

Interim Report

January 1–September 30, 2021

Financial summary July – September 2021

- Net sales increased to SEK 189m (126), an increase of 50.4 percent. Adjusted for currency effects, net sales increased by 52.8 percent.
- EBIT amounted to SEK 58m (-48) and the EBIT margin to 30.4 percent (-38.0).
- Adjusted EBIT¹ improved to SEK 58m (24). No adjustments were made in the quarter. Adjustments for the third quarter of 2020 related to government grants (SEK -3m), impairment of inventories (SEK 48m), and impairment of non-current assets (SEK 27m).
- Adjusted EBIT margin¹ for the quarter was 30.4 percent (18.9).
- Profit for the period increased to SEK 45m (-39).
- Cash flow from operating activities totaled SEK 43m (35).
- Earnings per share (before and after dilution)² amounted to SEK 1.11 (-0.99).

Financial summary January – September 2021

- Net sales increased to SEK 514m (355), an increase of 44.9 percent. Adjusted for currency effects, net sales increased by 54.3 percent.
- EBIT amounted to SEK 133m (-58) and the EBIT margin to 25.9 percent (-16.4).
- Adjusted EBIT¹ improved to SEK 158m (8). Adjustments for the period related to IPO expenses of SEK 25m. Adjustments for the third quarter of 2020 related to government grants (SEK -9m), impairment of inventories (SEK 48m), and impairment of fixed assets (SEK 27m).
- Adjusted EBIT margin¹ for the period was 30.7 percent (2.2).
- Profit for the period increased to SEK 98m (-50).
- Cash flow from operating activities totaled SEK 139m (79).
- Earnings per share (before and after dilution)² amounted to SEK 2.45 (-1.25).

Significant events July – September 2021

- The Parent Company Profoto Holding AB (publ) was listed on Nasdaq Stockholm's Mid-cap list with its first trading day on July 1, 2021.
- On July 5, 2021, the former Parent Company Profoto Invest AB transferred all remaining shares in Profoto Holding AB (publ), which were not sold at the listing, to the owners of Profoto Invest AB.
- Product launch of the B10X and B10X plus, an upgrade to the B10, which is an off-camera flash that can be used for both still photography and video.

1) For information and explanations regarding alternative performance measures, see pages 19-20.

2) Calculated based on 40,000,000 ordinary shares before and after dilution (retroactive adjustment due to share split of periods prior to the second quarter of 2021).

Net sales

SEK 189m

Q3 2021
(SEK 126m)

EBIT

SEK 58m

Q3 2021
(Adjusted EBIT SEK 24m
Q3 2020)

EBIT margin

30%

Q3 2021
(Adjusted EBIT margin
19% Q3 2020)

Key ratios**Group**

	2021 July - Sept	2020 July - Sept	$\Delta\%$	2021 Jan - Sept	2020 Jan - Sept	$\Delta\%$	2020 full year
Net sales, SEKm	189	126	50.4	514	355	44.9	528
EBIT*, SEKm	58	-48	-	133	-58	-	-12
EBIT margin, %	30.4	-38.0	-	25.9	-16.4	-	-2.2
Adjusted EBIT ¹ , SEKm	58	24	142.5	158	8	1,896.6	56
Adjusted EBIT margin ¹ , %	30.4	18.9	-	30.7	2.2	-	10.6
Net profit for the period*, SEKm	45	-39	-	98	-50	-	-17
Cash flow from operating activities, SEKm	43	35	23.9	139	79	76.2	153
Net debt ² , SEKm	-46	-30	52.0	-46	-30	52.0	-91
Net debt/EBITDA	-0.19	-0.45	-	-0.19	-0.45	-	-1.20
Earnings per share* ³	1.11	-0.99	-	2.45	-1.25	-	-0.44

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 19-20.

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

3) Calculated based on 40,000,000 ordinary shares before and after dilution (retroactive adjustment due to share split of periods prior to the second quarter of 2021).

*Percentage change when changing the sign is not stated.

Another good quarter with growth and a strong result

The third quarter was good, as expected, for Profoto. As restrictions ease, and more countries open up, the demand for professional photography increases which also increases the demand for light shaping tools.

Historically, under more normal circumstances, the third quarter has been a slightly weaker quarter for Profoto. This year, however, it is clear that the reopening of societies has brought us continued good growth. Activities such as travel, weddings and commercial photography drive the underlying demand for lighting used in professional photography. In the third quarter, such activities could begin, or at least be planned, in Europe and the US. Consequently, dealers and rental companies have been more optimistic and have started to place more orders. Whether this is in part a next-stage inventory build-up, or will generate further resale is difficult to predict at this stage.

Our launches during the year, the Pro 11 (a generator with optimal speed and power) in the first quarter and the B10 and B10X (an off-camera flash that can be used for both still photography and video) in the third quarter, have been well received and have generated good sales. We also increased prices further on some products in the latter part of the quarter.

During the pandemic, e-commerce has become an increasingly important part of consumer demand. This trend will probably persist even when life is normalized. We can clearly see that our products that are used for this purpose have had an extra boost in sales. These pure e-commerce companies need to improve and industrialize their processes for photographing and publishing product images. The trend also applies to companies that previously relied mainly on physical stores. Many companies with well-known brands are now investing in building their own studios with professional photographers and efficient processes to quickly present and publish new products. For example, displaying and selling apparel online requires good photos. Good photos require good lighting. Consumers want to see what the fabrics look like in detail, and they also want to know what the garments look like on a model. Our products work easily for both moving and still images, often taken in the same studio.

Our different regions varied in performance. In the US, activity continued to grow, as we saw already in the second quarter. In Europe, we finally saw communities reopen in the third quarter, which meant good growth for us. APAC continued to be different; for example, Japan has been under severe restrictions, which will hopefully change in the future.



While we are proud and pleased to deliver another strong quarter, we are not satisfied. We are still some ways from where we were before the pandemic. In addition, like many others, we are concerned about the impact of supply chains and component shortages in the future. So far, the effects of this situation have been limited and manageable.

This was our second quarterly report as a listed company. It is a good feeling to know that we are following the path we set out in our presentations, what we have said and written, including in our prospectus, and how we presented our financial targets.

Stockholm October 27, 2021

Anders Hedebark
President and CEO

Financial overview

Third quarter, July 1– September 30, 2021

Net sales

Net sales for the third quarter amounted to SEK 189m (126), an increase of 50.4 percent compared with the corresponding period last year. Adjusted for currency effects, sales increased by 52.8 percent in the third quarter.

During the quarter, more and more countries continued to open up and ease restrictions. This allowed for travel, weddings, and commercial photo shoots to take place, driving demand for lighting products. This trend contributed to increased optimism among dealers, who have ordered more products during the quarter. In the US and Europe in particular, the gradual reopening contributed to increased demand from rental companies, which in turn resulted in rising sales for Profoto's new Pro-11 flash generator, launched in February 2021.

The quarter began with the launch of the B10X and B10X plus, an upgrade to the B10, an off-camera flash that can be used for both still photography and video. The launch generated strong interest and good uptake during the quarter.

Demand from companies accelerating their e-commerce development continued to increase during the quarter. Larger fashion clients in particular invested in their own studios to produce material for their websites and social networks more quickly. The same trend was also observed from pure e-commerce companies.

As in the previous quarter, sales were partly hampered by a shortage of components, which led to delays and some lost sales.

Regions

The US continued its reopening during the third quarter, which is evident in sales in the Americas region, amounting to SEK 78m (42), up 84.9 percent. EMEA also saw a gradual recovery to SEK 67m (48) in sales in the quarter, an increase of 41.1 percent.

APAC continued to recover slowly, but was hampered by continued restrictions in countries such as Japan and China during the quarter. Total sales in APAC amounted to SEK 44m (36), an increase of 24.8 percent. For further information on sales by region, see note 2 on page 17.

Operating profit/loss (EBIT)

During the third quarter, EBIT was SEK 58m (-48), which corresponds to an EBIT margin of 30.4 percent.

Adjusted EBIT¹ was SEK 58m (24) and adjusted EBIT margin was 30.4 percent (18.9). No adjustments were made in the quarter. Adjustments for the third quarter of 2020 related to government grants (SEK -3m), impairment of inventories (SEK 48m), and impairment of property, plant and equipment/intangible assets (SEK 27m).

The increase in EBIT and adjusted EBIT was an effect of higher sales. Compared with the same period the previous year, other external expenses increased to SEK 28m (24) and personnel expenses, excluding adjustments, to SEK 29m (26). The increases were mainly due to additional consultancy costs related to operating in a listed environment, as well as variable staff costs as an effect of higher turnover than the corresponding period the previous year.

Financial items

Financial items consisted of interest expenses of SEK 1m (1), which mainly related to interest on lease liabilities, utilized overdraft credit and external loans. Realized and unrealized foreign exchange losses on financial items amounted to SEK 0m (1). Net from financial items amounted to SEK -1m (-1).

Net profit for the period and tax expense

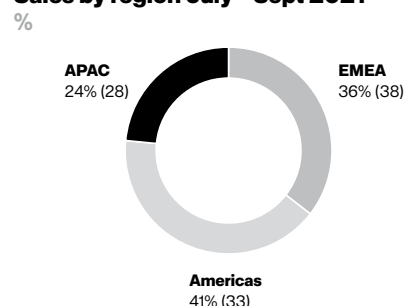
Net profit for the period was SEK 45m (-39). The tax expense was SEK 12m (-10), of which SEK 14m (-5) was current tax. The effective tax rate for the period was 20.8 percent (-19.4).

¹ For information and explanations regarding alternative performance measures, see pages 19-20.

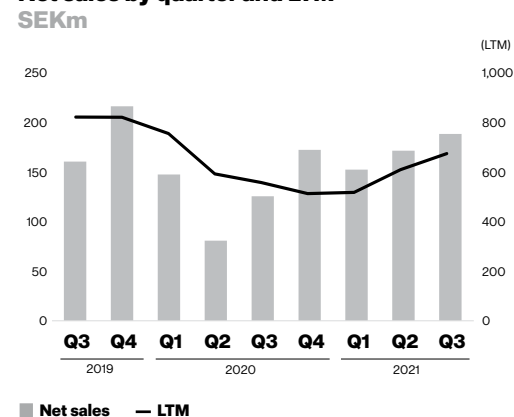
Change in net sales

	2021 July - Sept
Net sales adjusted for currency effect	52.8
Currency effect	-2.4
Total	50.4

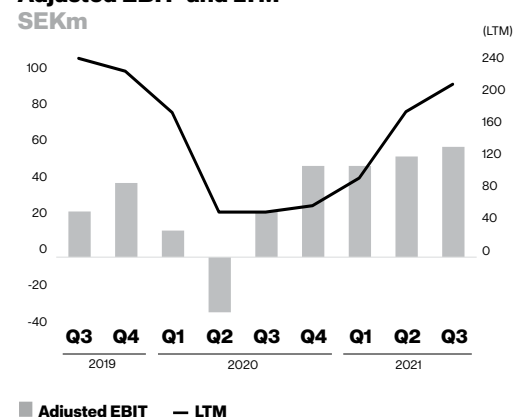
Sales by region July - Sept 2021



Net sales by quarter and LTM



Adjusted EBIT¹ and LTM



First three quarters, January 1– September 30, 2021

Net sales

Net sales for the first three quarters of 2021 amounted to SEK 514m (355), an increase of 44.9 percent compared with the corresponding period last year. Adjusted for currency effects, sales increased by 54.3 percent during the period.

Sales during the period benefited from a gradually more open world that has contributed to increased activity by commercial photographers which in turn results in increased demand for lighting products.

The first quarter launch of the Pro-11, a further development of Profoto's flagship product Pro-10, and the third quarter launch of the B10X and B10X plus, an upgrade of the B10, generated interest and sales. The second quarter also saw the launch of the new Profoto Camera, a camera app that can be downloaded to smartphones and easily communicates with Profoto's lighting products.

Flashes for product photography in e-commerce also contributed strongly to the sales for the period.

Regions

The easing of restrictions in the Americas and EMEA contributed to recovery in the regions. Sales in the period for the Americas amounted to SEK 201m (122), an increase of 65.0 percent, and for EMEA to SEK 181m (136), an increase of 33.0 percent from the corresponding period in 2020. Growth in EMEA was lower than in the Americas, since the comparative figure in EMEA for 2020 was higher because the region was less affected by restrictions, especially in the third quarter.

Total sales in APAC amounted to SEK 132m (97), an increase of 35.6 percent. Restrictions in APAC varied over the period, with a strong recovery in the second quarter of 2021 and a weaker recovery in the first and third quarters, due in part to tighter restrictions in Japan in the third quarter.

For further information on sales by region, see note 2 on page 17.

Operating profit/loss (EBIT)

During the first three quarters, EBIT was SEK 133m (-58), which corresponds to an EBIT margin of 25.9 percent (-16.4).

Adjusted EBIT¹ was SEK 158m (8) and adjusted EBIT margin was 30.7 percent (2.2). Adjustments for the period related to IPO expenses of SEK 25m. Adjustments for the period in 2020 related to government grants (SEK -9m), impairment of inventories (SEK 48m), and impairment of property, plant and equipment/intangible assets (SEK 27m).

The increases in EBIT and adjusted EBIT were due to increased sales, as well as to improved operational efficiency, which in turn is a result of the streamlining program carried out in the second half of 2020, which reduced costs. Compared with the same period the previous year, other external costs excluding listing costs decreased to SEK 81m (98) and staff costs excluding government subsidies received for short-term work decreased to SEK 87m (98).

Financial items

Financial items consisted of realized and unrealized exchange gains on cash and cash equivalents of SEK 0m (2) in the first three quarters and interest expense of SEK 2m (2). Interest expense mainly related to interest on lease liabilities, utilized overdraft credit and external loans. Net from financial items amounted to SEK -2m (-4). Intra-group receivables/liabilities in relation to the Parent Company Profoto Invest AB did not carry interest.

Net profit for the period and tax expense

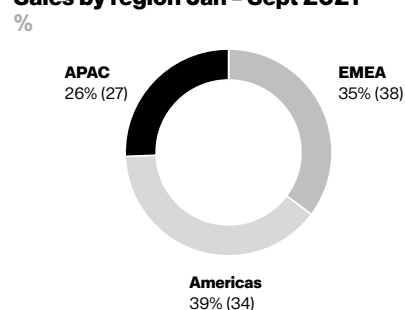
Net profit for the period was SEK 98m (-50). Tax expense was SEK 33m (-12), of which SEK 38m (-7) was current tax and SEK -5m (-4) related to a change in deferred taxes. The effective tax rate for the period was 25.2 percent (-19.0). The effective tax rate was mainly affected by the fact that IPO expenses of SEK 22m were treated as non-deductible for tax purposes. Excluding the tax effect of these costs, the effective tax rate for the first three quarters of the year was 21.6 percent.

1) For information and explanations regarding alternative performance measures, see pages 19-20.

Change in net sales

	2021 Jan - Sept
Net sales adjusted for currency effect	54.3
Currency effect	-9.4
Total	44.9

Sales by region Jan - Sept 2021



Financial position and other information

Product development and other investments

During the third quarter, SEK 5m (3) and for the first three quarters SEK 14m (15), were capitalized as internally generated development expenditure. Total net book value of capitalized development expenditure amounted to SEK 91m (99) as of September 30. Total research and development expenses that were expensed during the third quarter amounted to SEK 6m (8) and SEK 22m (31) for the three first quarters of the year. Expenditure incurred mainly related to costs in the feasibility phase and project-wide administrative expenses that cannot be attributed to the development of specific products. During the first three quarters, SEK 4m (1) were invested in tools and equipment mainly related to ongoing development projects.

Working capital, liquidity and cash flow

At the end of the third quarter, inventories totaled SEK 95m (104) and accounts receivable SEK 78m (54). Cash and cash equivalents totaled SEK 135m (205). Accounts payable amounted to SEK 42m (27). Inventory level is lower than desired in relation to the demand which is mainly due to component shortage. Accounts receivable and accounts payable increased due to higher sales compared with the third quarter of 2020. Cash flow from operating activities totaled SEK 43m (35) for the quarter, and SEK 139m (79) for the first three quarters. The increase was mainly due to higher sales compared with the same periods last year.

Depreciation, amortization and impairment

Depreciation/amortization totaled SEK 14m (15) for the third quarter and SEK 43m (44) for the first three quarters. Depreciation of property, plant and equipment for the third quarter amounted to SEK 6m (5) and for the first three quarters to SEK 17m (16), while depreciation of intangible assets amounted to SEK 9m (9) for the third quarter and SEK 27m (28) for the period January-September. Impairment of property, plant and equipment and intangible assets amounted to SEK 0m (27) in the third quarter and SEK 0m (28) for the first three quarters.

Financial position

On September 30, 2021, consolidated equity totaled SEK 273m (300). Equity was negatively impacted in the first three quarters of 2021 by the dividend of SEK 156m to the former parent company Profoto Invest AB, as resolved by the Annual General Meeting for the 2020 financial year. Interest-bearing liabilities to credit institutions amounted to SEK 35m (30), which was a decrease in debt of SEK 7m since year-end 2020. Lease liabilities amounted to SEK 54m (58) according to IFRS 16. The Group showed a net cash position of SEK 46m (30).

Financial targets

The Group's financial targets focus on growth, profitability and dividend level and are defined as:

- 1) Growth: Achieve annual growth in currency-adjusted net sales of over 10 percent over time. Achieve net sales of SEK 800m by the end of 2023.
- 2) Profitability: Maintain an EBIT margin of 25-30 percent and increase EBIT year on year.
- 3) Dividend level: At least 50 percent of net profit, taking into account other factors such as financial position, cash flow and growth opportunities.

Employees

The average number of employees in the first quarter was 95 (129), of whom 36 (39) 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 (publ) with registration number 556810-9879 is the Parent Company of the Group.

The Parent Company is a holding company with management fees to other Group companies of SEK 2.9m (2.9) as its only income in the third quarter, and with personnel expenses and other external expenses related to management of the Group as expenses. IPO expenses of SEK 22.3m had a negative impact on other external expenses in the first three quarters of 2021.

Operating profit/loss (EBIT) was SEK -2.7m (0.5) for the third quarter. Current assets totaled SEK 5.6m (51.6) and current liabilities amounted to SEK 40.0m (82.8). The change was mainly attributable to the settlement of intra-group receivables and payables from the former Parent Company Profoto Invest AB during the second quarter of 2021.

Summary of significant events January-September

As a consequence of the listing of Profoto Holding AB (publ) on Nasdaq Stockholm's Mid-Cap list, with the first trading day on July 1, 2021, all remaining shares in Profoto Holding AB (publ) that were not sold at the listing and were held by the former Parent Company, Profoto Invest AB, were transferred to the owners of Profoto Invest AB on July 5, 2021. As of this date, Profoto Invest AB is therefore no longer the Parent Company of Profoto Holding AB (publ).

Product launches included the B10X and B10X plus in the third quarter and the Pro-11 in the first quarter.

At the Annual General Meeting on May 7, it was decided to pay a total dividend of SEK 156m to the former ultimate Parent Company Profoto Invest AB, which was settled during the second quarter.

The Parent Company (Profoto Holding AB (Publ)) carried out a bonus issue during the second quarter in which the share capital was increased to SEK 0.5m and a share split in which the number of shares increased to 40,000,000.

The Parent Company (Profoto Holding AB (Publ)) entered into a loan agreement in June for an RCF loan with a total credit limit of SEK 250m, the conditions for which were met in July.

Significant events after the end of the period

No significant events occurred after the end of the reporting period.

Owners

As of September 30, 2021, Profoto had 1,382 known owners; the 10 largest owners were:

Owners	Number of shares	%
Anders and Helén Hedebark	15,127,321	37.82
Conny Dufgran	6,000,000	15.00
Lannebo Fonder	3,051,119	7.63
Herenco Holding AB	1,615,151	4.04
Svolder	1,515,151	3.79
Hans Eckerström	1,230,508	3.08
Enter Fonder	1,083,926	2.71
Nordnet Pensionsförsäkring	983,059	2.46
AFA Försäkring	615,000	1.54
Strand Fonder	507,066	1.27

The Profoto share

Profoto Holding AB (publ) has been listed on the Nasdaq OMX Stockholm Mid-Cap list since July 1, 2021. The number of shares amounts to 40 million. A list of the largest shareholders is updated at the end of each month on the company's website investors.profoto.com

Significant risks and uncertainties

The Profoto Group is an international group exposed to operational risks, market-related risks, legal and tax risks, as well as financial risks. In the wake of the pandemic, there are short-term risks of supply chain disruptions and component shortages which may impact Profoto's production and sales. Risk management is a normal part of the business and is regularly monitored by Group Management and reported to the Board of Directors. These include the following material risks:

Operational risks:

The Group has adopted a scalable business model and outsources all non-core activities. This risk includes the risk that outsourced staff lack incentives, knowledge or skills, resulting in failure to meet high standards within the Group, as well as the risk that third-party suppliers lack resources, or that Profoto is not prioritized by these suppliers.

The Group is dependent on the supply of components for its products in order to be able to deliver to customers. Risks include loss of suppliers, delayed or non-delivery of products, or failure of products to meet customer quality requirements.

The Group depends on attracting and retaining key employees for key positions.

The Group relies on dealers for the sale and delivery of products to customers.

The Group depends on maintaining its reputation and is exposed to the risk of negative publicity regarding the Profoto brand.

The Group's operations and products depend on IT systems and technology, and disruptions or failures in critical systems can result in product failure or the theft or loss of product data.

A lack of innovation in developing new business models for the Group could lead to a significant reduction in net sales in the

long term.

There is a risk that the Group's growth strategy will not be realized because of the Group's inability to compete effectively in a constantly changing technological environment, or that the Group misjudges current and future market developments.

Market-related risks:

There is a risk that new technologies and solutions, such as artificial intelligence, replace flash photography, or that video filming replaces traditional photography, which may result in the obsolescence of the company's products.

The Covid-19 outbreak has negatively impacted the global economy and may continue to have a negative impact on the Group's sales figures, financial position and future revenues due to the photo industry's heavy reliance on effects related to travel and events.

The Group operates in a global market which exposes it to certain risks, especially the risk that sales may be adversely affected by changes in the political situation, trade conflicts, or changes in customs and trade regulations.

The Group operates in a competitive environment and is at risk of being challenged by competitors with greater financial resources and competitors from low-wage countries.

Legal and tax risks:

The Group and its competitive position depend on worldwide intellectual property rights. There is a risk that the Group's protection of registered intellectual property rights may prove inadequate or that current rights may not be approved.

The Group's activities depend on compliance with EU directives on producer responsibility and obtaining the necessary certifications for the Group's products.

The Group may from time to time be involved in litigation, claims and other legal or administrative proceedings, in particular relating to intellectual property rights.

There are risks related to misinterpretation of tax rules, which could have a negative impact on the tax situation.

Financial risks:

The Group is exposed to currency risks, both transactional and translation exposure.

Changes in the value of capitalized development expenditure could have a negative impact on the Group's earnings and financial position if it is required to take an impairment charge on capitalized development expenditure.

The Group is exposed to the risk that the required financing is not available or is delayed with significantly increased costs. If the Group breaches its financial covenants, there is a risk that the credit facility, in whole or in part, will become immediately due and payable or withdrawn by the bank.

A more comprehensive description of the risks can be found in the Parent Company's prospectus, available at www.profoto.com

Signatures

The Board of Directors and the President and Chief Executive Officer hereby declare that this interim report provides a true and fair view of the Parent Company's and the Group's operations, position and earnings, and also describes the material risks and uncertainties faced by the Parent Company and the companies included in the Group.

Stockholm October 27, 2021

Hans Eckerström
Chairman of the Board

Magnus Brännström
Board member

Pernilla Ekman
Board member

Anders Hedebark
Board member
Chief Executive Officer

Helena Holmgren
Board member

Helene Willberg
Board member

Auditor's report

We have performed a review of the accompanying interim report of Profoto Holding AB (Publ) with registration number 556810-9879 for the period January 1-September 30, 2021. The Board of Directors and the CEO are responsible for the preparation and fair presentation of this interim report in accordance with IAS 34 and 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 important 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, for the group in accordance with IAS 34 and the Annual Accounts Act and for the parent company in accordance with the Annual Accounts Act.

Stockholm October 27, 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. We know that light is the indispensable source in all image creation – regardless of camera or situation. Creating great images is about mastering and shaping light. Customers include the world's leading photographers and Profoto is currently represented in over 60 markets worldwide. Net sales in 2020 amounted to SEK 528m with 122 employees at the head office in Stockholm and in subsidiaries in the US, Japan, China, Germany, France and the UK.

Financial calendar

Year-end report 2021 – February 10, 2022

Interim report Q1 2022 – May 5, 2022

Annual Report 2021 – April 11, 2022

Annual General Meeting 2022 – May 5, 2022

Interim Report Q2 2022 – July 22, 2022

Interim Report Q3 2022 – November 8, 2022

Conference call:

Profoto Holding AB (publ) will publish its interim report for the third quarter of 2021 on Wednesday, October 27, at 08:00 CET. At 10:00 a.m. the same day, a webcast teleconference will be held where President and CEO Anders Hedebark will present the report together with CFO Petter Sylvan. The presentation will be followed by a Q&A session. The presentation will be held in English. Those wishing to participate in the conference call in conjunction with the presentation should call the following numbers from Sweden: +46 856 642 705 UK: +44 333 300 92 67 US: +1 63 191 314 22 US-PIN: 45069895#. You can also follow and listen to the presentation and the conference at the following web link:

<https://tv.streamfabriken.com/profoto-q3-2021>

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This information is insider information that Profoto Holding AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 08:00 CET on October 27, 2021.

Condensed consolidated financial statements

Consolidated statement of profit and loss

SEKm	Note	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Full year
Net sales	2	189	126	514	355	528
Other operating income		4	2	7	12	3
Total revenue		193	128	522	367	531
Capitalized work for own account		5	3	14	15	21
Goods		-67	-89	-163	-170	-228
Other external expenses		-28	-24	-106	-98	-126
Personnel expenses		-29	-24	-87	-91	-120
Depreciation, amortization and impairment of intangible assets and property, plant and equipment		-14	-41	-43	-72	-88
Other operating expenses		-2	-2	-3	-8	-3
Operating profit/loss (EBIT)		58	-48	133	-58	-12
Finance income and costs						
Finance income		0	0	0	2	0
Finance costs		-1	-1	-2	-6	-8
Profit/loss before tax		56	-49	131	-62	-20
Tax		-12	10	-33	12	2
Profit/loss for the period		45	-39	98	-50	-17
<i>Attributable to:</i>						
Owners of the Parent Company		45	-39	98	-50	-17
Earnings per share, before and after dilution ¹ , SEK		1.11	-0.99	2.45	-1.25	-0.44

1) Calculated based on 40,000,000 ordinary shares before and after dilution (retroactive adjustment due to share split of periods prior to the second quarter of 2021).

Consolidated statements of comprehensive income

SEKm	Note	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Full year
Profit/loss for the period		45	-39	98	-50	-17
<i>Other comprehensive income, items that may be reclassified to the consolidated statement of profit and loss:</i>						
Translation differences for the period		-1	3	-3	3	4
Total comprehensive income for the period		44	-36	95	-47	-13
<i>Attributable to:</i>						
Parent Company shareholders		44	-36	95	-47	-13

Condensed consolidated statement of financial position

SEKm	Note	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
ASSETS				
Non-current assets				
Intangible assets				
	4			
Capitalized development expenditure		91	99	98
Software		14	20	19
Licenses		1	1	1
Total intangible assets		106	121	118
Property, plant and equipment				
Leased assets		52	57	54
Equipment, tools and installations		23	30	27
Leasehold improvements		3	5	4
Total property, plant and equipment		78	91	86
Financial assets		2	3	2
Deferred tax assets		19	15	16
Total non-current assets		205	231	222
Current assets				
Inventories				
		95	104	94
Current receivables				
Accounts receivable		78	54	67
Current tax assets		–	25	5
Current receivables from Group companies	3	–	16	20
Other current assets		6	1	3
Prepayments and accrued income		5	6	8
Total current receivables		89	102	103
Cash and cash equivalents		135	205	254
Total current assets		319	411	451
TOTAL ASSETS		524	642	673

SEKm	Note	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
EQUITY AND LIABILITIES				
Total equity		273	300	334
Non-current liabilities				
Liabilities to credit institutions		7	10	8
Lease liabilities		45	49	47
Provisions		7	6	5
Deferred tax liabilities		50	64	52
Total non-current liabilities		109	129	112
Current liabilities				
Liabilities to credit institutions		28	46	36
Lease liabilities		9	9	9
Provisions		5	7	7
Accounts payable		42	27	45
Current liabilities to Group companies	3	-	77	83
Current tax liabilities		8	-	-
Other current liabilities		2	7	6
Accrued expenses and deferred income		47	39	41
Total current liabilities		141	213	228
TOTAL EQUITY AND LIABILITIES		524	642	673

Consolidated statement of changes in equity

SEKm	Share capital	Translation reserve	Retained earnings, including profit/loss for the period	Total equity
Opening balance January 1, 2021	0	-1	335	334
Profit/loss for the period			98	98
Total other comprehensive income		-3		-3
Total comprehensive income	0	-3	98	95
Fund issue	1		-1	0
Dividends to Parent Company	-	-	-156	-156
Closing balance September 30, 2021	1	-4	276	273
Opening balance January 1, 2020	0	-5	352	347
Profit/loss for the period			-50	-50
Total other comprehensive income		3		3
Total comprehensive income	0	3	-50	-47
Closing balance September 30, 2020	0	-2	302	300

Consolidated statement of cash flows

SEKm	Note	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Full year
Cash flow from operating activities						
Operating profit/loss		58	-48	133	-58	-12
Adjustments for non-cash items:						
Depreciation, amortization and impairment of non-current assets		14	41	43	72	88 ¹
Adjustments for other non-cash items		0	48	1	49	46 ¹
Interest received		0	0	0	0	0
Interest paid		-1	-1	-2	-2	-3
Income tax paid		-9	-3	-25	-14	-10
Cash flow from operating activities before changes in working capital		62	37	150	46	108
Changes in working capital						
Decrease (+) / increase (-) in inventories		2	10	1	36	44
Decrease (+) / increase (-) in accounts receivable		-3	-16	-11	43	29
Decrease (+) / increase (-) in other receivables		-5	-1	0	2	0
Decrease (-) / increase (+) in accounts payable		-6	15	-4	-30	-12
Decrease (-) / increase (+) in other current liabilities		-7	-10	2	-19	-16
Cash flow from operating activities		43	35	139	79	153
Investing activities						
Investments in intangible assets		-5	-3	-14	-14	-22
Acquisition of property, plant and equipment		0	-1	-4	-7	-7
Given intra-group loans ²		-	0	-116	0	0
Repaid intra-group loans ²		-	78	-	71	67
Cash flow from investing activities		-5	74	-135	50	38
Financing activities						
Repayment of external loans		-10	-11	-19	-16	-12
Amortization of lease liability		-3	-2	-8	-6	-8
New loans		-	0	12	50	36
Repaid Intercompany liabilities ³		-	0	-103	0	-
Cash flow from financing activities		-13	-13	-118	28	16
Cash flow for the period		26	96	-114	157	208
Cash and cash equivalents at beginning of period ⁴		109	112	254	52	52
Exchange rate differences in cash and cash equivalents		0	-3	-6	-4	-5
Cash and cash equivalents at end of period		135	205	135	205	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) Given and repaid intra-group loans being part of the investing activities relate to borrowing to and repayment of borrowing from the previous parent company Profoto Invest AB.

3) Repayment of intercompany liabilities being part of the financing activities relates to repayment of loans to the previous parent Profoto Invest AB. The final balance was cleared at the end of Q2 2021, and also includes payment of decided owner dividend of SEK 156m.

4) Cash and cash equivalents at the beginning of the period for July-September 2020 includes a reclassification of overdraft credit used from cash and cash equivalents to current liabilities of SEK 33m.

Condensed Parent Company financial statements

Parent Company Income Statement

SEKm	Note	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Full year
Net sales		2.9	2.9	8.8	8.8	11.7
Operating expenses						
Other external expenses		-2.2	-0.3	-25.1	-1.5	-2.0
Personnel expenses		-3.5	-2.1	-9.2	-6.6	-9.3
Other operating expenses		0.0	0.0	0.0	0.0	0.0
Operating profit/loss (EBIT)		-2.7	0.5	-25.5	0.7	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	0.0	0.0
Profit/loss after financial items		-2.8	0.5	-25.5	0.7	184.3
Appropriations		-	-	-	-	-27.5
Profit/loss before tax		-2.8	0.5	-25.5	0.7	156.8
Tax on profit for the period		0.8	-0.1	1.2	-0.1	5.5
Profit/loss for the period		-2.0	0.4	-24.3	0.5	162.3

Parent Company balance sheet

SEKm	Note	Sep 30, 2021	Sep 30, 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		6.6	-	6.1
Current assets				
Current tax assets		1.1	0.8	-
Current receivables from Group companies	3	-	50.7	233.3
Other current receivables		3.7	0.0	0.6
Prepayments and accrued income		0.8	0.1	0.1
Total current receivables		5.6	51.6	234.0
Cash and cash equivalents		-	-	0.3
Total current assets		5.6	51.6	234.3
ASSETS		44.2	83.6	272.4
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		0.5	0.1	0.1
Total restricted equity		0.5	0.1	0.1
Unrestricted equity				
Retained earnings		28.0	0.2	22.0
Profit/loss for the period		-24.3	0.5	162.3
Total unrestricted equity		3.7	0.7	184.3
Total equity		4.2	0.8	184.4
Current liabilities				
Accounts payable		0.9	0.2	0.4
Current liabilities to Group companies	3	31.9	77.1	82.8
Other current liabilities		0.4	2.0	1.0
Accrued expenses and deferred income		6.7	3.5	3.8
Total current liabilities		40.0	82.8	88.0
TOTAL EQUITY AND LIABILITIES		44.2	83.6	272.4

Parent Company statement of cash flows

SEKm	Note	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Full year
Cash flow from operating activities						
Operating profit/loss		-2.7	0.5	-25.5	0.7	0.5
Income tax paid		-0.2	-0.1	-0.2	-0.4	0.0
Cash flow from operating activities before changes in working capital		-3.0	0.4	-25.7	0.3	0.5
Changes in working capital						
Decrease (+) / increase (-) in other receivables		-0.7	0.2	-0.8	-1.2	-0.1
Decrease (-) / increase (+) in accounts payable		-2.8	0.0	-2.4	-0.5	-0.2
Decrease (-) / increase (+) in other current liabilities		-20.1	-0.9	-0.9	0.6	-0.3
Cash flow from operating activities		-26.6	-0.3	-29.8	-0.9	-0.2
Cash flow from investing activities		0.0	0.0	0.0	0.0	0.0
Financing activities						
Change in intercompany liabilities		26.6	0.3	29.5	1.1	0.0
Change in short-term financial liabilities		-	-	-	-	0.5
Cash flow from financing activities		26.6	0.3	29.5	1.1	0.5
Cash flow for the period		0.0	0.0	-0.3	0.2	0.3
Cash and cash equivalents at beginning of period		0.0	0.0	0.3	-0.2	0.0
Cash and cash equivalents at end of period		-	-	-	-	0.3

* Intercompany balances including decided received and given dividends have been cleared by netting of internal balances.

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 the Groupwide 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 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Full year
EMEA	67	48	181	136	199
Americas	78	42	201	122	189
APAC	44	36	132	97	141
Total net sales	189	126	514	355	528

Note 3 Related party transactions

Related party transactions include payments to Board members and senior executives, as well as (up until June 30, 2021) intra-group transactions with the ultimate Parent Company Profoto Invest AB. Remuneration levels are on arms-length terms and are disclosed in the annual accounts.

Transactions with the ultimate Parent Company Profoto Invest AB in 2020 consisted of intra-group loans, anticipated dividends, shareholder contributions and Group contribution. The purpose of the loan was to finance repayment of external loans from credit institutions. The loan to the ultimate parent company was interest-free and was settled in the second quarter of 2021. Closing balances are presented in the table for the Group and the Parent Company, respectively.

The Parent Company invoices monthly management fees of SEK 1.0m to the subsidiary Profoto AB. The level of monthly invoicing is determined annually and is based on the Groupwide fixed costs of the Parent Company. During the third quarter, the Parent Company's income from invoiced management fees totaled SEK 2.9m, of which SEK 1.2m was included in the Parent Company's intercompany liabilities at September 30, 2021. In addition, during the third quarter, interest of SEK 0.0m (-) was paid to the subsidiary Profoto AB on the drawn down intercompany overdraft credit.

Group SEKm	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Receivables from the Parent Company Profoto Invest AB	-	16	20
Liabilities to the Parent Company Profoto Invest AB	-	-77	-83
Total	-	-61	-63
Parent Company SEKm	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Intercompany receivables	-	50.7	233.3
Intercompany liabilities	-31.9	-	-
Liabilities to Parent Company	-	-77.1	-82.8
Total	-31.9	-26.4	150.5

Note 4 Intangible assets

SEKm	Capitalized development expenditure	Software	Licenses	Total
Opening accumulated acquisition value January 1, 2021	214	31	2	246
Acquisitions	-	-	-	-
Capitalized development expenditure	14	-	-	14
Closing accumulated acquisition value September 30, 2021	228	31	2	261
Opening amortization January 1, 2021	-97	-12	-1	-109
Amortization for the period	-21	-5	0	-26
Closing accumulated amortization September 30, 2021	-118	-17	-2	-137
Opening impairment January 1, 2021	-19	-	-	-19
Closing accumulated impairment September 30, 2021	-19	-	-	-19
Carrying amount September 30, 2021	91	14	1	106
Opening accumulated acquisition value January 1, 2020	193	31	2	225
Acquisitions	-	-	0	0
Capitalized development expenditure	15	-	-	15
Closing accumulated acquisition value September 30, 2020	208	31	2	241
Opening amortization January 1, 2020	-67	-5	-1	-73
Amortization for the period	-22	-5	0	-27
Closing accumulated amortization September 30, 2020	-89	-10	-1	-100
Opening impairment January 1, 2020	-	-	-	0
Impairment for the period	-19	-	-	-19
Closing accumulated impairment September 30, 2020	-19	-	-	-19
Carrying amount September 30, 2020	99	20	1	121

Note 5 Pledged assets and contingent liabilities

Group SEKm	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Pledged collateral			
Company mortgage	40	40	40
Total	40	40	40
Contingent liabilities			
Swedish Customs Service	0	0	0
Total	0	0	0

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

The Parent Company 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	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Pledged collateral			
Company mortgage	40.0	40.0	40.0
Total	40.0	40.0	40.0

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 half of 2021, adjustments were made for other external expenses related to IPO preparations in 2021. No adjustments were made in the third quarter of 2021. For the third quarter, the first three quarters and for full-year 2020, adjustments have been made for government grants received, inventory write-downs and impairment of property, plant and equipment and intangible assets. 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 the Profoto Group'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 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Full year
Net sales	189	126	514	355	528
Operating profit/loss (EBIT)	58	-48	133	-58	-12
Total items affecting comparability	-	72	25	66	68
Government grants	-	-3	-	-9	-7
IPO-related expenses	-	-	25	-	-
Impairment of inventories	-	48	-	48	48
Impairment of property, plant and equipment and intangible assets	-	27	-	27	27
Adjusted operating profit (EBIT)	58	24	158	8	56
Adjusted EBIT margin, %	30.4	18.9	30.7	2.2	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 transaction-based daily average exchange rate of the corresponding period in the previous year. Shows the change in profit or loss in operating activities, excluding the effects of exchange rates.

%	2021 Jul-Sep	2020 Jul-Sep
Change in EBIT	220.2	-296.3
Currency effect	-9.4	64.5
EBIT adjusted for currency effect	210.8	-231.8

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 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Full year
Operating profit/loss (EBIT)	58	-48	133	-58	-12
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	14	41	43	72	88
EBITDA	72	-7	176	14	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, government grants 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 developments.

Net debt

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

SEKm	Sep 30, 2021	Sep 30, 2020
Liabilities to credit institutions, non-current	7	10
Lease liabilities, non-current	45	49
Liabilities to credit institutions, current	28	46
Lease liabilities, current	9	9
Current liabilities to Group companies	-	77
Current receivables from Group companies	-	16
Cash and cash equivalents	135	205
Net debt	-46	-30

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	Sep 30, 2021	Sep 30, 2020
Net debt	-46	-30
EBITDA, LTM	238	66
Net debt/EBITDA LTM, quota	-0.19	-0.45

Net sales adjusted for currency effect, %

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

%	2021 Jul-Sep	2020 Jul-Sep
Change in net sales	50.4	-21.7
Currency effect	2.4	4.2
Net sales adjusted for currency effect	52.8	-17.5

Performance measure by quarter	2021			2020			2019	
	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec
Net sales, SEKm	189	172	153	173	126	81	148	217
EBIT, SEKm	58	36	40	46	-48	-23	13	39
EBIT margin, %	30.4	20.9	25.9	26.6	-38.0	-28.6	8.7	18.1
Adjusted EBIT, SEKm	58	53	48	48	24	-30	14	39
Adjusted EBIT margin, %	30.4	30.7	31.1	27.7	18.9	-36.6	9.3	18.1
Net profit for the period, SEKm	45	22	31	33	-39	-21	10	37
Net debt, SEKm	-46	-14	-124	-91	-30	-3	-7	23
EBITDA LTM, SEKm	238	159	101	76	66	108	219	264
Net debt/EBITDA LTM	-0.19	-0.09	-1.23	-1.20	-0.45	-0.02	-0.03	0.09
Earnings per share, SEK	1.11	0.56	0.78	0.82	-0.99	-0.53	0.26	0.93

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 (publ), 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.