

Year-end report

January 1 – December 31, 2023

Financial summary October–December 2023

- Net sales totaled SEK 204m (230), a decrease of 11.5 percent. Organic growth totaled -10.1 percent, and the currency effect, 1.4 percent.
- EBIT was SEK 51m (80), and the EBIT margin, 25.0 percent (34.9).
- Profit for the period was SEK 37m (65).
- The return on operating capital totaled 49.0 percent (84.3).
- Cash flow from operating activities totaled SEK 65m (80).
- Earnings per share (basic and diluted)¹ totaled SEK 0.92 (1.61).

Financial summary January–December 2023

- Net sales totaled SEK 787m (848), a decrease of 7.2 percent. Organic growth totaled -12.6 percent, currency effect 3.2 percent, and effect of acquisitions 2.1 percent.
- EBIT totaled SEK 204m (249), and the EBIT margin, 26.0 percent (29.3).
- Profit for the period totaled SEK 155m (194).
- Cash flow from operating activities was SEK 211m (236).
- Earnings per share (basic and diluted)¹ totaled SEK 3.88 (4.85).

Significant events after the end of the period

- The Board of Directors has proposed a dividend of SEK 3.75 (4.00) per share, corresponding to a total amount of SEK 150m (160).

Net sales
LTM

SEK 787m
(SEK 848m)

EBIT
LTM

SEK 204m
(SEK 249m)

EBIT margin
LTM

26.0%
(29.3%)

Return on operating
capital
LTM

49.0%
(84.3%)

For information and explanation of alternative performance measures, including pro forma, see pages 18–21.

1) Calculated based on 40,000,000 ordinary shares before and after dilution.

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.

Key ratios, Group

	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Net sales, SEKm	204	230	787	848
Net sales ¹ pro forma*, SEKm	-	-	-	872
Organic growth, %	-10.1	-12.5	-12.6	-0.8
EBITA, SEKm	63	95	258	299
EBITA margin, %	31.0	41.1	32.8	35.3
EBIT, SEKm	51	80	204	249
EBIT pro forma*, SEKm	-	-	-	249
EBIT margin, %	25.0	34.9	26.0	29.3
EBIT margin ¹ pro forma*, %	-	-	-	28.6
Adjusted EBIT ¹ , SEKm	51	80	204	257
Adjusted EBIT margin ¹ , %	25.0	34.9	26.0	30.3
Profit/loss for the period, SEKm	37	65	155	194
Cash flow from operating activities, SEKm	65	80	211	236
Net debt ² , SEKm	44	4	44	4
Net debt/EBITDA LTM	0.16	0.01	0.16	0.01
Return on capital employed, %	37.9	52.6	37.9	52.6
Return on operating capital, %	49.0	84.3	49.0	84.3
Earnings per share, SEK ³	0.92	1.61	3.88	4.85

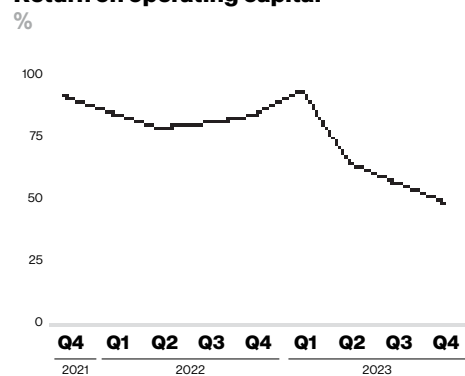
1) For information and an explanation of alternative performance measures, including pro forma, see pages 18-21.

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

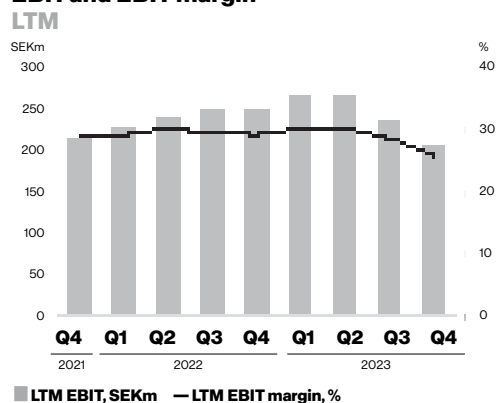
3) Calculated based on 40,000,000 ordinary shares before and after dilution.

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

Return on operating capital



EBIT and EBIT margin



Good profitability despite weak demand

Sales for the full year 2023 totaled SEK 787m (848), which was 7 percent lower than the previous year. In the fourth quarter, sales decreased by 12 percent compared to the corresponding period the previous year to SEK 204m (230). Despite the lower sales level, we reached our profitability target, as the EBIT margin was 25 percent in the quarter and 26 percent for the full year.

Cautious market and few product launches

As in recent quarters, we continue to face a tough market globally, with the macroeconomic and geopolitical climate negatively impacting consumer spending and thus our customers' willingness to invest.

As we have not had any major product launches in 2023, we have worked extra hard through marketing activities to increase focus on our products through our retailers and get more business from our customers. Among other things, we have conducted campaigns focusing on attracting new customers to Profoto, which is particularly valuable since a photographer who starts using the Profoto system rarely changes. The campaign had a good impact, which confirms that many customers are interested in our products, but it is clear that the market is still hesitant.

Nevertheless, I am very pleased that we have managed to continuously increase the level of activity in sales and marketing during the year while reaching our operating margin target despite a decline in sales. That said, I am really looking forward to a new year, where I expect us to create more demand from our customers by launching new, innovative products and solutions.

Full focus on product launches for 2024

As I mentioned in the last report, our goal is to get back to our historical pace of one to two major product launches per year. Ulrika Björk, our VP R&D for four years, and her team are therefore working hard on a number of product development projects. I am very proud of the great work they are doing, and I expect us to reach the ambition of two major product launches as early as in 2024.

In 2023, we invested 13 percent of our revenue in product development, which is just above the previous year's investment of around 10 percent. The investments made in recent years have increased the capacity in product development, and we now have a portfolio with several really exciting development projects in different phases. We are therefore looking forward to launching new products in all three of our growth areas: light for professional photographers, workflow solutions for e-commerce studios, and light for film production.



While it is difficult to predict when macroeconomic conditions will improve, I am confident about the future, as our customers are increasingly creating visual content, and our innovation is unique. For 2024, I am really looking forward to a year of more product launches, and I am very excited to see what our customers think of our new products. Profoto's super strong brand combined with new, innovative products will deliver results.

Sundbyberg, February 6, 2024

Anders Hedebark
President and CEO

Financial Overview

The fourth quarter, October 1 to December 31, 2023

Net sales

Net sales for the fourth quarter totaled SEK 204m (230), a decrease of 11.5 percent compared to the corresponding quarter last year. Organic growth totaled -10.1 percent, and currency effect, -1.4 percent.

Sales in the fourth quarter continued to be affected by macroeconomic factors such as declining consumption and high interest rates. Caution was noted among our e-commerce customers and professional photographers, which affected demand for the entire product portfolio.

During the quarter, sales was positively impacted by sales campaigns. Among these was the offering of an accessory with the purchase of selected flashes. This also had a positive impact in attracting new customers.

Regions*

Sales in EMEA totaled SEK 72m (87), representing a decrease of 17.2 percent compared to the corresponding period previous year. In the Americas, sales totaled SEK 85m (99), corresponding to a decrease of 14.1 percent. Interest rate and economic uncertainty were the main reasons for the negative developments, because of their impact on the willingness of end customers to invest.

Sales for APAC totaled SEK 47m (46), an increase of 2.2 percent. For further information on sales by region, see note 2 on page 16.

Operating profit/loss (EBIT)

Fourth quarter EBIT totaled SEK 51m (80), corresponding to an EBIT margin of 25.0 percent (34.9). The decrease in EBIT compared to the previous year was mainly an effect of lower sales.

Capitalized work for own account increased from SEK 12m to SEK 24m compared to last year as a result of an increased rate of investment in product development. Compared to the corresponding quarter last year, personnel expenses increased by SEK 8m and totaled SEK 40m (32). Other external costs totaled SEK 54m (41). The increases were mainly due to higher development costs and were offset by the increase in capitalized work for own account.

Depreciation/amortization totaled SEK 19m (20), of which SEK 7m (6) was attributable to tangible assets and SEK 12m (14) to intangible assets. Amortization of intangible fixed assets included SEK 7m (9) of amortization of capitalized development costs, SEK 3m (4) of amortization of surplus value from acquisitions, and SEK 2m (2) of amortization of other intangible assets.

Financial items

Net financial items were negative and totaled SEK 3m (6). Interest income and other financial income totaled SEK 1m (1), net unrealized exchange rate losses totaled SEK 2m (5), and interest expenses related to lease liabilities and liabilities to credit institutions totaled SEK 3m (2).

Profit for the period and tax expenses

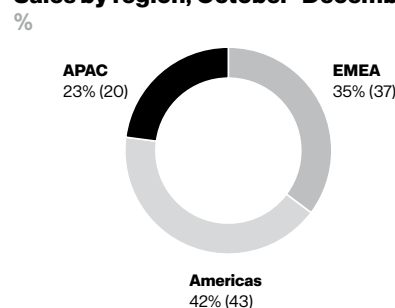
Profit for the period was SEK 37m (65). The tax expense was SEK 11m (10), of which SEK 2m (-4) was current tax and SEK 9m (14) was the change in deferred tax. The effective tax rate for the period totaled 22.8 percent (13.8). The effective tax rate in the comparative quarter was affected by a downward adjustment of final tax from 2021 of SEK -5m in the Parent Company. Excluding the effect of that adjustment, the effective tax rate in the comparison quarter was 20.7 percent.

* Data on change in sales for the regions show the change in SEK.

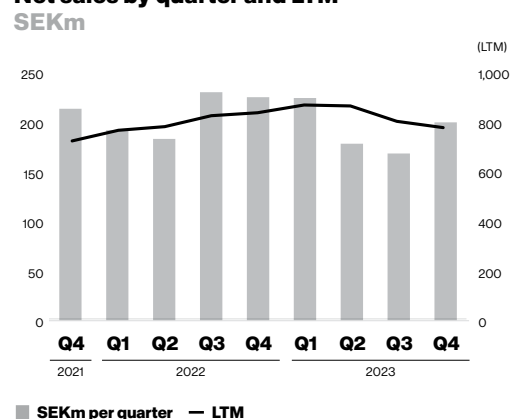
Change in net sales

	Oct-Dec 2023
Organic growth	-10.1
Acquisitions	-
Currency effect	-1.4
Total	-11.5

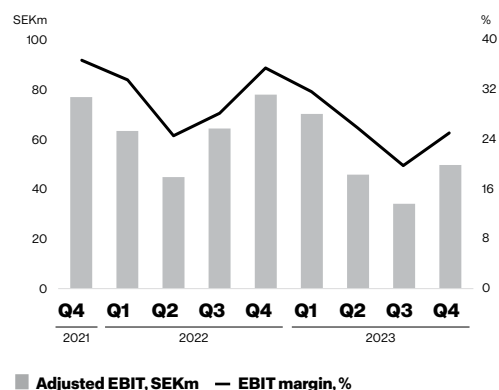
Sales by region, October-December 2023



Net sales by quarter and LTM



Adjusted EBIT and EBIT margin



Twelve-month period, January 1 to December 31, 2023

Net sales

Net sales for 2023 totaled SEK 787m (848), a decrease of 7.2 percent compared to the corresponding period last year. Organic growth totaled -12.6 percent, currency effect, 3.2 percent, and effect of acquisitions, 2.1 percent.

Overall demand in the period was subdued, affected by interest rate increases and economic uncertainty. This contributed to some hesitation from e-commerce customers, as well as professional photographers.

Regions*

Demand for the period was affected by higher interest rates and economic uncertainty. This was particularly noticeable in EMEA and the Americas. Sales in EMEA totaled SEK 279m (318), a decrease of 12.3 percent. Sales for the Americas totaled SEK 338m (356), a decrease of 5.1 percent.

In APAC, demand was also somewhat hesitant during the period, and sales totaled SEK 169m (174), a decrease of 2.9 percent.

Operating profit/loss (EBIT)

EBIT for the period totaled SEK 204m (249), corresponding to an EBIT margin of 26.0 percent (29.3). The decrease in EBIT compared to the previous year was mainly an effect of lower sales.

Capitalized work for own account increased from SEK 37m to SEK 70m compared to the previous year as a result of increased investment in product development. Other external costs totaled SEK 185m (166), and personnel expenses totaled SEK 159m (137). The increases were mainly due to higher development costs and were offset by the increase in capitalized work for own account.

Depreciation/amortization during the period totaled SEK 77m (73), of which SEK 24m (22) was attributable to tangible assets and SEK 54m (50) to intangible assets.

Financial items

Net financial items were negative and totaled SEK 7m (6). Interest income totaled SEK 3m (1), net unrealized exchange rate losses totaled SEK 3m (2) in 2023, and interest expenses related to lease liabilities and liabilities to credit institutions totaled SEK 7m (5).

Net profit for the period and tax expenses

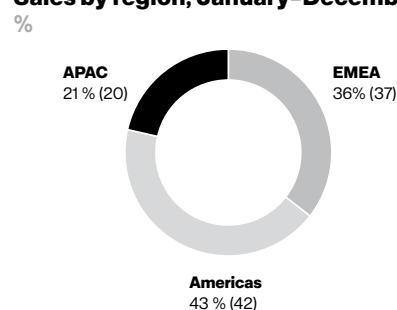
Net income totaled SEK 155m (194). The tax expense was SEK 42m (49), of which SEK 35m (36) was current tax and SEK 7m (13) was change in deferred taxes. The effective tax rate for the period was 21.2 percent (20.0).

* Data on change in sales for the regions show the change in SEK.

Change in net sales

	Jan-Dec 2023
Organic growth	-12.6
Acquisitions	2.1
Currency effect	3.2
Total	-7.2

Sales by region, January–December 2023



Financial Position and Other Information

Product development and other investments

Total expenses for product development and technology totaled SEK 29m (22) in the fourth quarter and SEK 99m (85) for the full year. Of these, SEK 21m (15) was capitalized as investments in product development in the fourth quarter and a total of SEK 67m (40) in the full year 2023. The total book value of capitalized development expenditure totaled SEK 137m (102), and technology totaled SEK 74m (83) as of December 31, 2023. Product development expensed in the fourth quarter totaled SEK 8m (7) and SEK 32m (45) for the full year 2023. This expenditure was mainly related to product maintenance costs, projects in the pre-study phase and project-wide administrative costs that cannot be attributed to the development of specific products. During the quarter, SEK 3m (2), and for the full year SEK 14m (12), was invested in tools and equipment mainly related to ongoing development projects. During the fourth quarter, SEK 3m (-), and during the full year SEK 3m (-), was capitalized in other intangible fixed assets.

Working capital, liquidity and cash flow

At the end of the fourth quarter, inventories totaled SEK 164m (141), and accounts receivable, SEK 78m (96). Accounts payables totaled SEK 59m (53). Cash flow from operating activities for the quarter totaled SEK 65m (80) and for the full year 2023, SEK 211m (236).

Return on operating capital

EBIT LTM as of December 31, 2023 totaled SEK 204m (249), while operating capital LTM totaled SEK 417m (295). Return on operating capital thus totaled 49.0 percent (84.3). For further information and an explanation, see alternative performance measures on page 20.

Financial position and liquidity

On December 31, 2023, the Group's equity totaled SEK 396m (391). Cash and cash equivalents totaled SEK 95m (150). The Group showed net debt of SEK 44m (4). Interest-bearing liabilities totaled SEK 139m (153). The available and undrawn RCF loan was SEK 250m at the end of the fourth quarter. Lease liabilities totaled SEK 41m (50).

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 25–30 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 Q4 2023 was 139 (124), of which 68 (65) were employed in sales companies in China, Japan, Germany, France, the US, the UK and the Netherlands.

Dividend

For the financial year 2023, the Board of Directors proposes a dividend of SEK 3.75 per share, to be paid once with a record date of May 16, 2023. The proposal entails a total dividend of SEK

150m, corresponding to 96.6 percent of the Group's earnings in 2023.

Share-based incentive programs

The AGM 2023 decided to establish a share-based incentive program for senior executives and key personnel in the Profoto Group. The program means that 1,080,000 warrants, divided into three equal series – TO 2023/2026, TO 2024/2027 and TO 2025/2028 – have been issued to Profoto AB, a wholly owned subsidiary Profoto Holding AB (publ), for further sale and transfer to participants. During the third quarter of 2023, a total of 360,000 warrants in series 2023/2026 have been transferred to seven participants. The transfers were made at a price of SEK 8.50 per warrant, which corresponds to an estimated market price at the time of transfer. The warrants can be exercised for shares between June 15 and December 15, 2026, and the exercise price per share has been set at SEK 110.77, which corresponds to 140 percent of the volume-weighted average price according to Nasdaq Stockholm's official price list during the five trading days immediately preceding the transfer. The so-called ceiling price has been set at SEK 174.38, which corresponds to 220.4 percent of the same average price. This means that if the market price of the company's share exceeds the ceiling price when the option is redeemed, the redemption price will be increased accordingly.

Significant events in October–December

There were no other significant events during the period.

Significant events after the end of the period

There were no significant events after the period ended.

Owners

On December 31, 2023, Profoto had 1,758 owners, of which the ten largest owners were:

Owners	Number of shares	%
Anders and Helén Hedebark	15,252,321	38.1
Conny Dufgran	6,100,000	15.3
Lannebo Fonder	3,412,645	8.5
Herenco Holding AB	2,614,295	6.5
Svolder	2,100,000	5.3
Hans Eckerström	1,230,508	3.1
Enter Fonder	713,002	1.8
Nordnet Pension Insurance	528,844	1.3
Athanase Industrial Partners	524,330	1.3
Investering & Tryghed A/S	488,259	1.2

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

2024 AGM

Profoto's AGM will take place on Tuesday, May 14 at 1:00 p.m. at Profoto's premises at Landsvägen 57 in Sundbyberg, Sweden. Shareholders who wish to have a matter addressed at the AGM

must, in order for the request to be considered with certainty, submit the proposal to the Board of Directors agm@profoto.com no later than March 26, 2024. Shareholders who wish to submit proposals regarding the Board of Directors, Chairman of the Board, Chair of the meeting or Nomination Committee for next year's AGM may, no later than March 26, 2024, contact Profoto's Nomination Committee by email at nomination@profoto.com or by mail to the address Profoto Holding AB (publ), Att: Nomination Committee, Box 1264, Landsvägen 57, 172 25 Sundbyberg, Sweden.

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 5.0m (3.7) as the only income in the fourth quarter, and with personnel expenses and other external costs related to the management of the Group as expenses.

Operating loss (EBIT) totaled SEK -0.0m (0.1) for the fourth quarter. Current assets totaled SEK 1.1m (32.9) and total current liabilities totaled SEK 29.0m (24.6). Other noncurrent liabilities at the end of the fourth quarter totaled SEK 8.3m (16.7). The noncurrent portion of the vendor note from the acquisition of Style-Shoots has decreased as a result of scheduled amortization of part of the debt in the second quarter of 2023. The remaining debt is scheduled to be fully repaid by April 2025.

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.

Current market turmoil such as inflation and increased interest rates, as well as geopolitical events such as the war in Ukraine, have contributed to market uncertainty, which may have a negative effect on Profoto's sales and earnings.

Risk management is a normal part of 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.

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 making – whatever the 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 54 countries worldwide. Net sales in 2023 totaled SEK 787m, with an EBIT margin of 26 percent. Profoto has 138 employees at its headquarters in Stockholm and in subsidiaries in the USA, Japan, China, Germany, France, England and the Netherlands.

Financial calendar

Annual Report 2023 – April 12, 2024

Interim Report Q1 2024 – May 14, 2024

AGM 2024 – May 14, 2024

Interim Report Q2 2024 – July 17 2024

Interim Report Q3 2024 – October 24, 2024

Conference call

Profoto Holding AB (publ) will publish its year-end report for 2023 on Tuesday, February 6 at 8:00 a.m. 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. If you wish to participate via the webcast, please use the link below.
<https://ir.financialhearings.com/profoto-q4-report-2023>

If you wish to participate via teleconference, please register via the link below. After registering, you will receive a phone number and a conference ID to log in to the conference. The teleconference provides an opportunity to ask questions in real time.
<https://conference.financialhearings.com/teleconference/?id=50047332>

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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 8:00 a.m. on February 6, 2024.

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

Stockholm, February 6, 2024

Anders Hedebark
President and CEO

Consolidated Financial Statements

Consolidated statement of profit and loss

SEKm	Note	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Net sales	2	204	230	787	848
Other income		8	10	32	32
Total revenue		212	240	819	881
Capitalized work for own account		24	12	70	37
Goods		-59	-68	-226	-266
Other external expenses		-54	-41	-185	-166
Personnel expenses		-40	-32	-159	-137
Depreciation, amortization and impairment of intangible assets and property, plant and equipment		-19	-20	-77	-73
Other operating expenses		-15	-10	-37	-26
Operating profit/loss (EBIT)		51	80	204	249
Finance income and costs					
Finance income		1	2	3	10
Finance costs		-4	-8	-10	-16
Profit/loss before tax		48	75	197	243
Tax		-11	-10	-42	-49
Profit/loss for the period		37	65	155	194
<i>Attributable to:</i>					
Owners of the Parent Company		37	65	155	194
Basic and diluted earnings per share ¹ , SEK		0.92	1.61	3.88	4.85

1) Calculated on the basis of 40,000,000 ordinary shares, basic and diluted.

Consolidated statement of comprehensive income

SEKm	Note	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Profit/loss for the period		37	65	155	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	8	6	6
Total comprehensive income for the period		40	73	161	200
<i>Attributable to:</i>					
Parent Company shareholders		40	73	161	200

Consolidated statement of financial position

SEKm	Note	Dec 31 2023	Dec 31 2022
ASSETS			
Noncurrent assets			
Intangible fixed assets			
	4		
Capitalized development expenditure		137	102
Technology, customer assets and brand		74	83
Other intangible assets		5	8
Goodwill		128	110
Total intangible assets		343	304
Property, plant and equipment			
Leased assets		40	47
Equipment, tools and installations		31	25
Leasehold improvements		0	1
Total property, plant and equipment		71	73
Financial assets			
		2	2
Deferred tax assets			
		24	19
Total noncurrent assets		441	399
Current assets			
Inventories			
		164	141
Current receivables			
Accounts receivable		78	96
Current tax assets		7	2
Other current assets		8	5
Prepayments and accrued income		7	8
Total current receivables		100	111
Cash and cash equivalents			
		95	150
Total current assets		358	403
TOTAL ASSETS		799	801

Cont. Condensed consolidated statement of financial position

SEKm	Note	Dec 31 2023	Dec 31 2022
EQUITY AND LIABILITIES			
Total equity		396	391
Noncurrent liabilities			
Liabilities to credit institutions		1	4
Other noncurrent liabilities		8	17
Lease liabilities		31	38
Provisions		8	15
Deferred tax liabilities		104	91
Total noncurrent liabilities		152	165
Current liabilities			
Liabilities to credit institutions		79	66
Lease liabilities		10	12
Provisions		12	17
Accounts payable		59	53
Current tax liabilities		6	19
Other current liabilities		25	24
Accrued expenses and deferred income		59	55
Total current liabilities		250	246
TOTAL EQUITY AND LIABILITIES		799	801

Consolidated statement of changes in equity

SEKm	Share capital	Translation reserve	Share premium 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	-	-	-	155	155
Total other comprehensive income	-	6	-	-	6
Total comprehensive income	-	6	-	155	161
Warrants	-	-	3	-	3
Dividends to shareholders	-	-	-	-160	-160
Closing balance on December 31, 2023	1	6	3	385	396
Opening balance January 1, 2022	1	-6	-	336	331
Profit/loss for the period	-	-	-	194	194
Total other comprehensive income	-	6	-	-	6
Total comprehensive income	0	6	-	194	200
Dividends to shareholders	-	-	-	-140	-140
Closing balance at December 31, 2022	1	0	-	390	391

Consolidated statement of cash flows

SEKm	Note	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Cash flow from operating activities					
Operating profit/loss		51	80	204	249
Adjustments for items not affecting the cash flow:					
Depreciation, amortization and impairment of noncurrent assets		18	20	77	73
Adjustment for other noncash items		-3	18	-3	18
Interest received		0	1	2	1
Interest paid		-3	-2	-7	-5
Income tax paid		-11	-10	-54	-28
Cash flow from operating activities before changes in working capital		52	108	218	308
Changes in working capital					
Decrease (+)/increase (-) in inventories		-13	-13	-31	-39
Decrease (+)/increase (-) in accounts receivable		2	14	19	-1
Decrease (+)/increase (-) in other receivables		-1	5	-2	-1
Decrease (-)/increase (+) in accounts payable		24	4	8	-4
Decrease (-)/increase (+) in other current liabilities		1	-39	-2	-27
Cash flow from operating activities		65	80	211	236
Investing activities					
Investments in intangible assets		-24	-14	-78	-39
Acquisition of property, plant and equipment		-3	-2	-14	-12
Acquired subsidiary		-	-	-17	-141
Cash flow from investing activities		-27	-16	-109	-192
Financing activities					
Repayment of external loans		-9	-7	-15	-90
Amortization of leasing liability		-3	-3	-14	-12
New loans		12	7	31	145
Warrants		-	-	3	-
Dividends paid		-	-	-160	-140
Cash flow from financing activities		-1	-3	-155	-97
Cash flow for the period		37	60	-53	-52
Cash and cash equivalents at beginning of period		58	92	150	206
Exchange rate differences in cash and cash equivalents		-0	-1	-2	-4
Cash and cash equivalents at end of period		95	150	95	150

Parent Company Financial Statements

Parent Company Income Statement

SEKm	Note	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Net sales		5.0	3.7	18.2	14.3
Operating expenses					
Other external expenses		-0.8	-1.9	-6.8	-5.5
Personnel expenses		-4.2	-1.7	-13.5	-9.5
Other operating expenses		-	0.0	-	0.0
Operating profit/loss (EBIT)		-0.0	0.1	-2.2	-0.8
Profit/loss from financial items					
Income from participations in Group companies		140.0	150.0	140.0	150.0
Interest income and similar income statement items		6.1	-	11.8	-
Interest and similar expenses		-	-3.8	-11.6	-15.7
Profit after financial items		146.1	146.2	138.0	133.5
Appropriations		-0.6	15.4	-0.6	15.4
Profit/loss before tax		145.5	161.6	137.4	148.9
Tax on profit/loss for the period		-1.1	2.5	0.5	4.7
Profit/loss for the period		144.3	164.1	137.9	153.6

Parent Company balance sheet

SEKm	Note	Dec 31 2023	Dec 31 2022
ASSETS			
Noncurrent assets			
Financial assets			
Participations in Group companies		217.3	217.3
Total noncurrent assets		217.3	217.3
Deferred tax assets		1.6	1.1
Current assets			
Current receivables from Group companies	3	-	31.8
Current tax assets		0.7	0.5
Other current receivables		-	-
Prepayments and accrued income		0.4	0.7
Total current receivables		1.1	32.9
Cash and cash equivalents		-	-
Total current assets		1.1	32.9
ASSETS		220.0	251.4
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		0.5	0.5
Total restricted equity		0.5	0.5
Unrestricted equity			
Share premium reserve		3.1	-
Retained earnings		49.5	55.9
Profit/loss for the period		137.9	153.6
Total unrestricted equity		190.5	209.5
Total equity		191.0	210.0
Noncurrent liabilities			
Other noncurrent liabilities		8.3	16.7
Total noncurrent liabilities		8.3	16.7
Current liabilities			
Accounts payable		0.2	0.4
Current liabilities to Group companies	3	4.4	-
Other current liabilities		10.0	18.6
Accrued expenses and deferred income		6.2	5.6
Total current liabilities		29.0	24.6
TOTAL EQUITY AND LIABILITIES		220.0	251.4

Parent Company Statement of Cash Flows

SEKm	Note	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Cash flow from operating activities					
Operating profit/loss		-0.0	0.1	-2.1	-0.8
Income tax paid		-0.3	-0.1	-1.1	-0.9
Cash flow from operating activities before changes in working capital					
		-0.3	0.0	-3.2	-1.7
Changes in working capital					
Decrease (+)/increase (-) in other receivables		-0.1	0.6	0.0	0.4
Decrease (-)/increase (+) in accounts payable		-0.3	-9.7	-0.3	0.2
Decrease (-)/increase (+) in other current liabilities		-1.2	1.7	0.0	-1.0
Cash flow from operating activities					
		-1.9	-7.5	-3.5	-2.1
Investing activities					
Acquired subsidiary		-	-	-16.5	-154.4
Cash flow from investing activities					
		-	-	-16.5	-154.4
Financing activities					
Change in intercompany liabilities		1.9	7.5	176.9	296.5
Borrowings		-	-	-	75.0
Warrants		-	-	3.1	-
Repayment of loans		-	-	-	-75.0
Dividends to shareholders		-	-	-160.0	-140.0
Cash flow from financing activities					
		1.9	7.5	20.0	156.5
Cash flow for the period		0.0	0.0	0.0	0.0
Cash and cash equivalents at beginning of period		0.0	0.0	0.0	0.0
Cash and cash equivalents at end of period					
		0.0	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 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.

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	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
EMEA	72	87	279	318
Americas	85	99	338	356
APAC	47	45	169	174
Total net sales	204	230	787	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 monthly management fees of SEK 1.7m (1.2) to the subsidiary Profoto AB and of 0.0m to Profoto B.V. The level of monthly invoicing is determined annually and is based on the Groupwide fixed costs of the Parent Company. In Q4 2023, the Parent Company's revenue from invoiced management fees was a total of SEK 5.0m (3.7). In the fourth quarter, the Group expensed consulting costs of SEK 0.3m for the benefit of Aligro Advisory AB, which is owned by Profoto's Chairman of the Board. According to the agreement, services corresponding to an invoice

value of SEK 1m have been performed and will be invoiced in 2023. The Parent Company has issued a general guarantee on behalf of its subsidiary (see note 5).

Parent Company, SEKm	Dec 31 2023	Dec 31 2022
Intercompany receivables	-	31.8
Intercompany liabilities	-4.4	-
Total	-4.4	31.8

Note 4 Intangible fixed assets

SEKm	Capitalized develop- ment 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	67	-	3	70
Currency effects	-0	-0	-	-0
Closing accumulated acquisition value at December 31, 2023	344	100	39	483
Opening depreciation/amortization January 1, 2023	-157	-11	-27	-195
Acquisitions	-	-	-	-
Depreciation/amortization for the period	-32	-15	-7	-54
Currency effects	0	0	-	0
Closing accumulated depreciation/amortization on December 31, 2023	-189	-26	-34	-249
Opening impairment January 1, 2023	-19	-	-	-19
Closing accumulated impairment at December 31, 2023	-19	-	-	-19
Book value at December 31, 2023	137	74	5	215
Opening accumulated cost, January 1, 2022	235	-	35	270
Acquisitions	3	87	-	90
Capitalized development expenditure	40	-	-	40
Currency effects	-	7	-	7
Closing accumulated acquisition value at December 31, 2022	278	95	35	408
Opening depreciation/amortization, January 1, 2022	-125	-	-20	-145
Depreciation/amortization for the period	-32	-11	-7	-51
Currency effects	0	0	-	0
Closing accumulated depreciation/amortization at December 31, 2022	-157	-11	-27	-195
Opening impairment at January 1, 2022	-19	-	-	-19
Closing accumulated impairment at December 31, 2022	-19	-	-	-19
Carrying amount per December 31, 2022	102	83	8	193

Goodwill as of December 31, 2023 totaled SEK 128m and fell during the quarter by SEK 4m due to currency effects. During the year, goodwill preliminarily increased by SEK 16m and technology by SEK 6m as a result of an asset acquisition at the end of the first quarter. The acquisition is not considered material to the Profoto Group.

1) Other intangible assets consist of software and licenses recorded at cost of SEK 34m (software) and SEK 4m (licenses).

Note 5 Pledged assets and contingent liabilities

Group SEKm	Dec 31, 2023	Dec 31, 2022
Contingent liabilities		
Swedish Customs Service	1	1
Total	1	1

The Parent Company has issued a general guarantee on behalf of Profoto AB, 556115-5838. There are no outstanding liabilities to which the guarantee applies 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. During the full year 2022, adjustments were made of other external costs 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	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Net sales	204	230	787	848
Operating profit/loss (EBIT)	51	80	204	249
Total items affecting comparability	-	-	-	8
Costs related to acquisitions	-	-	-	8
Adjusted operating profit (EBIT)	51	80	204	257
Adjusted EBIT margin, %	25.0	34.9	26.0	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	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Operating profit/loss (EBIT)	51	80	204	249
Depreciation and impairment of intangible fixed assets	12	14	54	50
EBITA	63	95	258	299
Depreciation and impairment of property, plant and equipment	7	6	24	23
EBITDA	70	100	282	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 less cash and cash equivalents. 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	Dec 31, 2023	Dec 31, 2022
Liabilities to credit institutions, noncurrent	1	6
Other interest-bearing liabilities, noncurrent	8	17
Lease liabilities, noncurrent	31	38
Liabilities to credit institutions, current	79	64
Other interest-bearing liabilities, current	8	17
Lease liabilities, current	10	12
Cash and cash equivalents	-95	-150
Net debt	44	4

Net debt/EBITDA

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

SEKm	Dec 31, 2023	Dec 31, 2022
Net debt	44	4
EBITDA, LTM	282	322
Net debt/EBITDA LTM, ratio	0.16	0.01

Net sales adjusted for currency effects, %

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.

%	Oct-Dec 2023	Oct-Dec 2022
Change in net sales	-11.5	5.6
Acquisitions	-	-7.0
Currency effect	1.4	-11.1
Organic growth adjusted for currency effect	-10.1	-12.5

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	Dec 31, 2023	Dec 31, 2022
Profit/loss for the period, LTM	155	194
Equity	396	391
Equity, LTM	394	361
Return on equity, %	39.5	53.8

Capital employed

Total assets less noninterest bearing provisions and liabilities. The metric shows how much capital is used in the business and is a component to measure the returns from the business.

SEKm	Dec 31, 2023	Dec 31, 2022
Total assets	799	801
Provisions, long-term	-8	-15
Deferred tax liabilities	-104	-91
Provisions, short-term	-12	-17
Accounts payable	-59	-53
Current tax liabilities	-6	-19
Accrued expenses and deferred income	-59	-55
Other non-interest-bearing liabilities, current	-17	-7
Capital employed	535	544

Return on capital employed, %

EBIT last twelve months (LTM) as a percentage of average capital employed based on incoming and outgoing capital employed for the last twelve months. A key figure to measure the return on the capital tied up in the business.

SEKm	Dec 31, 2023	Dec 31, 2022
EBIT, LTM	204	249
Capital employed	535	544
Capital employed, LTM	539	474
Return on capital employed, %	37.9	52.6

Operating capital

Total assets less cash and cash equivalents, other interest-bearing assets and noninterest-bearing provisions and liabilities. Operating capital shows how much capital the business requires to run its core business. It is mainly used to calculate the return on operating capital.

SEKm	Dec 31, 2023	Dec 31, 2022
Total assets	799	801
Provisions, long-term	-8	-15
Deferred tax liabilities	-104	-91
Provisions, short-term	-12	-17
Accounts payable	-59	-53
Current tax liabilities	-6	-19
Accrued expenses and deferred income	-59	-55
Other non-interest-bearing liabilities, current	-17	-7
Cash and cash equivalents	-95	-150
Operating capital	440	394

Return on operating capital, %

EBIT last twelve months (LTM) as a percentage of average operating capital based on incoming and outgoing operating capital for the last 12 months. The return on operating capital shows how well the business uses the net capital tied up in operations. It reflects the combined effect of the operating margin and turnover rate on operating capital. The key performance figure is mainly used to monitor the Group's value creation over time.

SEKm	Dec 31, 2023	Dec 31, 2022
EBIT, LTM	204	249
Operating capital	440	394
Operating capital, LTM	417	295
Return on operating capital, %	49.0	84.3

Pro forma

On April 6, 2022, Profoto Holding AB acquired all 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 consolidated pro forma financial statements in order to report 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 to December 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, the purchase price paid and unaudited internal consolidated quarterly financial report for the first quarter of 2022 prepared in accordance with generally accepted accounting principles in the Netherlands adjusted for differences between Dutch GAAP 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	Full year 2022
Net sales pro forma	
Profoto	848
StyleShoots	24
Net sales pro forma	872
EBIT pro forma	
Profoto	249
StyleShoots	4
Amortization of acquired intangible assets	-4
EBIT pro forma	249

Performance measure by quarter

	2023				2022			
	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Net sales, SEKm	204	172	182	229	230	235	187	196
Organic growth, %	-10.1	-28.7	-8.5	0.0	-12.5	6.5	-12.7	20.2
EBITA, SEKm	63	48	61	86	95	80	61	64
EBITA margin, %	31.0	28.0	33.6	37.4	41.1	34.0	32.6	32.6
EBIT, SEKm	51	35	47	72	80	66	48	55
EBIT margin, %	25.0	20.2	25.8	31.3	34.9	28.0	25.7	27.9
Adjusted EBIT, SEKm	51	35	47	72	80	66	46	65
Adjusted EBIT margin, %	25.0	20.2	25.8	31.3	34.9	28.0	24.5	33.1
Profit/loss for the period, SEKm	37	27	36	56	65	54	36	40
Net debt, SEKm	44	88	100	-75	4	66	121	-179
EBITDA LTM, SEKm	282	312	344	344	322	315	301	284
Net debt/EBITDA LTM	0.16	0.28	0.29	-0.22	0.01	0.21	0.40	-0.63
Return on equity, %	39.5	54.3	70.3	51.4	53.8	64.1	72.4	45.5
Earnings per share, SEK	0.92	0.67	0.89	1.40	1.61	1.34	0.90	0.99
Return on capital employed, %	37.9	47.9	54.9	49.4	52.5	59.1	58.9	44.6
Return on operating capital, %	49.0	56.5	64.7	94.0	84.2	81.1	79.3	85.5

Definitions

Average number of employees

Average number of full-time employees 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.

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.

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 APAC

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

Region EMEA

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

Region Americas

Central America, North America and South America.

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.