

Interim Report

January 1 – March 31, 2023

Financial summary January – March 2023

- Net sales totaled SEK 229m (196), an increase of 16.5 percent. Organic growth totaled 0.0 percent, the currency effect was 7.3 percent, and the effect of acquisitions was 9.1 percent.
- EBITA totaled SEK 86m (64), and the EBITA margin was 37.4 percent (32.6).
- EBIT totaled SEK 72m (55) and the EBIT margin was 31.3 percent (27.9).
- Profit for the period totaled SEK 56m (40).
- Cash flow from operating activities totaled SEK 105m (54), mainly due to the positive operating profit/loss (EBIT) and the change in working capital related to paid accounts receivable.
- Earnings per share (basic and diluted)² totaled SEK 1.40 (0.99).

Key ratios, Group

	Jan-Mar 2023	Jan-Mar 2022	Apr 2022- Mar 2023	Full year 2022
Net sales, SEKm	229	196	880	848
Net sales pro forma*, SEKm	-	220	-	872
Organic growth, %	0.0	28.3	-4.8	-0.8
EBITDA, SEKm	91	69	344	322
EBITA, SEKm	86	64	321	299
EBITA margin, %	37.4	32.6	36.4	35.3
EBIT, SEKm	72	55	266	249
EBIT pro forma*, SEKm	-	55	-	249
EBIT margin, %	31.3	27.9	30.2	29.3
EBIT margin pro forma*, %	-	25.2	-	28.6
Adjusted EBIT, SEKm	72	65	264	257
Adjusted EBIT margin, %	31.3	33.1	29.9	30.3
Profit/loss for the period, SEKm	56	40	211	194
Cash flow from operating activities, SEKm	105	54	287	236
Net debt ¹ , SEKm	-75	-179	-75	4
Net debt/EBITDA LTM	-0.22	-0.63	-0.22	0.01
Return on equity, %	51.4	45.5	51.4	53.8
Earnings per share ² , SEK	1.40	0.99	5.26	4.85

Net sales Q1 2023

SEK 229m
(SEK 196m)

Net sales LTM

SEK 880m
(SEK 776m)

EBIT Q1 2023

SEK 72m
(SEK 55m)

EBIT margin Q1 2023

31.3%
(27.9%)

EBIT LTM

SEK 266m
(SEK 227m)

EBIT margin LTM

30.2%
(29.3%)

For information and an explanation of alternative performance measures, including pro forma, see pages 16–18.

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

2) Calculated based on 40,000,000 ordinary shares, basic and diluted.

* Pro forma includes StyleShoots Holding B.V. as if the acquisition had taken place on January 1, 2022.

All amounts are recognized in millions of SEK (SEKm) unless otherwise stated. Rounding differences of SEKm +/-1 may occur when adding up figures. Figures in parentheses represent the same period in the previous year.

High profitability and investments for growth

We are pleased to report a stable and profitable first quarter for Profoto. EBIT for the quarter totaled SEK 72m, corresponding to an EBIT margin of 31 percent. The strength of our business model allows us to maintain our high profit margins. This, combined with our capital efficiency, enables a return on equity of over 50 percent.

Stable demand in the quarter

In the first quarter of 2023, our markets paced on, but we did not grow organically. Sales growth for the period was 17 percent, with the effect of acquisitions totaling 9 percent and the currency effect being 7 percent. Developments in China were positive during the quarter. In the United States, demand remained hesitant, as was also the case in parts of Europe. The market in France was good, while it was weaker in Germany and the UK. Sales for the quarter totaled SEK 229m, representing an increase of 17 percent compared to the previous year. How the demand will develop is difficult to foresee. Our business is fundamentally difficult to forecast, even more so in combination with the current macroeconomic situation.

Launch of Profoto Elevate

We maintained our focus on driving growth through innovation and continued to invest around 10 percent of our sales in product development during the quarter. This was products for professional photographers and e-commerce companies.

We are committed to both regularly launching the next version of our existing products and developing completely new products that satisfy additional customer needs. With the acquisition of StyleShoots in April 2022, our focus on customers with large studios has increased. As a result, we have developed the product "Profoto Elevate," which we showed at Euroshop in Düsseldorf during the quarter and which we plan to start selling in the third quarter of this year. Aimed at larger studios, especially e-commerce companies with content creation studios, Elevate makes it possible to take better and more creative images and achieve high productivity. This is possible by combining Profoto's modular products with the automation and productivity offered by our workflow software. This allows e-commerce companies to create high quality images that drive more traffic, increase conversions, and reduce returns. It also reduces the time-to-market for e-commerce companies.

A complete solution for e-commerce photography

While the need for great images in e-commerce is strong, the process itself is in real need of streamlining. The process can be divided into four different phases: planning, photography, post-production, and publication. Currently, no provider supports all four phases of the process. Profoto intends to be the first supplier to offer the market a turnkey solution. With our existing product offering of flash and accessory solutions, we are a leading provider in the field of photography. This is why we are now launching our new "Assetflow" software – a SaaS solution for which customers pay a monthly fee. Assetflow is an integrated planning tool



that helps e-commerce companies plan their product photography in advance, enabling productivity improvements while maintaining creativity and image quality. To accelerate the launch, during the quarter we acquired a development project that we integrated with our existing software. With the launch of Assetflow, we have broadened what we offer to include the planning phase for our e-commerce customers. In addition, we have just launched an integration solution for an external party in the post-processing phase, enabling our customers to easily go from shooting to post-processing. This is another step towards our vision of offering a complete solution for e-commerce photography. All the way from planning to publication.

Our business model is unique and involves continuous development to ensure that we meet our customers' needs. I am convinced that we at Profoto have the right team and spirit to continue to achieve this. This is something I am very proud of.

Sundbyberg, May 4, 2023

Anders Hedebark
President and CEO

Financial Overview

First quarter, January 1– March 31, 2023

Net sales

Net sales for the first quarter totaled SEK 229m (196), an increase of 16.5 percent compared to the corresponding quarter in the previous year. Organic growth totaled 0.0 percent, the currency effect was 7.3 percent, and the effect of acquisitions was 9.1 percent.

Overall demand in the first quarter was unchanged with continued uncertainty in the market, as well as some hesitation among freelance photographers and broad e-commerce companies.

Despite some uncertainty in the market, demand remained good for studio photography products, which accounted for a large share of sales. A temporary increase in demand was noted at the beginning of the quarter as a result of the annual price increase implemented in the middle of the quarter.

Regions

Following good demand in EMEA in the previous quarter, demand was somewhat hesitant in some markets during the quarter. Sales for the region totaled SEK 88m (73), corresponding to a change of 20.1 percent compared to the previous year. A large part of the growth in the region was attributable to acquisitions.

In the Americas, continued cautious demand was noted during the period. Sales for the region totaled SEK 98m (87), corresponding to a change of 13.8 percent. The change was mainly due to currency effects.

Sales for APAC totaled SEK 42m (36), an increase of 15.1 percent. Japan recorded weaker demand compared to the previous quarter, while China was positively affected as a result of reopening after the pandemic. For further information on sales by region, see note 2 on page 14.

Operating profit/loss (EBIT)

First quarter EBIT totaled SEK 72m (55), corresponding to an EBIT margin of 31.3 percent (27.9). EBITA totaled SEK 86m (64), corresponding to an EBITA margin of 37.4 percent (32.6). EBITDA totaled SEK 91m (69).

Capitalized work for own account increased from SEK 7m to SEK 13m compared to the previous year, which is a result of an increased rate of investment in product development. Compared to the previous year, personnel expenses increased by SEK 11m and totaled SEK 38m (27). Other external expenses totaled SEK 47m (43). The increase in personnel expenses and external expenses was mainly due to the increased cost base related to StyleShoots. Depreciation and amortization totaled SEK 19m (14), of which SEK 5m (5) related to property, plant and equipment and SEK 14m (9) to intangible fixed assets. Of the depreciation/amortization of intangible fixed assets, SEK 9m (7) related to capitalized development expenditure, SEK 4m (0) related to excess value from acquisitions and SEK 2 (2) related to other intangible assets.

Financial items

Net financial items were negative, totaling SEK 2m (2). Interest income totaled SEK 1m (0), net unrealized foreign exchange effects totaled 1m (1), and interest expenses related to lease liabilities and liabilities to credit institutions totaled 2m (0).

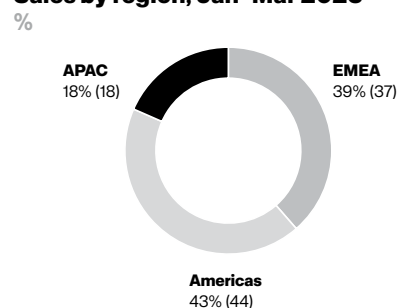
Profit for the period and tax expenses

Profit for the period totaled SEK 56m (40). The tax expense was SEK 14m (14), of which SEK 15m (13) was current tax and SEK -1m (0) change in deferred tax. The effective tax rate for the period was 19.9 percent (25.4). Excluding the tax effect of acquisition costs that were treated as non-deductible, the effective tax rate last year was 21.4 percent.

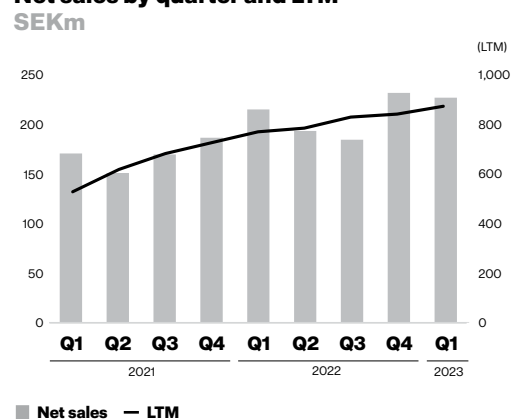
Change in net sales

	Jan-Mar 2023
Organic growth	0.0
Acquisitions	9.1
Currency effect	7.3
Total	16.5

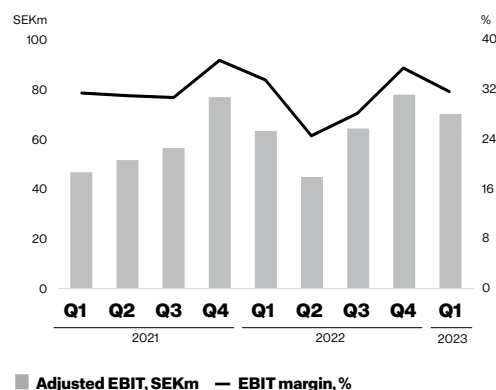
Sales by region, Jan-Mar 2023



Net sales by quarter and LTM



Adjusted EBIT and EBIT margin



Financial Position and Other Information

Product development and other investments

Total expenditure on product development and technology in the first quarter totaled SEK 28m (24). Of this, SEK 19m (7) was capitalized, with SEK 6m relating to the acquisition of a technology platform for the Assetflow service that was launched in May. In total, the carrying amount of capitalized development expenses was SEK 107m (91) and technology was SEK 87m (0) at March 31. Product development expenses that were expensed in the first quarter totaled SEK 9m (17). Expenditure incurred mainly related to product maintenance costs, pre-study phase projects and project-wide administrative costs not attributable to the development of specific products. During the quarter, SEK 3m (1) was invested in tools and equipment, mainly relating to ongoing development projects. The total cash flow impact of the asset acquisition related to Assetflow was SEK 8m.

Working capital and cash flow

At the end of the first quarter, inventories totaled SEK 139m (106), and accounts receivable totaled SEK 74m (78). The change in inventory is mainly attributable to the acquisition of StyleShoots in Q2 2022. Accounts payable totaled SEK 49m (41). Cash flow from operating activities for the quarter totaled SEK 105m (54). The increase was mainly due to the change in working capital, a significant part of which was attributable to a decrease in accounts receivable during the quarter.

Financial position and liquidity

On March 31, 2023, consolidated equity totaled SEK 450m (370). Cash and cash equivalents totaled SEK 237m (272). The Group reported a net cash position of SEK 76m (179). Interest-bearing liabilities totaled SEK 161m (93). The available and undrawn RCF loan was SEK 250m at the end of the first quarter. Lease liabilities totaled SEK 45m (51).

Financial targets

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

- 1) Net sales growth: Over time, achieve annual organic net sales growth of over 10 percent in constant currency.
- 2) Profitability: Achieve an EBIT margin of 25 to 30 percent, while maintaining year-on-year growth in EBIT.
- 3) Dividend policy: Aim to pay out at least 50 percent of net profit, while taking into account other factors such as financial position, cash flow and growth opportunities.

Employees

The average number of employees in the first quarter of 2023 was 132 (93), of which 74 (35) were employed in sales companies in China, Japan, USA, Germany, France, the UK and the Netherlands. The increase in the average number of employees compared to the first quarter of 2022 was due to the acquisition of StyleShoots, which added 41 employees as of April 6, 2022.

Parent Company

Profoto Holding AB (publ), with registration number 556810-9879, is the Parent Company in the Group.

The Parent Company is a holding company with management fees to other Group companies of SEK 3.6m (3.6) as its only income in the first quarter, and with personnel expenses and other external expenses related to management of the Group as expenses.

Operating profit/loss (EBIT) totaled SEK -1.3m (-0.8) in the first quarter. Current assets totaled SEK 31.3m (201.3), and current liabilities totaled SEK 26.0m (38.7). The change was mainly due to a decrease in net receivables from Group companies compared to the same period in 2022, and the current portion of the vendor note from the acquisition of StyleShoots of SEK 16m to be repaid in April 2023 being added in the second quarter of 2022. Non-current liabilities at the end of the first quarter totaled SEK 16.9 (0). The increase consists of the long-term portion of the vendor loan note from the acquisition of StyleShoots, which is due to be fully repaid in April 2025.

Dividend

For fiscal year 2022, the Board of Directors proposed a dividend of SEK 4.00 per share to be paid once, with May 9, 2023 as the record date. The proposal entailed a total dividend of SEK 160m, corresponding to 82.5 percent of the profit for 2022.

Significant events in January–March

There were no significant events during the period.

Significant events after the end of the period

There were no significant events after the period ended.

Owners

On March 31, 2023, Profoto had 1,472 known shareholders, of which the ten largest were:

The Profoto share

Owners	Number of shares	%
Anders and Helén Hedeback	15,127,321	37.8
Conny Dufgran	6,040,000	15.1
Lannebo Fonder	3,624,992	9.1
Herenco Holding AB	2,514,295	6.3
Svolder	2,419,811	6.1
Hans Eckerström	1,230,508	3.1
Enter Fonder	1,052,548	2.6
Nordnet Pension Insurance	620,794	1.6
Deka Investments	500 000	1.3
Investerings & Tryghed A/S	488,259	1.2

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 40m. A list of the largest shareholders is updated on the company's website <https://investors.profoto.com> at the end of each month.

Significant risks and uncertainties

The Profoto Group is an international group exposed to operational risks, industry and market-related risks, legal and tax risks, as well as financial risks and sustainability and climate risks.

The war in Ukraine and the current market turmoil such as inflation, higher interest rates and high energy prices have contributed to uncertainty in the market, which may have a negative impact on Profoto's sales and profit.

Risk management is a normal part of the business and helps to create added value. Risk management is monitored by management and reported to the Board of Directors, which bears the ultimate responsibility. These include the following risks:

Operational risks:

Due to the current market turmoil, there are risks of supply chain disruptions and component shortages that could negatively impact Profoto's production and sales.

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 quality requirements set by customers, which may damage Profoto's reputation.

The Group depends on maintaining its reputation and is exposed to the risk of negative publicity regarding the Profoto brand. This risk also includes the risk of safety defects in the products.

The Group depends on attracting and retaining key employees with the right skills for key positions.

A lack of innovation skills could lead to a significant reduction in net sales in the long term.

There is a risk that the Group will fail to integrate acquired companies as planned, which could lead to an inability to realize expected synergies and growth plans and, in turn, adversely affect its results and financial position.

Future acquisitions may result in financial losses if additional costs are incurred, investment losses are incurred or legal or financial risks are not identified.

The Group's operations and products are dependent on IT systems and cybersecurity, and disruptions or failures in critical systems can lead to unauthorized access, unavailability of systems, breaches of regulatory requirements, etc. The Group has adopted a scalable business model and outsources all non-core activities. This risk can lead to a failure to meet the Group's high standards, as well as the risk that third party suppliers are under-resourced or that Profoto is not prioritized by these suppliers, resulting in non-delivery.

The Group relies on dealers for the sale and delivery of products to customers. Profoto may be negatively affected if dealers are restricted in their activities.

There is a risk that the Group is unable to expand its operations due to an internal lack of experience and skills.

Sector and market-related risks:

There is a risk that video filming will replace traditional still photography, which could result in some of the company's products becoming less relevant.

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.

There is a risk that the Group's growth strategy will not materialize due to the company's inability to compete effectively in an environment of rapid technological development or the company's misjudgment of ongoing and future market development, resulting in ineffective product development activities and, consequently, unsuccessful product launches.

The Group operates in a global market, which exposes it to risks – mainly the risk of sales being adversely affected by changes in the political situation, the emergence of trade conflicts/wars or changes in customs and trade regulations.

Legal and tax risks:

The Group's operations depend on compliance with EU laws and regulations and EU directives on producer responsibility and on obtaining the necessary certifications for the Group's products. The Group is also exposed to the risk of noncompliance with international privacy policies, which may result in fines and claims, and negatively affect customer perception.

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 granted. 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.

Risks related to misinterpretation of tax and customs rules may lead to incorrectly reported tax or customs declarations.

Financial risks:

The Group is exposed to currency risks, transactional exposure and translation exposure. In addition, the Group is exposed to interest rate risk and credit and counterparty risk. The latter refers to the risk that the counterparty will not fulfil its contractual obligations.

The Group is exposed to the risk that the required financing is not available, or is delayed, resulting in a material increase in costs or a decrease in product development and personnel expenses.

Changes in the value of capitalized development expenditure and goodwill may have a negative impact on the Group's results and financial position if the impairment test results in a need for impairment.

Sustainability and climate risks:

The Group's scalable business model depends on good relationships with and control of its key suppliers. Profoto needs to continuously improve and ensure an environmentally friendly business chain. There is a risk of ethical shortcomings regarding human rights, health and safety issues and social responsibility among suppliers, which could damage Profoto's business and reputation.

A more comprehensive description of the risks is available in the 2022 Annual and Sustainability Report available at <https://investors.profoto.com>.

Other information

About Profoto

Profoto was founded more than 50 years ago and has since then been the world leader in lighting equipment 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. The end users are professional photographers and commercial customers, including major consumer brands and e-commerce companies. The company currently has sales in 58 countries globally. Net sales in 2022 totaled SEK 848m, with an adjusted EBIT margin of 30 percent. Profoto has 135 employees at its headquarters in Stockholm and at subsidiaries in the US, Japan, China, Germany, France, the UK and the Netherlands.

Financial calendar

Annual General Meeting 2023 – May 5, 2023

Interim Report Q2 2023 – July 21, 2023

Interim Report Q3 2023 – November 7, 2023

Conference call

Profoto Holding AB (publ) will publish its year-end report for 2023 at 8:00 a.m. CEST on Thursday, May 4. At 10:00 a.m. CEST the same day, a webcast teleconference will be held in which Anders Hedebark, President and CEO, will present the report together with the CFO, Carl Bandhold. 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 in at the following number: SE: +46 8 505 163 86 UK: +44 20 319 84884 US: +1 (412) 317 6300, Pin code: 0131181#

You can also follow and listen to the presentation and the conference via the following link: <https://ir.financialhearings.com/profoto-q1-2023>

For further information, please contact

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This information is insider information that Profoto Holding AB (publ) is required to make public under the EU Market Abuse Regulation. The information was submitted, through the above contact persons, for publication at 8:00 a.m. on May 4, 2023.

This report has not been audited by the company's auditors.

Stockholm, May 4, 2023

Anders Hedebark
President and CEO

Consolidated Financial Statements

Consolidated statement of profit and loss

SEKm	Note	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
Net sales	2	229	196	848
Other income		2	9	32
Total revenue		231	206	881
Capitalized work for own account		13	7	37
Goods		-66	-64	-266
Other external expenses		-47	-43	-166
Personnel expenses		-38	-27	-137
Depreciation, amortization and impairment of intangible assets and property, plant and equipment		-19	-14	-73
Other operating expenses		-2	-9	-26
Operating profit/loss (EBIT)		72	55	249
Finance income and costs				
Finance income		1	0	10
Finance costs		-3	-2	-16
Profit/loss before tax		70	53	243
Tax		-14	-14	-49
Profit/loss for the period		56	40	194
<i>Attributable to:</i>				
Owners of the Parent Company		56	40	194
Basic and diluted earnings per share, SEK ¹		1.40	0.99	4.85

1) Calculated based on 40,000,000 ordinary shares, basic and diluted

Consolidated statement of comprehensive income

SEKm	Note	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
Profit/loss for the period		56	40	194
<i>Other comprehensive income, items that may be reclassified to the consolidated statement of profit and loss:</i>				
Translation differences for the period		3	-1	6
Total comprehensive income for the period		59	39	200
<i>Attributable to:</i>				
Parent Company shareholders		59	39	200

Consolidated statement of financial position

SEKm	Note	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
ASSETS				
Non-current assets				
Intangible fixed assets				
	4			
Capitalized development expenditure		107	91	102
Technology, customer assets and brand		87	–	83
Other intangible assets		7	14	8
Goodwill		129	–	110
Total intangible assets		329	104	304
Property, plant and equipment				
Leased assets		46	48	47
Equipment, tools and installations		26	21	25
Leasehold improvements		1	2	1
Total property, plant and equipment		73	71	73
Financial assets		2	2	2
Deferred tax assets		19	16	19
Total non-current assets		424	193	399
Current assets				
Inventories				
		139	106	141
Current receivables				
Accounts receivable		74	78	96
Current tax assets		3	–	2
Other current assets		3	2	5
Prepayments and accrued income		8	5	8
Total current receivables		88	85	111
Cash and cash equivalents		237	272	150
Total current assets		465	463	403
TOTAL ASSETS		888	656	801
EQUITY AND LIABILITIES				
Total equity		450	370	391
Non-current liabilities				
Liabilities to credit institutions		6	5	4
Other non-current liabilities		17	–	17
Lease liabilities		34	41	38
Provisions		12	8	15
Deferred tax liabilities		93	54	91
Total non-current liabilities		162	108	165
Current liabilities				
Liabilities to credit institutions		76	38	66
Lease liabilities		11	10	12
Provisions		19	5	17
Accounts payable		49	41	53
Current tax liabilities		17	18	19
Other current liabilities		44	13	24
Accrued expenses and deferred income		59	52	55
Total current liabilities		275	177	246
TOTAL EQUITY AND LIABILITIES		888	656	801

Consolidated statement of changes in equity

SEKm	Share capital	Translation reserve	Retained earnings including profit/loss for the period	Total equity
Opening balance at January 1, 2023	1	0	390	391
Profit/loss for the period			56	56
Total other comprehensive income		3	-	3
Total comprehensive income	1	3	56	59
Closing balance at March 31, 2023	1	3	446	450
Opening balance January 1, 2022	1	-6	336	331
Profit/loss for the period			40	40
Total other comprehensive income		-1	-	-1
Total comprehensive income	0	-1	40	39
Closing balance at March 31, 2022	1	-7	376	370

Consolidated statement of cash flows

SEKm	Note	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
Cash flow from operating activities				
Operating profit/loss		72	55	249
Adjustments for items not affecting the cash flow:				
Depreciation, amortization and impairment of non-current assets		19	14	73
Adjustments for other non-cash items		2	1	18
Interest received		0	0	1
Interest paid		-2	0	-5
Income tax paid		-18	-5	-28
Cash flow from operating activities before changes in working capital		73	65	308
Changes in working capital				
Decrease (+)/increase (-) in inventories		1	-6	-39
Decrease (+)/increase (-) in accounts receivable		23	-9	-1
Decrease (+)/increase (-) in other receivables		3	4	-1
Decrease (-)/increase (+) in accounts payable		-4	-5	-4
Decrease (-)/increase (+) in other current liabilities		9	6	-27
Cash flow from operating activities		105	54	236
Investing activities				
Investments in intangible fixed assets		-21	-7	-39
Investments in property, plant and equipment		-3	-1	-12
Acquired subsidiary	6	-	-	-141
Cash flow from investing activities		-24	-8	-192
Financing activities				
Repayment of external loans		-4	0	-90
Amortization of leasing liability		-3	-2	-12
New loans		14	24	145
Dividends paid		-	-	-140
Cash flow from financing activities		7	21	-97
Cash flow for the period		88	67	-52
Cash and cash equivalents at beginning of period		150	206	206
Exchange rate differences in cash and cash equivalents		-1	-1	-4
Cash and cash equivalents at end of period		237	272	150

Parent Company Financial Statements

Parent Company Income Statement

SEKm	Note	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
Net sales		3.6	3.6	14.3
Operating expenses				
Other external expenses		-2.5	-1.6	-5.5
Personnel expenses		-2.3	-2.8	-9.5
Other operating expenses		0.0	0.0	0.0
Operating profit/loss (EBIT)		-1.3	-0.8	-0.8
Profit/loss from financial items				
Income from participations in Group companies		-	-	150.0
Interest and similar expenses		-2.6	0.0	-15.7
Profit after financial items		-4.0	-0.8	133.5
Appropriations		-	-	15.4
Profit/loss before tax		-4.0	-0.8	148.9
Tax on profit/loss for the period		0.9	0.2	4.7
Profit/loss for the period		-3.1	-0.5	153.6

Parent Company balance sheet

SEKm	Note	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
ASSETS				
Non-current assets				
Financial assets				
Participations in Group companies		217.3	32.0	217.3
Total non-current assets		217.3	32.0	217.3
Deferred tax assets				
		1.3	1.4	1.1
Current assets				
Current receivables from Group companies	3	29.0	189.7	31.8
Current tax assets		1.5	-	0.5
Other current receivables		-	0.5	-
Prepayments and accrued income		0.8	11.1	0.7
Total current receivables		31.3	201.3	32.9
Cash and cash equivalents				
		-	0.0	-
Total current assets		31.3	201.3	32.9
ASSETS		249.8	234.6	251.4
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		0.5	0.5	0.5
Total restricted equity		0.5	0.5	0.5
Unrestricted equity				
Retained earnings		209.5	195.9	55.9
Profit/loss for the period		-3.1	-0.5	153.6
Total unrestricted equity		206.4	195.4	209.5
Total equity		206.9	195.9	210.0
Non-current liabilities				
Other non-current liabilities		16.9	-	16.7
Total non-current liabilities		16.9	-	16.7
Current liabilities				
Accounts payable		0.8	0.3	0.4
Current liabilities to Group companies	3	-	25.8	-
Current tax liabilities		-	4.6	-
Other current liabilities		18.3	2.3	18.6
Accrued expenses and deferred income		6.9	5.7	5.6
Total current liabilities		26.0	38.7	24.6
TOTAL EQUITY AND LIABILITIES		249.8	234.6	251.4

Parent Company Statement of Cash Flows

SEKm	Note	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
Cash flow from operating activities				
Operating profit/loss		-1.3	-0.8	-0.8
Income tax paid		0.0	-0.1	-0.9
Cash flow from operating activities before changes in working capital		-1.3	-0.9	-1.7
Changes in working capital				
Decrease (+)/increase (-) in other receivables		-0.2	-0.3	0.4
Decrease (-)/increase (+) in accounts payable		0.3	0.0	0.2
Decrease (-)/increase (+) in other current liabilities		0.6	0.1	-1.0
Cash flow from operating activities		0.7	-1.2	-2.1
Investing activities				
Acquired subsidiary		-	-	-154.4
Cash flow from investing activities		-	-	-154.4
Financing activities				
Change in intercompany liabilities		0.6	1.2	296.5
Borrowings		-	-	75.0
Repayment of loans		-	-	-75.0
Dividends to shareholders		-	-	-140.0
Cash flow from financing activities		0.6	1.2	156.5
Cash flow for the period		0.0	0.0	0.0
Cash and cash equivalents at beginning of period		0.0	0.0	0.0
Cash and cash equivalents at end of period		0.0	0.0	0.0

Notes

Note 1 Accounting policies and general information

This consolidated interim report was 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 has been prepared in accordance with Chapter 9. Interim Report of 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.

Additional accounting standards applied in 2023 have not had a significant impact on the Group's financial statements.

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.

SEKm	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
EMEA	88	73	318
Americas	98	87	356
APAC	42	36	174
Total net sales	229	196	848

Note 3 Related-party transactions

Related-party transactions include remuneration to directors and other senior executives. Remuneration levels are determined on a market basis.

The Parent Company invoices the subsidiary Profoto AB a monthly management fee of SEK 1.2m (1.2) and Profoto Holding B.V a fee of SEK 0.0m. The level of monthly invoicing is determined annually and is based on the Groupwide fixed costs of the Parent Company. In the first quarter of 2023, the Parent Company's income from invoiced management fees totaled SEK 3.6m (3.6). In the first quarter, the Parent Company expensed consulting costs of SEK 0.3m for the benefit of Aligro Advisory AB, which is owned by Profoto's Chair of the Board. According to the agreement, services corresponding to an invoice value of SEK 1m will be performed and invoiced in 2023. The Parent Company has issued a general guarantee on behalf of its subsidiary, see note 5.

Parent Company SEKm	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Intercompany receivables	29.0	189.7	31.8
Intercompany liabilities	-	-25.8	-
Total	29.0	163.9	31.8

Note 4 Intangible fixed assets

SEKm	Capitalized development expenditure	Technology, customer assets and brand	Other intangible assets ¹	Total
Opening accumulated acquisition value, January 1, 2023	278	95	35	408
Acquisitions	-	6	-	6
Capitalized development expenditure	13	-	0	13
Currency effects	-	1	-	1
Closing accumulated acquisition value at March 31, 2023	291	102	36	429
Opening depreciation/amortization January 1, 2023	-157	-11	-27	-195
Depreciation/amortization for the period	-9	-4	-2	-14
Currency effects	-	0	-	0
Closing accumulated depreciation/amortization at March 31, 2023	-166	-15	-29	-210
Opening impairment January 1, 2023	-19	-	-	-19
Closing accumulated impairment at March 31, 2023	-19	-	-	-19
Carrying amount at March 31, 2023	107	87	7	201
Opening accumulated cost, January 1, 2022	236	-	35	271
Acquisitions	-	-	-	-
Capitalized development expenditure	7	-	-	7
Closing accumulated acquisition value at March 31, 2022	243	-	35	278
Opening amortization, January 1, 2022	-126	-	-20	-146
Depreciation/amortization for the period	-7	-	-2	-9
Closing accumulated amortization at March 31, 2022	-133	-	-22	-155
Opening impairment, January 1, 2022	-19	-	-	-19
Closing accumulated impairment at March 31, 2022	-19	-	-	-19
Carrying amount at March 31, 2022	91	-	14	104

Goodwill at March 31, 2023, totaled SEK 129m and increased during the quarter by SEK 3m due to currency effects. Goodwill has preliminarily increased by SEK 16m and technology by SEK 6m as a result of an asset acquisition at the end of Q1 2023. The acquisition is not considered material to the Profoto Group.

1) Other intangible assets consist of software and licenses recorded at cost of SEK 31m (software) and SEK 4m (licenses).

Note 5 Pledged assets and contingent liabilities

Group SEKm	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Pledged collateral			
Pledges on accounts receivable and inventories of Group companies	-	53	-
Total	-	53	-
Contingent liabilities			
Swedish Customs Service	1	1	1
Total	1	1	1

The Parent Company has issued a general guarantee on behalf of Profoto AB, 556115-5838. No outstanding liabilities are covered by the guarantee at the balance sheet date. Profoto AB also has an unlimited general guarantee in favor of its subsidiary Profoto US Inc.

Explanations for 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 inventory write-downs and development costs, costs related to acquisitions and listing costs. In the first quarter of 2022 and for the full year 2022, adjustments were made to other external expenses related to the acquisition of the Dutch company StyleShoots Holding B.V.

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	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
Net sales	229	196	848
Operating profit/loss (EBIT)	72	55	249
Total items affecting comparability	-	10	8
Costs related to acquisitions	-	10	8
Adjusted operating profit (EBIT)	72	65	257
Adjusted EBIT margin, %	31.3	33.1	30.3

Adjusted EBIT margin, %

Adjusted EBIT in percentage 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 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.

EBITA

Operating profit before depreciation and amortization of intangible fixed assets. The objective is to assess underlying operating profit from continuing operations before depreciation/amortization of intangible assets.

EBITA margin, %

EBITA as a percentage of net sales. The aim is to give an indication of profitability and future investment scope in relation to sales.

EBIT

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

EBITDA

EBITDA (earnings before finance income and costs, 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	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
Operating profit/loss (EBIT)	72	55	249
Depreciation, amortization and impairment of intangible non-current assets	14	9	50
EBITA	86	64	299
Depreciation, amortization and impairment of property, plant and equipment	6	5	23
EBITDA	91	69	322

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 write-downs of inventories and tangible/intangible fixed assets, government grants received, IPO expenses and significant acquisition costs, which by their nature are uncommon and have a material impact on the result. The transactions play an important role in understanding underlying business developments.

Net debt/net cash

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 net amount indicates a positive net cash position.

SEKm	Mar 31, 2023	Mar 31, 2022
Liabilities to credit institutions, non-current	6	5
Other interest-bearing liabilities, non-current	17	-
Lease liabilities, non-current	34	41
Liabilities to credit institutions, current	76	38
Other interest-bearing liabilities, current	17	-
Lease liabilities, current	11	10
Cash and cash equivalents	-237	-272
Net debt	-75	-179

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	Mar 31, 2023	Mar 31, 2022
Net debt	-75	-179
EBITDA, LTM	344	284
Net debt/EBITDA LTM, quota	-0.22	-0.63

Organic growth, %

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

%	Jan-Mar 2023	Jan-Mar 2022
Change in net sales	16.5	20.2
Acquisitions	-9.1	-
Currency effect	-7.3	8.1
Organic growth	0.0	28.3

Return on equity, %

Twelve-month rolling profit as a percentage of average equity based on the inflow and outflow of equity for the last twelve months. Shows the return generated on equity invested in the business.

SEKm	Mar 31, 2023	Mar 31, 2022
Profit/loss for the period, LTM	211	167
Equity	450	370
Equity, LTM	410	366
Return on equity, %	51.4	45.5

Pro forma

On April 6, 2022, Profoto Holding AB acquired all the shares in the Dutch company StyleShoots Holding B.V and its subsidiaries (StyleShoots). The purchase price for the shares totaled SEK 177m. Profoto has prepared pro forma consolidated financial statements in order to present the hypothetical impact that the acquisition and financing of StyleShoots would have had on Profoto's consolidated net sales, EBIT and net debt for the period January 1 – March 31, 2022, if the acquisition had taken place on January 1, 2022. The pro forma information is for informational and factual purposes only. By its nature, the pro forma information is intended to describe a hypothetical situation and thus does not serve to describe Profoto's actual performance. Furthermore, the pro forma information is not representative of the future performance of the business. Investors should therefore not place too much emphasis on pro forma information.

The pro forma information is prepared based on Profoto's consolidated financial statements prepared in accordance with IFRS, purchase price paid and StyleShoots' audited consolidated financial statements for the full year 2022 and unaudited internal consolidated financial statements for the first quarter of 2022 prepared in accordance with good accounting practice in the Netherlands, adjusted for differences between good accounting practice in the Netherlands and Profoto's accounting policies under IFRS. In addition, the result has been debited with depreciation/amortization on the excess values arising on the acquisition in respect of technology, customer contracts, customer relationships and brand. Net sales and EBIT have been translated from EUR to SEK based on the average exchange rate for the respective period, and net debt has been translated at the exchange rate on the balance sheet date.

SEKm	Jan-Mar 2022	Full year 2022
Net sales pro forma		
Profoto	196	848
StyleShoots	24	24
Net sales pro forma	220	872
EBIT pro forma		
Profoto	55	249
StyleShoots	4	4
Depreciation/amortization of acquired intangible assets	-4	-4
EBIT pro forma	55	249
SEKm	Mar 31, 2022	
Net debt pro forma		
Profoto	-179	
Purchase price	179	
StyleShoots	-2	
Net debt pro forma	-2	

Performance measure by quarter

	2023				2022				2021
	Jan-Mar	Oct-Dec	Jul-Sep	April-June	Jan-Mar	Oct-Dec	Jul-Sep	April-June	
Net sales, SEKm	229	230	235	187	196	218	189	172	
Organic growth, %	0.0	-12.5	6.5	-12.7	28.3	24.3	52.8	131.3	
EBITA, SEKm	86	95	80	61	64	88	67	45	
EBITA margin, %	37.4	41.1	34.0	32.6	32.6	40.2	35.1	26.1	
EBIT, SEKm	72	80	66	48	55	79	58	36	
EBIT margin, %	31.3	34.9	28.0	25.7	27.9	36.1	30.4	20.9	
Adjusted EBIT, SEKm	72	80	66	46	65	79	58	53	
Adjusted EBIT margin, %	31.3	34.9	28.0	24.6	33.1	36.1	30.4	30.7	
Profit/loss for the period, SEKm	56	65	54	36	40	60	45	22	
Net debt, SEKm	-75	3	66	121	-179	-134	-46	-14	
EBITDA LTM, SEKm	344	322	315	301	284	269	238	159	
Net debt/EBITDA LTM	-0.22	0.01	0.21	0.40	-0.63	-0.50	-0.19	-0.09	
Return on equity, %	51.4	53.8	64.1	72.4	45.5	47.5	45.6	16.5	
Earnings per share, SEK	1.40	1.62	1.34	0.90	0.99	1.50	1.11	0.56	

Definitions

Average number of employees

Average number of full-time employees during the period.

Earnings per share

Profit/loss for the period attributable to the shareholders of the Parent Company, divided by the weighted average number of shares outstanding during the period. Earnings per share are recorded in accordance with IAS 33 Earnings per share.

LTM

Last twelve months, the twelve-month period ending on the respective date.

Organic growth

Change in net sales for the period compared to the corresponding period in the previous year, after adjustments for acquisitions and exchange rate effects.

Parent Company

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

Profoto Group/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 Americas

Central America, North America and South America.

Region APAC

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