positively impacted by exchange gains on cash and cash equivalents of SEK 3m (2) during the first quarter and negatively by interest expense of SEK 1m (1). Interest expense mainly consists of interest on lease liabilities and utilized overdraft credit. Net financial items totaled SEK 3m (1). Intra-group receivables/liabilities in relation to the Parent Company Profoto Invest AB do not carry interest and are therefore not included in financial items.

Net profit for the period and tax expense

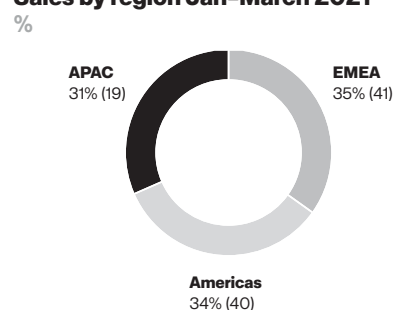
Net profit for the period was SEK 31m (10). Tax expense was SEK 11m (4), of which SEK 14m (4) was current tax and SEK -3m (-1) related to a change in deferred taxes. The effective tax rate for the period was 26.4 percent (25.9). Since IPO-related expenses are not treated as deductible, the effective tax rate is affected and is therefore higher.

¹ For information and explanations regarding alternative performance measures, see pages 16-17.

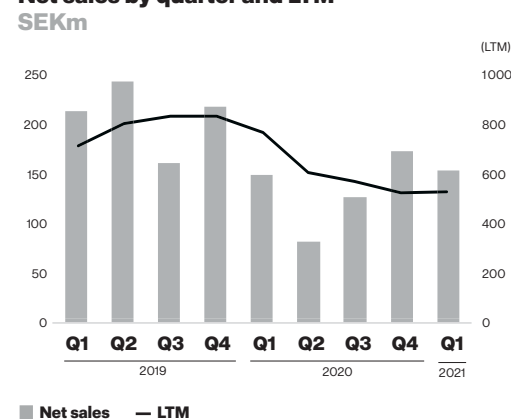
Change in net sales

	2021 Jan-March
Net sales adjusted for currency effect	13.2
Currency effect	-10.1
Total	3.1

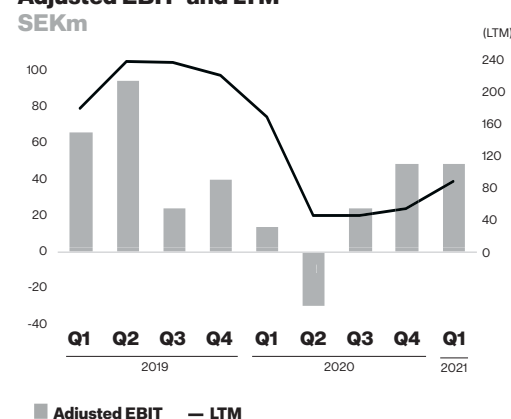
Sales by region Jan-March 2021



Net sales by quarter and LTM



Adjusted EBIT¹ and LTM



Financial position and other information

Investments

During the first quarter SEK 4m (6) were capitalized as internally generated development expenditure. Total research and development expenses that were expensed during the first quarter amounted to SEK 7m (13). These relate mainly to costs in the feasibility phase and project-wide administrative expenses that cannot be attributed to the development of specific products.

Working capital, liquidity and cash flow

At the end of the first quarter, inventories totaled SEK 95m (153) and accounts receivables SEK 71m (55). Inventories decreased as a result of increased internal focus on reducing capital tied up in inventories and a decrease in sales. Accounts payables totaled SEK 33m (29) and other current liabilities were SEK 152m (194). Cash flow from operating activities for the quarter totaled SEK 42m (39).

Depreciations and amortization

Depreciation/amortization during the first quarter amounted to SEK 14m (14). No impairment of intangible assets and property, plant and equipment was recognized in the first quarter of 2021. During the first quarter of 2020, impairment losses of SEK 2m were recognized on property, plant and equipment and intangible assets.

Financial position

On March 31, 2021 consolidated equity totaled SEK 362m (353). Interest-bearing liabilities to credit institutions amounted to SEK 53m, an increase of SEK 9m from year-end 2020. New loans during the period mainly relate to the increased use of the over-draft facility in the US. Lease liabilities amounted to SEK 56m (63) under IFRS 16. The total lease liability decreased due to the liquidation of the Canadian subsidiary and the closure of local offices in Germany and France in 2020. The Group reported a net cash position of SEK 124m (7).

Significant risks and uncertainties

The Profoto Group is an international group that is affected by a number of risks.

Operational risks include overall demand trends and demand for Profoto's products. An economic downturn in these markets could have a negative impact on the Group's sales and earnings. Changes in product technology and sales channels may also adversely affect the Group's sales and earnings.

One current risk, which negatively impacted the Profoto Group's sales and access to components, and which to some extent will remain even in future periods, is the coronavirus pandemic. Other relevant risks and uncertainties are described in the 2020 Annual Report and relate to industry and market risks, operational and legal risks, as well as financial risks.

Employees

The average number of employees in the first quarter was 100 (148), of whom 38 (53) were employed in sales companies in China, Japan, the United States, Germany, France and the United Kingdom. The reduction in staff is an effect of the cost-saving program implemented in the second half of 2020.

Parent Company

Profoto Holding AB is the Parent Company in the Group. Profoto Holding AB is in turn wholly owned by Profoto Invest AB, which is owned by the company's founder, Board members and senior executives.

The Parent Company is a holding company with management fees from other Group companies of SEK 2.9m (2.9) as its only income in the first quarter, and with personnel expenses and other external expenses related to management of the Group as expenses.

The operating profit/loss (EBIT) was SEK -6.9m (-0.2) for the first quarter. Current assets totaled SEK 234.4m (50.5) and short-term financial liabilities amounted to SEK 82.8m (77.1). The change is mainly attributable to a decrease in intra-group receivables and liabilities.

Profoto Holding AB has recognized financial income for full-year 2020 related to anticipated dividends from subsidiaries of SEK 183.8m

Summary of significant events after the end of the reporting period

The Board of Directors decided on financial targets: A growth rate of 10 percent in currency-adjusted net sales, an EBIT margin of 25-30 percent and a dividend payout ratio of >50 percent of net profit.

The Board of Directors has proposed a dividend of SEK 156m to be paid to the Parent Company Profoto Invest AB.

Stockholm May 5, 2021

Anders Hedeback

President and CEO

Auditor's review

We have conducted a review of the interim report for Profoto Holding AB as of March 31, 2021 and the period January 1 – March 31, 2021. The Board of Directors and the CEO are responsible for the preparation and fair presentation of this interim report in accordance with the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Focus and scope of the review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of financial interim information conducted by the company's chosen auditor. A review involves making inquiries, primarily to persons responsible for financial matters and accounting issues, conducting an analytical review and performing other review procedures. A review has a different focus and a significantly smaller scope than the focus and scope of an audit in accordance with ISA and with generally accepted auditing practice. The review measures taken in a review do not allow us to obtain such a full understanding that we become aware of all the impor-

tant circumstances that could have been identified if an audit was carried out. Therefore, the stated conclusion based on a review does not have the assurance that an expressed conclusion based on an audit has.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim report is not prepared, in all material respects, in accordance with the Annual Accounts Act.

Stockholm May 6, 2021

Therese Kjellberg

Authorized Public Accountant

Other information

About Profoto

Profoto was founded more than 50 years ago and since then has been the world leader in lighting products for professional photographers, driving innovation and awareness of how to create better images through light. Light makes the difference between a good and a great image. The customers include the world's leading photographers and Profoto is currently represented in over 50 markets worldwide. Net sales in 2020 amounted to SEK 528m. In all, 91 employees work at the headquarters in Stockholm and in subsidiaries in the United States, Japan, China, Germany, France and the United Kingdom.

Financial calendar

Profoto Group Annual General Meeting, Sundbyberg – April 29, 2021

Interim Report Q2 2021 – August 10, 2021

Interim Report Q3 2021 – November 4, 2021

Interim Report Q4 2021 – February 10, 2022

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Condensed consolidated financial statements

Condensed consolidated statement of profit and loss

SEKm	Note	2021 Jan–March	2020 Jan–March	2020 full year
Net sales	2	153	148	528
Other operating income		3	6	3
Total revenue		156	154	531
Capitalized work for own account		4	6	21
Goods		-45	-45	-228
Other external expenses		-34	-44	-126
Personnel expenses		-29	-41	-120
Depreciation, amortization and impairment of intangible assets and property, plant and equipment		-14	-16	-88
Other operating expenses		1	-1	-3
Operating profit/loss (EBIT)		40	13	-12
Finance income and costs				
Finance income		3	2	0
Finance costs		0	0	-8
Profit/loss before tax		42	14	-20
Tax		-11	-4	2
Profit/loss for the period		31	10	-17
<i>Attributable to:</i>				
Owners of the Parent Company		31	10	-17
Earnings per share, before and after dilution ¹ , SEK		62.17	20.94	-34.87

1) Calculated based on 500,000 ordinary shares.

Condensed consolidated statement of comprehensive income

SEKm	Note	2021 Jan–March	2020 Jan–March	2020 full year
Profit/loss for the period		31	10	-17
<i>Other comprehensive income, items that may be reclassified to the consolidated statement of profit and loss:</i>				
Translation differences for the period		-3	-4	4
Total comprehensive income for the period		28	6	-13
<i>Attributable to:</i>				
Parent Company shareholders		28	6	-13

Condensed consolidated statement of financial position

SEKm	Note	March 31, 2021	March 31, 2020	Dec 31, 2020
ASSETS				
Non-current assets				
Intangible assets	4			
Capitalized development expenditure		94	123	98
Software		18	24	19
Licenses		1	1	1
Total intangible assets		114	148	118
Property, plant and equipment				
Leased assets		54	61	54
Equipment, tools and installations		26	40	27
Leasehold improvements		4	6	4
Total property, plant and equipment		84	106	86
Financial assets		2	3	2
Deferred tax assets		19	15	16
Total non-current assets		218	273	222
Current assets				
Inventories		95	153	94
Current receivables				
Accounts receivables		71	55	67
Current tax assets		–	10	5
Current receivables from Group companies	3	102	91	20
Other current assets		2	1	3
Prepayments and accrued income		6	7	8
Total current receivables		181	163	103
Cash and cash equivalents		215	81	254
Total current assets		491	397	451
TOTAL ASSETS		710	670	673

SEKm	Note	March 31, 2021	March 31, 2020	Dec 31, 2020
EQUITY AND LIABILITIES				
Total equity		362	353	334
Non-current liabilities				
Liabilities to credit institutions		8	0	8
Lease liabilities		45	54	47
Provisions		8	9	5
Deferred tax liabilities		52	67	52
Total non-current liabilities		114	131	112
Current liabilities				
Liabilities to credit institutions		45	25	36
Lease liabilities		11	9	9
Provisions		4	6	7
Accounts payables		33	29	45
Current liabilities to Group companies	3	83	77	83
Current tax liabilities		2	–	–
Other current liabilities		5	3	6
Accrued expenses and deferred income		50	37	41
Total current liabilities		234	187	228
TOTAL EQUITY AND LIABILITIES		710	670	673

Consolidated statement of changes in equity

SEKm	Share capital	Translation reserve	Retained earnings including profit for the period	Total equity
Opening balance at January 1, 2021	0	-1	335	334
Profit/loss for the period			31	31
Total other comprehensive income		-3		-3
Total comprehensive income	0	-3	31	28
Closing balance March 31, 2021	0	-4	366	362
Opening balance at January 1, 2020	0	-5	352	347
Profit/loss for the period			10	10
Total other comprehensive income		-4		-4
Total comprehensive income	0	-4	10	6
Closing balance March 31, 2020	0	-9	362	353

Consolidated statement of cash flows

SEKm	Note	2021 Jan–March	2020 Jan–March	2020 full year
Cash flow from operating activities				
Operating profit/loss		40	13	-12
Adjustments for non-cash items:				
Depreciation, amortization and impairment		14	16	88 ¹
Adjustments for other non-cash items		1	0	46 ¹
Interest received		0	0	0
Interest paid		-1	-1	-3
Income tax paid		-7	-10	-10
Cash flow from operating activities before changes in working capital		48	18	108
Changes in working capital				
Decrease (+) / increase (-) in inventories		-1	17	44
Decrease (+) / increase (-) in accounts receivables		-6	39	29
Decrease (+) / increase (-) in other receivables		4	4	0
Decrease (-) / increase (+) in accounts payables		-11	-30	-12
Decrease (-) / increase (+) in other current liabilities		8	-10	-16
Cash flow from operating activities		42	39	153
Investing activities				
Investments in intangible assets		-4	-5	-22
Acquisition of property, plant and equipment		-1	-2	-7
Given intra-group loans ²		-83	-4	-
Repaid intra-group loans ²		-	-	67
Cash flow from investing activities		-88	-11	38
Financing activities				
Repayment of external loans		0	-2	-12
Amortization of lease liabilities		-3	-2	-8
New loans		12	10	36
Group contributions paid		-	0	-
Cash flow from financing activities		9	6	16
Cash flow for the period		-37	34	208
Cash and cash equivalents at beginning of period		254	52	52
Exchange rate differences in cash and cash equivalents		-3	-5	-5
Cash and cash equivalents at end of period		215	81	254

1) Full-year 2020 includes impairment losses for property, plant and equipment and intangible assets of a total of SEK 29m (0), impairment losses for inventories of a total of SEK 48m (0) and other for a total of SEK -2m (1).

2) Relates to loan to Profoto Invest AB, see note 3

Condensed Parent Company financial statements

Condensed Parent Company income statement

SEKm	Note	2021 Jan-March	2020 Jan-March	2020 full year
Net sales		2.9	2.9	11.7
Operating expenses				
Other external expenses		-7.2	-0.7	-2.0
Personnel expenses		-2.6	-2.5	-9.3
Other operating expenses		0.0	0.0	0.0
Operating profit/loss (EBIT)		-6.9	-0.2	0.5
Profit/loss from financial items				
Income from participations in Group companies		-	-	183.8
Interest and similar expenses		0.0	0.0	0.0
Profit/loss after financial items		-6.9	-0.2	184.3
Appropriations		-	-	-27.5
Profit/loss before tax		-6.9	-0.2	156.8
Tax on profit for the period		0.0	0.0	5.5
Profit/loss for the period		-6.9	-0.2	162.3

Parent Company balance sheet

SEKm	Note	March 31, 2021	March 31, 2020	Dec 31, 2020
ASSETS				
Non-current assets				
Financial assets				
Participations in Group companies		32.0	32.0	32.0
Total non-current assets		32.0	32.0	32.0
Deferred tax assets		6.1	-	6.1
Current assets				
Current tax assets		0.1	0.7	-
Current receivables from Group companies		233.3	49.5	233.3
Other current assets		0.8	0.0	0.6
Prepayments and accrued income		0.1	0.1	0.1
Total current receivables		234.3	50.3	234.0
Cash and cash equivalents		0.1	0.2	0.3
Total current assets		234.4	50.5	234.3
TOTAL ASSETS		272.4	82.5	272.4
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		0.1	0.1	0.1
Total restricted equity		0.1	0.1	0.1
Unrestricted equity				
Retained earnings		184.3	0.2	22.0
Profit/loss for the period		-6.9	-0.2	162.3
Total unrestricted equity		177.4	0.0	184.3
Total equity		177.5	0.1	184.4
Current liabilities				
Accounts payables		0.5	0.3	0.4
Current liabilities to Group companies		82.8	77.1	82.8
Other current liabilities		0.9	0.9	1.0
Accrued expenses and deferred income		10.7	4.1	3.8
Total current liabilities		94.9	82.4	88.0
TOTAL EQUITY AND LIABILITIES		272.4	82.5	272.4

Condensed Parent Company statement of cash flows

SEKm	Note	2021 Jan-March	2020 Jan-March	2020 full year
Cash flow from operating activities				
Operating profit/loss		-6.9	-0.2	0.5
Income tax paid		-0.1	-0.1	0.0
Cash flow from operating activities before changes in working capital		-7.0	-0.4	0.5
Changes in working capital				
Decrease (+) / increase (-) in other receivables		-0.1	-1.3	-0.1
Decrease (-) / increase (+) in accounts payables		0.1	-0.3	-0.2
Decrease (-) / increase (+) in other current liabilities		6.8	1.0	-0.3
Cash flow from operating activities		-0.2	-1.0	-0.2
Cash flow from investing activities		0.0	0.0	0.0
Financing activities				
Change in intercompany liabilities		0.0	1.3	0.0
Change in short-term financial liabilities		-0.1	0.0	0.5
Cash flow from financing activities		-0.1	0.0	0.5
Cash flow for the period		-0.2	0.4	0.3
Cash and cash equivalents at beginning of period		0.3	-0.2	0.0
Cash and cash equivalents at end of period		0.1	0.2	0.3

Notes

Note 1 Accounting policies and general information

This interim report for the Group has been prepared in accordance with IAS 34 "Interim Financial Reporting" and applicable provisions of the Swedish Annual Accounts Act. The interim report for the Parent Company was prepared in accordance with Chapter 9, Interim Reports, in the Swedish Annual Accounts Act. Disclosures in accordance with IAS 34 are presented in the financial statements and their notes, as well as in the remaining sections of the interim report.

The same accounting policies and calculation basis as in the last annual report have been applied for the Group and the Parent Company.

There are no material differences between the fair value and the carrying amount of financial assets or liabilities.

Note 2 Operating segments and allocation of revenue

The Profoto Group consists of a single operating segment. Product development, sourcing, manufacturing and marketing are all managed at Group level, while sales are conducted in three regions, EMEA, Americas and APAC. Internal monthly follow-up focuses on the Group as a whole in addition to the geographical sales data that are presented at levels other than the Group level. Revenue is recognized when control is transferred to the customers, which coincides with the time of delivery.

SEKm	2021 Jan-March	2020 Jan-March	2020 full year
- EMEA	53	61	199
- Americas	51	60	189
- APAC	48	27	141
Total net sales	153	148	528

Note 3 Related party transactions

Related party transactions include payments to Board members and senior executives, as well as intra-group transactions with the ultimate Parent Company. Remuneration levels are on terms equivalent to those that prevail in commercial transactions and are presented in the annual accounts.

Transactions with the ultimate Parent Company Profoto Invest AB consist of intercompany loans, anticipated dividends, shareholder contributions and Group contributions from Profoto Holding AB to Profoto Invest AB. The purpose of the loan to the Parent Company is to finance the repayment of external loans to credit institutions. The loan to the Parent Company is interest-free. Closing balances are presented in the table for the Group and the Parent Company, respectively.

Group SEKm	2021 March 31	2020 March 31	2020 Dec 31
Receivables from Parent Company	102	91	20
Liabilities to Parent Company	-83	-77	-83
Total	19	14	-63

Parent Company SEKm	2021 March 31	2020 March 31	2020 Dec 31
Intercompany receivables	233.3 ¹	49.5	233.3
Liabilities to Parent Company	-82.8 ²	-77.1	-82.8
Total	150.5	-27.6	150.5

1) Of which the entire amount relates to receivables from subsidiaries of the Holding Group. Significant items included in the amount are anticipated dividends from subsidiaries of SEK 183.8m.

2) Significant items included in liabilities to the Parent Company are a receivable for shareholder contributions totaling SEK 21.8m and a liability for Group contributions totaling SEK -27.5m.

Note 4 Intangible assets

SEKm	Capitalized development expenditure	Software	Licenses	Total
Opening acquisition value January 1, 2021	214	31	2	246
Acquisition	–	–	–	–
Capitalized development expenditure	4	–	–	4
Closing accumulated acquisition value March 31, 2021	218	31	2	250
Opening amortization January 1, 2021	-97	-12	-1	-109
Amortization for the period	-8	-1	0	-9
Closing accumulated amortization March 31, 2021	-105	-13	-1	-118
Opening impairment January 1, 2021	-19	–	–	-19
Closing accumulated impairment March 31, 2021	-19	–	–	-19
Carrying amount March 31, 2021	94	18	1	114
<hr/>				
Opening acquisition value January 1, 2020	193	31	2	225
Capitalized development expenditure	5	–	–	5
Closing accumulated acquisition value March 31, 2020	198	31	2	231
Opening amortization January 1, 2020	-67	-5	-1	-73
Amortization for the period	-7	-2	0	-9
Closing accumulated amortization March 31, 2020	-74	-7	-1	-82
Opening impairment January 1, 2020	–	–	–	–
Closing accumulated impairment March 31, 2020	-1	-1	-1	-1
Carrying amount March 31, 2020	123	24	1	148

Note 5 Pledged assets and contingent liabilities

Group SEKm	2021 March 31	2020 March 31	2020 Dec 31
Pledged collateral			
Company mortgages	40	40	40
Total	40	40	40
Contingent liabilities			
Swedish Customs Service	0	0	0
Total	0	0	0

Profoto Holding AB has issued a general guarantee to benefit Profoto AB, 556115-5838, in the form of a company mortgage to banks.

The Parent Company (Profoto Holding AB) has provided a guarantee for its British subsidiary (Profoto Limited) for fiscal year 2020, pursuant to 479C of the UK Companies Act 2006. The guarantee relates to the liabilities of the British subsidiary but is never used. The guarantee is not valid for fiscal year 2021. None of these guarantees could be considered contingent liabilities, since the probability that the guarantees would be called in for payment is extremely low.

Parent Company SEKm	2021 March 31	2020 March 31	2020 Dec 31
Pledged collateral			
Company mortgages	40	40	40
Total	40	40	40

Explanations alternative performance measures

Adjusted operating profit/loss (adjusted EBIT)

Alternative performance measures are used to describe trends in the business and to increase comparability between periods. Adjustments include significant effects from impairment of inventories, as well as development costs and IPO-related expenses. During the first quarter of 2021, adjustments were made for other external costs associated with costs related to IPO preparations in 2021. During full-year 2020, adjustments were made for property, plant and equipment, intangible assets, inventories and government grants received that were deemed to affect comparability. The impairment losses were attributable to sales from a certain product group that generally failed to meet expectations and these sales are not expected to increase during the coming year.

Adjusted items have a significant impact on EBIT. These are business-related events involving material amounts that have not occurred to the same extent in the past, and where the likelihood is low that similar transactions will occur in future periods. In order to provide a good understanding of Profoto's operating activities and what EBIT would have looked like without these items, the company has chosen to present adjusted EBIT without items affecting comparability.

The table below shows profit/loss from the company's operating activities excluding items affecting comparability.

SEKm	2021 Jan-March	2020 Jan-March	2020 full year
Net sales	153	148	528
Operating profit/loss (EBIT)	40	13	-12
Less items affecting comparability	8	-	68
Government grant for short-term work	-	-	-7
IPO-related expenses	8	-	-
Impairment of inventories	-	-	48
Impairment of property, plant, equipment and intangible assets	-	1	27
Adjusted operating profit (EBIT)	48	14	56
Adjusted EBIT margin, %	31.1	9.3	10.6

Adjusted EBIT margin, %

Adjusted EBIT in percent of net sales. Shows adjusted operating profit or loss in relation to net sales and is a measure of the profitability of the company's operating activities excluding items affecting comparability.

EBIT adjusted for currency effect, %

Percentage change in EBIT, translated at the previous year's transaction-based daily average exchange rate. Shows the change in profit or loss in operating activities, excluding the effects of exchange rates.

%	2021 Jan-March
Change in EBIT	207.1
Currency effect	85.5
EBIT adjusted for currency effect	292.6

EBIT

Profit or loss before financial items and tax. Shows the profit or loss from the company's operating activities.

EBIT margin, %

Adjusted EBIT in percent of net sales. Shows operating profit or loss in relation to net sales and is a measure of the profitability of the company's operating activities.

EBITDA

EBITDA (earnings before interest, taxes, depreciation and amortization) is operating profit or loss plus depreciation and amortization. EBITDA provides a picture of the ability of the business to generate resources for investments and payments to financiers, see table below.

SEKm	2021 Jan-March	2020 Jan-March	2020 full year
Operating profit/loss (EBIT)	40	13	-12
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	14	16	88
EBITDA	54	29	76

Items affecting comparability

Business transactions that represent the difference between operating profit/loss (EBIT) and adjusted operating profit/loss. These are transactions such as significant impairment of inventories and property, plant and equipment/intangible assets and IPO-related expenses, which by nature are unusual and have a material impact on earnings. The transactions play an important role in understanding underlying business development.

Net debt

Interest-bearing liabilities, minus cash and cash equivalents. A measurement of the company's financial position. Shows how much cash would remain if all debts were paid off. A negative amount indicates a positive net cash position.

SEKm	2021 March 31	2020 March 31
Liabilities to credit institutions, non-current	8	0
Lease liabilities, non-current	45	54
Liabilities to financial institutions, current	45	25
Lease liabilities, current	11	9
Current liabilities to Group companies	83	77
Current receivables from Group companies	-102	-91
Cash and cash equivalents	-215	-81
Net debt	-124	-7

Net debt/EBITDA

Net debt in relation to EBITDA over the past rolling twelve months. A measure of financial risk, as well as an indication of repayment capacity.

SEKm	2021 March 31	2020 March 31
Net debt	-124	-7
EBITDA, LTM	101	219
Net debt/EBITDA LTM, quota	-1.23	-0.03

Net sales adjusted for currency effect, %

Change in net sales for the period, translated at the previous period's transaction-based daily average exchange rate. Shows whether a company is growing or shrinking, excluding exchange rate effects.

%	2021 Jan-March
Change in net sales	3.1
Currency effect	10.1
Net sales adjusted for currency effect	13.2

Performance measure by quarter	2021	2020				2019		
	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun
Net sales, SEKm	153	173	126	81	148	217	161	242
EBIT, SEKm	40	46	-48	-23	13	39	24	93
EBIT margin, %	25.9	26.6	-38.0	-28.6	8.7	18.1	15.2	38.6
Adjusted EBIT, SEKm	48	48	24	-30	14	39	24	93
Adjusted EBIT margin, %	31.1	27.7	18.9	-36.6	9.3	18.1	15.2	38.6
Profit for the period, SEKm	31	33	-39	-21	10	37	18	72
Net debt, SEKm	-124	-91	-30	-3	-7	23	21	39
EBITDA LTM, SEKm	101	76	66	108	219	264	276	270
Net debt/EBITDA	-1.23	-1.20	-0.45	-0.02	-0.03	0.09	0.08	0.15
Earnings per share, SEK	62.17	65.43	-78.51	-42.72	20.94	74.32	36.06	143.98

Definitions

Average number of employees

Average number of full-time employees during the period.

Earnings per share

Profit for the period attributable to the shareholders of the Parent Company, divided by the weighted average number of shares outstanding during the period.

LTM

The last twelve months; twelve-month period ending on the date specified.

Parent Company

Profoto Holding AB, a limited liability company subject to Swedish jurisdiction.

Profoto Group/the Group

The Group or the Profoto Group consists of the Parent Company, as well as direct and indirect subsidiaries. The terms are used interchangeably.

Region EMEA

Africa, Europe including Turkey and Russia, as well as the Middle East.

Region APAC

Oceania and Asia with the exception of Russia, Turkey and the Middle East.

Region Americas

Central America, North America and South America.